

# An Outlook on Indonesia's Strategic Sectors Investment Opportunities

Viewing the current global situation, it is important to maintain investors' confidence, especially since competition is getting tougher to attract investment. President Jokowi believes that all countries need investment to increase capital inflows into the country so that economic growth can occur.



## Green Investment for Sustainable Development



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### GREEN INVESTMENT TO SUPPORT DEVELOPMENT

#### Indonesia 2045 Vision



**Cost Requirement** Targeted contributions from private & community  
**IDR 6,300 T - IDR 6,500 T** → **-/+ 82.2% - 83.6% = Rp 5,400 T**

Green investment is a way to strengthen business resilience against future challenges.

Source: Ministry of Investment/Indonesia Investment Coordinating Board (BKPM), National Development Planning Agency (Bappenas), Katadata



#### LAW NO. 25 OF 2007 ON INVESTMENT

Chapter II Article 3 paragraph 1: one of the principles in investment/ investment is **sustainable**

#### REGULATION OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA NO 16 OF 2012 ON GENERAL PLANS OF INVESTMENT

Article 2 point (d): one of the investment policy directions is **environmentally-friendly investment/green investment**

#### SUSTAINABLE FINANCE PRINCIPLES OF THE FINANCIAL SERVICES AUTHORITY

- Responsible investment
- Sustainable business strategy and practices
- Social and environmental risks management
- Governance

Green investment has a strategic role in helping accelerate economic recovery after the Covid-19 pandemic. Its implementation requires collaboration of many parties, including domestic and foreign investors.

Source: Law No 25 of 2007 on Investment, Presidential Regulation No 16 of 2012 on General Plan of Investment, Financial Service Authority (OJK)

## Investment to Boost 5 Super Destinations to World-Class Tourism



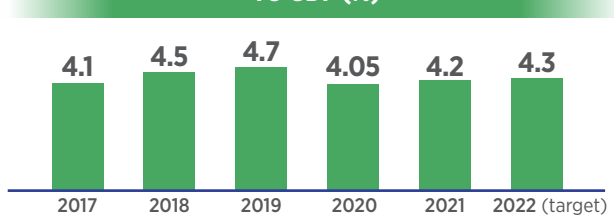
5 Super Priority Tourism Destinations (DPSP)



12 sustainable tourism projects

There are a number of sustainable tourism projects in Indonesia, including:

### TOURISM CONTRIBUTION TO GDP (%)



The government is continuing the development of five Super Priority Tourism Destinations (DPSP). All existing processes require sustainable investment supports.

Source: Alinea.id

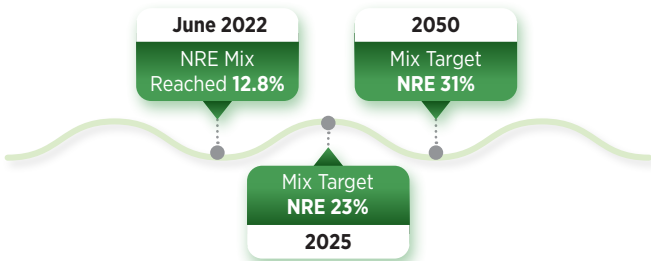
<b>CANDI BOROBUDUR</b> Transito Hotel & Convention Borobudur Rp 298.52 8	<b>LOMBOK MANDALIKA</b> Mandalika Convention Center and Resort Rp 468.77 5.85	<b>LABUAN BAJO</b> The Kelors Gateway Hotels and Villas Rp 417.29 7.77	<b>BANGKA BELITUNG</b> 4-Star Resort & Convention Center Rp 307.32 7.25
<b>WAKATOBI</b> Matahora Cottage By The Beach Rp 669.73 6.7	<b>LIKUPANG</b> Development of Marina Area of Surawaya Beach Rp 929.57 5.68	<b>RAJA AMPAT</b> LoB (Live on Board) Rp 27.74 9.2	<b>DANAU TOBA</b> Toba Resort & Natural Park Rp 245.2 7.92
<b>MOROTAI</b> The Dehegila Resort Rp 127.44 8.5	<b>BANDA</b> Breda Pala Resort Rp 200.1 10.92	<b>TANJUNG LESUNG</b> Eco Luxury 5-Star Hotel Rp 1.750 10.25	<b>BROMO-TENGER-SEMERU</b> Tumpak Sewu Leisure Park Rp 965.68 8.25

The development of super-priority tourist destinations requires incentive support to ensure an ease of investment climate.

Source: Ministry of Investment/Indonesia Investment Coordinating Board (BKPM)



There are new and renewable energy sources (NRE) potentials in Indonesia that require long-term investment support. The trend from 2013-2021 showed domestic EBT market share is slowly increasing. Its general potential reaches 3,686 GW, but it is only utilized by 0.3%.



Source: Ministry of Investment/Indonesia Investment Coordinating Board (BKPM), IESR, APBI-ICMA, CNBC Indonesia, Ministry of Energy and Mineral Resources (ESDM)



Nusantara National Capital (IKN) funding needs in the National Medium Term Development Plan (RPJMN) 2020 - 2024 is +/- IDR 466 T (from State Budget & non-State Budget).



Investment Opportunities in IKN divided into three sectors:

- Main Region of Central Government** - Covering basic infrastructure, energy development, and transportation
- Regional Infrastructure** - Covering transportation, such as toll road access, airport express trains, the development of Kariangau and Semayang ports, as well as Sepinggan Airport
- Industry and economic clusters** - Covering smart cities and digital hubs, education, sustainable agriculture industry, integrated pharmaceutical, advanced chemical industry, future renewable industry, and low carbon energy

The determination of the Capital City of Nusantara (IKN) in East Kalimantan region based on Law no. 3/2022 on the National Capital has a vision to create a "World City for All".

Source: Ministry of Finance, Buku Saku IKN (IKN Pocketbook)

## The New Renewable Energy (NRE) Investment Opportunities in Indonesia



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Energy Source	Potential
Hydro	95 GW
Geothermal	24 GW
Bioenergy	57 GW
Solar	3.295 GW
Wind	155 GW
Ocean	60 GW
<b>EBT Investment and Energy Conservation Realization</b>	<b>US\$ 1.51 billion / 74% of US\$ 2.04 billion target</b>
Geothermal	US\$ 680 million
Bioenergy	US\$ 340 million
Energy Conservation	US\$ 10 million
Various NRE	US\$ 480 million

Source: Ministry of Investment/Indonesia Investment Coordinating Board (BKPM), Ministry of Energy and Mineral Resources, Katadata

## The Capital City of Nusantara (IKN) Investment Potential



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### CREATING A COMPETITIVE INVESTMENT CLIMATE

In order to create a competitive investment climate, the government has prepared a number of incentives, as follows

	<b>Tax Allowance</b>	<b>30% Net Income Reduction</b> (5% per year for 6 years), for 166 certain business fields and 17 certain business fields in certain areas
	<b>Import Duty Exemption</b>	<b>2 years of import duty exemption</b> on machinery/equipment, goods, & materials. Or 4 years free of import duty for min. 30% of Total Domestic Components (TKDN)
	<b>Tax Holiday</b>	<b>Corporate Income Tax reduction 100% with an investment value of ≥ IDR 500 billion for 5-20 years</b> ➔ Mini Tax Holiday: <b>Corporate Income Tax reduction of 50% with an investment value of IDR 100 billion – less than IDR 500 billion for 5 years</b>
	<b>Super Tax Deduction</b>	<b>Max. 200% gross income deduction</b> of the total cost for vocational <b>60% reduction in net income</b> for 6 years (10% per year) with a minimum of 300 local workers absorption <b>Max. 300% gross income deduction</b> of the total cost for R&D

The Ministry of Investment/Indonesia Investment Coordinating Board (BKPM) has set an investment realization target in 2023 of IDR 1,400 trillion. This can be achieved on condition that there are good global stability and Indonesian political stability.

Source: Ministry of Investment/Indonesia Investment Coordinating Board (BKPM)

Ministry of Investment/ Indonesia Investment Coordinating Board (BKPM)

JL. Jend. Gatot Subroto No. 44, Jakarta, 12190  
P.O. Box 3186, Indonesia

+62 215252 008 (hunting)  
169 (call center)  
info@bkpm.go.id  
www.bkpm.go.id



Kementerian Investasi - BKPM



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