

INVEST IN INDONESIA



ADITIA PRASTA

Director
Indonesia Investment Promotion Centre London

Athens, February 2019

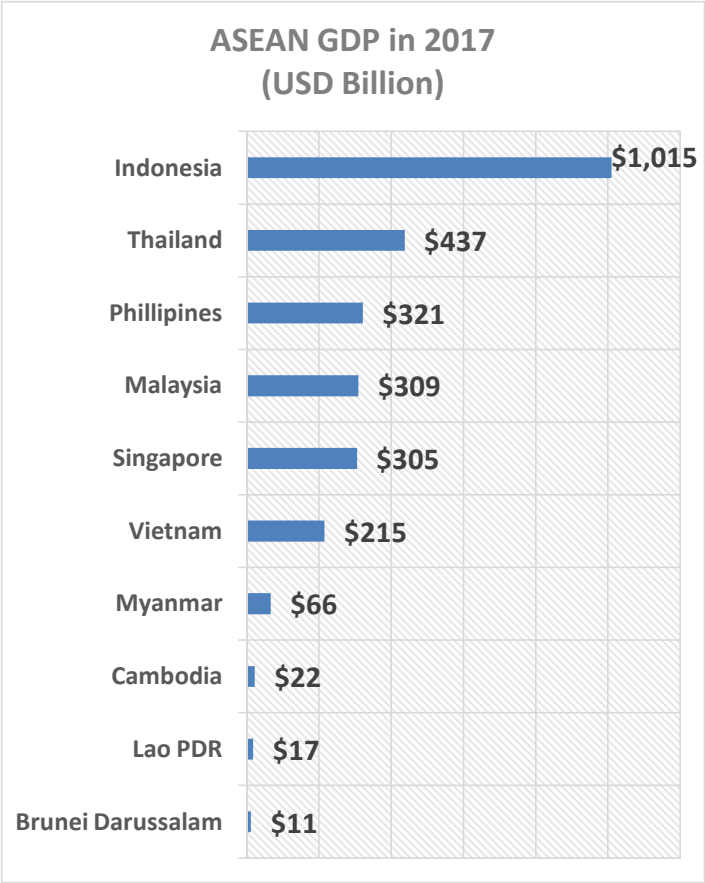
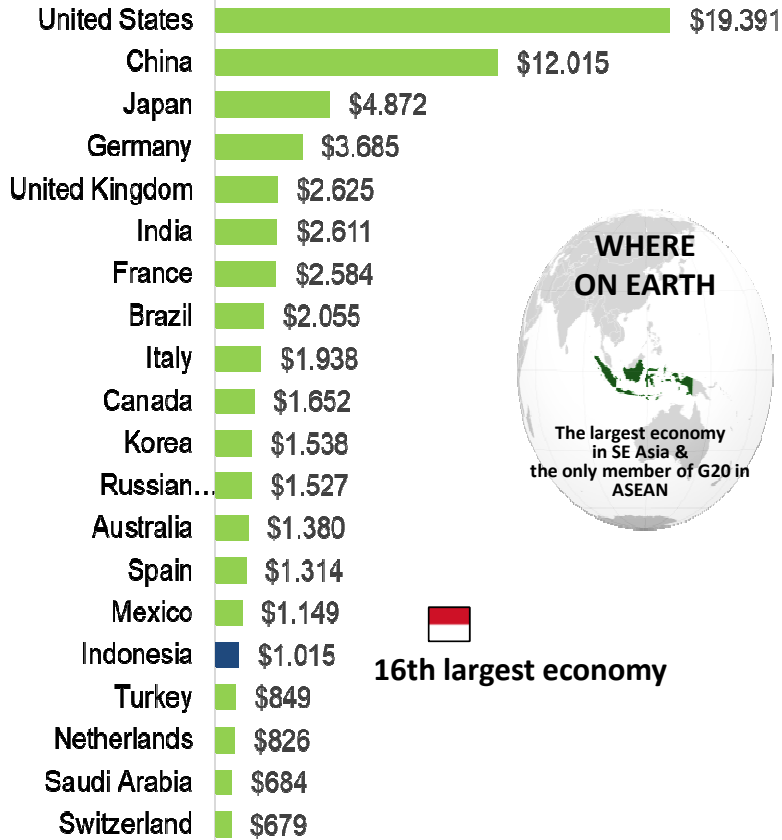


Why Indonesia?

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INDONESIA AS THE LARGEST ECONOMY IN ASEAN

Top-20 GDP Current Prices in 2017 (USD billion)



Source: International Monetary Fund (IMF), 2018



Source: World Bank - Doing Business Report

Regional EODB

Economies	2017	2018	2019
Malaysia	23	24	15
Thailand	46	26	27
China	78	78	46
Vietnam	82	68	69
Indonesia	91	72	73
India	130	100	77
Philippines	99	113	124
Cambodia	131	135	138
Laos	139	141	154
Myanmar	170	171	171

Credit Ratings 2018

MOODY'S

Baa2/Stable

S&P Global

BBB- / Stable

JCR

BBB/Stable

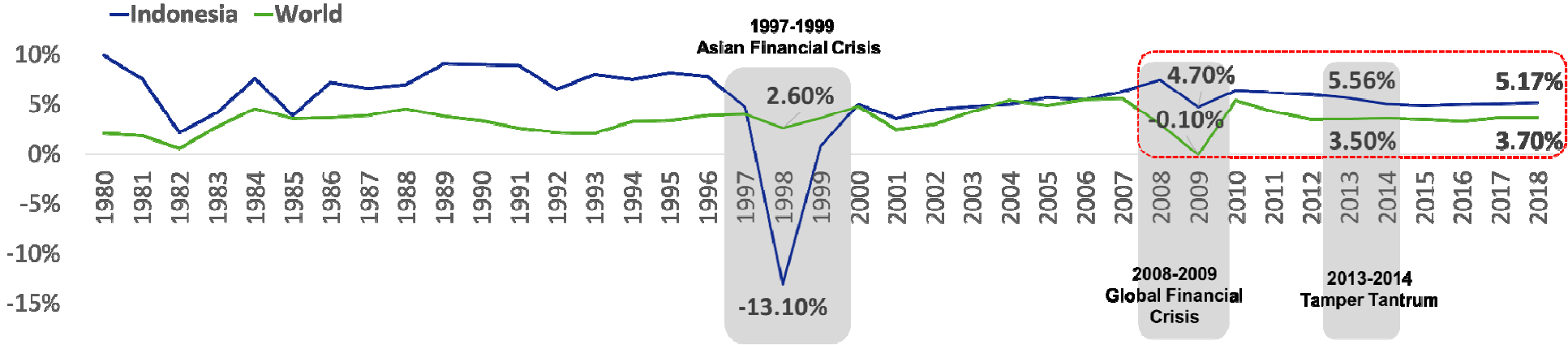
FitchRatings

BBB- / Positive

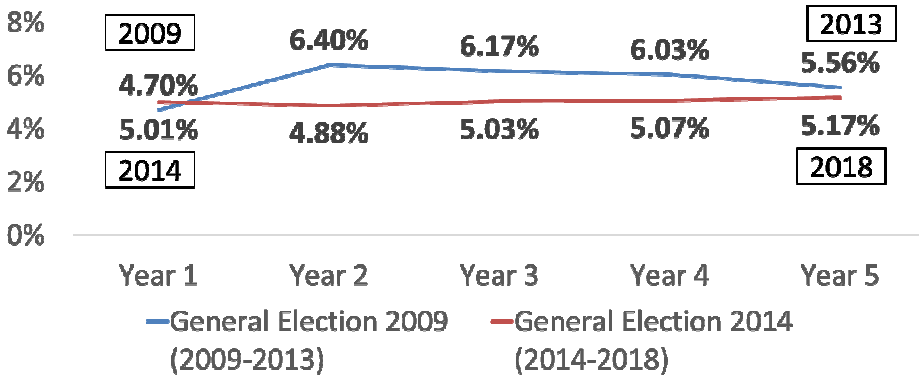
R&I

BBB- / Positive

INDONESIA HAS BEEN SHOWING ITS STABILITY & RESILIENCE



General Election Effect on GDP Growth in Indonesia



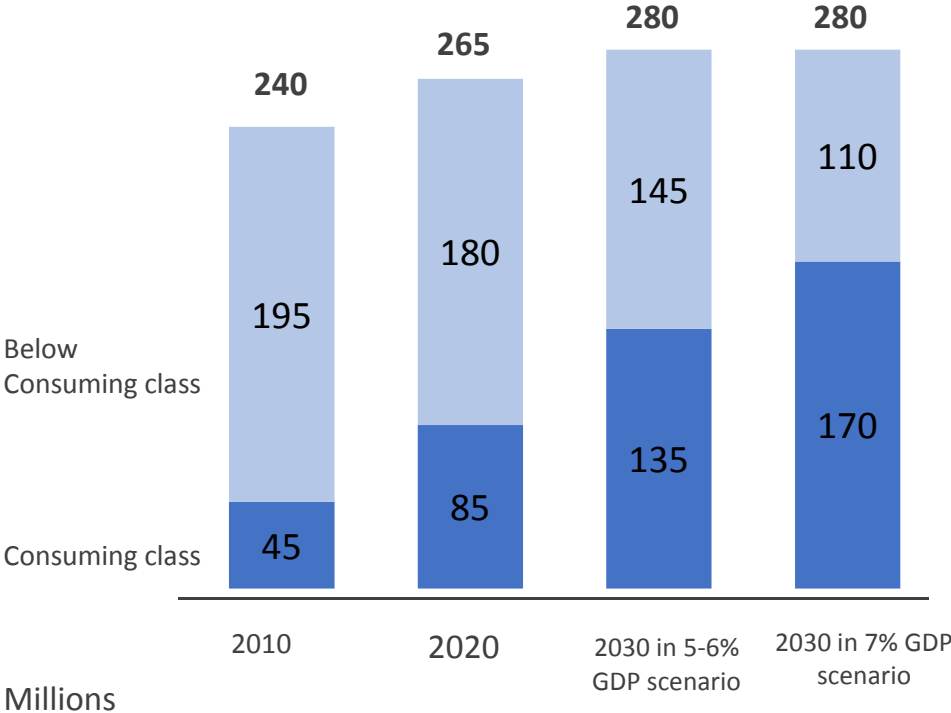
- Indonesia is the World's **THIRD** largest democracy
- General elections in Indonesia have shown **no** negative impact on Indonesia's economic growth
- The effect after general election in 2009 showed an increase trend in GDP growth, while in general election in 2014, displayed stable movement in GDP growth

Source: Indonesia Central Bureau of Statistics & IMF, 2019

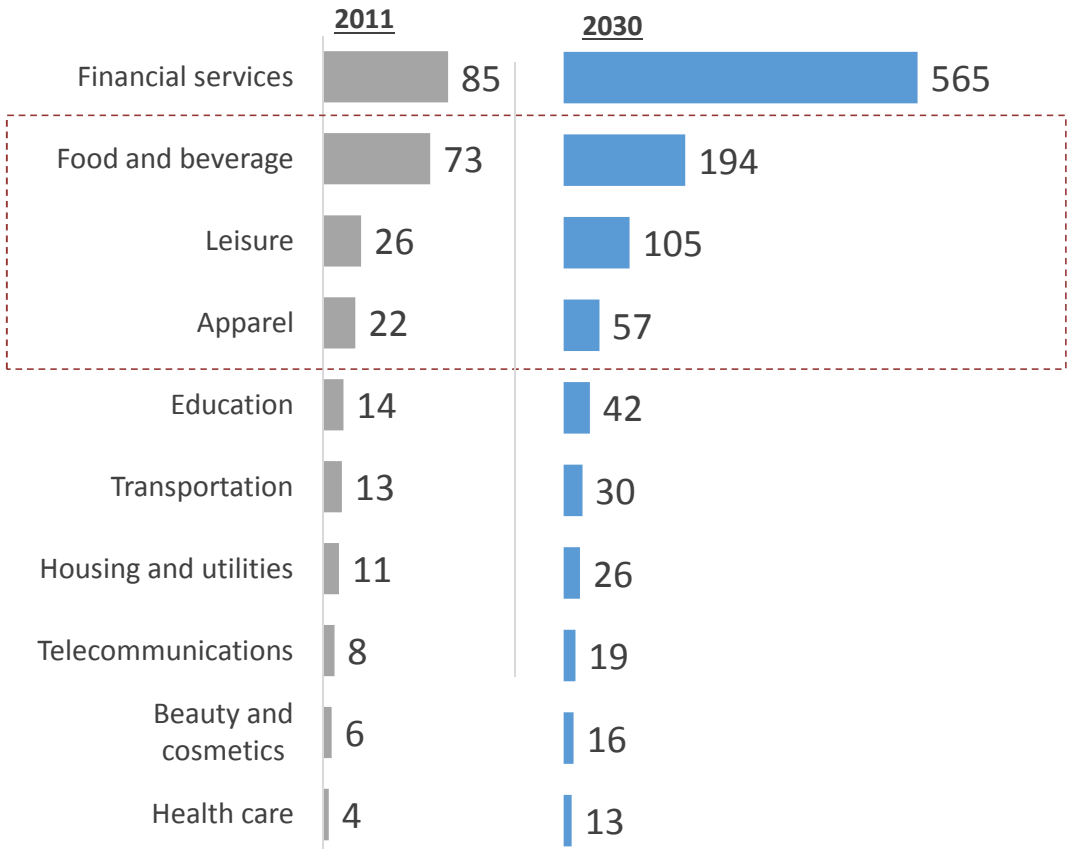
RISING INDONESIAN MIDDLE CLASS



Mckinsey research shows Indonesian consuming class will grow almost double in 10 years since 2010



INDONESIAN MIDDLE CLASS SPENDING (US\$ BILLION)



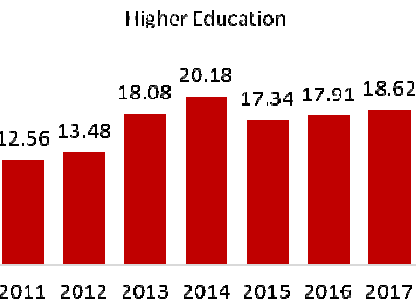
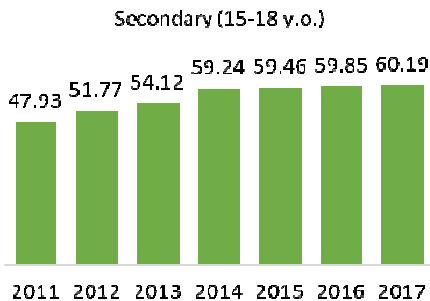
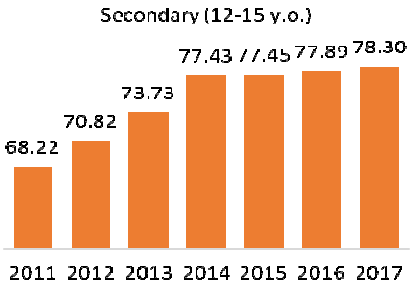
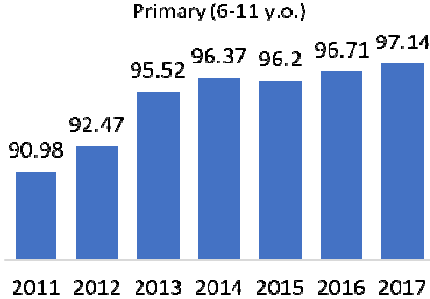
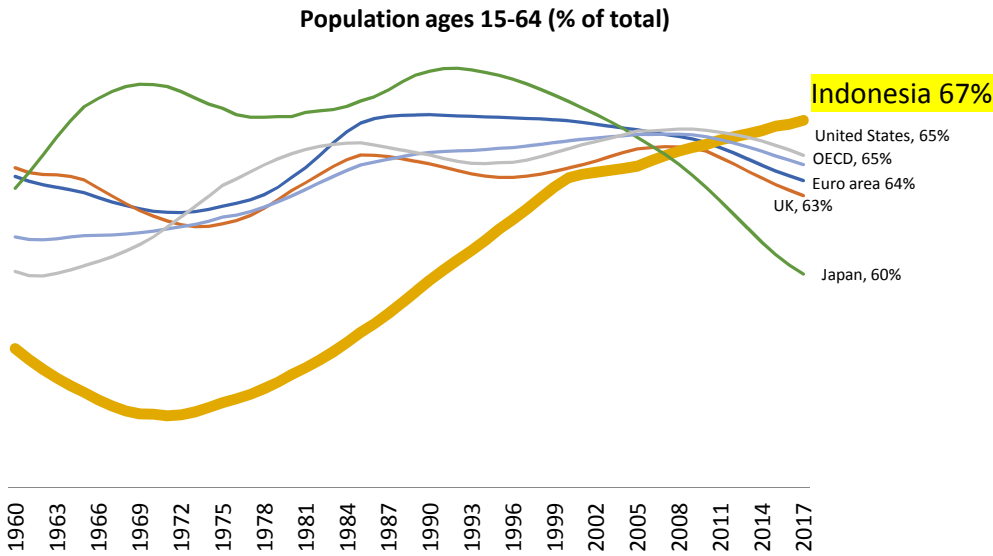
Source: Canback Global Income Distribution Database; Indonesia's Central Bureau of Statistics, Mckinsey Consumer and Shopper Insight Indonesia Study, 2011, Mckinsey Global Growth Model; Mckinsey Global Institute analysis

COMPETITIVE LABOUR MARKET



The Youngest Population compared to other OECD Members

Education Participation Rate (% of total)



Source: OECD, 2018

INDONESIA MINIMUM WAGE PER PROVINCES IN 2019

Minimum wage below
€200/month in almost all
provinces

€ 1 = IDR 15,950 (per February 2019)

Sumatra Island	
Aceh	€ 184 (Rp 2,935,985)
North Sumatera	€ 144 (Rp 2,303,402)
West Sumatera	€ 144 (Rp 2,289,228)
Riau	€ 167 (Rp 2,662,025)
Jambi	€ 152 (Rp 2,423,888)
South Sumatera	€ 176 (Rp 2,805,751)
Bengkulu	€ 128 (Rp 2,040,406)
Lampung	€ 141 (Rp 2,241,269)
Bangka Belitung	€ 187 (Rp 2,976,705)
Riau Islands	€ 167 (Rp 2,662,025)

Kalimantan Island	
West Kalimantan	€ 139 (Rp 2,211,266)
Central Kalimantan	€ 164 (Rp 2,615,735)
South Kalimantan	€ 166 (Rp 2,651,781)
East Kalimantan	€ 172 (Rp 2,747,560)
North Kalimantan	€ 173 (Rp 2,765,463)

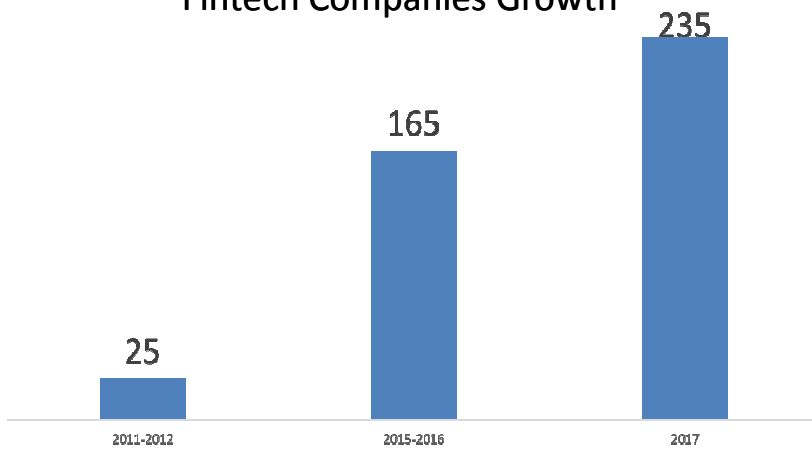
Java, Bali, and Nusa Tenggara Islands	
D.K.I. Jakarta	€ 247 (Rp 3,940,972)
West Java	€ 105 (Rp 1,668,372)
Central Java	€ 101 (Rp 1,605,396)
D.I. Yogyakarta	€ 98 (Rp 1,570,922)
East Java	€ 102 (Rp 1,630,058)
Banten	€ 142 (Rp 2,267,965)
Bali	€ 144 (Rp 2,297,967)
West Nusa Tenggara	€ 124 (Rp 1,971,547)
East Nusa Tenggara	€ 112 (Rp 1,793,298)

Sulawesi, Maluku, and Papua Island	
North Sulawesi	€ 191 (Rp 3,051,076)
Central Sulawesi	€ 133 (Rp 2,123,040)
South Sulawesi	€ 179 (Rp 2,860,382)
South East Sulawesi	€ 147 (Rp 2,351,869)
Gorontalo	€ 149 (Rp 2,384,020)
West Sulawesi	€ 149 (Rp 2,369,670)
Maluku	€ 151 (Rp 2,400,664)
West Papua	€ 181 (Rp 2,881,160)
Papua	€ 196 (Rp 3,128,170)

Source: Ministry of Workforce, 2019

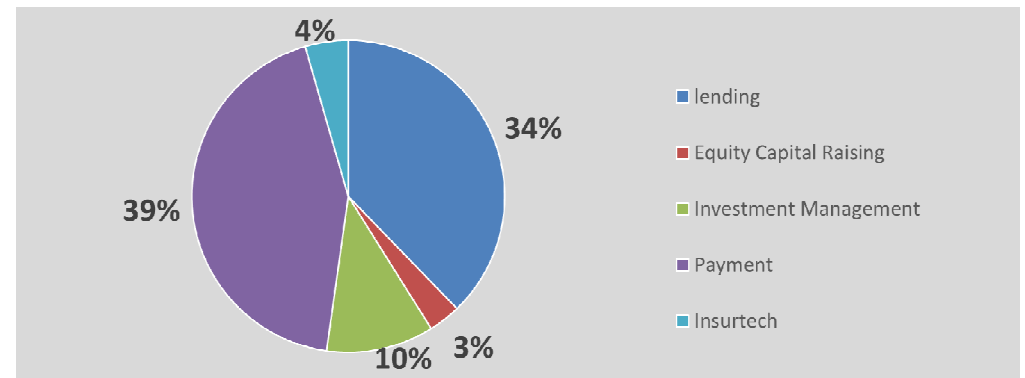
FINANCIAL TECHNOLOGY IS GROWING IN INDONESIA

Fintech Companies Growth



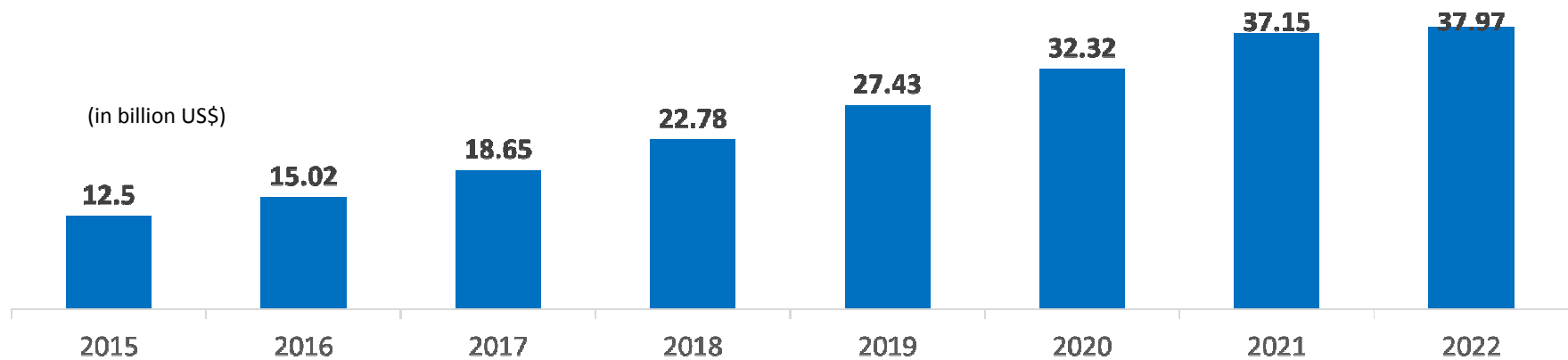
Source: Indonesian Fintech Association, 2017

Fintech Companies Business (2017)



Source: Indonesian Fintech Association, 2017

Fintech Transaction Volume





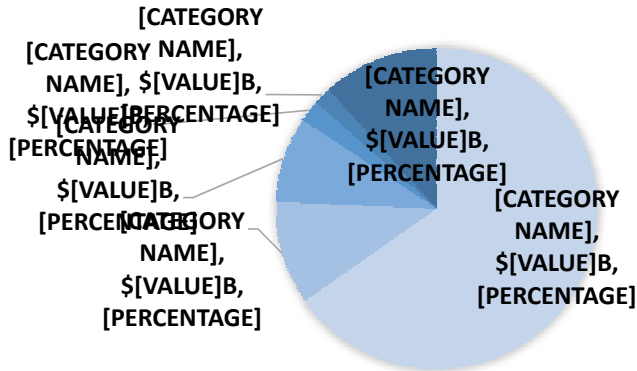
Investment Performance

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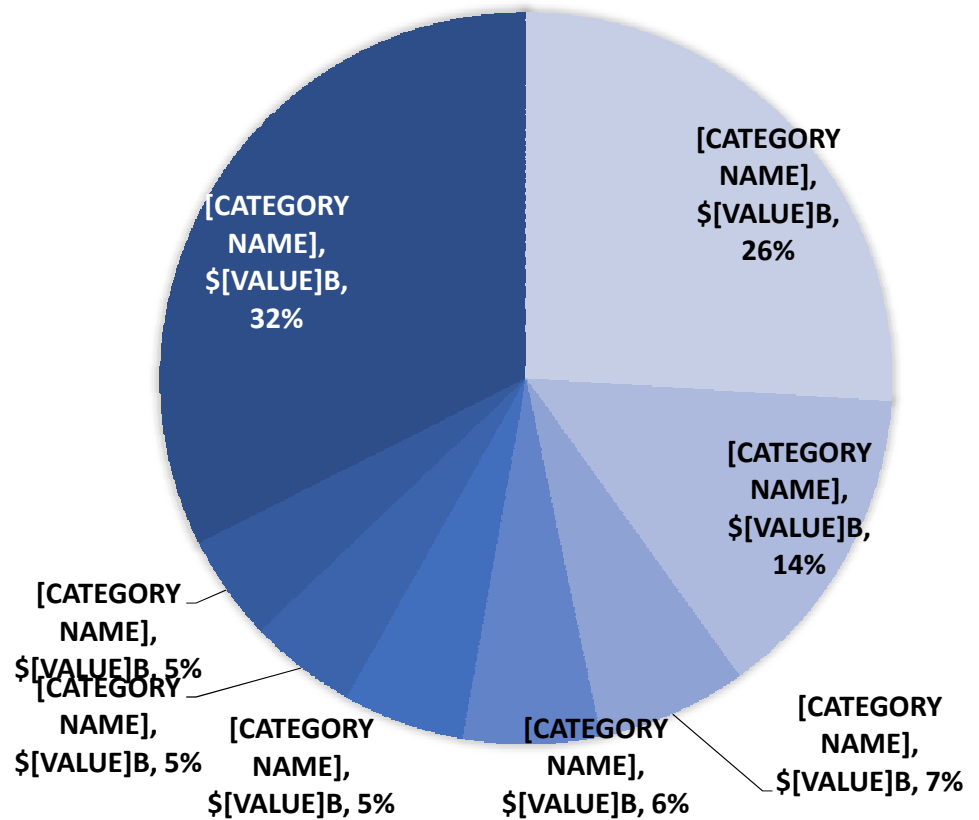
FDI REALIZATION TO INDONESIA FROM AROUND THE WORLD, 2014-2018



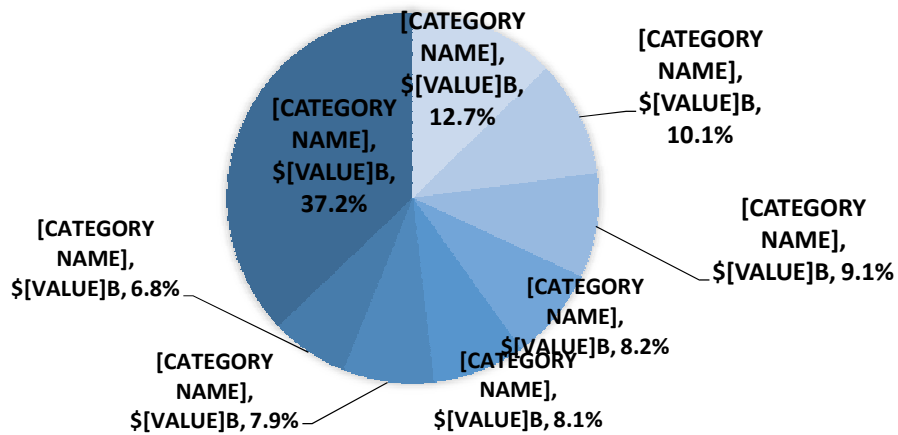
Based on Region



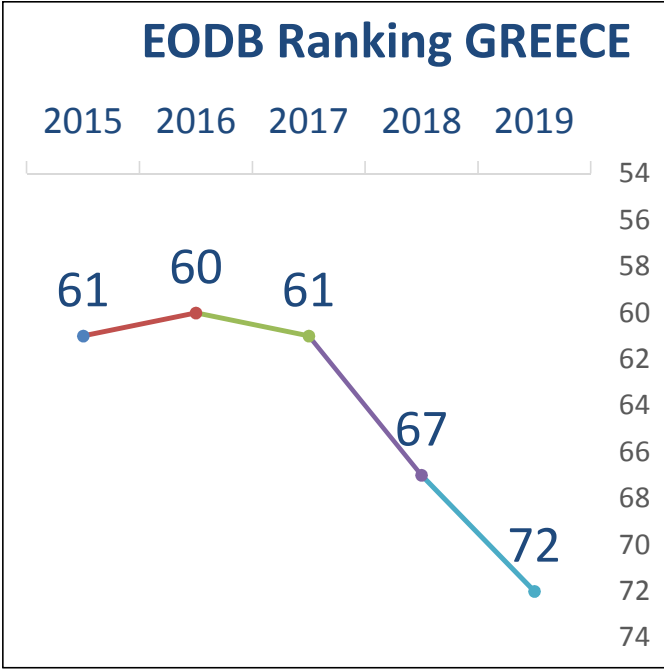
Based on Country of Origin



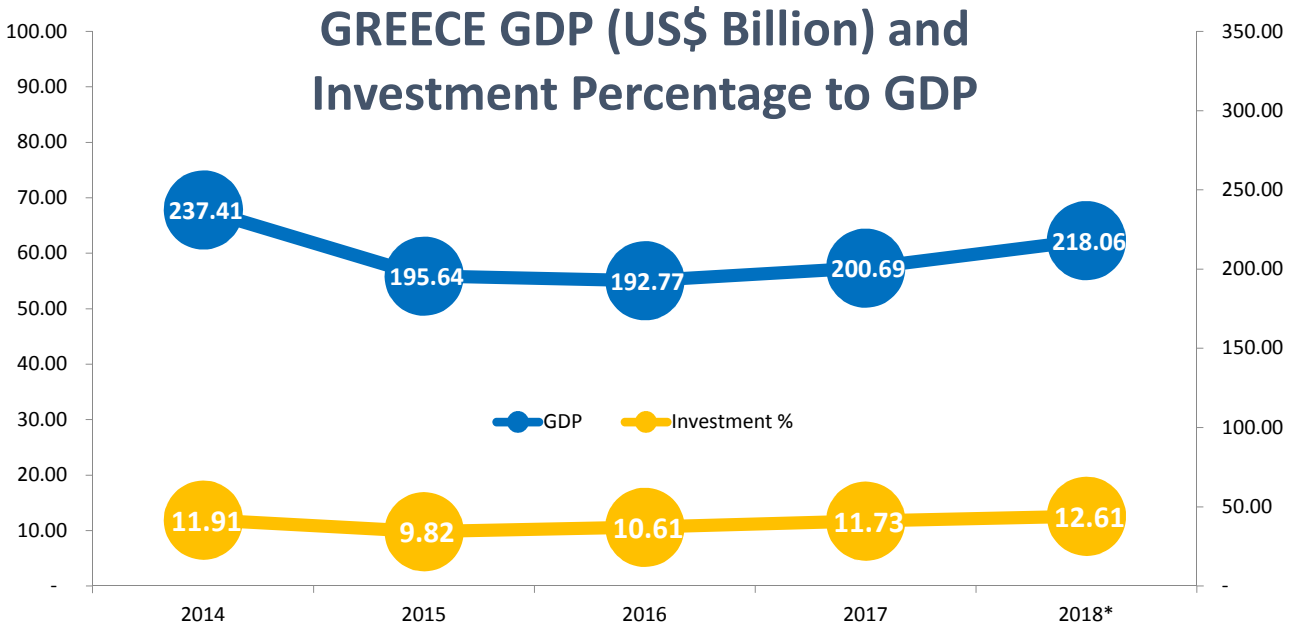
Based on Sectors



GREECE: INVESTMENT 2019



Source: World Bank - Doing Business Report



Source: IMF, 2018
*2018: Projection

Credit Ratings (2018)

 B3/positive	 B+ / positive	 BB- / Stable	 CCC+ / Positive
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EUROPEAN FDI TO INDONESIA 2014 – 2018

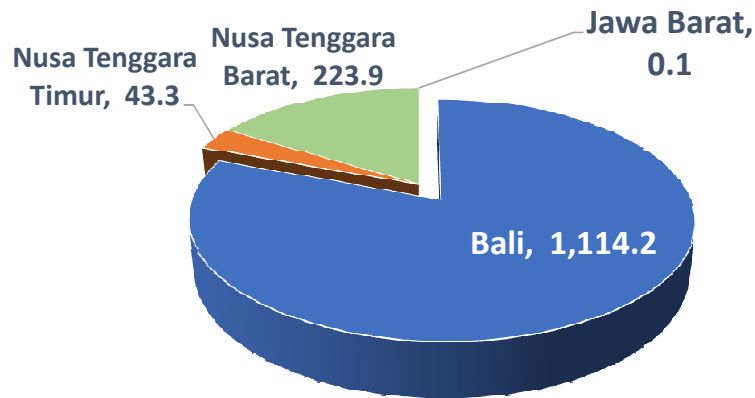


No	Country	2014		2015		2016		2017		2018		GRAND TOTAL	
		Project	Investment (US\$. Thousand)	Project	Investment (US\$. Thousand)	Project	Investment (US\$. Thousand)	Project	Investment (US\$. Thousand)	Project	Investment (US\$. Thousand)	Total Project	Investment Total (US\$. Thousand)
1	Netherlands	181	1,726,338	421	1,307,783	554	1,475,187	871	1,489,424	840	943,124	2,867	6,941,855
2	United Kingdom	182	1,587,955	267	503,219	360	307,264	585	774,784	483	271,133	1,877	3,444,356
3	Switzerland	56	150,831	103	61,845	152	346,703	227	615,458	225	243,283	763	1,418,120
4	Germany	115	50,161	169	57,268	238	133,159	367	288,980	361	280,418	1,250	809,986
5	France	115	200,230	197	131,571	301	109,017	460	249,570	408	49,631	1,481	740,019
6	Luxembourg	23	85,783	37	66,649	88	181,905	91	79,380	134	134,261	373	547,977
7	Belgium	21	13,614	72	7,445	80	169,703	136	130,532	140	216,373	449	537,666
8	Italy	51	63,024	118	104,123	110	26,719	181	64,859	187	32,088	647	290,812
9	Spain	25	15,694	65	56,587	70	50,089	106	7,801	102	10,521	368	140,692
10	Malta					2	119,736	2	7,549	5	4,598	9	131,883
11	Austria	13	1,589	16	275	29	7,444	44	3,162	47	71,407	149	83,876
12	Turkey	25	64,118	25	3,885	41	2,690	70	1,551	51	4,656	212	76,899
13	Poland	5	4,350	12	18,622	20	1,605	22	19,726	9	200	68	44,503
14	Sweden	12	1,730	18	310	40	4,469	61	17,897	94	16,830	225	41,236
15	Norway	3	106	13	1,827	25	15,656	33	5,584	24	17,202	98	40,376
16	Denmark	15	1,438	15	2,023	22	760	56	17,959	56	1,816	164	23,996
17	Cyprus	2	7,572	4	0	5	1,340	12	6,601	15	5,574	38	21,087
18	Channel Islands	1	190	3	80	10	4,674	13	14,814	7	75	34	19,833
19	Russia	25	3,569	17	1,008	17	5,494	49	7,406	45	2,178	153	19,655
20	Finland	7	3,598	2	0	11	12,252	17	200	20	3,528	57	19,578
21	Ireland			4	50	11	1,996	17	3,640	16	602	48	6,288
22	Guernsey					1	0	5	4,099	1	765	7	4,864
23	Czech	4	200	5	766	6	1,255	8	1,554	7	969	30	4,743
24	Portugal	1	400	4	504	7	869	3	400	8	1,188	23	3,362
25	Lithuania					1	881	2	334	2	1,810	5	3,025
26	Ukraine			2	0	7	1,022	9	694	10	945	28	2,661
27	Bulgaria	2	0	2	870	3	0	8	1,213	7	521	22	2,604
28	Hungary	3	540	1	0	6	80	5	50	7	1,900	22	2,571
29	Romania					2	429	7	293	4	1,578	13	2,300
30	Greece					4	43	5	610	6	728	15	1,381
31	Croatia			1	0			1	0	3	783	5	783
32	Slovakia	1	0	1	0	4	301	4	450	3	20	13	771
33	Yugoslavia					2	600			2	0	4	600
34	Slovakia	2	0	3	0	2	277	3	139	3	179	13	594
35	Latvia					2	77	2	59	1	141	5	276
36	Scotland	3	5	2	17	4	159	7	80	4	0	20	261
37	Isle of Man			3	92	2	120			2	0	7	212
38	Azerbaijan			1	0			1	180	1	0	3	180
39	Estonia	2	150			1	30	1	0	1	0	5	180
40	Iceland	1	0					2	0	1	2	4	2
41	Serbia							2	0	1	0	3	0
42	Liechtenstein					1	0	4	0	3	0	8	0
43	Gibraltar	1	0	1	0	1	0					3	0

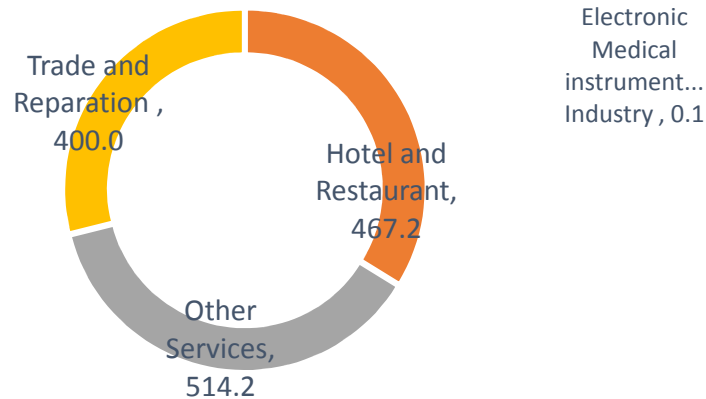
Source: BKPM, 2019

GREECE FDI TO INDONESIA 2014-2018

By Location (US\$. Thousand)



By Sector (US\$. Thousand)

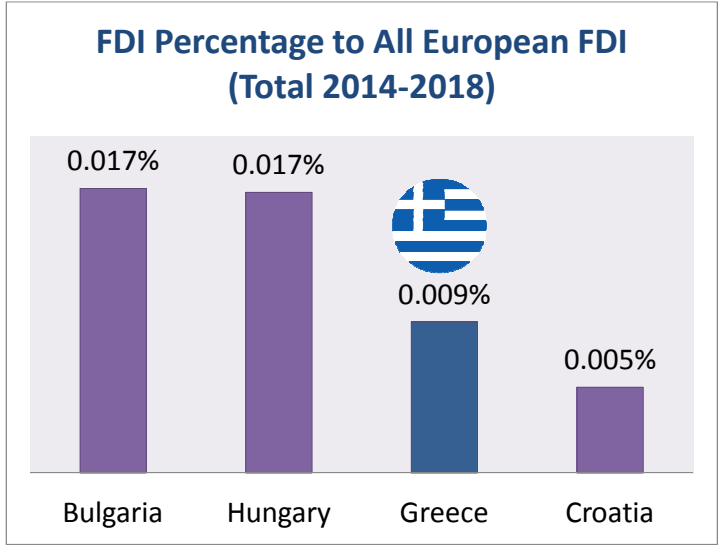
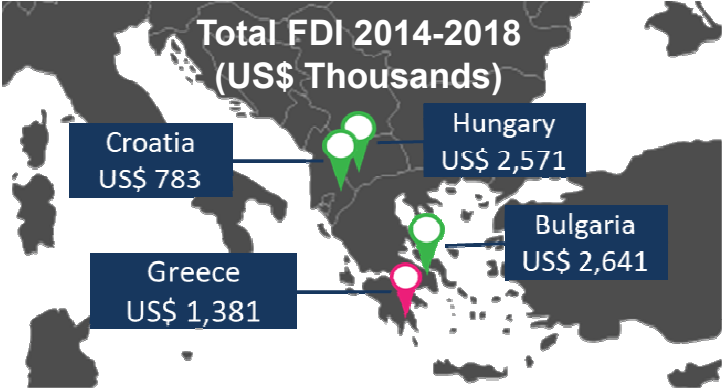
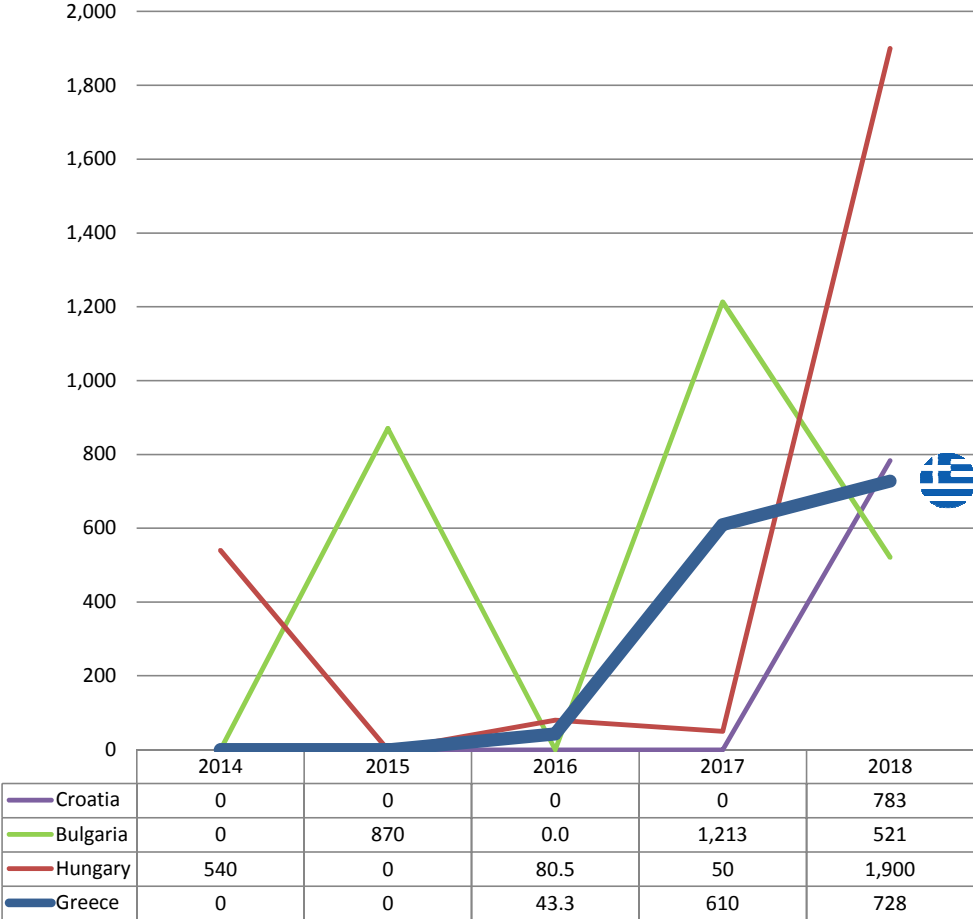


GREECE Companies in Indonesia (2014-2018)

1. Flores Blue Waters
2. Melium Nusantara
3. Indonesia Surfari
4. Menikmati Distribusi
5. Sandorini Greek Cuisine
6. Pick Creative Agency
7. Primitive World
8. Nautilus Subscoters

GREECE AND NEIGHBOURS FDI TO INDONESIA (2014-2018)

FDI 2014-2018 (US\$ Thousands)





Investment Regulations

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INVESTMENT FOREIGN OWNERSHIP REGULATION



More open to investment

- **More** business fields open to 100% FDI.
- **Less** business fields open with condition, reduced from 664 to 515.
- **More** business fields open to foreign majority share ownership (>50% FDI).
- **Less** business fields reserved for domestic investment, reduced from 66 to 51.

Simpler investment procedure

- **No more technical approval** from other ministries or institutions.
- **No more condition** related to regional government.
- **Special Economic Zones (SEZs) are excluded** from the negative list, except for business fields allocated for SMEs.

100% FDI
Distributor affiliated with production
 From 67% previously

100% FDI
Raw material for pharmacy
 From 85% previously

100% FDI
E-Commerce in partnership with SMEs
 From previously closed to FDI

100% FDI
Marketplace
 For min. investment of IDR 100 billion (USD 8 million).
 Open for 49% FDI for investment < IDR 100 million

100% FDI
Film industry
Production, post- production, distribution, projection

67% FDI
Transport infrastructure & support services
Including cargo handling, air transport, renting & leasing

100% FDI
Tourism
Sports centre, restaurant, bar, café

Source: Perpres No. 4 of 2016

TAX ALLOWANCE

Government Regulation No.9/2016

Agriculture

- Cattle breeding & farming
- Corn plantation
- Soya plantation
- Rice farming
- Tropical fruits

Power Generation

- Geothermal
- Alternative/renewable energy

Oil & gas industry

- Oil refinery
- Liquefied Natural & Petroleum Gas
- Lubricant

30% of investment value
Reduction of corporate net income tax for 6 years, 5% each year.

Including:

- Accelerated Depreciation & Amortization
- Lower Tariff for Dividend Tax (10%)
- Longer period of Fiscal Loss Compensation (5-10 years)

145 business fields
Eligible for tax allowance, expanded from 143 segments in the previous regulation

Under **certain requirements** among others: investment value or export orientation, manpower absorption, local content, and project location (especially outside Java island).

Manufacturing Industry

- Iron & steel
- Clothing
- Semi conductors
- Electronic components
- Computer
- Communication devices
- Television
- Tires
- Pharmaceutical
- Cosmetics
- Fish & shrimp processing
- Etc.

Real Estate for Tourism

- Tourism area

Source: PP No. 9/2016

TAX HOLIDAY



Requirements:

1. **An Indonesian legal entity** with a new investment in a pioneer industry, with a minimum capital investment of IDR100 billion (approximately €6.5 million).
2. **First time applying** for Tax Holiday.
3. **Pioneer Industries** – can prove that the industry will have extensive linkages, add value and high externality, introduce new technologies, and has strategic value to the national economy.
4. **Compliance to** the Indonesian capitalization rules that is max 4:1 on debt-to-equity ratio, according to Ministry of Finance Regulation

New Capital Investment (IDR)	Euro (Approx)	Tax Holiday Rate	Tax Holiday Period
Min 30 Trillion	1.9 billion	100%	20 years
15 Trillion - 30 Trillion	900million-1.9 billion	100%	15 years
5 Trillion - 15 Trillion	300-900 million	100%	10 years
1 trillion - 5 trillion	65-300 million	100%	7 years
500 billion - 1 trillion	30-65 million	100%	5 years
100 billion - 500 billion	6.5-30 million	50%	5 years

Source: PMK No. 35/PMK.010/2018

17 eligible pioneer industries:

1. Basic metal industries;
2. Oil refinery industries ;
3. Petrochemical industries from oil, gas, or coal;
4. Basic an-organic chemicals
5. Basic an-organic chemicals from agriculture, plantation, or forestry;
6. Basic material industry for pharmaceutical ;
7. Semi-conductor and other computer main component industries;
8. Main component industry for telecommunication;
9. Main component industry for medical devices;
10. Machinery industries;
11. Machinery industries for automotive;
12. Main component industry for robotic;
13. Main component industry for marine transportation;
14. Main component industry for airplane;
15. Main component industry for railway;
16. Electric Power Generation industries;
17. Economic infrastructure.

ONLINE SINGLE SUBMISSION (OSS) SYSTEM



Starting on January 2, 2019

The Online Single Submission (OSS) consultation service was transferred to BKPM

Call Center: 0807 100 2576 and 1500765 (limited to 300 numbers per day)

Operational Hour: 08.00 AM - 04.00 PM

Retrieving the Queue Numbers starts from 07.30 AM - 02.00 PM



Where to invest?

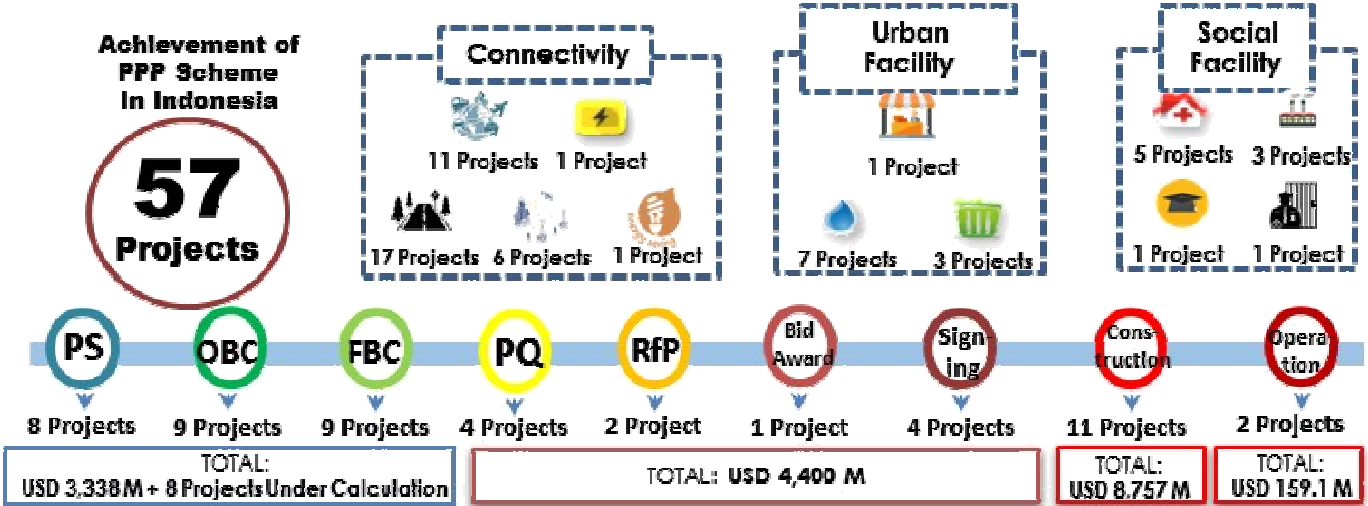
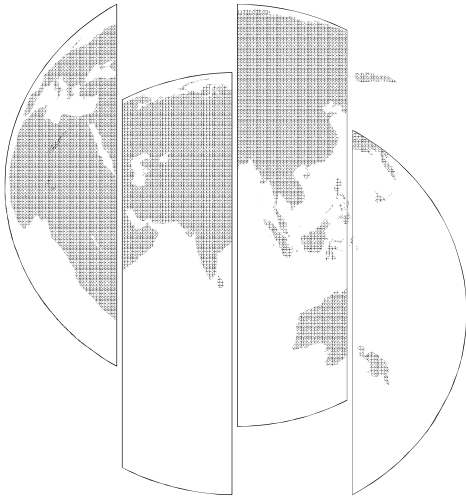
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PPP INFRASTRUCTURE IMPROVEMENT THROUGH 2005-2018



... Change of Mindset toward PPP Scheme...

Since its inception in 2005, first PPP project reach financial close in 2016. Thus the challenge is to revive GCA to deliver project to PPP scheme



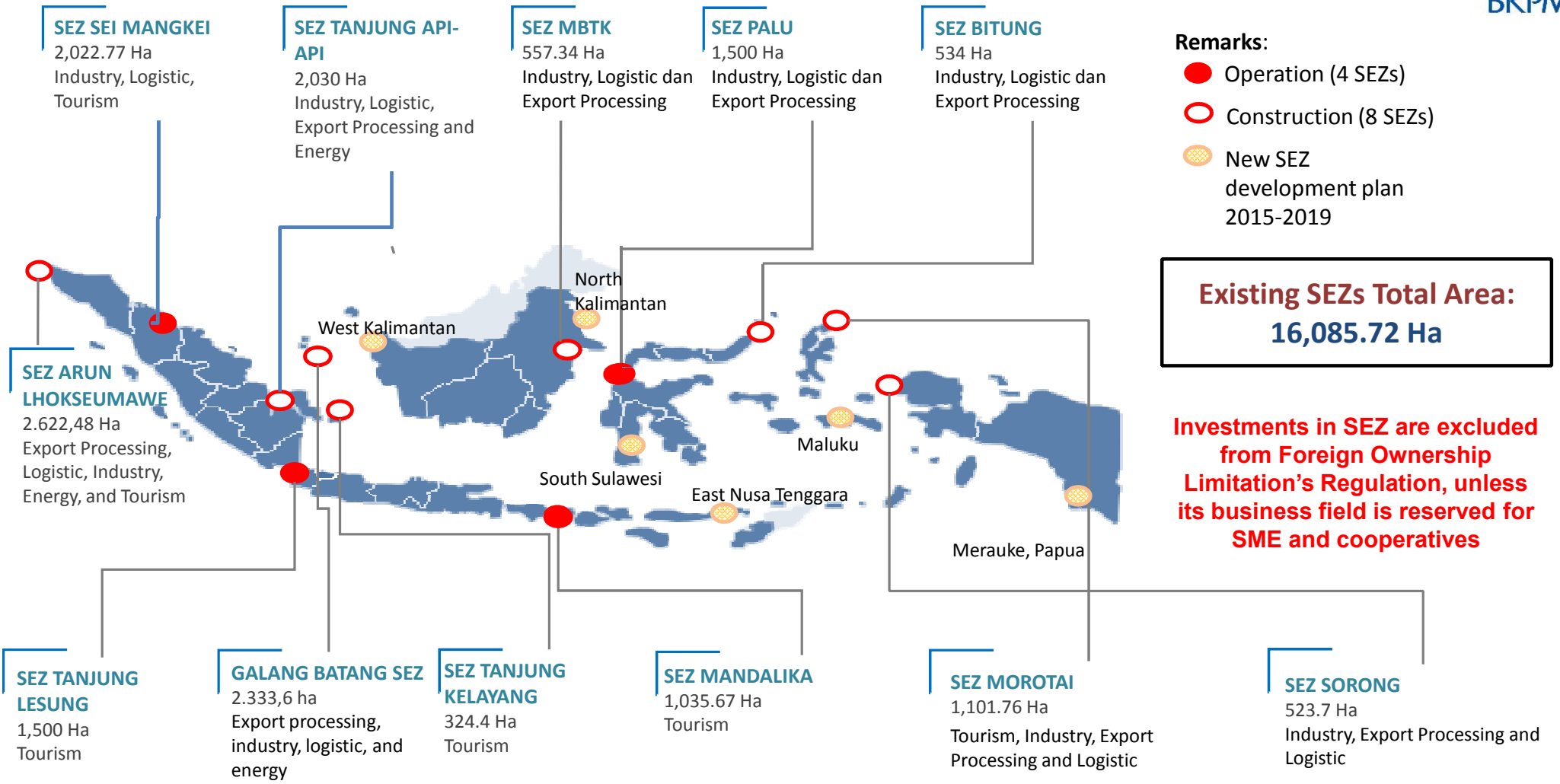
In 2018, there are **2 Operational + 11 under Construction** PPP Projects with total value of **USD 8.9 Billion** (One of those project has an investment value of **USD 4.2 Billion**)

AND ALSO

11 under Transaction + 18 under Preparation (OBC - FBC) PPP Projects (USD 4.4 Billion)

Source: Bappenas, 2019

EXISTING & PROPOSED SEZ IN INDONESIA

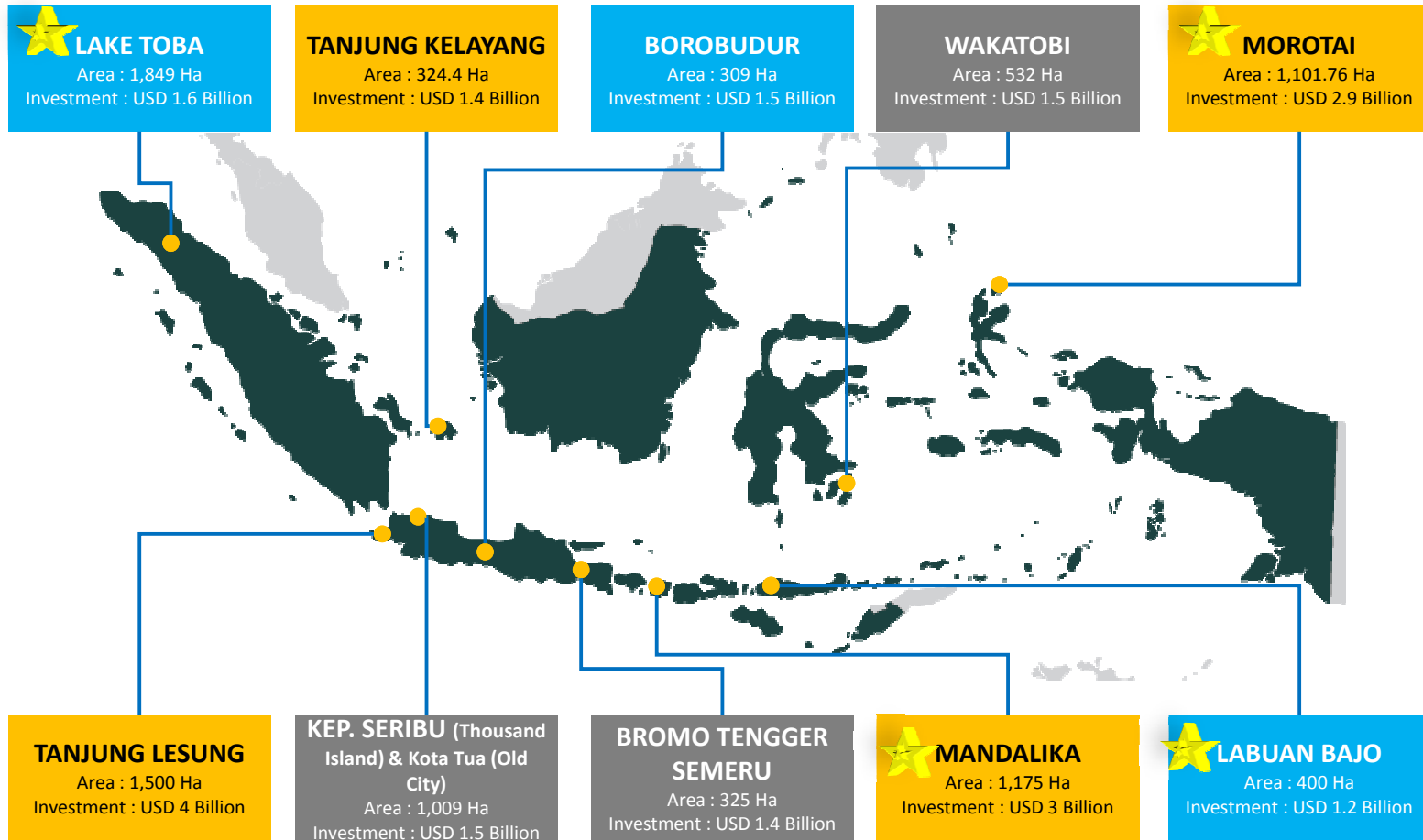


- Remarks:**
- Operation (4 SEZs)
 - Construction (8 SEZs)
 - New SEZ development plan 2015-2019

Existing SEZs Total Area:
16,085.72 Ha

Investments in SEZ are excluded from Foreign Ownership Limitation's Regulation, unless its business field is reserved for SME and cooperatives

TOP-10 TOURISM PRIORITY DESTINATIONS – NEW BALIS



Tourism Special Economic Zone
Tourism Authority
National Strategic Tourism Zone
★ 4 Super Priority

INDONESIA AIMS TO BE THE CENTER OF DIGITAL ECONOMY IN SE ASIA IN 2020



E-Commerce

Potential of Transaction in Indonesia:

2013 **2016** **2020**

US\$ **8**bn US\$ **20**bn US\$ **130**bn

Players



Financial Technology (Fintech)

US\$ **14.5**bn

Transaction in Indonesia 2016
(projection)

US\$ **56.98**

Nominal of transaction per
population 2014

Players



On Demand Services

112.6mn

Internet users
in 2017

92.0mn

Mobile social users
in 2017

Players



Internet of Things (IOT)

Market opportunity in Asia Pacific

2015

2020

US\$ **250**bn







US\$ **583**bn

Players



Source: Ministry of Communication and Informatics RI, Tech in Asia, IDC, Daily Social, Bank Indonesia, Statista, Idea, World Bank

INVESTMENT IN INDONESIAN START-UPS REACHED US\$4.93 BILLION IN 2017


	US\$2 billion	Investment from Softbank & Didi Chuxing
	US\$1.2 billion	Tencent is the largest investor
	US\$1.1 billion	Alibaba is the largest investor
	US\$0.5 billion	JD.com is one of the largest investors
	US\$0.1 billion	Acquired by Grab
	US\$22 million	Indonesian 4th unicorn, after Gojek, Tokopedia and Traveloka

Currently there are 4 start-up unicorns from Indonesia.

It is expected by end of 2019, Indonesia will have 5 start-up unicorn.

- Rudiantara
Indonesia Minister of CIT

Source: Bisnis Indonesia, 2018

 Unicorn Start up from Indonesia

REGIONAL INVESTMENT FORUM (RIF) 2019

High Level Speakers

RIF 2019 programs:

- Seminar
- Digital Start-ups Pitching Session
- Business Clinic
- One-on-One Meeting
- Exhibition
- Investment Lounge

Focus Sectors:

- Tourism
- Industry
- Infrastructure
- Special Economic Zones
- Agro-Industry

Date: **11 MARCH 2019**

Register at: www.rif2019.id



Rudiantara
*Minister of
Communication and
Information Technology*



Arief Yahya
Minister of Tourism



Thomas Lembong
*Chairman of Indonesia
Investment Coordinating
Board*



Perry Warjiyo*
*Governor of Bank
Indonesia*



Anies Baswedan*
Governor of DKI Jakarta



Ridwan Kamil*
Governor of West Java

INDONESIA INFRASTRUCTURE INVESTMENT FORUM 2019

Ministry of Tourism and Creative Economy
Republic of Indonesia

EMBASSY OF THE REPUBLIC OF INDONESIA
LONDON

BKPM
INDONESIA INVESTMENT PROMOTION CENTRE
LONDON

BANK INDONESIA
BANK SENTRAL REPUBLIK INDONESIA

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Indonesia Infrastructure Investment Forum in London

▶ Seminar ▶ One-on-One Meetings ▶ Exhibitions ▶ Project Consultations

▶ **Tuesday, July 2nd 2019**
▶ **08:30 a.m - 04:00 p.m**
▶ **etc. Venues St Paul's**
▶ **200 Aldersgate, London**
▶ **EC1A 4HD**

For any enquiries email to:
iipc.london@investinindonesia.uk

Get insights from our Senior Government Officials and CEOs of Indonesian State-Owned Enterprises

Learn more from UK's experts on what makes infrastructure projects appealing to Global Investors

See the showcase of Indonesia's infrastructure and tourism project profiles

Find out business opportunities in infrastructure and tourism

Supported by:

mandiri BNI OMFIF

ABOUT BKPM

BKPM or Indonesian Investment Coordinating Board:

- Government Agency, which in charge of implementing policy and service coordination in investment in accordance with the provisions of the regulations.
- As the primary interface between business and government, BKPM is mandated to boost domestic and foreign direct investment through creating a conducive investment climate.

BKPM Main Partners:

- All Ministries and Government Institutions of Indonesia.
- All State Owned Enterprises
- All Regional Governments of Indonesia
- Other stakeholders related to Indonesian Investment





Ευχαριστώ

Thank You

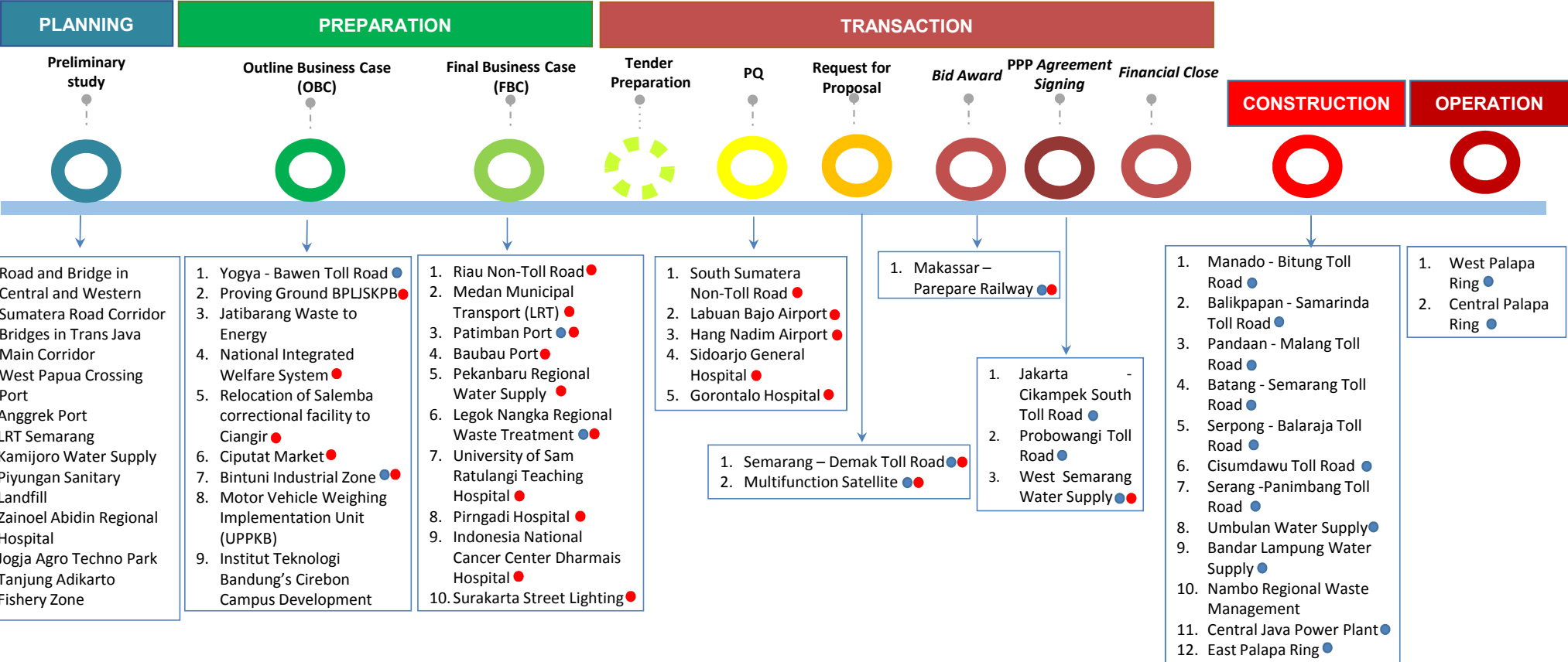


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SOLICITED PPP PROJECT PIPELINE

2 under operation project, 12 under construction projects, and 40 on progress projects



Source: Bappenas, 2019

● Included in PPP Book 2018
● National Strategic Project (PSN)

TOTAL: USD 3,196 M + 10 Projects Under Calculation

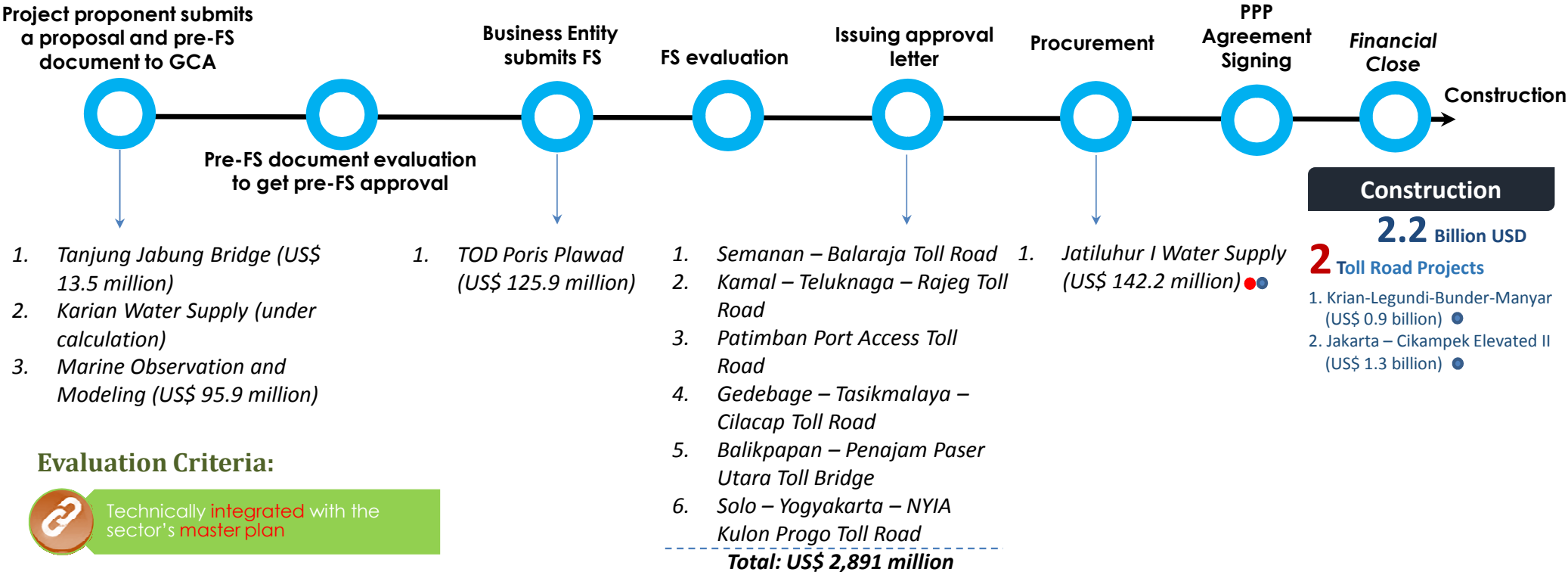
TOTAL: USD 4,727 M

TOTAL: USD 8,802M

TOTAL: USD 159.1M

UNSOLICITED* PPP PROJECT PIPELINE

2 under construction projects and 11 on progress projects



Evaluation Criteria:

- Technically **integrated** with the sector's **master plan**
- Economically and financially viable
- The business entity that proposes the initiative has **adequate financial capability** to finance the project.

● Include in PPP Book 2018
● National Strategic Project (PSN)

*The unsolicited project is when the project is **initiated by the private sector**

Source: Bappenas, 2019