



**KEMENTERIAN INVESTASI
DAN HILIRISASI/BKPM**

Navigating **Indonesia's** Investment Priorities and Opportunities

KB Kookmin Bank Global South Investment and Expansion Briefing Session

Seoul, 14 October 2025

Bayu Tri Armityo

Deputy Director

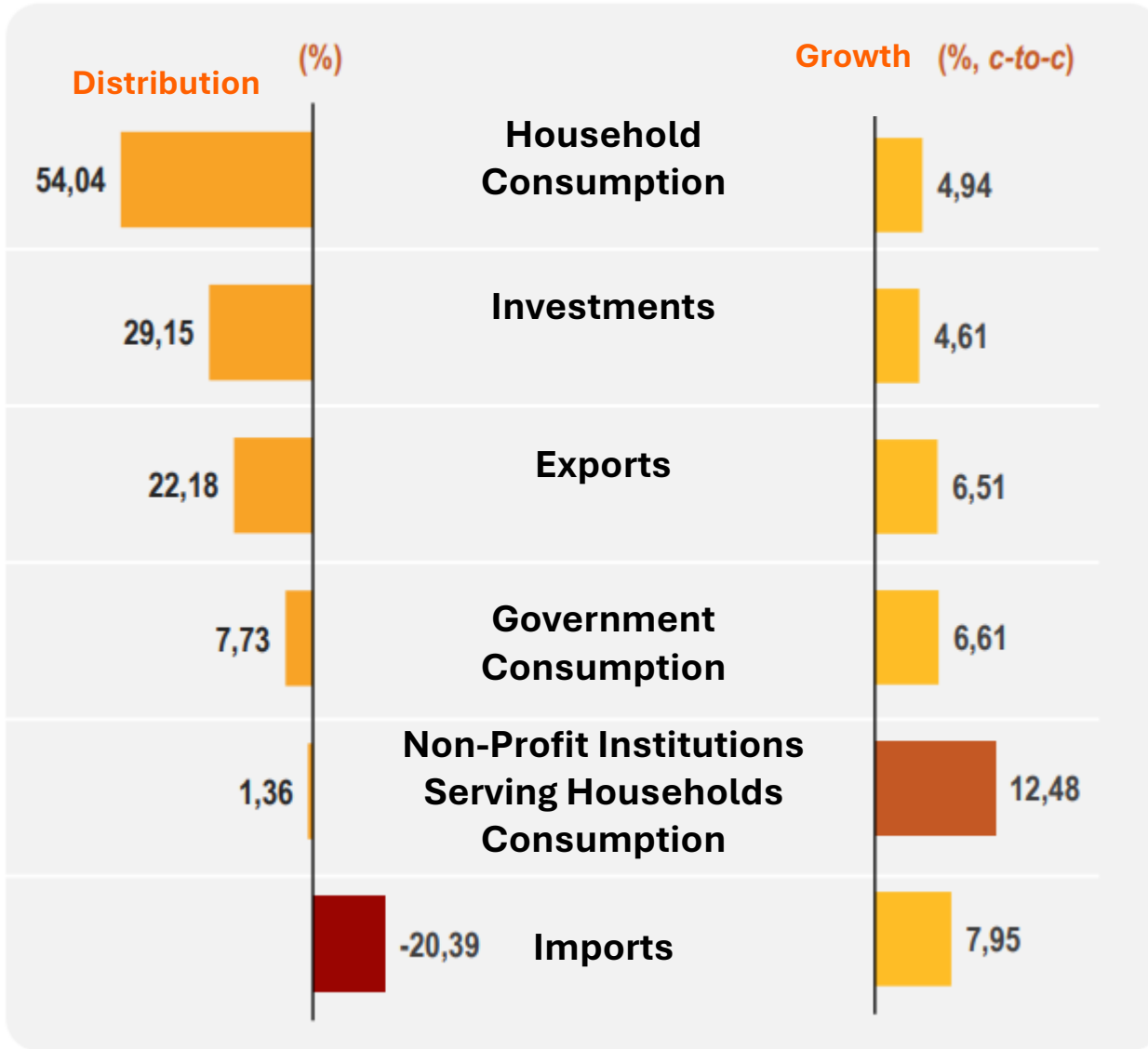
Indonesia Investment Promotion Centre (IIPC)



Investment Landscape and Outlook

Indonesia's economy grew at 5.03% (y/y) 2024 with 29.15% contribution of investments

All expenditure components recorded positive growth in 2024 (c-to-c)

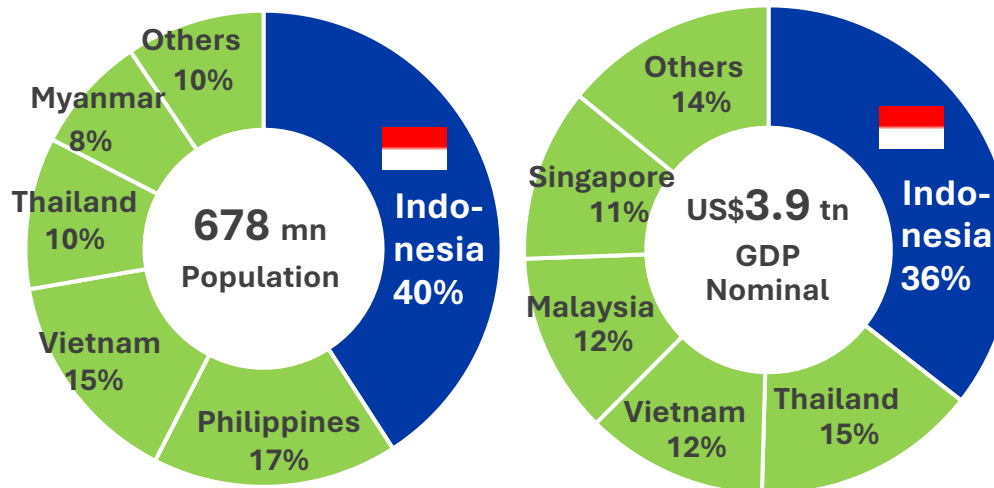


Indonesia is the biggest market & gateway to Southeast Asia single market

Collectively, ASEAN*) offers 678 million of growing market and US\$3.9 trillion of economy

ASEAN* Population & GDP Nominal in 2023

Indonesia represents **41% population** and **36% economy** of the region.



35
trade
agreements
concluded/
Implemented

Beyond Southeast Asia, Indonesia is a production base for international market

Some FTAs are also under negotiation with the European Union, Mercosur (Argentina, Brazil, Paraguay and Uruguay), Canada, Morocco, Tunisia

FTA	Partners
RCEP	ASEAN, China, Japan, South Korea, Australia, New Zealand
AANZFTA	ASEAN, Australia, New Zealand
ACFTA	ASEAN, China
AIFTA	ASEAN, India
AHKFTA	ASEAN, Hong Kong PRC
IJEPA	Japan (also AJFTA with ASEAN)
IK-CEPA	South Korea (also AKFTA with ASEAN)
D-8 PTA	Bangladesh, Egypt, Iran, Malaysia, Pakistan, Nigeria, Turkiye
IE-CEPA	Iceland, Liechtenstein, Norway, Switzerland (EFTA)
IA-CEPA	Australia
IP-PTA	Pakistan
IC-CEPA	Chile
IM-PTA	Mozambique

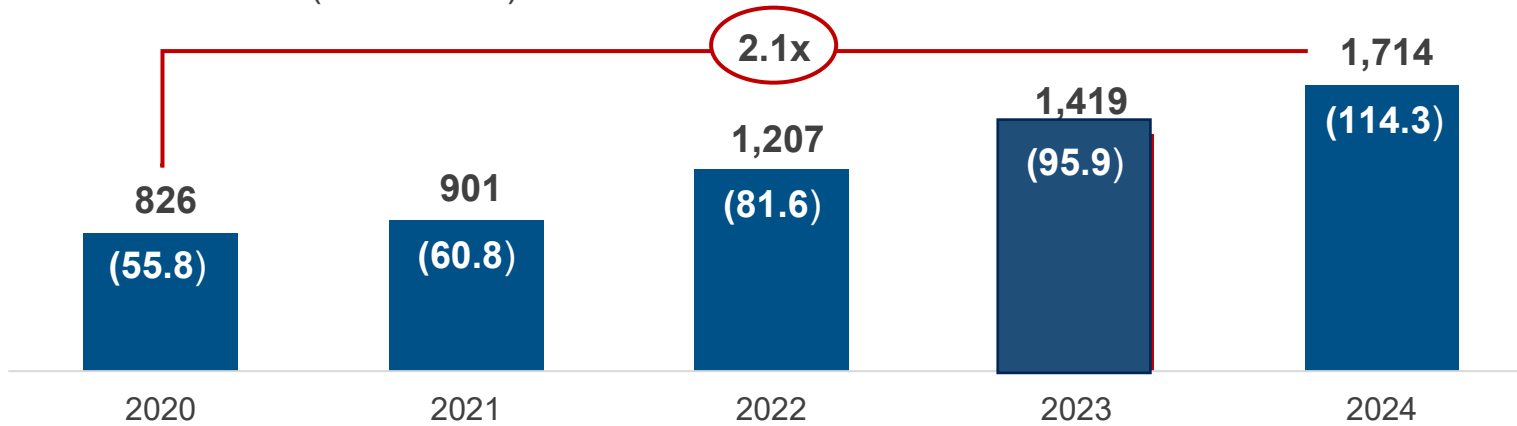
*) ASEAN: Association of Southeast Asian Nation. The ASEAN Economic Community (AEC) envisions ASEAN as a single market and production base. Tariff rates for over 96% of traded products among the ASEAN countries are zero. Source: IMF and ASEAN, 2023.

Indonesia is one of top global FDI destinations, #18 globally & #2 in Southeast Asia

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

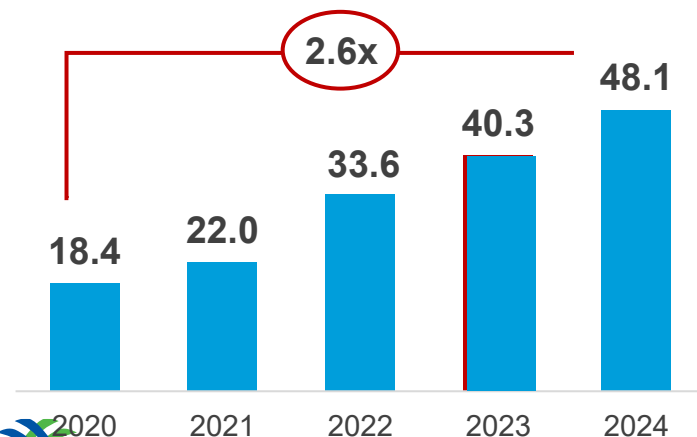
Direct Investment Realization in Indonesia, 2020-2024

in IDR trillion (USD billion)



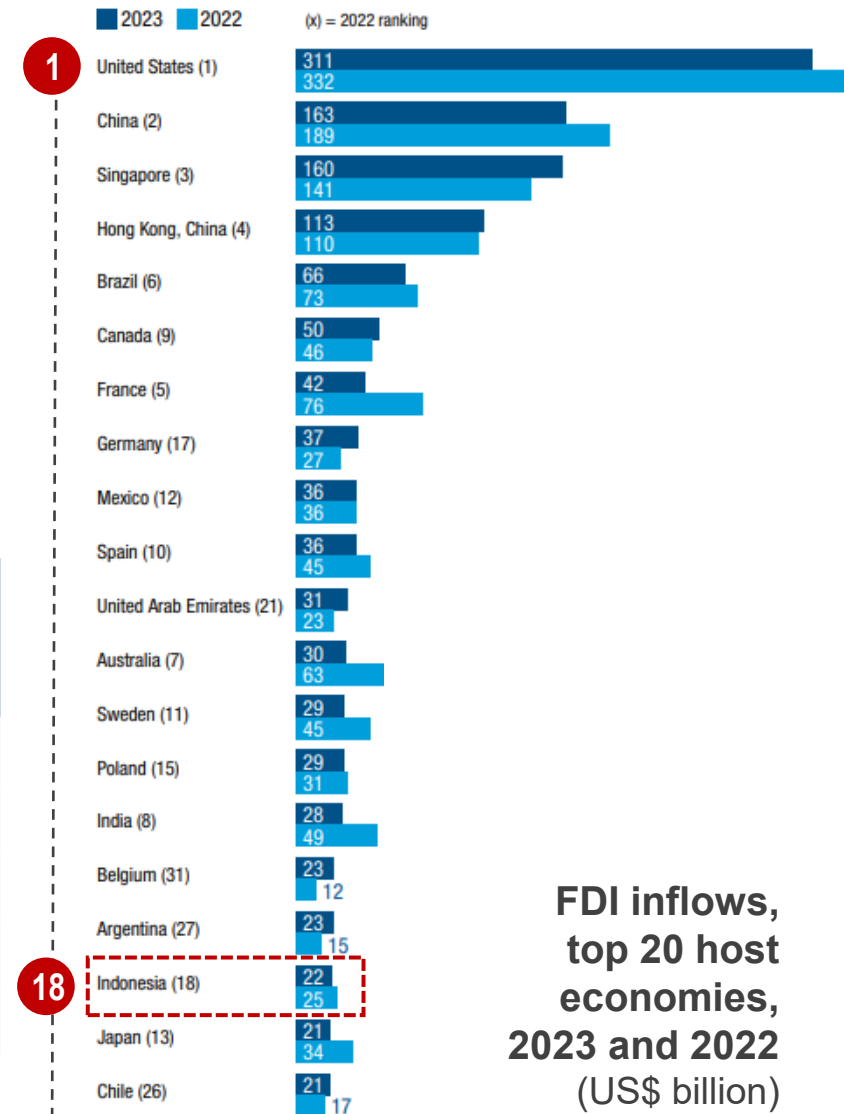
Direct Investment Realization in Manufacturing, 2020 - 2024

in USD billion



No.	Top 5 Manufacturing Sectors, 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 2022 (US\$ billion)

Source: UNCTAD, FDI/MNE database (www.unctad.org), Financial Times, FDI Markets (www.fdimarkets.com) and Refinitiv.

South Korea's Investment Trend in Indonesia

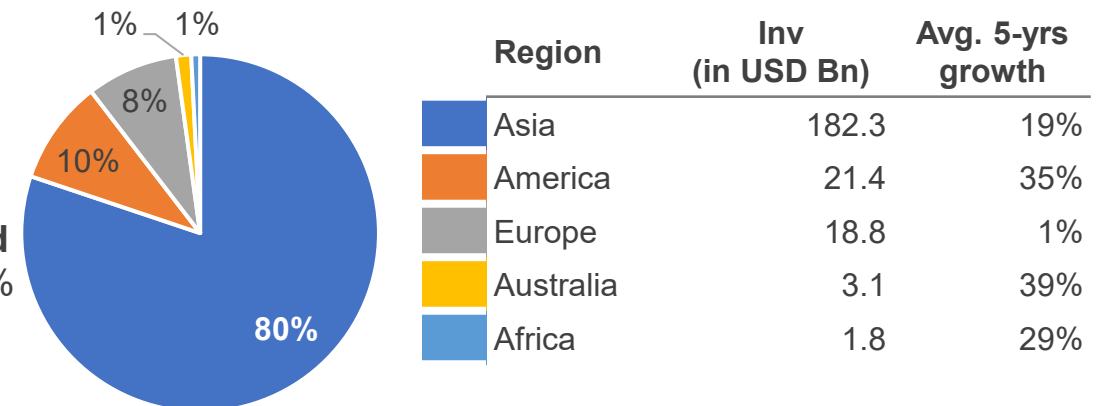
Most FDI in Indonesia Came from Asia, but FDI Sources are Becoming more Diversified

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

2020			2021			2022			2023			2024		
Rank	Country	Invest.	Rank	Country	Invest.	Rank	Country	Invest.	Rank	Country	Invest.	Rank	Country	Invest.
1	Singapore	9,8	1	Singapore	9,4	1	Singapore	13,3	1	Singapore	15,4	1	Singapore	20,1
2	China	4,8	2	Hongkong	4,6	2	China	8,2	2	China	7,4	2	Hongkong	8,2
3	Hongkong	3,5	3	China	3,2	3	Hongkong	5,5	3	Hongkong	6,5	3	China	8,1
4	Japan	2,6	4	United States	2,5	4	Japan	3,6	4	Japan	4,6	4	Malaysia	4,2
5	South Korea	1,8	5	Japan	2,3	5	Malaysia	3,3	5	Malaysia	4,1	5	United States	3,7
6	Netherlands	1,4	6	Netherlands	1,8	6	United States	3,0	6	United States	3,3	6	Japan	3,5
7	Malaysia	1,0	7	South Korea	1,6	7	South Korea	2,3	7	South Korea	2,5	7	South Korea	2,98
8	United States	0,74	8	Malaysia	1,4	8	Netherlands	1,2	8	Netherlands	1,3	8	Netherlands	1,9
9	Taiwan	0,55	9	Bermuda	0,67	9	Bermuda	0,96	9	British Virgin Islands	0,65	9	British Virgin Islands	0,77
10	Australia	0,34	10	Swiss	0,59	10	England	0,62	10	Australia	0,54	10	England	0,75

Figure of FDI in Indonesia (2020 – 2024)

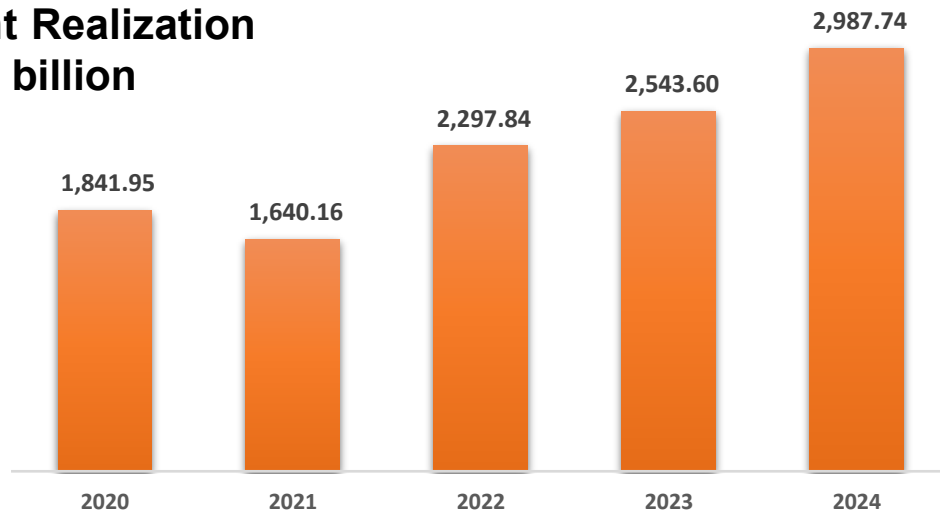
- **Asia leads in FDI**, contributing 80% of the total, while America and Europe contribute 10% and 8%, respectively.
- Over the past five years, **Australia and Pacific regions experienced the highest average FDI growth** at 39%, followed by America at 35% and Africa at 29%.



South Korea investment realization 2020 – 2024

Majority Korea investment is in the manufacturing industry and located in Java islands

Investment Realization USD 11.31 billion



A number of South Korean companies' footprint in Indonesia



Top 5 Sectors

Electricity, gas, and water	USD 2.23 billion, 19.7%
Automotive & other transportation	USD 1.87 billion, 16.6%
Machinery, Electronics & electrical Equipment	USD 1.39 billion, 12.4%
Metal Base Industry	USD 1.07 billion, 9.4%
Leather Goods & Footwear Industry	USD 0.97 billion, 8.6%
Other sectors	USD 3.77 billion, 33.3%

Top 5 Locations

West Java	USD 4.59 billion, 40.6%
Banten	USD 3.18 billion, 28.2%
Central Java	USD 1.32 billion, 11.6%
Jakarta	USD 0.58 billion, 5.2%
East Java	USD 0.49 billion, 4.3%
Other provinces	USD 1,15 billion, 10.2%

Investment Priorities and Supporting Policies

Strategic sectors for investment with the greatest potential to drive economic growth

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



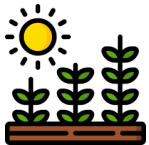
New Renewable Energy

- **Total potential of ~3,700 GW** (Solar: 3,294 GW; Wind: 155 GW; Hydro: 95 GW; Tidal: 63 GW; Bioenergy: 57 GW; and Geothermal: 23 GW).
- Current installed capacity of ~15 GW or only **less than 1%** of the potential.



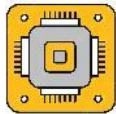
Downstream industry

- Potential investment from **28 commodities** 2023-2040 is **USD 618 billion**.
- Global major producer of strategic natural resources: Nickel (#1), tin (#2), bauxite (#6), palm oil (#1), rubber (#1), fish (#1), seaweed (#2).



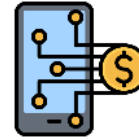
Food security

- The world's **4th largest population** (~280 million) and large middle class.
- The world's **6th largest revenue of food market**, USD354 billion (2030).
- Ongoing **mega projects** include rice estate, sugar industry, and bioethanol industry in South Papua.



Semiconductor

- Potential to develop **semiconductor ecosystem**, from mining (silica, copper, bauxite, gold), processing, wafer manufacturing, to semiconductor fabrication.
- **Growing demands** from domestic electronics and automotive industries, as well as global industries



Digital Economy & Data Center

- 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 **430 MW** from a potential of **2.7 GW**.



Healthcare

- **Increasing health expenditure** (between 2024 and 2040 by +184% to reach USD 138 billion)
- **Healthcare SEZ** in Bali with an integrated end-to-end world-class healthcare facility to cater growing medical tourists.



Nusantara Capital City (IKN)

- **Investment opportunities** include housing, commercial, education, transport, hospital, telecom, renewable energy, hotel and tourism.
- **Various incentives** include tax holiday for up to 30 years, right-to-cultivate land scheme (HGU) for 95 years.



Education and Vocational

- Needs for **talent development** and **growing appetite** for quality higher education.
- **Education SEZs** and 3 models for **FDI in higher education** (stand-alone branch, partnership university, or joint study program).



Export-Oriented Manufacturing Industry.

- Potential to become a **regional hub** with abundant natural resources, large domestic market, strategic location, and supporting infrastructures.
- **FTAs with global major markets**, including China, India, ASEAN, and Europe through EFTA

81 Sustainable Investment Projects with Total Value of ~US\$16.3 bn ^{*)}

Covering six priority sectors and located throughout Indonesian archipelago

**) IDR 244 trillion (US\$1 = IDR15,000)*



Projects Catalogue

Investment project profiles available at

regionalinvestment.bkpm.go.id



**Manufacturing
Industry**
39 Projects
~US\$ 11.20 B
(IDR 167.93 T)



Infrastructure
9 Projects
~US\$ 3.34 B
(IDR 50.17 T)



Food & Agriculture
14 Projects
~US\$ 632 M
(IDR 9.48 T)



Tourism
13 Projects
~US\$ 516 M
(IDR 7.74 T)



**Industrial
Estate**
4 Projects
~US\$ 221 M
(IDR 3.31 T)



**Renewable
Energy**
2 Projects
~US\$ 58 M
(IDR 868 B)

Indonesia Offers more Competitive and Transparent Investment Incentives

Investment incentives processed under one roof at Ministry of Investment and Downstream Industry/BKPM

Tax Holiday*) (PP 12 /2020, PMK 130/PMK.010/2020, PerBKPM 7/2020)

100% **Corporate income tax reduction** by 100% for investment valued at IDR500 billion (~US\$33.5 million) or more for period of **5-20 years**. 50% additional reduction of CIT for 2 years. Eligible for **pioneer industries** or meeting pioneer industry criteria.

50% **Mini Tax Holiday: CIT reduction** by 50% for investment valued at IDR100 billion (~US\$6.7 million) or more for period of **5 years**. 25% additional reduction of CIT for 2 years.

Tax Allowance (PP 78/2019, PMK 96/PMK.010/2020, PerMenperin 47/2019)

30% **Reduction of gross income subject to income tax** by 30% of initial fixed asset (5% per year for 6 years) for certain business fields and/or in certain regions.

Accelerated depreciation and amortization on tangible assets or intangible assets.

Income tax on dividend at 10% or applicable lower tax treaty rate.

Extension of loss carry forward period for 5-10 years.

Import Duty Exemption



Import duty exemption for imports of machinery, goods, and materials for industry and service industries.

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

(PMK 176/PMK.011/2009 & 188/PMK.010/2015)

Super Tax Deduction (PP 45/2019)

200% **Reduction of gross income subject to income tax** up to 200% of the cost of educational activities.

60% **Reduction of net income tax** by 60% of total investment (new business or expansion) in fixed assets for labor-intensive industries.

300% **Reduction of gross income subject to income tax** up to 300% of the cost of R&D activities.

*) Following the revision of the MoF Regulation No. 130/2020 the TH is extended until 31 Dec 2025.

5-step of Doing Business in Indonesia

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.

Who Can be Your Trusted Advisor ?

Indonesia Investment Promotion Centre (IIPC)

Seoul Office

Overseas representative office of Indonesia Ministry of Investment and Downstream Industry/BKPM in Seoul, South Korea that focuses on **promoting potential investment opportunities** and **ready-to-offer projects** that Indonesia has to offer by working closely with the Indonesian Embassy in Seoul through the following three main functions:

1. Promotion agency
2. Business facilitator
3. Business matchmaker

Free of Charge



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Indonesian Business and Cultural Etiquette: The Pillars of Success



Build
relationship first



Respect the
hierarchy



Embrace group
harmony

*“Dedicate more time to understand the Indonesian business environment and its local culture, thus **increasing** the chances of having successful business venture in Indonesia”*

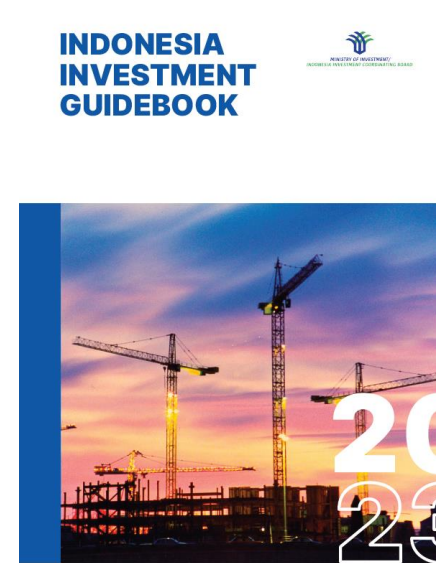
Kang Hyeon Lee - Chairman of KOCHAM, 2023

Indonesia Investment Guidebook

For further reference on doing business in Indonesia



Scan Me



감사합니다
Kamsahamnida
Thank You



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