



**MENTERI PERINDUSTRIAN  
REPUBLIK INDONESIA**

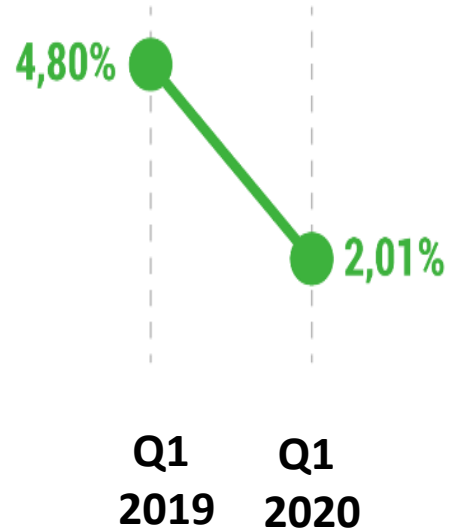
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# **Relocating Investment to Indonesia in The Time of Covid-19 : Opportunity and Challenge**

**Jakarta, 4 Agustus 2020**

# Non Oil and Gas Industrial Growth Performance

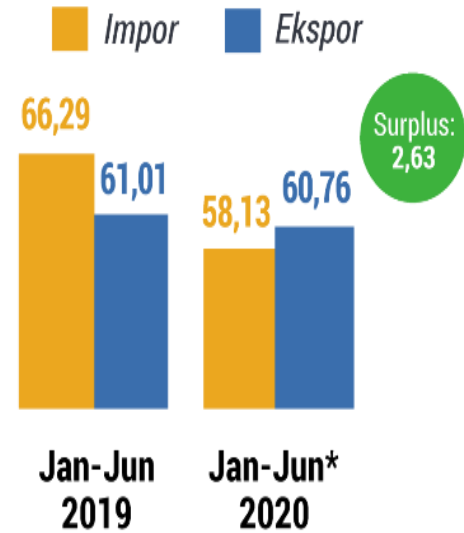
## Industrial Growth Q1 2020



## GDP Contribution Q1 2020



## Export and Import Jan- Jun 2020 (USD Billion)



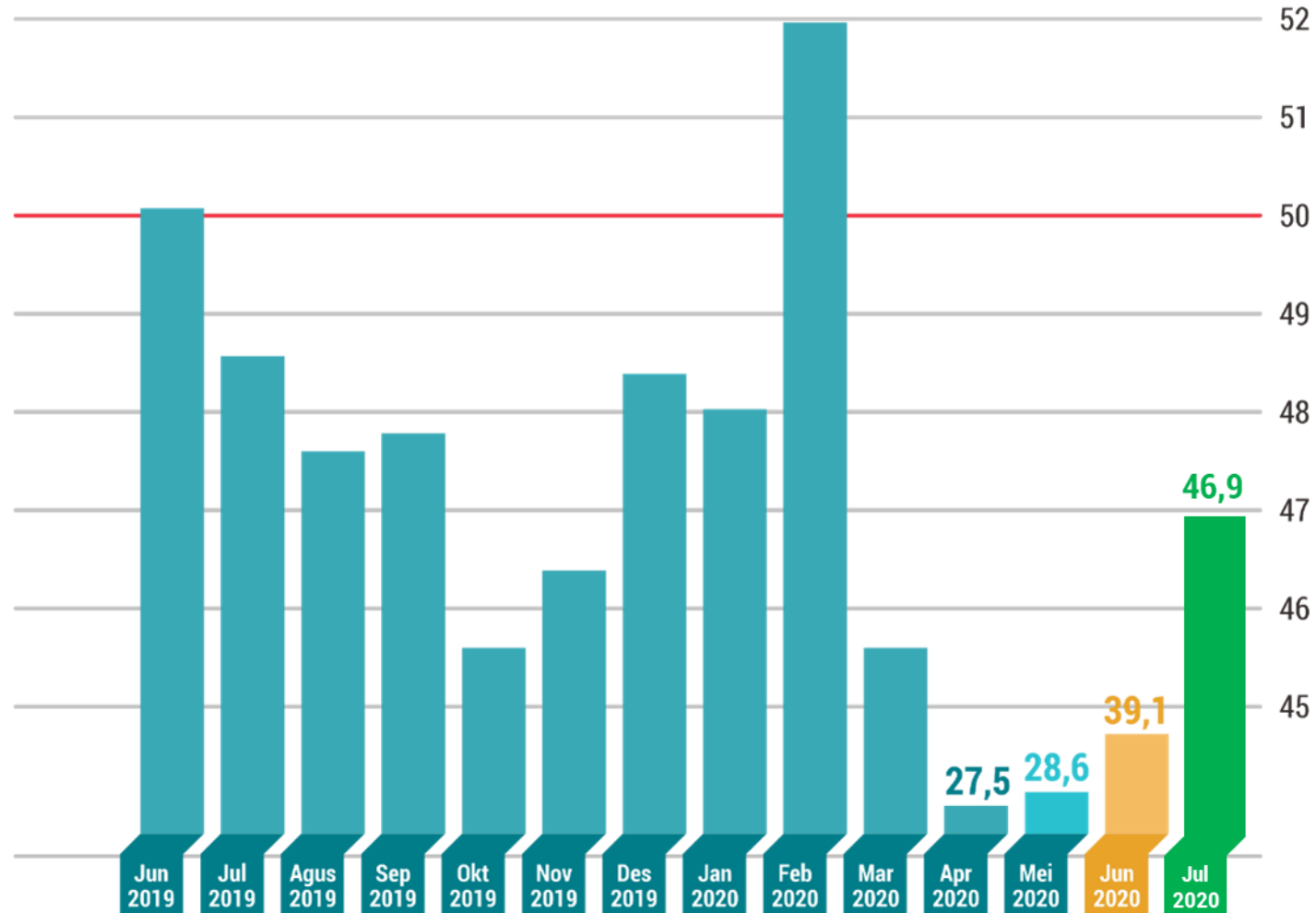
\* Jun 2020 Data Sementara

## Industrial Sectors Investment Semester I 2020 (Trillion Rupiah)



# PURCHASING MANAGERS INDEX (PMI) INDONESIA (JUNI 2019 – JULI 2020)

PMI Index for July 2020 is 46,9. The numbers shows a promising recovery for Manufacturing in Indonesia.









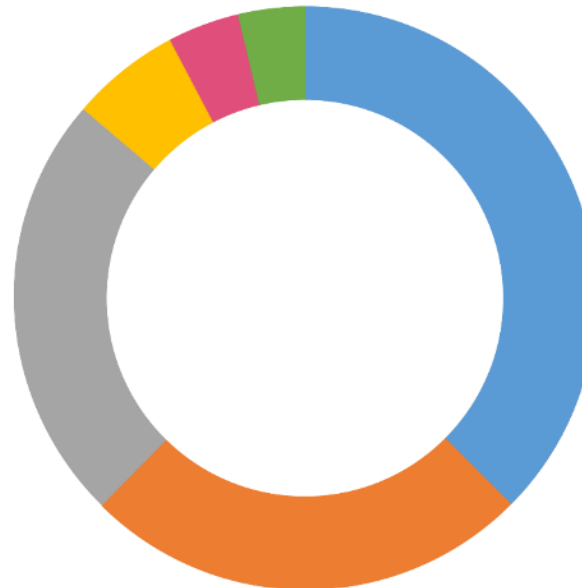
**TAX REVENUE BY SECTORS (JAN – JUN 2019 and JAN – JUN 2020)**  
**Triliun Rupiahj**







**REALISASI PAJAK MENURUT SEKTOR**  
**(RP TRILIUN)**

**Jan - Jun 2019**

**Jan - Jun 2020**

<b>Manufacturing</b>	<b>(29,3%)</b>	<b>160,62</b>	
<b>Trade</b>	<b>0,8%)</b>	<b>114,37</b>	
<b>Financial Services</b>	<b>15,2%)</b>	<b>83,56</b>	
<b>Construction</b>	<b>(6,6%)</b>	<b>36,47</b>	
<b>Transportation and Logistic</b>	<b>(6,1%)</b>	<b>33,43</b>	
<b>Mining</b>	<b>(4,5%)</b>	<b>33,43</b>	



	<b>145,30 (29%)</b>	<b>Manufacturing</b>
	<b>98,57 (19,7%)</b>	<b>Trade</b>
	<b>80,98 (16,2%)</b>	<b>Financial Services</b>
	<b>32,36 (6,5%)</b>	<b>Construction</b>
	<b>23,52 (4,7%)</b>	<b>Transportation and Logistic</b>
	<b>21,31 (4,3%)</b>	<b>Mining</b>

- Penerimaan pajak sektoral non migas, non PDB, dan PPH DTP
- Sumber: Ditjen Pajak, diolah Kemenperin

# Indonesia may recover faster than regional peers, especially in A1 scenario

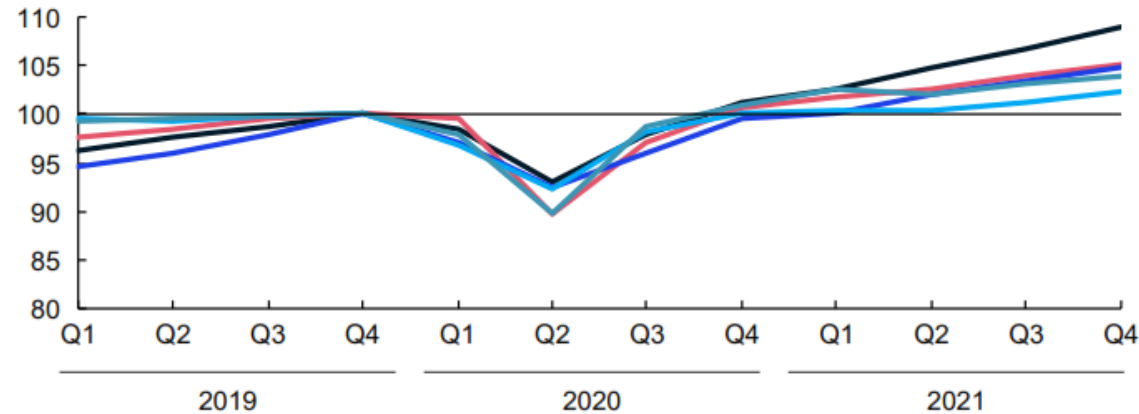


Preliminary

— Indonesia — Malaysia — Philippines — Singapore — Thailand

## Scenario A3 – Virus Contained

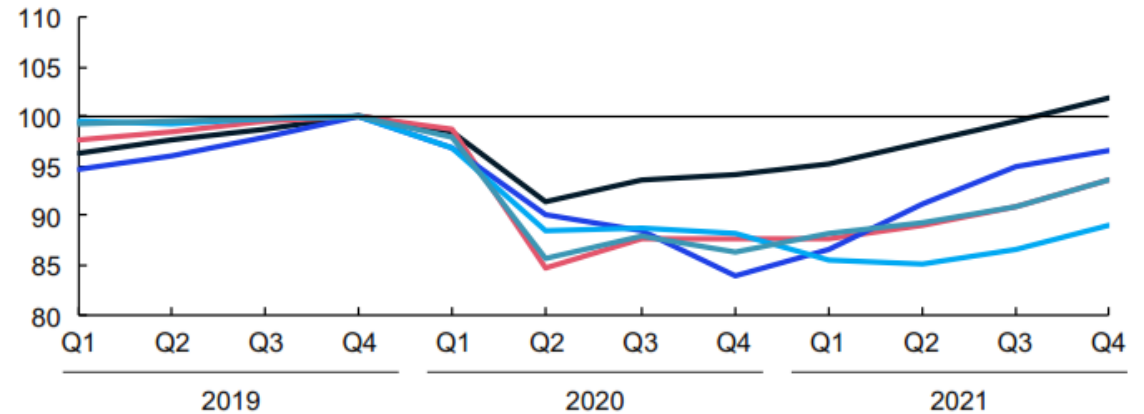
Real GDP Growth – COVID-19 Crisis  
Local Currency Units Indexed, 2019 Q4=100



	Real GDP Drop 2019 Q4- 2020 Q2 % Change	2020 GDP Growth % Change	Time to Return to Pre-Crisis Quarter
<b>Indonesia</b>	-7.0%	-0.6%	2020Q4
<b>Malaysia</b>	-10.3%	-2.1%	2020Q4
<b>Philippines</b>	-7.5%	-0.9%	2021Q1
<b>Singapore</b>	-7.7%	-2.8%	2020Q4
<b>Thailand</b>	-10.2%	-2.7%	2020Q4

## Scenario A1 – Muted Recovery

Real GDP Growth – COVID-19 Crisis  
Local Currency Units Indexed, 2019 Q4=100



	Real GDP Drop 2019 Q4- 2020 Q2 % Change	2020 GDP Growth % Change	Time to Return to Pre-Crisis Quarter
<b>Indonesia</b>	-8.6%	-4.0%	2021Q4
<b>Malaysia</b>	-15.2%	-9.4%	2022Q4
<b>Philippines</b>	-9.9%	-7.7%	2022Q1
<b>Singapore</b>	-11.6%	-9.2%	2023Q1
<b>Thailand</b>	-14.3%	-10.1%	2022Q4

# KEEP THE MANUFACTURE'S PACE

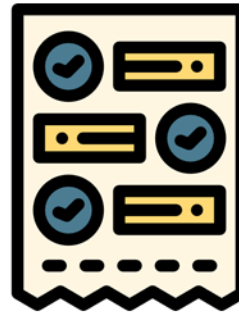
*"Until the discovery of an effective vaccine, we have to live in peace with Covid-19 for some time to come." (President Joko Widodo)*



**Circular Letter of  
Minister for Industry,  
Number 4 / 2020**

Factory Operation Guidelines  
During the Public Health  
Emergency (Covid-19)

- Management's Obligations
- Worker's Obligations



**Circular Letter of  
Minister for Industry,  
Number 7 / 2020**

Guidelines for Submitting License  
for Industrial Activities (IOMKI)  
During Public Health Emergency  
(Covid-19)



**Circular Letter of  
Minister for Industry,  
Number 8 / 2020**

Reporting Obligations for  
Industrial Companies and  
Industrial Estate Companies that  
held Operational and Mobility  
Licenses for Industrial Activities  
(IOMKI)



**Health Protocol Applied**



**Online Administration**

# NEW INCENTIVE INITIATIVES

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**Electricity Incentive for  
manufacturing industry  
during economic  
slowdown Covid-19**



**SME Fund for  
Production Materials**

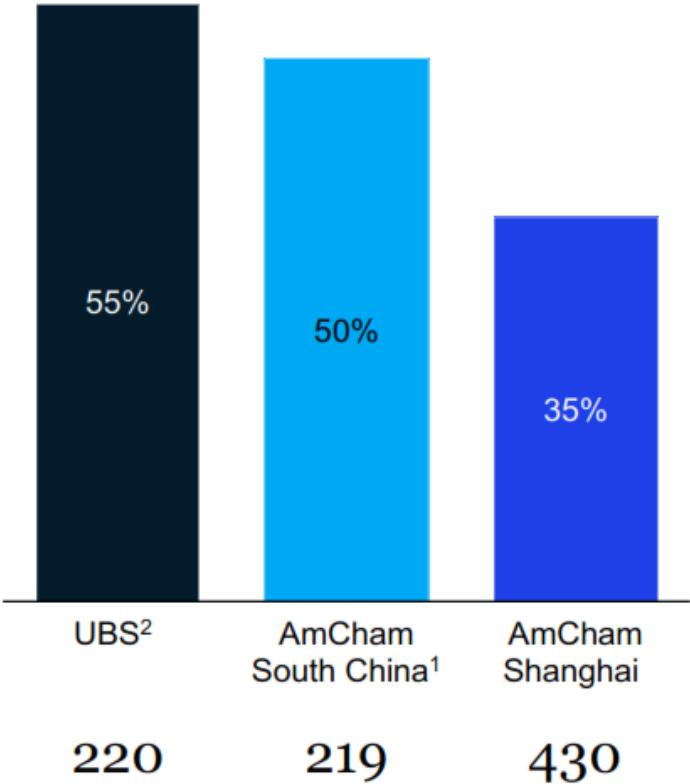


**Expansion of KUR**

# Southeast Asian countries are top choices for companies reconfiguring supply chains

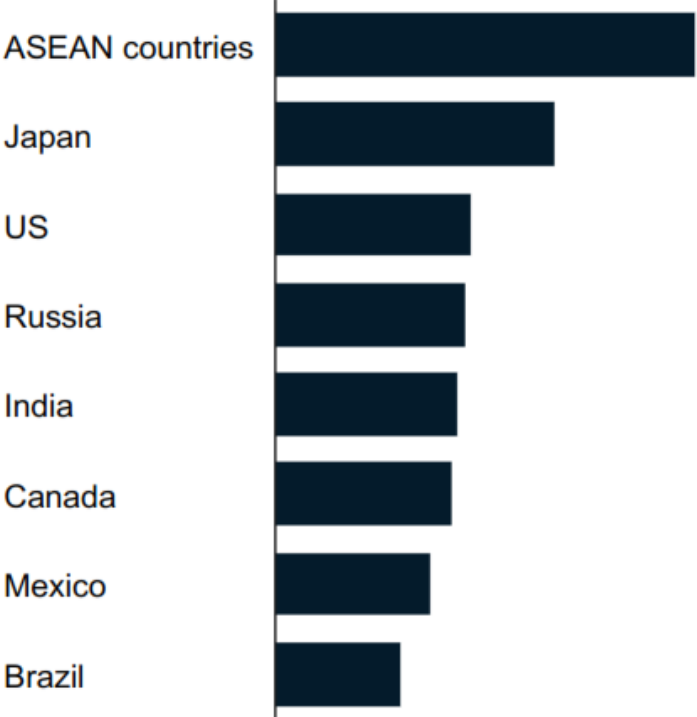
XX Survey size

**Companies have moved or plan to move manufacturing production %**

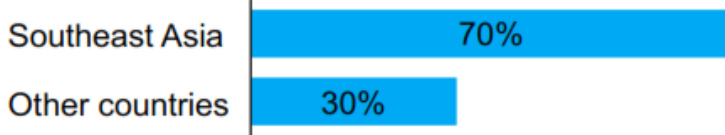


**Alternatives for relocation %**

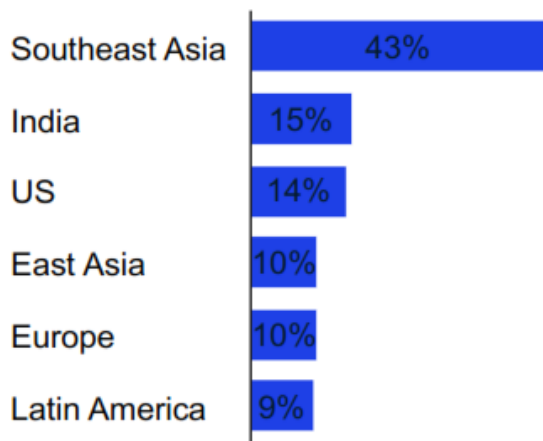
**UBS survey**



**AmCham South China survey**



**AmCham Shanghai survey**



1. AmCham stands for American Chamber of Commerce and their surveys were about participants plans to move production out of China  
 2. 55% of manufacturing exporters in UBS survey have moved or consider to move production sites outside of China, which is an indication of a long-term trend.



# Pengembangan Kawasan Industri dalam RPJMN 2020-2024



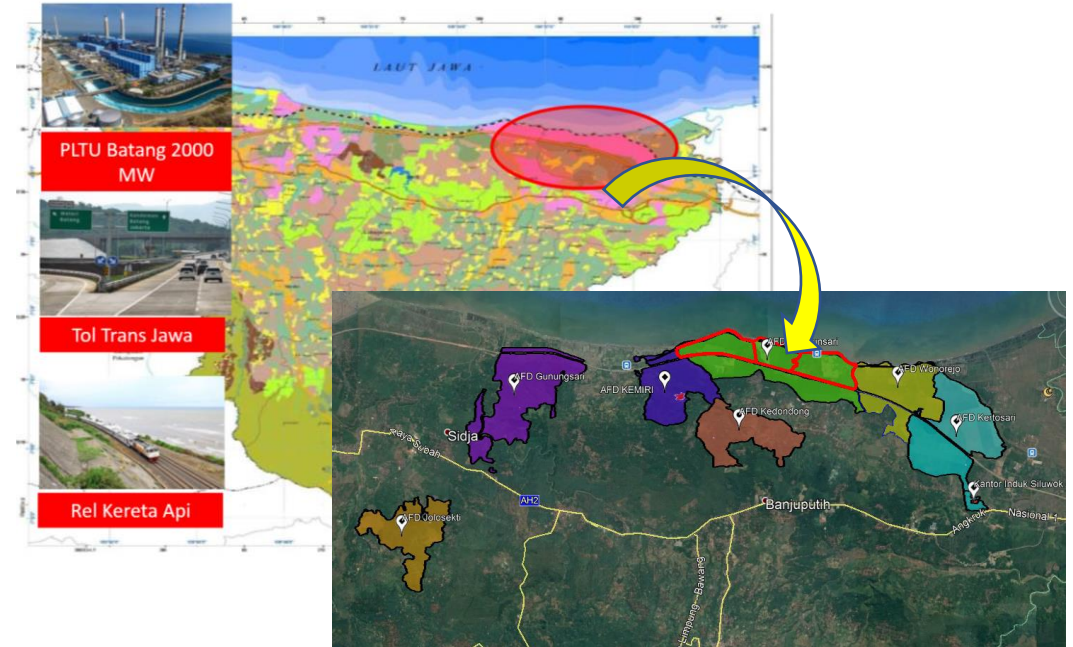
# Industrial Estate Readiness

investment-ready industrial estates are determined based on:

1. Land readiness (clear and clean land based on spatial planning and land certificate)
2. Infrastructure readiness (toll road access, dry port, electricity, gas pipe, water treatment, wastewater treatment, etc)
3. Completed operationa licenses
4. Management has capability and commitment to follow up investment

Cluster	Detail	Area*
<b>Cluster 1: RPJMN (National Midterm Development Plan) Industrial Estate Cluster</b>	8 investment-ready industrial estates	4.752 ha
<b>Cluster 2: Operational Industrial Estate Cluster</b>	6 investment-ready industrial estates in Java and several industrial estates in Riau Islands	9.658,63 ha
<b>Cluster 3: State-owned Enterprises (BUMN) Industrial Estates</b>	6 BUMN industrial estates	651 ha
<b>TOTAL INVESTMENT-READY AREA</b>		<b>15.061,63</b>

\*clear & clean



## Batang Industrial Estate

The government is developing a government-initiated industrial estate in several locations such as Batang and Brebes. The development of these industrial estates is carried out by state-owned enterprises in synergy with ministries and local governments. These industrial estates will provide land at low prices, adequate infrastructure both physical infrastructure (toll road access, dry port, electricity, gas pipe, water treatment, wastewater treatment, etc) and non-physical infrastructure such as education facility and training centre for local population.

# Tax Holiday Facility

Law No. 25 of 2007

PMK (Regulation of Minister of Finance) No. 150 of 2018

Per BKPM 1/2019 jo. Per BKPM 8/2019

## Tax Holiday

Reduction in corporate income tax for **100%** within **5 to 20 years** (according to the value of the investment); Reduction in corporate income tax for **50%** within **2 years** after the utilization period of the Tax Holiday Facility ends.

Investment Value (Fixed Assets)	Time Period
Rp 500 billion s.d. <Rp 1 trillion	5 year
Rp 1 trillion s.d. <Rp 5 trillion	7 year
Rp 5 trillion s.d. <Rp 15 trillion	10 year
Rp 15 trillion s.d. <Rp 30 trillion	15 year
≥ Rp 30 trillion	20 year

## Kriteria Mendapatkan Tax Holiday

1. Pioneer industry
2. Registered as legal entiti in Indonesia
3. Min. investment value Rp100 billions
4. New investment
5. DER 4:1

## Objective

Encouraging investment in industries with strong forward-backward linkage, added value, and high externalities, introducing new technologies, and strategic to national economy

## Mini Tax Holiday

Reduction in corporate income tax for **50%** for **5 years**; Reduction in corporate income tax for **25%** within **2 years** after the utilization period of the Mini Tax Holiday Facility ends.

## Investment Value (Fixed Assets)

Rp 100 billion s.d. <Rp 500 billion

## Coverage of pioneer industry

1. Upstream metal industry: steel or non-steel
2. Oil and gas refining and / or refining industries
3. Petrochemical industry
4. Basic organic chemical industry
5. Inorganic basic chemical industry
6. The main pharmaceutical raw material industry
7. Manufacture of irradiation, electromedical or electrotherapy equipment
8. Manufacture of major components of electronic or telematics equipment
9. Manufacture of machinery and engine main components
10. Manufacture of robotic components that support manufacturing machinery industries
11. Manufacture of main components of electric power generation machines
12. Manufacture of motorized vehicles and major components of motorized vehicles
13. Manufacture of major ship components
14. Manufacture of major train components
15. Manufacture of major aircraft components
16. Agriculture, plantation based processing or forestry product that produces pulp industries
17. Economic infrastructure
18. Digital economy

## Submission of Application for Tax Holiday Facility

- Along with the registration for business activities through the Online Single Submission (OSS) system or a maximum of 1 year after the issuance of investment registration.
- Industrial coverage that is not listed in the scope of the pioneer industry, but it meets a minimum investment value of Rp 500 Billions, as for the request is submitted through BKPM and there will be inter-ministerial discussions towards it.



# INCENTIVES FOR LABOR INTENSIVE INDUSTRY, VOCATIONAL AND R&D ACTIVITIES

(PP Number 45 of 2019)

## INCENTIVES FOR LABOR INTENSIVE INDUSTRY



### SUBJECT

A taxpayer (WP) of a domestic body that undertaking new capital investments or expanding businesses in labor intensive industry



### FACILITIES

A reduction in net income of 60% of the total investment in the form of tangible fixed assets including land

## INCENTIVES FOR VOCATIONAL ACTIVITIES



### SUBJECT

WP of a domestic body providing certain competency-based work practices & HR apprenticeship facilities



### FACILITIES

The reduction in gross income is at most 200% of the total costs incurred for work practices, apprenticeship, and / or learning activities

## INCENTIVES FOR R&D ACTIVITIES



### SUBJECT

WP of a domestic body which performing Research and Development activities in Indonesia



### FACILITIES

The reduction in gross income is a maximum of 300% of the total costs incurred for research and development activities

# KONDISI INDUSTRI



**Kementerian Perindustrian**  
REPUBLIK INDONESIA

**PROGRAM SUBSTITUSI IMPOR SEBESAR 35% PADA TAHUN 2022**

# Dukungan IR 4.0 Terhadap Program Substitusi Impor

**Making Indonesia 4.0** 10 Ekonomi terbesar dunia tahun 2030

10% kontribusi Ekspor Netto terhadap PDB

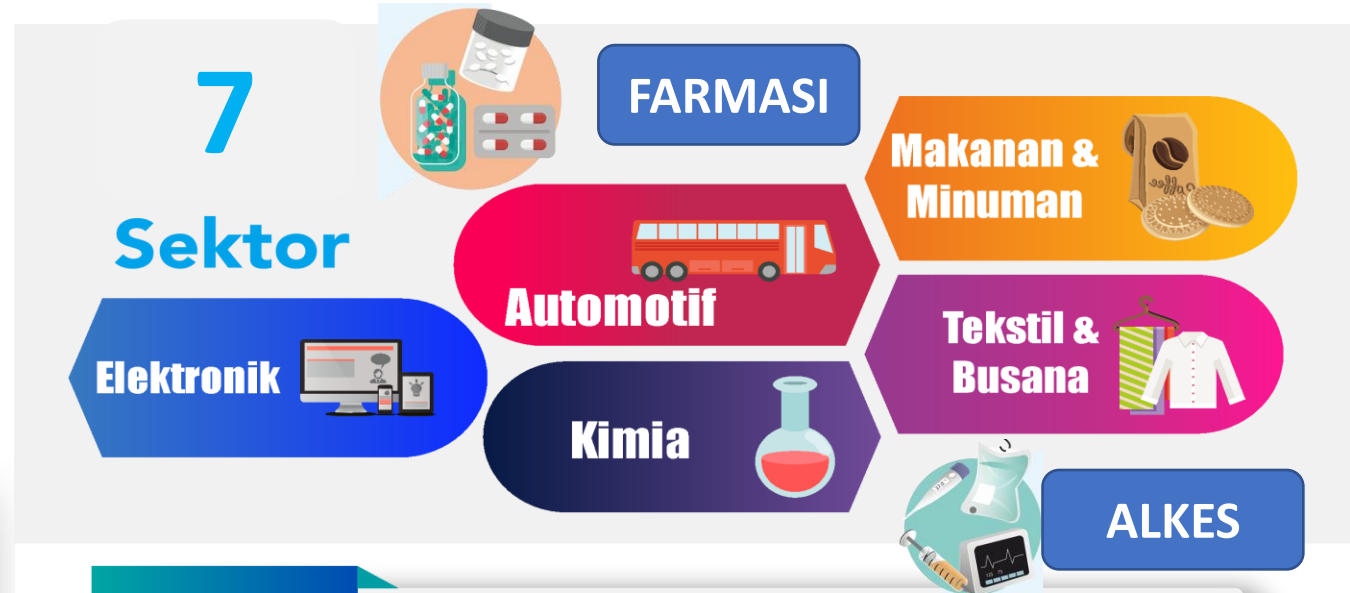
Mengembalikan posisi ekspor netto (ke level yang sama seperti tahun 2000)

2x peningkatan produktivitas terhadap biaya

Meningkatkan produksi mengelola biayanya (serupa dengan perkembangan India)

2% pengeluaran R&D terhadap PDB

Membangun kemampuan inovasi lokal (tingkat yang sama dengan Tiongkok)



## 10 Prioritas Strategi

- Perbaikan Alur Aliran Material
- Mendesain Ulang Zona Industri
- Akomodasi Standar *Sustainability*
- Pemberdayaan UMKM
- Membangun Infrastruktur *Digital* Nasional
- Menarik Investasi Asing
- Peningkatan Kualitas SDM
- Pembentukan Ekosistem Inovasi
- Menerapkan Insentif Investasi Teknologi
- Harmonisasi Aturan dan Kebijakan

# LANGKAH STRATEGIS PROGRAM SUBSTITUSI IMPOR 35%

## PENURUNAN IMPOR MELALUI SUBSTITUSI IMPOR PADA INDUSTRI DENGAN NILAI IMPOR BESAR

Industri	Nilai Impor 2019 (Rupiah)
Industri Mesin	308 T
Industri Kimia	299 T
Industri Logam	242 T
Industri Elektronika	231 T
Industri Makanan	140 T
Industri Peralatan Listrik	116 T
Industri Tekstil	103 T
Industri Kendaraan Bermotor	96 T
Industri Barang Logam	81 T
Industri Karet dan Barang dari Karet	60 T

88% Impor Industri Pengolahan

Mendorong Pendalaman Struktur Industri

Peningkatan Investasi dan Penyerapan Tenaga Kerja Baru

PENINGKATAN UTILISASI PRODUKSI SELURUH SEKTOR INDUSTRI PENGOLAHAN

Utilisasi  
60%  
(2020)

Utilisasi  
75%  
(2021)

Utilisasi  
85%  
(2022)

PENYERAPAN TENAGA KERJA TERDAMPAK PHK

PENINGKATAN KEMAMPUAN BELANJA DALAM NEGERI

PENINGKATAN PASAR EKSPOR

# INSTRUMEN PENGENDALIAN IMPOR

## Jangka Pendek dan Menengah

1. Larangan terbatas :
  - a. Registrasi dan Perizinan Impor
  - b. Minimum Import Price (MIP)
  - c. Kuota ImporKemenperin mengusulkan tambahan 28 Komoditi
2. Diberlakukan *Preshipment Inspection*
3. Pengaturan Entry Point Pelabuhan untuk komoditi tertentu diarahkan di luar Jawa
4. Pembentukan LSPro (Lembaga Sertifikasi Produk) :  
Malaysia 1, Jepang 1, India 1, China 1, sementara Indonesia 69
5. Mengembalikan dari *post-border* ke *border*.  
Catatan : Dwelling time sudah membaik,  
Pengurangan PLB (Pusat Logistik Berikat)
6. Menaikkan Tarif MFN (Most Favored Nation) untuk komoditi strategis
7. Menaikkan implementasi Trade Remedies
  - a. Safeguard : China 1.020, Thailand 226, Filipina 307, Indonesia 102
  - b. Antidumping : India 280, Filipina 250, Indonesia 48
  - c. Countervailing Duty
8. SNI Wajib / TBT (Technical Barrier to Trade)  
Uni Eropa 4004, AS 1405, China 1170, Thailand 585, Filipina 250, Malaysia 227, Indonesia 172
9. Penerapan P3DN secara tegas dan konsisten

**Diperlukan dukungan dari K/L**