READY, SET, INVEST!
New! Online Single Submission Website

https://oss.go.id/

As risk-based business licensing was introduced in the Omnibus Job Creation Law, the online single submission (OSS) website has been improved to better serve business licensing in Indonesia. In the OSS website, you can find all of the information to apply for your business license. The website has information about the OSS risk-based licensing process, Indonesia Standard Industrial Classification (KBLI) 2020, investment business activities, as well as investment locations and facilities.

Start your investment here!
Dear Investors,

We gladly announce that despite the COVID-19 pandemic, Indonesian investment realization has remained positive for the last two quarters. Support from domestic and foreign investors has immensely helped our country bounce back from the pandemic.

Investment realization in the last quarter of 2020 reflects how the country did quite well, even though the pandemic overshadowed it. During the period, realization reached Rp214.7 trillion, and throughout 2020 was Rp826.3 trillion, surpassing the target of Rp817.2 trillion.

This positive trend was reinforced in the first quarter of 2021, with realization of Rp219.7 trillion, up 4.3% compared to Q1 2020, contributing 25.5% to this year’s target of Rp858.5 trillion.

We fully realize that our task is to increase investment realization and optimize the potential of local small businesses. As such, we brought together 56 investors and 196 small and medium-sized enterprises in January. Witnessed by President Joko Widodo, they signed a deal to enhance the partnership.

We will also support the enactment of Law 11/2020 on Job Creation through 49 government regulations (PP) and five presidential regulations (Perpres) to increase investment.

With the new structure of the Ministry of Investment/BKPM, we can improve the flow and quality of foreign and domestic investment in Indonesia’s economy through the ability to create regulations that can manage the “playing field” better.

We are confident these measures will propel this year’s investment performance and mutually benefit investors and local people.

Bahlil Lahadalia
Minister of Investment/Chairman of BKPM
Message from The Minister

Investment realization in the last quarter of 2020 reflects how the country did quite well, even though the pandemic overshadowed it.

Challenges Accepted!

There are several underlying factors in achieving 2021’s investment goals.

Job Creation Law to Improve Investment Climate

The government continues to strive to provide the best services for investing in Indonesia through implementing regulations.
Construct To Recover
Five priorities in infrastructure projects.

going Global With Digital
MSME’s can reach out to a broader network of consumers through digitalization.

Amazed by Manganese
The government is ready to explore manganese’s top investment potential.


• New Investment Priority List
• Risk-Based Business Licensing
• Strengthening the roles of Regional Governments in business licensing implementation
• Empowerment of Cooperatives and MSMEs

• Maluku, the Hidden Gem in the East
• The Treasures of Southeast Sulawesi

New Investment Ministry
President Jokowi inaugurates Bahlil Lahadalia as Minister of Investment.

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Elevating MSMEs

BKPM, MSMEs, and large enterprises team up to develop business and increase profitability

**BUSINESSMEN** representing micro, small and medium-sized enterprises (MSMEs) and big corporations, through an official partnership, have been working in tandem to escalate investment multiplier effects in Indonesia’s regions.

BKPM facilitated the online partnership signing on January 18, 2021, witnessed by President Joko Widodo from the State Palace. Signing the partnership commitment were 56 big companies, comprising 29 foreign direct investment (FDI), 27 domestic direct investment (DDI), and 196 MSMEs.

Also attending the event were all governors and regents/mayors and heads of the One-Stop Integrated Services and Investment Services Office (DPMPTSP) at provincial and regional/city levels across Indonesia.

Through this partnership program, it is expected that MSMEs can “upgrade the level” and improve the quality of MSMEs to become more competitive. Citing the President's instruction, the BKPM requires every incoming investment to collaborate with local businessmen or local MSMEs.

The smooth collaboration will then create job opportunities for locals, which are much needed during the ongoing COVID-19 pandemic. The partnership will improve product quality for MSMEs and open up opportunities to expand their markets and gain new customers.

“Investment collaboration is conducted with local businessmen or MSMEs in the regions. Not with those in Jakarta. Of course, the BKPM will facilitate and guarantee that these MSMEs have good qualities and meet the requirements and criteria. Not just any MSMEs,” said BKPM Chairman Bahlil Lahadalia.

The BPKM has set two key performance indicators related to MSMEs. The first is encouraging big investors to work with national businessmen, while the second boosts domestic direct investment, particularly for MSMEs.
HIPMI to help business, govt on investment implementation

**The Indonesian Young Entrepreneurs Association (HIPMI)** will work with the Investment Coordinating Board (BKPM) to improve the country’s investment climate.

The two offices announced their partnership through a memorandum of understanding (MoU) to enhance cooperation in investment. BKPM Chairman Bahlil Lahadalia and HIPMI Head Mardani H Maming signed the agreement at the BKPM office on February 10, 2021.

The MoU covers the implementation of Presidential Regulation 42/2020 on Giving of Awards and/or Imposition of Sanctions on Ministries/Institutions and Regional Governments. It also regulates collaborations between large and small business players.

BKPM will act as a coordinator in assessing the performances of regional One-Stop Integrated Services (PTSP) and the acceleration of business implementation, as well as ministries/institutions’ business implementation. HIPMI will be included in the assessment team of the performances of these administrations in providing investment services. BKPM will impose sanctions, including postponing the regional General Allocation Fund, to those that offer poor services.

Bahlil, a former HIMPI Chairman (2015-2019), asked for HIPMI to encourage qualified businessmen to collaborate with local entrepreneurs. To increase investment, he also said he believed in a proactive and accelerating business license strategy.

Maming said the MoU would also serve as new energy for improving local and national businessmen. The MoU follows up the mandate in the Omnibus Law on Job Creation on the partnerships between foreign investors and small and medium-sized enterprises (SMEs).

“We ask for the government’s intervention, especially BKPM, to facilitate local and regional businessmen for mutual synergy on the route to a better economy,” he said.
INDONESIA INVESTMENT

Coordinating Board (BKPM) and PT Bank Negara Indonesia (Persero) Tbk (BNI) have improved their cooperation on investment facilitation, which was previously inked in 2013, to cope with an already growing number of investment changes here.

Two significant changes are the Online Single Submission (OSS) system and Law 11/2020 on Job Creation to provide ease of doing businesses.

BKPM Chairman Bahlil Lahadalia and BNI President Director Royke Tumilaar signed a memorandum of understanding (MoU) on Investment Facilitation and Banking Services for Investors, at the BKPM office in Jakarta on February 15, 2021.

The MoU covers subjects including information on the roles, facilitation, and information on investment opportunities, banking transactions and services required by investors, and promotes cooperation as well as banking service development by BNI.

Bahlil said during the signing that his office remained committed to facilitating all businessmen, foreign or domestic, operating their businesses here. The office continues to be proactive to push partnerships between national businessmen and small and medium-sized enterprises (SMEs) in their respective investment areas.

“We can work together to not only promote investment to big investors coming to Indonesia, but also promote our national businessmen to become global players. That is where the collaboration between BKPM and BNI will come into play,” Bahlil said.

Royke Tumilaar said the two institutions would promote investment and educate through seminars, market soundings, business forums, and government or investor delegation visits.
INVESTMENT COORDINATING Board (BKPM) Chairman Bahlil Lahadalia has met with all local governments in Java in a series of public campaigns/information dissemination on the performance appraisals of one-stop integrated services (PTSP) and accelerating business implementation for central (ministries/institutions) and local governments.

The activities were held both offline and online in Surakarta, Central Java, on April 9, 2021, implementing Presidential Decree 42/2020 on Award Giving and/or Sanction Imposition to Ministries/Institutions and Local Governments.

Bahlil said BKPM serves as a coordinator for examining all performances by ministries/institutions, and regional heads, particularly on business licensing services.

“The assessment also involves the private sector, the Indonesian Young Entrepreneurs Association (HIPMI), so that we will obtain views from external parties to see whether or not what we’ve done is correct,” he said.

He added that Java supplies around 70% of national consumption, thereby requiring good management to improve economic resilience.

“I ask for all the attendees here to serve the businessmen well. I also ask for good handling for micro, small, and medium-sized enterprises (MSMEs),” he said.

Central Java Governor Ganjar Pranowo welcomed the assessment of the performances of the DPMPTSP and local governments.

He suggested all DPMPTSP form a task force and become proactive to provide good services to investors. The public campaign is the latest in a series after similar activities in Medan, Jayapura, Makassar, and Bali.
BKPM IS COLLABORATING with China ENFI Engineering Corporation to construct a copper smelter in Fakfak Regency, West Papua Province. BKPM Chairman Bahlil Lahadalia and ENFI President Liu Cheng made the agreement official in a memorandum of understanding (MoU) signed virtually on April 12, 2021.

Bahlil welcomed the investment and encouraged immediate follow-ups for mutual business agreements.

“After the signing of the MoU, I wish for immediate implementation. BKPM will assist in business licensing and fiscal incentives,” he said.

China ENFI will visit Indonesia to discuss technical details regarding the investment soon. Upon the completion of the smelter, the factory will have a capacity of 400,000 tons of copper cathode per year in two phases. For this project, China ENFI will take PT Freeport Indonesia and MIND ID as strategic partners. Bahlil said the Indonesian government supports the investment plan and will ensure raw material availability to be supplied by PT Freeport Indonesia of at least 800,000 tons per year.

Minister for Energy and Mineral Resources Arifin Tasrif also expressed his support for the investment. “We hope we will give added value for building a competitive copper smelter in Indonesia, operating a better copper-based industry and encouraging other industries,” he said.

Liu Cheng said he appreciated support from the Indonesian government to complete the project, and his office would conduct a preliminary study to complete the project faster.
BATANG INTEGRATED Industrial Estate (KIT) became ready to be an investment destination in May, as the business park completed basic infrastructure construction.

President Joko Widodo and BKPM Chairman Bahlil Lahadalia visited the site in Batang Regency, Central Java, on April 21, accompanied by Minister of Public Works and Housing Basuki Hadimuljono, Central Java Governor Ganjar Pranowo, Batang Regent Wihaji, and top officials of state-owned plantation firm PT Perkebunan Nusantara (PTPN) and construction firm PT Pembangunan Perumahan (PP).

The President officiated over KIT Batang on June 30, 2020. The area serves as a role model for attracting investment with high competitiveness value under good cooperation between the government and state enterprises. Some 60% of the site will be used for industrial activities, and the remaining 40% as a public facility and green space area.

Investing in KIT Batang will bring several benefits for investors, including five years of free land lease and cheaper investment license fees. The Ministry of Investment/BKPM is also ready to assist in the processing of operational licenses and other business licenses at the central and regional levels. This is a strategic step taken by the government to improve Indonesia's competitive advantages in global competition.

KCC Glass Corporation conducted groundbreaking in May, with an investment worth Rp5 trillion and will occupy 49 hectares. The South Korean company is the first investor to conduct groundbreaking in this industrial area of government-SOE cooperation. Bahlil said that out of the 450 hectares allocated in the first stage of KIT Batang's development, all had been filled by investors. The second stage of development will now be carried out.

Regent Wihaji said his office would allocate 25 hectares as a regency activity center for micro, small, and medium-sized enterprises (MSMEs). “The rise of various industries will create new jobs for Batang residents and its surroundings,” he said.
MINISTER OF INVESTMENT/Chairman of Investment Coordinating Board (BKPM) Bahlil Lahadalia will use the concept of Batang Integrated Industrial Zone (KIT) to enliven Sei Mangkei Special Economic Zone (SEZ) in Simalungun Regency, North Sumatra, Bahlil said when visiting Sei Mangkei on April 30. It was his first working visit after being inaugurated as Minister of Investment on April 28.

Bahlil said the visit aimed to observe problems hampering the Sei Mangkei SEZ from reaching its full potential. Developed in 2012, the SEZ has only five tenants, and only 10% of the approximately 2,000 hectares area have been occupied. “Today, I came to Sei Mangkei SEZ to take a closer look and see what needs to be improved, how to speed up the land occupation,” said Bahlil. He said President Joko Widodo had instructed his office to apply the Batang KIT concept to the Sei Mangkei SEZ.

“Maybe we will find out the similarities (between Batang and Sei Mangkei). Because we also want the economic cycle in Simalungun to run well,” he said.

PT Kawasan Industri Nusantara is a state-owned plantation holding company PTPN III that manages the SEI Mangkei SEZ. The SEZ focuses on the palm oil processing industry, rubber processing, tourism, and logistics.

The SEZ is expected to attract Rp129 trillion in total investment and employ 83,304 people in 2031. But the plan has been facing challenging problems on incomplete infrastructure construction, with the freeway and railroad to the area remaining unfinished. Uncompetitive land and gas prices are other challenges that require immediate solutions. □
Most of Indonesia’s micro, small, and medium-sized enterprises (MSMEs) do not have business licenses as the main requirement for financing and growing their businesses. As a result, Grab Indonesia and Tokopedia will assist the Investment Coordinating Board (BKPM) in spreading information about business licenses to MSMEs.

The partnership was inked by Minister of Investment/BKPM Chairman Bahlil Lahadalia, President Director of PT Grab Teknologi Indonesia Ridzki Kramadibrata and Vice Chairman and Co-Founder PT Tokopedia Leontinus Alpha Edison at the BKPM on May 10, 2021.

Bahlil said BKPM would launch a risk-based online single submission (OSS) system as part of efforts to attain goals set in Law 11/2020 on Job Creation. “There will be a privilege for small and micro business owners with low risks because they will only have to arrange a Business Identification Number (NIB),” he said, adding the NIB also serves as the legal identity and single license identity.

Grab Indonesia will distribute the information and prepare a help desk for facilitating MSMEs finding difficulties in handling business licenses. “We will inform on the benefits of the business license via the OSS system to the MSMEs,” said Leontinus.

The companies will also help MSMEs to develop their businesses, improve their competencies and competitiveness, and solve business problems. Between July 9, 2018 and March 31, 2021, the OSS system released 2,167,915 NIB or 78% of total issued business licenses amounting to 2,761,139 NIB.
Groundbreaking PT KCC Glass Indonesia
Minister of Investment/BKPM Chairman Bahlil Lahadalia and Governor of Central Java Ganjar Pranowo attended the groundbreaking of PT KCC Glass Indonesia at the Batang Integrated Industrial Estate (KIT) on May 20, 2021. PT KCC Glass Indonesia was the first tenant to conduct groundbreaking in the industrial area. It will be the largest glass factory in Southeast Asia.

Joko Widodo Goes to Batang
President Joko Widodo was accompanied by BKPM Chairman Bahlil Lahadalia, Minister of Public Works and Public Housing Basuki Hadimuljono, Governor of Central Java Ganjar Pranowo, Batang Regent Wihaji, the board of directors of PTPN and PT PP to review the construction of the Batang Integrated Industrial Estate (KIT), which will be an investment destination in Central Java. The main objective of the project is to provide as many job opportunities as possible for Indonesian workers.
Work Visit to Southeast Sulawesi

On February 28, 2021, BKPM Chairman Bahlil Lahadalia visited Buton District, Southeast Sulawesi, to observe the asphalt factory PT. Kartika Prima Abadi (KPA). PT KPA received a tax holiday as an investment incentive facility. Buton asphalt is one of the extraordinary potentials in Southeast Sulawesi province. PT KPA uses asphalt refining technology with a production capacity of 100,000 tons per year.

Work Visit to IWIP

BKPM Chairman Bahlil Lahadalia visited Indonesia Weda Bay Industrial Park (IWIP), Central Halmahera District, North Maluku, on February 19, 2021. He observed the development of the nickel processing industry and its supporting facilities, such as special power plants and terminals. IWIP has a strategic location, divided into specific places for raw materials, industry, power plants, and ports location. It has the potential to be one of the best industrial estates in Indonesia, perhaps even in all of ASEAN.
Challenges Accepted!

There are several underlying factors in achieving 2021’s investment goals.

**INDONESIA FACES** novel investment challenges in 2021 compared to previous years, as the COVID-19 pandemic has caused the global economy to grow negatively, with lockdown policies being upheld.

What began as a health crisis has turned into an economic catastrophe. The virus first emerged in Wuhan, China, at the end of 2019, then rapidly spread around the world, forcing many countries to implement lockdown policies to slow infection.

Although Indonesia has not applied full lockdown policies, it has released many large-scale social activity restrictions. The regulations remain in place for major cities across the country, including the capital Jakarta.

Indonesia and the other countries have experienced an economic downturn. Many policies have caused many sectors to halt operations. The public has chosen to conduct activities at home, causing an immense decline in economic activities.

The situation has continued into 2021, with many challenges needing to be addressed to meet investment targets amid the pandemic.
Three sectors served as the mainstays during the pandemic because of their ability to absorb many workers. According to Statistics Indonesia, the three sectors were agriculture, trade, and processing.

**Health sector recovery**
Mitigating the health sector is the key to reviving investment performances worldwide, not just in Indonesia. The pandemic has pushed the country to refocus infrastructure projects and reallocate funding to pandemic handling efforts.

The government has gathered these funds from the state budget, the regional budget, the monetary sector, the Ministry of State-Owned Enterprises (BUMN) and Regional-Owned Enterprises (BUMD).

The budget has been used to provide vaccines, cover the health costs of COVID-19 patients, and supply medicine, among others. With the large amount of funds directed to the sector, other sectors have seen a declining budget for expansion or improvement.

The government is focused on lowering COVID-19 positive cases, providing good healthcare for patients, and fulfilling vaccine stocks. When these are all met, the government will gradually return to focusing on driving investment in other sectors.

**Creating more new jobs**
Labor-intensive investment is much needed, with the COVID-19 pandemic causing 2.56 million Indonesians to lose their jobs as of August 2020. This has added to the approximately 3 million people looking for jobs. In August 2020, there were 9.77 million unemployed Indonesians.

Three sectors served as the mainstays during the pandemic because of their ability to absorb many workers, according to Statistics Indonesia: agriculture, trade, and processing.

The agriculture, forestry, and fisheries sector was one of the industries that recorded positive growth due to a shift in public consumption, as people changed their lifestyles to consuming healthy and natural food and drinks. Local agricultural products are preferred to imported ones, to avoid possible further COVID-19 infection.

For this year, the government needs to push the sectors even further to create many
job opportunities. The more Indonesians that are employed, the higher the consumption rates. More citizens then have more money to be spent, thereby propelling economic activities in general.

Implementing Omnibus Law on Job Creation
The enactment of the Law 11/2020 on Job Creation provided the best momentum during the pandemic. The Law applied the Omnibus Law method to revise and simplify 79 other laws, and came into effect in November 2020.

Implementing the Law and its derivative regulations will significantly determine investment realization to make doing business easier in Indonesia, as the Law improves the investment ecosystem, economic activities and business licensing.


One thing highlighted in the implementing regulations of the Law is the setting up of the
Online Single Submission (OSS) process using risk-based criteria for business licensing. In the system, the government covers three sub-systems; information, licensing, and supervision.

The information sub-system includes general information related to investment and business licensing (requirements, risk stages, the Investment Priority List, user manual, glossary, FAQ, mechanism) and risk-based business licensing simulation. The licensing sub-system deals with business license applications and issuance, and facility provision. The facility provision includes tax holidays, tax allowance, and other facilities at special economic zones.

While the supervision sub-system deals with regular and incidental business permit supervisions, BKPM coordinates the supervisory acts done by the central government. The One-Stop Investment and Integrated Services Office (DPMPTSP) at the provincial/regency/city organizes regional supervision.

The Law also creates more room for foreign investment by the relaxation of investment requirement arrangements. Presidential Regulation 10/2021 on Investment Business Activities makes the country more open to investment by encouraging priority business fields.

The challenges for implementing the Law lie in protecting and assisting the MSMEs in taking full benefits from the resulting investment realization. Among the policies are incentives for investments that work with MSMEs, partnerships with MSMEs in public facilities, and legal provisions.

The unprecedented situation we find ourselves in has resulted in more challenging tasks for investment performance. Hopefully, the Law will provide what is needed to revive and enhance investment accomplishment by the end of the year.
The government continues to strive to provide the best services for investing in Indonesia through implementing regulations.

**LAW 11/2020** on Job Creation has been in force since November 2020. Four implementing regulations regarding business licensing are designed to contribute to investment realization by simplifying licensing procedures. Yuliot, Deputy Chairman for Investment Climate, discussed with us how that would happen and the future far-reaching outcomes for the country’s investment climate.

**How will the implementing regulations of the Omnibus Job Creation Law affect investment in Indonesia?**

Law 11/ 2020 is a breakthrough in our law. It regulates regulations related to the investment ecosystem. The investment ecosystem does not only discuss incentives and business fields that are opened or closed for investment, but also is related to licensing, land availability and tax services.

The Law regulates 11 clusters that allow us to see which are related to investment, land provision, and certainty for business actors. The Law also talks about governance, imposition of sanctions, business licensing, human resources, and empowerment of micro, small, and medium-sized enterprises (MSMEs).

Then there is research and innovation. Economic activities, investment, and manufacturing industries are inseparable from research and innovation. Without the two, it is hard to develop the sectors. So, we need cooperation from universities and business sectors concerning research.

The government provides land for investment activities to bring certainty about land availability. It includes an e-certificate and layout of the land. We view all things as part of the investment ecosystem, besides investment from the central government and the national strategic project acceleration. The outcomes are ease and transparency for business players.

During this pandemic, the realization of foreign investment has fallen by only 5%, this suggests that Indonesia remains trustworthy in the eyes of global investors.

How will implementation of the Law improve Indonesia’s competitiveness?
The Law attempts to improve Indonesia’s competitiveness level. Compared with other countries in ASEAN, our problem is that we regulate too many business sectors. The other countries are also more open and more competitive. The Law turns the negative investment list in Presidential Regulation 44/2016 into the priority list. This priority list is stated in Attachment I of Presidential Regulation 10/2021, which is later amended in Presidential Regulation 49/2021. Investors who wish to enter one of the sectors in the priority list will be given incentives. The sectors are pioneer sectors that will trigger economic growth in the regions, create new jobs and add more value. We regulate 246 business sectors in the priority list, which means domestic and foreign investors can obtain the incentives. Secondly, we encourage investment collaboration between MSMEs and big enterprises for domestic investment and foreign investment. So, we regulate 106 business sectors that are allocated for MSMEs and the partnerships.

What other efforts are there to drive investment realization this year, during the pandemic, especially related to Government Regulation 5/2021 on Risk-Based Business Licensing Implementation?
The government regulation drives us to create ease in business licensing through business type classifications. Businesses are classified based on risk levels. If the risk is low, the licensing only requires a Business Identification Number (NIB). For medium-low, the licensing requires the NIB and standard certificate. For medium-high risk, licensing requires the NIB and standard certificate verified by ministries/institutions/local governments. While high risk, aside from the NIB, also requires permits approved by ministries/agencies/local governments, and standard certificates if needed.

What are the BKPM’s strategies to achieve this year’s investment realization target, especially foreign investment?
In 2021, our investment realization target is around Rp900 trillion. Every month, we evaluate the contribution of domestic and foreign investment toward investment realization. During this pandemic, the realization of foreign investment has fallen by only 5%, while other countries’ foreign investment realizations have decreased between 30% and 40%. This suggests that Indonesia remains trustworthy in the eyes of global investors. We assist incoming investors in accelerating their investments. There’s a total of Rp708 trillion of stalled investments that require solutions. Then, we give facilities for incoming investments. We will observe their business activities, so they find no obstacles while doing business here.
BKPM appreciates all investors who continuously support and trusting Indonesia.

Here are some of the most common reasons to invest in Indonesia, taken from a video called Invest in Country whose People Never Give Up.

You can watch the complete video on Invest Indonesia’s YouTube channel https://youtu.be/CU0sF6H3bu4.

What do you think about red tape in Indonesia?

**Prakash Chandran**,  
President Director and CEO  
PT Siemens Indonesia

Reforms such as the recent Omnibus Law for sure help to strengthen the Indonesian economy by increasing productivity, competitiveness and ease of doing business, while at the same time reducing excessive bureaucracy.

Do you have any suggestions for the Indonesian government to improve the investment climate?

**Agus Ciputra**  
President Director PT BASF Indonesia

Political stability and economic growth are deeply interconnected. Second, as I have mentioned before, consistent on-the-ground implementation of policies would be instrumental in ensuring businesses can benefit from the incentives and fast facilities the government is offering. And third, we also hope the government is placing great care and attention on existing long-term investors.

Why does your company invest in Indonesia? What are the key drivers?

**Agus Ciputra**  
President Director PT BASF Indonesia

BASF has been investing in Indonesia for 45 years. Indonesia has important qualities for business to thrive, such as a dynamic market, fast-developing customer needs, and overall energy and optimism that propels the country forward.

**Jan Ronnfeld**  
Managing Director EKONID

Indonesia has a huge market and an abundance of resources: natural resources, mineral resources, and human resources.

**Evie Yulin**  
President Director PT. Merck Tbk

In general, we are looking for an investment climate with less complexity in law, legal certainty, as well as coordination and collaboration among government institutions and bodies.

**Prakash Chandran**  
President Director and CEO PT Siemens Indonesia

I think the team at BKPM, Mr Bahlil and the team, have coordinated quite well and interacted very closely with us as appropriate. We look forward to continuing in the same manner.
INDONESIA IS KEEPING close eyes on offering five infrastructure projects due to the public’s changing consumption styles in the wake of the COVID-19 pandemic. The projects are expected to drive economic recovery faster as the vaccination program is underway across the country.

The COVID-19 outbreak has changed infrastructure conditions in the country. It has produced spiral effects that forced many countries, including Indonesia, to cut infrastructure budgets for the pandemic mitigation efforts. During the first half of 2020, infrastructure requirements shifted to meet public consumption on staple foods, electricity, drugs and vitamin, data/phone credit.

Infrastructure development serves as a good alternative for accelerating economic recovery. It contains high multiplier effects because it closely relates to other sectors. Good infrastructure will draw investments in other sectors as well. Also, investing in infrastructure projects becomes more profitable given the current low interest levels in most countries.

Infrastructure investment realization rose to Rp71 trillion as of the second half of 2020 from Rp78 trillion in 2014. The sector recorded an annual 20% investment growth between 2015 and 2019.

1. Healthcare
Indonesia’s demand for better healthcare services is getting higher as the outbreak shows the services aren’t yet equally felt by all regions. Investment in the sector is particularly needed for modernizing the technology and adding the healthcare service facility.

Based on the total population, the ratio of hospital bed availability is 1.2 beds for 1,000 citizens. The statistic is well below India, whose ratio is 2.7 per 1,000 residents. Also, there remains a gap in healthcare service provision between areas in the western and those in the eastern part of the country. In 2018, for example, the ratio of the public health service center was 1:15,000 residents. At the same time, the ratio of the hospital was 1:50,000 people. The statistic raises concern

Five priorities in infrastructure projects.
about immediate healthcare service provision.

The existing problems and the pandemic have raised great potentials in the sector. Vaccine development and its test equipment for pandemic handling in the short-term pose opportunities for improvement.

Investing in hospitals, clinics, and laboratories will reinforce the national healthcare system. An equal spread on qualified public health services, such as hospitals, will enhance health services, even in remote areas.

On the other hand, the ongoing “new normal” trend requires steady supplies in protective health gear, products on personal hygiene, and supplements/drugs. The segment grew 3.71% year-on-year in the second quarter of 2020. To date, the country imports 95% of the drug raw materials and medical devices.

Technology-based health consumption rose well during the period. That produces investment opportunities on online fitness, telehealth, and telemedicine, for giving reliable health information. Product development and artificial intelligence-based products and services are also required for taking care of and curing diseases.

2. Telecommunication
Telecommunication is the next big opportunity as more and more Indonesians adopt a digital lifestyle during the pandemic. Public campaigns on non-physical contact transactions have driven people to shop via online websites or applications. At the same time, traditional stores have gone online to tap into the great potentials. During the second quarter of 2020, the sector grew 10.88% year-on-year despite the -5.32% national economic slowdown.

However, the telecommunication infrastructure availability is still limited. According to the 2020-2024 National Medium-Term Development Plan (RPJMN), telecommunication and internet services hadn’t been felt by residents living in around 7,971 villages in 2019. Geographical landscapes, such as mountains and remoteness, become the biggest challenges for supplying them for all. The average broadband speed in 2018 was 14.9 Mbps, much slower than 46.1 Mbps than the average international speed.

Besides the physical instruments, investment in the sector includes data centers, cloud services to support e-commerce, and other technology-based business developments.
3. Sanitation and Clean Water
The availability of sanitation and clean water infrastructures are vital in improving the resilience against diseases, such as COVID-19. After the pandemic, financing in the sectors is required to face health challenges in the future. Clean water for all populations will better their health and make them less infected by viruses. Currently, it is estimated that less than 80% of households in Indonesia have access to clean water. At the same time, healthy sanitation remains to be a problem, especially in rural areas.

4. Food and Beverages
The public becomes more aware of the foods and beverages they consume due to the pandemic. They gradually shift their preference in consuming healthy and natural foods and beverages. Immunity boosters, such as herbs and spices rise to prominence. The fact opens up new potential for investment in the research and development of herbal products. The public also starts ordering foods and beverages via applications and prepares themselves. That makes frozen foods and fresh products another investment opportunity. Investors can select e-commerce supporting infrastructures, such as cold chain transportation and warehousing, as the potentials. Local brands emerge as the last sub-sector investment potential. The public prefers using local products to imported ones due to the safety factor. The rising demand for the products opens chances for food and drink producers to improve their production capacities. The strategy will allow them fulfilling the local demands and exporting them overseas. Adding elements, such as halal certificates and organic substances, will drive the overall production values to Muslim countries and developed nations, respectively.

5. Transportation and Warehousing
The rising trend of online shopping and e-commerce has cultivated transportation and warehousing sectors. Customers trust drivers or couriers to deliver their orders to minimize the risks of COVID-19 infection. The situation causes more spaces to store products to carry later on. That is what makes the warehousing business flourish.

The transportation sector absorbed around 4% of Indonesia’s total workforce in 2019. Amidst the great potentials, the transportation system faces challenges in infrastructure development. The factors include demography, logistic, and accessibility. The residents are not evenly spread while the amount of cargo isn’t balanced.

The transportation sector hugely depends on the infrastructure, such as roads, ports, and airports. When they are well constructed, the digital economy will reach out to small business owners in the country’s corner areas.
AMAZED BY MANGANESE

The government is ready to explore manganese’s top investment potential.

**INDONESIA IS OFFERING** the investment potential of manganese ore processing in a bid to fulfill nickel-cobalt-manganese (NMC) lithium-ion (Li-ion) battery type requirements for electric vehicles that prioritize environmental sustainability.

The NMC and nickel-cobalt-aluminum (NCA) batteries are the two most widely used rechargeable batteries for electric vehicles and renewable energy. The demand for rechargeable batteries has grown exponentially in line with global electric car sales, and is predicted to increase to 11 million in 2025 from 1.1 million in 2017.

In 2030, there will be 30 million electric vehicles globally. In the same period, the Li-ion component in the battery will rise to more than 10 million metric tons from around 0.7 million metric tons in 2018.

Nationally, the government is targeting to produce around four million electric vehicles in 2035. The Ministry of Industry has mapped the needs of electric vehicles, 30% of which will be electric cars, stipulated in Presidential Regulation 55/2019 on the Acceleration Program of Battery Electric Vehicle for Road Transportation.

The rechargeable battery is one of the essential components of electric vehicles. The NMC battery is projected to continue as the first choice because it is more economical and efficient.

Indonesia’s manganese ore is well-known for its top quality, especially ore located in West Nusa Tenggara. But local manganese ore processing has yet to be fully cultivated.

**Indonesia’s manganese ore** Manganese ore pyrolusite can be found in almost all regions in Indonesia, from Nangroe Aceh Darussalam to West Papua Province, with various supply levels. Sizeable pyrolusite stocks are found in Nusa Tenggara, Tasikmalaya (West Java), Sleman...
According to data from the Geology Body of the Ministry of Energy and Mineral Resources, Indonesia had 142,734,023 million tons of manganese ore in 2019, while stocks reached 108,623,329 million tons. East Nusa Tenggara holds the largest manganese supply, contributing 61.89% of the country’s overall stock.

The stock from East Nusa Tenggara can fulfill smelter needs here for more than a century, assuming the need of manganese ore in all domestic manganese smelters is 60,000 tons every month. However, this amount is still relatively small, therefore there is big potential for further development of manganese ore.

**Development of Li-ion cell battery industry**

The Li-ion battery tops the list of battery types used in portable electronic devices. It has a high cycle endurance and contains no harmful substances, such as cadmium, making it more eco-friendly. It can also provide higher capacity at a lighter level.

Thanks to the automotive industry’s strong needs, demand for Li-ion batteries has grown more than 10 times. In 2019, Li-ion battery capacity reached 180 GWh, driven by high demand from the sector.

There are five Li-ion battery types commercially available: lithium-cobalt-oxide (LCO), nickel-cobalt-manganese (NMC), nickel-cobalt-aluminum (NCA), lithium-zinc-phosphate (LFP), and lithium-manganese-oxide (LMO). Manganese is an important element in two out of the five types.

The electric vehicle industry and other energy-saving applications are increasingly using NMC lithium-ion batteries because of their ability to provide a higher amount of energy, allowing for a shorter recharging time while lasting longer. The battery is also said to surpass other commercial battery technologies in terms of safety.

Given the reliability and plentiful raw material supply, the use of chemical substances in the NMC battery is expected to lead to more and more electric powered vehicles in the future.

This is in line with the global Li-ion battery market size
projection reported by Global Market Insights in 2019. Market size exceeded US$40 billion in 2019 and is projected to reach US$76 billion. The battery market from NMC will contribute more than 18% of the US$76 billion.

**Investment potential**

Manganese consumption is projected to grow rapidly in the next decade. Demand for sulphate from the Li-ion battery will double, thanks to increasing electric vehicle market penetration, which will significantly influence the manganese supply chain.

With abundant manganese supply, the related industry is concentrating on developing a manganese-based Li-ion battery for providing steady stock in the future. As such, manganese is an essential cathode material, and serves as the main ingredient for electric vehicles, electronic storage batteries, and networks.

This produces a high business margin opportunity for manganese products with high purity levels, such as manganese sulphate as the battery raw material. South Africa, Ukraine, and Brazil own the largest manganese stocks in the world. But Indonesia’s East Nusa Tenggara holds the highest manganese grade.

Manganese ore processing has not been well-developed, and the government needs to spur investment in the sector, particularly in processing manganese ore using the hydrometallurgy method.

**Government support**

Manganese ore from East Nusa Tenggara belongs to the highest commercial class with a 56% of manganese purity level. The central and provincial administrations have been working together to create a special economic zone for developing manganese ore processing investment. There are five regions proposed as special economic zones: Alor, Lembata and Larantuka (Altaka), East Sumba, Amfoang, Batutua, and Wini.

To date, the provincial administration has been working to fulfill all requirements, such as land availability and existing economic activities. East Sumba has the biggest potential to be a special economic zone. It has sufficient land in Melolo and sits in the center of transmigrants.

Morowali (Central Sulawesi) and Halmahera (North Maluku) have been developed to host a manganese ore processing factory setup. The two regions hold nickel and cobalt ores for the NMC battery type. The factories will be constructed in special economic zones: Bitung, Morotai, Morowali Industrial Park, and Weda Bay Industrial Park.

Another prospective manganese ore processing company may also be setting up
in Palu Special Economic Zone, given the area is equipped with complete infrastructure and investment incentives.

From the financial point of view, the government has prepared a series of tax facilities to improve domestic investment in the sector.

This consists of revising the tax holiday incentive facility (revising the regulation). It refers to fixing the scheme on corporate income tax (PPh) reduction of up to 100% within five and 20 years, depending on the investment value. The policy covers a two-year transition with 50% corporate income tax for a pioneering industry.

The manganese ore processing factory can be classified as a pioneering industry to the electronic devices manufacturing and telematics industry; the machinery making and machinery major component industry; the powerplant machinery construction industry; the manufacturing industry; supporting industry; the robotic components industry; the motorized vehicle making industry; and the main components of motorized vehicles, ships, airplanes, and supporting activities for the aerospace industry.

The second facility is tax allowance, which includes reducing net revenue by up to 30% from the investment and accelerated diminution/amortization. The tax allowance also gives a corporate income tax of dividend 10% for tax payers with an overseas domicile certificate and loss compensation exceeding five years (maximum 10 years).

Tax allowances will be given for investments with high export value, employing a large number of employees, and high local content.

Other financial facilities are value-added exemption, import duty exemption, and economic zones. The last relates to the special economic zone facility package for spurring economic activities in the areas. Investors in special economic zones will be given facilities in tax, customs and excise, traffic of goods, employment, immigration, land, licensing, and non-licensing.

Manganese ore from East Nusa Tenggara belongs to the highest commercial class with 56% of manganese purity level.
GOING GLOBAL WITH DIGITAL

MSMEs can reach out to a broader network of consumers through digitalization.

INDONESIA’S MICRO, small, and medium-sized enterprises (MSMEs) are finding greater room to flourish amid the global economic slowdown due to the COVID-19 pandemic. President Joko Widodo has continuously emphasized the necessity of digitization and digitalization for national economic growth. Implementing the digitalization of MSMEs holds the key to reviving the country’s economy, which has been hit hard by the pandemic.

Digitalizing MSMEs for reducing unemployment
Indonesia had already set its sights on becoming Asia’s largest digital economy by 2020, with its MSMEs at the helm. Even before the pandemic, the importance for MSMEs to digitalize was already on the agenda. The country has launched initiatives such as the 2018 Making Indonesia 4.0 Roadmap, the 2019 E-Commerce Roadmap, and the 2020 Go Digital Vision to increase the competitiveness of MSMEs in the digital economy.

MSMEs significantly contribute to the national economy. Data from the cooperatives and SME ministry in 2018 revealed that the sector employed 120 million out of the total 130 million local employees. Some 64.2 million business units in the country were MSMEs, 99.9% of the total business units as of that year. In Indonesia, MSMEs make up 99% of existing businesses and generate 61.07% of national GDP, with 37.77% at the micro level.
Maximizing the sector’s role is imperative to answering the current challenge of rising unemployment, which is getting even higher due to the pandemic. As of August 2020, 9.77 million Indonesians were unemployed, with 2.56 million due to the pandemic, while around 3 million locals are seeking jobs every year, according to Statistics Indonesia and the manpower ministry.

Unfortunately, the sector has not optimally reached out to global markets. The government and sector players need to address several problems. Many MSMEs have not fully implemented digitalization. The low degree of innovation and technology has added to other existing problems, including poor branding and product marketing, low productivity, complicated licensing procedures, and lack of creativity.

Therefore, despite the large contribution to the local economy, the sector has not recorded a similar positive performance on the export side. According to the Ministry of Cooperatives and SMEs and the Ministry of Finance’s Fiscal Policy Agency, only 6.3% of MSMEs expanded their businesses overseas in 2020. The sector contributed only 14.5% to national exports, much lower than China (70%), Japan (55%), and Thailand (35%).
Digital industry for developing entrepreneurship
The pandemic has bred one profound trend shaping the future of the sector. Blending the sector with technology is inevitable and at the same time profitable, with a more significant number of people switching to the digital lifestyle.

Research by FDI Intelligence shows five sectors will dominate the future of business: e-commerce, cybersecurity, digital technology, healthcare and biotechnology, and renewable energy.

In Indonesia, e-commerce has been shaping MSMEs for the past few years. The rise of local startups, such as Bukalapak and Tokopedia, has motivated many MSMEs to go digital to tap into their respective markets. The potential is reasonable. In 2018, the country’s e-commerce market reached US$12 billion, and Google predicts it will be US$53 billion in 2025.

The use of digital technology enables MSMEs to reach out to a broader network of consumers who live inside and outside the country. More people can afford to set up online businesses digitally because of the much cheaper cost. They don’t require physical stores to sell their products or services. 2015 research from Deloitte says MSMEs will enjoy an up to 80% rise in income thanks to digital technology, and new job opportunities will rise 1.5 times. Entrepreneurs will be 17 times more innovative, making their businesses more competitive on a global scale.

Investment opportunities
Following the Omnibus Job Creation Law passed in November 2020, the government issued Presidential Regulation 10/2021 on Investment Business Activities to improve the investment ecosystem and support cooperatives and MSMEs. The government aims to provide opportunities for MSMEs to grow by introducing more business activities allocated...
to them or that require large-scale businesses to partner with them and provide support in production, processing, marketing, investment, human resources, and technology.

The implementation of this provision will also have to consider provisions under another newly issued regulation, Government Regulation 7/2021 (GR 7/2021) on Facilities, Protection and Empowerment of Cooperatives and MSMEs. Under GR 7/2021, the definition of MSMEs is determined based on capital or annual turnover. GR 7/2021 also includes partnerships with cooperatives and MSMEs, including core-plasma partnership, subcontracts, franchises, general trade, distribution and agency, supply chain, profit sharing, operational cooperation, joint ventures, and outsourcing.

In early 2021, BKPM facilitated the signing of a virtual partnership witnessed by President Joko Widodo from the State Palace. Signing the partnership commitment were 56 big companies comprised of 29 foreign direct investment (FDI) firms, 27 domestic direct investment firms (DDI), and 196 MSMEs.

BKPM encourages investment in the startup sector as success stories from Gojek and Bukalapak prove Indonesia has a lot in store for out-of-the-box business ideas. BKPM Go StartUp works with other related institutions to stimulate and execute a unique startup ecosystem in universities across the country. The venture expects to boost the competitive levels of Indonesian products and services in the future.

The aim is also to assist the Ministry of Cooperatives and SMEs in achieving its targets. In 2021, the target of MSMEs is to contribute 62.36% to gross domestic product, create 900 startups and supply 15.12% of exports.

The rise of local startups, such as Bukalapak and Tokopedia, has motivated many MSMEs to go digital to tap into their respective markets.

The rise of local startups, such as Bukalapak and Tokopedia, has motivated many MSMEs to go digital to tap into their respective markets.
- Signing of cooperation between the Foreign Investment (PMA) and Domestic Investment (PMDN) Partnership with MSMEs
- Signing of Mutual Agreement on the Acceleration of Investment in the Agricultural Sector between BKPM and the Ministry of Agriculture
- Investment Realization Press Release Quarter IV 2020

MARCH

- Dissemination on the Performance Appraisals of One-Stop Integrated Services (PTSP) and Accelerating Business Implementation for Central (Ministries/Institutions) and Local Governments

MAY

- Minister of Investment/ BKPM Chairman visit to Palu Special Economic Zone
- MoU signing between BKPM and PT Grab Indonesia and PT Tokopedia on synergizing the development of digital based MSMEs in Indonesia
- MoU signing between BKPM and PT Bank Rakyat Indonesia on synergizing business license services for MSMEs

FEBRUARY

- BKPM Chairman visit to Maluku supporting National Fish Barn Development
- MoU signing between BKPM and Indonesian Young Entrepreneurs Association (HIMPI) on Enhancing Cooperation in Investment
- MoU signing between BKPM and BNI on Investment Facilitation and Banking Services for Investors
- BKPM Chairman visit to Indonesia Bay Industrial Park (IWIP), North Maluku on progress of nickel plant construction and its supporting facilities

APRIL

- BKPM becomes Ministry of Investment
- Investment Realization Press Release Quarter I 2021
- Hannover Messe 2021

JUNE

- Minister of Investment/ BKPM Chairman visit to Bitung Special Economic Zone (SEZ), North Sulawesi
Dubai Expo

Organizers rescheduled Expo 2020 Dubai due to the global COVID-19 pandemic. The event will now run from October 1, 2021, to March 31, 2022. The expo remains committed to presenting creativity, culture, and innovation, including major technological advances in medicine and science. It will be the largest event in the Arab region, and is set to greet 192 participating countries.

The Ministry of Investment/BKPM plans to participate in the Special Week on December 3-9, 2021 and the Investment Forum on December 7, 2021. The purpose is to meet potential investors from countries in the Middle East, business and banking consultants, sector associations, and other state chambers of commerce.

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EVENTS UPDATE
New Investment Priority List

This latest regulation will promote investment in priority industries, simplify investment requirements, and provide greater protection to cooperatives and micro, small, and medium-sized enterprises (MSMEs). Presidential Regulation 10/2021 on Investment Business Activities was issued on February 2, 2021, officially revoking and replacing the previous Negative Investment List under Presidential Regulation 44/2016. What is in it for investors?

What is a priority investment list?
Investment in Indonesia was subject to the Negative Investment List, or DNI (Daftar Negatif Investasi), which set out a long list of businesses complete with the corresponding maximum amount of allowable foreign ownership. As the government aims to bring a positive image for inviting foreign investors, the Negative Investment List is now promoted as the Priority List through Presidential Regulation 10/2021 (PR 10/2021) on Investment Business Activities.

What is new in the investment list?
The new list significantly reduces the number of wholly closed sectors to any form of investment (foreign or local), and those which are either totally closed or partially open for foreign investment. This is in line with government efforts to encourage more foreign direct investment to Indonesia, to create jobs and overcome the impact of the COVID-19 pandemic.

The new list has reclassified business activities which are open to investment into four broad categories, and introduced a new concept of “prioritized sectors.” Besides priority business activities, the other three categories are: business activities allocated for or which require partnerships with cooperatives and MSMEs, business activities which are open with certain requirements, and business activities which are not included in the above three classifications.

The new investment list also states that foreign investors must carry out business activities in Indonesia through a foreign investment company (PT PMA), which must have an investment value of over Rp10 billion, excluding the value of land and buildings. An investment value of Rp10 billion or less, excluding the value of land and buildings, is permitted for technology-based start-up companies in special economic zones.

What are the prioritized sectors?
For a business field to be defined as a priority, it must meet the following criteria. It must be included as a strategic national project/program, be labor-intensive, capital-intensive, with orientation toward research and development, and other innovative activities. Other criteria are export orientation, engaging in pioneer industries (such as metals, oil refining renewables, and marine transportation), and utilizing advanced technologies. A total of 246 prioritized sectors are listed in Attachment I of the new list.

What are the benefits of investing in priority sectors?
Businesses investing in priority business activities will be eligible to receive fiscal incentives, such as tax holidays, tax allowances, investment allowances and import duty exemptions; and/or
non-fiscal incentives in the form of business licensing, provision of supporting infrastructure, guaranteed availability of energy, raw materials, immigration, employment and other conveniences available under the applicable laws and regulations.

**What are business activities allocated for or which require to partner with cooperatives and MSMEs?**

PR 10/2021 stipulates business activities allocated to cooperatives and MSMEs and business activities which are open for large-scale business with the requirement of partnership with cooperatives and MSMEs.

Business activities which fall under this classification are decided based on the following criteria. The first is business activities which are mostly operated by cooperatives and MSMEs. The second is business activities which are encouraged to take part in the supply chain of big business.

**Which business activities are open with certain requirements?**

PR 10/2021 significantly reduces the number in this list from 350 to 37 business activities. It provides a larger window of opportunities for foreign investment in Indonesia, as more business activities are open for foreign investment. Twelve business activities are reserved for domestic investors and 25 business activities with maximum foreign ownership.

Due to concerns raised by the public about the alcoholic beverages industry in certain areas of Indonesia under this list, on March 2, 2021, the President decided to revoke the sector from a list of open business activities with certain requirements. Presidential Regulation 49/2021, issued on May 25, revises the previous regulation on investment and adds the alcoholic beverages industry to the list of closed industries under Article 2.

**What if your business activities are not on the list?**

Business activities that do not fall into any specified categories are open to all investors without restrictions. But it is advisable to check the relevant implementing regulations the relevant ministry may issue for each business sector to understand any additional requirements imposed on each business sector.

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### RELAXATION OF ARRANGEMENTS FOR FOREIGN INVESTMENT

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<td>List of Closed Business Fields for Investment</td>
<td>List of Priority Business Fields</td>
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<td>20 business fields</td>
<td>246 business fields</td>
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<td>List of Reserved Business Fields or Partnerships with K-UMKM</td>
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<td>145 business fields</td>
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<td>List of Business Fields Opened with Certain Requirements</td>
<td>List of Business Fields Opened with Certain Requirements</td>
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<tr>
<td>350 business fields</td>
<td>37 business fields</td>
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Risk-Based Business Licensing

Following the issuance of Law 11/2020 on Job Creation, which introduces risk-based business licensing, the government issued Presidential Regulation 5/2021 (GR 5/2021) concerning the Implementation of Risk-Based Business Licensing. This regulation replaced Government Regulation 24/2018 concerning Online Single Submission Service (GR 24/2018). Coming into effect on 2 February 2021, the regulation contains the following pivotal points to improve the investment ecosystem and business activities.

**What is the essence of this regulation?**
This regulation essentially changes the licensing concept to satisfy all the requirements in advance, with the requirements verified afterwards. This will be very useful for types of business activities that are classified as low or medium risk. It also aims to administer a more streamlined and efficient business licensing process, and, in some instances, even remove the licensing requirement for certain businesses.

**To which business sectors can the regulation be applied?**
The government applies the regulation to the following sixteen sectors: fishery and maritime; agriculture; environment and forestry; energy and mineral resources; nuclear power; industry; trade; public works and housing; transportation; health, medicine, and food; education and culture; tourism; religion; post, telecommunication, broadcasting, and electronic systems and transactions; defense and security; and manpower.

**What is the concept of risk-based business licensing?**
Risk-based business licensing is based on the risk level and the determination of the scale of business activities, including micro, small, and medium-sized enterprises (Usaha Mikro Kecil dan Menengah/UMKM) and/or large scale enterprises. The risk level is determined by the results of the risk analysis conducted by the central government by identifying business activities, hazard level assessment, assessment of potential hazards, determination of risk level and business scale, and determination of the business licensing type.

**Based on the risk analysis, how will the business activity be classified?**
Business activities are classified into risk levels and the types of business licensing required in performing business activities, which are low risk, medium-low risk, medium-high risk, and high risk. Based on this risk-based approach, the lower the business risk, the simpler the business licensing requirements will be.

**What are the basic business licensing requirements?**
Basic business licensing requirements generally include spatial conformity, environmental permits, building permits, and certificate of eligibility of building functioning (SLF), which are mandated by the respective laws and regulations. Lists of each sector’s requirements and/or obligations for risk-based business licensing are set out in annexes to GR 5/2021.

**What are the risk-based business licensing arrangements?**
Risk-based business licensing is further determined by the following:

a. Indonesia Standard Industrial Classification (Klasifikasi Baku Lapangan Usaha Indonesia/KBLI) codes/references, KBLI titles, the scope of activities, risk parameters, risk levels,
business licensing, periods, validity periods, and business licensing authorities, which can be found in Annex I to GR 5/2021

b. Risk-based business licensing requirements and/or obligations, which can be found in Annex II to GR 5/2021

c. Risk-based business licensing guidelines, which can be found in Annex III to GR 5/2021

d. Business activity standards and/or product standards will be further promulgated by the minister and/or head of institution for the respective sectors.

How does risk-based business licensing supervision work?

This regulation also sets the methods for supervising business activities by the government, which consists of the following:

a. Regular supervision, which will periodically be carried out based on the level of risk of the relevant business activities with due consideration of the level of compliance by the business.

b. Incidental supervision, which the relevant ministries will carry out, including governmental agencies, provincial regions, regency/city governments, special economic zone (SEZ) administrators, and/or free trade zone free port (FTZFP) on an ad hoc basis.

Regular supervision will be conducted by way of: investment activity reports (LKPM) and field inspections. Incidental supervision will be conducted by field or virtual inspections.

<table>
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<th>Risk Level</th>
<th>Business Licensing</th>
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<tr>
<td>Low risk</td>
<td>Business Identification Number (Nomor Induk Berusaha or NIB). Low risk business activities will only require NIB which shall also serve as the Statement of Environmental Management and Monitoring Undertaking (Surat Pernyataan Kesanggupan Pengelolaan dan Pemangauan Lingkungan Hidup or SPPL). For low-risk business activities carried out by micro and small-sized enterprises, the NIB also serves as the Indonesian National Standard (Standar Nasional Indonesia or SNI) and statement of halal product guarantee.</td>
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| Medium-low risk  | a. NIB  
b. Standard certificates, in the form of a statement by the business actor to fulfill business standards that shall be submitted through the OSS. Although the certificate of standards is in the form of self-statement, the business actor shall fulfill such standards when it conducts business activities. |
| Medium-high risk | a. NIB  
b. Standard certificates for the implementation of business activities issued by the central or regional government under their respective competencies based on the verification of the business’s compliance with implementation standards. |
| High risk        | a. NIB  
b. Licenses, in the form of approval by the central or regional government for the implementation of business activities, which the relevant business must obtain prior to engaging in any business activities  
c. Standard certificates for products and/or business activities issued by the central or regional government under their respective authorities based on the verification on the fulfillment of such standards (as applicable). |
Strengthening the role of regional governments in business licensing implementation

Government Regulation 6/2021 on Investment of Business Licensing in the Regions is one of the implementing regulations of Law 11/2020 on Job Creation. The regulation was released on February 2, 2021, and is expected to provide legal certainty in business through integrated, transparent, and efficient business licensing processing in the regions.

**What does this government regulation cover?**
The scope of this regulation covers authorities of business licensing administration in the regions; implementation of regional business licensing; regional regulations (Perda) and regional head regulations (Perkada) on business licensing; submission of business licensing implementation in regions; development and supervision; funding; and administrative sanctions.

**Who are the authorities for licensing services in the regions?**
The authority of licensing services in the regions is the provincial government or regency/city government, subject to business activities as determined under GR 5/2021, with the exceptions of the nuclear power, religion, and defense and security sectors, which come under the authority of the central government, with the licensing process integrated with the licensing service in the regions.

**What roles do the regional governments have in business licensing implementation?**
The roles include the governor/regent/mayor’s obligations to provide licensing services, including risk-based business licensing using the OSS system which the central government manages according to the norms, standards, procedures, and criteria (NSPK) set by the central government. With the NSPK being the sole reference, this will overcome the policy inconsistencies between the central and regional governments.

**What is the workflow of business licensing implementation in the regions?**
The central government, regional administration at the provincial level, and regional administration at the regency/city levels, all have their parts to play to implement this regulation.

The governor delegates the authority of the provincial...
Regional government in the implementation of business licensing in the regions to the head of the One-Stop Investment and Integrated Services Office (DPMPTSP), which includes:

a. Implementing business licenses that fall under the central government’s authority delegated to governors based on the principles of deconcentration and assistance tasks.

b. Implementing business licenses that fall under provincial regional government authority under statutory provisions.

The regent/mayor delegates the authority of the regency/city government in the implementation of business licensing in the region to the head of regency/city head of the One-Stop Investment and Integrated Services Office (DPMPTSP), which includes:

a. Implementing business licensing under the authority of regency/city regional governments under statutory provisions.

b. Implementing business licenses that fall under the central government’s authority delegated to the regent/mayor based on the principle of assistance tasks.

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1. **The NPSK for risk-based business licensing in the OSS** is the *sole reference* for the central government, regional governments, and business actors.

2. Regional governments are *required to use the OSS system* in the business licensing service.

3. Regional governments can *develop an internal system as support in verifying business licensing (OSS), such as fulfilling requirements or paying regional levies in accordance with standards set by the central government.*

4. **The governor or regent/mayor delegates** the authority to administer business licensing, which is the authority of the provincial and district/city governments, to the head of provincial/regency/city DPMPTSP.

5. • Head of provincial DPMPTSP as *integrated supervisory coordinator* for provincial authorities.
   • Head of regency/city DPMPTSP as *integrated supervisory coordinator* for regency/city authority.
Empowerment of Cooperatives and MSMEs

The government has set up a large umbrella for cooperatives and MSMEs

Government Regulation 7/2021 is one of the implementing regulations of Law 11/2020 on Job Creation, which contains changes to Law 25/1992 on Cooperatives and Law 20/2008 on Micro, Small, and Medium-sized Enterprises. Comprised of 10 chapters and 143 articles, the following contains important points regarding the facilities, protection, and empowerment of cooperatives and MSMEs.

In addition to supporting the Omnibus Job Creation Law, what are other purposes of this regulation?
With the enactment of the regulation, the provision of facilities, protection, and empowerment for cooperatives and MSMEs can be more optimal, comprehensive, and well-coordinated. The regulation is expected to encourage cooperatives and MSMEs to be resilient and robust, and become the backbone of the Indonesian economy. It is also expected to improve the business climate for pandemic-wracked micro, small and medium-sized enterprises (MSMEs) by easing licensing processes and facilitating demand.

Large-scale companies also need to cooperate with MSMEs or cooperatives if they want to get into businesses mostly carried out by cooperatives and/or MSMEs, or those sectors with the potential to enter into a large supply chain.

What are the new criteria of MSMEs?
The new criteria of MSMEs, based on capital, are used to register and legalize their businesses as follows:

a. A micro business is an entity with maximum capital of Rp1 billion, excluding land and building business premises
b. A small business owns more Rp1 billion to Rp5 billion, excluding land and building business premises
c. A medium business owns Rp5 billion to Rp10 billion, excluding land and building business premises.

What kind of assistance will the government provide for MSMEs?
Central and regional governments will provide assistance to micro and small businesses that have obtained a Business Identification Number (Nomor Induk Berusaha/NIB). The aim of the assistance is that MSMEs will: increase their knowledge of the applicability of Indonesian national standards and certification of halal product guarantees for micro and small businesses that have just received a NIB; and/or fulfill the requirements to obtain certificates of standards and/or licenses. This government assistance will be carried out through facilitation of technical guidance, consultation and/or training.

What are the other types of assistance or special treatment the government will give?
The central and regional governments must provide services and legal assistance to micro and small businesses in the form of legal counselling, legal consultation, mediation, preparation of legal documents, and/or out of court assistance, free of charge.

In the event of an emergency, the central and regional governments will try to assist the recovery of micro and small businesses by providing credit restructuring, business restructuring, capital support and/or other forms of support. In this case, priority in the support from the government for recovery will be given to affected...
micro and small businesses to stimulate community economic recovery.

**What are the provisions of location for the promotion and development of MSMEs?**
The regulation requires ministries/institutions and regional governments, state-owned enterprises, region-owned enterprises, and/or private entities to provide at least 30% promotional space for micro and small enterprises. The percentage is taken from the total land area of commercial areas, shopping center areas, and/or strategic promotional spots in public infrastructure. Public infrastructure covers terminals, airports, railway stations, ports, toll road rest areas, and service spots.

Medium-sized businesses are also entitled to the above benefits in toll road rest and service areas. This provision is in line with GR 17/2021, which states that toll road business entities (Badan Usaha Jalan Tol) must allocate 30% of the total commercial area of the land for MSMEs, both for toll roads already in operation and any still under construction.

**What are the incentives for MSMEs?**
The government will provide incentives to micro and small businesses in the form of regional tax reduction or relief; regional fee reduction or relief; capital support to micro and small businesses, and/or cooperatives; supporting research and development for micro and small businesses, and/or cooperatives; vocational training facilities for micro and small businesses, and/or cooperatives; and/or subsidized interest on loans through credit programs.

Medium and large-scale businesses may also receive the incentives of regional tax reduction or relief and regional fee reduction or relief mentioned above, as long as they meet the regulation’s criteria, including: innovation and development of export-oriented products, and involving micro and small businesses in expanding market access. The government will also give incentives to large-scale businesses which provide financing to micro and small businesses.

**What are the other benefits for MSMEs?**
MSMEs are easier to provide financing. The central and regional governments will provide affordable and convenient financing for micro and small businesses in the form of subsidies, guarantees and loans, or other financings sourced from the state budget or regional budget.

**What are the crucial points for cooperatives?**
The regulation scrutinizes eight points about cooperatives. They are the forming of cooperatives, meeting of the cooperatives’ members, reporting, cooperative business, sharia principles in cooperatives’ businesses, protection of cooperatives, empowerment of cooperatives, and development of cooperatives in certain sectors. The sectors are maritime and fisheries, water and marine transportation, forestry, trade, and agriculture.

### MSME Criteria based on Capital

<table>
<thead>
<tr>
<th>Business Criteria</th>
<th>Before Omnibus Law</th>
<th>After Omnibus Law</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>≤ Rp50 Million</td>
<td>≤ Rp1 Billion</td>
</tr>
<tr>
<td>Small</td>
<td>Rp50 &lt; x ≤ Rp500 Billion</td>
<td>Rp1 &lt; x ≤ Rp5 Billion</td>
</tr>
<tr>
<td>Medium</td>
<td>Rp500 Million &lt; x ≤ Rp10 Billion</td>
<td>Rp5 &lt; x ≤ Rp10 Billion</td>
</tr>
<tr>
<td>Large</td>
<td>&gt; Rp10 Billion</td>
<td>&gt; Rp10 Billion</td>
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Maluku, the Hidden Gem in the East

The government plans to make Maluku the center for a national fish barn or hub.

**The Indonesian Government** is creating an industry ecosystem to support Maluku as the country’s fish center. This will optimize the province’s existing resources in the fisheries industry.

Maluku is an archipelagic region with 1,340 islands and 10,630 kilometers of coastline. The province comprises 712,479.69 square kilometers in total, with 92% percent (658,294.69 square kilometers) made up of water.

There are four big islands (Seram, Buru, Yamdena, and Wetar) and 1,336 small ones. With its geographical conditions, Maluku is an ideal route for fish migration, and so has vast fisheries potential.

**Archipelagic-based potential development**

Given the many islands, the provincial administration aims to make it a comfortable,
productive, and sustainable archipelagic area. Its regional potential refers to National Spatial Planning (RTRWN) and the Provincial Spatial Planning (RTRWP). The development plan intends to optimize its fisheries potential (capture fisheries and aquaculture), agriculture (spice plantation), tourism (maritime, history and culture) and mining.

The provincial administration utilizes island sea, island cluster, and multi gate approaches to improve interconnectivity between the national activity center and the local activity center in the cities and the local activity centers in the regions. Each island cluster hopes to enjoy better quality and integrated transportation networks, telecommunication, energy, and water resources.

**The potential of fisheries**
Maluku Province has considerable fisheries potential compared to other provinces in Indonesia. With the massive water area, the fisheries potential of the province is 1.62 million tons annually, according to the province’s One-Stop Integrated Services Office (DPMPTSP). It also has three out of the nine major fishing areas in Indonesia: Banda, Arafura, and the Seram Sea, which are projected to have fishery resources of up to 1.63 million tons per year. The potential in the three grounds contributes 26.3% of the nationwide potential of 6.5 million tons per year.

The government allows fishing catches of 1.30 million tons per year in the Maluku waters. This has room to grow provided investors in aquaculture utilize the coast’s potential alongside the sea. The waters and the beaches have diverse fish and non-fish resources, possibly becoming centers for catching fisheries and aquaculture businesses.

In 2017, based on data from the Maritime Affairs and Fisheries Ministry, the catching fisheries sector produced 602.9 thousand tons. The biggest production centers were Ambon, Central Maluku, East Seram, and Southeast Maluku. Tuna fish and skipjack are two commodities in catching fisheries that contain high
economic value and hold excellent prospects for further development.

As such, the government is working on making Maluku the national fish barn (Lumbung Ikan Nasional/LIN) or hub. This also hopes to help Ambon, Central Maluku, East Seram, and Southeast Maluku become major exporting regions.

**Investment opportunities in the fisheries sector**
The province saw fluctuating investment realization from 2016 to 2020, excluding the oil and gas upstream and financial sectors. Overall investment realization reached Rp1.42 trillion in 2016, then rose to Rp2.88 trillion the following year, but dropped to Rp1.12 trillion in 2018, and Rp0.79 trillion in 2019. In 2020, however, it increased to Rp3.03 trillion.

Investment realization in the fisheries sector grew from 2016 to 2020. In 2016, it was Rp604 billion, all from foreign investors; rising to Rp1.353 trillion in 2020, almost equally divided between domestic and foreign direct investments.

The sector was ranked second in the list of attractive sectors for foreign direct investment from 2016 to 2020.

The first sector was bare metal, metal products, non-machinery and equipment which booked US$345.4 million. During the same period, the fisheries sector achieved US$86.3 million; followed by electricity, gas, and water (US$53.9 million); then crops, plantations, and livestock (US$24.7 million), and the food industry (US$14.8 million).

Fisheries’ production in the province is reported to be huge, amounting to 543,361 tons from catching fisheries, fishery ports, and fishing gathering terminals.

Minister for Maritime Affairs and Fisheries Sakti Wahyu Trenggono said creating fish centers in the Maluku province would drive economic growth in the country’s eastern side. The industry ecosystem includes basic infrastructure in fishing ports and sufficient sea commodities.

To achieve the goal, the government plans to build a new integrated fishing port in Ambon, which is expected to finish in 2023. The new port will consist of the container terminal, integrated fishing port, roll on-roll-off terminal,
Tuna fish and skipjack are two commodities in catching fisheries that contain high economic value and hold excellent prospects for further development.

The container terminal and integrated fishing port will enable possible area expansion in the future. The terminal and industrial region integration will improve the region’s economic value. At the same time, the terminal integration will increase job opportunities and sales value for investors. Cost efficiency will be made possible by integrating the ports to create a cross-utilization area and top quality human resources.

The new port will be equipped with feeder ports located in Tual, Namlea, Amahai, Saumlaki, Banda Naira, and Dobo. It will also be completed with fishing ports situated in Tual, Saumlaki, Dobo, and Ende. The integrated New Ambon Port is expected to be the center of growth for the fish processing industry and the cargo consolidation point in Eastern Indonesia.
South Sulawesi’s unique potential waiting for investors.

**SOUTHEAST SULAWESI** is blessed with abundant natural resources that are a lifeline for residents and draw investors in various sectors. Agriculture, plantation, forestry, maritime and fisheries, tourism, and mining make up the province’s top investment sources.

The potential is well-spread across 38,140 square kilometers inland and a 114,879 square kilometers water area. Some 2.7 million inhabitants live in 15 regencies and two cities in the province.

Better economic performance than the nation’s

The COVID-19 pandemic hit
the national economy, including that of the province. Throughout 2020, the province’s economic performance contracted 0.65 percent compared to 6.50 percent economic growth recorded in 2019. This is well above the -2.07 percent contraction nationwide.

The production side significantly contributed to the contraction. The deepest was in transportation and warehousing (5.25%). The expense side also contributed, with the worst being the consumption expenditure component of non-profit institutions (3.59%).

The province achieved Rp130.18 trillion in regional gross domestic product based on the valid price in 2020. According to the 2010 constant price, the regional gross domestic product was Rp93.45 trillion.

**Exploring mining commodities**

There are various mining commodities, both fully explored and untapped, scattered in some of the province’s regencies. The most notable is Buton Island, the country's largest asphalt producer. An estimated 3.8 billion tons of bulk asphalt deposits are located in the Buton and North Buton regencies.

Asphalt is used in road construction to protect against erosion. Asphalt from Buton Island has been used in many road projects, such as in Gorontalo, Majalengka (West Java), and Tomo (West Java).

Southeast Sulawesi also possesses a huge nickel ore supply. Around 97.4 billion tons of nickel ore can be found in North Kolaka, Kolaka, South Konawe, Konawe, and Bombana regencies (Kabaena Island).

Nickel ore provides many benefits for both industrial and individual purposes. The iron and steel industry requires nickel ore to produce stainless and tough iron and steel compounds. It also contributes to the making of coins, automotive frames, and rechargeable batteries for electric vehicles (EV). As the government has targeted to increase the use of EV, the need for nickel is expected to also rise.

While asphalt and nickel ore have been widely explored, not so much can be said for gold. The province is projected to have 1.125 million tons of gold deposits. Researchers are currently examining deposits spread in Bombana Regency and other areas.

As a precious metal, gold is much needed in the electronics industry, including smartphones. It serves as an ideal conductor and is much less prone to rust. In the construction sector, gold reflects sunlight radiation inside glass. Construction developers often mix it with glass materials to cool skyscrapers.

Other potentials are quartz sand (5 billion tons), marble (206 billion cubic meters), clay (884 billion cubic meters), onyx (547,000 cubic meters), lime (1.6 trillion cubic meters), manganese (6,000 hectares), iron sand, phosphate, chromite and magnesite.

**Extra investment offers from nature**

Besides the mining sector, the provincial administration excels in nature management. It explores and helps residents to
reap the utmost benefits in the agriculture, tourism, forestry and energy sectors.

Food crops in the agricultural sector include rice, cassava, sweet potatoes, corn, sago, peanuts, and soybeans. In the tourism field, nature-based as well as cultural attractions entice domestic and international tourists. This includes the coral triangle in the Wakatobi archipelago, Liangkobori cave and Meleura, Wawonii waterfall, and Al-Alam Mosque. In the energy sector, the province has geothermal sources located in Lainea and Mangolo.

**Pro investment steps**

According to BKPM data, throughout 2020, foreign (FDI) and domestic direct investment (DDI) realization in the province reached US$1.3 billion and Rp2.9 trillion, respectively. It also ranked 10th as a foreign direct investment destination among the 34 provinces. Within the province, Kendari Regency and Bombana Regency were the top FDI and DDI destinations, respectively.

Secondary sectors, specifically the basic metal, metal goods, non-machinery and equipment industry, contributed the most to FDI realization last year, at US$1.1 million. The top sector for DDI realization in the province was the primary sector, with food crops, plantation and livestock contributing Rp1.7 trillion.

Welcoming investors, local
and foreign, is necessary as the COVID-19 pandemic has caused the province’s economic activities to slow down. Labor-intensive investment projects in partnership with local entrepreneurs will create many job opportunities, escalate economic activities and increase buying power.

As such, the provincial administration remains committed to opening wide the investment doors for investors. Among the steps already taken are creating a conducive investment climate, fixing and developing supporting infrastructures, such as roads and harbors. It will also develop Halu Oleo Airport to enhance its status as an international airport.

The provincial administration also focuses on adding investment projects in the mining sector. It proposes several new economic zones as national strategic regions which will support its investment goals. One of the regions is Routa in Konawe Regency, which is implementing an integrated industrial area concept. Routa has abundant potential in mining (nickel, lime, onyx), and energy (hydroelectric and geothermal power plants).

The tourism industry is another sector which will ultimately make a profitable investment destination. The development of integrated tourism has been ongoing, as shown in the Toronipa beach area, Konawe Regency. Upon completion, the beach will connect to other tourism attractions across Southeast Sulawesi.

The COVID-19 pandemic has brought together the provincial administration, academicians, central government, and tourism business players. The goal is to create a sustainable tourism industry that complies with health protocols, thereby yielding a safe and beneficial field for all stakeholders, especially society.
President Jokowi Inaugurates Bahlil Lahadalia as Minister of Investment.

**PRESIDENT JOKO WIDODO** appointed Bahlil Lahadalia as Minister of Investment/Chairman of Investment Coordinating Board (BKPM), with the inauguration on Wednesday, April 28, 2021, at the State Palace, Central Jakarta. It also marked the change of BKPM’s nomenclature to Ministry of Investment/Investment Coordinating Board based on Presidential Decree 72/P/2021 on the Establishment and Amendment to Ministries and the Appointment of several Government Ministers for the term of 2019-2024.

The Ministry of Investment will serve as a key point to connect and synergize domestic and foreign investments at the regional and central levels behind one door. President Jokowi, through the Omnibus Job Creation Law, has instructed greater facilitation of investment licensing. Bahlil said this was because holding back investor permits to invest is the same as holding back national economic growth.

In his first 100 working days as Minister of Investment, Bahlil focused on developing the Online Single Submission (OSS) system, launched in July. “The president specifically requested to pursue this year’s investment realization of Rp900 trillion,” said Bahlil in a virtual press conference following the inauguration.

“Formerly, BKPM only executed regulations - BKPM executed ministerial regulations, as well as the law and government regulations. But now, as the Ministry of Investment, we can be a focal point to connect, collaborate, and stitch together various sectors
“We know that 60 percent of our national economic growth comes from the consumption sector and 30 percent from the investment sector. And the (investment) sector plays an important role because we have to prepare 16 million jobs for the people.”

“We know that 60 percent of our national economic growth comes from the consumption sector and 30 percent from the investment sector. And the (investment) sector plays an important role because we have to prepare 16 million jobs for the people,” Bahlil said. For this reason, the Ministry will increase quality investment, both foreign and domestic investments, and undertake efforts for equitable investment growth in Indonesia.

“We also have to spread investment growth equally between Java and outside Java Island. That is because the President always views Indonesia as one vast country, not one island only,” he said.

Another task that awaits the Ministry is to synergize big enterprises with micro, small, and medium-sized enterprises at the regional and central levels to propel the economy. ■
INVESTMENT TARGET FULFILLED DESPITE THE COVID-19 PANDEMIC

FOREIGN DIRECT INVESTMENT MAINTAINS ITS POSITIVE TREND FOR INVESTING IN INDONESIA.

Investment Realization 2020

**51.7%**

Investment realization in the last quarter of 2020 reached Rp214.7 trillion. Foreign Direct Investment (FDI) contributed Rp111.1 trillion (51.7%) whereas Domestic Direct Investment Rp103.6 trillion (48.3%).

**52.8%**

Investment outside Java continued contributing a higher percentage as in Java. The former attained Rp113.4 trillion (52.8%), while the latter recorded Rp101.3 trillion (47.2%).

Exceeding the target

The 2020 investment realization was Rp826.3 trillion, 101.1% or surpassing the targeted Rp817.2 trillion.

Investment Realization Quarter I 2021

**Strong Investment Realization as 2021 Begins**

For the first time, Switzerland became one of the top five foreign investors.

**Rp219.7 trillion**

Between January and March, the investment realization reached Rp219.7 trillion, up 4.3% compared to Q1 2020.

**25.5%**

The realization contributed 25.5% to the targeted investment realization, amounting to Rp858.5 trillion.
INDONESIA, Best Spot to Invest

Indonesia is one of the world’s fastest-growing consumer markets with abundant natural resources. There are a young and large population of approximately 250 million people and a labor force of 133 million. It is also the world’s third-largest democracy and the world’s largest archipelagic state. Although the COVID-19 crisis significantly affected the economy in 2020, over the last decade, average growth has been steady at around five percent, and GDP reached over US$1.1 trillion in 2019.

It is the world’s fourth-most-populous country, with a median age of 30.2 years. Private consumption growth has been robust over the past few years, contributing around half of total GDP growth. Indonesia has an expanding middle-class aspiring to a modern, international standard of living. Consumers in Indonesia are expected to spend an additional US$1 trillion a year by 2030.

There is a growing demand for consumer goods, targeted education and training, and innovative knowledge-based services and technology. The increase in internet access and the rapid uptake in smartphone usage in Indonesia enable the government, businesses, and consumers to take advantage of new digital services.

Economic Indicators

Indonesia’s major economic indicators provide an overview of the country’s recent economic developments.

Source: Ministry of Investment/ BKPM, Ministry of Trade, International Monetary Fund (IMF), Statistics Indonesia