

# INDONESIA INVESTMENT POLICY AND STRATEGY

Market Sounding of PPP Project  
Gedebage – Ciamis Toll Road

Director of Infrastructure Planning  
July 13<sup>th</sup>, 2023



# Unpredictable Global Situation



1

**U.S - China  
Trade War**



2

**COVID-19  
Pandemics**



3

**Russia and Ukraine  
Conflict**



4

**China – Taiwan  
Tension**



5

**Food and Energy  
Crisis**

## Economic Growth G20 Countries (%, y-o-y)



USA



European Union



China



South Korea



India



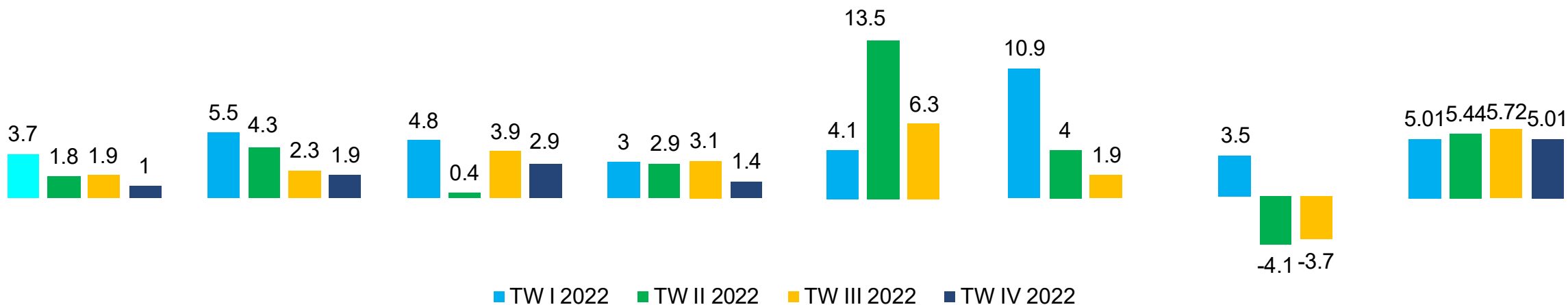
United Kingdom



Russia



Indonesia

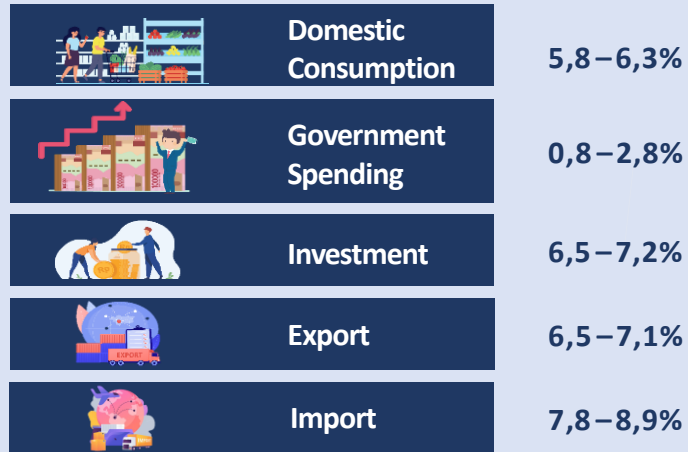


Indonesia's economic growth in 2022 grew **5,31%** compared to 2021, while in the 4<sup>th</sup> quarter of 2022 **grew 5,01%**.

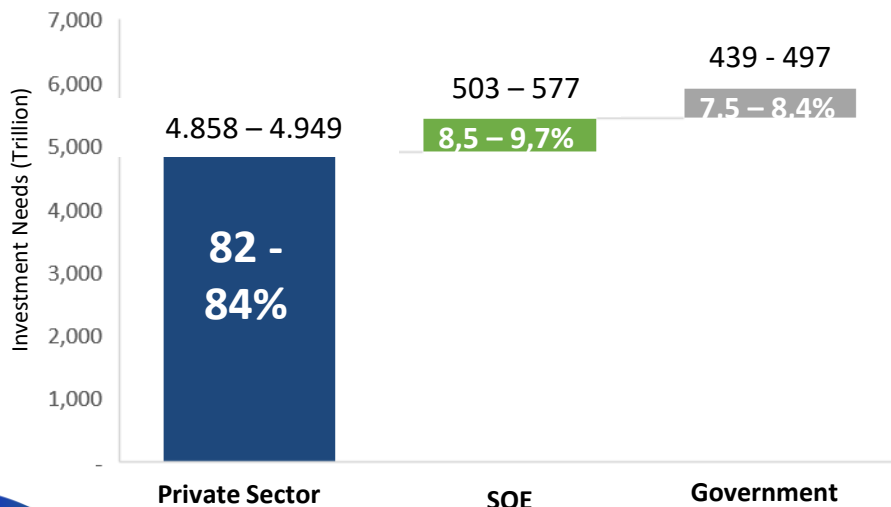
# Investment is the Key to Economic Recovery amid COVID-19

## GDP components

Growth Forecasts: 5,4 – 6,0%



## Investment Needs in 2022 of IDR 5,800 - 5,900 Trillion



Investment is the primary drivers of economic growth

- **Investment will create jobs** for the new workforce, currently unemployed and those affected by the COVID-19 pandemic
- **Export-oriented investment activities strengthen the country's foreign exchange reserves.**
- **Investment will increase domestic consumption.**

PDB components	Contribution to GDP (%)
Domestic Consumption	54,1
Government Spending	10
Investment	32,6
Export	21,8
Import	(18,5)

Thus, the investment provides a multiplier effect on **economic growth, especially during a pandemic.**

**The impact of toll-road development projects can increase accessibility and cause significant multiplier effects on investment growth in many sectors, such as housing, and industrial estate.**

# Promoting the Investment in Priority Sectors with Added Value



## Export-oriented Industry:



Pharmacy industry and  
Medical devices



Automotive Industry



Electronic Industry



**Infrastructure**



**Energy**, especially the  
new and renewable  
energy



**Mining**  
to create added value  
(Nickel, Bauxite, Coal,  
and other natural  
resources)

# 2022 Target and Investment Realization

(exclude Upstream Oil and Financial Services Sector)

## Investment realization

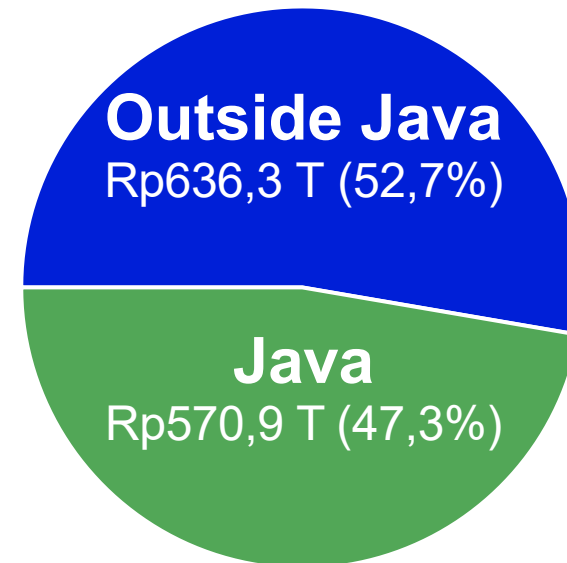
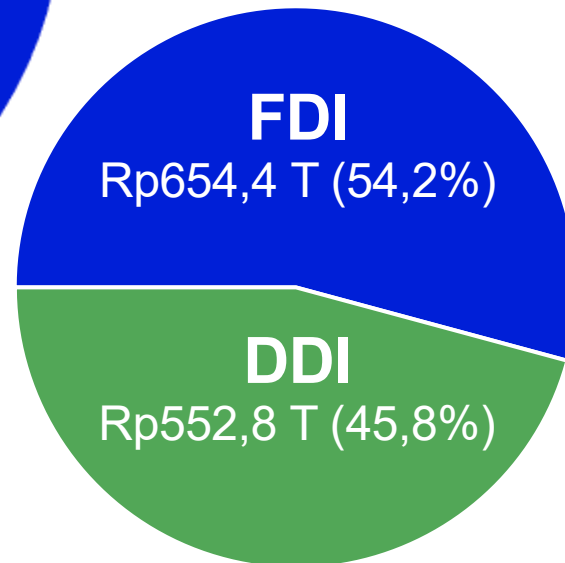
Jan-Dec 2022  
Rp1.207,2 T

Jan – Dec (y-o-y)	
FDI	44,1%
DDI	23,7%
<b>Total</b>	<b>34,0%</b>

100,6%

Result: 124,7% from **BKPM Strategic Planning target: Rp968,4 T**

Result: 100,6% from **President target: Rp1.200T**



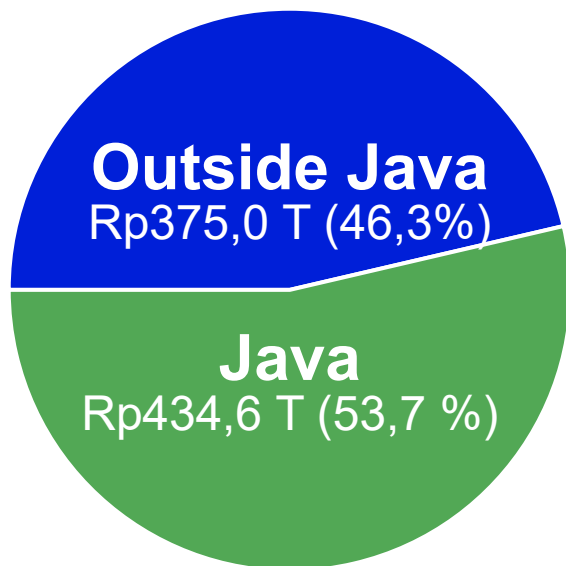
During Jan – Sept 2022  
Investment Absorbed (Local  
Workers)

**1.305.001**

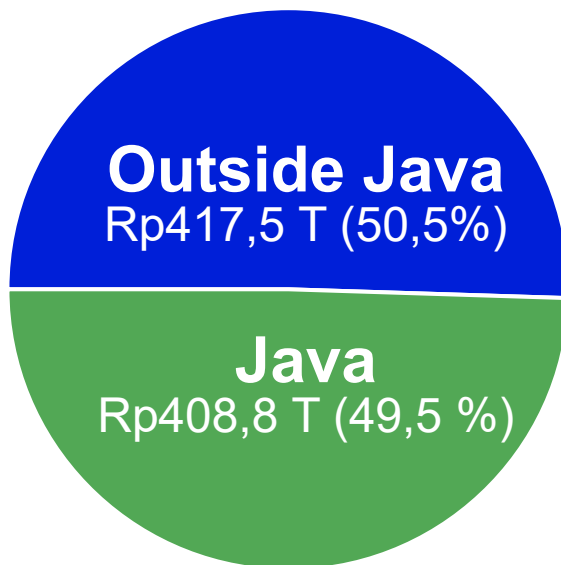
dari **260.955** proyek

## Investment Realization Trend (Java dan Outside Java) 2019 - 2022

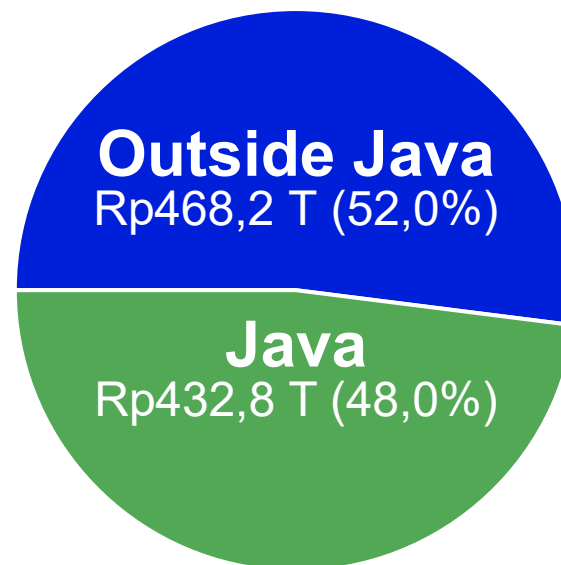
2019



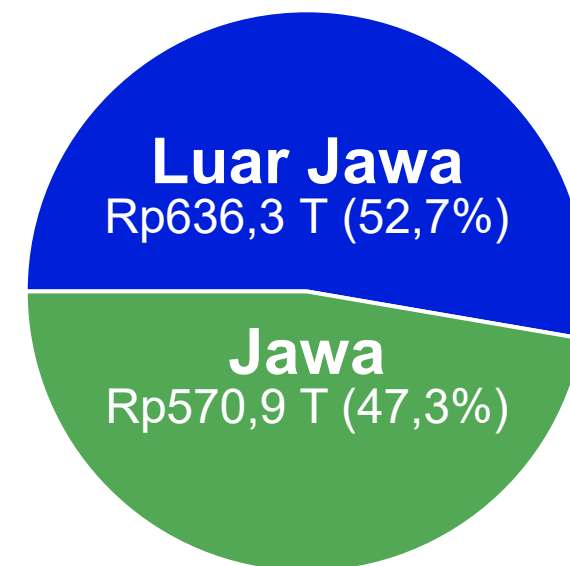
2020



2021



2022



Since **Q3 2020**, investment realization of Outside Java surpasses investment realization of Java, as results of massive infrastructure development in Outside Java.

# Trend by Sectors 2019 - 2022

2019

2020

2021

2022

No	Sectors	IDR (T)	%	No	Sectors	IDR (T)	%	No	Sectors	IDR (T)	%	No	Sectors	IDR (T)	%
1.	Transportation, Warehouse and Telecommunication	139,0	17,2	1.	Transportation, Warehouse and Telecommunication	144,8	17,5	1.	Industry of Basic Metal, Metal Goods, Non- Machinery and Equipment	117,5	13,0	1.	Industry of Basic Metal, Metal Goods, Non- Machinery and Equipment	171,2	14,2
2.	Electricity, Gas and Water	126,0	15,6	2.	Electricity, Gas and Water	102,0	12,3	2.	Housing, Industrial Estate and Offices	117,4	13,0	2.	Mining	136,4	11,3
3.	Housing, Industrial Estate and Offices	71,1	8,8	3.	Industry of Basic Metal, Metal Goods, Non- Machinery and Equipment	94,8	11,5	3.	Transportation, Warehouse and Telecommunication	107,4	11,9	3.	Transportation, Warehouse and Telecommunication	134,3	11,1
4.	Industry of Basic Metal, Metal Goods, Non- Machinery and Equipment	61,6	7,6	4.	Housing, Industrial Estate and Offices	76,4	9,2	4.	Electricity, Gas and Water	81,6	9,1	4.	Housing, Industrial Estate and Offices	109,4	9,1
5.	Mining	59,5	7,4	5.	Construction	71,0	8,6	5.	Mining	81,2	9,0	5.	Chemical industry and pharmacy	93,6	7,8



The investment in infrastructure projects, especially toll roads, is the main contributor to the achievement of the investment realization target. This investment can also stimulate investment in other sectors.



# Risk-based Business License and Requirements

## Risk-based Business License

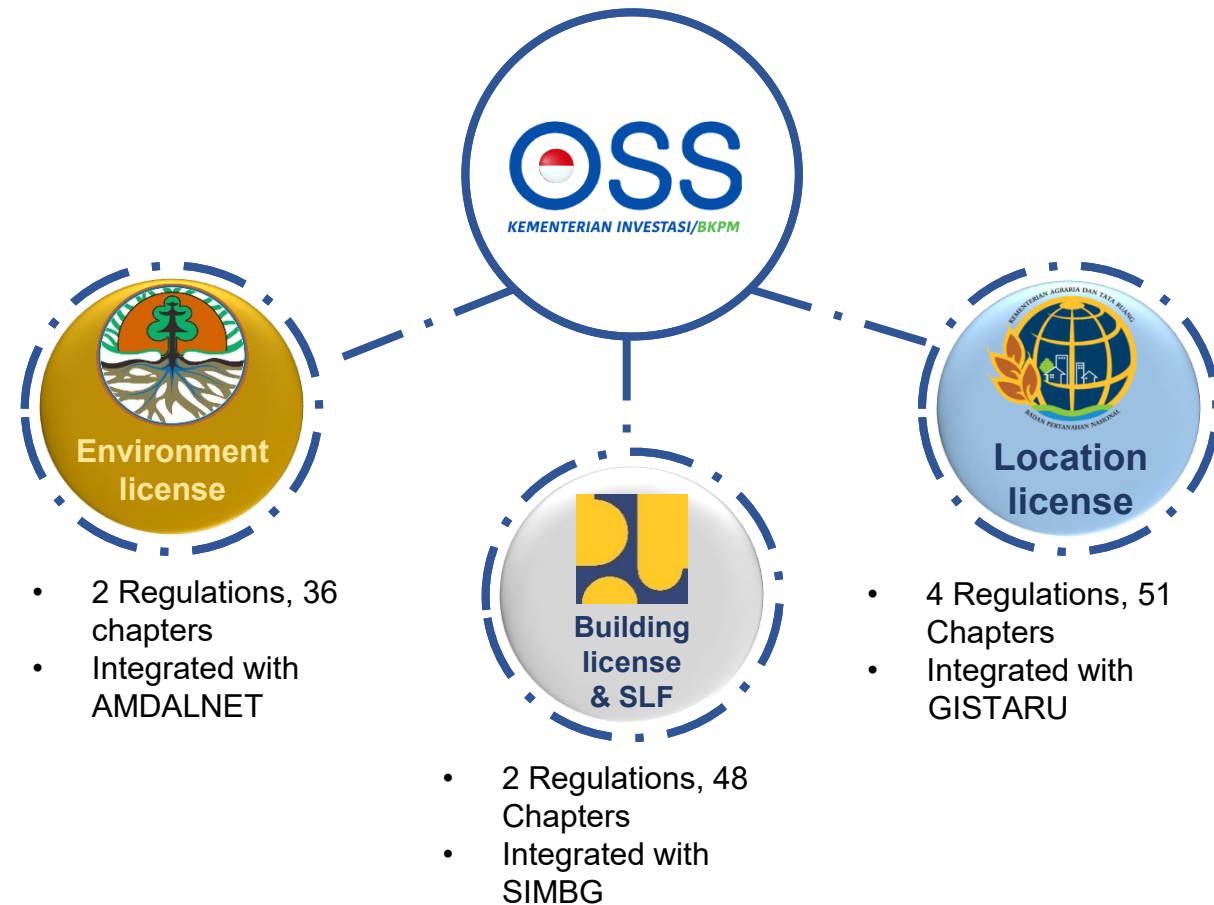
Licensing process of business activities shifted from license-based to risk-based



\* Including toll-road

## Business License Requirements

Integrating and simplifying regulations related to basic licenses



# Online Single Submission (OSS) Risk-Based Approach for Investment Licensing

Consist of 16 Sectors of Investment and 18 Ministries/Government Agencies:



Ministry Of  
Marine Affairs  
And Fisheries



Ministry of  
Energy and  
Mineral  
Resources



Nuclear  
Energy  
Regulatory  
Agency



Ministry of  
Trade



Ministry of  
Industry



Ministry of  
Tourism and  
Creative  
Economy



Ministry of  
Religious  
Affairs



Ministry of  
Transportation



Ministry of the  
Environment  
and Forestry



Minister of  
Public Works  
and Public  
Housing



Ministry of  
Education,  
Culture,  
Research,  
and  
Technology



Ministry of  
Communication  
and Informatics



Ministry of Defense



Indonesian National  
Police



Ministry of  
Agriculture



Ministry Of  
Manpower And  
Transmigration



Ministry of  
Health



National  
Agency of  
Drug and Food  
Control

The authority issuing business licenses is delegated to the **Ministry of Investment/BKPM** using the **OSS System**.

Launched by President Joko Widodo on August 9, 2021

# Tax Incentives for Investment in Indonesia

Now can be applied through Online Single Submission (OSS) System

25%  
<2020

Corporate Income Tax



2020 forward  
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.



## Import Duty Exemption

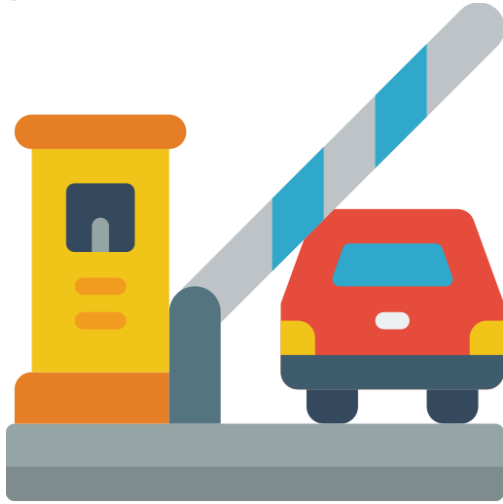
Exemption of import duty on imported capital goods (machinery) and material for production.



## Investment Incentives in Special Economic Zone (SEZ)

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

# Investment Regulation Toll-road Sector



## Business Classification (KBLI)

Regulation of BPS No 2/2020

Category H: Transportation and Warehouse **(52213)**.  
Sub-categories: Toll-road activities.

This group includes the **business activities of providing vehicle traffic services through toll roads or bridges.**

Toll-road activities is categorized into Middle-High risk.  
To start a business in this category requires NIB and Standard Certification from OSS.



## Investment Sectors Requirements

Presidential Regulation 10/2021 as renewed into  
Presidential Regulation 49/2021

Business lists with special requirements (Appendix III) are excluded from this business classification, and open to FDI & DDI Investors.



# Thank You

## Ministry of Investment/BKPM

Jalan Jenderal Gatot Subroto No.44,  
Jakarta 12190 – Indonesia

T: +62 21 525 2008

F: +62 21 525 4945

E: [info@bkpm.go.id](mailto:info@bkpm.go.id)

[Bkpm.go.id](http://Bkpm.go.id)

[investindonesia.go.id](http://investindonesia.go.id)

