

Investing in Indonesia: Policies, Pathways, and Potential

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Indonesia Investment and Trade Forum 2025

Nurul Ichwan

Deputy Minister of Investment and Downstream Industry
for Investment Promotion



**MINISTRY OF INVESTMENT AND DOWNSTREAM INDUSTRY/
INDONESIA INVESTMENT COORDINATING BOARD**

Main reason to invest in Indonesia is its potential for market growth & economic expansion

In addition, political stability and an abundance of natural resources are also attractive to foreign investors.

Economic Growth Potential

- The OECD's February 2024 report forecasts that Indonesia's economy will grow by 5.1% in 2024 and 5.2% in 2025, outpacing China's expected growth of 4.7% this year.

Favorable demographic trends

- Indonesia's large, young population of over 270 million, with a median age of around 30, creates a strong consumer market. The rising middle class boosts spending, offering opportunities for businesses in consumer goods, retail, healthcare, and technology.

Political Stability and Regulatory Reforms

- Despite previous political issues, Indonesia has maintained stability and introduced regulatory reforms and infrastructure projects. These efforts create a favorable environment for business and investment while improving connectivity and promoting economic growth.

Abundance of Natural Resources

- Indonesia is rich in natural resources such as palm oil, coal, rubber, minerals, natural gas, and metals. Its strong production of nickel and copper positions the country as a key player in the EV market and increasing global demand for these commodities provides growth opportunities for local businesses.

Rising technology adoption

- Indonesia is rapidly adopting technology and digitalization, with increasing internet access, smartphone use, and e-commerce. The digital economy is expected to reach around \$110 billion by 2025, driven by e-commerce and providing opportunities for tech companies to deliver innovative solutions.

Survei to the global companies invest in Indonesia

What are your motives and location determinants?

No.	Motives	Companies	% companies
1	Domestic market growth	248	68.3
2	Proximity to markets or customers	109	30.0
3	Regulatory environment	57	15.7
4	Skilled workforce availability	18	4.9
5	Natural resources	15	4.1
6	Transport infrastructure	13	3.5
7	Lower costs	10	2.7
8	Industry cluster	9	2.4
9	Quality of life	8	2.2
10	Suppliers & JV partners	7	1.9
11	Technology & innovation	5	1.3
12	Taxes & incentives	4	1.1
13	Government support	3	0.8
14	ICT infrastructure	2	0.5
15	Universities & Research hubs	2	0.5
16	Sites & property	1	0.2

Investment Realization in 2020 – 2024 align with the Former Government's Priority Sectors

6 Key Strategic for Indonesia's Economic Transformation (RPJMN 2020-2024)



Top 10 Sector	Total Investment (In US Billion)	6 Key Strategic
Basic Metal Industry, Metal Goods, Not Machinery and Equipment	56,39	Green Economy, Economic Productivity
Mining	23,17	Economic Productivity, Domestic Economic Integration
Transportation, Warehousing and Telecommunications	23,09	Digital Transformation, Domestic Integration, IKN
Chemical and Pharmaceutical Industry	18,76	Green Economy, Economic Productivity, HR Development
Electricity, Gas and Water	17,92	Green Economy, Domestic Integration, IKN
Housing, Industrial and Office Areas	14,81	IKN, Domestic Integration
Paper and Printing Industry	13,55	Economic Productivity, Digital Transformation
Food Industry	13,35	Economic Productivity, HR Development
Other Services	10,73	Digital Transformation, HR Development
Motor Vehicle and Other Transportation Industry	9,57	Economic Productivity

The New Government of Indonesia Will Focus on Attracting 9 Investment Sector Priorities

These sectors aim to support the economic growth target of 8% per annum

9 Investment Sector Priorities

New Renewable Energy

Downstream Industry

Food Security

Semiconductor

Digital Economy & Data Center

Export – Oriented Manufacturing Industry

Healthcare

Nusantara Capital City (IKN)

Education and Vocational

- Indonesia continues to implement targeted investment aligned with national priority sectors.
- Investment realization in 2025** largely supports and demonstrate direct **alignment with the designated national priorities.**



2025 Investment Realization (based on sector)

Sector	Investment Value (USD Billion)
Electricity, Gas dan Water Supply	1.36
Metal, Metal Goods Except Machinery, and Equipment Industry	4.20
Food Industry	1.49
Food Crops, Plantation, dan Livestock	0.99
Forestry	0.19
Fishery	0.06
Mining	3.04
Transportation, Warehouse dan Telecommunication	4.16
Vehicle and Other Transportation Industry	0.88
Pulp dan Printing Industry	0.81
Machinery, Electronic Products, Medical Instrument, Electrical Equipment, Precision Products, Optical Product and Watch Industry	0.69
Rubber and Plastic Industry	0.45
Leather Goods and Footwear Industry	0.44
Textile Industry	0.34
Non-Metallic Mineral Industry	0.30
Other Industries	0.20
Wood Industry	0.07
Chemical dan Pharmaceutical Industry	1.36
Hotel dan Restaurant	0.68
Other Services	2.56
Housing, Industrial Estate dan Office Building	2.34
Trading dan Reparation	1.83
Construction	0.63

The Government of Indonesia will focus on attracting 9 investment sector priorities

These sectors aim to support the economic growth target of 8% per annum



New Renewable Energy

- Total potential: **3.687 GW**. Current installed capacity: **13.1 GW**.
- **Hydro: 95 GW, Solar: 3,294 GW, BioEnergy: 57 GW, Wind: 155 GW, Geothermal: 23 GW, and Tidal: 63 GW.**



Export-Oriented Manufacturing Industry.

- Potential to enter **the global supply chain** (Global Value Chain/GVC).



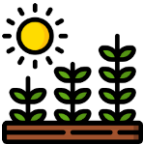
Downstreaming industry

- Potential investment from **28 commodities** 2023-2040 is **USD 618 billion**.
- Nickel, Copper, Bauxite, Tin, Petrochemical, Fertilizer
- CPO, Sugarcane, Seaweed, Oleochemical, Bio Solar, Bioethanol)



Healthcare

- **Pharmaceutical industry, medical devices, and healthcare services.**
- **Special Economic Zone for Health: Sanur, Bali.**



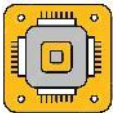
Food security

- Rice Estate in Marauke Regency, South Papua
- Sugar and Bioethanol in Marauke Regency, South Papua.



Nusantara Capital City (IKN)

- Housing, education, hospital, hotel, and others
- Tax Holiday for 30 years, ease of licensing, Land Use (HGU) for 95 years & can be extended for the same period.



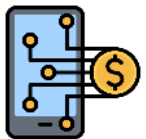
Semiconductor

- Availability of raw materials for the **upstream semiconductor industry**, namely Silica, Gallium, Copper, Bauxite, and Gold



Education and Vocational

- Education (from Preschool to University)
- Vocational Education -> Super Deduction Tax 200%.
- Special Economic Zone for Education -> Location: BSD, Banten.



Digital Economy & Data Centre

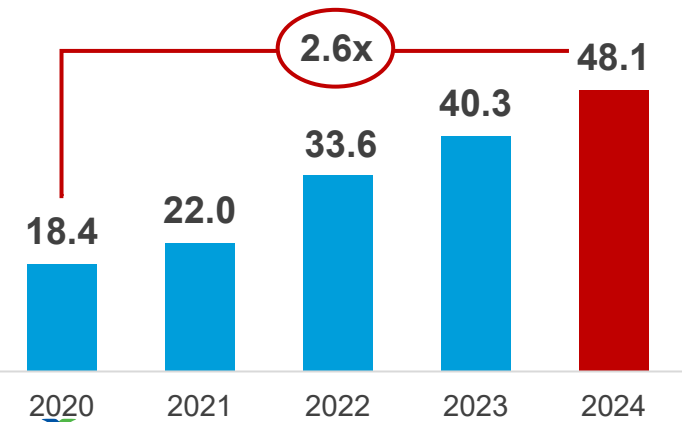
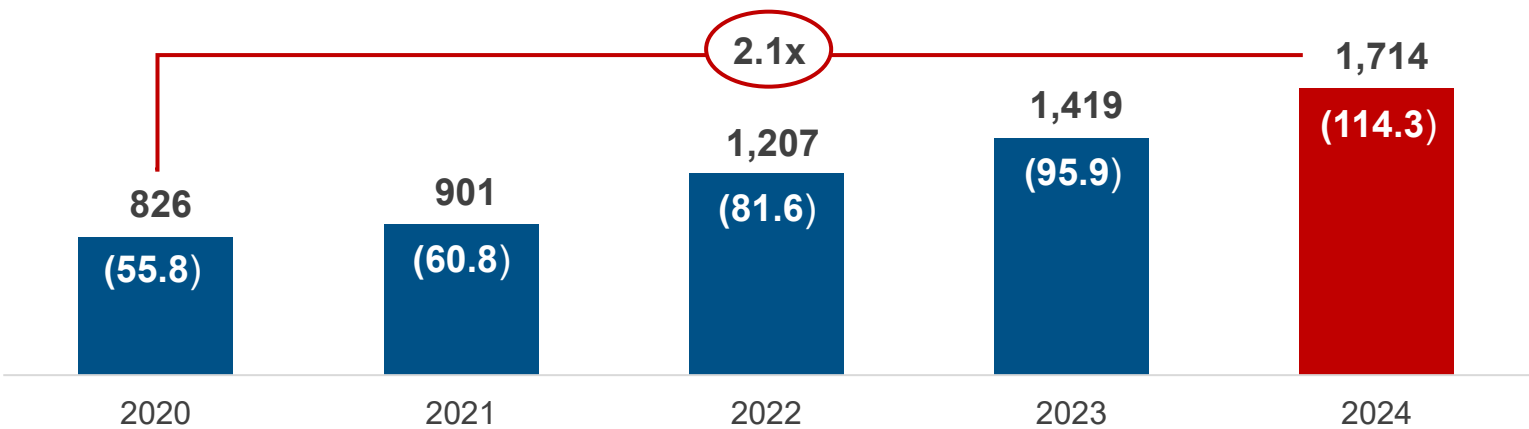
- Indonesia's digital economy market is projected to reach **USD 210-360 billion** by 2030, with a growth rate of **5.9%** (2024-2029).
- Current installed capacity is **514 MW** from a potential of **2.7 GW**.

Indonesia is one of top global FDI destinations, #21 globally & #2 in Southeast Asia

In 2024, investment realization reached IDR1,714.2 trillion (US\$114.3 billion), grew at +20.8% (y/y)

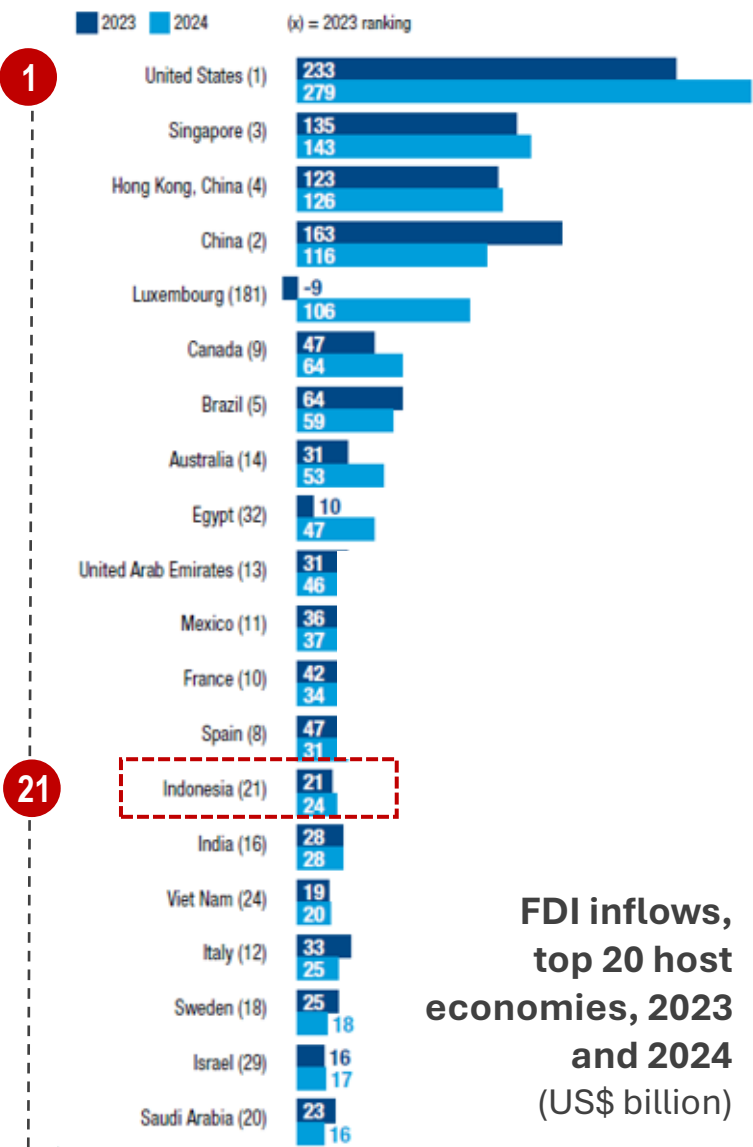
Direct Investment Realization in Indonesia, 2020-2024

in IDR trillion (USD billion)



No.	Top 5 Business Field in Manufacturing (2020-2024)	Investment (USD billion)
1.	Metal & Non-Machinery	39.9
2.	Food & Beverages	26.1
3.	Chemical & Pharma	20.7
4.	Paper & Printing	18.7
5.	Transportation	3.0

Source: MoDI/BKPM. Data does not include financial, upstream oil and gas sectors.



FDI inflows, top 20 host economies, 2023 and 2024 (US\$ billion)

Most FDI came from Asia, but FDI sources are becoming more diversified

Upholding independent & active economic diplomacy, Indonesia partners with various countries

Investment realization in Indonesia based on source of country

2020			2021			2022			2023			2024			Q1 2025		
No.	Country	\$ billion	No.	Country	\$ billion	No.	Country	\$ billion	No.	Country	\$ billion	No.	Country	\$ billion	No.	Country	\$ billion
1	 Singa- pore	9.8	 1  Singa- pore	9.4	 1  Singa- pore	13.3	 1  Singa- pore	15.4	 1  Singa- pore	20.1	 1  Singa- pore	4.6					
2	 China	4.8	 2  Hong Kong	4.6	 2  China	8.2	 2  China	7.4	 2  Hong Kong	8.2	 2  Hong Kong	2.2					
3	 Hong Kong	3.5	 3  China	3.2	 3  Hong Kong	5.5	 3  Hong Kong	6.5	 3  China	8.1	 3  China	1.8					
4	 Japan	2.6	 4  United States	2.5	 4  Japan	3.6	 4  Japan	4.6	 4  Malaysia	4.2	 4  Malaysia	1.0					
5	 South Korea	1.8	 5  Japan	2.3	 5  Malaysia	3.3	 5  Malaysia	4.1	 5  United States	3.7	 5  Japan	1.0					
6	 Nether- lands	1.4	 6  Nether- lands	1.8	 6  United States	3.0	 6  United States	3.3	 6  Japan	3.5	 6  United States	0.80					
7	 Malaysia	1.0	 7  South Korea	1.6	 7  South Korea	2.3	 7  South Korea	2.5	 7  South Korea	3.0	 7  South Korea	0.68					
8	 United States	0.74	 8  Malaysia	1.4	 8  Nether- lands	1.2	 8  Nether- lands	1.3	 8  Nether- lands	2.0	 8  Nether- lands	0.40					
9	 Taiwan	0.55	 9  Bermu- da	0.67	 9  Bermuda	0.96	 9  British V.I	0.65	 9  British V.I	0.77	 9  British V.I	0.17					
10	 Australia	0.34	 10  Swit- zerland	0.59	 10  United Kingdom	0.62	 10  Australia	0.55	 10  United Kingdom	0.75	 10  United Kingdom	0.15					

Source: Ministry of Investment and Downstream Industry/BKPM, 2025. Data doesn't include financial service and upstream oil and gas sector

In Quarter I of 2025, Most FDI in Indonesia came from Asia, but FDI sources are becoming more diversified
 Thailand remain one of the main sources of FDI as a regional hub

Cumulative Investment Realization 2020 - Quarter I 2025

No.	Country	\$ billion
1	Singapore	72.46
2	China	33.53
3	Hongkong, RRT	30.61
4	Japan	17.55
5	Malaysia	15.09
6	United States of America	14.10
7	South Korea	11.99
8	Netherland	8.04
9	British Virgin Island	2.70
10	Australia	2.49
11	United Kingdom	2.43
12	Bermuda	2.36
13	Taiwan	1.67
14	Canada	1.58
15	Thailand	1.44
16	Switzerland	1.31
17	France	1.14
18	Germany	1.11
19	Mauritius	0.91
20	India	0.77

Investment Realization in Quarter I 2025

No.	Country	\$ billion
1	Singapore	4.58
2	Hongkong, RRT	2.23
3	China	1.75
4	Malaysia	1.03
5	Japan	1.03
6	United States of America	0.80
7	South Korea	0.68
8	Netherland	0.40
9	British Virgin Island	0.17
10	United Kingdom	0.15
11	Australia	0.14
12	Taiwan	0.13
13	Canada	0.12
14	Saudi Arabia	0.10
15	Mauritius	0.09
16	Germany	0.09
17	Thailand	0.09
18	France	0.09
19	India	0.08
20	Russia	0.07



Indonesia's Investment realization grew at 20.8% (y/y) 2024, achieve 103.9% of target

In Q1 2025 (Jan-Mar), direct investment increased by 15,9% (y/y)

Investment Realization January – December 2024

IDR1,714.2 trillion

(~USD114.3 billion)
(103.9% of target)



Grew 20.8% (YoY)*

*) Investment Realization
January-December 2023
IDR1,418.9 trillion

103.9%

President's
target

**IDR1,650.0
trillion**



2,456,130
direct jobs



34,7% (YoY)**

**) Direct jobs created in 2023
were 1,823,543

Investment Realization January – March 2025

Rp 465.2 trillion

↑ YoY **15.9%** (Rp 401.5 trillion)

↑ QoQ **2.7%** (Rp 452.8 trillion)

24,4%



594.104
direct jobs

↑ **8.5% (YoY)**

From 2025 Target

Rp 1.905,6 trillion

Java

49.3%

50.7%

Outside Java

IDR 229.3 trillion

↑ 14.3 % (YoY)

IDR 235.9 trillion

↑ 17.4 % (YoY)

FDI

49.5%

50.5%

DDI

IDR 230.4 trillion

↑ 12.7 % (YoY)

IDR 234.8 trillion

↑ 19.1 % (YoY)

Assumption: if 1USD= IDR16,000

T: Trillion ; B: Billion

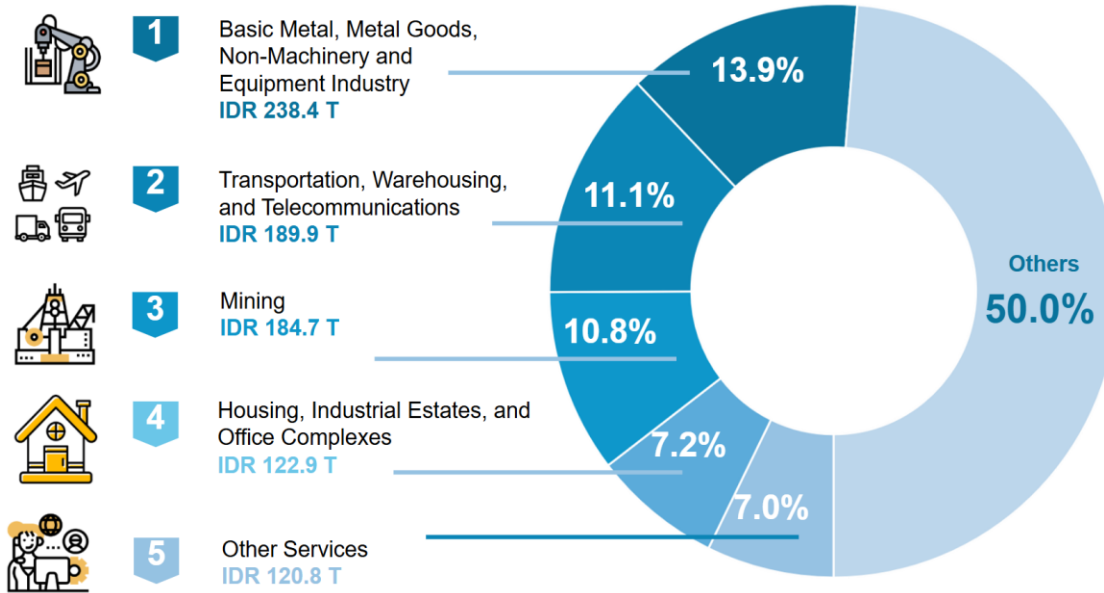


MINISTRY OF INVESTMENT
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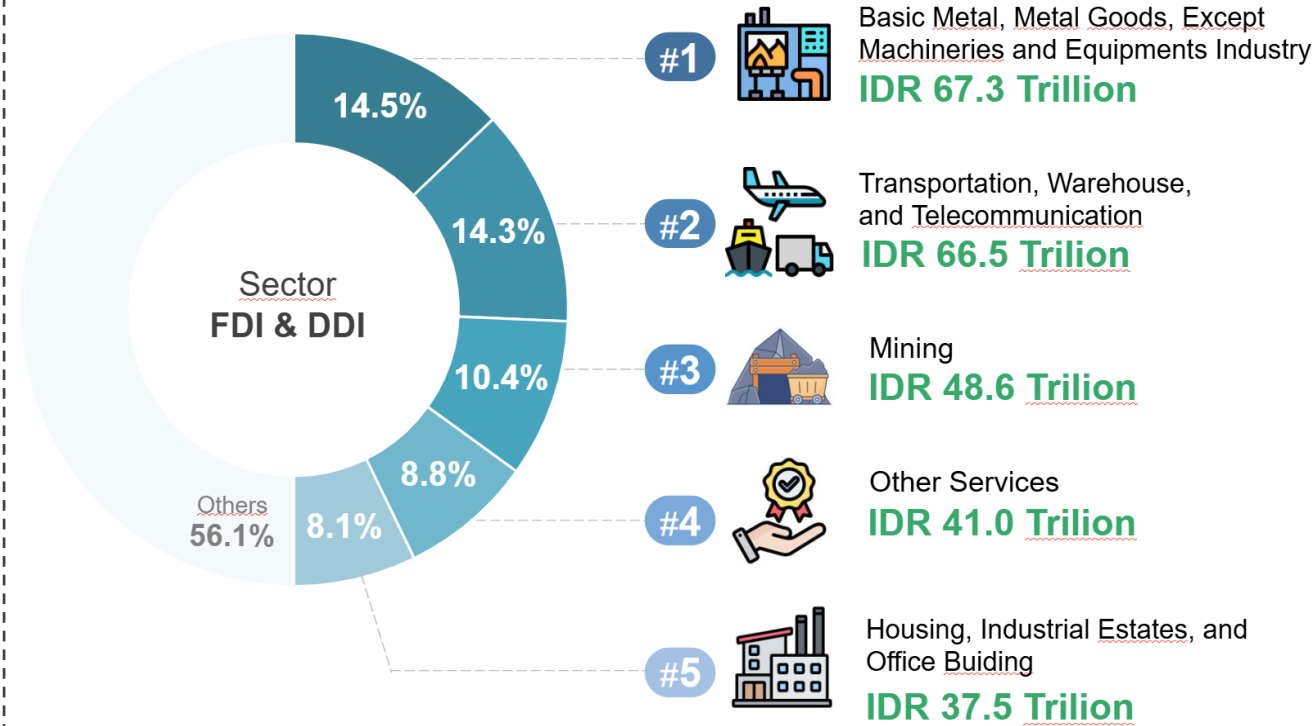
Source: Investment Realization Press Release, Ministry of Investment and Downstream Industry/BKPM, 2025

Top 5 Investment Realization (FDI + DDI) Based on Subsector

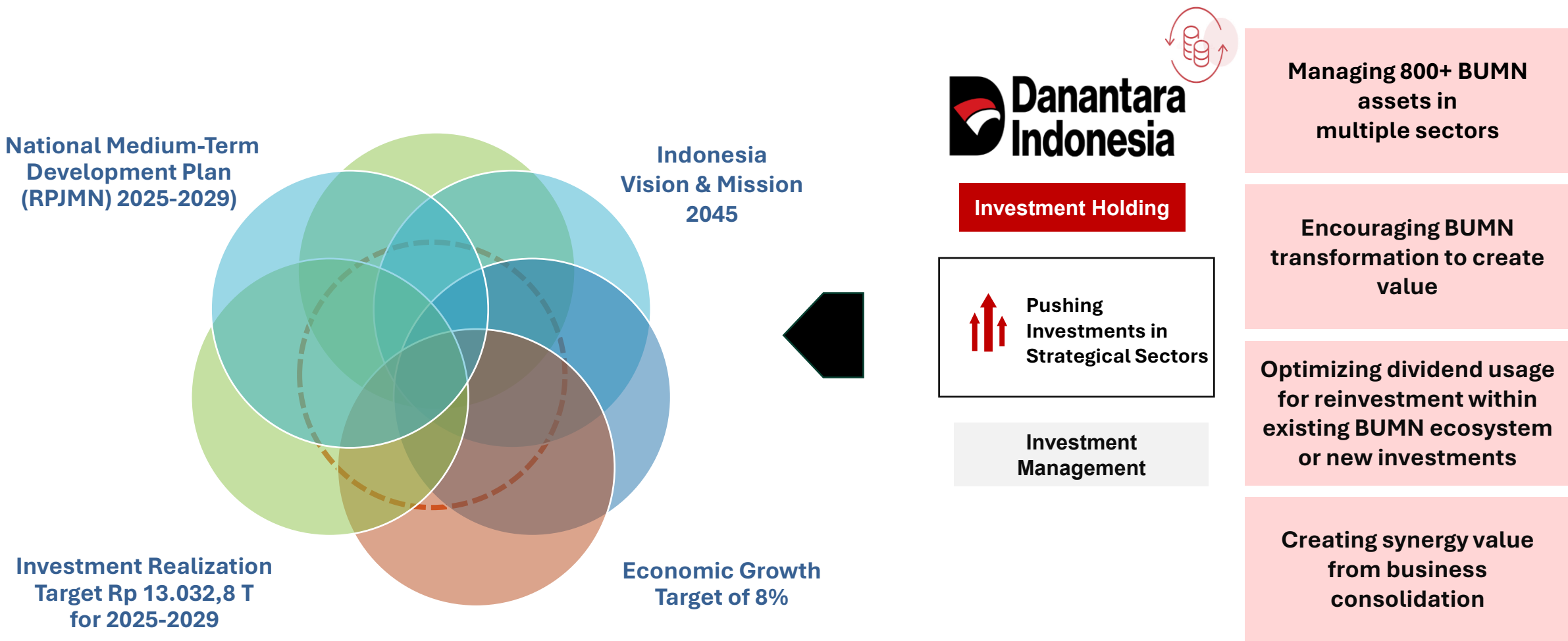
Investment Realization January – December 2024



Investment Realization January – March 2025



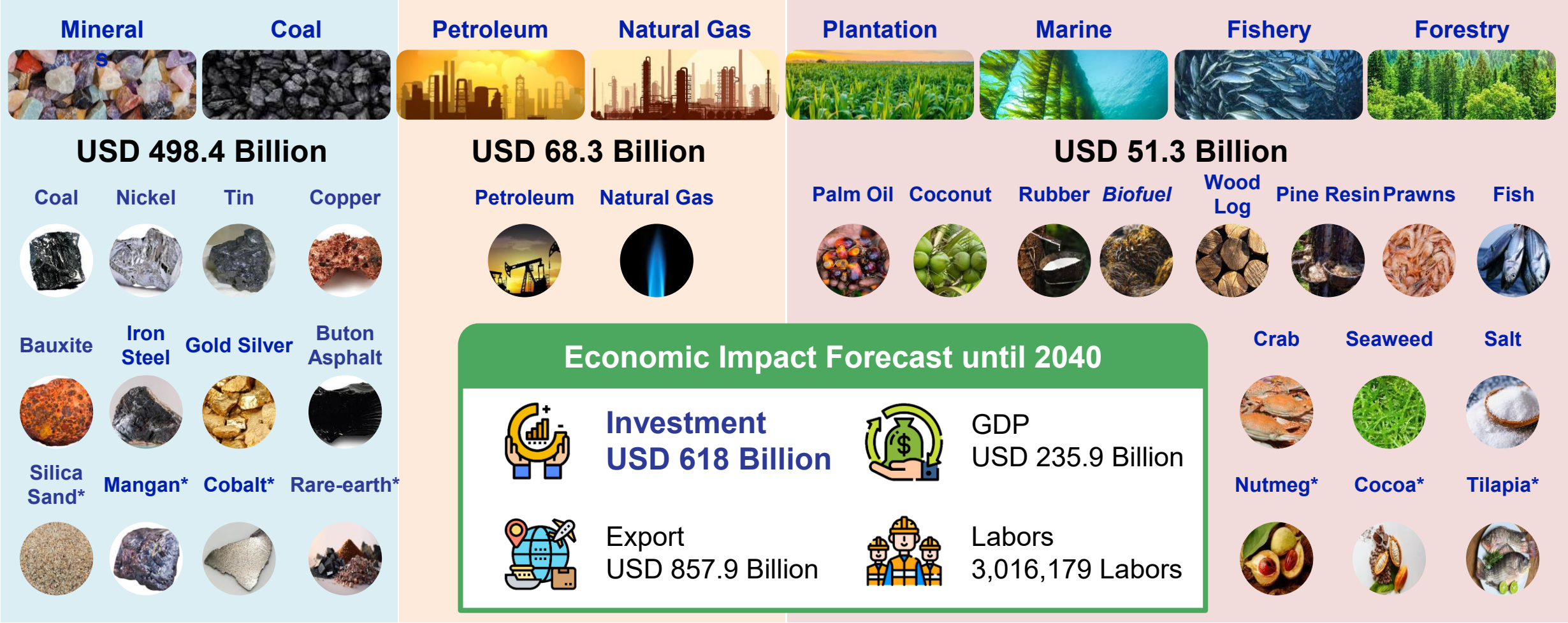
Collaboration to Attract Strategic Investment: Elevating Partnership Between Danantara with state-owned enterprises, private sector leaders, and global institutional investors



Creating Added Value, Pushing Investments



Indonesia is Focusing on Downstream Industries to Add Value to Natural Resources







84 curated ready-to-offer projects with pre-feasibility study

Investment project profiles available at regionalinvestment.bkpm.go.id





25 Special Economic Zones (SEZs)

INDONESIA
SEZ

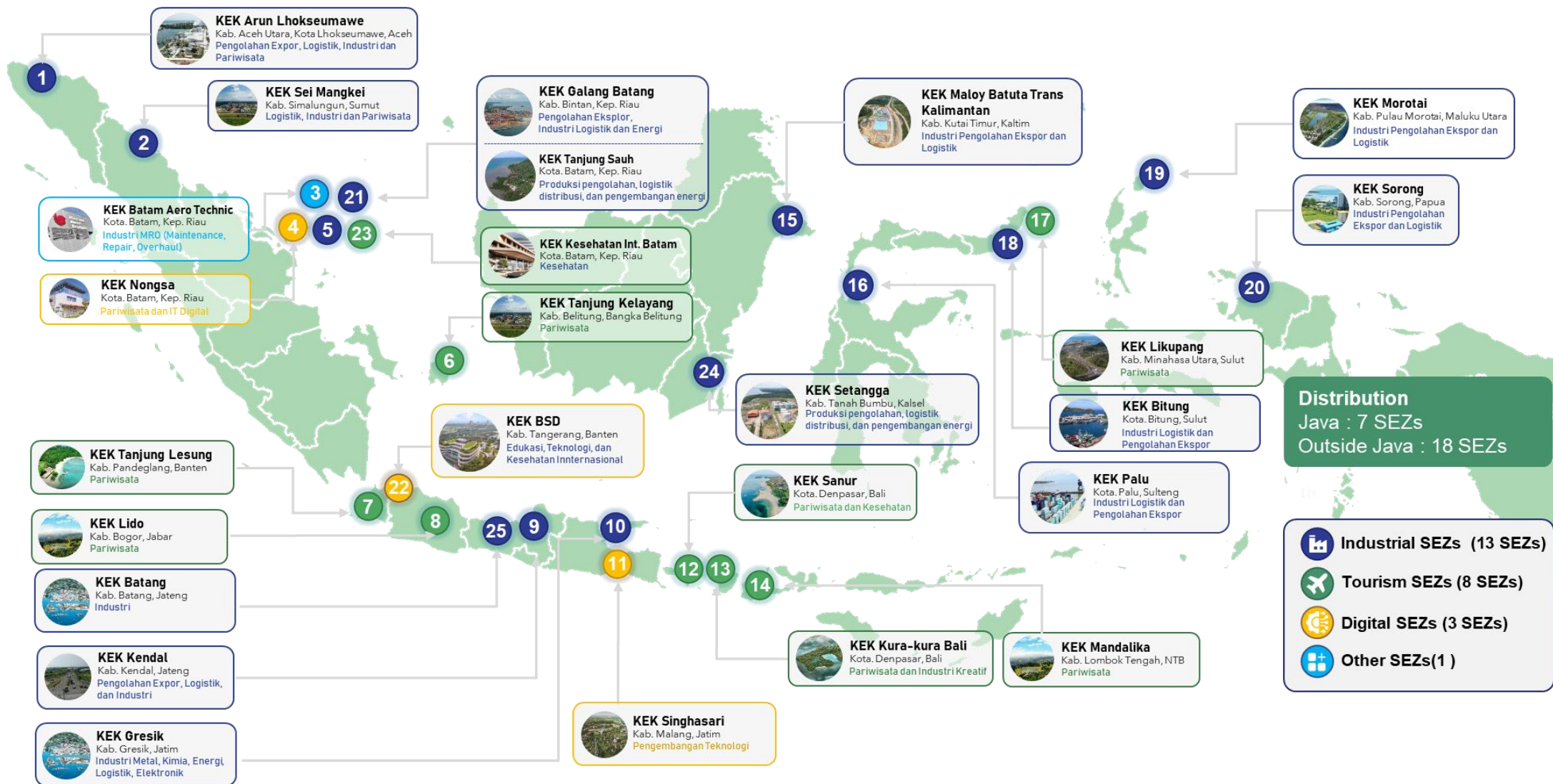
Fiscal Facilities

- 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



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



MINISTRY OF INVESTMENT
AND DOWNSTREAM INDUSTRY/BKPM

Source: National SEZ Council, 2023.

Facilitation of Pioneer Projects in IKN

No	Companies	Business Fields	Investment Value Plan	Investment Realization	Fiscal Incentives
1	Nusantara Sembcorp Solar Energi	Renewable Energy	IDR 1 Trillion	IDR 277 Billion	Tax Holiday, Import Duty Exemptions
2	Kusuma Putra Alam (Nusantara Hotel)	Hotel	IDR 458 Billion	IDR 232 Billion	Tax Holiday
3	Medikaloka Hermina (RS Hermina IKN)	Hospital	IDR 610 Billion	IDR 209 Billion	Tax Holiday
4	Anugrah Inti Karya (RS Mayapada IKN)	Hospital	IDR 502 Billion	IDR 122 Billion	Tax Holiday
5	Indonesia Kubika Nasional (Hotel Kubika IKN)	Hotel	IDR 34 Billion	-	Tax Holiday

Government Core Area

- State Palace and Ceremonial Grounds
- President's Office
- Ministry Offices
- Civil Servants Housing

Tourism and Leisure

Nusantara International Convention Center and Hotel

Fisheries and Agricultural

- Sepaku Semoi Dam
- Sepaku Intake
- Drinking Water Supply System and Distribution Network

Renewable Energy Area:

Nusantara Sembcorp Solar Energy - Power Plan

- Joint venture with PT PLN
- Featuring 50 MW of solar and 14MWh of energy storage system
- Projected to generate up to 93 GWh



IDR13,032.8 T (~USD814.6 B) of FDI & DDI are needed in 2025-2029 to achieve 8% growth

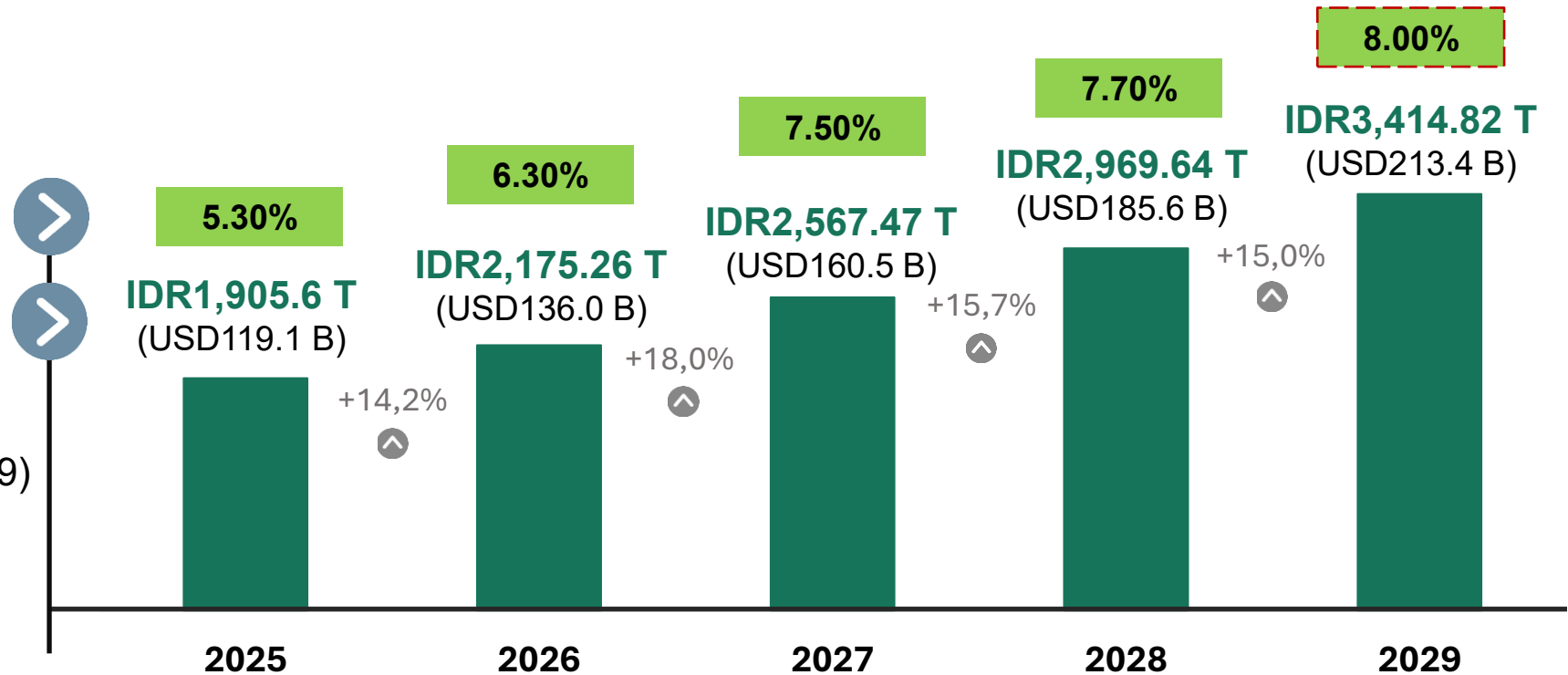
This value is equivalent to 134% of the investment realization in the last 10 years

President Prabowo's Target Economic Growth 8%

Economic Growth (%)

Investment Realization Target
(in IDR/USD)

Average investment growth (2025-2029)
15.67% per year



Assumption: if 1USD = IDR16,000

T: Trillion ; B: Billion

Source: Ministry of National Development Planning/Bappenas, 2024

President's 8 Missions ("Asta Cita") towards Golden Indonesia 2045 aligned with ASEAN Vision 2025



President Prabowo's missions on National Transformation to achieve Golden Indonesia 2045



Green Economy and Blue Economy

Mission (Cita) #2: Strengthening national defense and security system and promoting national self-sufficiency through food, energy, water, sharia economy, digital economy, green economy, and blue economy



Infrastructure Development

Mission (Cita) #3: Continuing infrastructure development and increasing quality employment opportunities, promoting entrepreneurship, developing the creative industry, and expanding agro-maritime industry in production centers through active role of cooperatives



Human Resource Development

Mission (Cita) #4: Strengthening human resource development, science, technology, education, health, sports achievements, gender equality, and enhancing the role of women, youth, and people with disabilities



Downstream Industry

Mission (Cita) #5: Continuing to develop downstream processing industries based on natural resources to enhance domestic value-added.

Strategies to Support Achieving Investment Targets & Economic Growth



Optimization of fiscal incentives



Carrying out downstreaming on strategic investments



Development of Areas (Special Economic Zones (KEK) and Industrial Zones (KI)) to attract Foreign Investment (FDI)



Achievement of investment realization targets



Improve regulations by publishing the Government Regulation No. 28/2025 to replace Regulation No. 5/2021 (including other system integration with OSS system, RDTR and SLA)



Collaboration with Danantara Indonesia is an effort to promote strategic investments in Indonesia

Initial investment themes for Danantara Holding Investment

Launching on February 2025

Investment Deployment Plan in 2025 **USD ~5 Bn**



Drive downstream

Generate **higher-value add** from our **natural resources**

Focus on key minerals: **nickel, aluminum, bauxite, copper**



Build national resilience

Invest in critical sectors: **food, energy, and healthcare**

Scale **domestic capacity** to reduce import reliance



Grow domestic manufacturing

Build **regionally competitive industrial estates** for select value-chain (e.g., EV, electronics)

Win **China + 1** opportunities from regional peers



Develop large-scale renewables

Scale **renewable strategically** to be the backbone of **green industrial transition**

Invest in large-scale solar PV, geothermal



Capture global competitiveness

Scale **high-skilled jobs** in high-growth sectors (e.g., tech, services) to advance productivity

Invest in **offshore assets strategically**



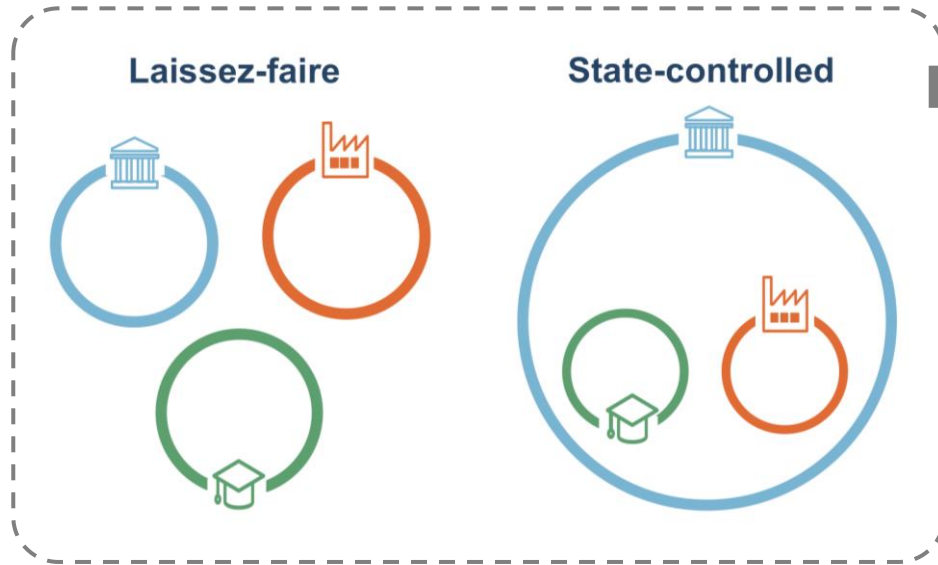
Deepen financial market

Unlock **alternative financing**

Executed in partnership with state-owned enterprises, private sector leaders, and global institutional investors

Indonesia promotes triple helix collaborations to nourish innovation in its leading sectors

Each stakeholder plays its role to realize the collective goals

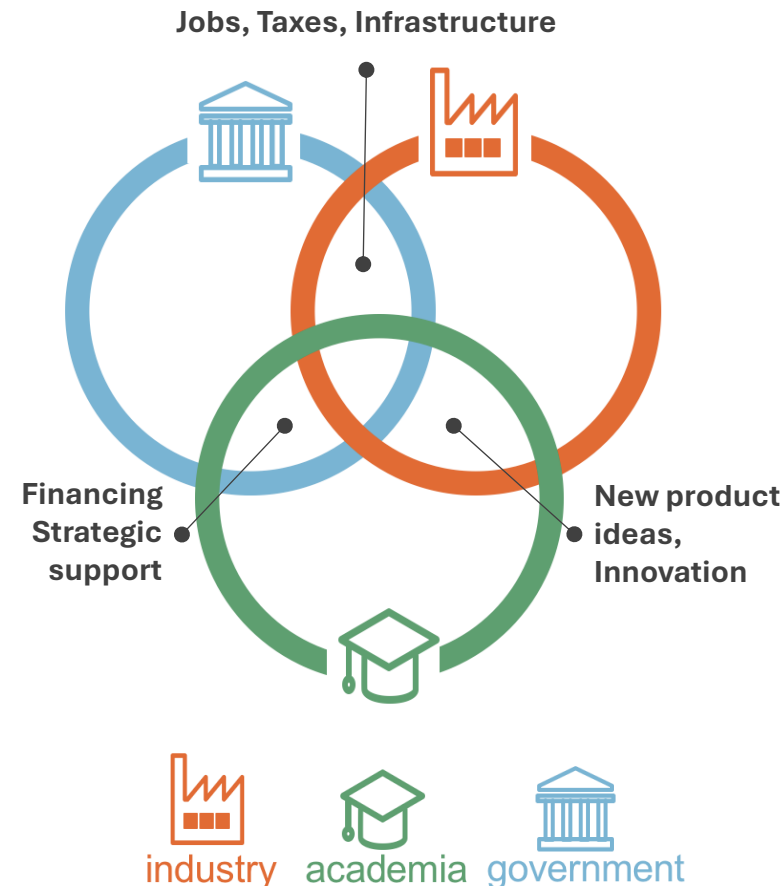


Triple Helix is a concept of synergy between the and Industry, Academia, and Government to achieve **common goals**.

The **government** as a facilitator and policy maker, the **academia** as a development/research center, and **industry** as a provider of community needs.



Triple helix

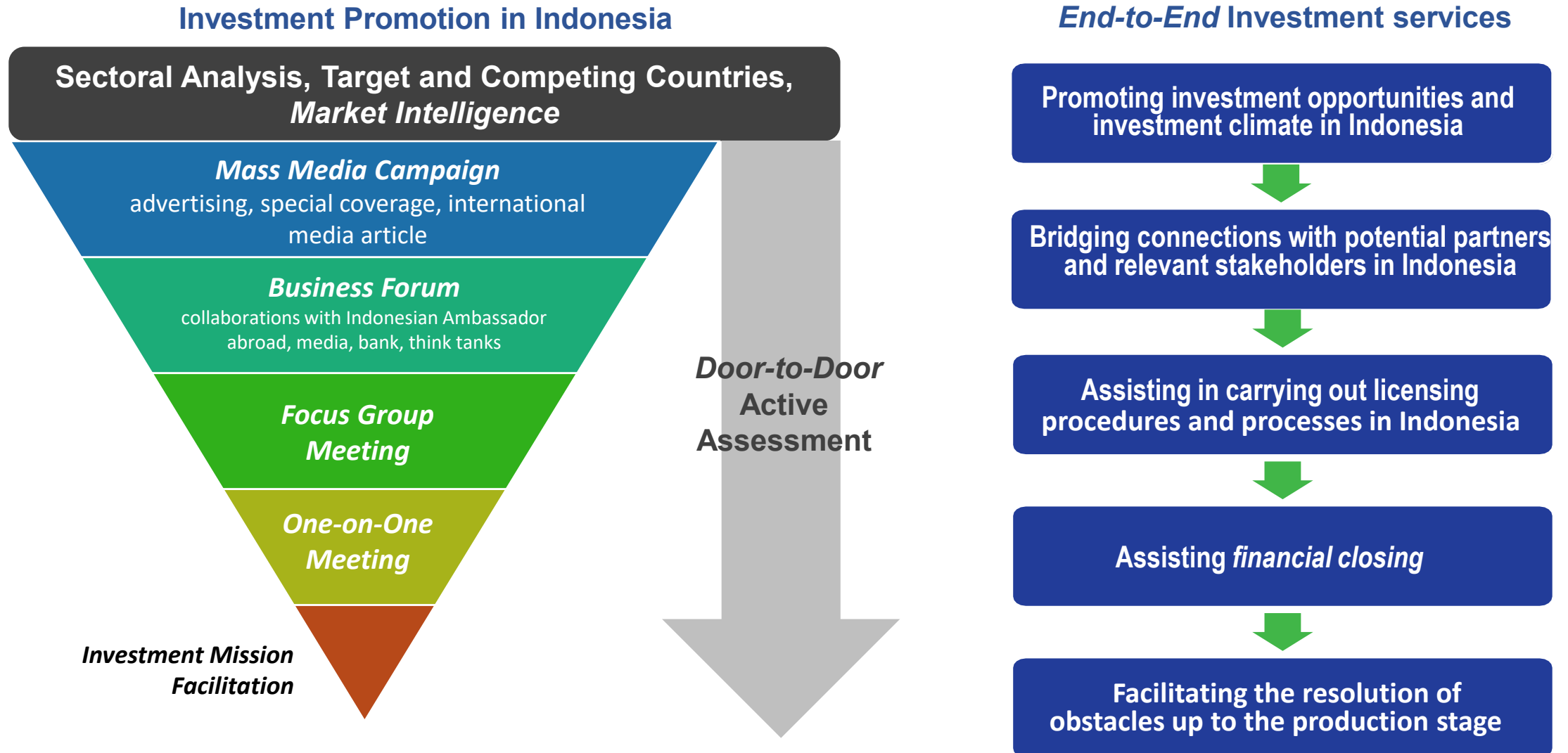


Triple helix needs:

- Strong trust and partnerships
- Active engagement from all stakeholders
- Effective communication and coordination
- Alignment between policies and market needs
- Innovative environment and infrastructure support
- Relevant education and training

Source: Henry Etzkowitz & Loet Leydesdorff, 1995.

Promotion Strategy and Key Activities of Investment Promotion



Investment Promotion as a Part of Facilitation

Ministry of Investment and Downstream Industry/BKPM provides free consultation through various channels

1. Policy & Regulation Checking

- Consult investment **opportunities and policies** with MoI/ BKPM or Indonesia Investment Promotion Centers (IIPCs)
- Check the Indonesian **“positive investment list”** to identify regulation on foreign ownership, fiscal incentives & partnership.

2. Company Establishment

Establish **limited liability** (*Perseroan Terbatas/ PT*) at public notary with minimum 2 shareholders and a minimum paid up capital of IDR10 billion (~US\$667,000).

3. Business registration & licensing

Through OSS* (oss.go.id):

- Get **Business Registration Number (NIB)**, **Tax ID Number (NPWP)**, & **Healthcare & Social Security (BPJS)**.
- Fulfill **basic requirements** on spatial utilization, environment, & building depending on biz sectors.
- Obtain **standard certificate** or **business license** depending on activity risk.

4. Investment Incentives & Facilities

Apply for **tax incentives** and/or **import duty facilities** for eligible business sectors through OSS system.

5. Project Construction & Operation

Start project **construction and operation**. Ministry of Investment/BKPM offers **end-to-end services** to assist investors throughout the process.

Consultation Channels



*) OSS: Online Single Submission system for investment.
Note: USD 1 = IDR 15,000.

MIDI facilitates investment bottlenecking and has established Task Forces to accelerate

not only facilitates large-scale investment issues, but also supports medium and small-scale investments

Investment Acceleration Task Force



The National Police of the Republic of Indonesia Ministry of investment and Downstream Industry/BKPM Indonesian Attorney General's Office

The mandate of the Investment Acceleration Task Force is to facilitate the resolution of issues faced by investors, particularly those related to land matters, community opposition, business licensing at both the central and regional levels, infrastructure, labor, and raw materials.

Resolving investment issues in Indonesia is a
key strategy to promote the country and attract investors



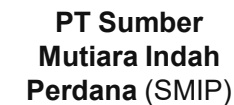
Klaten, Central Java



Dumai, Riau



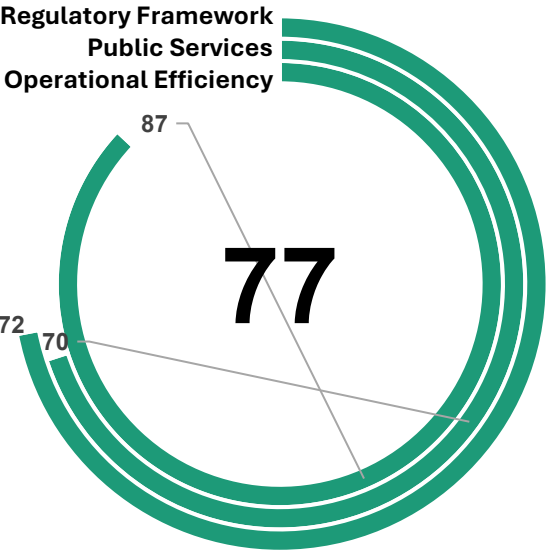
Companies Successfully Facilitated



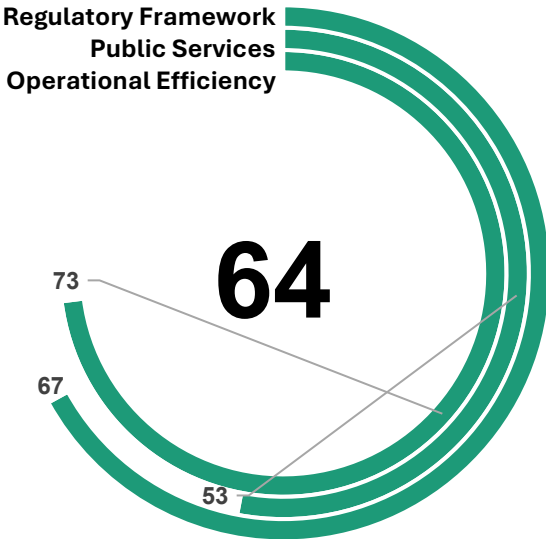
Others

Indonesia B-Ready Score 2024 & Comparison with other ASEAN Countries

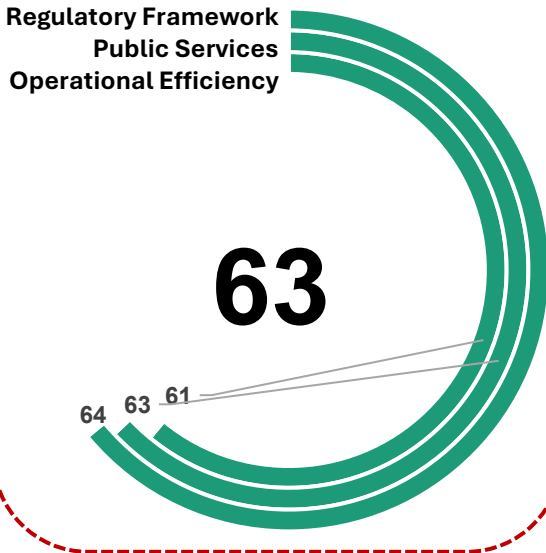
SINGAPORE



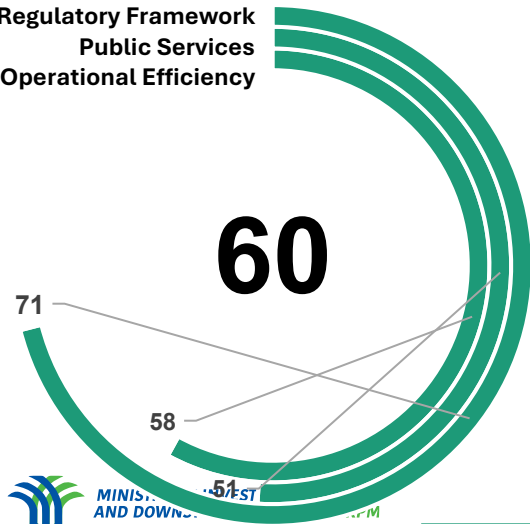
VIETNAM



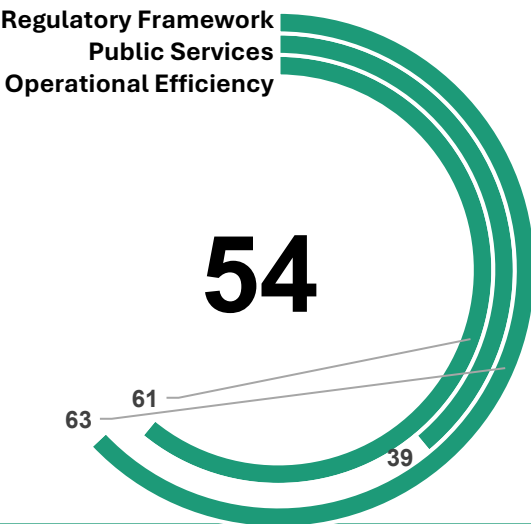
INDONESIA



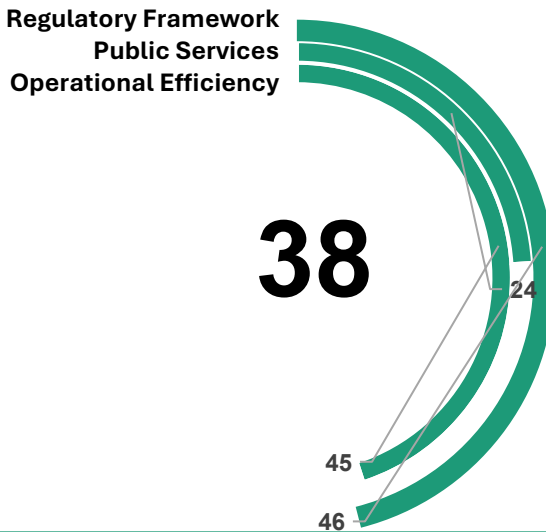
PHILIPPINES



CAMBODIA



TIMOR LESTE



- Based on Total Pillar Scores, when compared to other South-East Asian Countries, **Indonesia scored 63**, just below Vietnam (score: 64) and above Philippines (score: 60)
- For **Public Services** score, **Indonesia achieved score of 63**, above Vietnam with 53 and Philippines with 51
- Overall, **Indonesia's performs well (fairly evenly distributed)** because the score of the three pillars are more or less similar (no big gap between I, II, and III pillars).

Business Ready (B-Ready)

The B-Ready Survey is a new approach used by the World Bank, replacing the Ease of Doing Business (EoDB), by offering more comprehensive data and analysis that can be used as a guide for policy reform.

GOAL AND SCOPE

Aiming to provide a quantitative assessment of the business environment for private sector development in various economies around the world, B-Ready is expected to help:

- **Advocacy for policy reform**
- **Providing information for economic research and providing advice for specific policies**

Unlike Ease of Doing Business (EoDB), B-Ready will not only cover government regulations and services that impact SMEs, but will also assess all aspects of government regulations and services that affect the development of the private sector as a whole.

ASSESSMENT COMPONENTS

Has three pillars/assessment components:

1

REGULATORY FRAMEWORK

Assessing the quality of regulations such as transparency, clarity and predictability as well as the regulatory burden that the private sector complies with when starting, running and closing a business.

2

PUBLIC SERVICE

Assess the institutional arrangements, infrastructure and programs for the provision of government services, whether provided directly by the government or with the assistance of the private sector.

3

OPERATIONAL EFFICIENCY

Assess the achievement of implementation of regulations and public services in practice to support business continuity.

APPROACH

To provide a balanced assessment, B-Ready takes into account:



Benefits for the economy



Losses for the company



Regulatory Framework



Government Services



laws and de jure regulations



Implementation of de facto practices



Data representation



Data comparability

Continuously, investment regime is improved & coordination is strengthened

More harmonized policies, streamlined procedures & supports from all stakeholders to address hurdles

Harmonization and simplification of regulations, also improvement of legal certainty



Centralized investment authority



The authority to issue business licenses is delegated to the **Ministry of Investment & Downstream Industry/BKPM** and the issuance is through OSS* System.

Investment licenses with risk-based approach

Not “one size fits all”: Simpler licenses for business activities with lower risk, processed through online single submission (OSS) system.



Improved legal certainty

The application of **positive fictitious principles** based on SLAs (Service Level Agreements) interministerial.

New Investment “Priority List” offers win-win for both foreign & domestic businesses

More open for 100% foreign ownership & more partnership opportunities for local micro/SMEs

Previous

“Negative Investment List”

Presidential Regulation
44/2016

Limitation
on foreign
ownership



Current

“Investment Business Field”

Presidential Regulation 49/2021



“Priority List” or
encouraged
business fields
for investment

- **Foreign Investment business entities** are included in the category of **large-scale business** with a business capital of more than IDR10 billion excluding land and buildings for business premises.
- **The minimum paid-up capital** is required at least IDR10 billion (**+US\$ 646,000**) unless otherwise stipulated by laws and regulations.

Categories of business fields for investment

(Presidential Regulation 49/2021)

1. Priority List (245 business fields)

Eligible for Investment Incentives including Tax Holiday, or Tax Allowance or Investment Allowance

2. Partnership with Local Micro & SMEs (51 business fields)

3. Reserved for Local Micro & SMEs (112 business fields)

4. Foreign Ownership Limitation (JV with Local) (46 business fields from previously 350)

5. Closed for Investment

- Narcotics; Gambling/casino; Catching fish of endangered species; Coral picking from the nature; Chemical weapons; Ozone depleting substances; Liquor business.
- Reserved only for Government (public services, strategic, defense/security).

Example of foreign ownership changes

Presidential Regulation 44/2016	Presidential Regulation 49/2021
78102 (Job Search Agency Activities)	
100% only for Local Ownership	Open for Foreign Ownership

Note: USD 1 = IDR 15,500 (Year 2024)

Source: Presidential Regulation No.49/2021; Gov Regulation No.5/2021; BKPM Regulation No.4/2021.

DEREGULATION: GOVERNMENT REGULATION NO. 28/2025 ON RISK BASED BUSINESS LICENSING

Consisting of 14 chapters, it replaces the Government Regulation No.5/2021, with significant changes: 2 additional chapters on Basic Requirements and Business Licenses to Support Business Activities (PBUMKU); basic requirements' reform; simplification on Norms, Standards, Procedures, and Criteria (NSPK) & adjustment of business sector's name to be in line with Job Creation Law

PROVISIONS

Basic Requirements

Conformity of Space Utilization Activities (KKPR);
Environmental Permit; Building Permit (PBG) &
Certificate of Functionality Compliance (SLF)

Business Licensing

Determination of risk levels & business activity
scale's rank including MSMEs and/or large
businesses

PB-UMKU

required at the operational and/or commercial
stage & an that this GR does not regulate licensing
of export, import & NK activities

NSPK

Regulate NSPK for Business Licenses and/or PB-
UMKU at 22 sectors that organize risk-based
business licensing (RBBL)



OSS Licensing System

Arrangement on 6 Subsystem in OSS (information
services, basic requirements, business licensing,
incentives, partnership and monitoring)

Risk Based Bussiness Licensing (RBBL) Monitoring
regulate general supervision and special supervision
at 22 sectors that organize RBBL

Sanction

General administrative sanction mechanism,
referring to Job Creation Law & sanction in 22
sectors that organize RBBL

Evaluation and policy reform, funding and
settlement of issues and bottlenecking.

IN THE PIPELINE REGULATION TO CREATE A BETTER INVESTMENT CLIMATE

Policies	Remarks
Revision of Presidential Regulation No. 49 of 2021 on Amendments to Presidential Regulation No. 10 of 2021 on Investment Business Fields	Update on the Priority Investment List that has opened up more for foreign investment , consisting of: <ol style="list-style-type: none"> 1. A list of priority business sectors eligible for Tax Allowance (TA), Tax Holiday (TH), and Investment Allowance (IA) 2. A list of business sectors allocated for partnerships with Cooperatives and SMEs 3. A list of business sectors with specific requirements
Revision of Head of BPS Regulation No. 2 of 2020 on the Indonesian Standard Business Classifications (Klasifikasi Baku Lapangan Usaha Indonesia - KBLI)	Following the and the Revision of Government Regulation No. 5 of 2021 jo No.28 of 2025 on Risk-Based Business Licensing, BPS is in discussion to revise current KBLI in order to align with the latest developments in the business world and ensure that the KBLI remains relevant to the current economic conditions.
Revision of the Minister of Finance Regulation No. 130 of 2020 on the Provision of Corporate Income Tax Reduction Facilities	The Ministry of Investment and Downstream Industry/BKPM proposes the provision regarding the extension of the Tax Holiday application period until December 31, 2025, as stated in Article 21 of Minister of Finance Regulation No. 69 of 2024

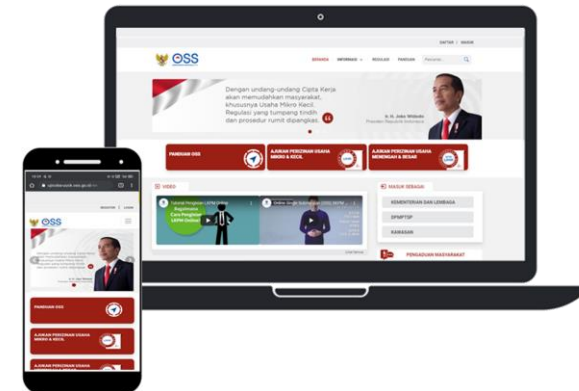
Integrated Business Licensing System through Risk Based Online Single Submission (OSS) System



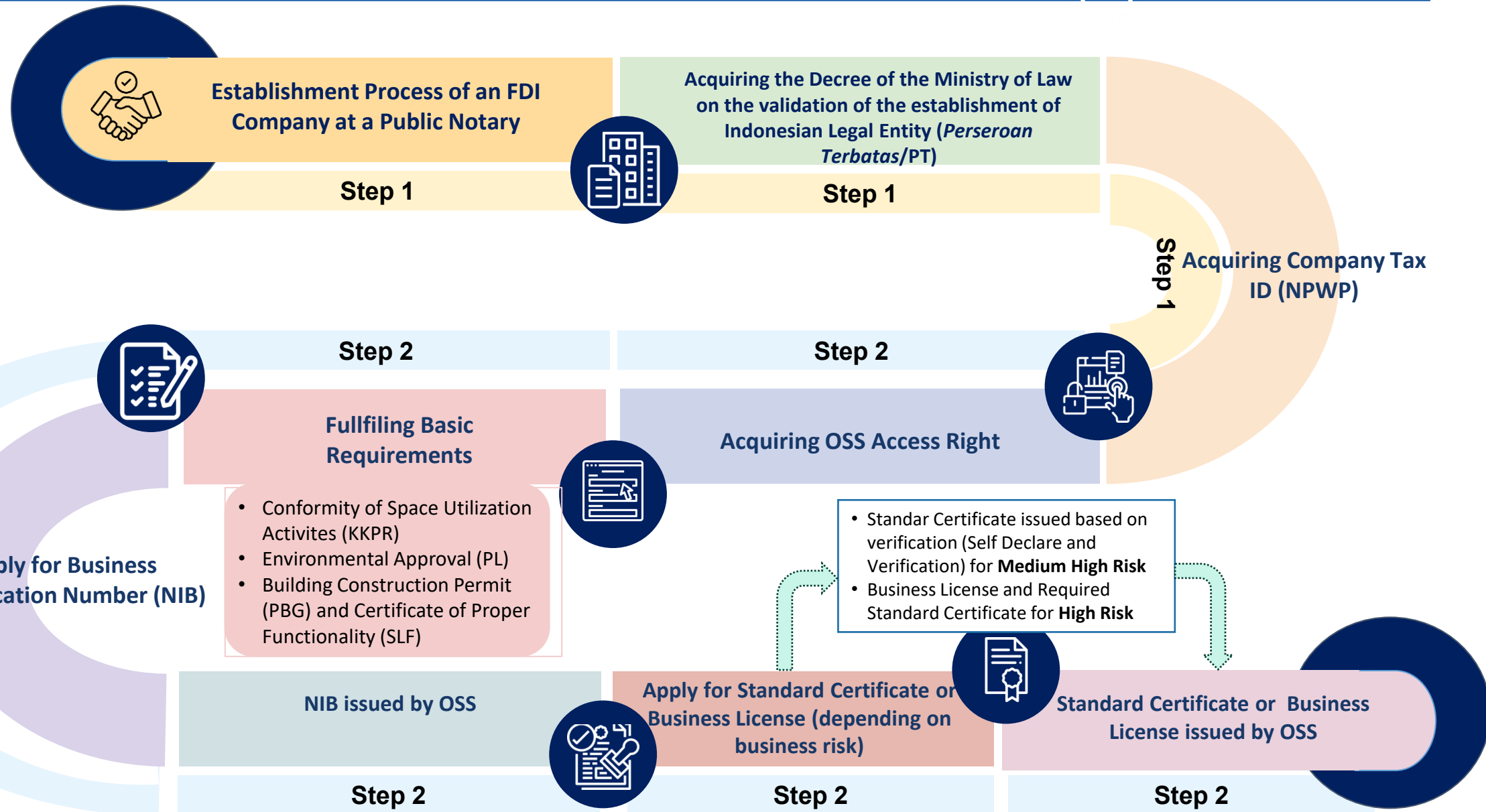
The Risk-Based OSS System must be used by:

Businessmen	Ministry/ Institution	Local government	SEZ	FTA & FT	New Capital City Authority
SME's	18 Ministry/Institution	34 Provinces	19 SEZ	5 FTA & FT	9 Planning Area
Non SME's		416 Districts			
		98 Cities			

- OSS system simplifies the investment licensing process by providing a centralized online platform where investors can apply for all necessary business permits. It connects various government agencies, allowing for faster and more efficient license processing.
- The Risk-Based OSS system can be accessed via a computer or laptop, specifically for low-risk individual MSEs, which can be accessed via smartphone or tablet.
- Business Licensing and Fiscal Incentives (Tax Holiday, Tax Allowance & Import Duty Exemption) from related Ministries/Institutions will be processed **through OSS system**.



Invest in Indonesia: Investment Steps








Indonesia – Thailand Trade Relation

Top Indonesian Exports to Thailand

-  Coal & Minerals
-  Crude Oil & Gas
-  Rubber & Palm Oil
-  Auto Parts
-  Agricultural Products




Top Indonesia Imports from Thailand

-  Automobiles & Parts
-  Electronics
-  Chemicals & Plastics
-  Food & Beverages
-  Machinery



Indonesia and Thailand Landscape

Factor

-  Market Size
-  Role in ASEAN
-  Trade Balance

Indonesia

Large population, resource-rich
Regional leader
Roughly balanced

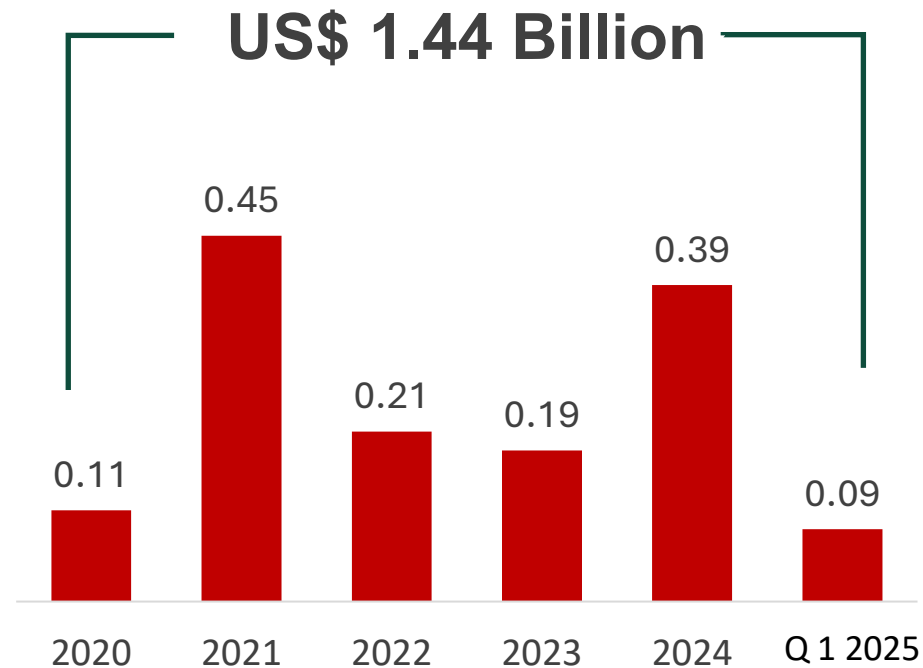
Thailand

Tech and logistics hub
Manufacturing powerhouse
Diversified and complementary

Source : tradingeconomics.com, ekon.go.id, investindonesia.co.id

Investment Realization from Thailand in Indonesia (2020 – Q 1 2025)

In US \$ Million, Not including Financial Sectors and Oil & Gas Sectors



(USD Billion)




Top 5 Sector

Chemical and Pharmacy Industry	0.69	(47.9%)
Rubber and Plastic Industry	0.27	(18.8%)
Mining	0.14	(9.9%)
Food Industries	0.09	(6.6%)
Motorcycles and Oher Transportation Industry	0.08	(5.3%)

Top 5 Location

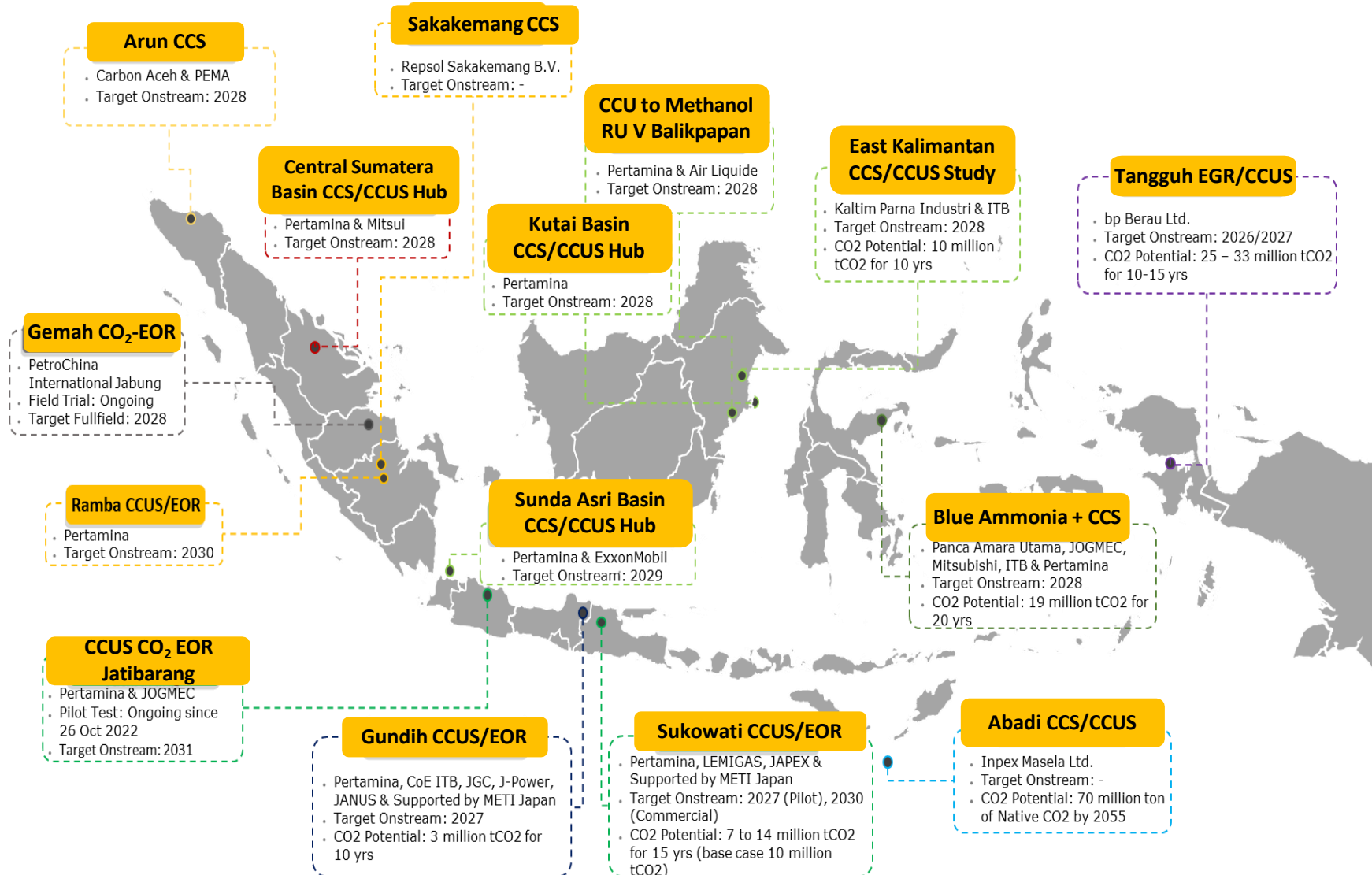
Banten	0.84	(58.3%)
West Java	0.18	(12.5%)
Central Java	0.14	(10.1%)
South Kalimantan	0.09	(6.4%)
East Java	0.05	(3.4%)

Top 10 Thailand Companies by Total Investment Realization in Indonesia (2015–2024)

-  **ADARO Indonesia** - USD 185.9 Million
Mining
-  **PT Asphalt Bangun Sarana** – USD 69.4 Million
Nickel Ore Mining
-  **Chandra Asri Alkali** – USD 166 Million
Chemical and pharmaceutical industry
-  **Chandra Asri Perkasa** – USD 588.9 Million
Chemical and pharmaceutical industry
-  **Chandra Asri Petrochemical** – USD 488.2 Million
Chemical and Pharmaceutical Industry
-  **Matahari Tire Indonesia**– USD 115.7 Million
Rubber and Plastic Industry
-  **Perfect Companion Indonesia Manufacturing** – USD 62.8 Million
Food Industry
-  **PT Petrokimia Butadiene Indonesia** – USD 100.8 Juta
Pharmaceutical and Chemical Industry
-  **PT Polyflex Films Indonesia** – USD 139.1 Juta
Rubber and Plastic Industry
-  **PT Semen Jawa (SCG)** – USD 165.1 Juta
Minerals and Non-Metallic Industry

Investment Opportunity: Decarbonizing hard-to-abate industries, Indonesia plans to develop 15 CCS/CCUS projects

The total CCS/CCUS potential in 2030 - 2035 is around 25.5 – 68.2 million tons of CO₂



Source: MEMR, 2023.

The Impact of CCS Development on Indonesia

The implementation of CCS in Indonesia can aid the country's decarbonization efforts and support its energy transition while fostering economic and industrial growth. Developing CCS hubs could also become a valuable field for investment.



Potential 200 Years of CO2 Storage...

...that could accommodate Indonesia's CO2 emissions, combined with the CO2 emissions from surrounding countries¹



Generating approximately 170,000 jobs

The CCS hub value chain could support approximately 170,000 jobs annually²



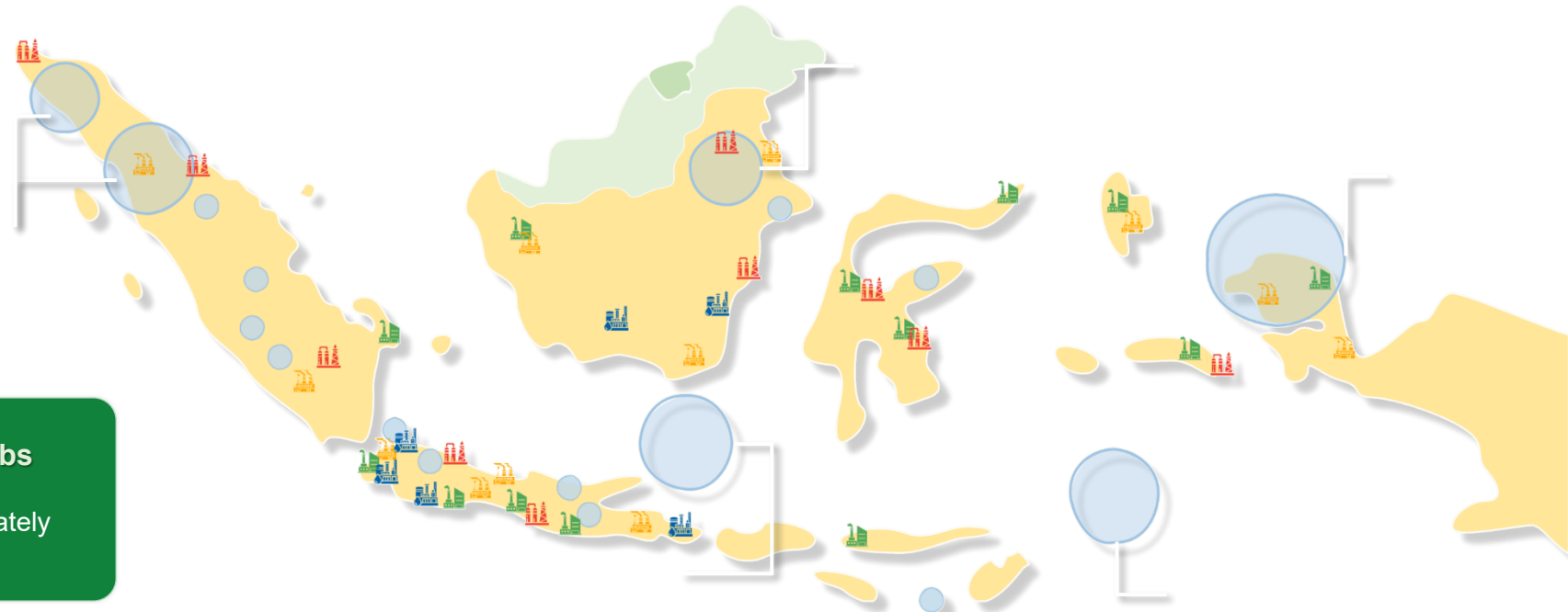
An investment of 30.9 trillion rupiah...

...is currently being evaluated by Pertamina and Exxon for the development of CCS facilities in the Java Sea, complementing the green petrochemical + CCS project valued at 231.5 trillion rupiah and 15 other ongoing projects⁵



Indonesia: The CCS Hub of Asia

Indonesia has a strategic geographical location that supports activities for fostering decarbonization collaborations among countries



Storage



Refinery



Petrochemical Plant



Power Plant



Smelter

Indonesia has significant potential in carbon market, holds 15% NBS potential globally

Global demand for carbon credits is expected to grow by ~30% by 2030 dominated by the voluntary market

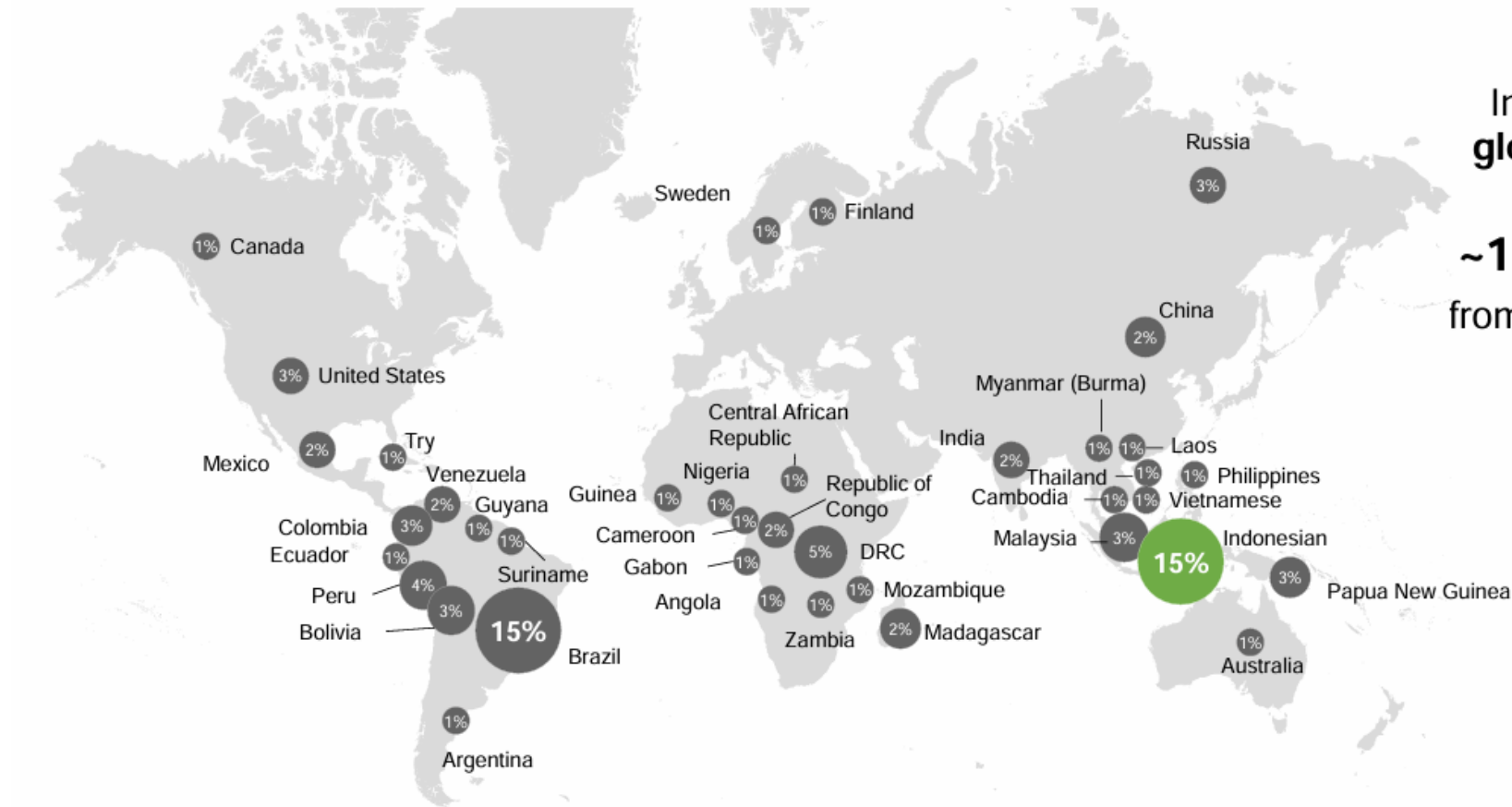
Distribution of world's Nature Based Solution (NBS) potential¹



Total world potential: 6.7 GtCO₂e/year

Indonesia could play a **key role** in **global carbon market ecosystem**

~1 GtCO₂ carbon credit potential from NBS; where **~140 MtCO₂** is *high-feasibility credit* by 2030



1. Based on the potential of NBS with high and medium economic feasibility levels.

Source: Nature Analytics

Government provide fiscal incentives & nonfiscal supports to promote sustainable investment

Including various tax incentives, also facilitation in investment licensing & implementation on the ground

Investment Climate Improvement to Facilitate Investment



Simplification of licensing procedures

Reduction of the number of licenses required for low-medium risk businesses so that it will take shorter time to get business licenses.



Utilization of technology and digital transformation

The digital transformation of business licensing, such as Online Single Submission (OSS) and NSWI, to ease license process in Indonesia.



Debottlenecking of investment backlogs

Facilitating the problems faced by investors in realizing their investment in Indonesia.



Sustainable Investment Guidelines

Encourage the growth of sustainable investment that does not harm the environment in Indonesia



Investment Incentives for Business

Instrument	Description
Tax Holiday	CIT reduction by 100% for investment valued at IDR500 billion or more for period of 5-20 years. Eligible for pioneer industries or meeting pioneer industry criteria.
Tax Allowance	<ul style="list-style-type: none">Reduction of CIT by 30% of the investment value for 5 years, one of which is for the geothermal, renewable energy power plants, and bioenergy industry.Exemption from PPh 22 on imported goods for geothermal business.
VAT Exemption	VAT exemption on imported goods for geothermal activities.
Import Duty Exemption	Import duty exemption for machinery, goods. and materials for industry and service industry.
Land & Building Tax (PBB)	Reduction of PBB up to 100% for the geothermal exploration stage.
Luxury Tax	The imposition of luxury tax is based on the potential emissions issued by vehicles (0% - 95%). Luxury tax is used to encourage sales and investment in Battery Electric Vehicles.
Super Tax Deduction	Reduction of gross income subject to income tax up to 300% of the cost of R&D and up to 200% of training and vocational activities.

Thank You

ขอบคุณครับ

For our feedback, please scan the QR code or access the link below:



<https://bit.ly/PostEventSurveyBKPM>



MINISTRY OF INVESTMENT AND DOWNSTREAM INDUSTRY/BKPM

Jenderal Gatot Subroto Street No.44 Jakarta 12190 – Indonesia

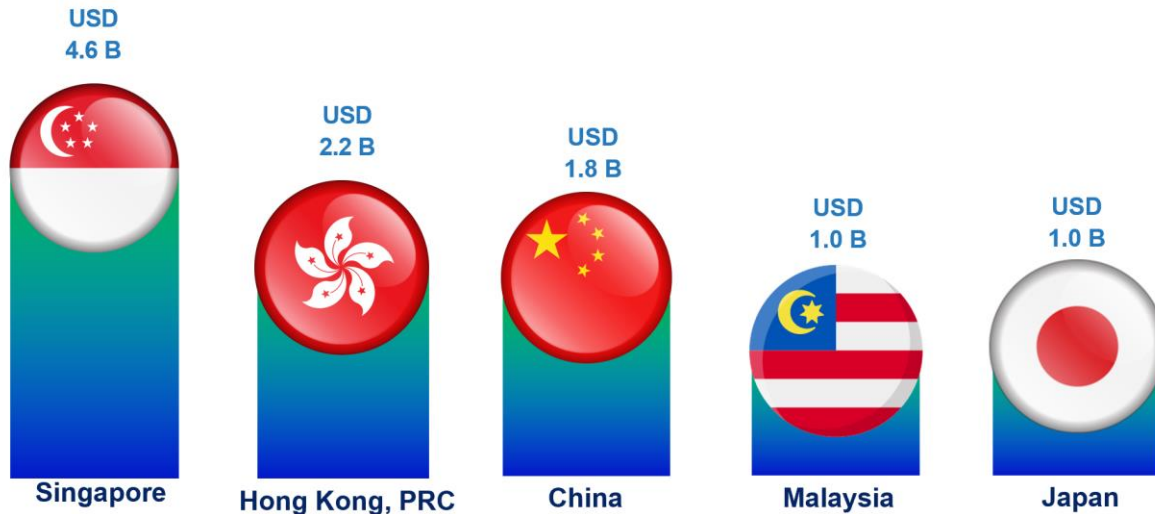
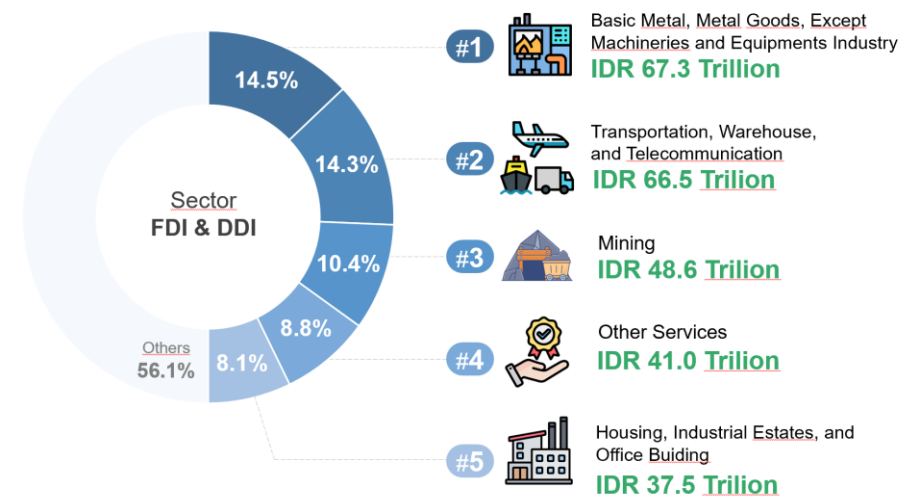
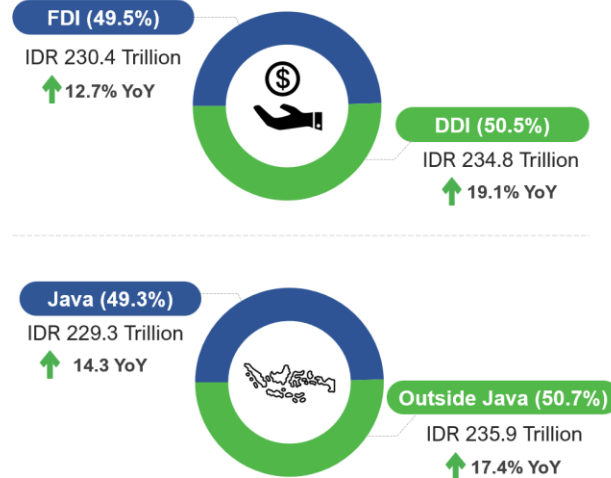
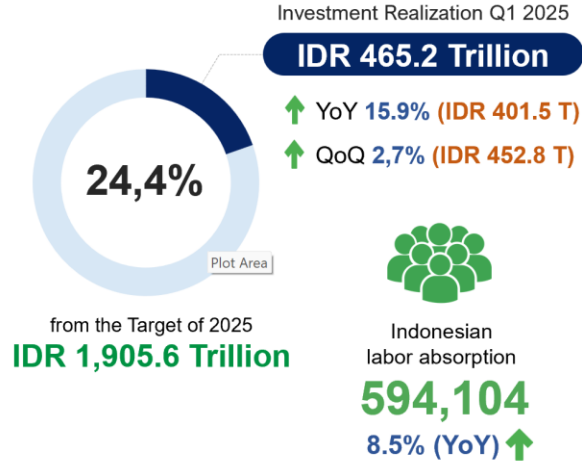
T: +62 21 525 2008 | E: info@bkpm.go.id

www.bkpm.go.id



Investment realization Q1 2025 (Jan-Mar) reached Rp 465.2 trillion (24,4% from Target of 2025)

Investment in downstream industry reached Rp 136.3 trillion



Note : B = Billion ; Exchange Rate 1 USD = IDR 16,000



Investment Realization of Downstream Industry Q1 2025



Mineral (Total IDR 97.60 T)

Nickel	IDR 47.82 T	Iron & Steel	IDR 12.01 T
Copper	IDR 17.70 T	Tin	IDR 1.53 T
Bauxite	IDR 12.84 T	Others	IDR 5.70 T*

*) Other commodities include silica sand, gold, silver, cobalt, manganese, coal, and Buton asphalt.



Plantation and Forestry (Total IDR 31.12 T)

Palm Oil	IDR 15.26 T	Rubber	IDR 3.08 T
Logs	IDR 11.79 T	Others	IDR 0.99 T**

**) Other commodities include nutmeg, coconut, cocoa, and biofuel.



Oil and Gas (Total IDR 6.55 T)

Oil	IDR 3.13 T
Gas	IDR 3.42 T



Fisheries and Marine (Total IDR 1.03 T)

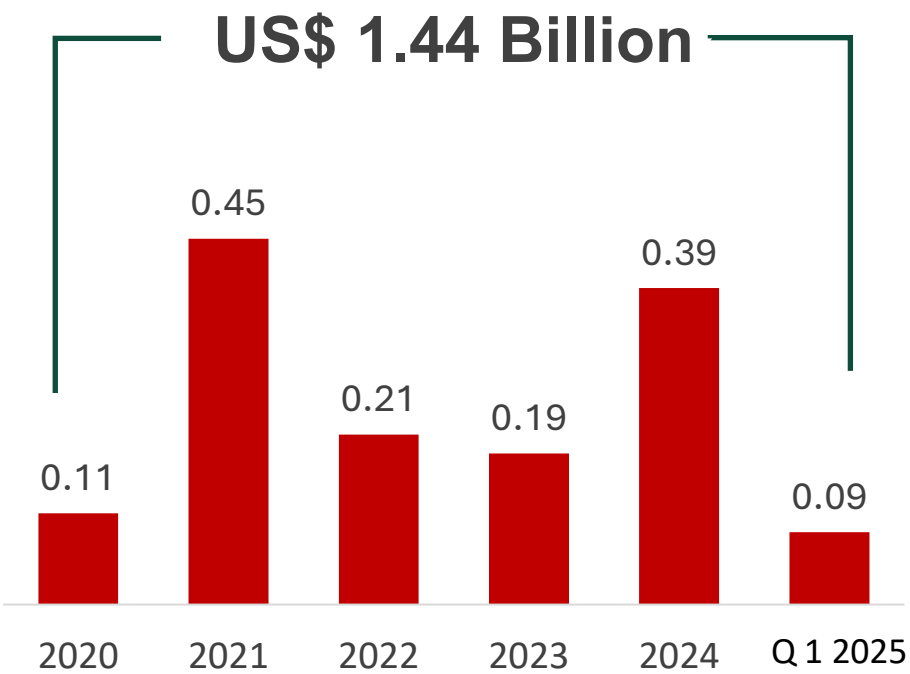
The commodities include salt, TCT fish (tuna, skipjack, and mackerel tuna), shrimp, seaweed, blue swimming crab, and tilapia.

Total Investment Realization of Downstream Industry

IDR 136.3 Trillion ↑ YoY 79.82% (IDR 75.8 T)
↑ QoQ 1.04% (IDR 134.9 T)
29,3% of total investment realization in Q1 2025

Investment Realization from Thailand in Indonesia (2020 – Q 1 2025)

In US \$ Million, Not including Financial Sectors and Oil & Gas Sectors



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Source: Kementerian Investasi dan Hilirisasi/ BKPM, 2025