

INDONESIA SPECIAL ECONOMIC ZONE: POLICY DIRECTION AND OPPORTUNITIES

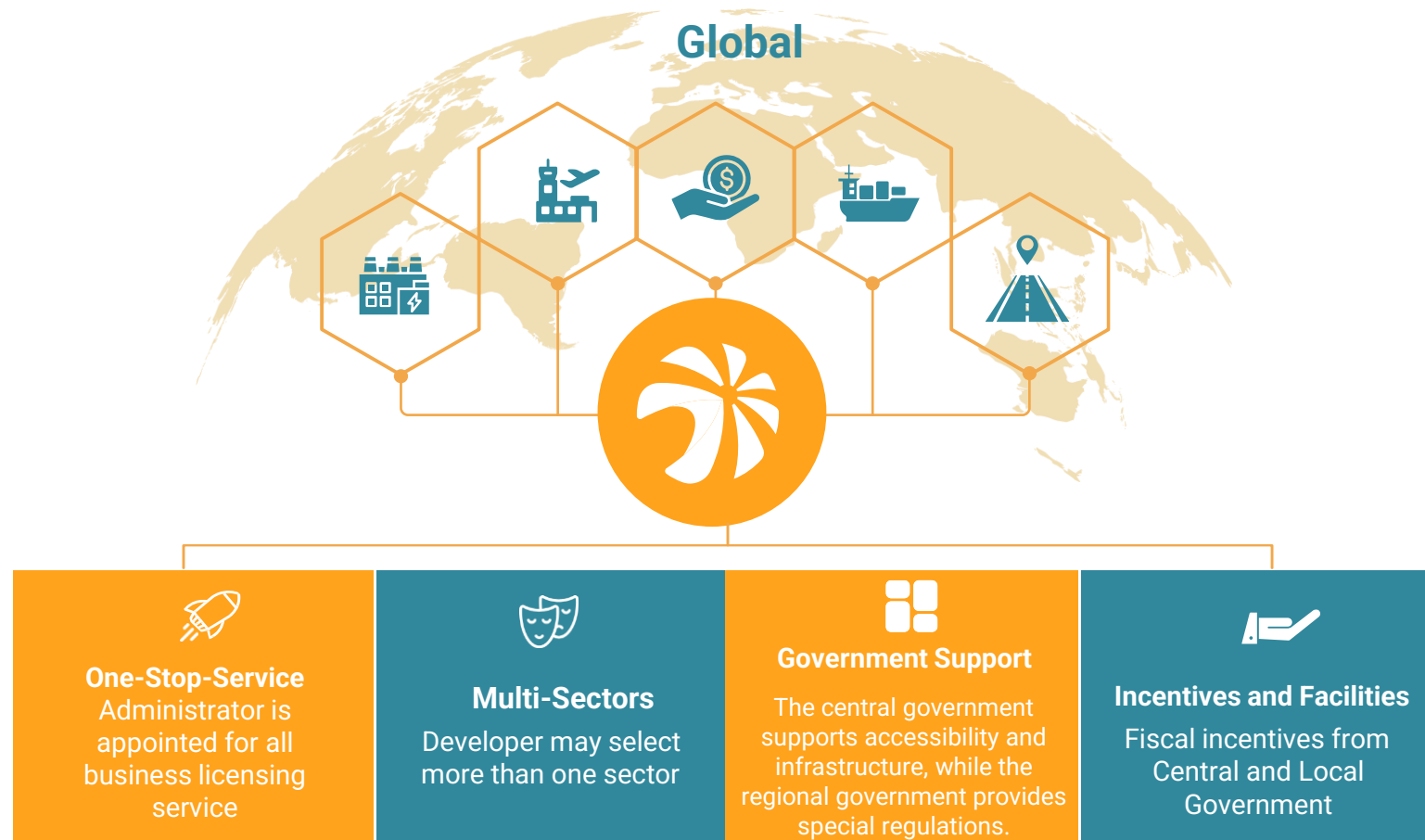
W. Budi Santoso

Vice Chairman of the Implementation Team of the National Council for SEZ Development

Bangkok, July 2, 2025

INDONESIA SEZ CONCEPT

“ Special Economic Zones (SEZ) are designated areas within the legal territory of the Republic of Indonesia that are established to perform economic functions and receive specific facilities. “



Purpose of SEZ



Attract Investment



Optimize of Export Industry and other activities with high economic potential



Accelerate Regional Development by developing new growth pole and distribute economic growth

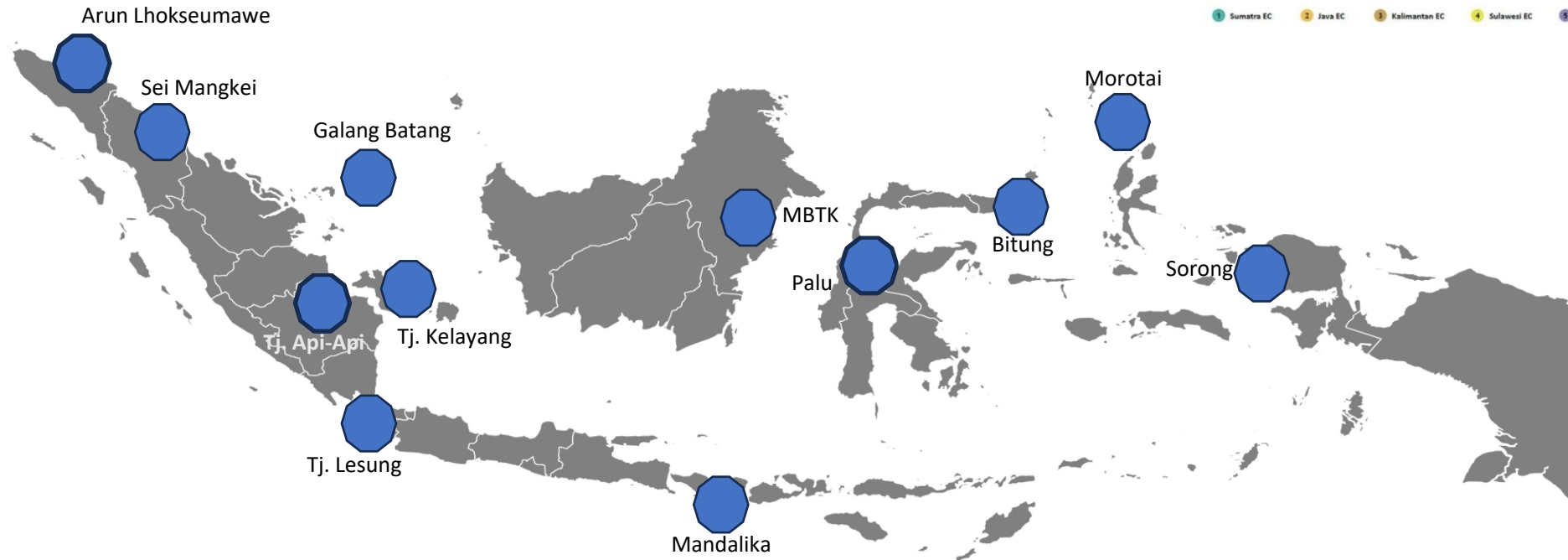


Increase Job Employment

25 Existing SEZs



INITIAL PERIOD 2012-2019: REGIONAL DEVELOPMENT



Policy Direction (2012-2019):

1. Regional development
2. New economic growth centers

SEZ Output:

1. Attract FDI
2. New job opportunities

Sectors:

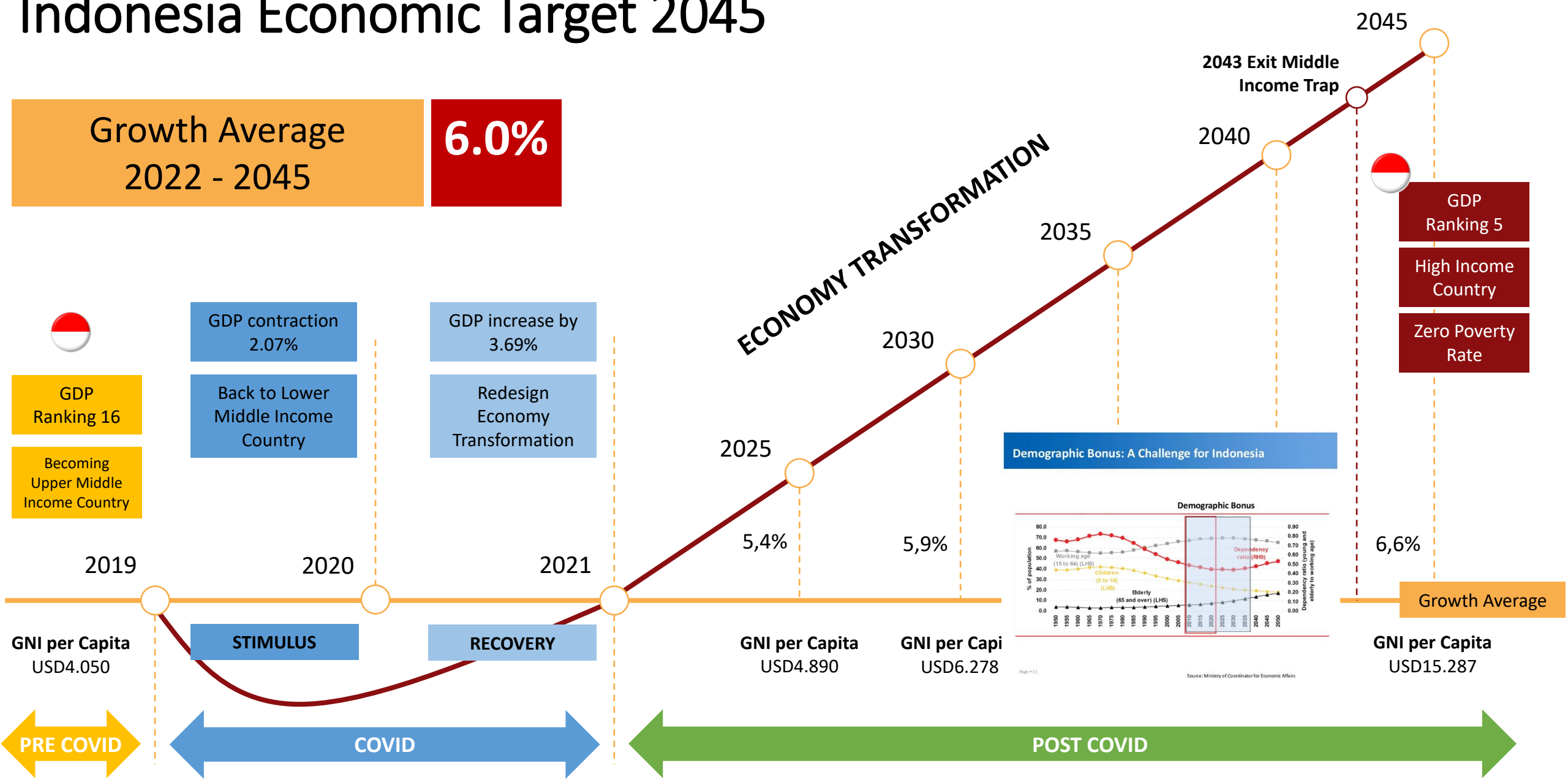
1. Tourism
2. Processing Industry
(Agro/mineral)

POLICY REFORM 2020-2021

Indonesia Economic Target 2045

Growth Average
2022 - 2045

6.0%



Source: Bappenas

Future Business Opportunity



Widening SEZ Sectors

One or more theme(s) could be chosen by developer



25 SEZ IN 2025

1. Tanjung Lesung

Pandeglang, Banten
(Government Regulation No. 26/2012 - February 2012)

Primary Activity:
Tourism

25. Industropolis Batang

Batang, Central Java
(Government Regulation No. 12/2025)

Primary Activities:
- Production and Processing
- Logistic & Distribution
- Tourism

24. Pariwisata dan Kesehatan Internasional Batam

Batam, Riau Islands
(Government Regulation No. 39/2024 - October 2024)

Primary Activities:
- Tourism
- Healthcare

23. Edukasi, Teknologi, dan Kesehatan Internasional Banten

Tangerang Regency
(Government Regulation No. 38/2024 - October 2024)

Primary Activities:
- Research, Digital Economy and Technology Development
- Education
- Healthcare
- Creative Industry

22. Setangga

Tanah Bumbu, South Kalimantan
(Government Regulation No. 26/2024 - Juni 2024)

Primary Activities:
- Industrial area
- Logistic & Distribution
- Energy Development

21. Tanjung Sauh

Batam, Kepulauan Riau
(Government Regulation No. 24/2024 - Mei 2024)

Primary Activities:
- Production & Processing
- Logistic & Distribution
- Energy Development

2. Sei Mangkei

Simalungun, North Sumatera
(Government Regulation No. 29/2012 - February 2012)

Primary Activities:
- Palm Oil Processing Industry
- Rubber Processing Industry
- Tourism
- Logistic

3. Palu

Palu, Central Sulawesi
(Government Regulation No. 31/2014 - May 2014)

Primary Activities:
- Base Metals Industry
- Logistic

4. Bitung

Bitung, North Sulawesi
(Government Regulation No. 32/2014 - May 2014)

Primary Activities:
- Coconut Processing Industry
- Fisheries Processing Industry
- Logistic

5. Morotai

Morotai Islands, North Maluku
(Government Regulation No. 50/2014 - June 2014)

Primary Activities:
- Fisheries Processing Industry
- Tourism
- Logistic

6. Mandalika

Central Lombok, NTB
(Government Regulation No. 52/2014 - June 2014)

Primary Activity:
Tourism

7. Maloy Batuta Trans Kalimantan

East Kutai, East Kalimantan
(Government Regulation No. 85/2014 - October 2014)

Primary Activities:
- Palm Oil Processing Industry
- Energy Industry
- Wood Processing Industry
- Logistic

8. Tanjung Kelayang

Belitung, Bangka Belitung Islands
(Government Regulation No. 06/2016 - March 2016)

Primary Activity:
Tourism

9. Sorong

Sorong, Southwest Papua
(Government Regulation No. 31/2016 - August 2016)

Primary Activities:
- Nickel Processing Industry
- Palm Oil Processing Industry
- Forest and Plantation Products (Sago) Industry
- Logistic

10. Arun Lhokseumawe

North Aceh & Lhokseumawe, Aceh
(Government Regulation No. 05/2017 - February 2017)

Primary Activities:
- Petrochemicals and other Chemicals Industry
- Logistic
- Energy Industry

11. Galang Batang

Bintan, Riau Islands
(Government Regulation No. 42/2017 - October 2017)

Primary Activities:
- Bauxite Processing Industry
- Logistic

12. Singhasari

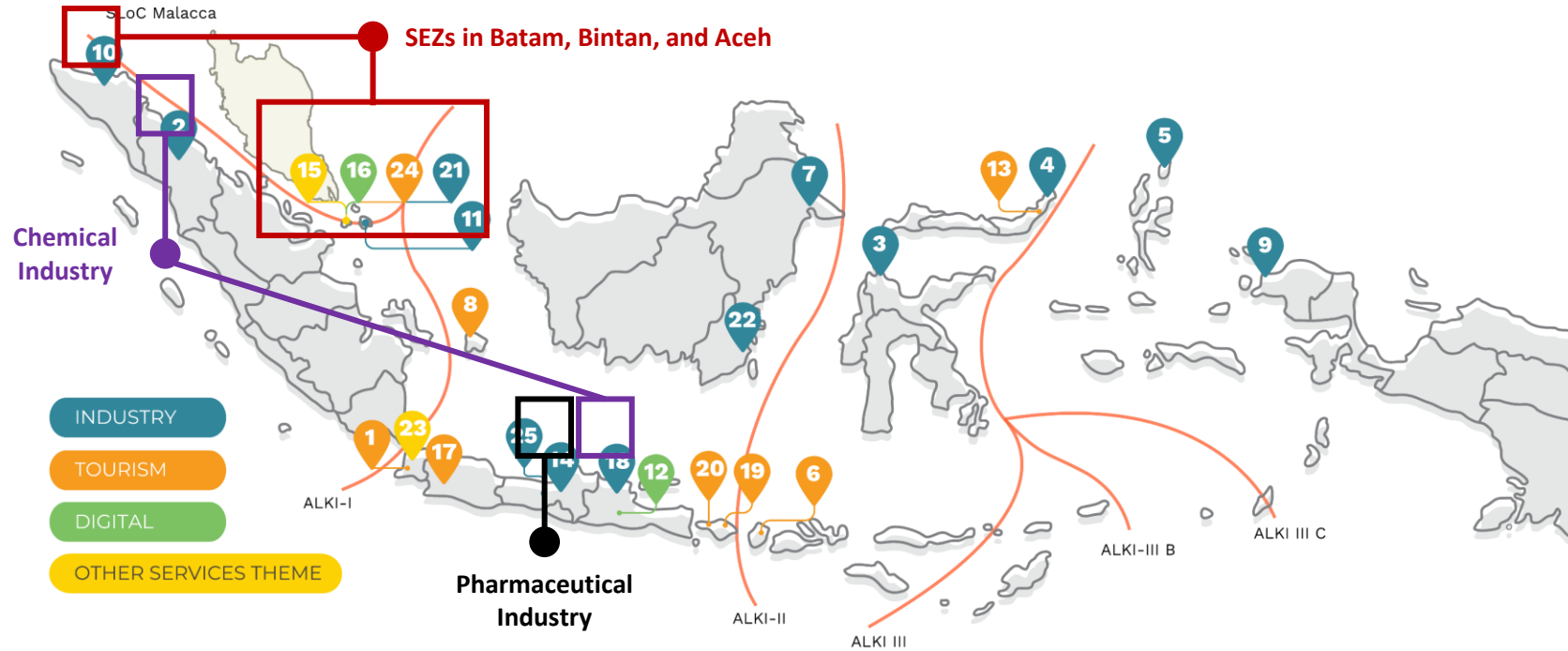
Malang, East Java
(Government Regulation No. 68/2019 - September 2019)

Primary Activities:
- Tourism
- Technology Development

13. Likupang

North Minahasa, North Sulawesi
(Government Regulation No. 84/2019 - December 2019)

Primary Activity:
Tourism



Chemical Industry

INDUSTRY

TOURISM

DIGITAL

OTHER SERVICES THEME

Pharmaceutical Industry

20. Kura Kura Bali

Denpasar, Bali
(Government Regulation No. 23/2023 - April 2023)

Primary Activities:
- Tourism
- Creative Industry

19. Sanur

Denpasar, Bali
(Government Regulation No. 41/2022 - November 2022)

Primary Activities:
- Healthcare
- Tourism

18. Gresik

Gresik, East Java
(Government Regulation No. 71/2021 - June 2021)

Primary Activities:
- Metal Industry
- Electronic Industry
- Chemistry Industry
- Energy Industry
- Logistic

17. Lido

Bogor, West Java
(Government Regulation No. 69/2021 - June 2021)

Primary Activities:
- Tourism
- Creative Industry

16. Nongsa

Batam, Islands Riau
(Government Regulation No. 68/2021 - June 2021)

Primary Activities:
- Research, Digital Economy, and Technology Development
- Tourism
- Education
- Creative Industry

15. Batam Aero Technic

Batam, Riau Islands
(Government Regulation No. 67/2021 - June 2021)

Primary Activities:
- Maintenance, Repair and Overhaul (MRO) Plane

14. Kendal

Kendal, Central Java
(Government Regulation No. 85/2019 - December 2019)

Primary Activities:
- Textile (Fashion) Industry
- Furniture and Play Equipment Industry
- Food & Beverages Industry
- Automotive Industry
- Electronic Industry
- Logistic

Fiscal & Non-Fiscal Incentives

Local Procurement

- VAT Not Collected
- Sales Tax on Luxury Goods Not Collected

Imported Capital Goods and Equipment

- Duty Free
- Import Tax Not Collected

Corporate Income Tax

- Tax Holiday up to 20 years (Min. US\$7 Mio), or
- Tax Allowance incl. losses carry forward for 10 yr

Consumption Goods Import (Non Industry SEZ)

- Duty free
- Postponement Import Tax

Regional Tax Discount (land tax)

- 50-100% discount

Land Title up to 80 Years

ONE-STOP-SERVICES By Administrator

VOA could be extended 5 times

Eligible for 100% Foreign Ownership

Negative List

- Not Applied

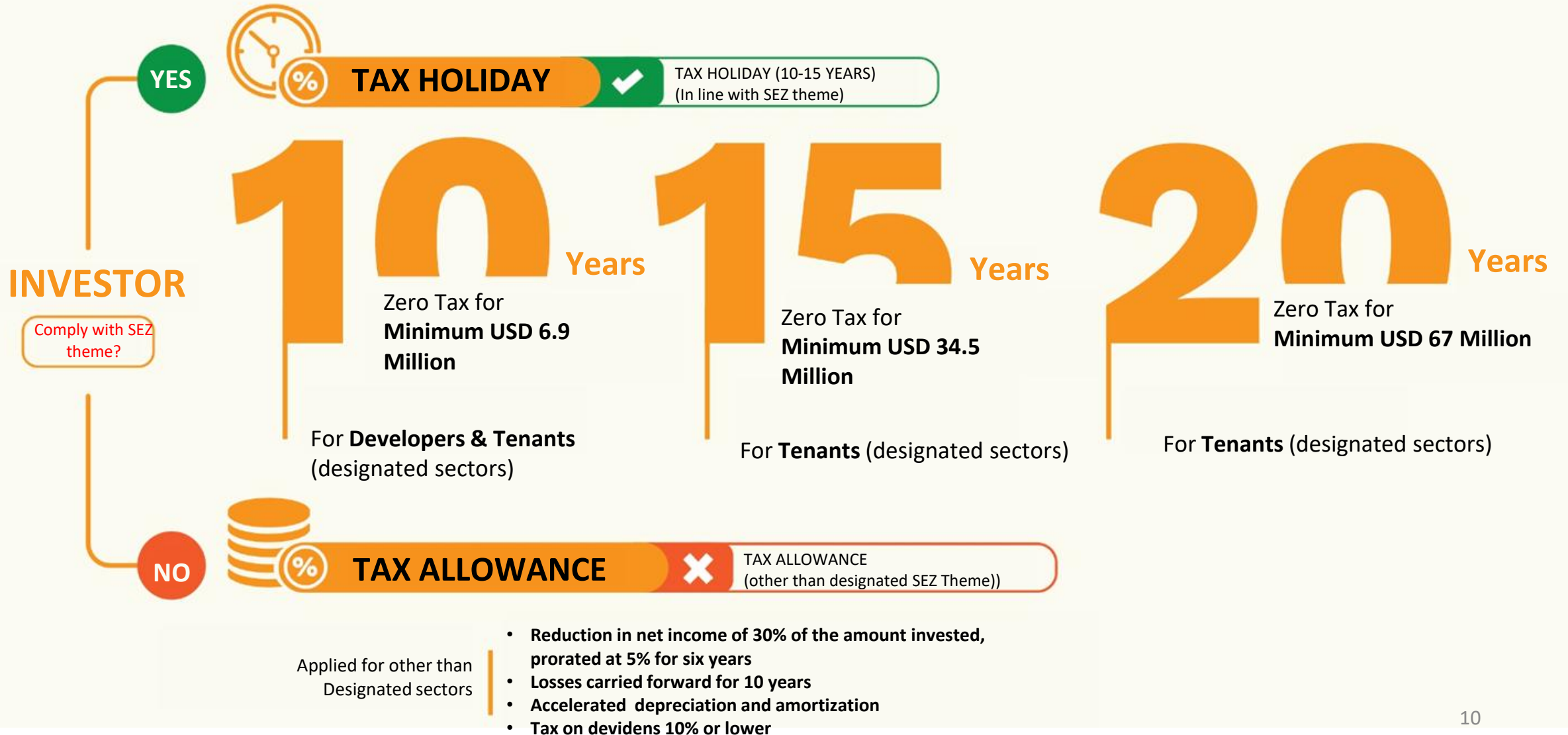
BUILDING PERMITS

- By Administrator

ENVIRONMENTAL LICENSE

- By Developer

CORPORATE INCOME TAX INCENTIVES



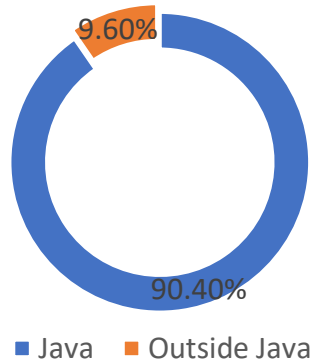
INVESTMENT OPPORTUNITIES

THAILAND INVESTMENT REALIZATION IN INDONESIA (2024)

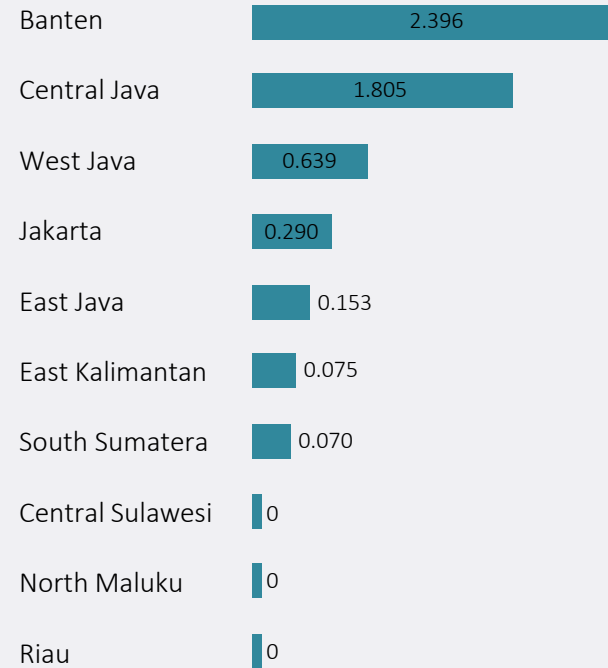
Investment Realization

IDR 5.845 Trillion
(~ USD 350 million)

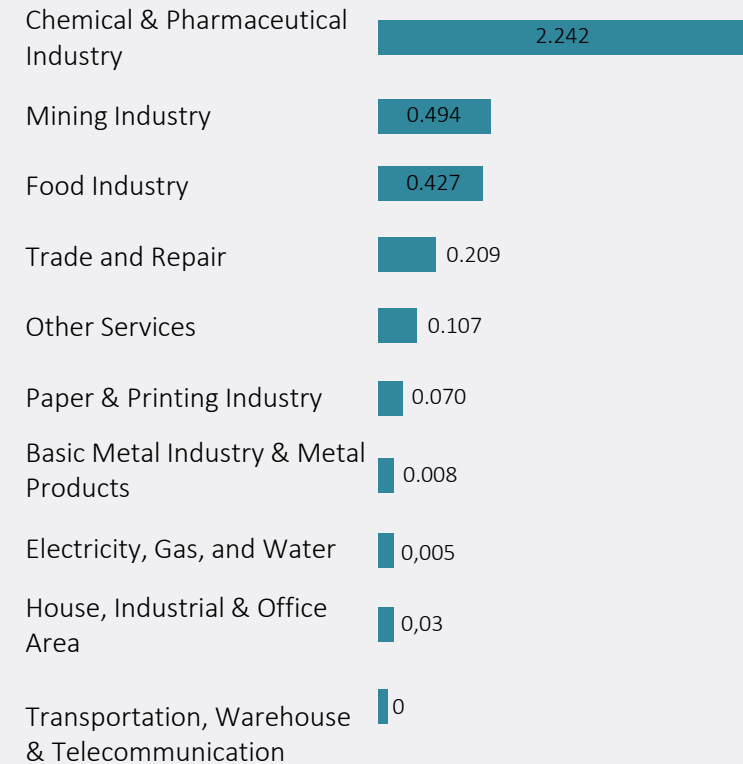
Based on Area



Top 10 Investment Realization Based on Location



Top 10 Investment Realization Based on Sector

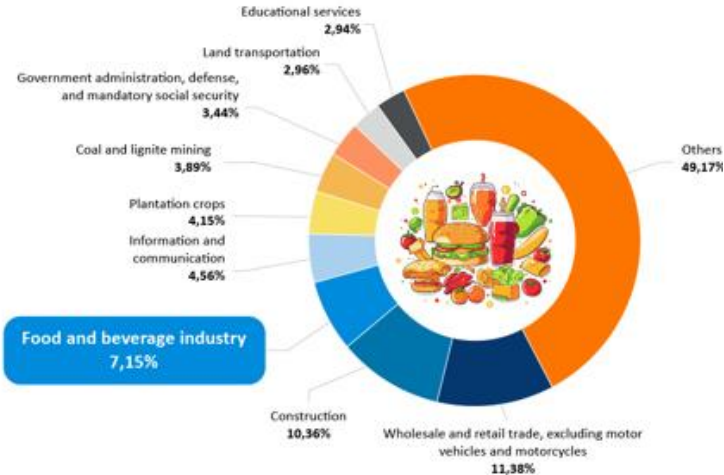


Source: Ministry of Investment/BKPM



Food Industries

Sectoral Contributions to Indonesia's GDP in the First Half of 2024



Source: e

Source: Bappenas, 2019

Source: Central Statistics Bureau of Indonesia, reprocessed by CRIF

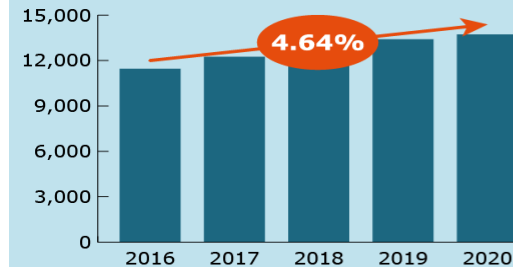
Indonesia's Food & Beverage Industry GDP Growth Trends, 2013-2024



Source: Central Statistics Bureau of Indonesia, reprocessed by CRIF

INDONESIA: CONVENIENCE FOOD MARKET

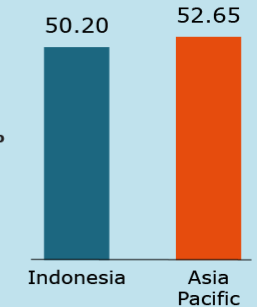
Market Size 2016-2020
in million US\$



Share of Product Types
in 2020, of total value in %



Consumption per Capita
in 2020, in US\$



CAGR* 2016-2020

Market Value (in RSP**)

Ready Meals

Soups and Broths

*Compound Annual Growth Rate

**Retail Selling Price

WMS
WMStrategy

seasia
data

HALAL FOOD IMPORT IN 2024

Top OIC (Organisation of Islamic Cooperation) Importers | US\$ Billion (2022)



HALAL FOOD EXPORT IN 2024

Top exporters to OIC (Organisation of Islamic Cooperation) | US\$ Billion (2022)



Source: State of the Global Islamic Economy Report



NEW SECTOR

Healthcare

BACKGROUND



In **2018** the number of Indonesians seeking for medication on abroad reaches 1 million people (CIGNA).

Main Destination Country for Medication in SouthEast Asia (2016 – 2017)



US\$ 4.3 M

2.500.000

US\$ 3.5 M

850.000

US\$ 0.158 M

583.000

Profit Numbers of patients from abroad



Indonesia is one of the largest contributors with total expenditure for medication reaching **US\$ 11.5 billion/year**. The main country for treatment is Malaysia (80%).

2006



350

2015



600

2018



1.000

Number of patients (thousand)

Potential Healthcare Development in Indonesia



Cosmetic surgery and reconstruction



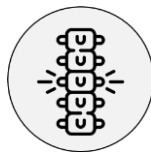
Cancer treatment



Bone treatment



Dental care



Spine surgery



Eye treatment



Liposuction surgery



Heart treatment

POTENTIAL MARKET

85
MILLION

Middle Class

The number of Indonesian middle class continues to increase, from 45 million in 2010 to 60 million in 2019 and 85 million in 2020 (Bappenas/Menkeu)

110
TRILLION

Pharmaceutical

The pharmaceutical industry market which in 2009 was valued at Rp34T will increase to Rp110T in 2021 (Global Data)

49
TRILLION

Medical Tools

The market of medical tools industry was worth Rp32T in 2016 and increased to Rp49T in 2018 (Global Data)

160
TRILLION

High End Patients

Patients spending for treatment abroad increased from Rp100T in 2015 to Rp.160T in 2019 (IDI)



NEW SECTOR

Education

BORDERLESS EDUCATION



Currently, no less than 200 universities in the world have opened satellite campus outside their country.



The development of satellite campus varies in every countries. Some are static like in the UAE and others are growing rapidly as favorite destinations such as in East Asia and Southeast Asia.



Success story: Southeast Asia, Singapore and Malaysia has develop Education hubs in attracting as many international students as possible.



INDONESIAN POTENTIAL MARKET

270
MILLION

Population

4th largest population
Est. 319 million in 2045
50% are under 30 years

42
THOUSAND

Studying Abroad

9 thousand enrollment annually

TOP
COUNTRIES

Top Destination

Australia: 20,000 student
USA: 9,000 student
Malaysia
UK



UNIVERSITY CRITERIA

- World best 100 rank Universities or faculty/school/colleges
- World best 100 rank vocational educations

Requirements:

- develop a satellite campus in Indonesia and managed by main campus;
- same quality education as the main campus;
- may use main campus curriculum;
- same diploma quality and submitted by main campus
- Study Programs: science, technology, engineering, art, and mathematics
- Level of education: undergraduate, master, doctoral, applied undergraduate, applied master, or applied doctoral programs;

NEW SECTOR

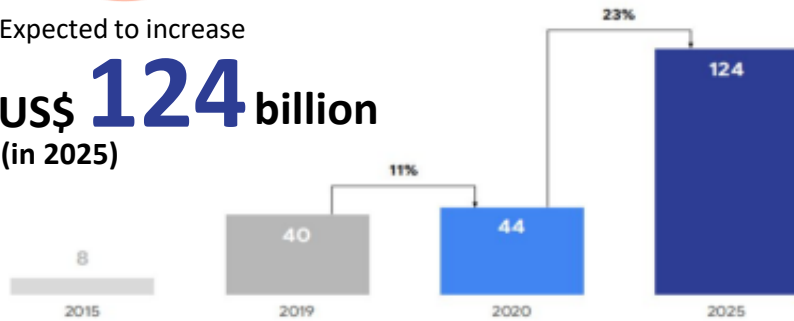
Digital Economy



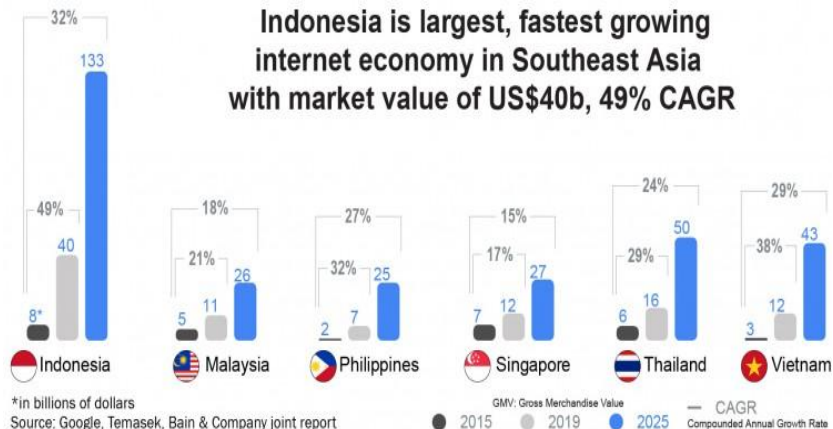
23%
Potential Growth Economy Digital Indonesia

Expected to increase

US\$ 124 billion
(in 2025)



Source: e-Economy SEA 2020, Report by google, temasek, bain&co



Indonesia's Digital Transformation Development Strategy



Broadband expansion



Integration for Services and electronic-based government system (SPBE) infrastructure



ICT Infrastructure Utilization (education, healthcares, social, agriculture, e-commerce, industry 4.0 platform, smart city)



Digital Human Resource Strengthening



Strengthening ICT industry



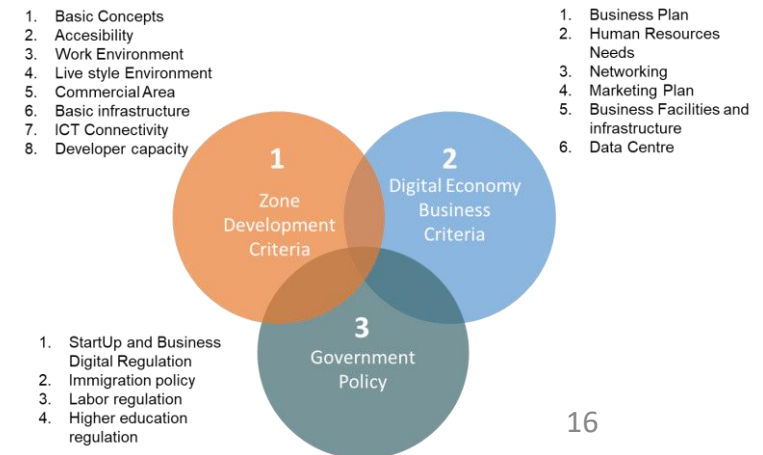
Technology Adoption (Big Data, Internet of Things (IoT))

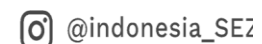
Source: Bappenas, 2019

DIGITAL SEZ ECOSYSTEM



DIGITAL SEZ CRITERIA





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