

INVESTMENT CLIMATE IN INDONESIA



invest in
remarkable
indonesia

Jakarta, 22th April 2015

Indonesia Investment Coordinating Board - BKPM

IFN INDONESIA FORUM

Investment Strategic Planning 2015 -2019

Total Investment Realization 2010-2014

Rp. 1.632,8 Trillion

Share Average

FDI : 69,2%

DDI : 30,8%

Growth Average 28%

Total Investment Target 2015 – 2019

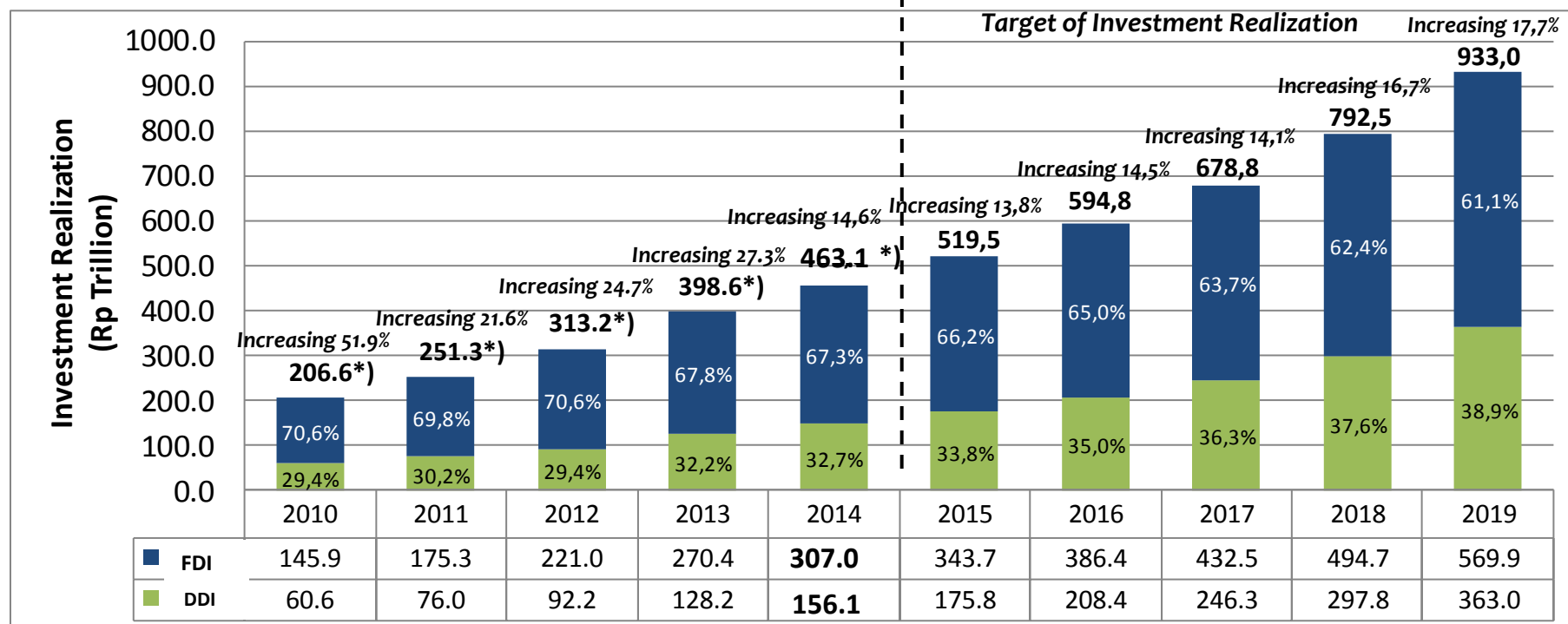
Rp. 3.518,6 Trillion

Share Average

FDI : 63,7%

DDI : 36,3%

Growth Average 15,4%



Note:

-2005-2012, the currency rate US\$1 = Rp 9,000

-2013 (Q I and Q II), the currency rate US\$1 = Rp 9,300 (based on State Budget 2013)

-2013 (Q III and Q IV), the currency rate US\$1 = Rp 9,600 (based on State Budget 2013)

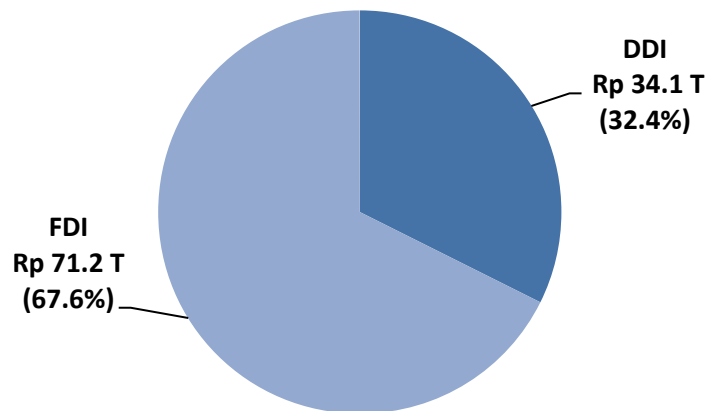
*) Realization



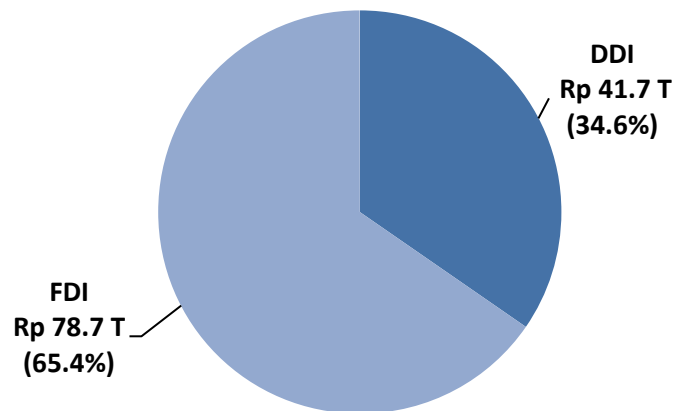
Investment Realization in Quarter IV and January - December 2014 Compared to The Same Period in 2013: *DDI and FDI*

1. Quarter IV 2013 and Quarter IV 2014: DDI and FDI

Quarter IV 2013

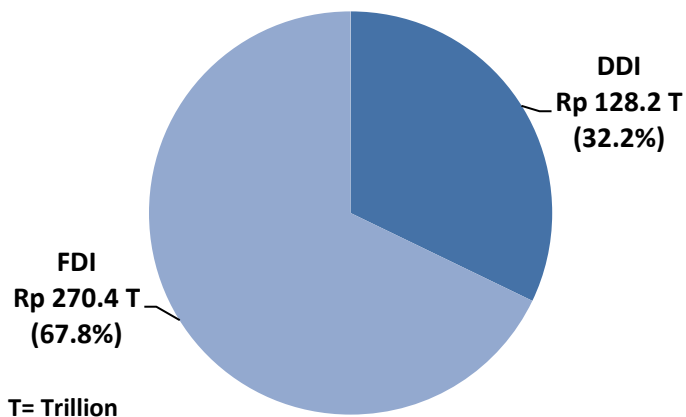


Quarter IV 2014

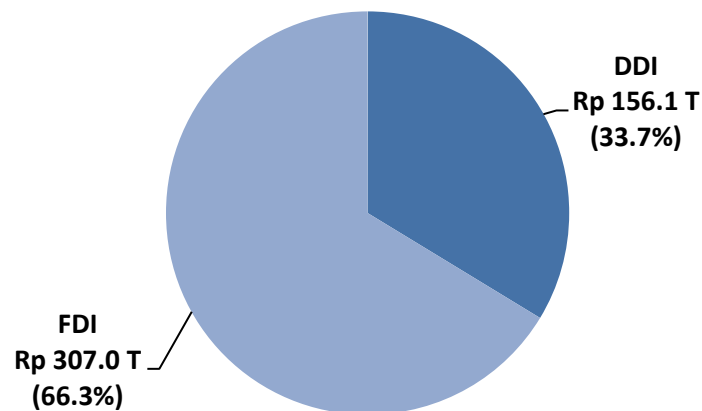


2. Jan-Dec 2013 and Jan-Dec 2014: DDI and FDI

Jan-Dec 2013



Jan-Dec 2014

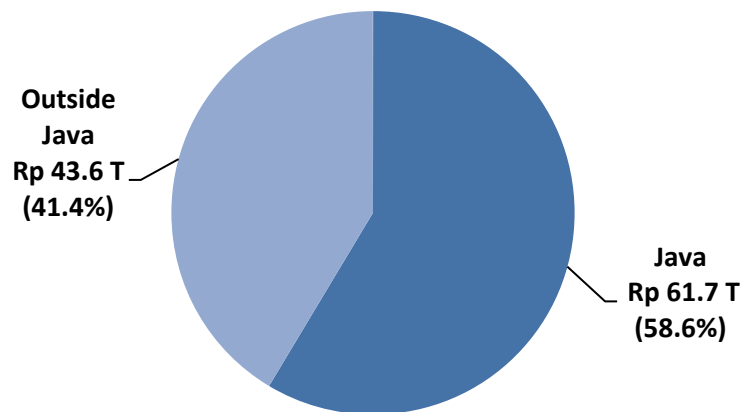




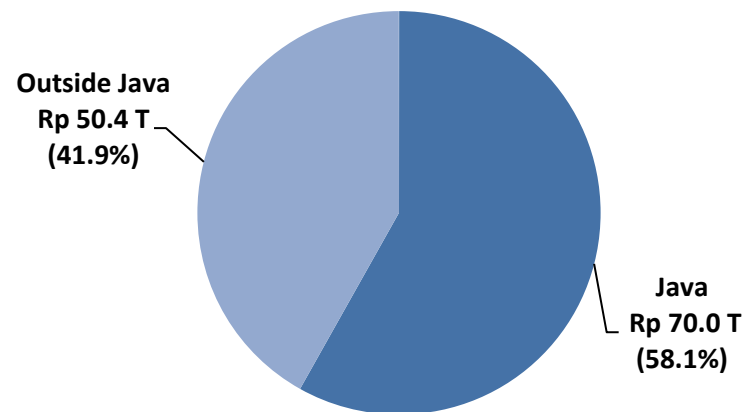
Investment Realization in Quarter IV and January - December 2014 Compared to The Same Period in 2013: *Java and Outside Java*

1. Quarter IV 2013 and Quarter IV 2014: Java and Outside Java

Quarter IV 2013

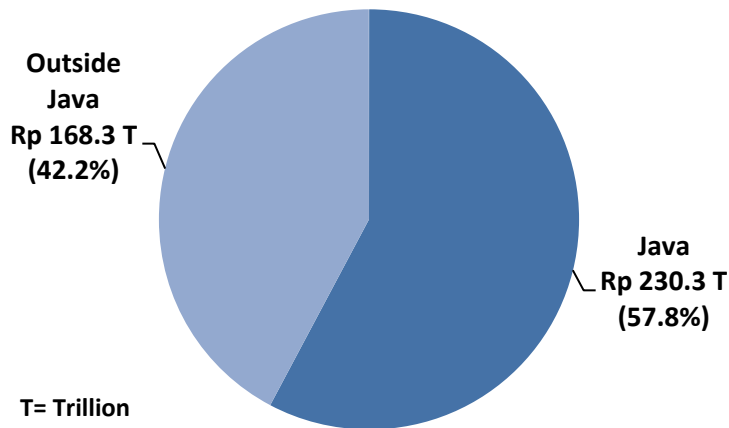


Quarter IV 2014

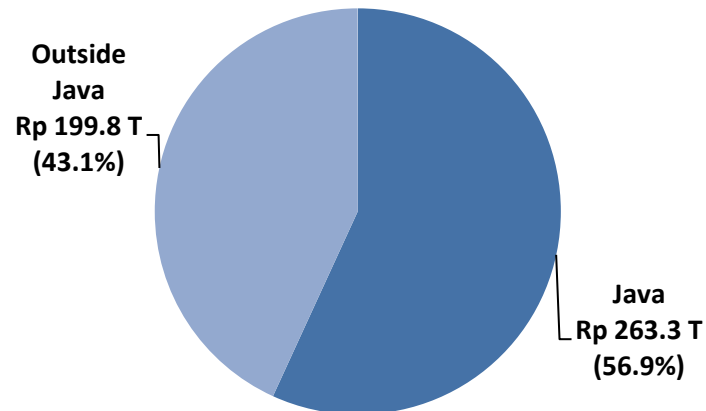


2. Jan-Dec 2013 and Jan-Dec 2014: Java and Outside Java

Jan-Dec 2013



Jan-Dec 2014



T= Trillion



Investment Realization in January - December 2014 : *Based on Sector*

DDI			
NO	SECTOR	INVESTMENT (Rp Billion)	PROJECT
1	Electricity, Gas, and Water Supply	36,296.8	68
2	Food Industry	19,596.4	320
3	Transportation, Warehouse, and Telecommunication	15,715.0	46
4	Chemical and Pharmaceutical Industry	13,313.6	105
5	Real Estate, Industrial Estate, and Office Building	13,111.8	45
6	Food Crops and Plantation	12,707.2	200
7	Construction	12,097.6	27
8	Non Metal Mineral Industry	11,923.1	57
9	Metal, Machinery, and Electronic Industry	5,292.6	123
10	Paper and Printing Industry	4,093.7	57
11	Mining	3,140.7	50
12	Rubber and Plastic Industry	2,117.5	132
13	Hotel and Restaurant	1,730.8	43
14	Textile Industry	1,451.5	72
15	Other Services	1,100.4	69
16	Livestock	650.7	43
17	Wood Industry	585.1	21
18	Trade and Repair	518.4	99
19	Transport Equipment and Other Transport Industry	490.1	28
20	Leather Goods and Footwear Industry	103.1	10
21	Other Industry	68.1	16
22	Fishery	21.7	11
23	Forestry	0.3	9
24	Medical Instrument, Precision, Optic, and Watch Industry	0.0	1
TOTAL		156,126.2	1,652

FDI			
NO	SECTOR	INVESTMENT (US\$ Million)	PROJECT
1	Mining	4,665.1	552
2	Food Industry	3,139.6	640
3	Transportation, Warehouse, and Telecommunication	3,000.9	228
4	Metal, Machinery, and Electronic Industry	2,471.9	690
5	Chemical and Pharmaceutical Industry	2,323.4	377
6	Food Crops and Plantation	2,206.7	324
7	Transport Equipment and Other Transport Industry	2,061.3	295
8	Construction	1,383.6	147
9	Electricity, Gas, and Water Supply	1,248.8	118
10	Real Estate, Industrial Estate, and Office Building	1,168.4	255
11	Non Metal Mineral Industry	916.9	104
12	Trade and Repair	866.8	2,339
13	Paper and Printing Industry	706.5	87
14	Rubber and Plastic Industry	543.9	255
15	Hotel and Restaurant	513.1	407
16	Textile Industry	422.5	285
17	Other Services	337.5	1,339
18	Leather Goods and Footwear Industry	210.6	102
19	Other Industry	151.8	168
20	Wood Industry	63.7	61
21	Forestry	53.3	28
22	Fishery	35.3	47
23	Livestock	30.8	26
24	Medical Instrument, Precision, Optic, and Watch Industry	7.2	11
TOTAL		28,529.7	8,885

Investment Realization in January - December 2014: *Based on Country of Origin*



NO	COUNTRY OF ORIGIN	INVESTMENT (US\$ Million)	PROJECT
1	Singapore	5,832.1	1,302
2	Japan	2,705.1	1,010
3	Malaysia	1,776.3	448
4	Netherlands	1,726.3	181
5	United Kingdom	1,588.0	182
6	United States of America	1,299.5	179
7	South Korea	1,126.6	1,054
8	China	800.0	501
9	Hong Kong	657.3	197
10	Australia	647.3	226
11	British Virgin Islands	624.0	240
12	Mauritius	540.7	45
13	Thailand	317.7	55
14	France	200.2	115
15	Canada	164.2	34
16	Switzerland	150.8	56
17	Seychelles	118.8	15
18	Taiwan	114.7	150
19	Luxembourg	85.8	23
20	Turkey	64.1	25
21	Italy	63.0	51
22	Germany	50.2	115
23	Afghanistan	42.3	6
24	India	37.1	137
25	Cayman Islands	28.5	23
26	United Arab Emirates	25.4	22
27	New Zealand	17.5	15
28	Spain	15.7	25
29	West Samoa	15.3	13
30	Belgium	13.6	21
31	Philippines	11.5	10
32	Cyprus	7.6	2
33	Marshall Island	4.8	9
34	Poland	4.4	5
35	Finland	3.6	7
36	Russia	3.6	25
37	Bahamas	3.3	2
38	Jordan	3.1	3
39	Saudi Arabia	2.9	6
40	Pakistan	2.5	20
41	Sweden	1.7	12
42	Austria	1.6	13
43	Denmark	1.4	15
44	Lebanon	0.9	5

NO	COUNTRY OF ORIGIN	INVESTMENT (US\$ Million)	PROJECT
45	Brunei Darussalam	0.8	2
46	Iran	0.7	5
47	Kenya	0.7	2
48	Puerto Rico	0.6	1
49	Egypt	0.6	3
50	Hungary	0.5	3
51	South Afrika	0.5	1
52	Bangladesh	0.5	2
53	Nigeria	0.5	4
54	Congo	0.5	1
55	Guinea	0.5	3
56	Portugal	0.4	1
57	Iraq	0.4	2
58	Marocco	0.3	2
59	Mali	0.3	2
60	Tanzania	0.2	1
61	Czech	0.2	4
62	Burkina Faso	0.2	1
63	Somalia	0.2	1
64	Channel Islands	0.2	1
65	Estonia	0.2	2
66	Maldives	0.1	3
67	Norway	0.1	3
68	Cambodia	0.1	1
69	Vietnam	0.0	2
70	Nepal	0.0	1
71	Scotland	0.0	3
72	Tunisia	0.0	1
73	Panama	0.0	7
74	Argentina	0.0	1
75	Bulgaria	0.0	2
76	Gibraltar	0.0	1
77	Gambia	0.0	1
78	Belize	0.0	1
79	Mexico	0.0	1
80	Iceland	0.0	1
81	Slovenia	0.0	1
82	Brazil	0.0	2
83	Slovakia	0.0	2
84	Guatemala	0.0	2
85	Joint Countries	7,619.4	2,205
TOTAL		28,529.7	8,885

The Investment Coordinating Board of the Republic of Indonesia



4th World's Most
Populous Country

255 million population
(in 2015, projected by BPS)

17,508 islands
Biggest Archipelagic Nation

IND



NESIA



16th World's Largest Economy
(World Bank, 2014)

1 trillion
USD GDP (PPP)

4,876
USD GDP
per capita (PPP)

Member State
G20

"Investment
Grade" (Moody's, Fitch and R&I)





ASEAN-10
Real GDP growth: 5.4% (e)
Nominal GDP: USD 2.3 tr
GDP per capita USD 3,745
Population: 616 m

India
Real GDP growth: 4.0%
Nominal GDP: USD 1.8 tr
GDP per capita: USD 1,492
Population: 1,223 m

China
Real GDP growth: 7.8%
Nominal GDP: USD 8.3 tr
GDP per capita: USD 6,076
Population: 1,354 m



Myanmar
Real GDP growth: 6.3%
Nominal GDP: USD 53.1 bn
GDP per capita : USD 835
Population: 63.7 m

Lao PDR
Real GDP growth: 8.3%
Nominal GDP: USD 9.2 bn
GDP per capita: USD 1,446
Population: 6.4 m

Vietnam
Real GDP growth: 5.0%
Nominal GDP: USD 138 bn
GDP per capita : USD 1,528
Population: 90.4 m

Philippines
Real GDP growth: 6.6%
Nominal GDP: USD 250 bn
GDP per capita : USD 2,614
Population: 95.8 m

Malaysia
Real GDP growth: 5.6%
Nominal GDP: USD 304 bn
GDP per capita : USD 10,304
Population: 29.5 m

Thailand
Real GDP growth: 6.4%
Nominal GDP: USD 366 bn
GDP per capita : USD 5,678
Population: 64.4 m

Cambodia
Real GDP growth: 6.5%
Nominal GDP: USD 14.2 bn
GDP per capita : USD 934
Population: 15.3 m

Indonesia
Real GDP growth: 6.2%
Nominal GDP: USD 878 bn
GDP per capita : USD 3,592
Population: 244 m

Singapore
Real GDP growth: 1.3%
Nominal GDP: USD 277 bn
GDP per capita : USD 51,162
Population: 5.4 m

Brunei
Real GDP growth: 1.3%
Nominal GDP: USD 16.6 bn
GDP per capita : USD 41,703
Population: 0.4 m

Indonesia in ASEAN

ASEAN is the third largest market in Asia, after China & India.

Indonesia represents:
40% of ASEAN population
38% of ASEAN's economy

Source: IMF, 2014



Why Indonesia?

Additional USD1.3 Trillion Market Opportunity in Consumer Services

16th-largest economy in the world

45 million members of the consuming class

53% of the population in cities producing 74% of GDP

55 million skilled workers in the Indonesian economy

\$0.5 trillion
market opportunity in consumer services, agriculture and fisheries, resources, and education

Indonesia today

7th-largest economy in the world

135 million members of the consuming class

71% of the population in cities producing 86% of GDP

113 million skilled workers needed

\$1.8 trillion
market opportunity in consumer services, agriculture and fisheries, resources, and education

Indonesia in 2030

Source: McKinsey Global Institute, September 2012.



Why Indonesia?

The Most Promising Country for Overseas Business

Japan Bank for International Cooperation Survey 2014

Rank	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1	China	China	China	China	China	China	China	China	Indonesia	India
2	India	India	India	India	India	India	India	India	India	Indonesia
3	Thailand	Vietnam	Vietnam	Vietnam	Vietnam	Vietnam	Thailand	Indonesia	Thailand	China
4	Vietnam	Thailand	Thailand	Russia	Thailand	Thailand	Vietnam	Thailand	China	Thailand
5	US	US	Russia	Thailand	Russia	Brazil	Indonesia & Brazil	Vietnam	Vietnam	Vietnam
6	Russia	Russia	US	Brazil	Brazil	Indonesia	-	Brazil	Brazil	Mexico
7	Korea	Brazil	Brazil	US	US	Russia	Russia	Mexico	Mexico	Brazil
8	Indonesia	Korea	Indonesia	Indonesia	Indonesia	US	US	Rusia	Myanmar	USA
9	Brazil	Indonesia	Korea	Korea	Korea	Korea	Malaysia	US	Rusia	Russia
10	Taiwan	Taiwan	Taiwan	Taiwan	Malaysia	Malaysia & Taiwan	Taiwan	Myanmar	US	Myanmar

Positive Factors

Future growth potential of local market
 Current size of local market
 Inexpensive source of labor
 Supply base for assembler
 Base of export to third country

Issues of Concern

Rising labor costs
 Execution of legal system unclear
 Intents competition with other companies
 Underdeveloped infrastructures
 Difficult to secure management-level staff.



Investment Performance

Total FDI Realization by Country

Based on Capex (USD million) in 2010-2014, not including financial, oil & gas sectors

Rank	Country	2010	2011	2012	2013	2014	Total
1	Singapore	5,565	5,123	4,856	4,671	5,832	26,047
2	Japan	713	1,516	2,457	4,713	2,705	12,104
3	United States	931	1,488	1,238	2,436	1,299	7,392
4	South Korea	329	1,219	1,950	2,205	1,127	6,829
5	Netherlands	608	1,354	967	928	1,726	5,583
6	British Virgin Islands	1,616	517	856	786	624	4,399
7	United Kingdom	276	419	934	1,076	1,588	4,293
8	Malaysia	472	618	530	711	1,776	4,108
9	Mauritius	23	73	1,059	780	541	2,475
10	Hong Kong, PRC	566	135	310	376	657	2,044
Total (Top-10 Countries)		11,099	12,462	15,156	18,682	17,876	75,275
12	China	174	128	141	297	800	1,540
14	Taiwan	47	243	647	403	115	1,455
Total (90 Countries)		16,215	19,475	24,565	28,616	28,530	117,400



Roles of Manufacturing Industry

Development Target 2015-2019

Indicator	2014	2015	2016	2017	2018	2019	Average 2015-19
GDP Growth (%)	5.02	5.8	6.6	7.1	7.5	8.0	7.0
Manufacturing Industry* Growth (%)	4.7	6.0	6.9	7.5	8.1	8.6	7.4
Share to GDP (%)	20.7	20.8	21.0	21.1	21.3	21.6	21.2

*) Oil & gas and non-oil & gas manufacturing industries.

9,000
new middle/large-scale industries
have to be built in
2015-2019.

20,000
small-scale industries
have to be established
in 2015-2019.

2 million
new job opportunities
per annum have to be
created in Indonesia.



Investment Priority Sectors

Power Generation	35 GW new projects	7 GW projects in the pipeline			
Labor-intensive industry	Textile	Food & Beverages	Furniture	Toys	
Import-substitution industry	Chemical & Pharmaceutical	Iron & Steel			
Export-oriented industry	Electronics	CPO & derivative products	Wood products, pulp & paper	Automotive	
	Machinery	Rubber products	Fish & derivative products	Shrimp	
Downstream industry of natural resources	Cacao	Sugar	Smelter		
Maritime	Shipping	Ship building	Sea port	Cold storage	ICT for maritime
Tourism	Strategic tourism areas	MICE			

National Development Plan 2015-2019

Connectivity to Lower Logistic Cost



24 seaports and 15 airports location

63% increase
National budget
for infrastructure,
from IDR 178 T in
2014 to IDR 290 T
(USD 24.2 B) in 2015.

USD 141 billion
Investment
opportunities
in infrastructure
offered to private
sectors, 31% of
total investment
required in 2015-
2019.

Development Sector in Connectivity	Baseline	Target
	2014	2019
Logistic cost to GDP (%)	24.2	19.2
New road (km, total in 5 years)	1,202	2,650
New toll road (km, total in 5 years)	807	1,000
Railway (km)	5,434	8,692
Seaport (location)	278	450
Airport (location)	237	252
Broadband coverage (% of district)	82	100
Crossing dock (location)	210	275
Market share of urban public transport (%)	23	32

Source: National Medium Term Development Planning, 2015-2019, Bappenas, Dec 2014 & MoF, Feb 2015.



National Development Plan 2015-2019

24 Seaports Capacity Development



Cargo Flow
in Indonesia:

8.8 million TEU
in 2009

30 million TEU
in 2020 (est.)

48 million TEU
in 2030 (est.)

TEU: Twenty-foot Equivalent Unit, an inexact unit of cargo capacity often used to describe the capacity of container ships and container terminals.

Source: Ministry of Transportation, 2015. *Jurnal Prakarsa Infrastruktur*, 2012.

Growth Centers (Industrial Parks, SEZ & FTZ)

4 FTZ

4 existed Free Trade Zones: Sabang, Batam, Bintan & Karimun.

11 SEZ

8 existed Special Economic Zones.
11 SEZs will be developed in 2015-2019.

15 Industrial Parks

79 existed industrial parks across Indonesia.
15 industrial parks will be developed in 2015-2019 (13 outside Java).



Outside Java

for processing industries
of natural resources.

Java Island

for high-technology, labor-intensive & consumer goods industries.

SUMATERA

Kuala Tanjung – Sumut
Seimangke – Sumut
Tanggamus – Lampung

KALIMANTAN

Batulicin – Kalsel
Ketapang – Kalbar
Landak – Kalbar

SULAWESI

Palu – Sulteng
Morowali – Sulteng
Bantaeng – Sulsel
Bitung – Sulut
Konawe – Sultra

MALUKU

Buli - Malut

PAPUA

Teluk Bintuni – Papua Barat

JAWA

Sayung – Jateng
JIIPE – Jatim

15

Industrial Parks
Development Target
2015-2019

GRAND LAUNCHING OF OSS CENTER AT BKPM



Launching OSS Center at BKPM by President Jokowi with 15 Ministers and Head of Govt. Agencies.
Visit the Front Office and Back Office of OSS Center or ***PTSP Pusat***

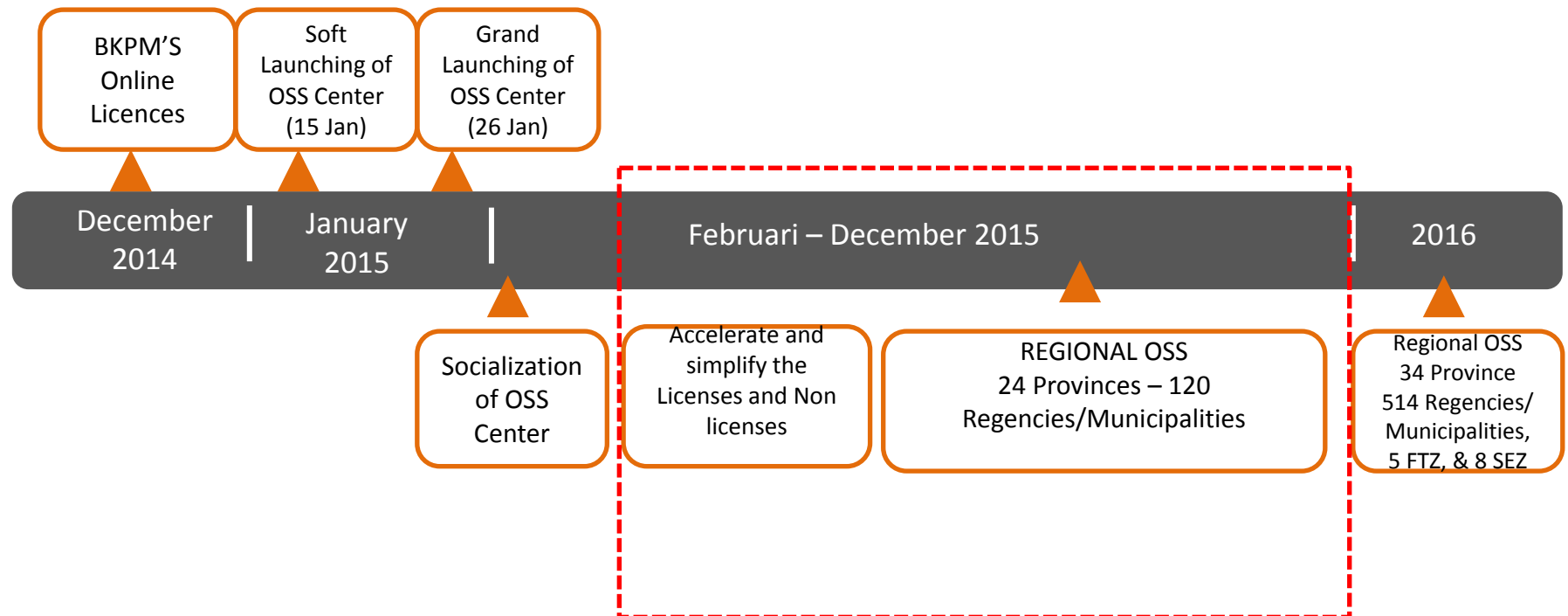


BACK OFFICE



FRONT OFFICE

WORKPLAN AND TIMELINE OF OSS





The Objective of OSS Center:

Fast, simple, transparent and integrated licensing process

The Concept of OSS Center:

- Investors only come to OSS Center in BKPM to apply and received the licenses related to investment . Investor did not need to go around to every the Ministries / Agencies.
- Investor can monitor the process of their license by online.
- Investor gain certainty on the timeframe of their licenses.

Online Licenses in BKPM since December 15th, 2014

No.	Type of License	SOP
1	Principal License (New)	3 Working days
2	Principal License (Expansion)	3 Working days
3	Principal License (Changing)	5 Working days
4	Permanent license (Changing)	5 Working days
5	Permit for foreign representative office	5 Working days
6	Permanent License	7 Working days
7	Permenent License (Expansion)	7 Working days
8	Permenent License (merger)	7 Working days
9	Facility of import duties exemption for machinery	7 Working days
10	Facility of import duties exemption for machinery goods and material	7 Working days
11	Principal License (merger)	10 Working days



- **SPIPISE** : Electronic system of information services and investments licensing.
- **The Benefits of SPIPISE** :
 - Having tracking system with clear SOP
 - Investors can access anywhere by online
 - Company data secured and safe

22 Ministries/institutions integrated in the investment one-stop service at BKPM



Kementerian Energi dan Sumber Daya Mineral



KEMENTERIAN KEHUTANAN



KEMENTERIAN PERINDUSTRIAN
REPUBLIK INDONESIA



BPN RI



MINISTRY OF TRADE



Kementerian Pertanian



Ministry of Energy & Mineral Resources
10 licenses related to power & geothermal

Ministry of Environment & Forestry
35 business licenses

Ministry of Industry
6 business licenses

Ministry of Agrarian and Spatial/National Land Agency
Centralization of issuing land rights licenses for foreign direct investment

Ministry of Defense
Stationed Liaison Officer for consultation

Ministry of Trade
5 licenses

Ministry of Agriculture
5 business licenses

Ministry of Finance
Import duty facility for machineries, goods, materials for production

Ministry of Transportation
7 business licenses

Ministry of Law & Human Rights
1 business licenses



KEMKOMINFO



KEPOLISIAN NEGARA
REPUBLIK INDONESIA

Ministry of Health

9 licenses related pharmaceutical production, medical equipment production

Ministry of Tourism

9 licenses related tourism and economy creative sectors

Ministry of Communications and Information Technology
5 licenses related post management, telecommunication and broadcasting

Ministry of Manpower

3 business licenses and principal licenses

Ministry of Public Works & Public Housing
7 business licenses

Ministry of Maritime & Fishery
2 business licenses

Ministry of Education & Culture
2 business licenses

Indonesian National Police
6 business license in safeguarding business

Supporting Institutions: Nat'l Food & Drugs Control Agency, Nat'l Crypto Agency, Nat'l Standardization Agency, Electricity Company



BADAN POM RI



OSS Center **ready to serve all investment licenses** of any business field except for oil and gas and finance sector

77 Liaison Officers (LO) derived from 22 the Ministries/Agencies ready to serve investors

LO placed in *front office* and *back office*:

1. The duty of LO *front office* : receive the application and consultation
2. The duty of LO *back office* : processing the application

OSS Center has a contact center **0807-100-2576 (BKPM)**.

The information services provide:

1. General information
2. Services, licenses and regulation
3. Service desk of BKPM online system
4. Information on related technical Ministries/Agencies
5. Complaint





Thank You

Terima Kasih



Indonesia Investment Promotion Centre (IIPC)

**Badan Koordinasi
Penanaman Modal
(BKPM)**

Indonesia Investment
Coordinating Board

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