



# Indonesia Investment Policy Updates





Presented on  
**UNESCAP : Regional Economic Cooperation and Integration Ministerial III**

Deputy Chairman for Investment Cooperation  
30 September 2022







# ASEAN Region is One of the Largest FDI Contributors in Indonesia





## 2019

Rank	Country	Investment (USD Million)
1	 Singapore	6,509
2	 China	4,744
3	 Japan	4,310
4	 Hongkong, China	2,891
5	 Netherland	2,596

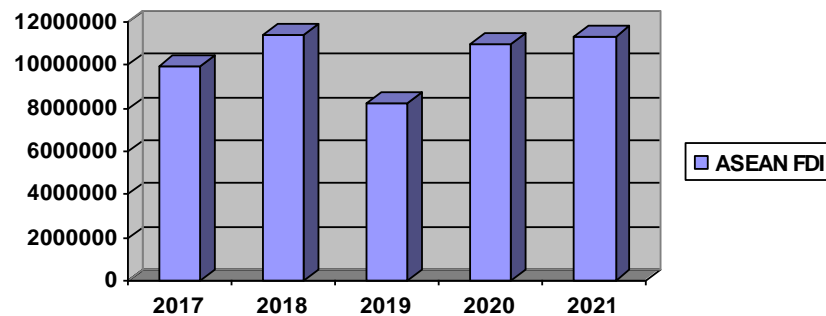
## 2020

Rank	Country	Investment (USD Million)
1	 Singapore	9,779
2	 China	4,842
3	 Hongkong, China	3,535
4	 Japan	2,588
5	 South Korea	1,841

## 2021

Rank	Country	Investment (USD Million)
1	 Singapore	9,390
2	 Hongkong, China	4,609
3	 China	3,160
4	 US America	2,537
5	 Japan	2,263

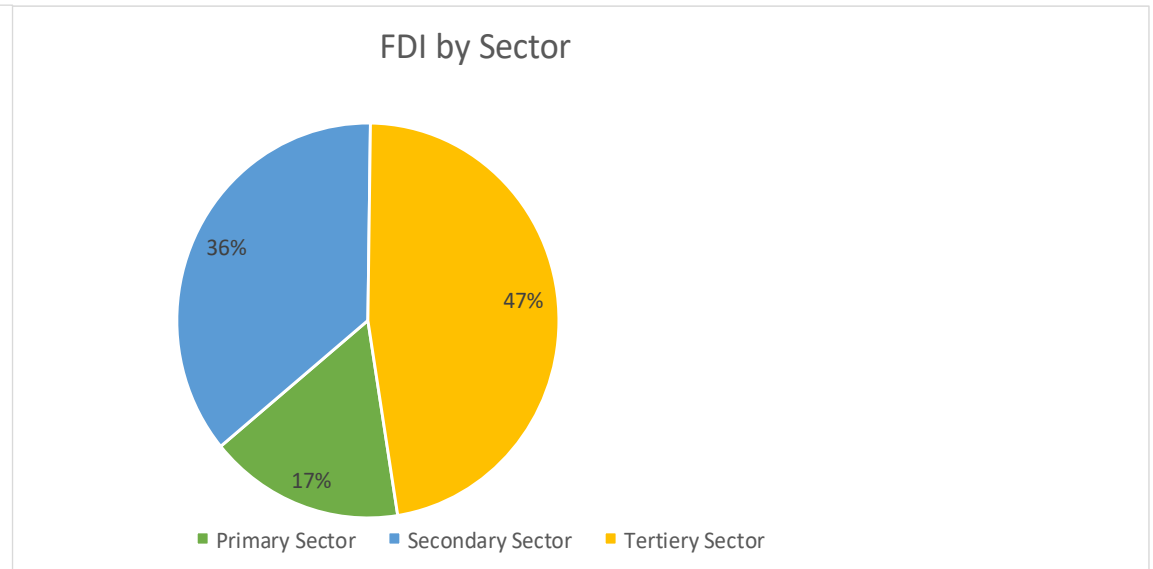
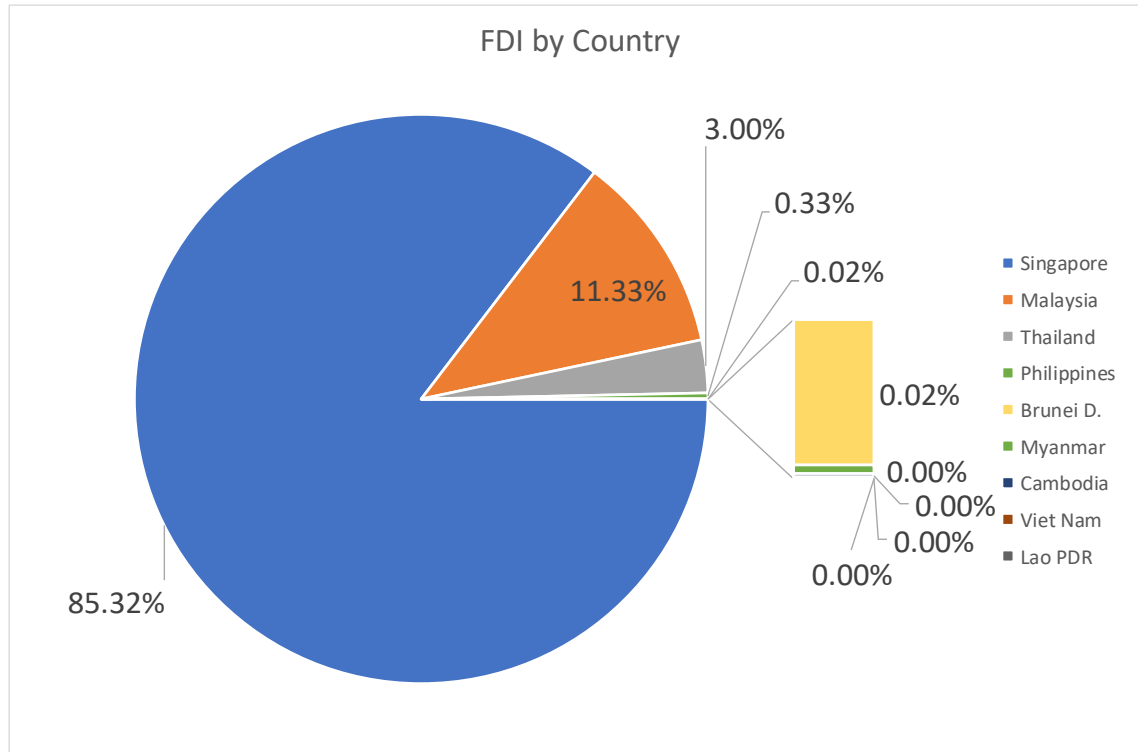
**ASEAN FDI in Indonesia (2017-2021) in USD Thousand**



### Key Figures of ASEAN FDI in Indonesia

- Accumulative value from 2017 until 2021 reached **USD 50.7 Billion**
- Singapore is the largest FDI contributor to Indonesia with accumulative value from 2017 until 2021 reached **USD 43.3 Billion**
- Majority of ASEAN FDI to Indonesia concentrated in **Tertiary/Services sector**

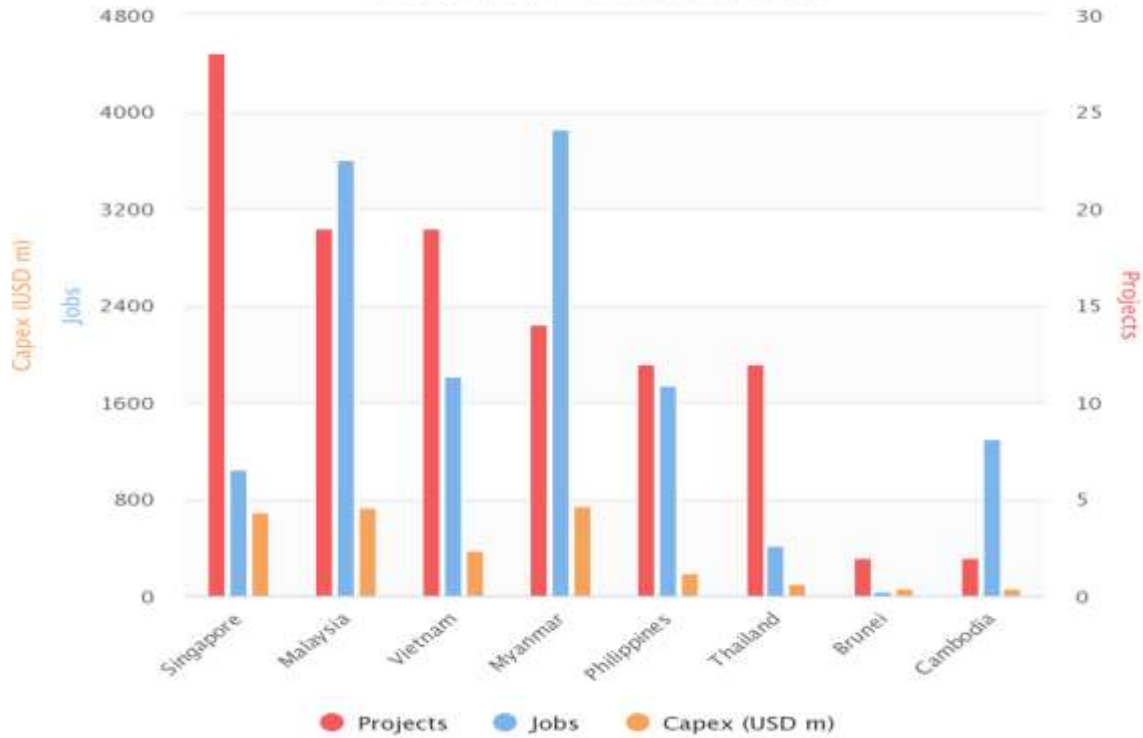
# ASEAN Region is One of the Largest FDI Contributors in Indonesia



# Indonesia's FDI to ASEAN

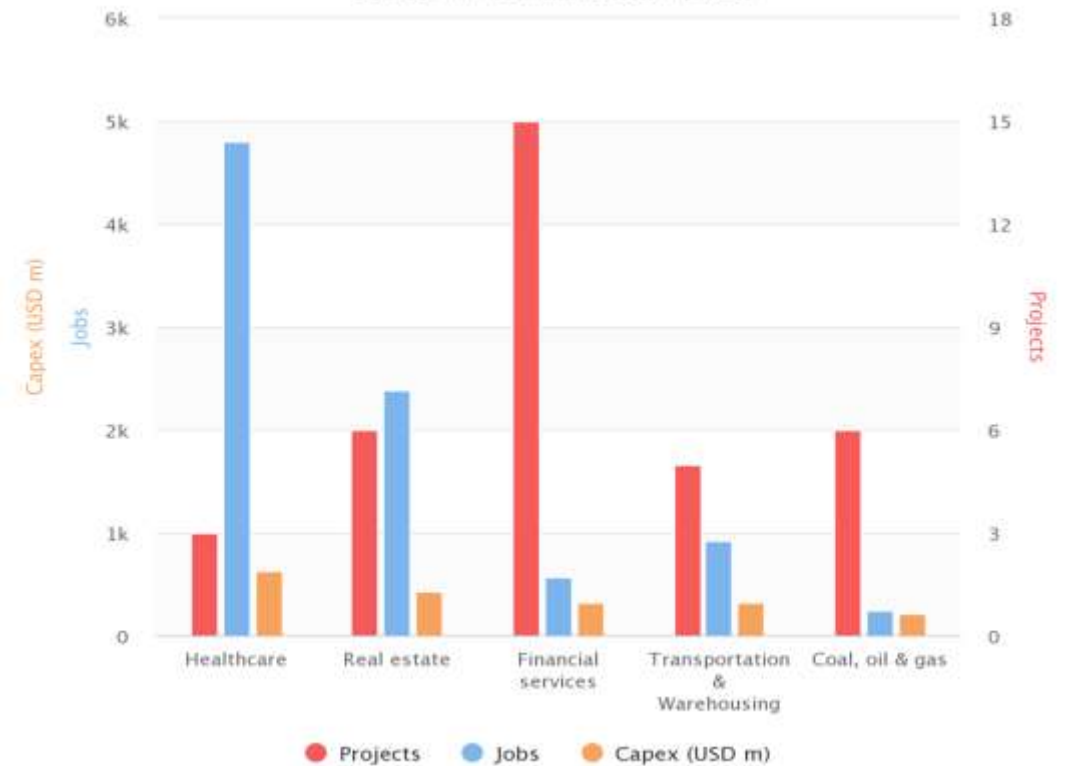
Summary - Destination country

Source: www.fdimarkets.com (2022)



Summary - Sector (2004 - 2022)

Source: www.fdimarkets.com (2022)



## 23 FTA have been signed

### Regional Comprehensive Partnership Agreement (RCEP)



1. Japan - Indonesia EPA
2. ASEAN - Japan CEPA



1. Korea - Indonesia FTA
2. ASEAN - Korea CEPA



1. Australia - Indonesia CEPA
2. ASEAN - Australia & New Zealand FTA



ASEAN - China FTA



ASEAN - HK, China FTA



ASEAN - India FTA



Chile - Indonesia FTA



Pakistan - Indonesia FTA



Intra ASEAN FTA

### Indonesia-EFTA

Indonesia - Iceland, Norway, Lichtenstein, Switzerland

### Trade Preferential System

41 Organization of Islamic Cooperation (OIC) members

### Preferential Tariff Agreement

8 Developing Countries

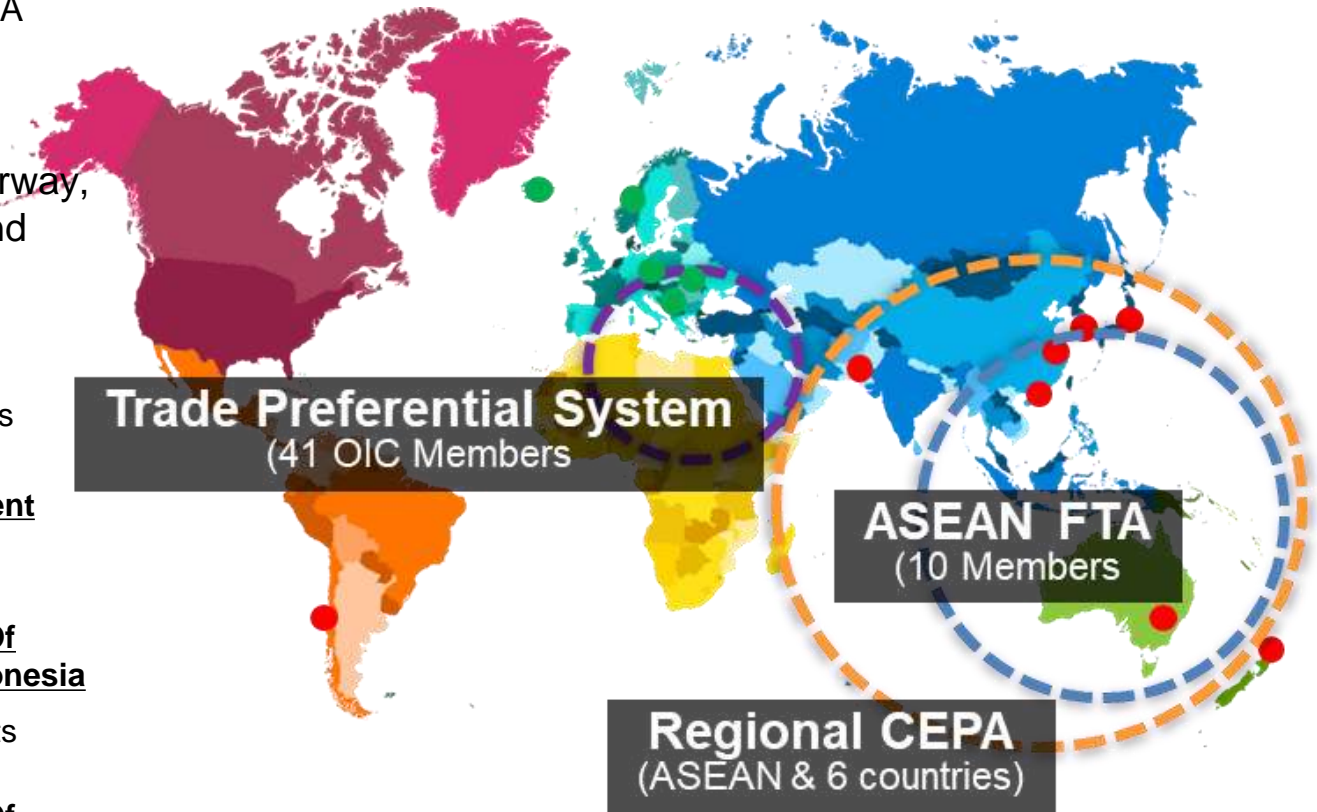
### EU - Generalized System Of Preferences (GSP) for Indonesia

Covers Around 6350 products

### US - Generalized System Of Preferences (GSP) Indonesia

Covers Around 3572 products

**13 FTA on-going process...**



 **Export Ban of Raw Unprocessed Mineral Commodities**

 **Nickel (2020)**      **Bauxite (2022)**      **Copper (2023)**

Increase in Export Value of Nickel Derivative Products:

3-4 years ago  
US\$ 1,1 B

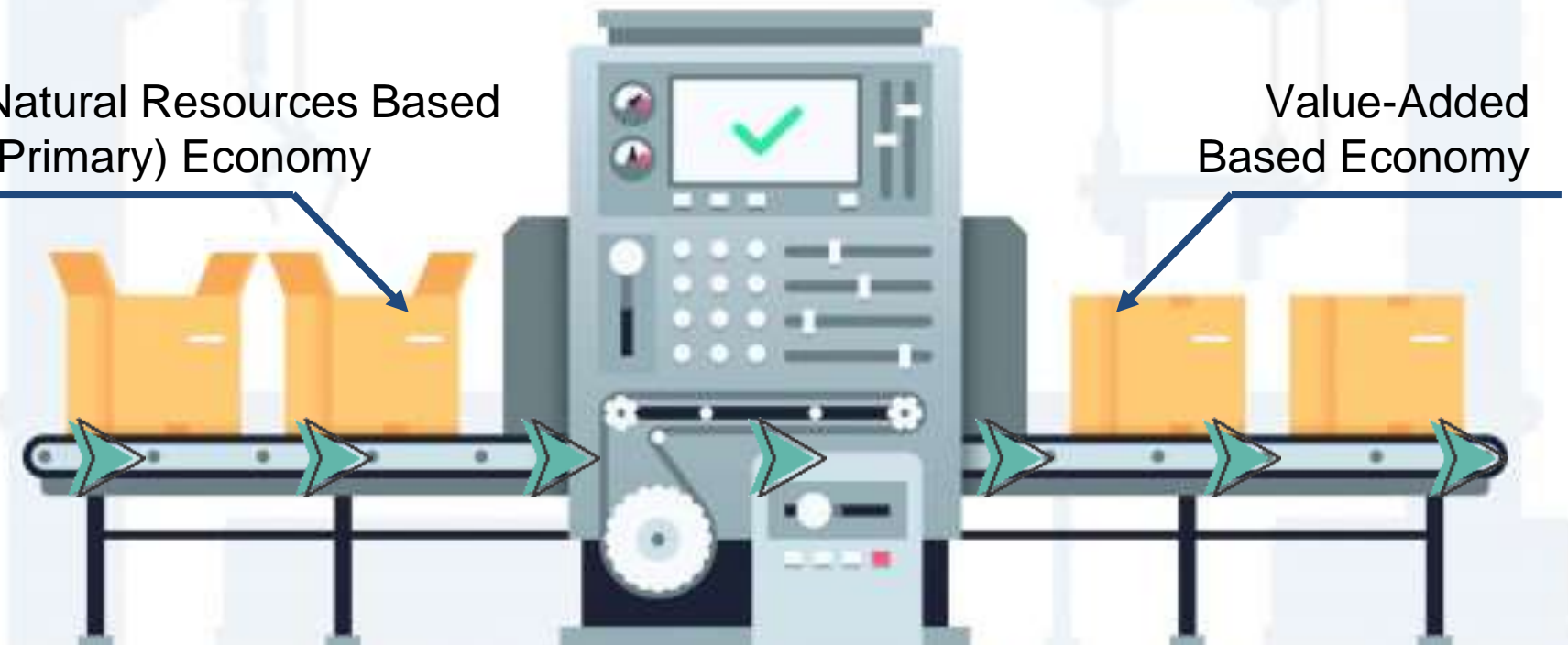


2021 (Estimate)  
US\$ 20 B



Natural Resources Based (Primary) Economy

Exploiting and Exporting Natural Resources; such as Nickel, Bauxite, Copper



Value-Added Based Economy



Processing the Mineral (Downstream Industry) in Indonesia

# Electric Vehicles Ecosystem Development in Indonesia

## UPSTREAM

## DOWNSTREAM

Mining

Smelter/  
Refinery

Precursor/  
Cathode

Battery Cell

Battery Pack

EV 4W, EV 2W,  
E-bus, ESS

Charging Station

Recycling



National  
Private



Buli (East Halmahera, North Maluku) and North Konawe (Southeast Sulawesi)

KIT Batang (West Java)

10 Gwh (Karawang, West Java) and 20 GWh (TBC)

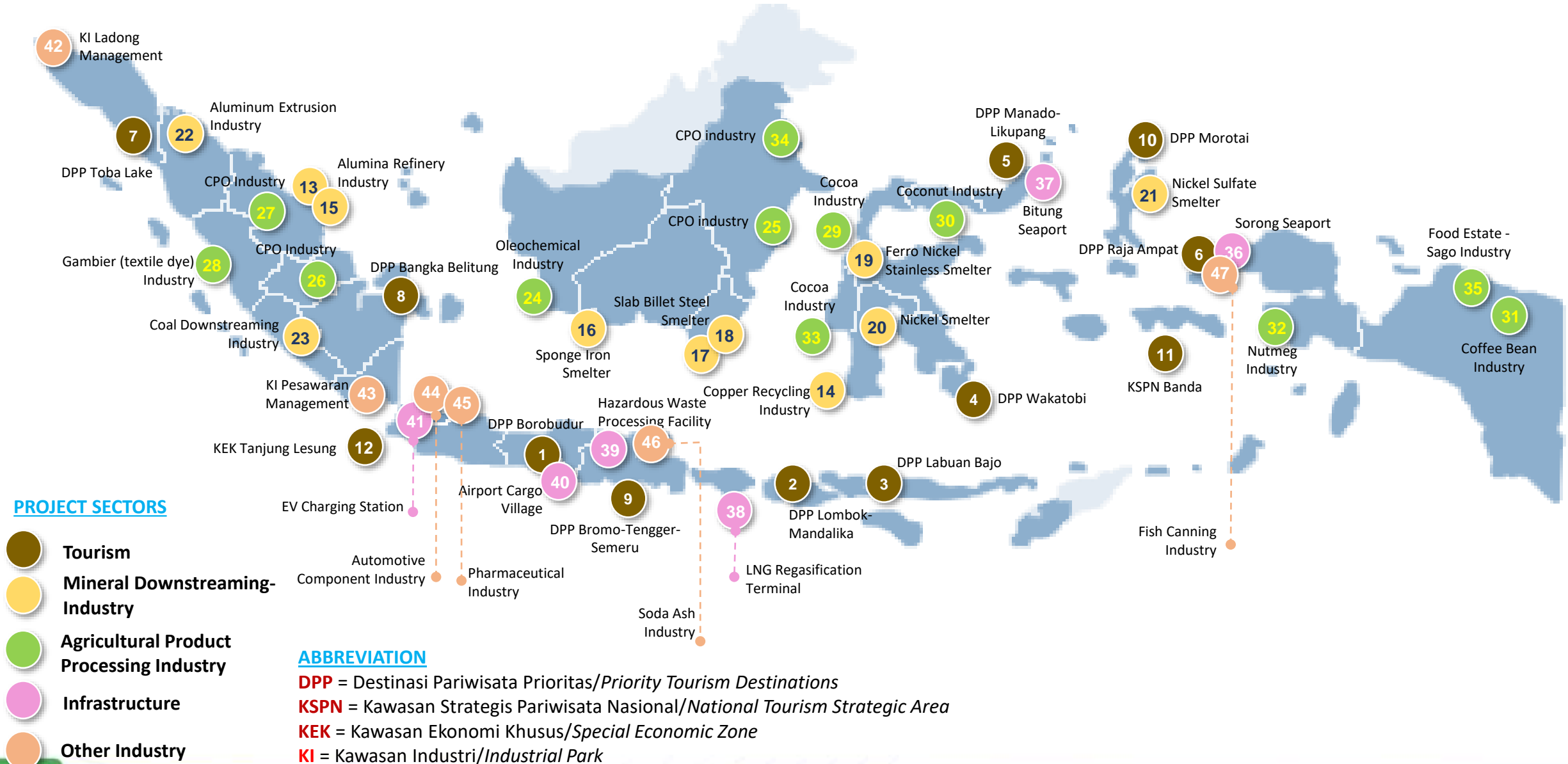
TBC

West Java, Central Java, and East Java

Spread in various region

Puqing Recycling (Morowali, Central Sulawesi)

# Sustainable Investment Project Opportunities





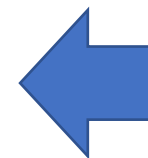
# Investment Project Ready to Offer to Investor (IPRO)

No.	Sector	Total Project	Investment (IDR Trillion)
1	Tourism	12	5,78
2	Economic Zone	14	48,25
3	Manufacturing Industry	15	51,92
4	Infrastructure	6	49,17
<b>Total</b>		<b>47</b>	<b>155,12</b>



**47 projects** with an indicative investment value of **Rp155,12 Trillion or More than USD 10.5 Billion** spread across 33 provinces in Indonesia

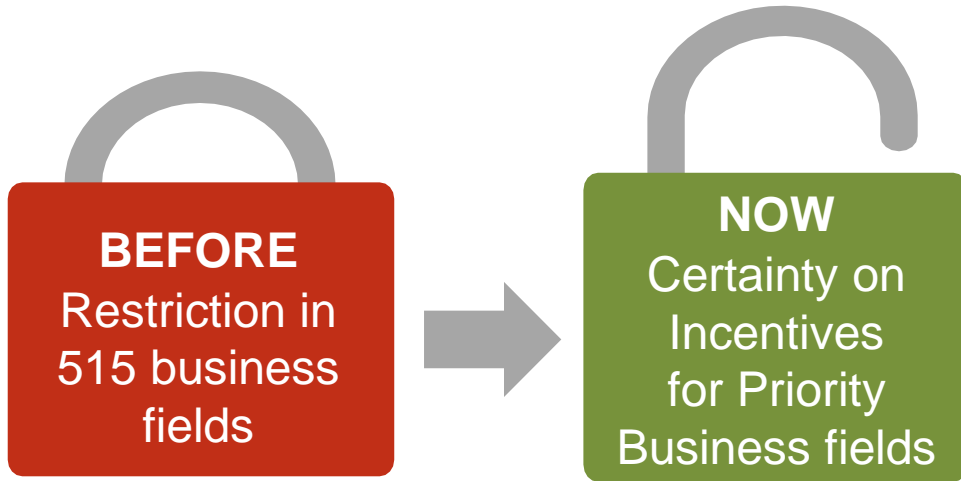
Source: Ministry of Investment/BKPM, 2022



**Project Link  
Scan Here**

# Improving investment climate

More open Policies for Investment and Simpler Process through OSS



## More Open for foreign ownership

More Open business sectors for FDI based on Presidential Regulation No.49/2021 on Business Fields for Investment.

## Low minimum paid-up capital for FDI

Minimum paid-up capital of **IDR10 billion (~US\$700,000)** for Foreign Direct Investment (FDI).



<https://oss.go.id>



## Centralized and Simplified Investment Licenses and Facilities at Ministry of Investment/BKPM

Ministry of Investment/BKPM issues **licenses and facilities** for All sectors through Online Single Submission (OSS) system.

## Investment Licenses with Risk-Based Approach

Simpler licenses or registration procedure provided for business activities with lower risk.

# Tax Incentives for Investment

25%  
<2020



2020-2021  
22%

Current Normal Rate for  
Corporate Income Tax  
in Indonesia is 22%



## Tax Holiday and Mini Tax Holiday

Corporate income tax reduction of 50-100% for 5-20 years, for companies investing in pioneer industries.



## Tax Allowance

Corporate income tax reduction of 50-100% for 5-20 years, for companies investing in pioneer industries.



## Tax Incentives for Labour Intensive Industry

A 60% reduction in net income from the total investment for specific labor-intensive industries.



## Super Deduction Tax

Gross income tax deduction from the cost of R&D and/or vocational activities to develop human resources in Indonesia



## Import Duty Exemption

Exemption of import duty on imported capital goods (machinery) and material for production.



## Investment Incentives in 18 Special Economic Zone (SEZ)

*Tax Holiday, Tax Allowance, Exemption of Import Duty and Import Tax, Excise, Other Incentives*

- Refocusing work towards investment promotion and facilitation;
- ASEAN should facilitate collaboration between multinational enterprises with local MSMEs;
- ASEAN have initiated ASEAN Industrial Projects (AIP) back in 1976, we had the urea project actually took off with the subsequent establishment of the *ASEAN-Aceh Fertilizer Plant in Indonesia* and the *ASEAN-Bintulu Fertilizer Plant in Malaysia*. We also had the following projects under the AIP: (i) *potash mining Project for Thailand*; (ii) *copper fabrication for the Philippines*; and (iii) *vaccines for Singapore*. Right now, ASEAN Project Based Initiatives is being discussed at the Senior Economic Official/Ministerial level, and I highly recommend to support this initiative to further strengthen intra regional investment.



KEMENTERIAN INVESTASI/BKPM

# TERIMA KASIH



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