



INDONESIA INVESTMENT  
PROMOTION CENTRE  
SINGAPORE

MINISTRY OF INVESTMENT  
AND DOWNSTREAM INDUSTRY/BKPM



MINISTRY OF INVESTMENT AND DOWNSTREAM INDUSTRY/  
INDONESIA INVESTMENT COORDINATING BOARD

Private & Confidential

*Unlocking Indonesia's F&B  
Downstream Potential:*  
**MARKET TRENDS,  
GROWTH MOMENTUM,  
AND INVESTMENT  
OPPORTUNITIES**

Presented by  
Andria Buchara  
Director of IIPC Singapore  
Ministry of Investment and Downstream Industry/BKPM  
Singapore, 2 July 2025

# INVESTMENT IS A JOURNEY....

IIPC Singapore and our partners support potential investors throughout the entire journey — from market research to business establishment in Indonesia



## IIPC Singapore enables the process:

**A. Business Meeting**

**B. Delegation Visit**

**C. Business Matching**

**D. 1:1 Consultation**

# Today's Focus

**01** Why Invest in Indonesia's F&B Ecosystem?

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**02** Business Regulatory Updates

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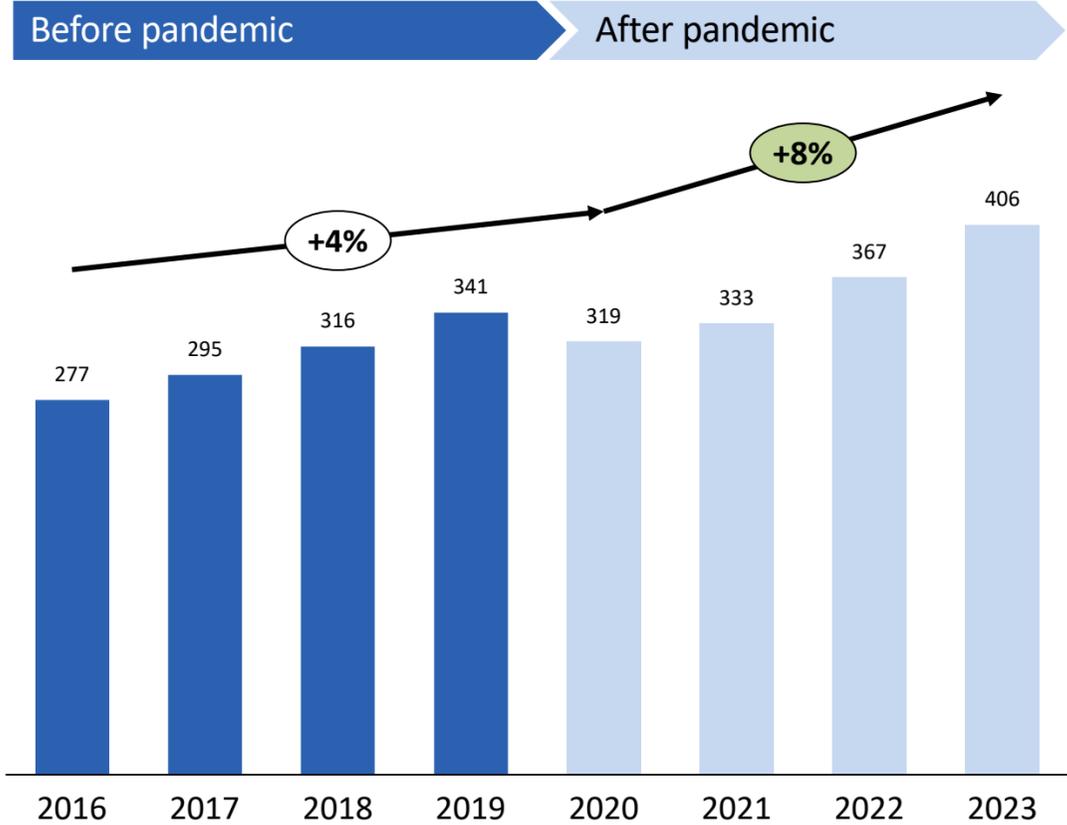
**03** Practical Insights

- Market Entry & Operational Setup
  - Potential & Opportunities
  - Common Challenges & Pitfalls
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# Indonesia's growing working-age population is driving the F&B sector's rising GDP contribution & fueling expansion in modern foodservice formats like cafés and limited-service restaurants

## The F&B sector's contribution to GDP keeps rising...

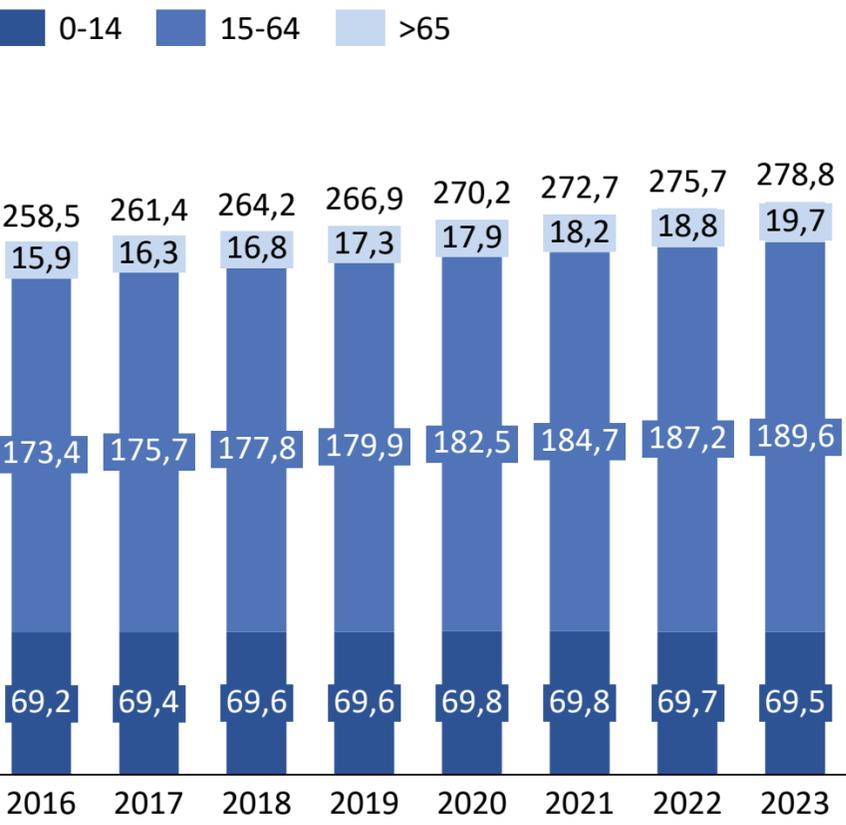
GDP from F&B services activities in Indonesia (in trillion IDR)



- Indonesia's GDP from F&B services showed steady growth before the pandemic (+4% CAGR, 2016–2019) and rebounded even stronger after (+8% CAGR, 2020–2023).
- The sector recovered from the 2020 dip, reaching IDR 406 trillion in 2023, indicating strong post-pandemic momentum.

## ... driven by population growth..

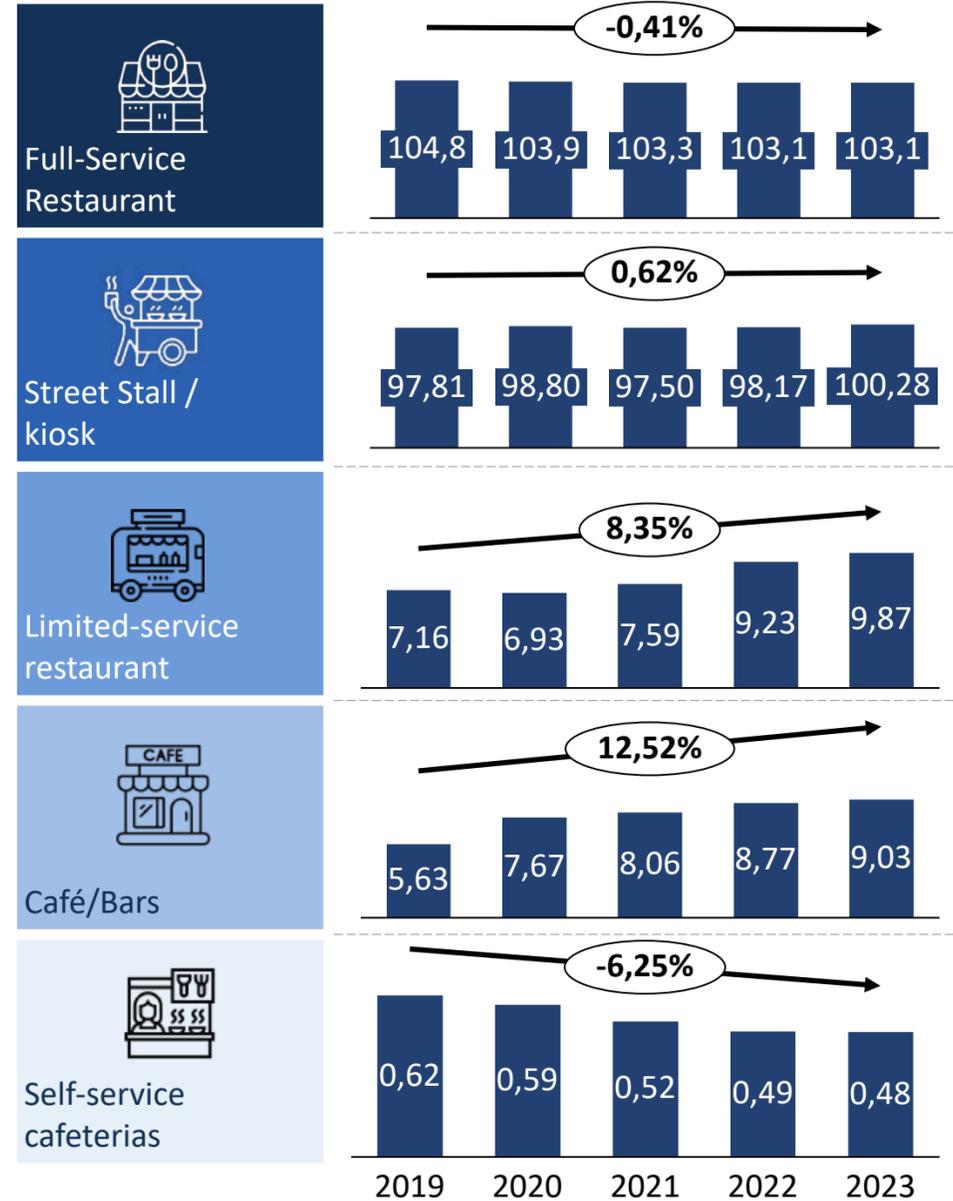
Total population by age structure (in million people)



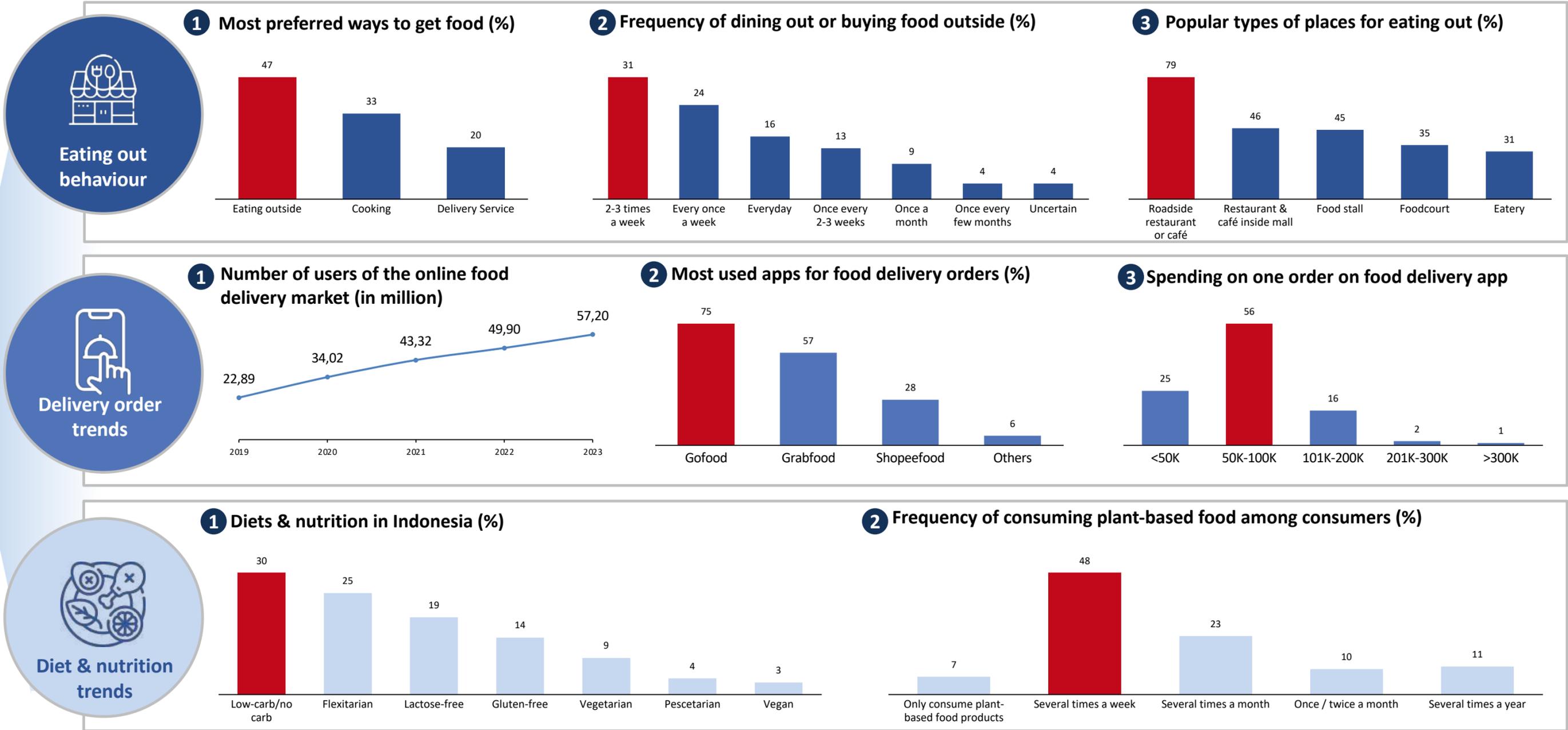
- The working-age population (15–64 years) in Indonesia increased significantly from 173.4 million in 2016 to 189.6 million in 2023
- This dominant segment drives economic productivity and presents opportunities for sectors like F&B, retail, and consumer goods.

## ... and the increasing number of F&B business

Number of foodservice establishment by type (in thousand)



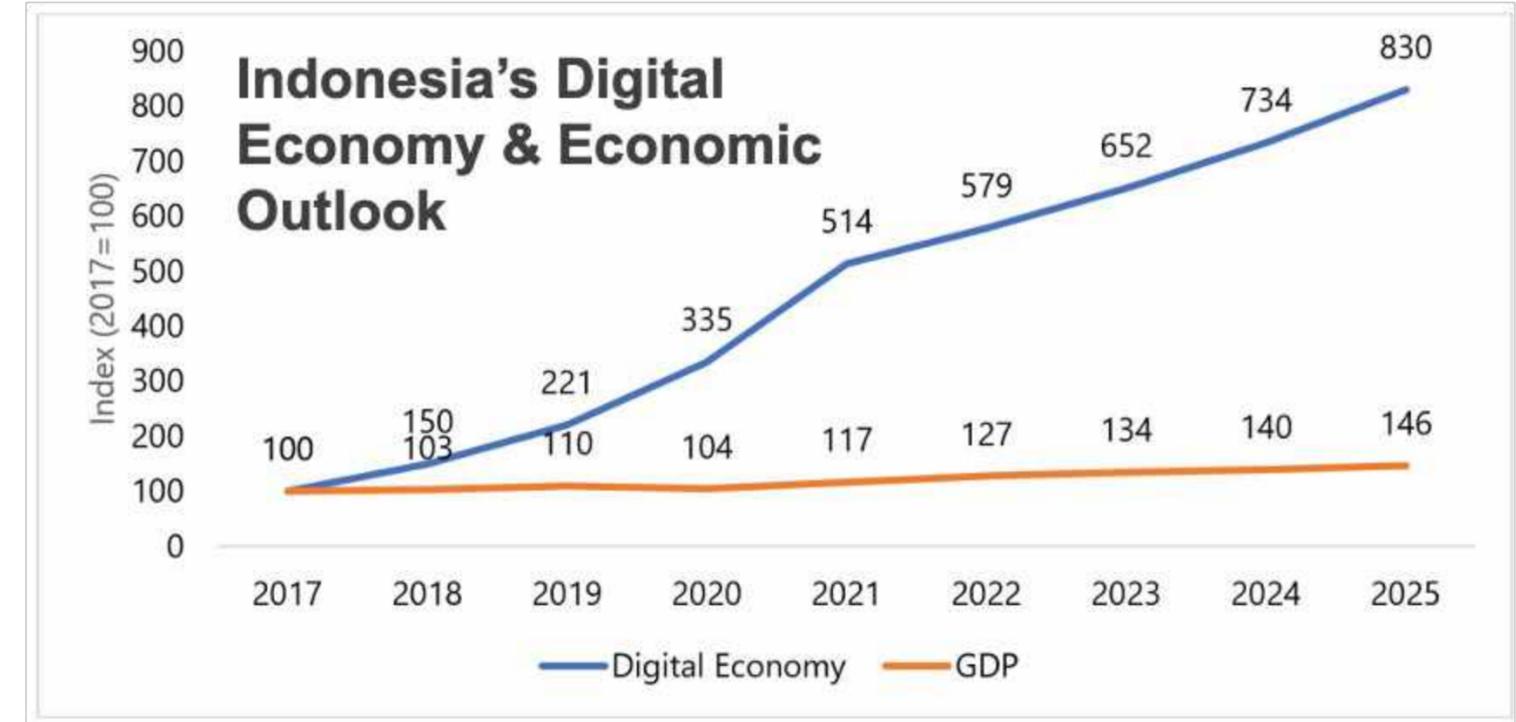
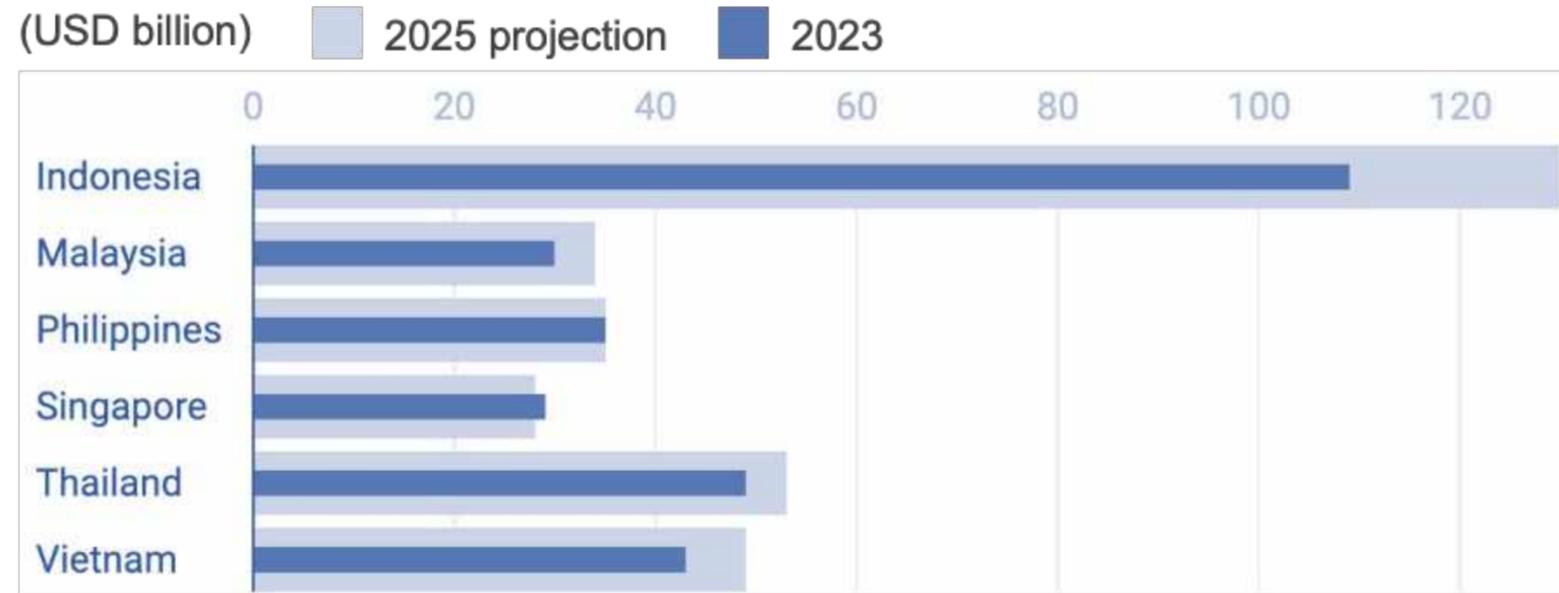
# Indonesian consumers show a strong preference for eating out and using food delivery services, with growing interest in healthy and plant-based diets



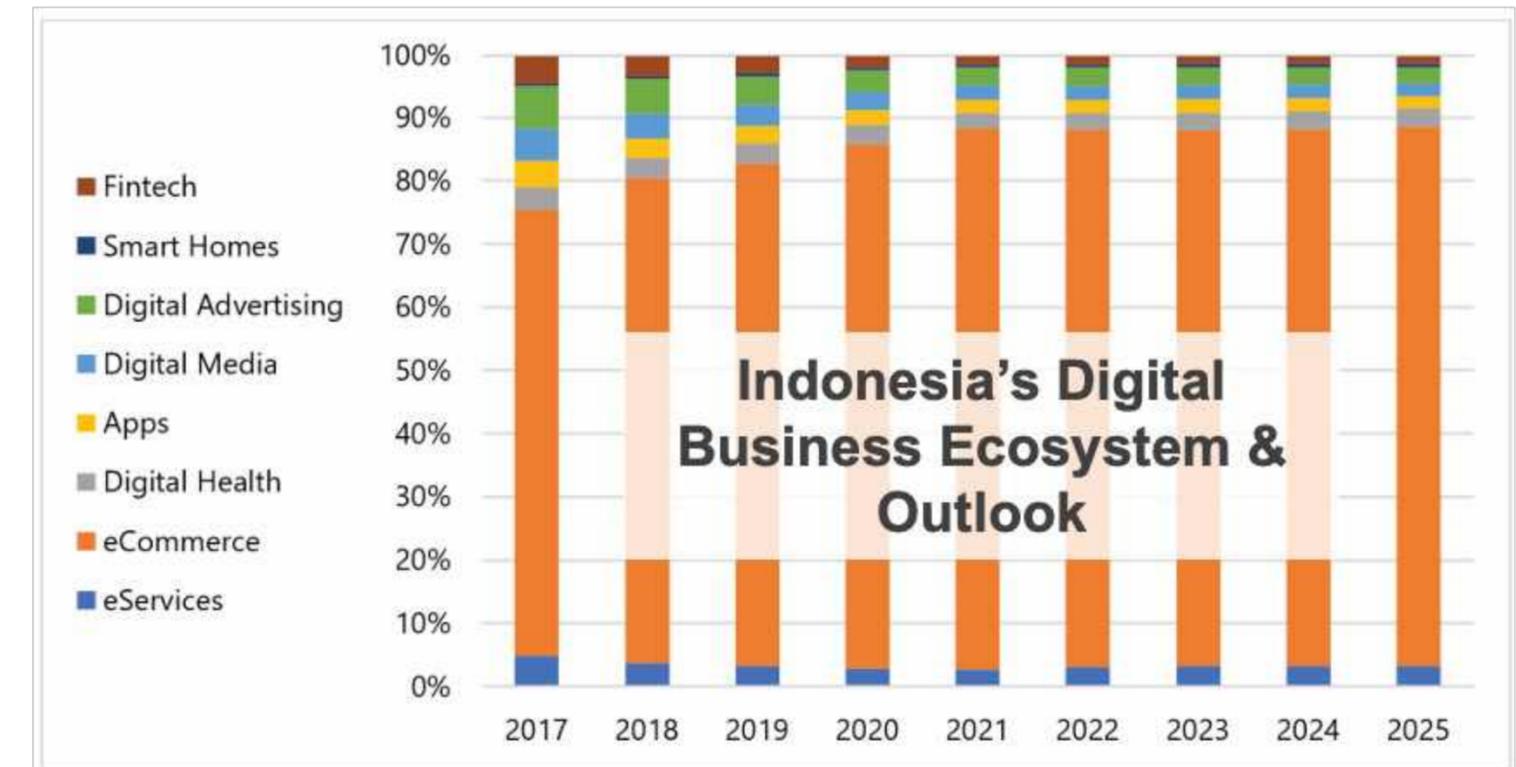
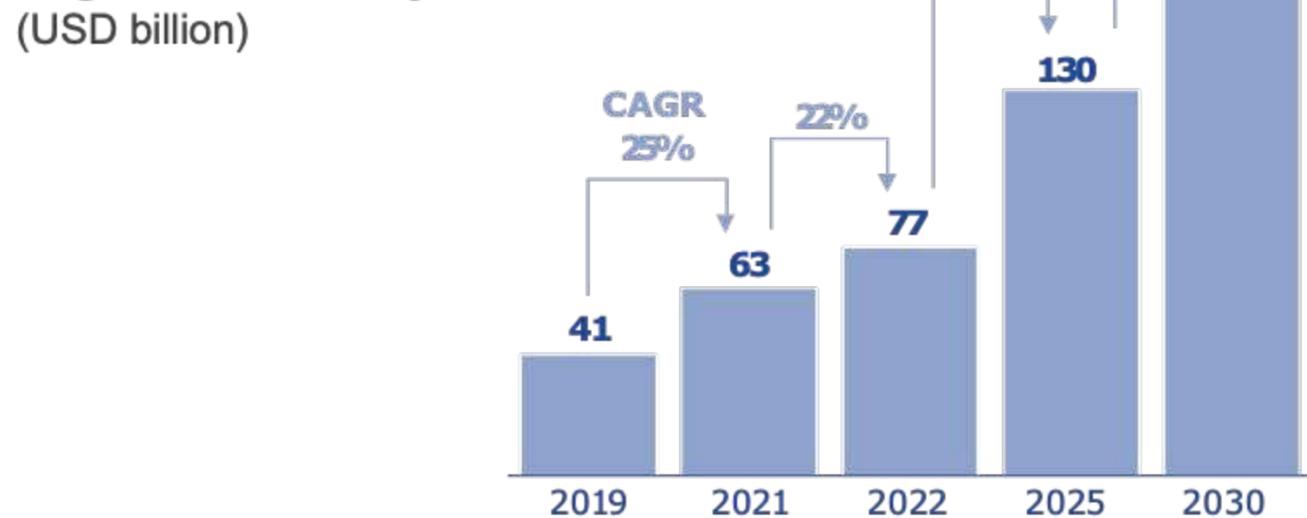
# Indonesia's digital economy will reach ~US\$130 billion, representing 44% of Southeast Asia

In just 8 years (2017-2025), digital economy will grow 8 folds, dominated by e-commerce

## Top 5 digital economy market projection in SE Asia 2025



## Digital Economy in Indonesia

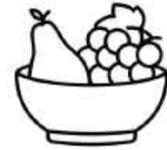




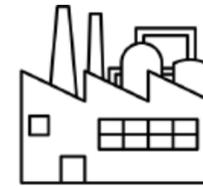
**GOVERNMENT  
PRIORITIES**



**NATURAL RESOURCES &  
MINING**



**F&B  
AND AGRIBUSINESS**



**MANUFACTURING &  
INDUSTRIAL GOODS**



**ELECTRONICS &  
TECHNOLOGY**



**TOURISM & HOSPITALITY**



**INFRASTRUCTURE &  
CONSTRUCTION**



**BANKING, FINANCE &  
FINTECH**



**RENEWABLE ENERGY &  
GREEN ECONOMY**



**FISHERIES & MARINE  
INDUSTRY**

## **Highlights Indonesia's Promising Sectors**

making it one of the most dynamic economies in Southeast Asia



**DIGITAL ECONOMY &  
E-COMMERCE**



**AEROSPACE  
& DEFENCE**



**EDUCATION &  
HEALTHCARE**



**LOGISTICS &  
SUPPLY CHAIN**



**CREATIVE ECONOMY &  
ENTERTAINMENT**

**Indonesia**—Largest economy in Southeast Asia

- abundant **natural resources**,
- a young and technically-trained **workforce**,
- a large and growing **domestic market**
- an improving **investment climate** and a higher
- global profile

**Human Capital**

- Workforce: 149million
- Productive age (15-65yo): 214 million
- Middle-income class: 47.85 million
- Education: Diploma & above 17.6 million, High school 57.5 million

**New Government Programs**

**Economic growth 8% annually**

**Health**

- Free nutritional meals —82.9million recipients
- Free Medical checkup
- Hospital in remote/regional and improve the hospital quality/class

**Education**

- Renovation of 22,000 schools
- Develop integrated leading schools
- Overseas scholarship 20,000 students

# FUELING THE FUTURE

(current) (projected 2045)

## 284 → 345

### million

### Population



**Important Consideration:**

- **Massive Deregulation**— The Government progressively simplifies the investment process and bureaucracy for investment, import/export, permits, etc.
- **FTZ & SEZ and Bonded Zones/Centres** – The Government has allocated special zones, such as free trade zones, special economic zones, and logistics bonded centres, to attract foreign investors.
- **ASEAN Economic Community** – established in 2015, forming a huge market of USD 2.6 trillion and 622 million people, which collectively is the third-largest economy in Asia and the seventh largest in the world.
- **Economy Projection 2040** – GDP will increase to US\$8.2 trillion to become the fourth-largest economy in the world.

Accelerated Growth Essential to Hit

**6 - 8 %**

**ECONOMIC  
TARGET**

(2025-2029)

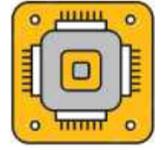
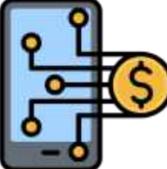
**\$ 886.6 bn**

**Total Investment Needed**



# Ministry of Investment and Downstream Industry/BKPM has Formulated 9 Priority Investment Sectors

Aligned with the Asta Cita and the 2025–2029 National Medium-Term Development Plan (RPJMN), with the aim of improving economic productivity and competitiveness

	Sector	Investment Opportunities in Indonesia		Sector	Investment Opportunities in Indonesia
	<b>New Renewable Energy (NRE)</b>	<ul style="list-style-type: none"> <li>Total NRE Indonesia: 3,687 GW. Utilized capacity 13.1 GW.</li> <li>Hydro 95 GW, Solar 3,294 GW, BioEnergy 57 GW, Wind 155 GW, Geothermal 23 GW and Tidal 63 GW</li> </ul>		<b>Export Oriented Manufacturing Industry</b>	<ul style="list-style-type: none"> <li>Potential to enter the global supply chain (global value chain/GVC)</li> </ul>
	<b>Downstream Industries</b>	The total potential downstream investment of 28 commodities from 2023-2040 is USD 618 billion.		<b>Medical &amp; Health</b>	<ul style="list-style-type: none"> <li>Pharmaceutical industry, medical devices, and health services.</li> <li>Sanur Bali Health Special Economic Zone.</li> </ul>
	<b>Food security</b>	<ul style="list-style-type: none"> <li><i>Rice Estate in Merauke Regency, South Papua</i></li> <li><i>Sugar and Bioethanol in Merauke Regency, South Papua.</i></li> </ul>		<b>Capital city of Nusantara (IKN)</b>	<ul style="list-style-type: none"> <li>Housing, education, hospitals, hotels, and others.</li> <li>30-year tax holiday, ease of licensing, and land use rights (HGU) for 95 years that can be extended for the same period.</li> </ul>
	<b>Semiconductor</b>	<ul style="list-style-type: none"> <li>Availability of raw materials for the upstream semiconductor industry, namely Silica, Copper, Bauxite, and Gold.</li> </ul>		<b>Education and Vocation</b>	<ul style="list-style-type: none"> <li>Education (from Pre School-University)</li> <li>Vocational education -&gt; Super Deduction Tax 200%.</li> <li>Education Special Economic Zone -&gt; Location BSD, Banten (existing)</li> </ul>
	<b>Digital Economy &amp; Data Center</b>	<ul style="list-style-type: none"> <li>Indonesia's digital market projection is USD 210-360 billion in 2030, growing at 5.9% (2024-2029).</li> <li>Data center capacity built is 514 MW from a potential of 2.7 GW.</li> </ul>			

# Downstreaming to optimize value-added, increase economic productivity & competitiveness

Indonesia upholds mutual respect in determining the direction of nations' respective investment policies

## Minerals

## Coal



**USD498.4 billion**

Coal Nickel Tin Copper



Bauxite Iron Steel Gold Silver Buton Asphalt



Silica Sand Mangan Cobalt Rare-earth



## Petroleum

## Natural Gas



**USD68.3 billion**

Petroleum Natural Gas



## Plantation

## Marine

## Fishery

## Forestry



**USD51.3 billion**

Palm Oil Coconut Rubber Biofuel Wood Log Pine Resin Prawns Fish



Crab Seaweed Salt



Nutmeg Cocoa Tilapia



### Economic Impact Forecast until 2040



**Investment  
USD618 billion**



GDP (in 2040)  
**USD235.9 billion**

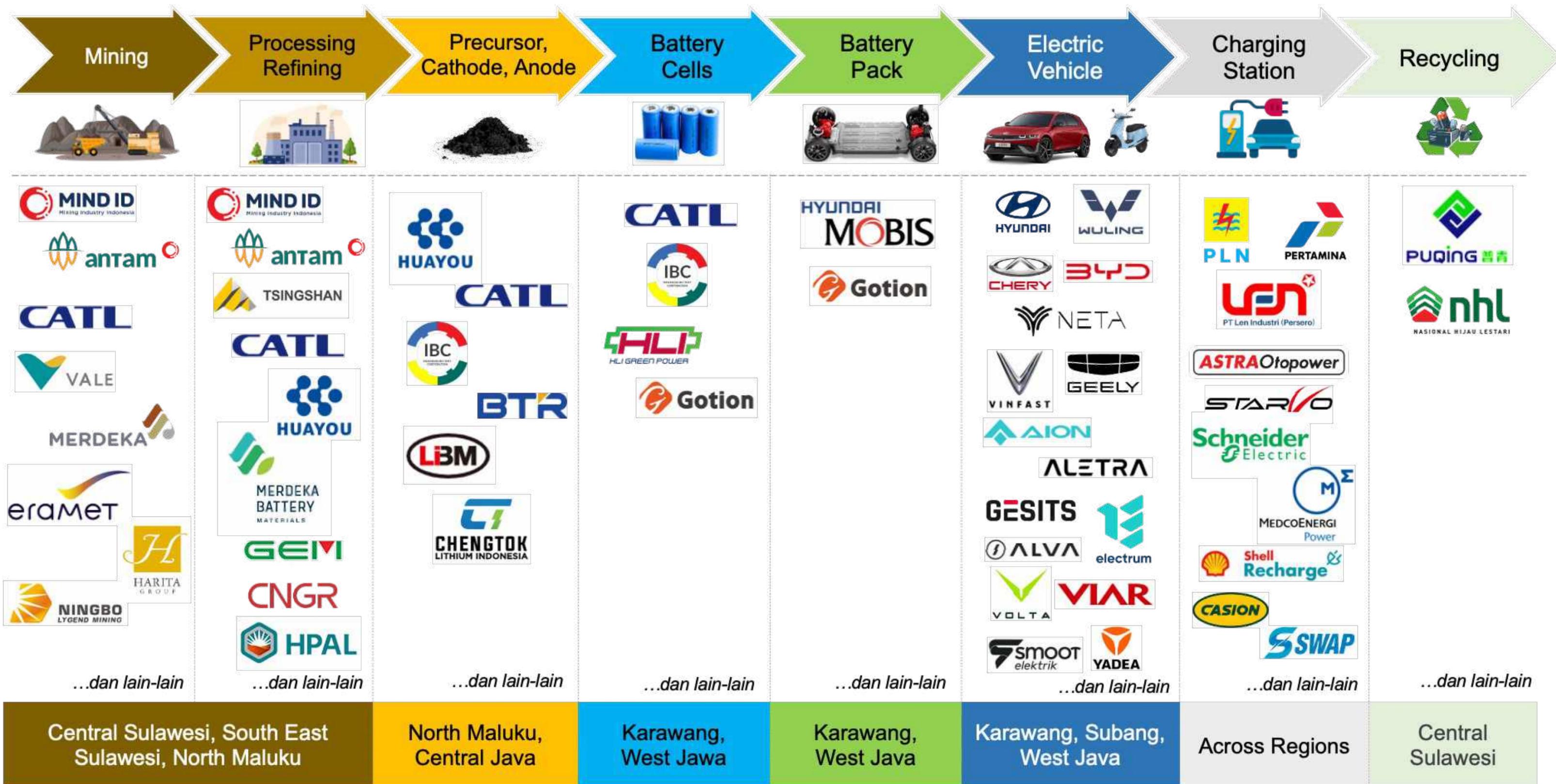


Export (in 2040)  
**USD857.9 billion**



Jobs (in 2040)  
**3+ million jobs**

# EV AND BATTERY ECOSYSTEM DEVELOPMENT IN INDONESIA



# OVERVIEW OF INDONESIA'S FREE SCHOOL MEAL PROGRAM

— Unlocking Massive Investment Opportunities And A Historic Undertaking

TOTAL BENEFICIARIES BY 2029  
OF CHILDREN + PREGNANT/ LACTATING WOMEN

**83-90 million**

TOTAL BUDGET PROJECTED

**US\$28 billion**

✓ Not aid — this is an opportunity!

- This scale creates one of the largest food security opportunities in ASEAN—and the private sector is key to making it work.
- Thai companies are ideally positioned to co-invest, localize production, and lead food transformation in Indonesia.
- This creates a massive annual demand across key food sectors — areas where Thailand already excels

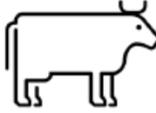
# OVERVIEW OF INDONESIA'S FREE SCHOOL MEAL PROGRAM

— Unlocking Massive Investment Opportunities And A Historic Undertaking

RICE 

**6.7 million tons**

Thailand exports 8–12 million tons/year

BEEF 

**500,000 tons**

Thailand is 4th largest fish exporter globally

CHICKEN 

**1.2 million tons**

Thailand produces 3.5 million tons/year

FISH 

**1 million tons**

Thailand as 4<sup>th</sup> largest fish exporter

MILK 

**4 million kiloliters**

Thailand produces 1 billion liters/ year

# BEYOND MAJOR CITIES: UNLOCKING UNTAPPED MARKETS FOR DIVERSIFIED GROWTH

Y2023: 278 million people → Y2045: Indonesia's population will be around 345 million (fourth largest in the world)



# Infrastructure

## JAKARTA-BANDUNG HI-SPEED RAIL (HSR):

Speed : 350 km/h  
Duration : 30 minutes  
Passengers: 600 per trip  
Distance : 142 km



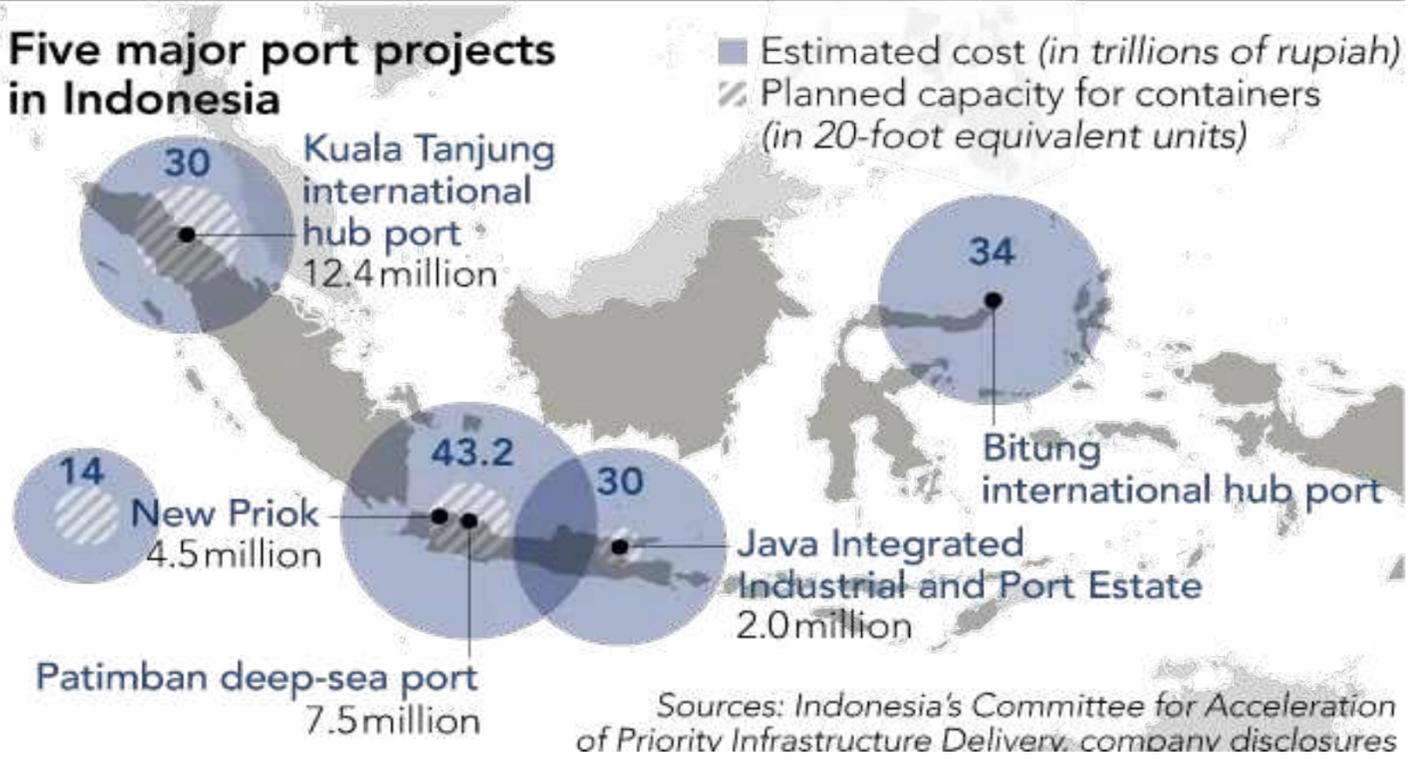
# Dhoho Kediri City International Airport:

Angkasa Pura-Gudang Garam, Atkins, Wiratman, Enroute, Inhabit, Dutton Bray, Surbana Jurong, CAS Group, WTP



# Ports Development

5 biggest ports among others



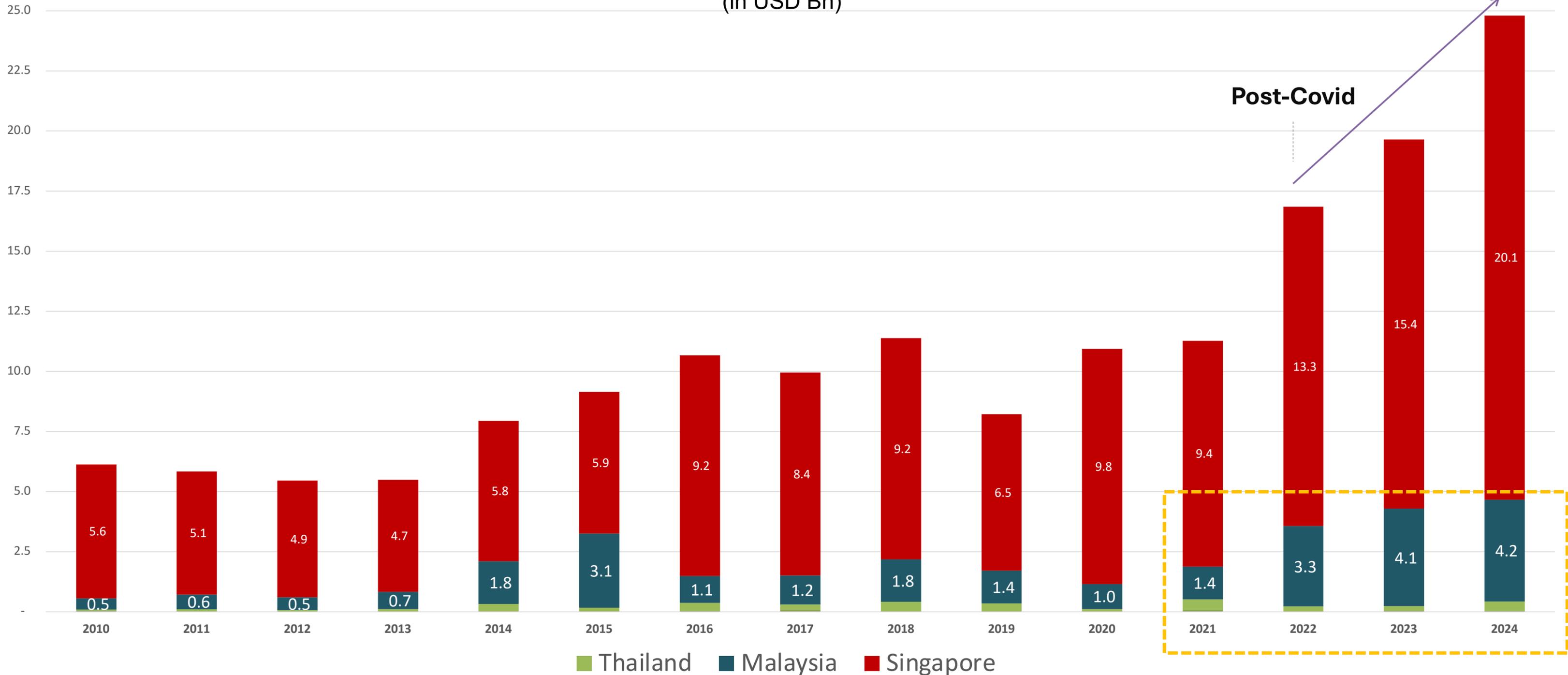
# CHINA INVESTMENT SIGNIFICANTLY GREW SINCE THE LAST 10 YEARS



- Total investment from China since 2013: **USD 44,3 billion**
- Growth rate 2013-2023 **69% per year**

# BIGGEST INVESTING COUNTRIES FROM ASEAN IN INDONESIA

(in USD Bn)



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Source: Ministry of Investment & Downstream, 2025

# Indonesia Investment Realization from ASEAN

## 2020 - Q I 2025

No.	Country	2020	2021	2022	2023	2024	Q I 2025	Grand Total	%
1	Singapore	9.779,11	9.390,06	13.281,11	15.355,23	20.075,24	4.575,05	72.455,81	81,2%
2	Malaysia	1.045,27	1.364,33	3.343,27	4.060,17	4.244,04	1.034,48	15.091,55	16,9%
3	Thailand	112,11	450,29	209,29	185,86	389,69	89,07	1.436,30	1,6%
4	Philippines	0,16	70,02	14,12	46,74	36,25	11,49	178,78	0,2%
5	Vietnam	0,04	0,00	0,02	2,10	63,86	17,88	83,89	0,1%
6	Brunei Darussalam	0,00	0,00	0,00	0,20	0,95	0,21	1,36	0,0%
7	Myanmar	0,00	0,00	0,00	0,00	0,03	0,01	0,04	0,0%
8	Timor Leste	0,00	0,00	0,00	0,01	0,00	0,00	0,01	0,0%
9	Cambodia	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,0%
<b>Grand Total</b>		<b>10.936,68</b>	<b>11.274,70</b>	<b>16.847,81</b>	<b>19.650,31</b>	<b>24.810,06</b>	<b>5.728,18</b>	<b>89.247,74</b>	<b>100,0%</b>

- In Million USD
- No investment realization Laos



**INCENTIVES  
AVAILABLE**

# Where should I begin?

- Jakarta (Greater Jakarta: Jabodetabek)
- Central Java (Kendal, Batang, Semarang)
- Batam-Bintan-Karimun?
- Other parts of Sumatra?
- Other parts of Indonesia?



**20 SEZs**

Special Economic Zones  
Total Area: 19.766 Ha

**4 FTZs**

Free Trade Zones  
Total Area: 127.472 Ha

**141 IEs**

Industrial Estate  
Total Area: 63.161 Ha

**1.360 BZs**

Bonded Zones

**91 BLCs**

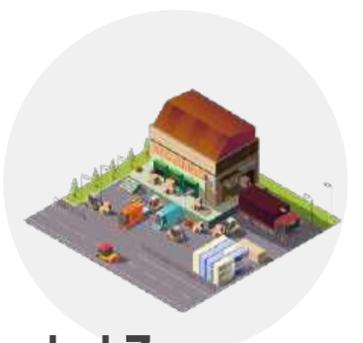
Bonded Logistic Centres

**10 New Bali**

Industrial Estate  
Total Area: 63.161 Ha

For more information about investment location regulation, you can open this link:  
<https://oss.go.id/informasi/lokasi-usaha?tab=kek&page=1>

# Various Zones are Provided for Investment

 <p><b>Industrial Estates</b></p>	 <p><b>Bonded Zone</b></p>	 <p><b>Bonded Logistic Center (BLC)</b></p>	 <p><b>Free Trade Zone &amp; Free Port Area</b></p>	 <p><b>Special Economic Zone</b></p>
<p><b>143 Industrial Estates</b></p>	<p><b>1,360 Bonded Zones</b></p>	<p><b>91 BLCs in 131 location</b></p>	<p><b>4 FTZs</b></p>	<p><b>22 SEZs</b></p>
<ul style="list-style-type: none"> <li>Centralized industrial activities are equipped with supporting facilities and infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Bonded zone for imported goods and/or goods originating from other places in the customs area to be processed or assembled.</li> </ul>	<ul style="list-style-type: none"> <li>Bonded Logistic Center for storing goods originating from outside the customs area and/or from other places in the customs area</li> <li>Bonded Logistic Center users, can do 1 or more simple activities packaging (return), sorting, QA, merging, packing, installation/ repair, others).</li> </ul>	<ul style="list-style-type: none"> <li>Special Zones/Regions within the Indonesian jurisdiction which are treated as separate zones from the customs area and include several business activities.</li> <li>Activities include processing activities, design engineering, sorting, initial or final inspection, packing, repackaging, machine repair/rebuilding.</li> </ul>	<ul style="list-style-type: none"> <li>Zones/Regions with specific boundaries in Indonesia that were established to carry out economic functions (export processing activities), logistics (storage, assembly, sorting, packing, distribution, machine repair/rebuilding), engineering, industrial engineering).</li> </ul>
<p>Export and Domestic Industry Oriented</p>	<p>Export orientated import substitution, downstream industry</p>	<p>To support industrial activities</p>	<p>Export oriented industry</p>	<p>Export and domestic market</p>

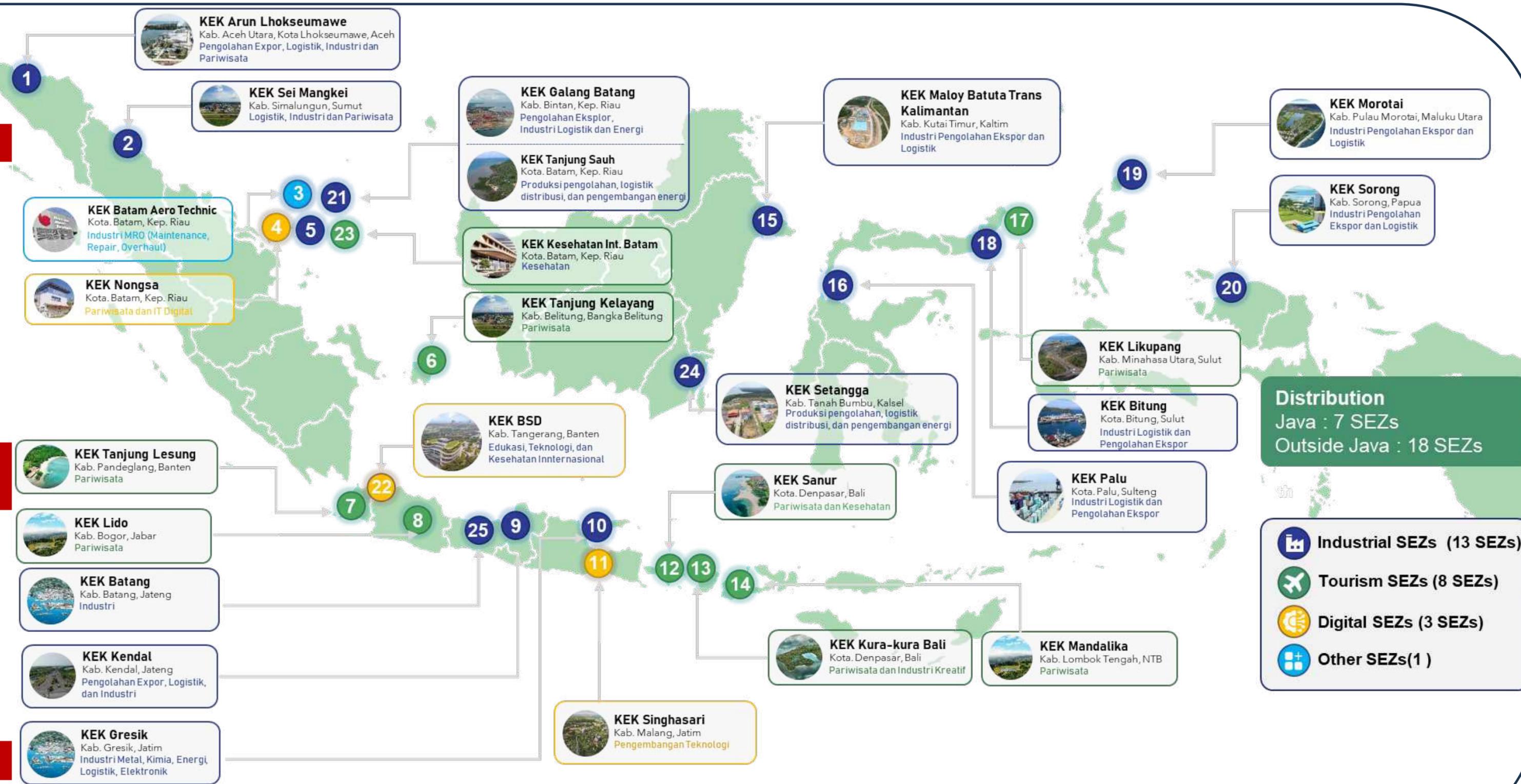
**Fiscal Facilities**

- Tax holiday/ allowance;
- VAT exemption;
- Customs and excise;
- Luxury good tax;
- Suspension of import duty;
- Local tax;
- Goods traffic.

**Non-Fiscal Facilities**

- Ease of licensing;
- Special labor regulations;
- Immigration;
- Land and spatial planning;
- Infrastructure

**Other facilities**



**Distribution**  
 Java : 7 SEZs  
 Outside Java : 18 SEZs

- Industrial SEZs (13 SEZs)
- Tourism SEZs (8 SEZs)
- Digital SEZs (3 SEZs)
- Other SEZs(1)

\*) Free Trade Zones are located in Sabang (Aceh), Batam, Bintan, and Karimun (Riau Islands) in Malacca Straits, across to Singapore and Malaysia.

# 166 INDUSTRIAL PARKS IN INDONESIA

## Sumatera (32)

Aceh (1) West Sumatera (1)  
 North Sumatera (3) South Sumatera (1)  
 Riau (4) Bangka Belitung (2)  
**Riau Island (19)** Lampung (1)

Total Area: 10.168,95 Ha

## Sulawesi (17)

North Sulawesi (1) SE Sulawesi (4)  
 Central Sulawesi (9) South Sulawesi (3)

Total Area: 14.404,14 Ha

## Java (98)

Banten (19) Central Java(11)  
 DKI Jakarta (2) Yogyakarta (1)  
 West Java(51) East Java(14)

Total Area: 36.895,94 Ha

## Kalimantan (15)

West Kalimantan (3) East Kalimantan (3)  
 Central Kalimantan (1) South Kalimantan (7)  
 North Kalimantan (1)

Total Area: 15.382,26 Ha

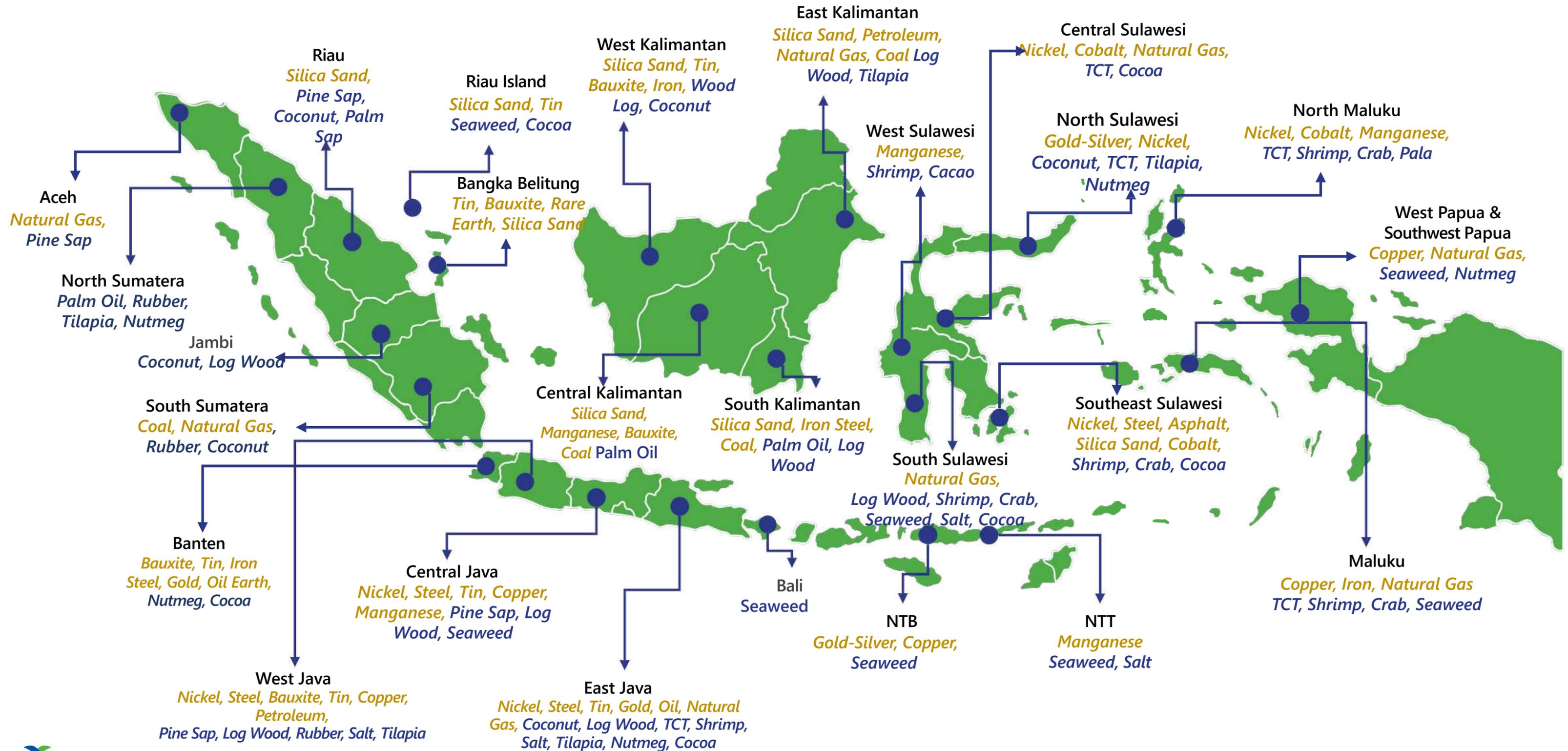
## Maluku Papua (4)

North Maluku (4)

Total Area: 11.808,02 Ha

1. Bintan Inti Industrial Estate
2. Batamindo Industrial Park
3. Panbil Industrial Estate
4. Bintang Industrial Park
5. Tunas Industrial Estate
6. Union Industrial Park
7. Kawasan Indusri Terpadu Kabil (KITK) I
8. Kawasan Indusri Terpadu Kabil (KITK) II
9. Executive Industrial Park
10. Sarana Industrial Point
11. Kawasan Industri Sekupang Makmur Abadi
12. Hijrah Industrial Park
13. Indah Industrial Park
14. Puri Industrial Park 2000
15. Karimun Maritime Industrial Complex
16. Kawasan Industri Tanjung Sauh
17. KEK Galang Batang
18. Kawasan Industri Tunas Prima
19. Cammo Industrial Park

# DOWNSTREAM COMMODITIES BY REGION



# FISCAL INCENTIVES AVAILABLE

## TAX HOLIDAY & MINI TAX HOLIDAY

- ❑ Applicable to new investments, particularly in pioneer industries and core business activities.
- ❑ 18 eligible pioneer industries covering 169 KBLI classifications, strategically selected for their strong economic linkages, high added value, advanced technology adoption, and significant national economic impact.
- ❑ Corporate income tax incentives:
  - 100% corporate income tax exemption (full tax holiday) for up to 20 years, depending on the investment value.
  - Mini tax holiday: A 50% corporate income tax reduction for two years after the initial full exemption period.
  - After the tax holiday and mini tax holiday periods expire, investors remain eligible for a 50% reduction of the standard corporate income tax rate.
- ❑ Adjustment due to Global Minimum Tax (GMT) Implementation:
  - Indonesia has aligned its tax policies with the 15% Global Minimum Tax (GMT) framework set by the OECD/G20.
  - Companies benefiting from the Tax Holiday must comply with the minimum tax requirement, ensuring both regulatory stability and competitive investment incentives.

## TAX ALLOWANCE

- ❑ Aims to increase direct investment in specific business sectors or designated regions.
- ❑ Incentives include:
  - 30% net income reduction based on total investment over six years.
  - Accelerated depreciation and amortization.
  - Reduced income tax on dividends paid to foreign investors (10% or lower).
  - Compensation for losses of up to 10 years.
- ❑ Criteria include high investment value for export, significant labor absorption, or high local content.

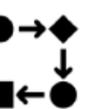
## INVESTMENT ALLOWANCE

- ❑ Encourages investment in labor-intensive industries, supporting job creation and workforce absorption.
- ❑ Net income deduction of 60% of the investment in tangible fixed assets, including land, used for the taxpayer's main business activities.
- ❑ Deduction is spread over six years (10% annually) from the fiscal year when commercial production starts.
- ❑ Covers 45 labor-intensive industrial sectors, employing an average of 300 workers per tax year.

## SUPER DEDUCTION TAX

- Super Deduction for Vocational Activities
  - ❑ Encourages industries to participate in vocational programs, facilitating knowledge transfer and skill development.
  - ❑ Maximum reduction of 200% in gross income for costs related to work practice, apprenticeships, and learning activities.
- R&D Super Deduction
  - ❑ Supports industry-driven innovation and the adoption of the latest technology in production processes.
  - ❑ Maximum gross income deduction of 300% for eligible R&D expenditures in Indonesia.

# Mini Tax Holiday & Tax Holiday for Pioneer and/or Strategic Industry

	MINI TAX HOLIDAY	TAX HOLIDAY		
Percentage Reduction 	50 %	100%		
Concession Period 	5 Year	20 years	> Rp. 30 trillion	> USD 3.93 Billion
		15 years	Rp. 15 trillion to 30 trillion	USD 1.965-3.93 Billion
		10 years	Rp. 5 trillion to 15 trillion	USD 327.6-982.5 Million
		7 years	Rp. 1 trillion to 5 trillion	USD 65.5-327.5 Million
		5 years	Rp. 500 billion to 1 trillion	USD 32.7-65.4 Million
Transition Period 	25% for 2 years	50% for 2 years		
Criteria 	Minimum New Investment <b>Rp. 100 billion</b>	For new investment minimum of <b>Rp. 500 billion</b>		
	<ul style="list-style-type: none"> <li>✓ <b>PIONEER INDUSTRY</b> or meet <b>Pioneer Industry Criteria</b> (Min Quantitative Score : 80)</li> <li>✓ Investment Realization Commitment within 1 Year</li> <li>✓ Status as An Indonesian Legal Entity</li> <li>✓ Complying with the provisions of the comparison between debt and capital of the company for the purposes of calculating Income Tax as stipulated in PMK No. 105/2018</li> <li>✓ Investment include : Land, building, machinery, equipment, 3 months opex</li> <li>✓ Used machinery will not be calculated</li> </ul>			
Facility Application Procedure 	<ol style="list-style-type: none"> <li>1. Application through Online Single Submission System</li> <li>2. Along with the taxpayer application for a new Business License (NIB) to BKPM</li> <li>3. Submission before The Start of Commercial Production and no later than 1 year after the approval of the business license (since KBLI mentioned in NIB)</li> </ol>			

# List of Investment Category that Eligible for Tax Holiday

## 18 Group Sectors and 163 Business Fields

 <p>Upstream Base Metal Industry (Iron / Non – Steel) Without or With Integrated Derivatives <b>(28 business categories)</b></p>	 <p>Petrochemical Industry Based on Petroleum, Natural Gas or Coal Without or With Their Integrated Derivatives <b>(47 business categories)</b></p>	 <p>Integrated Oil and Gas Refining or Refining Industry without or with derivatives <b>(5 business categories)</b></p>
 <p>Components of Electronic and Telematics Equipment (Wafer Semiconductor, EV Battery, etc.) <b>(5 business categories)</b></p>	 <p>Robotics Component Manufacturing that Supports Machinery Industry <b>(1 business category)</b></p>	 <p>Machinery and Main Machine Components Manufacturing Industry <b>(7 business categories)</b></p>
 <p>Automotive Manufacturing and its Main Components industry <b>(9 business categories)</b></p>	 <p>Aircraft Main Components Manufacturing and Aerospace Industry <b>(7 business categories)</b></p>	 <p>Manufacturing of Shipbuilding Main Components <b>(1 business category)</b></p>
 <p>Train Main Components Manufacturing Industry <b>(7 business categories)</b></p>	 <p>Irradiation, Electro-medical, or Electrotherapy Machinery Industry <b>(3 business categories)</b></p>	 <p>Manufacture of Main Components of Power Plant Equipment <b>(2 business categories)</b></p>
 <p>Pharmaceutical Main Raw Material Industry (API) <b>(6 business categories)</b></p>	 <p>Inorganic Base Chemical Industry with or without their Integrated Derivatives <b>(13 business categories)</b></p>	 <p>Organic base chemical industry sourced from agricultural, plantation or forestry <b>(15 business categories)</b></p>
 <p>Economic Infrastructure</p>	 <p>Digital Economy including data processing, hosting, and related activities <b>(1 business category)</b></p>	 <p>Agricultural, Plantation, or Forestry Processing Industry that Produces Paper Pulp <b>(3 business categories)</b></p>

# More Tax Incentives for Special Economic Zones in Indonesia

**YES**

## % TAX HOLIDAYS

TAX HOLIDAY (10-20 YEARS)  
(in line with SEZ Theme)

**10**  
Years

Zero Tax for minimum investment of IDR 100 Billion (USD6,9 M)  
For developers & For Tenants (designated sectors)

**15**  
Years

Zero Tax for minimum investment of IDR 500 Billion (USD34,5 M)  
For Tenants (designated sectors)

**20**  
Years

Zero Tax for minimum investment of IDR 1 Trillion (USD67 M)  
For Tenants (designated sectors)

## INVESTOR

Comply with SEZ theme ?

Applied for other than designated sectors

- > Reduction in net income of 30% of the amount invested, prorated at 5% for six years
- > Losses carried forward for 10 years
- > Accelerated depreciation and amortization
- > Tax on dividends 10% or lower

**NO**

## % TAX ALLOWANCE

TAX ALLOWANCE  
(OTHER THAN DESIGNATED SEZ THEME)



## Incentives on Import

Capital Goods  
(during construction)

- > Exemption of import duty

Raw Materials  
(during operation)

- > Deffered import duty and import tax for raw materials

- > VAT not collected
- > Luxury Tax not collected
- > Import Income Tax not Collected



## Incentives on Value Added Tax & Luxury Tax

Domestic Purchase

VAT & Luxury Tax not collected for :

- > Taxable Goods (capital goods & raw materials)
- > Delivery of Selected Taxable services :
  - Construction, contract manufacturing, and repairs

## SEZ Provide Lower Minimum Investment Value To Apply for Tax Holiday

<b>Investment Value*</b> Calculated based on Fixed Asset (Land, Building, Machinery, Equipment, Vehicle) *Exchange rate assumption 1 IDR : ± US\$ 14,286	Industrial Zone & Industrial Estate		Special Economic Zone (SEZ)	
	For Pioneer Industries		For company that invest in the main sectors of industry in SEZ	
	Tax Benefit	Transition	Tax Benefit	Transition
IDR 100 Billion ≤ Investment ≤ IDR 500 Billion US\$ 7 Million ≤ Investment ≤ US\$ 35 Million	<b>5 Years</b> 50% Discount	+ 2 Years 25% Discount	<b>10 Years</b> 0% Tax	+ 2 Years 50% Discount
IDR 500 Billion ≤ Investment ≤ IDR 1 Trillion US\$ 35 Million ≤ Investment ≤ US\$ 70 Million	<b>5 Years</b> 0% Tax	+ 2 Years 50% Discount	<b>15 Years</b> 0% Tax	+ 2 Years 50% Discount
IDR 1 Trillion ≤ Investment ≤ IDR 5 Trillion US\$ 70 Million ≤ Investment ≤ US\$ 350 Million	<b>7 Years</b> 0% Tax	+ 2 Years 50% Discount	<b>20 Years</b> 0% Tax	+ 2 Years 50% Discount
IDR 5 Trillion ≤ Investment ≤ IDR 15 Trillion US\$ 350 Million ≤ Investment ≤ US\$ 1.05 Billion	<b>10 Years</b> 0% Tax			
IDR 15 Trillion ≤ Investment ≤ IDR 30 Trillion US\$ 1.05 Billion ≤ Investment ≤ US\$ 2.1 Billion	<b>15 Years</b> 0% Tax			
Investment > IDR 30 Trillion Investment > US\$ 2.1 Billion	<b>20 Years</b> 0% Tax			

Source: MOF Regulation No. 33/PMK.010/21 concerning Amendments of Minister of Finance Regulation No. 237 /PMK.010/2020 about Tax, Customs and Excise Treatment in SEZ

# Incentives Available for F&B related Industry

## SEZ TAX HOLIDAY

**10 to 20** years Corporate Income Tax (CIT) exemption  
with minimum investment **IDR 100 Billion (USD 7 Million)**

### SEZ KENDAL

- 51** Business Code (KBLI) related to F&B, for example:
- Food processing, canning industry for meat, seafood, fruit, vegetable,
  - Frozen seafood
  - Coconut and palm oil derivatives product
  - Coffee and tea processing industry
  - Beverages industry

SEZ TANJUNG LESUNG, MOROTAI, MANDALIKA, SINGHASARI, LIKUPANG, NONGSA, LIDO, KURA-KURA BALI, SANUR

Restaurant and Food court

### SEZ MALOY BATUTA TRANS KALIMANTAN

- 9** Business Code (KBLI) related to palm oil derivatives product

### SEZ SORONG

- 7** Business Code (KBLI) related to Food processing like bread, seasoning, sago based food

### SEZ SEI MANGKEI

- 10** Business Code (KBLI) related to :
- Palm oil derivatives product
  - Animal Fat and vegetable oil
  - Ice cream industry

### SEZ BITUNG

- 18** Business code (KBLI) related F&B for example:
- Coconut derivative product
  - Salting, smoking, drying fish
  - Frozen fish industry

# Incentives Available for F&B related Industry

## TAX ALLOWANCE

Corporate income tax reduction of **30%** for 6 years, for companies investing in labor intensive industries, export oriented, local content.

**24** Business Code (KBLI) related to F&B, for example:

- Canned Fruit and Vegetable Processing and Preservation Industry
- Seafood canning dan processing industry
- Production of glucose, fructose, lactose, maltose, and/or sucrose, which are made from corn
- Coconut Flour and Pellet Industry
- Coffee and creamer industry
- Coconut oil industry
- Biscuit industry
- Candy and chocolate industry
- Baby food industry

## INVESTMENT ALLOWANCE

A **60%** reduction in net income from the total investment for specific labor-intensive industries

**12** Business Code (KBLI) related to F&B, for example:

- Seafood processing dan preservation industry
- Fresh Milk and Creamer industry
- Cereal industry
- Coffee processing industry
- Candy and chocolate industry
- Biscuit industry
- etc

## VOCATIONAL INCENTIVES

Up to **200%** gross income tax deduction from the cost of vocational and internship activities

Eligible for any business field that conduct a vocational activities on a certain competencies. **Certain competencies** are competencies taught in:

- vocational high schools or equivalent
- diploma program colleges in vocational programs for students, educators, and/or education personnel; and/or
- job training centers for individuals and trainees, instructors and/or coaching personnel.

## R & D INCENTIVES

Up to **300%** gross income tax deduction from the cost of R & D activities

Eligible for any business field that conduct a R&D activities on :

- **Food**
  - Pharmaceuticals, Cosmetics, and Medical Devices
  - Textiles, Leather, Footwear, and Miscellaneous
  - Transportation Equipment
  - Electronics and Telematics/ Information and Communications Technology (ICT)
  - Energy
  - Capital Goods, Components, and Auxiliary Materials
- **Agroindustry**
  - Basic Metals and Non-Metallic Minerals
  - Oil and Gas and Coal-Based Chemicals
  - Defense and Security

# WHY INVEST IN INDONESIA'S FOOD ECOSYSTEM?

## Strategic Fit Between Indonesia & Thailand

### **INDONESIA:**

Huge demand, limited supply, and infrastructure gaps

### **THAILAND:**

Mature agri-food system, smaller domestic demand

- Indonesia offers unmatched scale for food-related investments
- The government is allocating billions to support supply chains
- • Strategic opportunities exist to build the full agri-food ecosystem
- • Investors can play a leading role in Indonesia's food security journey

- 1. Enormous domestic demand for staples and protein.**
- 2. Infrastructure gaps: kitchens, logistics, cold chain.**
- 3. Agri-tech and farmland development.**
- 4. Strong government commitment and PPP push**
- 5. Strategic ASEAN positioning with an expanding consumer based**



## Business Code (KBLI) of F&B Industry

**MORE THAN**  
**109** business  
code (KBLI)  
related with  
**F&B**

101xxx Meat processing

102xxx Fish processing

1104xx Soft drink

105xxx Fresh Milk, dairy product  
and ice cream

1109xx Other beverages  
industry

104xxx Veg Oil and animal fat

1101xx Destilated alcohol  
beverages

1105xx Minerak water and refill  
drinking water

Most of them are open max **100%** for foreign  
ownership

**6** KBLI allocated for  
SME's, e.g:

Production of tofu,  
coconut sugar, tempe,  
certain salt, steamed fish

**11** KBLI required to have **partnership** for SME's, e.g:

- Powdered milk and condensed milk processing industry,
- fruit and vegetable pickling
- sauce, tempeh, tofu industry
- Salt industry
- Minced meat dan surimi
- Fish canning
- Fish Jelly, kopra, soysauce, and sugar

## F&B-RELATED TECHNICAL PROCEDURES SHOULD THAT INVESTORS BE AWARE OF

- 1** Business licensing via OSS-RBA: All F&B investors must register through the Online Single Submission system under a Risk-Based Approach (OSS-RBA)
- 2** Halal certification: Mandatory for most food products, managed by the Halal Product Assurance Agency (BPJPH).
- 3** Food safety & BPOM approval: Food products must meet the Indonesian National Standard (SNI) and be registered with BPOM (Indonesia's FDA).
- 4** Local partnerships encouraged: Collaboration with local processors or cold chain operators can ease market entry and logistics compliance.
- 5** Importation of raw materials: Certain F&B inputs require import approvals or are subject to tariff barriers; local sourcing or joint ventures are often recommended.

## PRACTICAL INSIGHTS ON MARKET ENTRY: *STARTING A BUSINESS IN INDONESIA* COMPANY SETUP & INCORPORATION

### How to Start?

1. Setup privately-owned company?
  2. Setup trading & distributorship?
  3. Setup representative office?
- What are other options?
1. Subcontracting
  2. Procurement
  3. Representative Office
  4. Trade Office
  5. Distributorship
  6. Joint Operation
  7. ...

### Few considerations:

1. Protection against local SMEs
2. Closed sectors for foreign businesses (now more open)
3. Partnership with Indonesian individuals/businesses

### Company incorporation

- Foreign investment in Indonesia:
- PT (Perseroan Terbatas)**
- Minimum 2 shareholders
  - Director(s) & Commissioner(s)
  - Domicile
- Legality:
- Notary Public
  - Minister of Law

### What is after Company Incorporation

- Basic License (NIB, NPWP)
  - Operational Licenses
- Examples:
- Building Construction Permit
  - Environmental Permit
  - Standard Certificates
  - Tax Registration & Filing
  - Expatriate Work Permit
  - Human Resources matters: Recruitment, Documentation, etc

## Most of Business in Indonesia is open 100% for foreign ownership

### Open 100% For Foreign Ownership

Most of businesses in Indonesia are open for 100% foreign ownership :

- Most of Manufacturing Industry (electronics, food and beverages, vehicle, textile, apparel, footwear)
- Wholesale Trading
- Most of Retail Business
- Information Technology
- Hospitality : hotel, restaurant
- Business Consultancy

Etc

### Allocated for SME, Cooperation and Local Company

116 business are allocated for SME and Cooperation dan some for local business for example:

- Rice, corn, soybean farming that less than 25 Ha
- Traditional fabric production
- 1 Star Hotel.
- Hospital with less than 200 beds
- Services like barber shop, salon, guest house,
- Construction with simple technique/technology
- General Clinic
- Traditional instrument production
- Traditional medicine production

### Specific Requirement

Maximum Foreign Ownership, for example:

- Transportation (max 49% foreign ownership)
- Defence Equipment Industry (max 49% foreign ownership)
- Construction (max 67% foreign ownership, 70% for ASEAN)

Partnership with SME's or cooperation:

- Motorcycle sparepart industry
- Cement Based Construction material industry
- Dairy processing industry
- Metal Recycling industry
- Sugar industry
- Fishery trading and processing

## HIGH-IMPACT F&B INVESTMENT AREAS TO WATCH IN INDONESIA



**Agriculture & Farming:** Precision farming, poultry, aquaculture



**Food Processing:** Localized meal production, nutrition, halal food hubs



**Dairy Industry:** Milk chilling centres, processing hubs, cow cattle development programs



**Cold Chain Logistics:** Rural infrastructure and storage, mobile cl



**Digital AgriTech:** Farmer-market linkages, tracking systems

# Common Challenges & Pitfalls

## Legal Compliance

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Bypassing Restrictions on Shareholding  
Operational License  
Permits requirements

## Visa & Immigration

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Business vs tourist/social visits  
Work Permit

## Human Resources

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Manpower Laws  
HR issues  
Cultural Understanding

## Tax Compliance

Manpower Laws  
HR issues (imposing Singapore's practices)  
Cultural Understanding

# THANK YOU

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INDONESIA INVESTMENT COORDINATING BOARD**