Opportunities for Foreign Direct Investment in Indonesia

Natalia Ratna Kentjana
Director of Investment Promotion Development
Thailand Overseas Investment Forum 2017
As the largest economy in ASEAN, Indonesia is the third fastest growing economy among G20, with a positive growth trend.
2018 Economic Growth and Development Target

**ECONOMIC GROWTH:**

(5.2 – 5.6%)

**Expenditure Side**
- HH Consumption: 5.1 – 5.3%
- NPI SH Consumption: 5.8 – 6.1%
- Gov. Consumption: 3.8 – 4.3%
- Investment (GFCF): 6.3 – 8.0%
- Export: 5.1 – 6.1%
- Import: 4.5 – 5.5%

**Production Side**
- Manufacture: 4.9 – 5.7%
- Construction: 6.7 – 7.6%
- Trade: 5.5 – 6.2%
- ICT: 10.5 - 11.9%
- Financial Service: 10.1 - 11.0%
- Agriculture: 3.6 – 4.0%
- Transportation: 8.3 – 9.2%
- Mining: 1.4 – 1.7%
- Electricity & Gas: 5.4 – 6.3%

**Investment** will be the main driver of Indonesian Economic growth.

**Inflation:** 2.5 – 4.5%
**USD/IDR:** 13,500 – 13,800
**AUD/IDR:** 9,700 - 10,300

**Poverty Rate:** 9.8% (9.0 – 10.0%)

**Unemployment Rate:** 5.2% (5.1 – 5.4%)

**Gini Ratio:** 0.38

**HDI:** 71.38
Investment as the back bone of national economy

<table>
<thead>
<tr>
<th>GDP Components by Expenditures</th>
<th>2017 growth target</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>5.1</td>
</tr>
<tr>
<td>- Private consumption</td>
<td>5.01</td>
</tr>
<tr>
<td>- Non-Profit Institutions consumption (LNPRT)</td>
<td>10.17</td>
</tr>
<tr>
<td>- Government consump.</td>
<td>5.9</td>
</tr>
<tr>
<td>- Investment (GCFCF)</td>
<td>6.05</td>
</tr>
<tr>
<td>- Export</td>
<td>0.09</td>
</tr>
<tr>
<td>- Import</td>
<td>0.02</td>
</tr>
</tbody>
</table>

Indonesia’s 2017 economic growth target set at 5.1%. In order to achieve that, we need to increase investment and spending.

Economic growth target in 2017
5.1%

Consumption and Investment must be drive the economic growth

Investment is needed to support a strong economic growth.

But government consumption will be limited due to narrow fiscal deficit and priority on capital expenditure allocation.
INDONESIA UNDER PRESIDENT JOKOWI’S ADMINISTRATIVE
"We keep rolling deregulation measures until we have a good investment climate."

*President Joko Widodo* to CNBC, October 2015
<table>
<thead>
<tr>
<th>Policy Package</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predictable Wage System</td>
<td>Tax incentive for labor intensive industries</td>
</tr>
<tr>
<td>Tax incentive for transport industries</td>
<td>Acceleration of infrastructure &amp; power development</td>
</tr>
<tr>
<td>Dwelling time optimization</td>
<td>New Negative List of Investment that is more open</td>
</tr>
<tr>
<td>Relaxation of entry visa policy</td>
<td>Lower energy costs for industries</td>
</tr>
<tr>
<td>3 Hour Licensing Service in BKPM</td>
<td>Tax incentive on property</td>
</tr>
<tr>
<td>EODB</td>
<td>Incentive for investment in e-commerce area</td>
</tr>
<tr>
<td>Acceleration of land licensing</td>
<td>Efficiency on National Logistic Cost</td>
</tr>
<tr>
<td>Ease of Doing Business Improvement</td>
<td>Affordable housing for the people</td>
</tr>
<tr>
<td>Improvement</td>
<td>E-commerce</td>
</tr>
</tbody>
</table>
2015

26 Jan 2015:
One Stop Service (OSS) at BKPM to simplify investment procedures.
1. 21 ministries & institutions integrated;
2. More than 9,600 Permits issued;
3. 61% Regional PTSP implement e-licensing.

26 Oct 2015:
3-Hrs Investment Licensing Services
The service is part of BKPM’s OSS program, which will allow prospective investors with a minimum investment of IDR 100 billion (US$7.33 million) and/or absorb a workforce of more than 1,000 people to have their preliminary permits

15 Dec 2015:
Green Lane Facility
Acceleration and certainty in custom clearance process

2016

22 Feb 2016:
Direct construction Phase I
Investors can directly start their project construction before obtaining construction permits.

22 Feb 2016:
Direct construction Phase I
Investors can directly start their project construction before obtaining construction permits.

April 2016:
Negative Investment List Revision
1. More business fields open to 100% FDI
2. Less business fields open with condition, reduced from 664 to 515.
3. More business fields open to foreign majority share ownership (>50% FDI).
4. Less business fields reserved for domestic investment
5. Simpler investment procedures

2017

30 Jan 2017:
3-Hrs Investment Licensing Services for Energy Sectors
This rapid licensing procedure is for nine types of operations (eight of which are for oil and gas sectors and one of them is for electricity procurement industry)

5 Feb 2017:
Direct construction Phase II
Extended number of industrial estates that are eligible to utilize direct construction facility

3 July 2017:
Digital Principal License
Starting from 3rd July, the principle license will be issued on digital document

What’s Next

EoDB Improvement
Improving Investment Climate:
Introduce the 3-Hour investment licensing service to complement the One Stop Service (OSS)

Requirement for utilizing 3-hour Investment Licensing Service:

1. Minimum investment of IDR 100 billion (USD 8 million) and/or employing 1,000 local workers.
2. Application must be submitted directly by at least one candidate of the proposed company stakeholder

- Arrive at One-stop Service at BKPM directly from the airport.
- Consult with Director of Investment Service.
- Submit the required documents & data.

Wait at the lounge while documents are processed by BKPM, in-house notary, ministries, & other government institutions.

Obtain eight documents & letter of land availability within three hours to start your business.

Implementation Status (Jan 2016-Jul 2017)

<table>
<thead>
<tr>
<th>Jan-Dec 2016</th>
<th>Jan-Jul 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>251 companies</td>
<td>112 companies</td>
</tr>
<tr>
<td>162,100 local workers</td>
<td>103,686 local workers</td>
</tr>
<tr>
<td>Investment plan: IDR 818.76 trillion</td>
<td>Investment plan: IDR 460.68 trillion</td>
</tr>
</tbody>
</table>

9 documents obtained

- Investment license
- Certificate of incorporation
- NPWP / Tax registration
- TDP / Company registration
- APIP / Import identification
- NIK / Customs registration
- RPTKA / Employment plan
- IMTA / Working permit

Certainty to Start Business

Certainty to Import capital goods

Certainty to work

Accurate land information

Letter of land availability

No requirements for investment in infrastructure sectors
Improving Investment Climate: the newest service: 3-Hour Investment Licensing Service For Energy And Mineral Resources

**REQUIREMENTS**

ESDM3J service is given if the company has fulfilled the checklist of administrative and technical requirements as regulated on MEMR Ministerial Decree No. 15 of 2016.

**Status Implementation for ESDM Projects (Jan - Jul 2017)**

- 8 companies
- 12 Licenses has been issued
- Investment plan: IDR 16.41 trillion

<table>
<thead>
<tr>
<th>NO</th>
<th>TYPE OF SERVICES</th>
<th>REGULAR SERVICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Temporary Business License for Electricity</td>
<td>20 Working Days</td>
</tr>
<tr>
<td>2</td>
<td>Temporary Business License for Oil / Fuel / LPG Storage</td>
<td>32 Working Days</td>
</tr>
<tr>
<td>3</td>
<td>Temporary Business License for Storage of Processed Products / CNG</td>
<td>32 Working Days for Processed Products ——— 40 Working days for CNG</td>
</tr>
<tr>
<td>4</td>
<td>Temporary Business License for LNG Storage</td>
<td>32 Working Days</td>
</tr>
<tr>
<td>5</td>
<td>Temporary Business License for Oil Refinery</td>
<td>32 Working Days</td>
</tr>
<tr>
<td>6</td>
<td>Temporary Business License for Processing Oil Residue Industry</td>
<td>32 Working Days</td>
</tr>
<tr>
<td>7</td>
<td>Temporary Business License for Natural Gas Processing</td>
<td>32 Working Days</td>
</tr>
<tr>
<td>8</td>
<td>Temporary Business License for General Trade of Oil/Fuel</td>
<td>40 Working Days</td>
</tr>
<tr>
<td>9</td>
<td>Temporary Business License for General Trade of Processed Products</td>
<td>40 Working Days</td>
</tr>
</tbody>
</table>

- OSS: One Stop Service (PTSP)
- MEMR: Minister of Energy and Mineral Resources

Director **ARRIVES** at Central OSS.

- **SUBMIT** required documents.

**RECEIVE**

Requested licensing products

9 Type of Licensing

Issued by ESDM3J service
Improving Investment Climate:
Increase the number direct construction facility

Direct Construction
Investors can directly start their project construction before obtaining construction permits. This service is supported by both Central and Regional Governments.

No Requirements
- No minimum investments or workers is required.
- Available for 32 selected industrial parks in 10 provinces.
- Construction permits can be obtained in parallel with construction process.

Obtain investment licence at One-stop Service (PTSP) at national or regional level.

- Survey a land within selected industrial parks.
- Acquire the land for your industry.

Projects that already utilized KLHK (Feb 2016 - Jul 2017): 91 Projects, investment value IDR 124.83 Trillion, total area 1,271.52 ha, located in 14 Industrial Parks (KI).

Available in 32 Industrial Estates in 10 provinces

<table>
<thead>
<tr>
<th>Commercial Prod.</th>
<th>Construction phase</th>
<th>Preparation phase</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>23 Projects</strong></td>
<td><strong>22 Projects</strong></td>
<td><strong>46 Projects</strong></td>
</tr>
<tr>
<td>Invest. value IDR 4.13 Trn, total area 63.54 ha, located in 6 KI</td>
<td>Invest. value IDR 4.13 Trn, total area 256.54 ha, located in 11 KI</td>
<td>Invest. value IDR 113.51 Trn, area 951.44 ha, located in 12 KI</td>
</tr>
</tbody>
</table>
**Import Facility for Capital Goods**

**Green Lane (Fast Track) Custom Clearance**

**New Facility: Status upgrade**

From **RED** to **GREEN** line for new companies under construction

**Acceleration and certainty in custom clearance process**

**Faster & Certain**
- Capital goods do not require screening.
- Cutting the processing time from 3-5 days to only **30 minutes**.

**Simple requirements**
- Projects under construction
- Obliged in reporting quarterly investment activities (LKPM)
- Recommendation from BKPM

Implementation Status 2016-16 June 2017

![Graph showing implementation status]

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More open to foreign investments

The revision of the negative list covers **141 business fields**. The diagram (left) is the highlight of the revision.

<table>
<thead>
<tr>
<th>No.</th>
<th>Sectors</th>
<th>Rev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agriculture</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>Forestry</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Marine &amp; fishery</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>Energy</td>
<td>6</td>
</tr>
<tr>
<td>5</td>
<td>Industry</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Defense</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>Public works</td>
<td>5</td>
</tr>
<tr>
<td>8</td>
<td>Trade</td>
<td>9</td>
</tr>
<tr>
<td>9</td>
<td>Tourism &amp; creative eco</td>
<td>37</td>
</tr>
<tr>
<td>10</td>
<td>Transportation</td>
<td>14</td>
</tr>
<tr>
<td>11</td>
<td>ICT</td>
<td>7</td>
</tr>
<tr>
<td>12</td>
<td>Finance</td>
<td>6</td>
</tr>
<tr>
<td>13</td>
<td>Banking</td>
<td>3</td>
</tr>
<tr>
<td>14</td>
<td>Workforce</td>
<td>2</td>
</tr>
<tr>
<td>15</td>
<td>Education</td>
<td>1</td>
</tr>
<tr>
<td>16</td>
<td>Health</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>141</strong></td>
</tr>
</tbody>
</table>
Indonesia has shown progressive achievement in the past years.
Policy Reform Has Shown Positive Response: Better Outlook & Higher Confidence & Trust

**Investment Grade Rating:** Indonesia’s outlook was upgraded to **POSITIVE** from **STABLE** by S&P Global, Moody’s, Fitch and Japan Credit Rating Agency (JCRA).

**Consumer Confidence Index**

*Source: Nielsen, 2017*

Indonesia is in the **4th** Rank

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Index*</th>
<th>Index Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>India</td>
<td>136</td>
<td>+3</td>
</tr>
<tr>
<td>2</td>
<td>Philippines</td>
<td>132</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>United States</td>
<td>123</td>
<td>+17</td>
</tr>
<tr>
<td>4</td>
<td>Indonesia</td>
<td>120</td>
<td>-2</td>
</tr>
<tr>
<td>5</td>
<td>Vietnam</td>
<td>112</td>
<td>+5</td>
</tr>
<tr>
<td>6</td>
<td>Thailand</td>
<td>110</td>
<td>+2</td>
</tr>
<tr>
<td>7</td>
<td>United Arab Emirates</td>
<td>108</td>
<td>-</td>
</tr>
<tr>
<td>8</td>
<td>China</td>
<td>108</td>
<td>+2</td>
</tr>
<tr>
<td>9</td>
<td>Denmark</td>
<td>107</td>
<td>-</td>
</tr>
<tr>
<td>10</td>
<td>Pakistan</td>
<td>106</td>
<td>+5</td>
</tr>
</tbody>
</table>

* Indexes above 100 indicates optimism

Nielsen Global Survey of Consumer Confidence and Spending Intention shows Indonesia’s consumer confidence index is **still in the Top 5 most optimistic countries in the world** after India (136), Philipina (132), and USA (123), and above Vietnam (112).

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Policy Reform Has Shown Positive Response: Better Outlook & Higher Confidence & Trust

According to research results Edelman Trust Barometer 2017, Indonesia experienced an increase in the overall Index of Trust in four institutions: government, business, media and NGOs. Indonesia rose as one of the three countries with the highest confidence index amid declining confidence levels of various countries in the world.

Bank Indonesia (BI) in the Consumer Survey said consumer optimism over domestic economic activity increased during March 2017 compared to February 2017.
### UNCTAD’s Global Investment Trends Monitor

**The most attractive investment destinations 2016-2018**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>% Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>47</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>21</td>
</tr>
<tr>
<td>3</td>
<td>India</td>
<td>19</td>
</tr>
<tr>
<td>4</td>
<td>United Kingdom</td>
<td>15</td>
</tr>
<tr>
<td>5</td>
<td>Germany</td>
<td>13</td>
</tr>
<tr>
<td>6</td>
<td>Japan</td>
<td>13</td>
</tr>
<tr>
<td>7</td>
<td>Brazil</td>
<td>11</td>
</tr>
<tr>
<td>8</td>
<td>Mexico</td>
<td>11</td>
</tr>
<tr>
<td>9</td>
<td>Indonesia</td>
<td>8</td>
</tr>
<tr>
<td>10</td>
<td>Malaysia</td>
<td>5</td>
</tr>
</tbody>
</table>
By doing the reforms we would like to attract more investment on...

**Infrastructure**
- Energy, transportation, industrial estates, SEZs

**Manufacturing Industry**
- **Labor Intensive Industry**
  - e.g.: textile, garment, furniture, etc
- **Export Orientation Industry**
  - e.g.: automotive, electronic, machinery, etc
- **Import Substitution Industry**
  - e.g.: pharmaceutical raw material, petrochemical
- **Value added Industry**
  - e.g.: agro-industry, smelters, etc

**Lifestyle Industry**
- e.g.: creative industry, culinary, fashion

**Maritime**
- Including fisheries and cold storage

**Tourism**
- 10 New Balis
### Thai Investment in Indonesia 2012-Q2 2017

#### Thailand Investment to the World (in USD Mil)

**Source:** fDi Market, Aug 2017

<table>
<thead>
<tr>
<th>Rank</th>
<th>Destination Country</th>
<th>Projects</th>
<th>Capex (USD mil.)</th>
<th>Avg Capex (USD mil.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Myanmar</td>
<td>48</td>
<td>6,771.2</td>
<td>294.4</td>
</tr>
<tr>
<td>2</td>
<td>Vietnam</td>
<td>36</td>
<td>3,634.4</td>
<td>330.4</td>
</tr>
<tr>
<td>3</td>
<td>China</td>
<td>26</td>
<td>2,476.0</td>
<td>825.3</td>
</tr>
<tr>
<td>4</td>
<td>Japan</td>
<td>19</td>
<td>2,090.8</td>
<td>825.3</td>
</tr>
<tr>
<td>5</td>
<td>Australia</td>
<td>13</td>
<td>1,379.9</td>
<td>230.0</td>
</tr>
<tr>
<td>6</td>
<td>Russia</td>
<td>5</td>
<td>1,230.0</td>
<td>230.0</td>
</tr>
<tr>
<td>7</td>
<td>United States</td>
<td>14</td>
<td>606.9</td>
<td>86.7</td>
</tr>
<tr>
<td>8</td>
<td>Laos</td>
<td>13</td>
<td>474.6</td>
<td>158.2</td>
</tr>
<tr>
<td>9</td>
<td>Malaysia</td>
<td>12</td>
<td>422.9</td>
<td>158.2</td>
</tr>
<tr>
<td>10</td>
<td>Indonesia</td>
<td>35</td>
<td>289.4</td>
<td>36.2</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>337</td>
<td>19,943.7</td>
<td>197.5</td>
</tr>
</tbody>
</table>

#### FDI in Indonesia by Country of Origin (in USD Bil)

**Source:** BKPM, Aug 2017

<table>
<thead>
<tr>
<th>Country of Origin</th>
<th>FDI (USD Bil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>34.10</td>
</tr>
<tr>
<td>Japan</td>
<td>21.00</td>
</tr>
<tr>
<td>South Korea</td>
<td>8.46</td>
</tr>
<tr>
<td>United States</td>
<td>8.00</td>
</tr>
<tr>
<td>Malaysia</td>
<td>7.77</td>
</tr>
<tr>
<td>Netherlands</td>
<td>6.89</td>
</tr>
<tr>
<td>China</td>
<td>6.49</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>5.55</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>4.86</td>
</tr>
<tr>
<td>British Virgin Islands</td>
<td>4.52</td>
</tr>
<tr>
<td>Thailand</td>
<td>1.08</td>
</tr>
<tr>
<td>Others</td>
<td>46.80</td>
</tr>
</tbody>
</table>

**By sector**
- Non-metallic minerals (48.1%)
- Chemical and Pharmaceutical (18.1%)
- Transportation equipment (9.4%)
- Trade and Repair (8.7%)
- Rubber and Plastics (5.4%)
- Others (10.2%)

**By location**
- West Java (59.2%)
- Banten (26.0%)
- South Sumatera (9.4%)
- Jakarta (1.9%)
- East Java (1.4%)
- Others (2.1%)
THE NEW BIG DEALS
(NEWLY EMERGING INDUSTRIES)
Investment Opportunities: Developing “10 New Bali”

- **Toba Lake**
  - Area: 500 Ha
  - Investment: USD 1 Billion

- **Kelayang Cape**
  - Area: 1200 Ha
  - Investment: USD 1.6 Billion

- **Borobudur**
  - Area: 1000 Ha
  - Investment: USD 1.5 Billion

- **Wakatobi**
  - Area: 500 Ha
  - Investment: USD 1.4 Billion

- **Morotai**
  - Area: 300 Ha
  - Investment: USD 3 Billion

- **Lesung Cape**
  - Area: 1500 Ha
  - Investment: USD 5 Billion

- **Seribu Islands**
  - Area: 1000 Ha
  - Investment: USD 1 Billion

- **Bromo Tengger Semeru**
  - Area: 1000 Ha
  - Investment: USD 1 Billion

- **Mandalika**
  - Area: 1035 Ha
  - Investment: USD 3.3 Billion

- **Labuan Bajo**
  - Area: 1000 Ha
  - Investment: USD 1.2 Billion
Regional Investment Forum (RIF) is the annual event of Indonesia Investment Coordinating Board (BKPM) in multiple cities nationwide. The investment forum provides 300+ investors and business people from Indonesia and around the world an opportunity to network with each other.

Participants will obtain first-hand investment project opportunities and receive reliable information presented by key speakers from the central and regional government authorities.

What’s more, there will be an opportunity to meet directly and discuss your investment needs with key government authorities through the prearranged one-on-one business meeting sessions – An introduction and match making with potential Indonesian business partners.

The forum in Padang, West Sumatra, specifically aims to promote and showcase 8 National Tourism Destinations:
1. Mandeh Integrated Maritime Tourism Area
2. Gunung Padang Integrated Tourism Area
3. Lake Toba
4. Tanjung Kelayang
5. Tanjung Lesung
6. Kepulauan Seribu
7. Borobudur
8. Bromo - Tengger – Semeru

As part of the 3-day event in Padang, West Sumatra, participants will be invited to join various site visits, including Gunung Padang Integrated Tourism Area and Mandeh Beach.
# Investment Opportunities: Renewable energy development plan (2017-2016)

## Total Plan: 21.5 GW

### Sumatera Region

<table>
<thead>
<tr>
<th>Plan</th>
<th>Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLTP: 3,305 MW</td>
<td>PLTA: 1,193 MW</td>
</tr>
<tr>
<td>PLTA: 4,284 MW</td>
<td>PLTMH: 752 MW</td>
</tr>
<tr>
<td>PLTMH: 983 MW</td>
<td>PLTS: 59 MW</td>
</tr>
<tr>
<td>PLTS: 5 MWp</td>
<td>PLTB: 200 MW</td>
</tr>
<tr>
<td>PLTSa / Biomass: 274 MW</td>
<td>PLTSa / Biomass: 135 MW</td>
</tr>
<tr>
<td>PLTBg: 411 thousand kiloliter</td>
<td></td>
</tr>
</tbody>
</table>

### Kalimantan Region

<table>
<thead>
<tr>
<th>Plan</th>
<th>Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLTA: 1,056 MW</td>
<td>PLTA: 1,804 MW</td>
</tr>
<tr>
<td>PLTMH: 10 MW</td>
<td>PLTS: 12 MW</td>
</tr>
<tr>
<td>PLTB: 150 MW</td>
<td>PLTSa / Biomass: 30 MW</td>
</tr>
<tr>
<td>PLTSa / Biomass: 41 MW</td>
<td></td>
</tr>
</tbody>
</table>

### Sulawesi & Nusa Tenggara Region

<table>
<thead>
<tr>
<th>Plan</th>
<th>Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLTP: 400 MW</td>
<td>PLTA: 3,852 MW</td>
</tr>
<tr>
<td>PLTA: 2,323 MW</td>
<td>PLTS: 38 MW</td>
</tr>
<tr>
<td>PLTMH: 221 MW</td>
<td>PLTB: 5 MW</td>
</tr>
<tr>
<td>PLTS: 52 MWp</td>
<td>PLTSa / Biomass: 10 MW</td>
</tr>
<tr>
<td>PLTB: 170 MW</td>
<td>PLT Ocean: 250 MW</td>
</tr>
<tr>
<td>PLTSa / Biomass: 21 MW</td>
<td></td>
</tr>
</tbody>
</table>

### Maluku & Papua Region

<table>
<thead>
<tr>
<th>Plan</th>
<th>Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLTP: 75 MW</td>
<td>PLTA: 20 MW</td>
</tr>
<tr>
<td>PLTA: 118 MW</td>
<td>PLTS: 6 MW</td>
</tr>
<tr>
<td>PLTMH: 43 MW</td>
<td>PLTSa / Biomass: 55 MW</td>
</tr>
<tr>
<td>PLTSa / Biomass: 469 thousand kiloliter</td>
<td></td>
</tr>
</tbody>
</table>

### Java-Bali Region

<table>
<thead>
<tr>
<th>Plan</th>
<th>Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLTP: 2,510 MW</td>
<td>PLTS: 200 MW</td>
</tr>
<tr>
<td>PLTA: 4,562 MW</td>
<td>PLTMH: 823 MW</td>
</tr>
<tr>
<td>PLTMH: 437 MW</td>
<td>PLTSa / Biomass: 30 MW</td>
</tr>
<tr>
<td>PLTB: 250 MW</td>
<td>PLTB: 150 MW</td>
</tr>
<tr>
<td>PLTSa / Biomass: 206 MW</td>
<td>PLTSa / Biomass: 135 MW</td>
</tr>
<tr>
<td>PLTBg: 439 thousand kiloliter</td>
<td></td>
</tr>
</tbody>
</table>

### Total

**Plan: 21.5 GW**

**Potential: 9.3 GW**

---

**Source:** RUPTL 2017-2026, pln.co.id
Investment Opportunities: Special Economic Zones

Fiscal incentives in SEZ are regulated under Minister of Finance Regulation No. 104/PMK.010/2016):

- **Sei Mangkei**: Palm Oil & Rubber Industry, Fertilizer, Logistics, Tourism
- **Tanjung Api-api**: Palm Oil, Rubber, Petrochemical Industries
- **Tanjung Lesung**: Tourism
- **Maloy Batuta**: Palm Oil, Logging Industries
- **Kelayang**: Tourism
- **Bitung**: Fishery, Coconut Oil & Herbal Pharmacies Industries, Various Industry, Logistics
- **Palu**: Manufacture, Agro (Rubber, Cacao, Seaweed, & Rattan) Nickel & Ore Industry, Logistics
- **Mandalika**: Tourism
- **Morotai**: Tourism, Fishery Industry, Business & Logistics
- **Sorong**: Shipyard, Fishery & Tourism
- **Arun Lhoksemawe**: Petrochemical, Logistics, Oil & Gas, Food & Paper Manufacture

**Incentives:**
Import duty, VAT, Import Income Tax (Article 22), Luxury-goods Sales Tax, and Excise for all goods are exempted plus Tax Holiday (if company’s line of business inline with SEZs core activity) or Tax Allowance (other line of business).
Investment Opportunities: A growing of internet user in Indonesia 2017

<table>
<thead>
<tr>
<th>Digital in ASEAN</th>
<th>(in Million)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active internet users</td>
<td>339.2</td>
<td>+31%</td>
</tr>
<tr>
<td>Active Socmed users</td>
<td>305.9</td>
<td>+31%</td>
</tr>
<tr>
<td>Mobile connections</td>
<td>854</td>
<td>+8%</td>
</tr>
<tr>
<td>Mobile Social Users</td>
<td>272.6</td>
<td>+36%</td>
</tr>
<tr>
<td>Population</td>
<td>644.1</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Digital in Indonesia</th>
<th>(in Million)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active internet users</td>
<td>132.7</td>
<td>+51%</td>
</tr>
<tr>
<td>Active Socmed users</td>
<td>106</td>
<td>+34%</td>
</tr>
<tr>
<td>Mobile connections</td>
<td>371.4</td>
<td>+14%</td>
</tr>
<tr>
<td>Mobile Social Users</td>
<td>92</td>
<td>+39%</td>
</tr>
</tbody>
</table>

**Government support to enhance digital financial inclusion**

GSMA Mobile Connectivity Index of Indonesia

- **Overall Country Index Score**: 53.85
- **Mobile Network Infrastructure**: 40.41
- **Affordability of Devices & Services**: 68.55
- **Consumer Readiness**: 68.96
- **Availability of Relevant Content & Services**: 44.02

**5.6 billion US dollars**

**Online sales in 2016**

**24.7 million people purchasing via E-commerce**
Investment Opportunities: E-commerce market is on track to be one of the largest in Asia

- 24.74 million people purchasing via e-commerce in 2016
- 9% E-Commerce Penetration in 2016
- $5.6 billion value of E-Commerce Markets in 2016
- $228 average annual e-commerce revenue per user in 2016

Investment Opportunities: Infrastructure Development

Source: Presidential Regulation No. 3 Year 2016 j.o. Presidential Regulation No.58 Year 2017

245 project + 2 program with total of investment 4.197 trillion rupiah

Estimation of Investment Value

<table>
<thead>
<tr>
<th>Sector</th>
<th>Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Budget</td>
<td>IDR 525 Trillion</td>
<td>13%</td>
</tr>
<tr>
<td>State/Regional Owned Company</td>
<td>IDR 1.258 Trillion</td>
<td>30%</td>
</tr>
<tr>
<td>Private</td>
<td>IDR 2.414 Trillion</td>
<td>58%</td>
</tr>
</tbody>
</table>

Top 5 Sector

- **Energy**
  - 12 Project
  - IDR 1.242 Trillion

- **Electricity**
  - 1 Program
  - IDR 1.035 Trillion

- **Road**
  - 74 Project
  - IDR 684 Trillion

- **Train**
  - 23 Project
  - IDR 613 Trillion

- **Economic Zones**
  - 30 Project
  - IDR 290 Trillion
Investment Opportunities: Infrastructure Development

- **19 new airports** built since 2015
- **132 airports** rehabilitated since 2015
- **27 airports** expanded since 2015
- **2,159 km** inter-urban railways to be finished by 2019
- **187 km railways** developed since 2015
- **1,099 km** urban railways to be finished by 2019
- **1,000 km** new toll roads to be finished by 2019
- **2,650 km** new roads development
- **46,770 km** existing roads rehabilitation
- **235 km** new toll roads will be ready in 2017

Source: Ministry of Transportation RI, May 2016.
Source: Bank Indonesia, May 2016.
Thank You

Terima Kasih

Badan Koordinasi Penanaman Modal (BKPM)
Indonesia Investment Coordinating Board

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Jakarta 12190 - Indonesia

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f. +62 21 525 4945
e. info@bkpm.go.id

www.bkpm.go.id

Invest in Remarkable Indonesia
One-Stop Service (OSS) Centre: Easier, Faster, Transparent and Integrated

### Licensing process for Foreign, Across Provinces, and Strategic investments:

1. **Apply Principle License**  
   - **HQ OFFICE**  
     - Central office comprises representatives from 22 ministeries  
     - Central office provides 3-hour licensing process* to start construction  
     - Direct construction* facility in 32 industrial parks  
     - *Terms & Conditions Apply

2. **Apply Business Incentives**  
   - **HQ OFFICE**  
     - Incentives | Related Unit  
     - Import Tariff | Tax Office  
     - Tax Allowance | MoFinance  
     - Tax Holiday | MoFinance  
     - O&G Recommendation | MoTrade, MoEnergy  
     - Forest Usage Permit | MoEnvironment

3. **Apply Operating Licenses**  
   - **REGIONAL OFFICE**  
     - License | Related Unit  
     - Tech. assessment of Land | “Pertanahan” District/City  
     - Location License | 1-stop Regional District/City  
     - Construction License | 1-stop Regional District/City  
     - Land Certification | “Pertanahan” District/City  
     - Environment License | Regional Environment Office  
     - HO (Hinderordonnantie) | 1-stop Regional District/City

4. **Apply Business License**  
   - **HQ OFFICE**  
     - Business activities can be kick-started

Source: BKPM
INVESTMENT INCENTIVE

TAX ALLOWANCE

30% from investment value Reduction of corporate net income tax for 6 years, 5% each year.

145 business fields

Eligible for tax allowance, expanded from 143 segments in the previous regulation with additional segment: clothing industry.

• Under certain requirements among others: investment value or export orientation, manpower absorption, local content, and project location (especially outside Java island).

TAX HOLIDAY

5-15 Years Tax Exemption, With potential 20 years exemption for project that considered strategic for Indonesia economy.

8 eligible pioneer industries

1. Basic metal industries;
2. Oil refinery industries
3. Basic organic chemicals from natural oil and gas;
4. Machinery industries;
5. Communication devices industries.
6. Agricultural processing
7. Marine transportation
8. Economic infrastructures other than PPP

IMPORT DUTY FACILITY

(MoF Regulation No.176/PMK.011/2009 juncto. No. 188/PMK.010/2015)

Machines, goods, materials for production

2 years import duty exemption or 4 years for companies using locally-produced machines (min.30%).

Industries

Which produces goods and/or services, including:
1. Tourism and culture
2. Public transportation
3. Public health services
4. Mining
5. Construction
6. Telecommunication
7. Port

RP 1 trillion

Minimum investment plan (USD 80 million).
Global and internal challenges on investment

**Global Challenges**
- Global Economic Slowdown
- Decline in Commodity Prices
- Political Risk & Increasing Protectionism

**Internal Challenges**
- The overlapping of Investment Licensing and Non Licensing
- LAND issues
- Infrastructure Condition
- Labor and productivity issues
- Spatial Plans (RTRW)
- Electricity Supply
- Provision of gas raw materials for industry and power plant
- Incentives & Tax Issues
- Financing