

# Suggestions for Potential Taiwanese Investors



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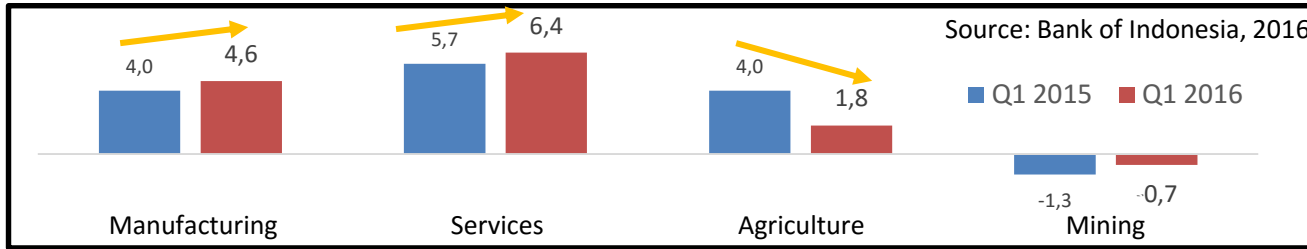


# Strengthening Priority Sectors for Investment

		Key Facts	Investment Opportunities
Manufacturing Industry		<b>Shifting</b> from Commodity-based Economy <b>to Manufacturing &amp; Service Sectors</b>	<ul style="list-style-type: none"> <li>▪ Export Oriented Industry</li> <li>▪ Labor-intensive industry</li> <li>▪ Import substitution industry</li> <li>▪ mineral resources downstream industry</li> </ul>
Agriculture		Indonesia is a <b>major global key producer</b> of a wide variety of agricultural tropical products.	<ul style="list-style-type: none"> <li>▪ Food Estates</li> <li>▪ Corn Plantation</li> <li>▪ Cattle Production</li> </ul>
Infrastructure		Indonesia is ratcheting up infrastructure spending to <b>boost infrastructure development.</b>	<ul style="list-style-type: none"> <li>▪ 35 GW Power Generation</li> <li>▪ 24 Ports</li> <li>▪ 15 Airports</li> </ul>
Maritime		Turning Indonesia into a <b>global maritime shaft</b> is a strategic idea that will ensure <b>inter-island connectivity.</b>	<ul style="list-style-type: none"> <li>▪ Shipyards</li> <li>▪ Fishing Industry</li> <li>▪ Cold Storage.</li> </ul> <p>Until 2019, Indonesia will build 1,574 ships (USD 13.4 billion) to support marine toll.</p>
Tourism and Industrial Estate		<b>Ten strategic tourism areas</b> in Indonesia are also potential to be developed as world class tourist destinations.	<ul style="list-style-type: none"> <li>▪ 10 Priority tourism areas as “New Bali”</li> <li>▪ 16 SEZs (consists of 9 existing SEZs and 7 Planned SEZs)</li> <li>▪ 16 Industrial Estates (consist of 14 Industrial Estates outside Java and 2 Industrial Estates in Java)</li> </ul>



# 1. Downstreaming industry by developing new industries



**Indonesia is now shifting from commodity-based economy to manufacturing & service sectors**

the large-scale production, processing, and packaging of food using modern equipment and methods.

## Agro-industry

### Industry

- Corps industry
- Animal feed
- Oleo-chemical
- Forest products processing
- Plantation



## Mineral Industry

Minerals mined and processed which provides for their use in an extremely wide range of industrial and domestic applications

### Industry

- Iron processing and refinery
- Steel processing and refinery
- Metal forming
- Rare earth metal processing
- Metal for strategic industry



processing of oil and natural gas into petrochemical products.

## Oil and Petrochemical

### Industry

- Petrochemical downstream industry
- Pharmaceutical
- Fertilizer
- Salt
- Cement
- Plastic
- Textile fiber
- Rubber



## Labor Intensive & Technology Based Industry

industry that requires a large amount of labor and technology to produce its goods or services.

### Industry

- Machinery industry
- Textile
- Medical Equipment
- Transportation
- Electronics
- Footwear
- Telematics

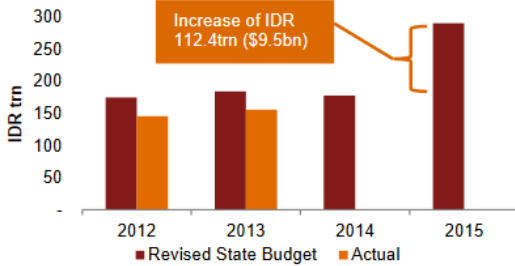




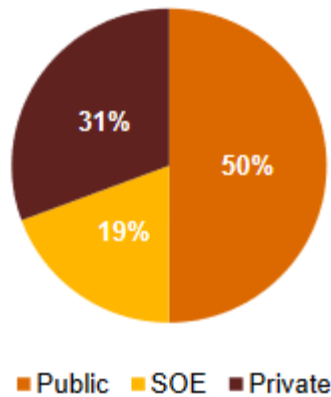
# 2. Infrastructure Development Opportunities in Indonesia

## Government Priority in Developing Infrastructure

### Spending on infrastructure



### Source of Infrastructure Financing 2015-2019



## Infrastructure Projects Offered by Government of Indonesia



### 7 + 35 GW Electricity Power Plant.

- 29.6 GW derived from private with total estimated projects costs are USD 43 Bil.
- 9.6 GW under construction
- 3.8 GW in commercial operation date & testing



### 1,647 miles New Toll Road Development.

- 621 miles new toll roads in Sumatra, Java, Kalimantan & Sulawesi
- 29,062 miles of existing roads rehabilitation



### 3,258 Km of inter-urban railways to be finished by 2019.

- Trans Sulawesi (145 km, Phase I) is on progress, finished in 2016.
- Jakarta MRT (21.5 km) is on progress, finished in 2017.
- 116 miles of railways developed since 2015



### 15 New Airports.

10 airports expansion projects to offer.



### 24 New Seaports Capacity.

- Marine toll serves 6 routes (5 routes to Eastern & 1 route to Western Indonesia).
- 5 routes has been operated as of Mei 2016.



### Special Economic Zones (SEZs).

9 New SEZs & 10 New for Tourism.



### New Industrial Estates.

14 estates Outside Java & 2 estates in Java.



### 3. Indonesia wants to be Global Maritime

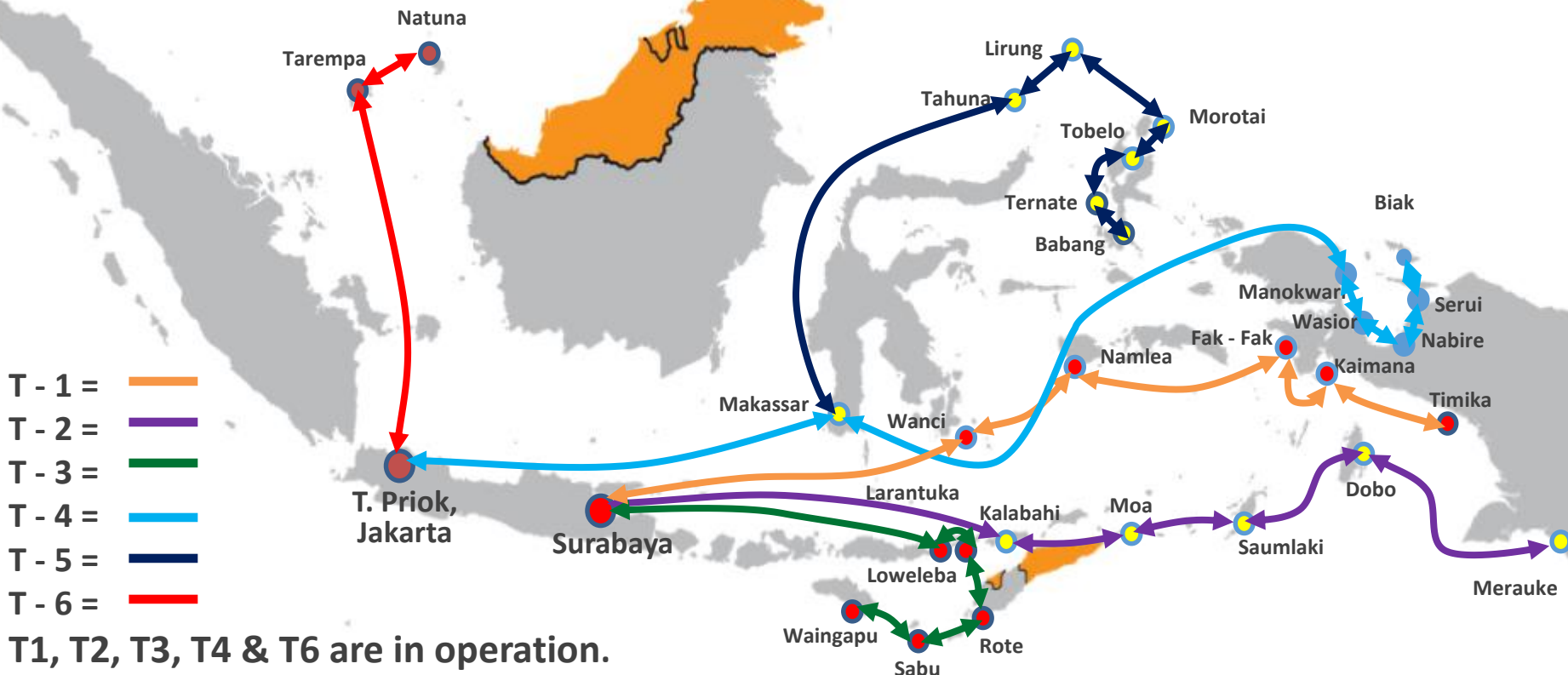
#### Shipbuilding industry target by 2015 -2020

- The ability to produce vessel in various types (passenger vessel, general cargo, tanker vessel) up to 2000.000 DWT
- The ability to repair vessel up to 200.000 DWT
- Increase the ability to design and engineering vessel

# 150 new seaports have been built since 2015

## 100 vessels developed, 86 pioneer sea lanes served since 2015

#### Scheduled Freight Liner Routes



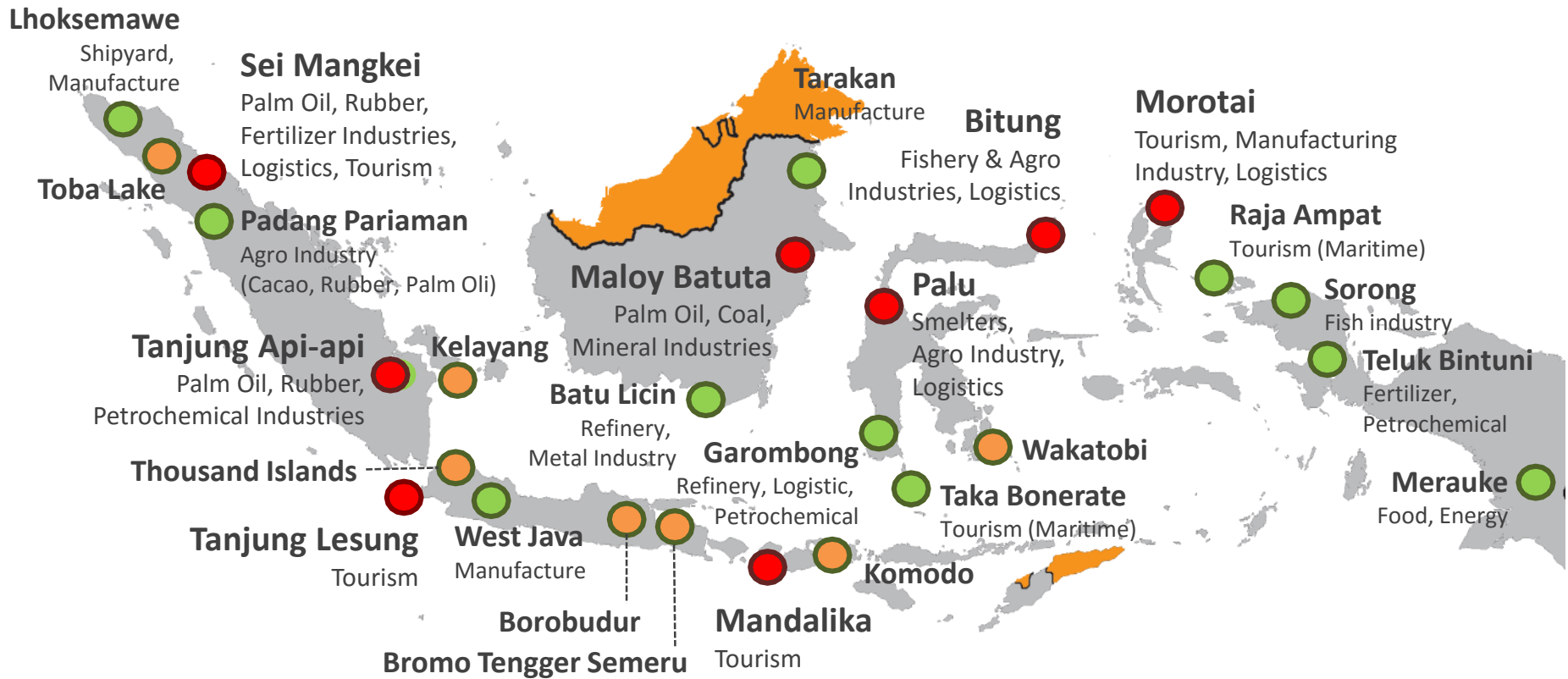




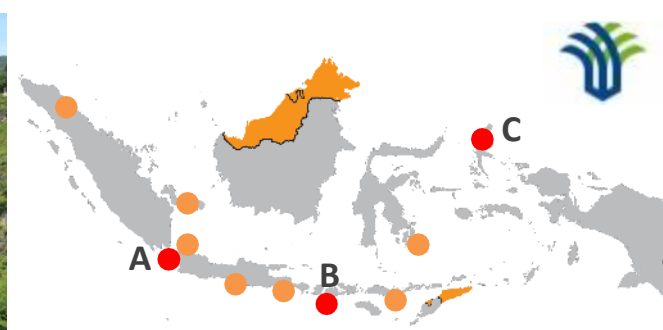
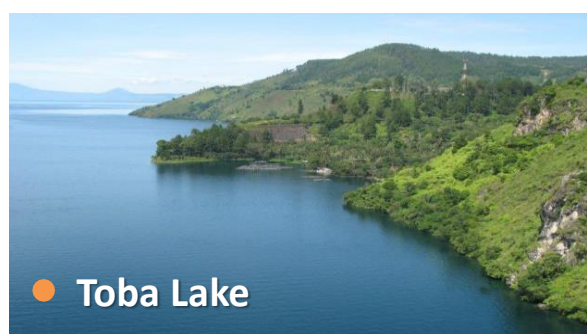
# 4. Promising Tourism and Continuity Industry in Indonesia

## Special Economic Zones & Strategic Tourism Areas

- Existing SEZs
- Planned SEZs
- Strategic Tourism Areas



# 10 National Strategic Tourism Areas





# Investment Service Reforms

  
BKPM

## One-Stop Services

**One place**

22 ministries integrated

**3-hour Service**

**One-Stop Service (PTSP) at BKPM**

**Direct Construction**

**91%**

Regional PTSP formed. 61% regional PTSP implement e-licensing.

**All sectors**

167 permits are delegated to BKPM

**Industry, power, oil & gas, tourism**  
at one place





## TAX HOLIDAY

(MoF Regulation No.159/PMK.010/2015)

**5-15** years tax reduction  
This period can be extended to 20 years if it deemed necessary or the national interest.

Up to **25** years tax exemption  
For Special Economic Zones

### 9 eligible pioneer industries:

1. Basic metal industries;
2. Oil refinery industries
3. Basic organic chemicals from natural oil and gas;
4. Machinery industries;
5. Communication devices industries.
6. Agricultural processing
7. Marine transportation
8. Manufacturing industry in SEZ
9. Economic infrastructures other than PPP

IDR **1 trillion** Minimum **investment** plan (USD 80 million).

However it can be reduced to IDR 500 billion for investment in the telecommunication and information industries that introduce high technology.

## IMPORT DUTY FACILITY

(MoF Regulation No.176/PMK.011/2009)

Machines, goods, materials for production

**2 years** import duty exemption or **4 years** for companies using locally-produced machines (min.30%).

## Industries

Which produces **goods** and/or **services**, including:

1. Tourism and culture
2. Public transportation
3. Public health services
4. Mining
5. Construction
6. Telecommunication
7. Port



## TAX ALLOWANCE

(Government Regulation No.9/2016)

### Agriculture

- Cattle breeding & farming
- Corn plantation
- Soya plantation
- Rice farming
- Tropical fruits

### Power Generation

- Geothermal
- Alternative/renewable energy

### Oil & gas industry

- Oil refinery
- Liquefied Natural & Petroleum Gas
- Lubricant

**30** % of investment value  
**Reduction** of corporate net income tax for 6 years, 5% each year.

**145** business fields  
**Eligible** for tax allowance, expanded from 143 segments in the previous regulation with additional segment: **clothing industry**.

Under **certain requirements** among others: investment value or export orientation, manpower absorption, local content, and project location (especially outside Java island).

### Manufacturing Industry

- Iron & steel
- Clothing
- Semi conductors
- Electronic components
- Computer
- Communication devices
- Television
- Tires
- Pharmaceutical
- Cosmetics
- Fish & shrimp processing
- Etc.



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*Terima Kasih*

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