Making Indonesia the World Investment Paradise

Indonesia Investment Coordinating Board (BKPM) held a National Investment Policy Improvement Coordination Meeting on 19 November 2019, at the Shangri-La Hotel, Jakarta. This event was led by BKPM Chairman, Bahlil Lahadalia, attended by the Heads of Provincial DPMPTSP throughout Indonesia as well as the Head of KPBPD and SEZ to conduct discussions regarding the direction of Indonesia's investment policy especially after the stipulation of the Indonesia Maju Cabinet.

The BKPM Chairman opened the event with the topic of making Indonesia an investment paradise. This can be realized through improving the investment climate, increasing ease of doing business, accelerating investment realization, overcoming obstacles faced by investors, and increasing the role of domestic investment (PMDN) especially MSMEs. He also emphasized the current condition of the global economy which was not too encouraging, among others, the economic and political crisis in Latin America, the issue of Brexit in Europe, and the trade war between China and the United States.

“Investment is the key for economic growth during the global economic downturn”, said BKPM Chairman. Indonesia’s trade balance remains deficit because exports made mostly in the form of raw materials, as well as the amount of oil and gas imports. The contribution of exports to economic growth is around 16% and government spending around 20%, encouraging investment will help the economy.

In this event, the Chairman of BKPM also delivered six BKPM KPIs, namely: improve Ease of Doing Business (EODB), execute realizations of Big Investments, boost investment partnering with MSMEs, ensure the spread of quality investment throughout Indonesia, investment promotion focused on targeted sectors and countries, and increase domestic Direct Investment (DDI), especially the MSMEs.

According to the BKPM Chairman based on the results of the Cabinet Limited Meeting, it was decided by the President that in the future, licensing and investment-related incentives would be submitted to BKPM to provide certainty for investors. Besides, it is necessary to improve the current investment licensing system to provide comfort for investors. "An investment both foreign and domestic must provide benefits for MSMEs, local communities, and regional entrepreneurs to take part in the investment," said the Chairman. He stressed the importance of investment to have an impact on the economy of the region where the investment is carried out.
There are four important tasks of BKPM, starting from convincing investors that Indonesia is a good country that feasible for investment, leading investors to get licenses immediately, ensuring that investors are comfortable and safe investing in Indonesia, as well as escorting company until the production stage. To carry out the functions from promotion to the process of escorting until the production stage requires a cohesiveness between the central and regional governments, in this case especially with Provincial DPMPTSP throughout Indonesia. Currently, there are 24 projects with a value of IDR 708 trillion which is constrained and cannot be realized. "A beneficial investment is an investment that is realized until the production stage," said the Chairman of BKPM. The government must also focus on overcoming existing investments but are constrained so that they can be realized and can immediately produce.

Domestic investment (DDI) and MSMEs must be the focus of the government. At present, the number of MSMEs is around 60 million and can provide around 100 million jobs. DDI and MSMEs should be encouraged to compete with foreign investors. The President strongly agreed to strengthen BKPM as the frontline of investment realization.