



Update on Indonesia's Investment Realization and Investment Policy

Dendy Apriandi

Director for Investment Deregulation

Jakarta – Singapore, April 2021



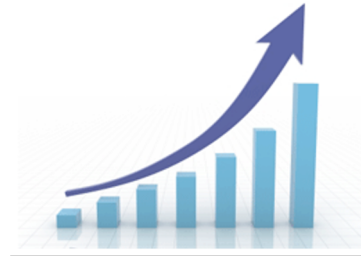


INVESTMENT TARGET AND REALIZATION

Investment Target and Realization Jan- Dec 2020

(ex. Upstream oil and gas and financial services)

Total of Investment
Realization 2015-2019
IDR. 3.381,9 Trillion
(+USD 232 Billion)



Investment Realization
Target 2020-2024
IDR. 4.983,2 Trillion
(+USD 338 Billion)

Investment Realization Target 2020 - 2024

No	Strategic Goals and Indicators Performance BKPM 2020-2024	Unit	2020	2021	2022	2023	2024
SS.1 Increased investment realization							
1	Investment Target	IDR Trillion	817,2	858,5	968,4	1.099,8	1.239,3
2	Investment Realization on Secondary Sector	IDR Trillion	227,2	268,7	352,5	483,9	646,1
3	Investment Realization outside Java	%	48,3%	49,0%	49,7%	50,6%	51,7%
4	DDI Contribution to Investment Realization	%	48,8%	49,7%	50,3%	51,9%	53,1%

Source: BKPM

Investment Realization in 2020

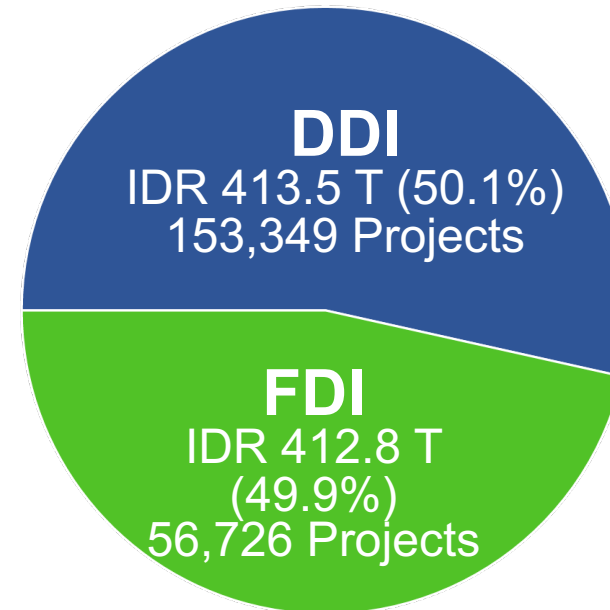
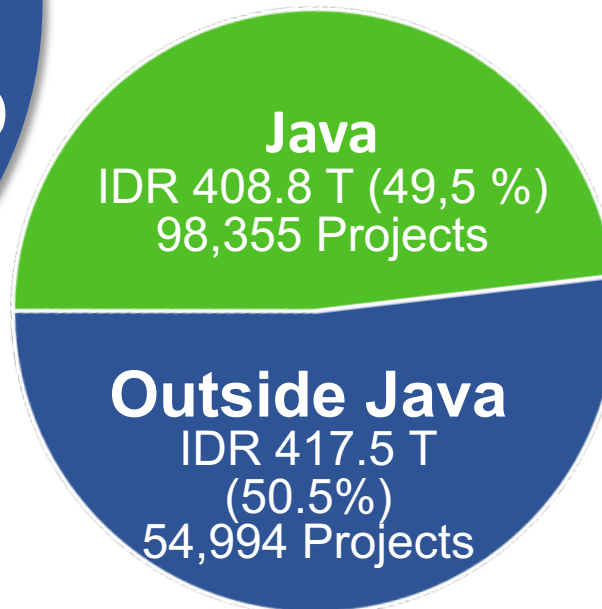
Investment Realization
Jan – Dec 2020
IDR 826.3 T

 **Target Achieved**

	Q IV (q-o-q)	Q IV (y-o-y)	Jan – Dec (y-o-y)
PMA	4.7%	5.5%	-2.4%
PMDN	0.8%	0.7%	7.0%
Total	2.7%	3.1%	2.1%

101.1%

Investment Target 2020
IDR 817.2 T

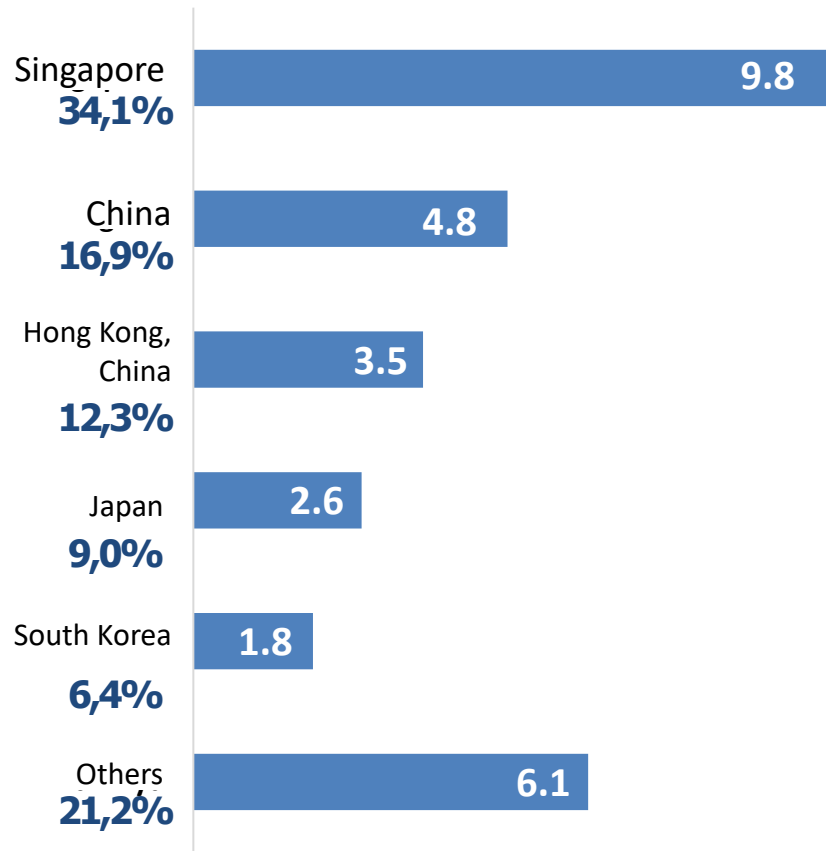


DURING JAN – DEC 2020
JOBS CREATED (TKI)

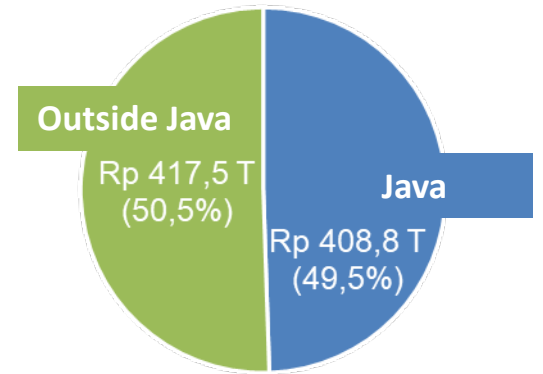
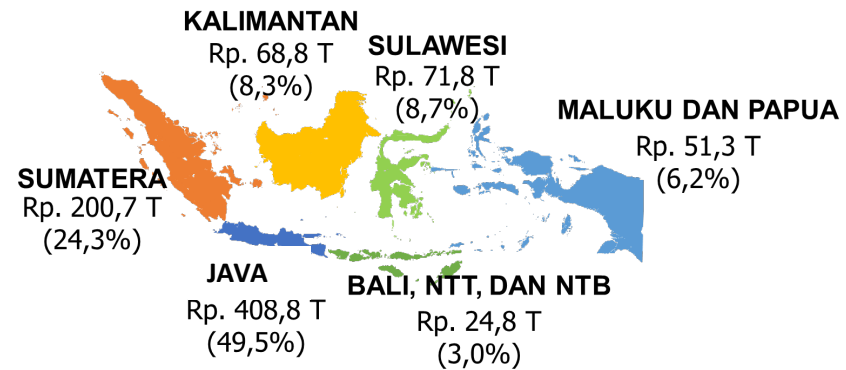
1,156,361
from **153,349**
Investment projects

Investment Realization in 2020 Based on Countries, Locations and Sectors

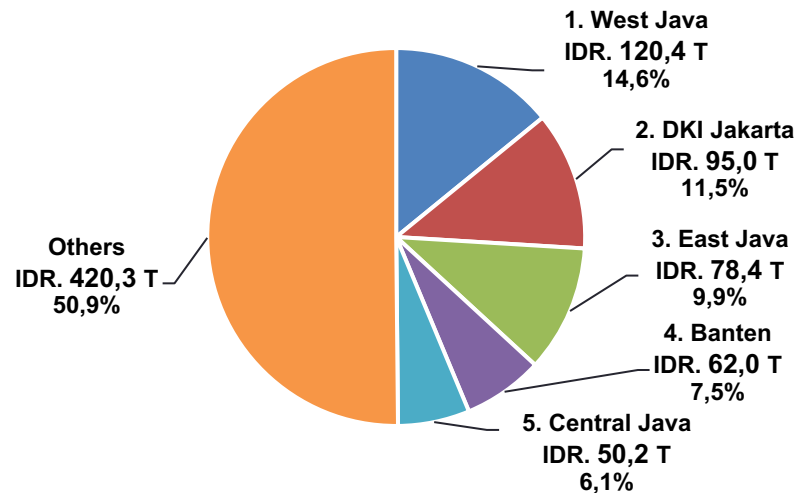
Top 5 Investors (in Billion USD)



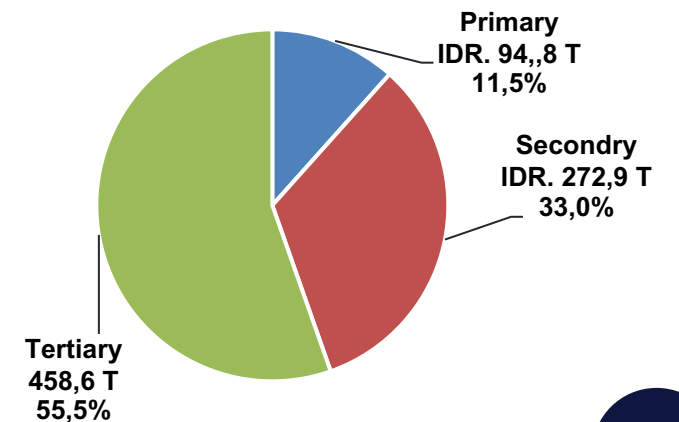
Investment Distribution based on Regions



Based on Location



Based on Sector



INVESTMENT REALIZATION IN JANUARY – DECEMBER 2020: BASED ON SECTOR

DDI			
NO	SECTOR	INVESTMENT (IDR Billion)	PROJECT
1	Transportation, Warehouse, and Telecommunication	93,282.8	4,115
2	Construction	68,289.3	6,549
3	Housing, Industrial Estates, and Office Building	44,852.8	4,347
4	Electricity, Gas, and Water Supply	35,518.8	1,921
5	Food Crops, Plantation, and Livestock	32,096.5	3,976
6	Food Industry	27,872.7	6,045
7	Chemical and Pharmaceutical Industry	22,526.1	2,283
8	Trade and Reparation	16,748.4	38,810
9	Other Services	14,242.7	10,741
10	Mining	13,755.1	1,717
11	Hotel and Restaurant	10,203.1	5,448
12	Basic Metal, Metal goods, non-Machinery and Equipment Industry	8,857.6	1,418
13	Non Metallic Mineral Industry	5,861.9	738
14	Rubber and Plastics Based Goods Industry	4,428.7	1,685
15	Paper and Printing Industry	3,745.9	1,101
16	Vehicle and Other Transportation Industry	2,556.5	541
17	Textile Industry	2,103.2	1,350
18	Other Industries	2,051.0	1,183
19	Wood Industry	1,263.4	941
20	Forestry	1,163.6	318
21	Machinery, Electronics, Medical Instruments, Precision, Optical, and Watch Industry	1,156.0	831
22	Fishery	564.9	381
23	Leather Goods and Footwear Industry	394.8	184
TOTAL		413,535.5	96,623

FDI			
NO	SECTOR	INVESTMENT (US\$ Million)	PROJECT
1	Basic Metal, Metal goods, non-Machinery and Equipment Industry	5,969.2	1,669
2	Electricity, Gas, and Water Supply	4,613.9	846
3	Transportation, Warehouse, and Telecommunication	3,580.4	1,588
4	Housing, Industrial Estates, and Office Building	2,191.4	2,209
5	Mining	2,005.1	1,199
6	Chemical and Pharmaceutical Industry	1,742.5	2,598
7	Food Industry	1,592.1	3,856
8	Food Crops, Plantation, and Livestock	1,184.2	1,718
9	Paper and Printing Industry	942.8	784
10	Vehicle and Other Transportation Industry	942.0	1,904
11	Other Industries	733.3	9,793
12	Machinery, Electronics, Medical Instruments, Precision, Optical, and Watch Industry	601.3	2,139
13	Hotel and Restaurant	441.1	5,900
14	Trade and Reparation	434.1	12,682
15	Other Industries	294.1	1,381
16	Rubber and Plastics Based Goods Industry	291.4	1,559
17	Textile Industry	279.8	1,782
18	Non Metallic Mineral Industry	248.3	500
19	Leather Goods and Footwear Industry	214.0	618
20	Construction	189.5	856
21	Wood Industry	84.7	569
22	Fishery	48.2	410
23	Forestry	4.6	166
Total		28,666.3	56,726

INVESTMENT REALIZATION IN JANUARY – DECEMBER 2020: BASED ON LOCATION

DDI			
NO	LOCATION	INVESTMENT (IDR Billion)	PROJECT
1	East Java	55,660.6	15,562
2	West Java	51,400.5	8,989
3	Special Territory of Jakarta	42,954.7	17,667
4	Riau	34,117.8	3,382
5	Banten	31,145.7	5,833
6	Central Java	30,606.1	8,628
7	East Kalimantan	25,934.0	3,823
8	North Sumatera	18,189.5	4,220
9	South Sumatera	15,824.5	2,103
10	Riau Islands	14,249.0	2,224
11	West Borneo	9,256.5	2,074
12	South Sulawesi	9,142.0	1,919
13	Aceh	8,241.1	1,830
14	Lampung	7,120.5	1,271
15	West Nusa Tenggara	6,582.4	1,200
16	Bali	5,432.7	2,513
17	Bengkulu	5,399.2	476
18	Central Sulawesi	5,261.3	812
19	South Kalimantan	4,286.3	1,620
20	Central Kalimantan	3,710.0	976
21	Jambi	3,511.7	1,473
22	West Sumatera	3,106.2	1,037
23	East Nusa Tenggara	3,028.5	761
24	North Sulawesi	3,005.6	813
25	Southeast Sulawesi	2,865.7	552
26	Papua	2,722.2	323
27	Special Territory of Yogyakarta	2,683.4	2,147
28	North Kalimantan	2,235.2	325
29	West Papua	1,925.4	311
30	Bangka Belitung Islands	1,863.8	972
31	Gorontalo	683.6	291
32	North Maluku	662.1	121
33	Maluku	474.8	262
34	West Sulawesi	252.9	113
TOTAL		413,535.5	96,623

FDI			
NO	LOCATION	INVESTMENT(US\$ Million)	PROJECT
1	West Java	4,793.7	11,031
2	Special Territory of Jakarta	3,613.3	16,787
3	North Maluku	2,409.0	182
4	Banten	2,143.6	4,288
5	Central Sulawesi	1,779.0	388
6	Riau Islands	1,649.4	2,143
7	East Java	1,575.5	4,059
8	South Sumatera	1,543.9	662
9	Central Java	1,363.6	2,795
10	Southeast Sulawesi	1,268.6	145
11	Riau	1,078.0	823
12	North Sumatera	974.8	1,465
13	West Kalimantan	759.3	805
14	Papua	567.7	184
15	Lampung	498.4	384
16	East Kalimantan	378.0	722
17	West Nusa Tenggara	302.1	1,776
18	Bali	293.3	3,967
19	South Kalimantan	240.8	309
20	South Sulawesi	236.1	467
21	Bengkulu	192.3	102
22	Central Kalimantan	177.6	404
23	Maluku	176.7	61
24	North Sulawesi	155.7	291
25	West Sumatera	125.6	341
26	East Nusa Tenggara	81.3	520
27	North Kalimantan	68.4	88
28	Gorontalo	67.6	51
29	Aceh	51.1	142
30	Bangka Belitung Islands	48.4	312
31	Jambi	27.0	291
32	West Papua	10.6	121
33	Special Territory of Yogyakarta	9.7	569
34	West Sulawesi	6.5	51
TOTAL		28,666.3	56,726



LAW OF JOB CREATION: THE IMPACT ON LICENSING PROCESS AND INVESTMENT

Job Creation Law is a breakthrough in Indonesia Legal System



Under the Omnibus Law, **79 Indonesian Laws** have been revised through a single law which regulates various sectors.

Has simplified into



186 Article
dan **15 chapter**

11 Cluster



Investment Ecosystem and Business Activities



Business Licensing



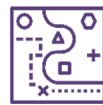
Employment



SME and Cooperatives



Research and Innovation



Land Acquisition



Economic Zones



Ease of Doing Business



Government Investment & National Strategic Project (PSN)



Public Administration



Imposition of Sanctions



Government Regulation Number 5 of 2021 concerning Implementation of Risk-Based Business Licensing

- 1 The Risk Based Business Licensing SOP (NSPK) act as the single reference for the Central Government, Local Government and Business Actors.



- 2 The Online Single Submission (OSS) system must be used by Ministries / Agencies, Local Governments, SEZ, FTZ and Business Actors. The business licensing process is carried out in the OSS system provided by BKPM.



- 3 The OSS system is divided into 3 subsystems, namely: 1) Information Service Subsystem; 2) Business Licensing Subsystem; 3) Supervision Subsystem



- 4 Supervision in an integrated and coordinated between Ministries/Agencis, local government, KEK, KPBPB through the OSS System.



Risk Based Business Licensing Process

Articles related to licensing are integrated in the Job Creation Law

Risk Identification

Every business field will be classified according to risk level which consider the aspects of:



Risk Based Approach Licensing

Reform on Licensing Process to the Risk-Based Licensing Approach through Online Single Submission (OSS)



Basic Requirement of Business Licensing

Simplify and integrate the basic licensing of a number of laws



Spatial Conformity (KKPR)

**4 Laws
51 Articles**

- Utilization of space must obtain Confirmation / Approval / Recommendation of Spatial Conformity KKPR, based on Detailed Zoning Plan / RDTR (or RTR, RZ KSNT and RZ KAW).
- If located in coastal waters, territorial waters and jurisdictions, it is mandatory to obtain Marine KKPR Approval (KKPRL).
- If located in a forest area, it is mandatory to obtain a Forest Area Use Approval (P2KH).
- Details refer to GR 21 of 2021 concerning the Implementation of Spatial Planning, and Govt. GR 23 of 2021 concerning the Implementation of Forestry.



Environmental Approval (PL)

**2 Laws
36 Articles**

- Every business plan and / or activity that has an impact (important / not important) on the environment must have: Amdal, UKL-UPL or SPPL.
- Environmental approval / PL is an approval for: KKLH (Decision of Environmental Feasibility) - Amdal, or PKPLH (Statement of Capability of Environmental Management) -UKL-UPL.
- Details refer to GR 22 of 2021 concerning the Implementation of Environmental Protection and Management.

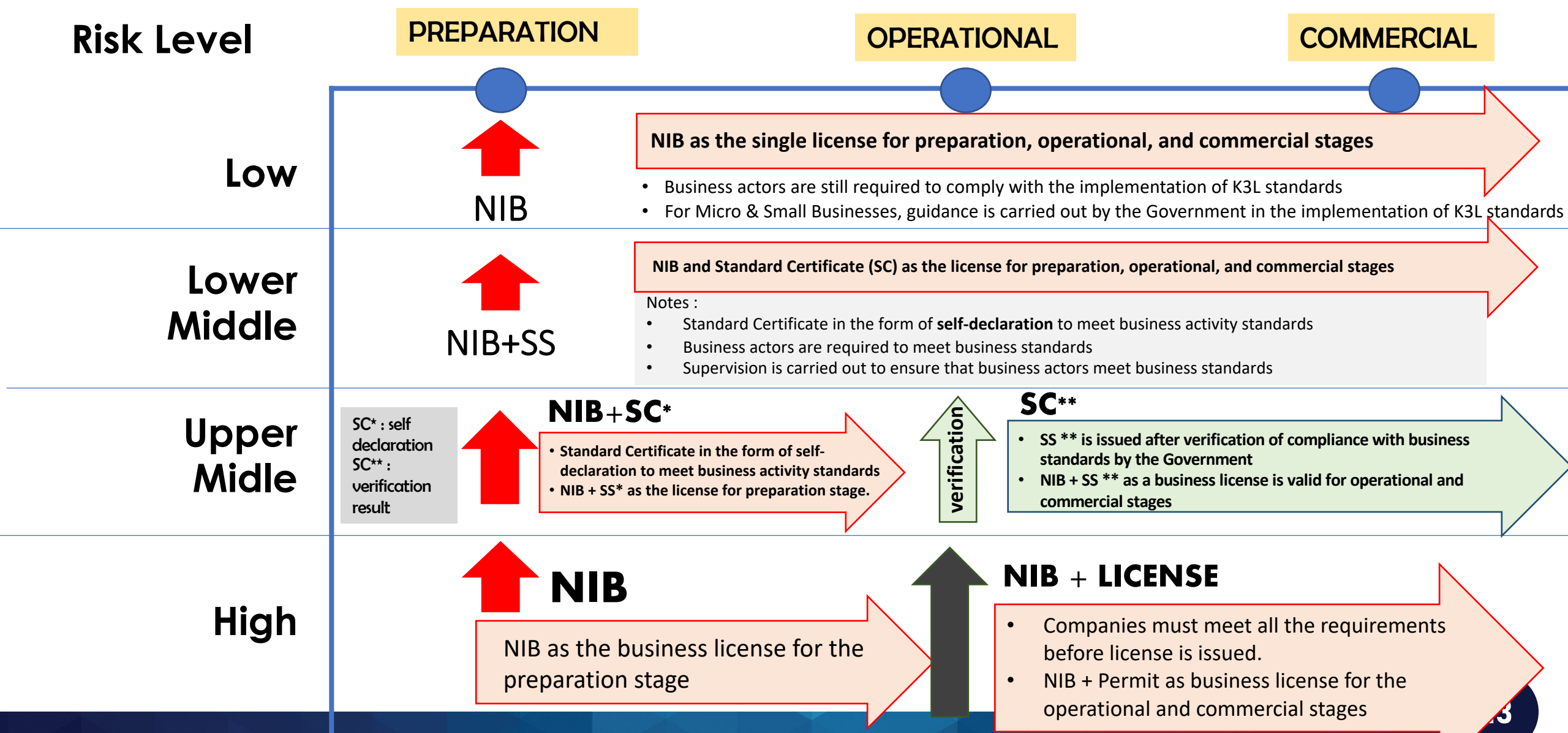


Building Approval (PBG)

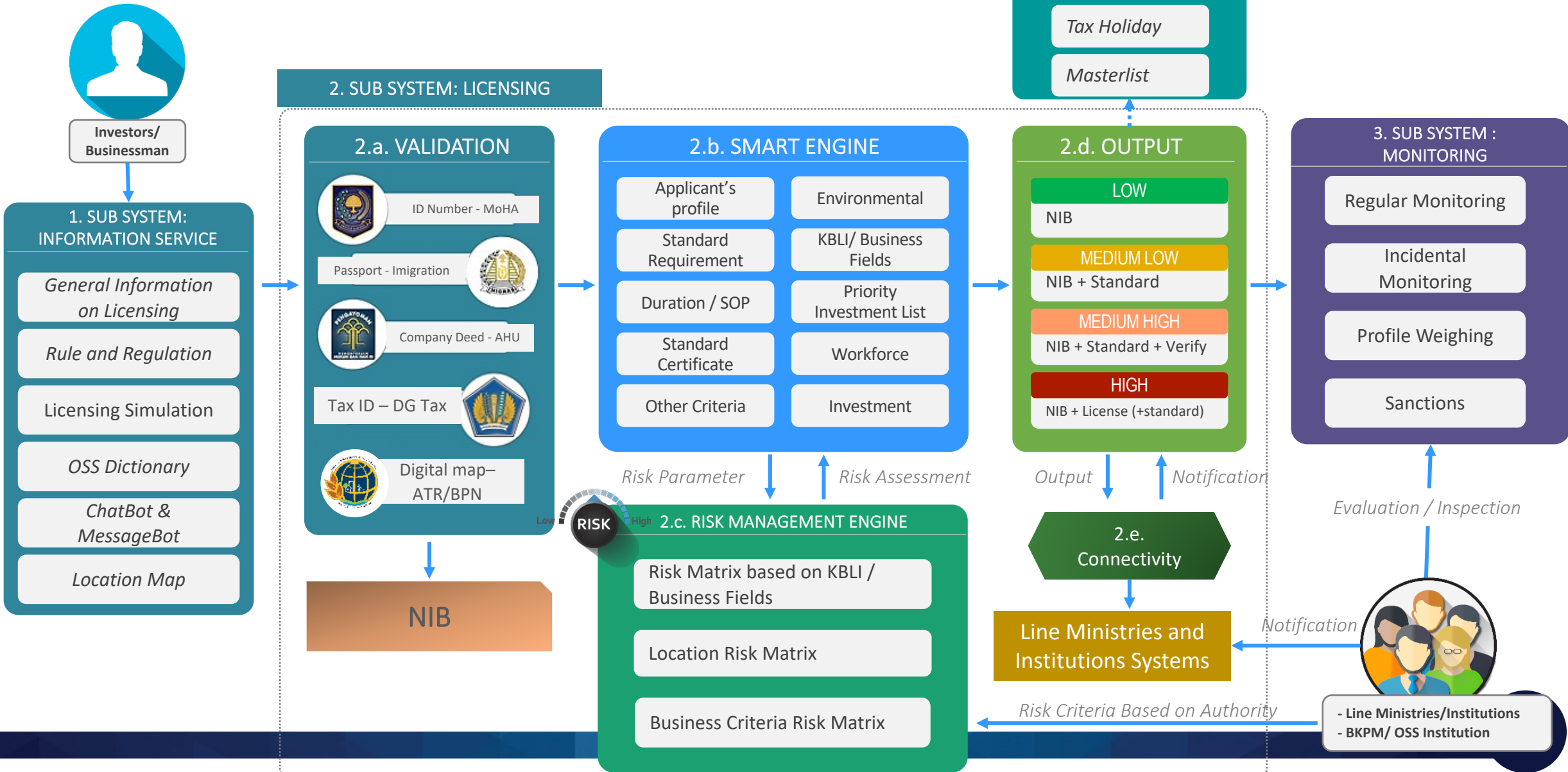
**2 Laws
48 Articles**

- PBG to build new, change, expand, reduce, and / or maintain a building according to building technical standards.
- Buildings without high risk may refer to prototypes / prototypes.
- High risk buildings must be approved by the government.
- Certificate of Proper Building Functioning / SLF issued construction supervisory management.
- Details refer to GR 16 of 2021 concerning Implementation Regulations of Law no. 28 of 2002 concerning Buildings.

Business Process for Risk-Based Licensing Approach



OSS Risk Based Approach Systems





INVESTMENT BUSINESS FIELDS PRESIDENTIAL REGULATION NUMBER 10/2021



Further provisions regarding investment requirements are regulated in a Presidential Regulation. (Article 12 Section (2) Law No. 25/2007)



Pres. Regulation 44/2016
“Investment Negative List”

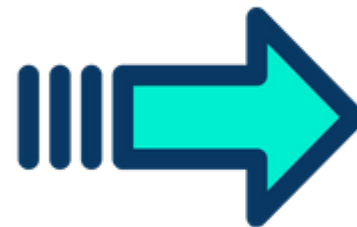


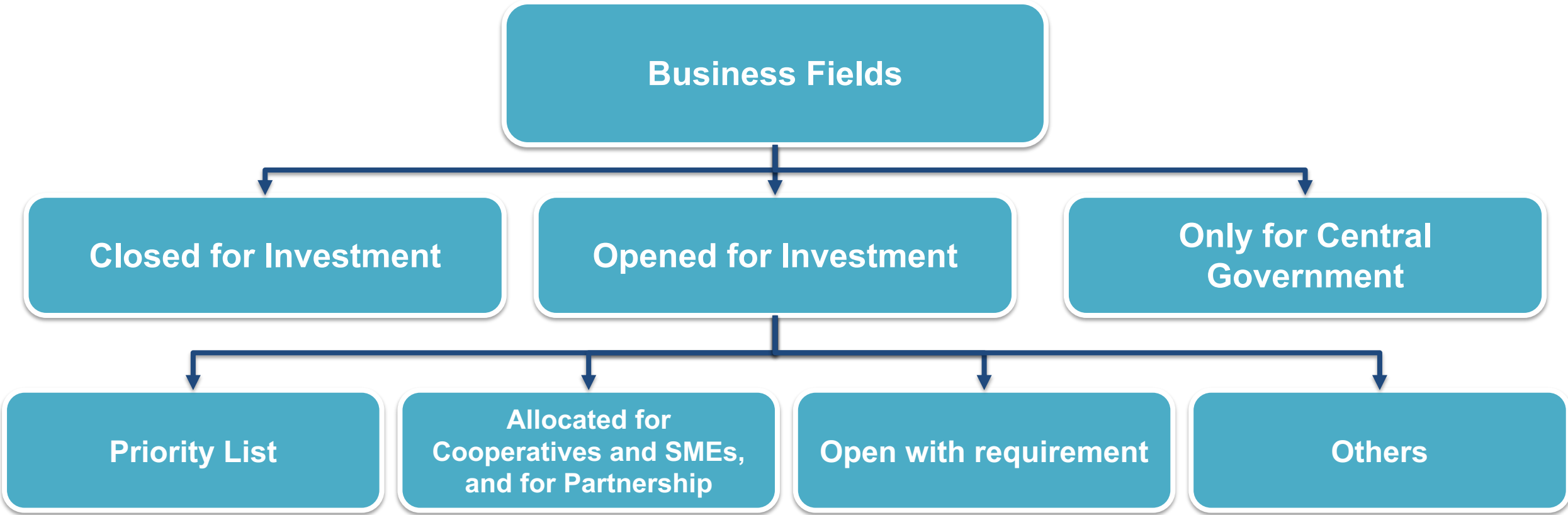
Business Restriction
oriented

Pres. Regulation 10/2021
“Investment Business Fields”



Encouraging the Development
of Priority Business Fields





A. As Listed in Amended Article 12 para (2) of Investment Law 25/2007 (and was in Annex I, PR 44/2016)

1. cultivation and industry of class I narcotics;
2. all forms of gambling and/or casino;
3. fishing of fish species listed in Appendix I CITES;
4. utilization or collection of coral and coral reefs from nature;
5. chemical weapons manufacturing industry; and
6. industrial chemicals industry and ozone-depleting substances industry.

B. Other 14 Business Fields at Annex I, PR 44/2016

Opened for Investment (7):

- 1) Lifting of the Valuable Objects from the Sunken Ship; 2) Chlor Alkali Manufacturing Industry with Mercury Process; 3) Pesticide Active Ingredients Industry, among others, DDT; 4) Management and Operation of Land Transportation Passenger Terminal; 5) Operation and Operation of Motor Vehicle Weighing;
- 6) Operation of Motor Vehicle Type Testing; 7) Management and Operation of Radio Frequency Spectrum Monitoring Stations and Satellite Orbit;

Only for Central Government (4):

- 1) Telecommunications / Sailing Navigation Assistance Facilities and VTIS; 2) Operation of Aviation Navigation Services; 3) Government Museum; 4) Historical and Archaeological Relics.

Closed for Investment (Statement from President Jokowi on 2nd March 2021)

- 1) Alcoholic Liquor Industry; 2) Alcoholic Beverages Industry: Wine; 3) Beverage Industry Containing Malt.

Presidential Regulation No. 44/2016 “Investment Negative List”

Presidential Regulation No. 10/2021 “Investment Business Fields”

Attachment I



Business Fields Closed for Investment
20 Business Fields



Priority Business Fields*
245 Business Fields

**Equipped with Tax Holiday, Tax Allowance, and Investment Allowance*

Attachment II



Business Lines Reserved for or Required for Partnerships With Cooperatives and SME
145 Business Fields/KBLI



Business Lines Allocated for or Required for Partnerships With Cooperatives and SME
163 KBLI in 89 Business Groups

Attachment III



Business Fields Opened with Conditions
350 Business Fields



Business Fields Opened with Conditions
46 43 Business Fields

A. Priority Business Fields



245 business fields that meet the following criteria:

- a. national strategic programs / projects;
- b. capital intensive;
- c. labor intensive;
- d. high technology;
- e. pioneer industry;
- f. export oriented; and / or
- g. orientation in research, development and innovation activities.

Example:

Tax Holiday: the motor vehicle manufacturing industry and the main components of motorized vehicles

Tax Allowance: wood furniture industry

Investment Allowance: batik industry

B. Business Fields Allocated for or Required for Partnerships With Cooperatives and SME



163 KBLI in 89 Business Groups

Criteria for the business fields allocated to C-MSMEs (112 KBLI in 51 Groups):

- a. business activities not utilizing technology, or utilizing simple technology;
- b. business activities with specialized processes, labor intensive or inherited specialized cultural heritage; and/or
- c. capital requirement less than IDR 10 Billion

Example:

- a. Food crop agriculture (rice, maize, etc.) with a land area of less than 25Ha;
- b. Tempeh/soybean tofu industry;
- c. Woven fabric industry (songket, ulos, etc)
- d. Budget hotel/guest house.

Criteria for business fields that are open to large enterprises in partnership with C-SME

(51 KBLI in 38 Groups):

- a. business activities widely carried out by C-MSEMs; and/or
- b. business activities promoted to be part of Big Enterprise's supply chain.

Example:

- a. Cultivation of broilers;
- b. Fish canning;
- c. Sugar industry;
- d. Class A Medical Device Industry.

C. Business Fields Opened with Requirement



46 43 business fields consist of:

- a. 30 business fields with maximum foreign share ownership
(Example: sea freight, maximum foreign share ownership of 49%)
- c. 11 business fields for 100% domestic ownership
(Example: traditional cosmetics industry); and
- b. 2 business field with special permit; and **3 business fields with location requirements and recommendations (alcoholic beverage industry)*.**

*) In accordance with the explanation of the President of the Republic of Indonesia on March 2, 2021, it will be moved to closed business sector through the revision of Presidential Regulation 10/2021.



Badan Koordinasi Penanaman Modal (BKPM) Indonesia Investment Coordinating Board

Jalan Jenderal Gatot Subroto No. 44
Jakarta 12190 - Indonesia

t +62 21 525 2008 | **f** +62 21 525 4945 | **e** info@bkpm.go.id