



INFORMATION

Summary of Indonesia Investment Guideline 2022

Indonesia Investment Coordinating Board (BKPM) has published an Indonesia Investment Guidebook 2021. Through the outlook titled "Indonesia at a Glance", Indonesia Investment Coordinating Board explained the economic development in Indonesia by presenting an economic overview, investment climate, and investment opportunities.

According to the outlook, Indonesia is the largest economy in Southeast Asia, the world's 10th largest economy in terms of purchasing power parity, and a member of the G-20. But due to the COVID-19 pandemic, Indonesia registered negative GDP growth in 2020 for the first time since 1998, going from +5% in 2019 to -2.1%. Nevertheless, Indonesia's economy also grew for the first time in five quarters in the April-June period of 2021, recording its strongest expansion in more than a decade. Indonesia's real gross domestic product rose 7.07% in the second quarter from a year earlier. According to the IMF's April 2021 forecast, growth is expected to return in full force to 4.3% in 2021 before stabilizing at 5.8% in 2022, subject to the post-pandemic global economy recovery. With an average growth target of 5.7% per year, Indonesia is targeting to become a high-income country by 2036 and the world's fifth-largest economy by 2045.

To achieve economic growth, the Government of Indonesia continues to strive in many ways, one of which is to create stability and an economy that attracts an investment climate for investors. Based on the ranking results of three international rating agencies, Indonesia is categorized as an investment-worthy country. Good news recorded by IMD's World Competitiveness Center that Indonesia improved its overall competitiveness ranking by 3 positions (from 40 to 37) in 2021 thanks to its improvements in business efficiency, economic performance, government efficiency, and an increase in business confidence among Indonesian executives.

Investment opportunities were then expanded as an effort by the Government of Indonesia. Three important things were announced. First, Indonesia Investment Coordinating Board has made Strategic Priority Projects (or Large Projects) to achieve priority development goals. The major projects are in the form of planning for Industry 4.0 in 5 Priority Sub-Sectors, 10 Priorities Tourist Destinations, also 9 Industrial estates outside Java, and 31 smelters. Second, Government 6 has made six priority sectors have been set for investment, namely labor-intensive export-oriented industries, renewable energy, infrastructure, and mining industry, which can create more jobs and improve human capital and infrastructure development in the middle of the COVID-19 pandemic. The last is, the Government has developed economic zones in order to boost economic development throughout the region. There are 19 Special Economic Zones (15 existing and 4 new), 118 Industrial Estates, 4 Free Trade Zones, 1,360 Bonded Zones, and 91 Bonded Logistic Centers in 131 locations.

Furthermore, there are several aspects that the Government of Indonesia needs to do to boost Indonesia's Investment opportunity:

- Firstly, the Government of Indonesia has to keep committed to improving competitiveness and investment climate for foreign investment.
- The government also needs to improve investment regulations including ease of doing business, licensing procedures, better environmental protection, and changes to existing labor regulations.
- Therefore, the Government of Indonesia has made efforts through the launch of a risk-based online single submission system (OSS RBA) for licensing seeking to integrate various government agency systems and provide comprehensive information on various policies and requirements set for business, including foreign ownership.

For your reference regarding investment in Indonesia, please check the BKPM Investment Guideline 2022 in the link [here](#).

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