



PRESS RELEASE

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Bahlil: Omnibus Law Provides Investment Certainty to Create Jobs

Chairman of the Indonesia Investment Coordinating Board (BKPM) Bahlil Lahadalia gave a keynote speech at the Session II Indonesian Civilization Workshop with the theme "Knitting Hope" on Wednesday afternoon (12/8). This online activity is carried out in commemoration of 75 years of Indonesian Independence.

Bahlil said that the global economy is in a very unfavorable condition due to the COVID-19 pandemic. The impact on the Indonesian economy includes a contraction in economic growth in the second quarter of 2020 to 5.32% and an increase in the unemployment rate by 7 million people. In addition, it also leads to a decline in global Foreign Direct Investment (FDI) by 30-40%. "This figure is slightly missed from our estimate, where Indonesia's economic growth can still hold at minus 3%. But in fact, the decrease was up to minus 5.32%," said Bahlil.

Indonesia will benefit from the presence of FDI amid the COVID-19 pandemic in the form of increasing foreign capital, employment, savings, education and training, research, development and technology, better infrastructure as well as large market to support cheaper price of goods.

"This we must encourage to get multiplier effects. Because the local funds alone are not sufficient enough to stimulate an increase in our economic growth," said Bahlil.

Bahlil also explained that BKPM had successfully executed a stalled investment of IDR 410 trillion from a total of IDR 708 trillion. The constraints being faced among others are bureaucratic problems, land problems, and high labor wages.

"Thank God, we have completed Rp410 trillion. Not only resolving large investments, but BKPM also helps to facilitate small investments of Rp10-20 million. This is because they also contribute to job creations," said Bahlil.

According to Bahlil, the solution to encourage job creation through investment is the Omnibus Law on Job Creation (CK Law), which is currently being finalized. Under the implementation of the CK Law, any licensing issues both at the regional and central level which still in limbo, can be resolved immediately through special order from the President of the Republic of Indonesia. Regional licenses will be withdrawn to the central government and delegated back to the regions along with the norms, standards, procedures and criteria (NSPK) measured by the central government. In addition, licenses in Ministries/Institutions (K/L) will also be withdrawn to the President and delegated back by Government Regulations. "So it is clear that all licenses have a period of time. Unlike today where the time span is not clear," added Bahlil.

Bahlil also emphasized that the CK Law would provide preferential treatment for Micro, Small and Medium Enterprises (MSMEs). "With this law, the state is obliged to be present to buy MSMEs products. The state can also unite large companies with MSMEs so that they can grow better," added Bahlil.

Based on the records of the BKPM's Investment Control and Command Center (Pusat KOPI BKPM), from January to June 2020, the most dominant application for Business Identification Number (NIB) with a percentage of 57.6 percent was micro and small business applications totaling 189,188 out of a total 328,409 NIB submitted. (*)

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