



DEWAN EKONOMI NASIONAL  
REPUBLIK INDONESIA

# Indonesia Macro: Investment, Trade, and Potential Sectors

June 2025



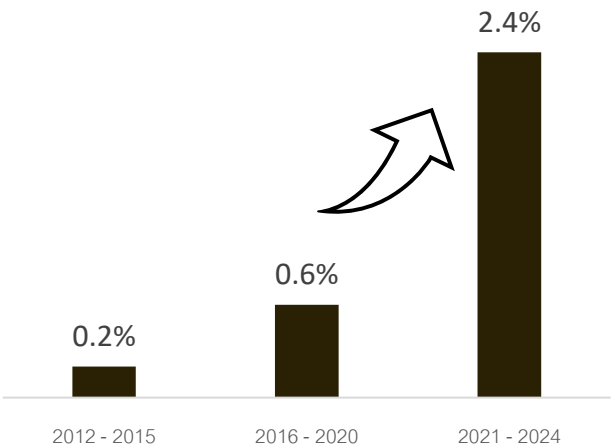
# Rupiah Two Decades of Transformation



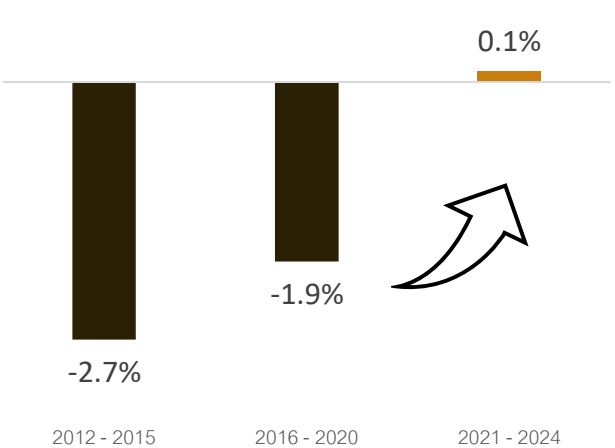
Most vulnerable

Amongst the least vulnerable

Iron and Steel Export (% GDP)



Current Account (% to GDP)

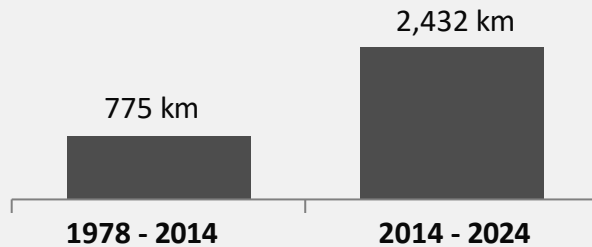


# Completed Key Infrastructures Will Enable Development of New Economic Growth Centre

Indonesia has a concrete toll road development plan...

Indonesia has **significantly accelerated toll road development** in the last 10 years through the Trans-Java Toll Road and Trans-Sumatra Toll Road.

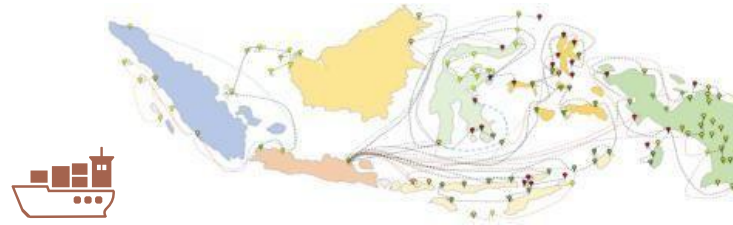
Toll road development in Indonesia



Logistic Performance Index : Indonesia

2010 **2.76** → 2023 **3.00**

Sea toll program grows traffic in Eastern Indonesia through interconnectivity and economic support



Since 2019, the sea toll program **has connected...**

...and **propelled the growth of cargo in the east**

**130**

Sea Ports

**+60%** (157k)

ton of cargo

**21**

coordinating points

**220**

new passenger routes

**41**

new cargo routes

**33**

main sea routes

**+68%** (13)

fleets

The air toll program has developed pioneering flights across Indonesia



# Improved Connectivity Drives the Spread of Industrial Development on Garment and Textiles

## Labor-Intensive Industries

### Current State of Textile Industry Workforce in Indonesia

**3.98 Million**

Number of total workers  
in textiles sector



**19.9%**

of manufacturing  
sector workforce

With Trans-Java, majority of factory relocations are choosing factory areas outside of established industrial zones, presenting a **unique opportunity to boost economic development in Indonesia's smaller cities**

From just **2 global textile brands alone**, the factory relocation from overseas to Indonesia could generate up to **67,870 new jobs** Indonesia **this year**.

#### Banten

Serang, Tangerang

**2 Factories**

**1.520 Workers**

#### Central Java

Brebes, Boyolali, Demak, Slawi,  
Batang, Kedungkelor, Pekalongan

**10 Factories**

**60.481 Workers**

#### East Java

Pleret

**1 Factory**

**400 Workers**

#### West Java

Cirebon, Majalengka, Subang,  
Purwakarta, Karawang, Cimahi, Bekasi

**11 Factories**

**5.469 Workers**



Port  
Infrastructure



Road Access



Power & Utilities

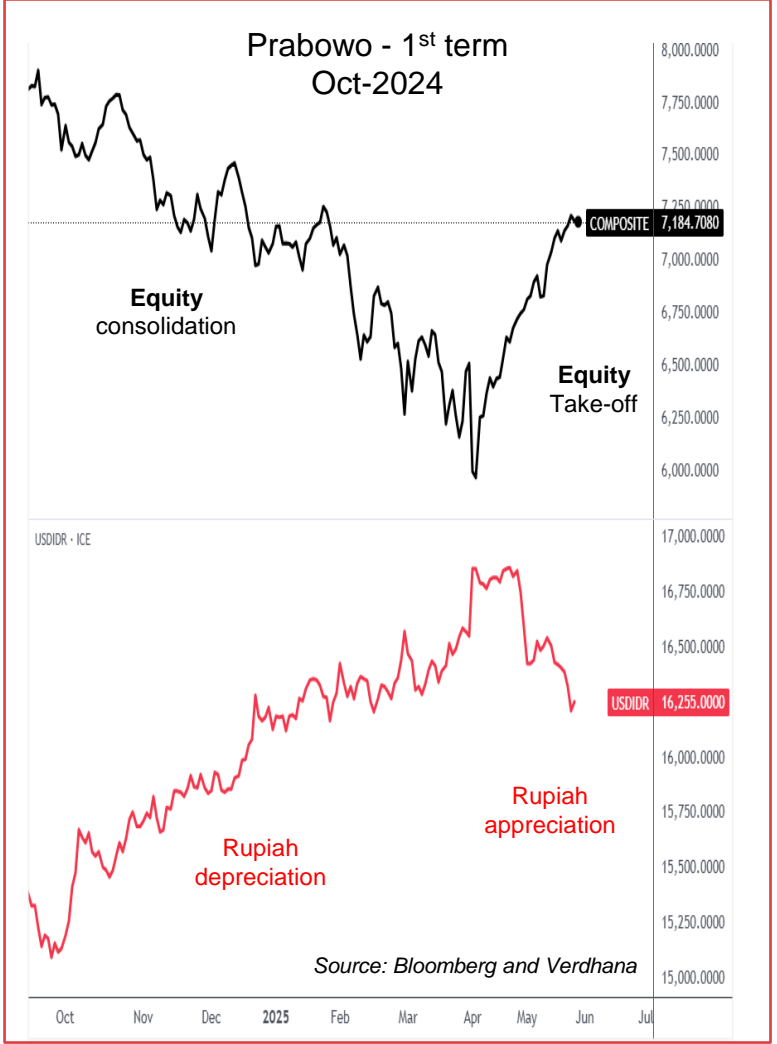
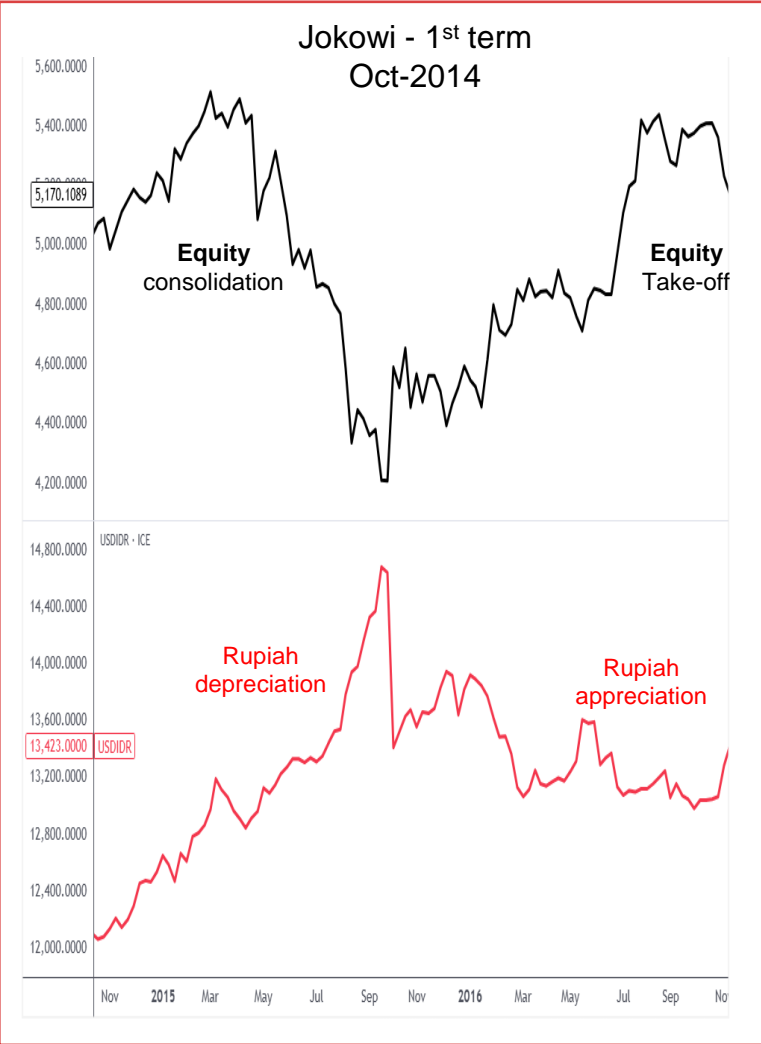
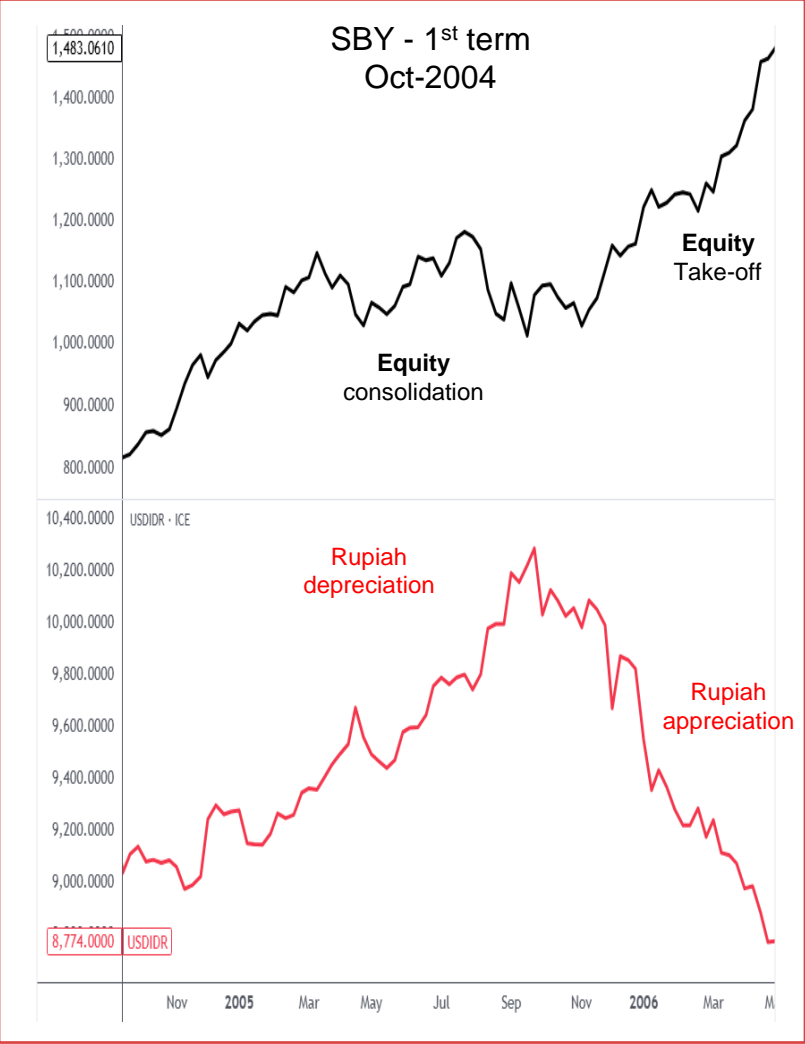
With global supply chains shifting, **Indonesia has a growing opportunity to attract factory relocation**. Strengthening port infrastructure, road access, power and utilities is essential to support job creation and investment in labor-intensive industries

### TRANS SUMATERA:

Completion: 1.057 km

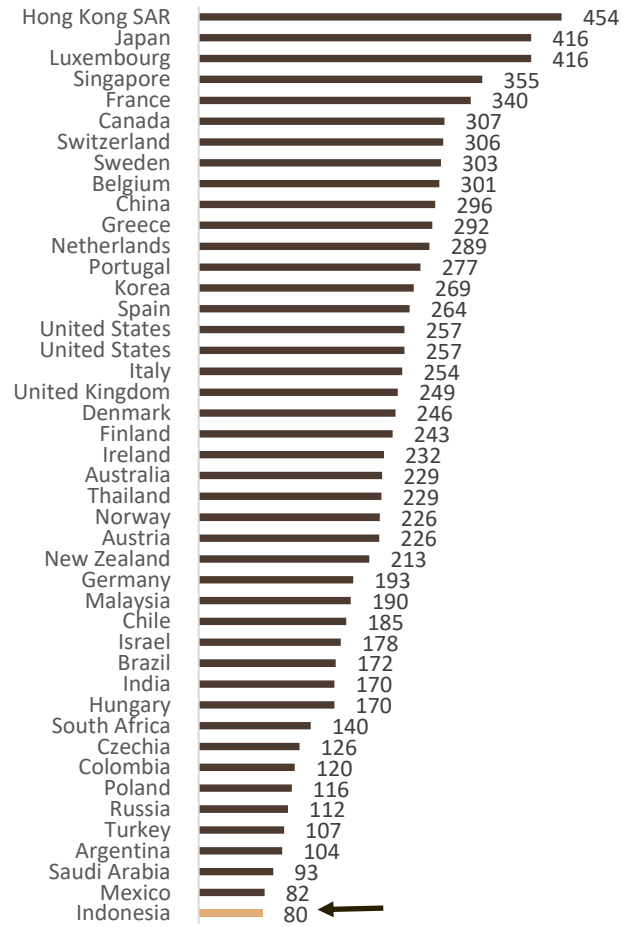
**Financing Need to Connect  
Lampung to North Sumatera:  
Rp161 T**

# New political cycle → Consolidation → Take-Off

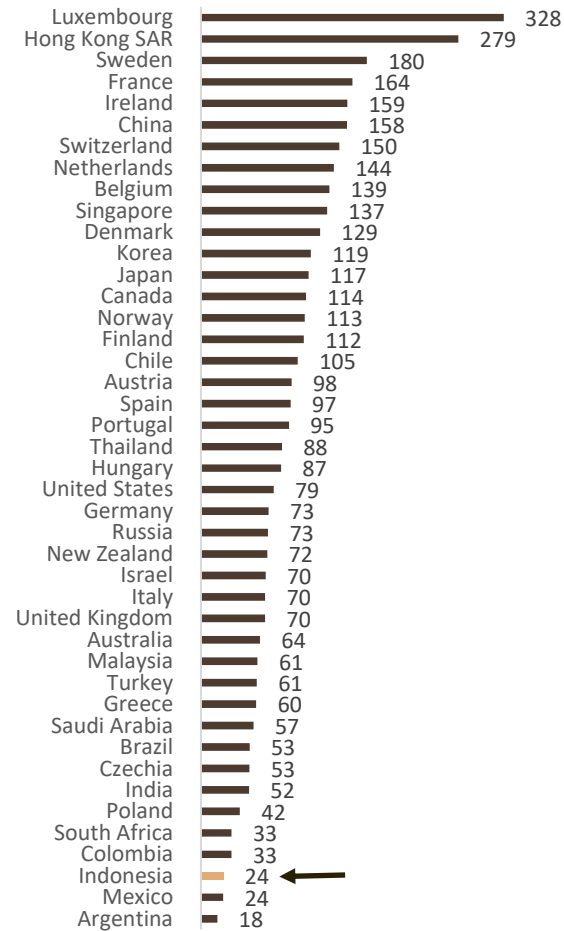


# Least leveraged country

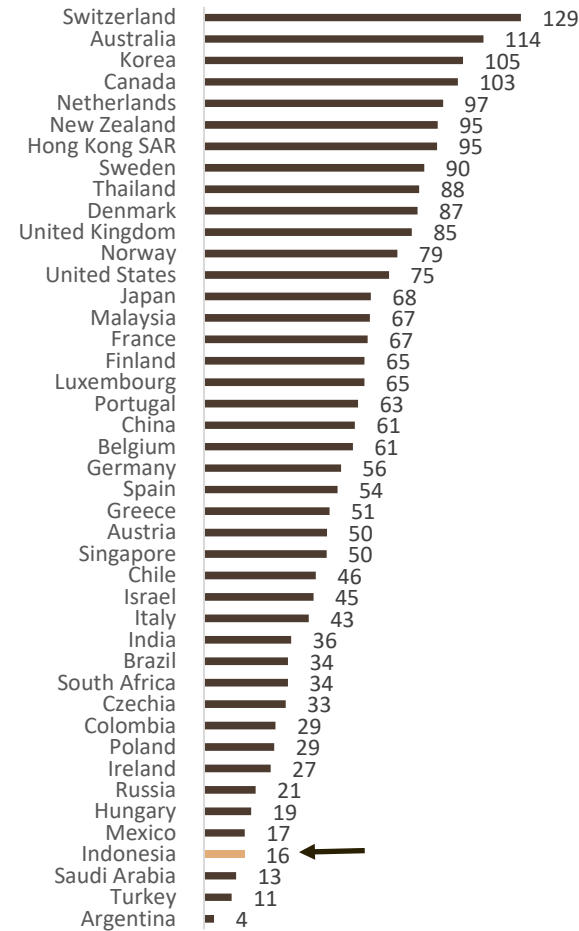
Total Credit % GDP



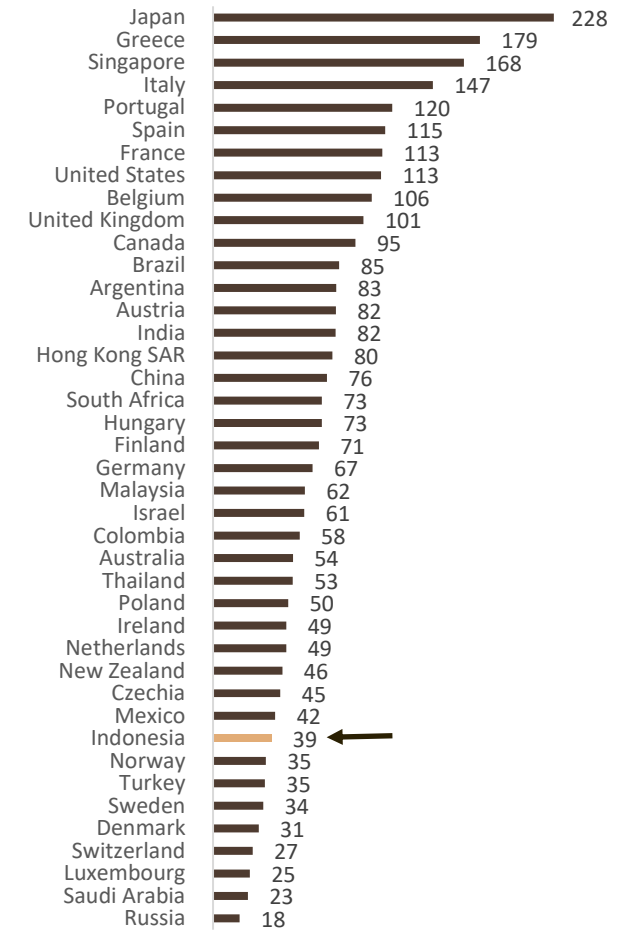
Corp Credit % GDP



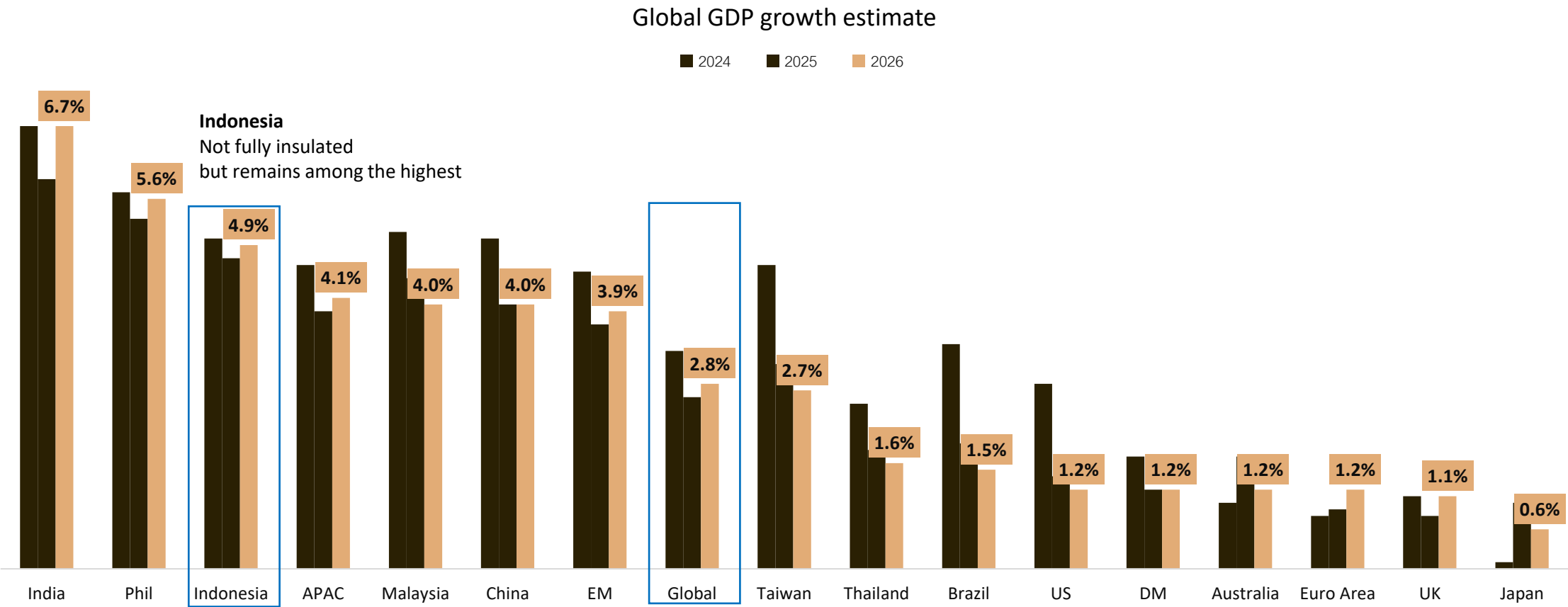
Household Credit % GDP



Govt % GDP

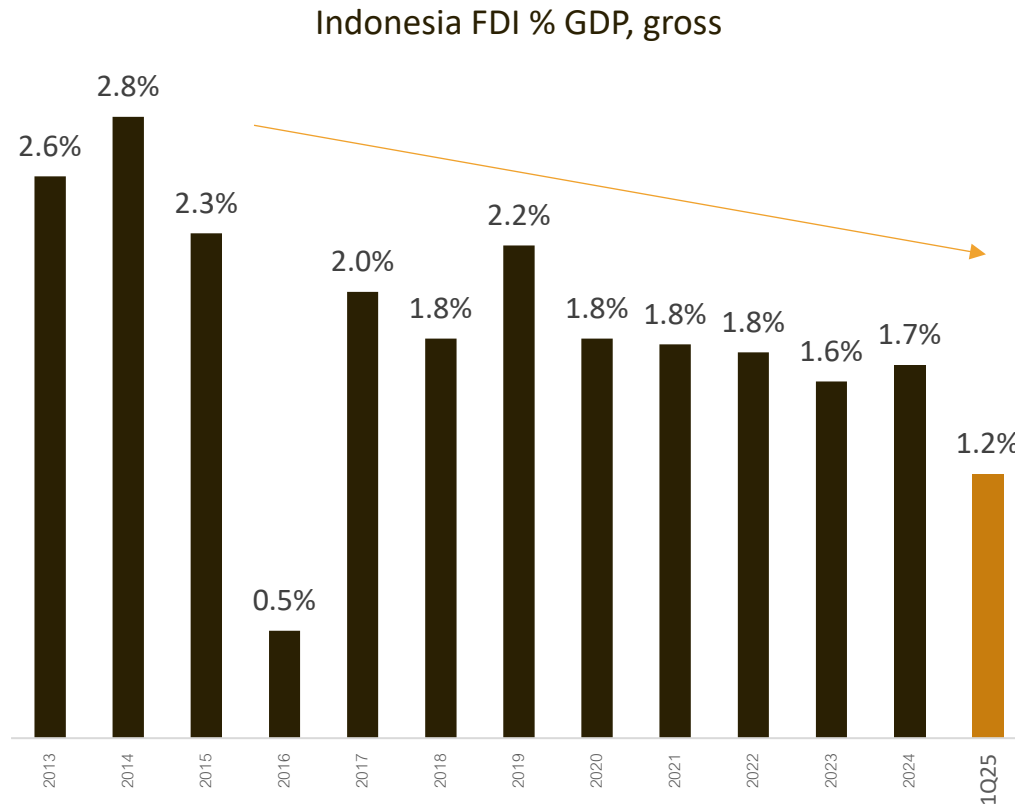


# Indonesia growth remains among the highest



Source: CEIC, DEN

# Deregulation to Push Investment



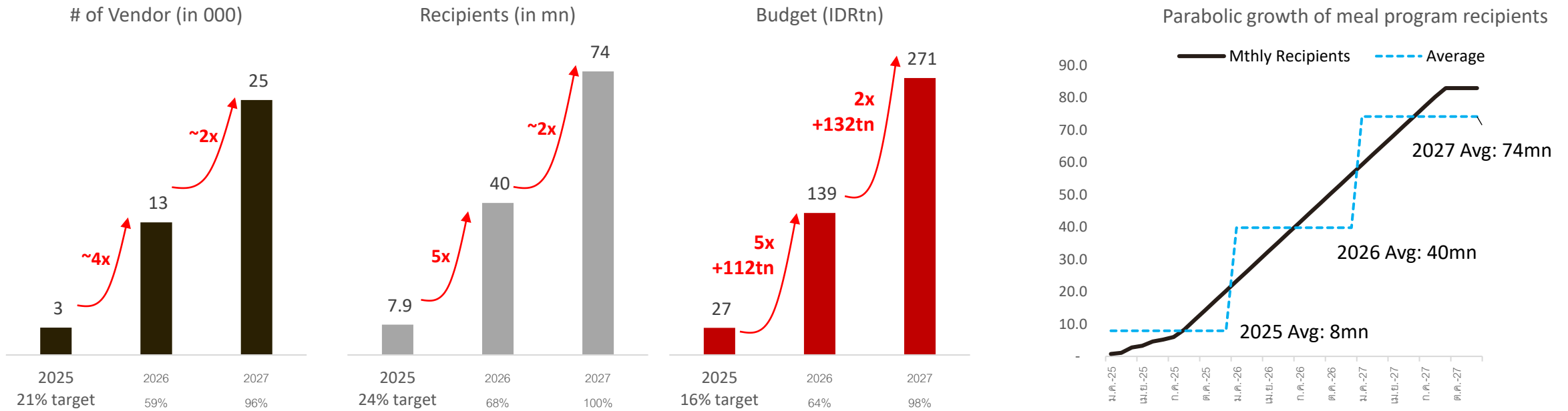
## Key Deregulation Plans:

- 1) Business Licenses
  - Local minimum content incentives
  - Permits
- 2) Import Deregulation
  - Tightening illegal import
  - Border security, quarantines
- 3) Labour-intensive Sectors
  - Textile and articles
  - Textile supply chain under national strategic project status



# Meal Program rollout estimation

- Low base of 2025
- Budget & recipient to 5x in 2026 > mass market consumption

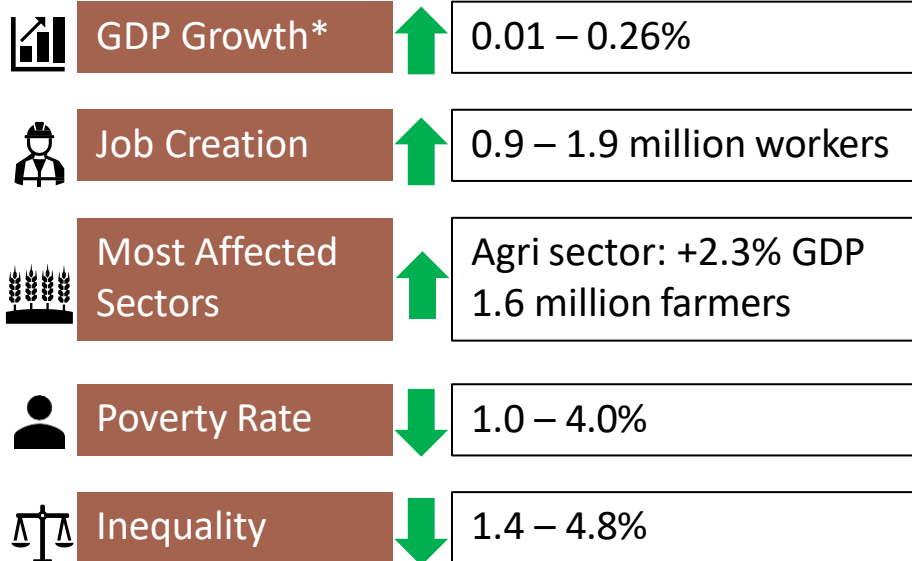


# Free Nutritious Meal (MBG) as a Pro-Jobs, Pro-Poor, and Pro-Equality Program

## Free Nutritious Meal Program (MBG)

Budget 2025 : Rp171 T (~USD10,7 Bio)  
Target : 82.9 million beneficiaries  
(32.000 SPPG)

## Economic and Social Impact Simulation



\* The positive GDP impact is limited as the funding is reallocative.

These positive impacts require timely & effective MBG execution

## Supply Chain

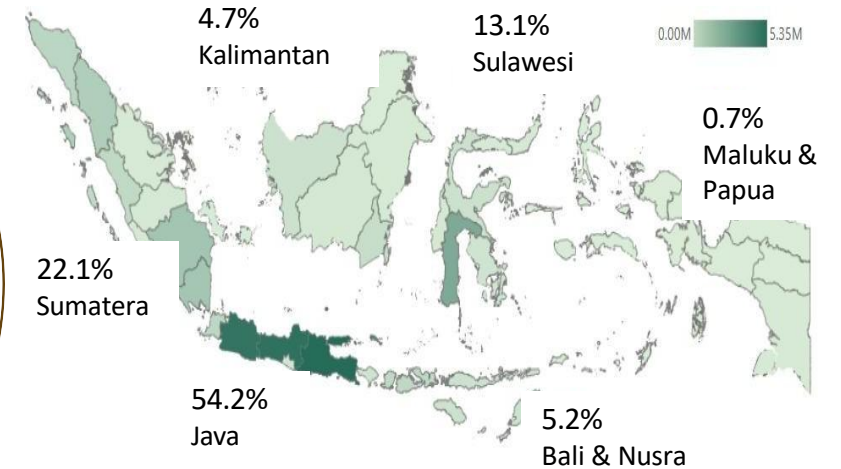


## Enabling Programs:

-  Food Self-sufficiency Program
-  Genomic Sequencing
-  Inter-Region Connectivity

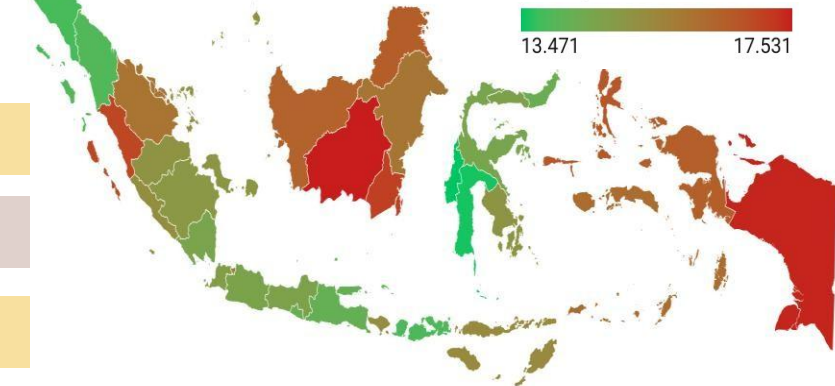
## Rice Production

Total Rice Production 2024: 30.6 million tonnes

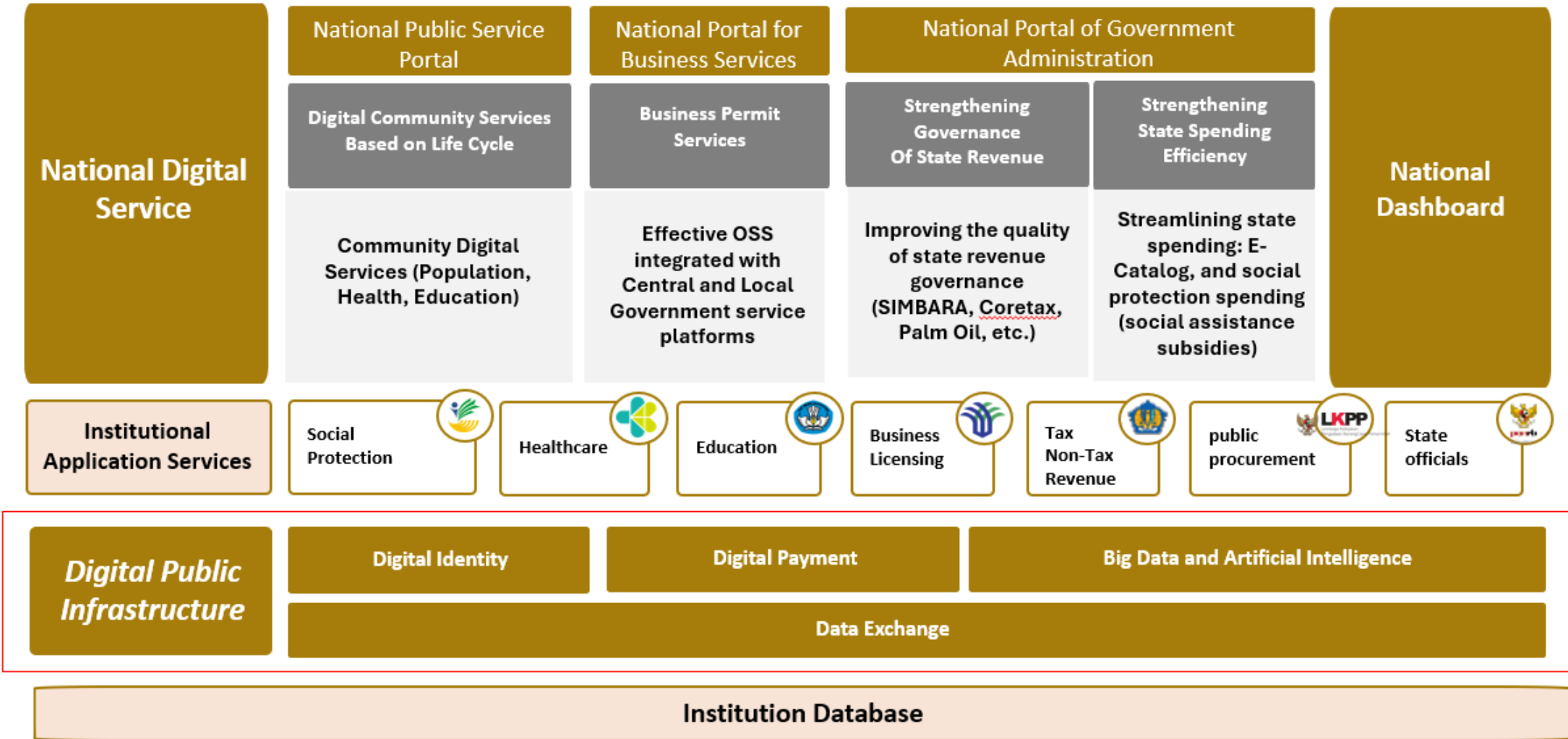


## Rice Price Across Provinces

National Average Jan-May 2025: Rp 15,257/kg



# Key Focus (1/2) – Efficiency and Governance Improvements via Digitalization



## Key Focus (2/2) – Financial Center

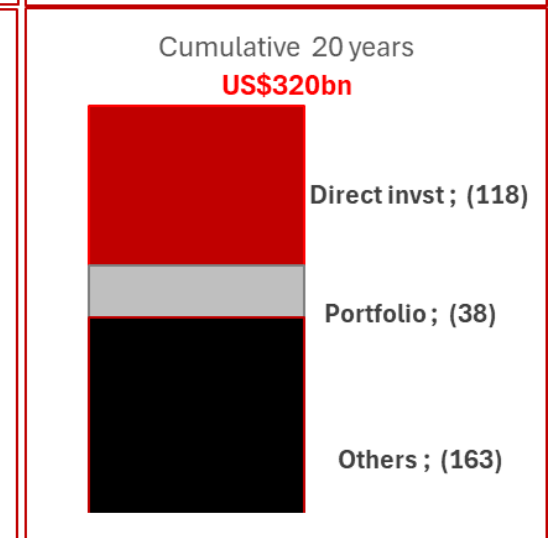
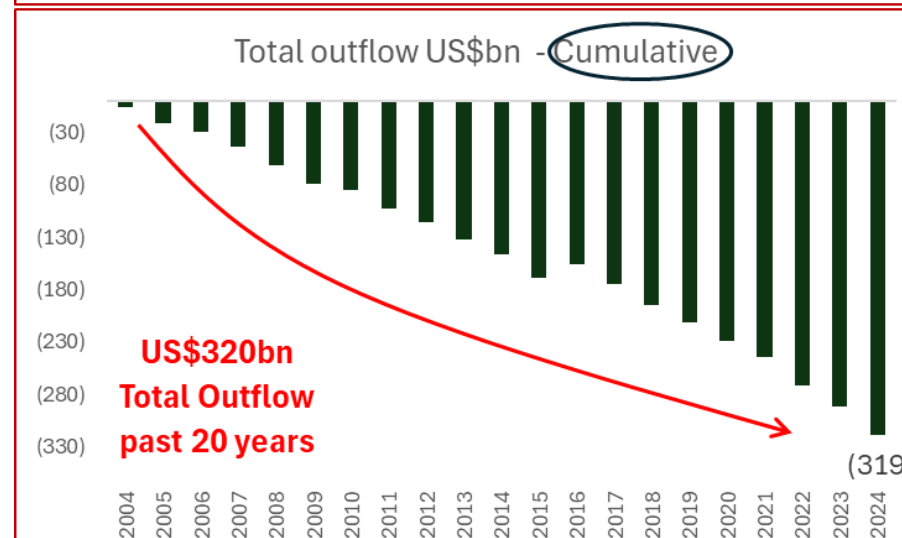
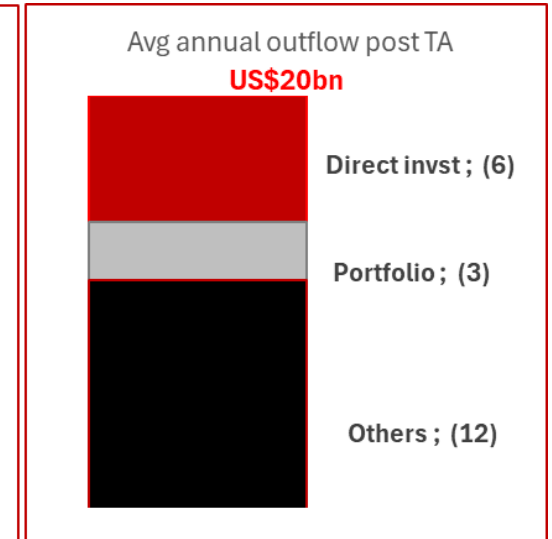
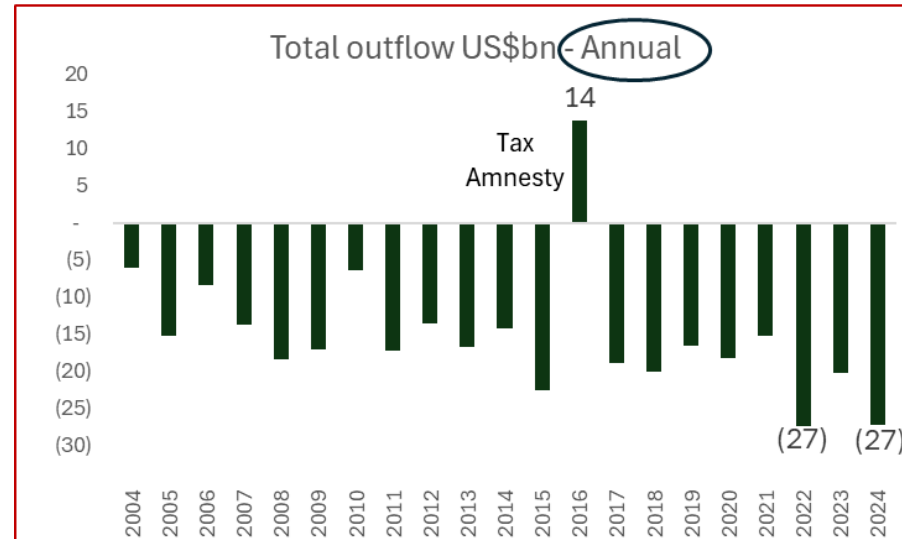
### Average Residential Outflow of US\$20bn due to:

- Regulation uncertainty
- Lack of return
- Lack of investment products

### Financial centre designed by the user, for the user

#### Impact:

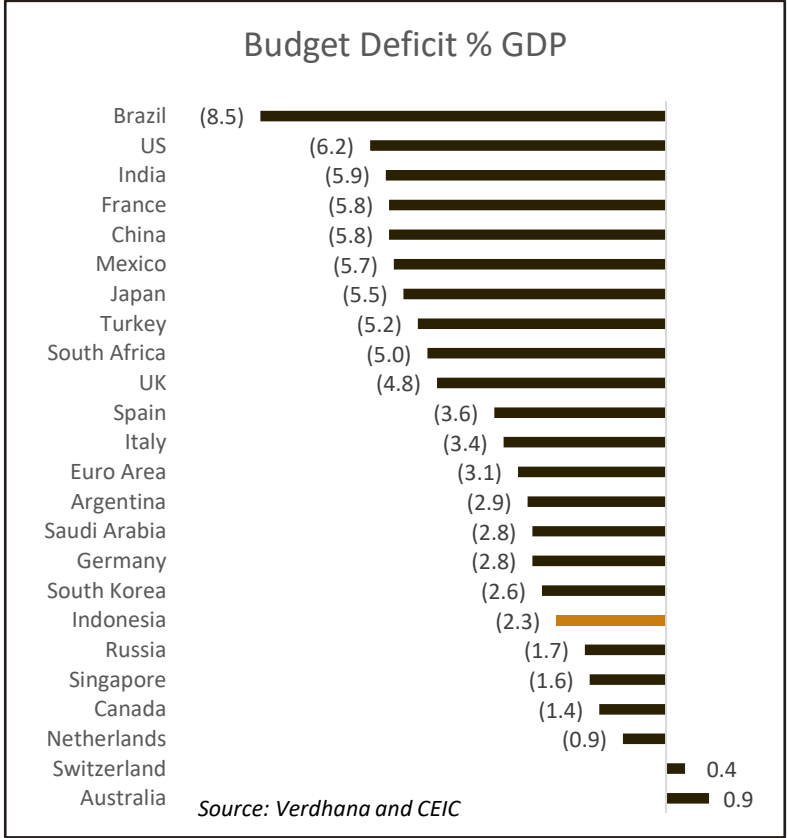
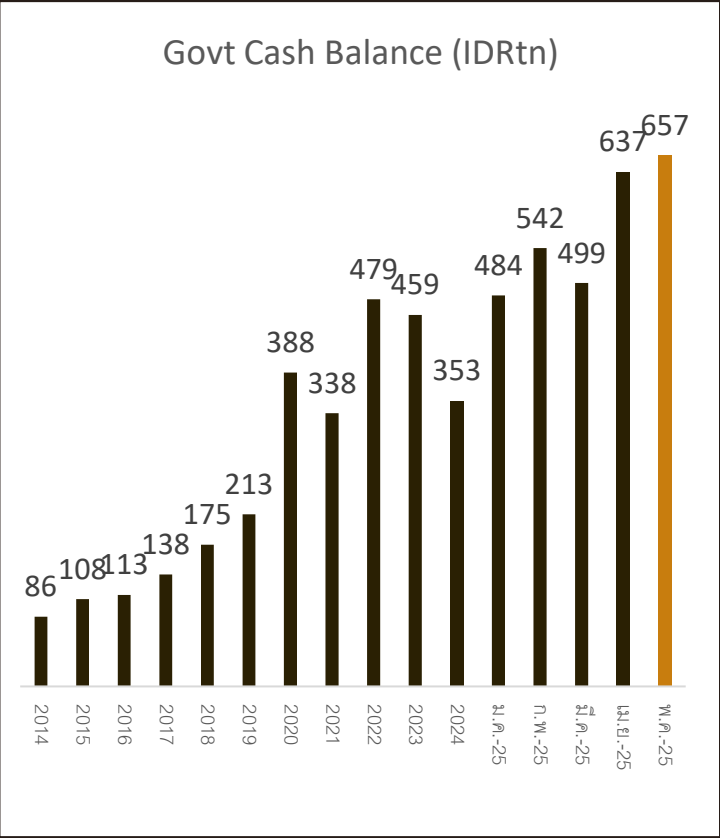
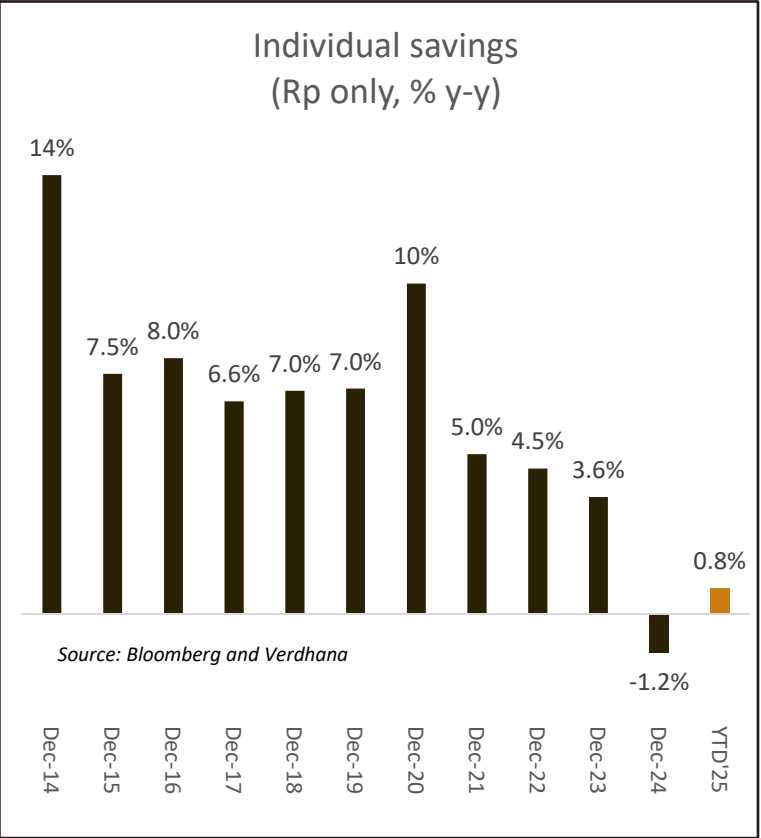
- Improved liquidity
- Lower cost of financing
- Less IDR depreciation





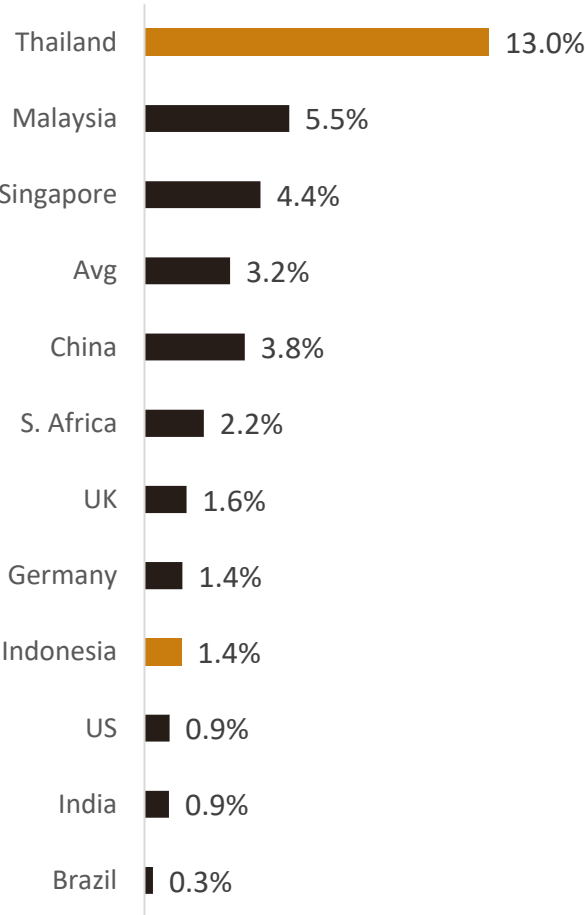
# Short-term: Weak Demand → Fiscal stimulus

Near term growth driver: Fiscal Stimulus and Meal Program

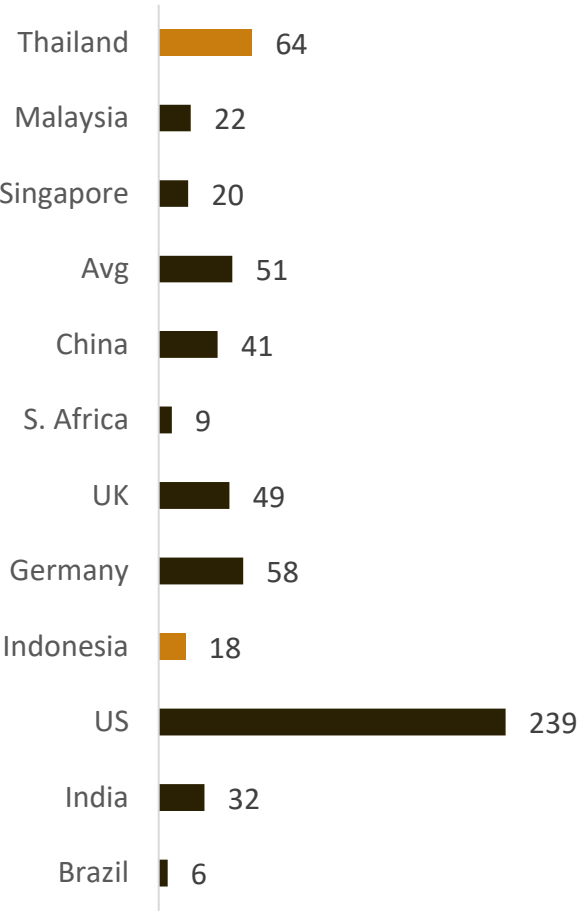


# Potential Sectors (1/3) – Tourism

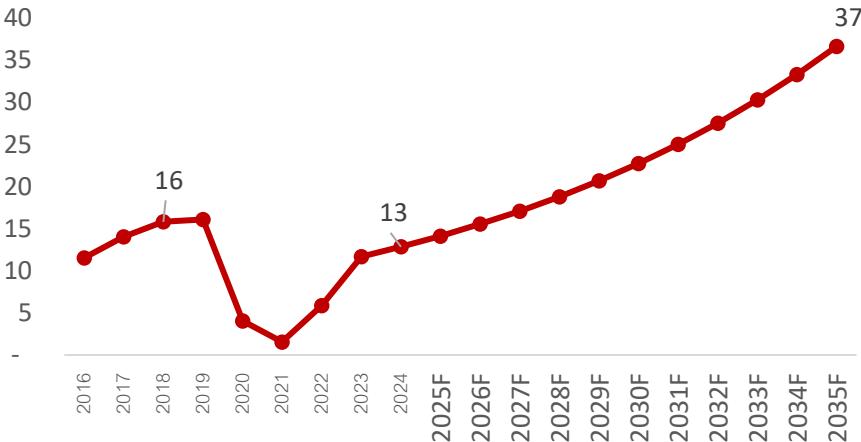
Tourism Receipt to GDP (%)



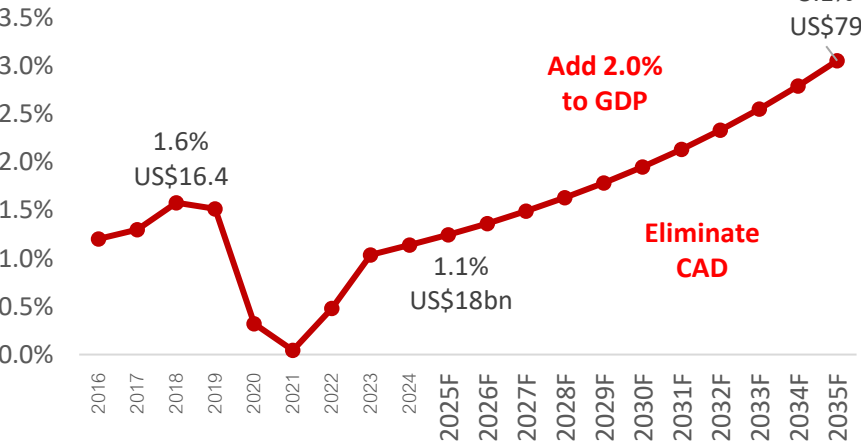
International Cash Receipt (US\$bn)



Indonesia foreign tourist (mn)



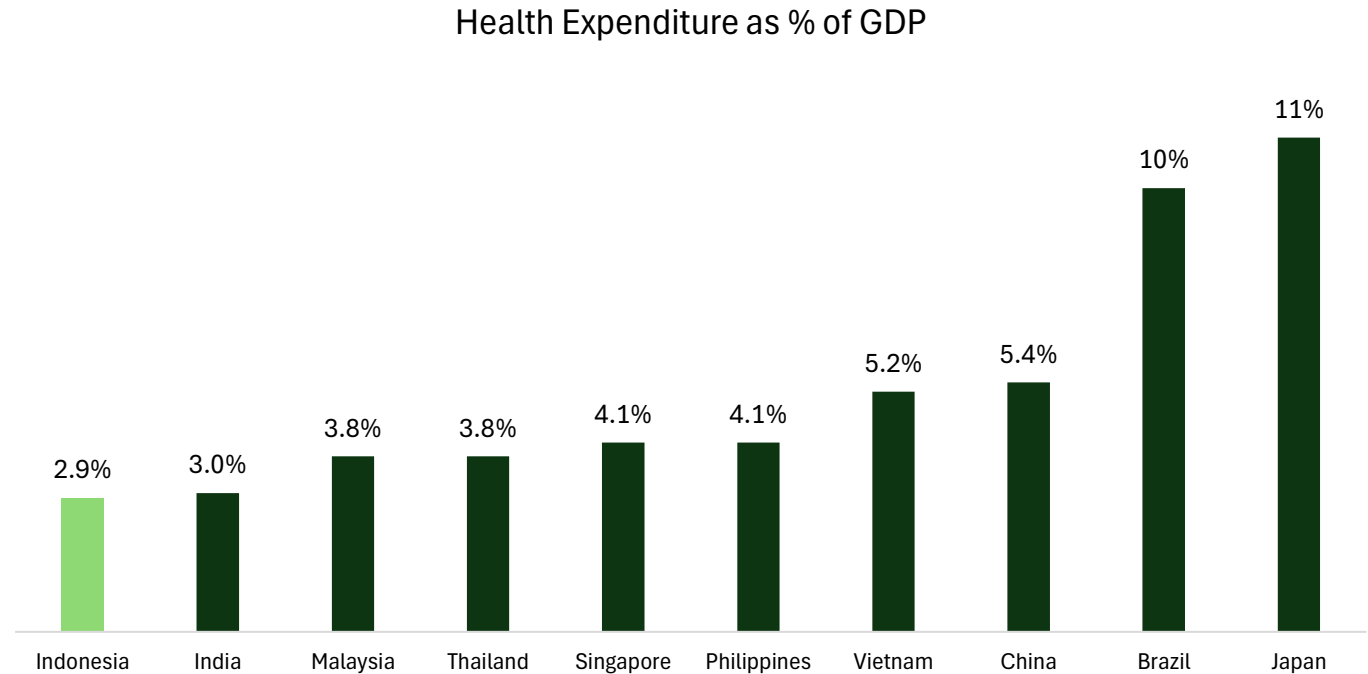
Tourism % GDP



## Potential Sectors (2/3) – Healthcare

### Healthcare reform:

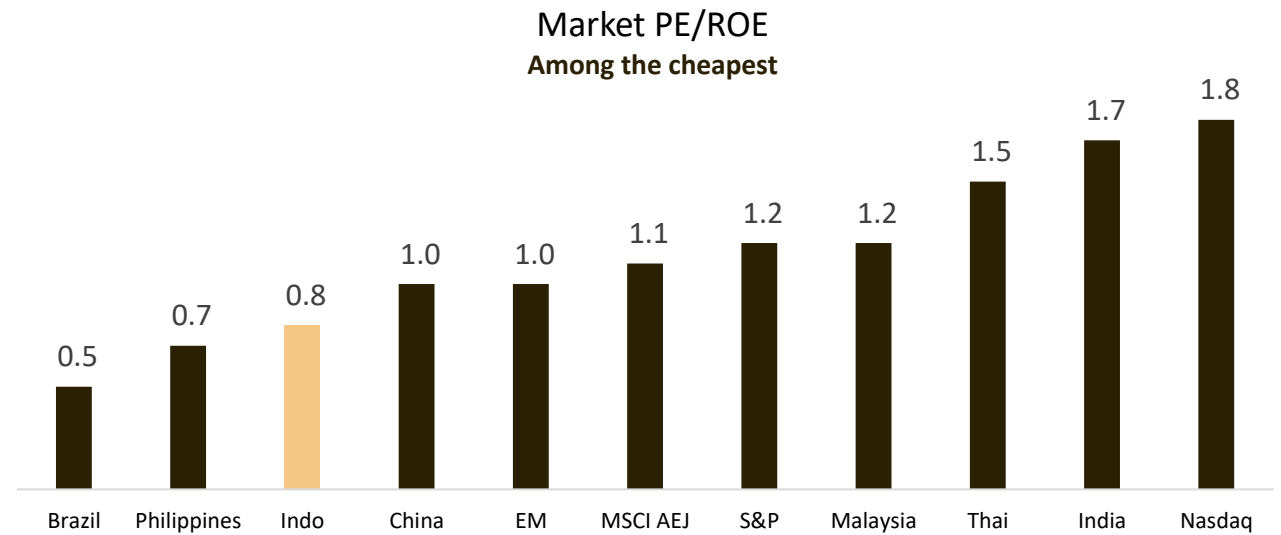
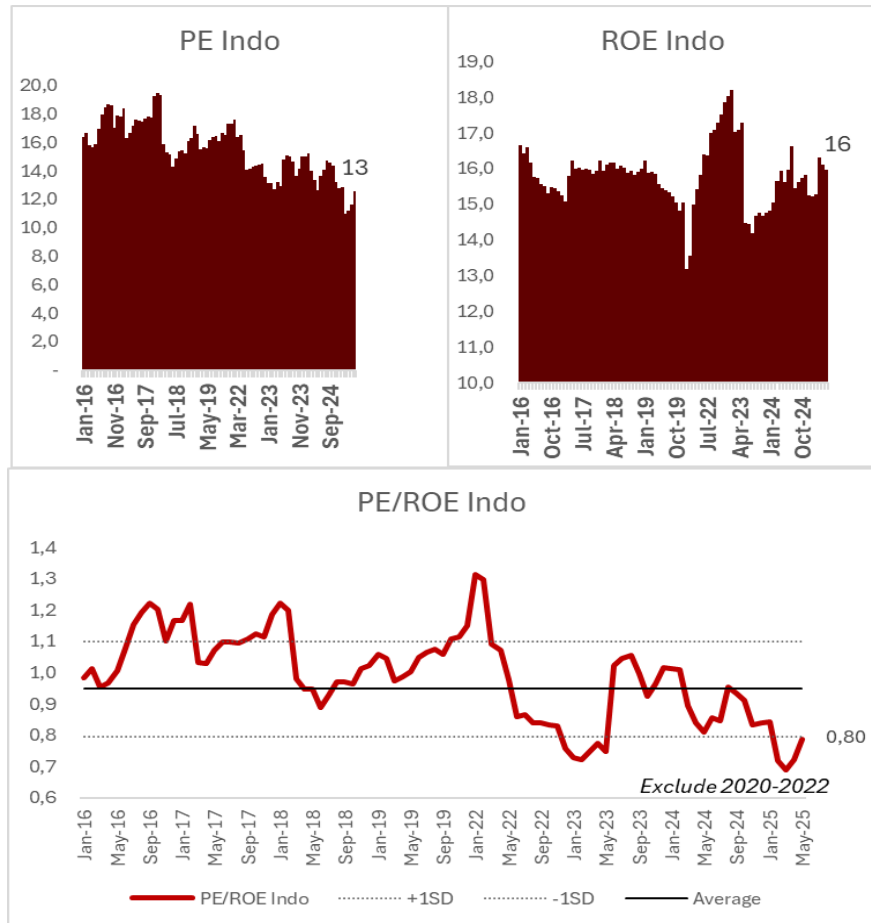
- Underpenetrated, yet rapidly growing
- In-line with government priority of human capital



# Potential Sectors (3/3) – Financials

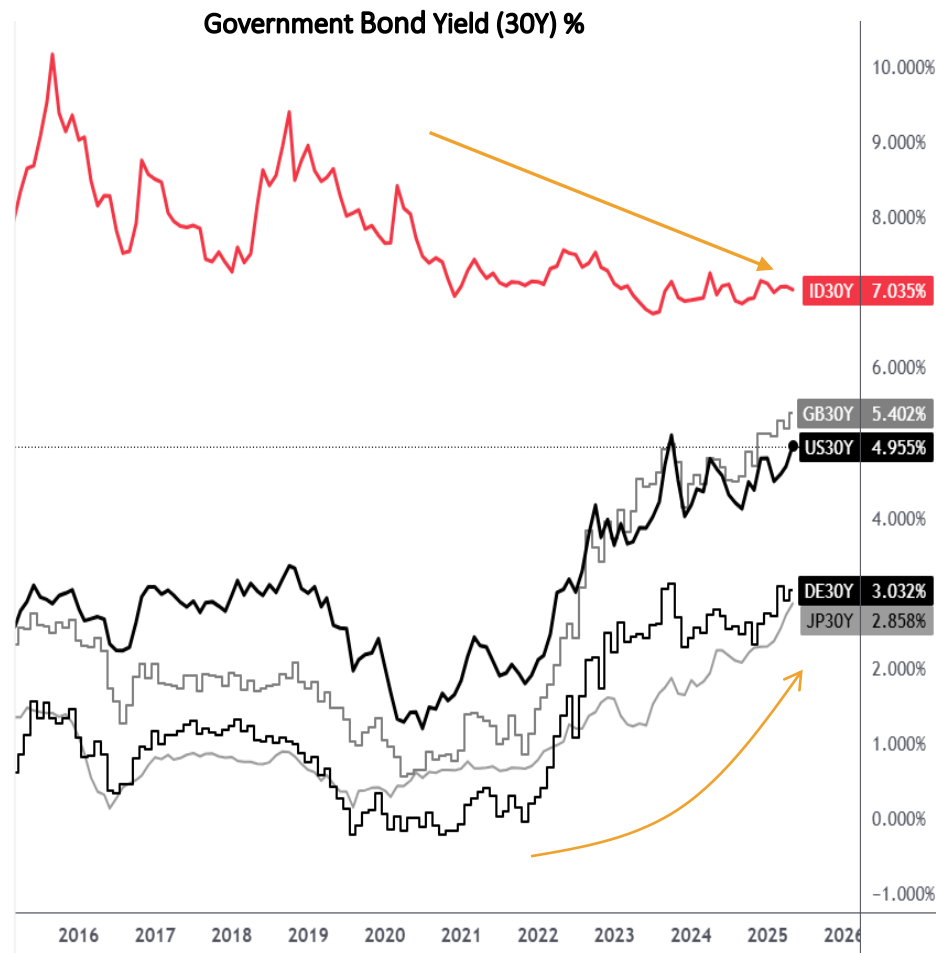
## Financials and Portfolio Investment:

- Declining PE, but stable ROE
- Cheap valuation relative to historical and peers



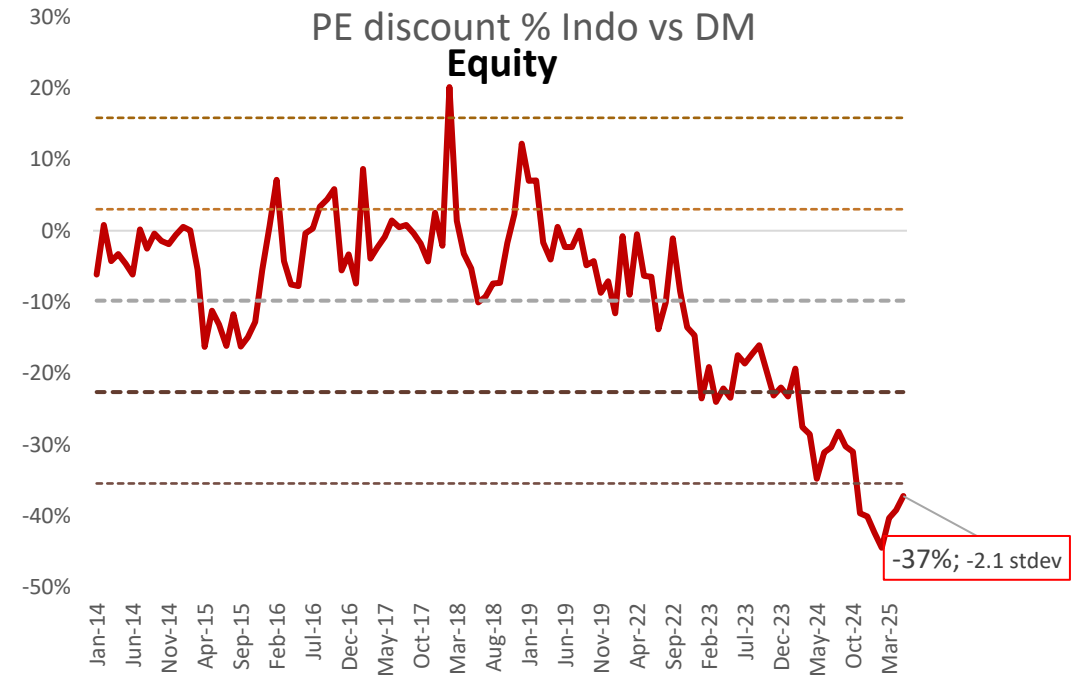
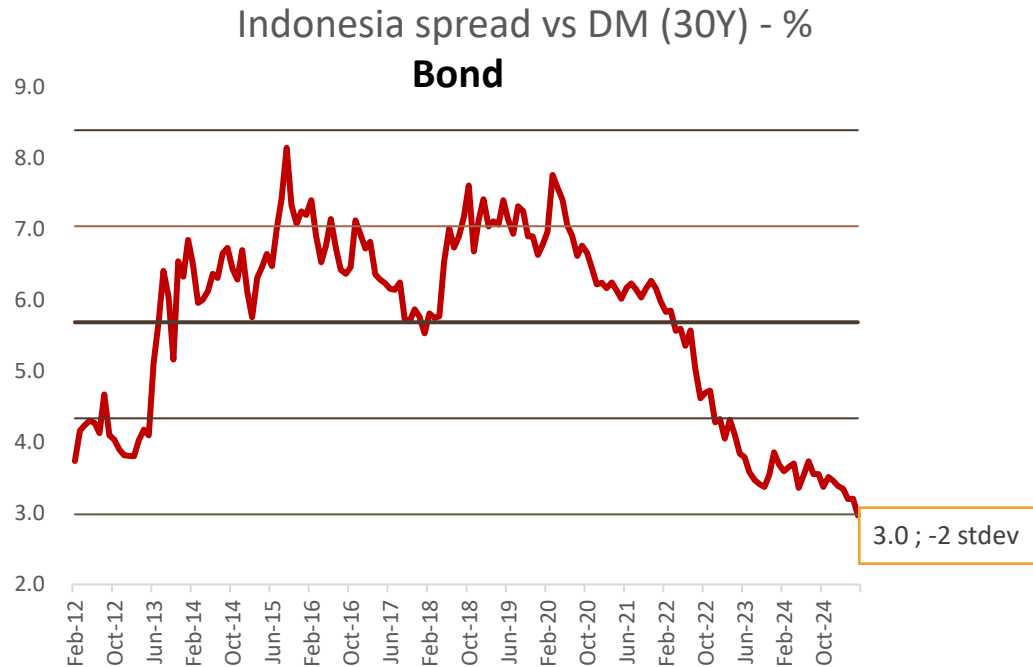


# Divergence - Bond and Equity



## Divergence - Bond and Equity

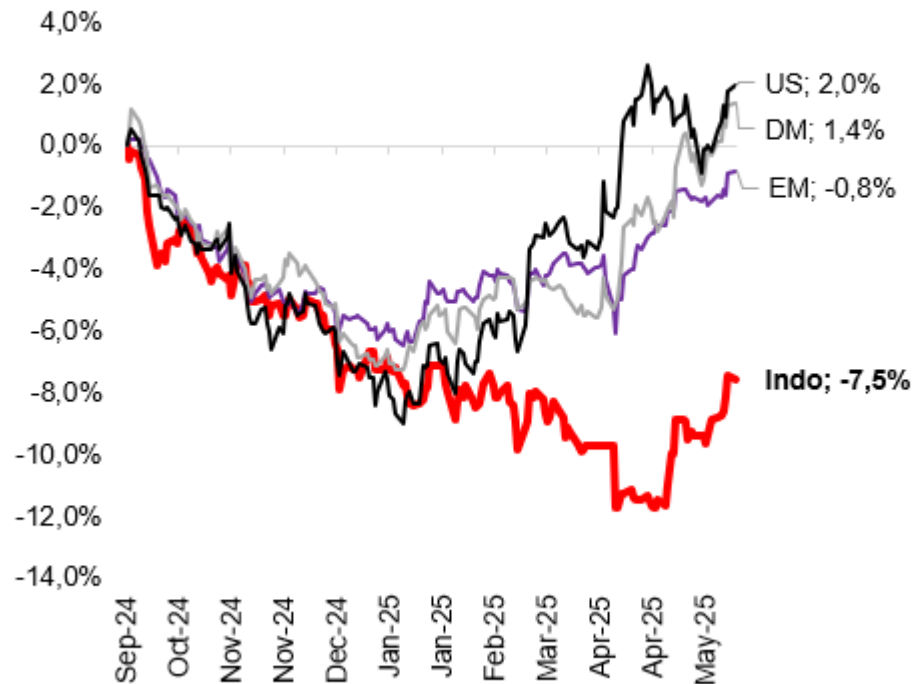
Bond spread **narrowed**, but equity discount **widened**



# Lagging currency and equity market performance

## Global Currencies

From Sept'24



## Global Equity

From Sept'24

