

Country (Region) Guides for Outward Investment Co- operation

Indonesia

(2022 edition)

Ministry of Commerce, Institute of
International Trade and Economic Co-
operation Chinese Embassy in
Indonesia, Economic and
Commercial Office Ministry of
Commerce, Foreign Investment and

Economic Co-operation Department

fore word

The report of the twentieth CPC National Congress points out that it is important to promote a high level of opening up to the outside world, to enhance the quality and level of trade and investment cooperation, to accelerate the building of a strong trading nation, to promote the high-quality development of the "One Belt, One Road", to participate deeply in the division of labour and cooperation in the global industry, and to safeguard a diversified and stable international economic pattern and economic and trade relations.

Guided by Xi Jinping's thought of socialism with Chinese characteristics in the new era, the Ministry of Commerce comprehensively implements the spirit of the 20th CPC National Congress, and in accordance with the principle of "government-guided, enterprise-led, and market-orientated operation", it encourages and supports strong, reputable and internationally competitive enterprises to go out to carry out outward investment and cooperation in a steady and orderly manner, and actively participate in the construction of the "Belt and Road". It will also actively participate in the co-construction of the "One Belt, One Road", guide and serve China's enterprises to actively integrate into the global industrial chain supply chain, and continuously improve the quality and level of outward investment and co-operation. In 2021, China's outward foreign direct investment flow will reach US\$178.82 billion, an increase of 16.3 per cent over the previous year, ranking second in the world; Seventy-nine Chinese enterprises have been listed in the Engineering News Record (ENR) 2022 "Top 250 International Contractors" list, and continue to top the list. Chinese-funded enterprises are making rational and effective use of resources in overseas markets, actively engaging in international cooperation and competition, contributing to the economic and social development of host countries, and injecting vitality into the global economic recovery.

In order to better help enterprises understand and familiarise themselves with the local business environment and effectively prevent and resolve various risks, the Institute of International Trade and Economic Cooperation (IITEC) of the Ministry of

Commerce (MOFCOM) and the business agencies of embassies and consulates in foreign countries have compiled the 2022 edition of the "Country (Place) of Outward Investment Co-operation" (COIC).

The Guide covers 129 countries and regions. The Guide covers 129 countries and regions, reflecting comprehensively and objectively the macroeconomic situation, laws and regulations, economic and trade policies, business environment and other matters of concern to enterprises going abroad in the countries (regions) where OFDI cooperation takes place, as well as paying further attention to relevant policies and regulations, current development status and international cooperation on digital economy and green development in the relevant countries (regions), and adjustments in economic and trade policies since the epidemic.

We hope that the 2022 edition of the Guide will be helpful to enterprises that intend to go global and carry out outward investment and cooperation, and we welcome criticisms and valuable opinions from all walks of life. At the same time, we will seriously absorb the useful suggestions and continuously improve our work, so as to make the Guide better and better, and to play a greater role in enhancing the ability and level of enterprises' international operation, coping with all kinds of risks and challenges, and promoting the high-quality development of outward investment and cooperation.

We will be based on the new stage of development, complete, accurate and comprehensive implementation of the new development concept, serve to accelerate the construction of a new development pattern, focus on promoting high-quality development, and innovate in the preparation of the Guide, so as to more accurately and efficiently provide high-quality information services for enterprises going abroad, and to help them go abroad steadily and make progress.

Office for the Preparation of Country (Regional)
Guides for Outward Investment Co-operation
March 2023

Message from the Counselor

Located in southeastern Asia, Indonesia, also known as the "Land of a Thousand Islands", actually has 17,508 islands of various sizes, with Bali being the most glittering. As the world's largest archipelago, Indonesia spans two hemispheres, two oceans and two continents (the Pacific Ocean and the Indian Ocean; Asia and Oceania), and guards important international trade routes, such as the Straits of Malacca, the Sunda Strait, and the Lombok Strait. Indonesia is the largest country in ASEAN, with about 40% of its population, area and total economy. Indonesia has a land area of 1.9 million square kilometres and a sea area of 3.17 million square kilometres. Indonesia's population is about 270 million, ranking 4th in the world; Indonesia's economic growth rate has been maintained at around 5% for many years, which is among the top of the world's major economies. According to Indonesia's Central Bureau of Statistics (BPS), GDP grew by 5.01 per cent year-on-year in the first quarter of 2022. As the largest economy in ASEAN and an important member of the G20, Indonesia is playing an increasing role in regional and international affairs.

Since the resumption of diplomatic relations between China and Indonesia in 1990, bilateral economic and trade cooperation has been developing comprehensively, especially in recent years, China-Indonesia co-operation in the fields of trade, investment and engineering contracting has been developing rapidly. Indonesia is the first place where the 21st Century Maritime Silk Road was initiated. In October 2013, President Xi Jinping proposed for the first time in Indonesia to build the 21st Century Maritime Silk Road, and the bilateral relationship between China and Indonesia has been upgraded to a comprehensive strategic partnership. The bilateral relationship between China and Indonesia has been upgraded to a comprehensive strategic partnership. Investment has become the biggest highlight of bilateral economic and trade cooperation.

Chinese enterprises have invested in Indonesia in a wide range of fields, including agriculture, mining and metallurgy, electric power, real estate, manufacturing, industrial parks, digital economy and finance and insurance, covering all major islands in Indonesia, and production capacity cooperation has achieved remarkable results. Qingshan Group has invested in Indonesia to build the stainless steel production base with the longest industrial chain in the world; Hongqiao Group has invested in the construction of Indonesia's first and Southeast Asia's largest smelting-grade alumina plant; Xiaomi, OPPO, and VIVO have ranked among the most important smartphone brands in Indonesia; and Internet enterprises such as Alibaba, Tencent, and Jingdong have not only brought a new living experience to Indonesian consumers, but also nurtured a large number of new enterprises. Internet companies such as Alibaba, Tencent and Jingdong have not only brought new life experiences to Indonesian consumers, but also nurtured a large number of new entrepreneurs.

China has remained Indonesia's top trading partner for many consecutive years, with trade between the two countries increasing to \$124.43 billion in 2021, up 58.6 per cent from 2020. Pulled by China's series of initiatives to proactively expand imports, China has continued to be Indonesia's top export destination since 2016. Indonesia has now become the largest exporter of bird's nest to China, and China has also become the most important force driving the growth of Indonesia's palm oil exports, and is already Indonesia's number one palm oil export destination.

Indonesia has long been one of the top 10 overseas markets for Chinese enterprises to carry out engineering contracting. Chinese investment projects are still the main driving force in Indonesia's engineering market, and Chinese enterprises are actively involved in power stations and highways in Indonesia,

The construction of bridges, dams and other projects has made a positive contribution to enhancing connectivity and promoting infrastructure development across Indonesia. At present, representative projects such as the first high-speed railway in Southeast Asia, the Jakarta-Bandung high-speed railway, are in steady progress. One by one, major projects, like shining stars, illuminate the grand blueprint of China-Indonesia infrastructure cooperation.

Indonesian President Joko announced at the inauguration ceremony for his re-election as President in 2019 that Indonesia is committed to celebrating the 100th anniversary of the founding of the country (the (2045) to realise the vision of becoming a developed country, when Indonesia's GDP is expected to reach US\$7.3 trillion and GDP per capita to reach 25,000, ranking among the world's top 5 economies. In order to actively respond to the impact of the epidemic, accelerate economic recovery, and promote industrial transformation and upgrading, the Indonesian government has attached importance to the development of emerging areas such as the green economy and digital economy. With its natural resources, consumption potential, labour force and other advantages, Indonesia has significantly increased its investment in and support for emerging areas such as renewable energy, electric vehicles, downstream high value-added industries in the mining industry, electronic communications, health care and so on.

The new Crown Pneumonia epidemic has affected the global economy and international cooperation, and it is difficult for China-Indonesia economic and trade co-operation to survive, but bilateral economic and trade complement each other, the epidemic has not changed the fundamentals of both economies, and the trend of co-operation and development between the two sides remains unchanged. China-Indonesia economic and trade co-operation will continue to strengthen, and the prospect is promising. All the staff of the Economic and Commercial Section of the Chinese Embassy in Indonesia will, as always, work hard to promote the development of economic diplomacy between the two countries, comprehensively introduce the economic situation and relevant laws and regulations in Indonesia, provide timely information on the economic and trade dynamics between the two countries, and provide services and support for the enterprises to participate in the economic and

trade activities between the two countries. We sincerely hope to become a window of economic and trade information between China and Indonesia, to build a new bridge for the promotion of economic and trade co-operation between the two countries, and to lead the economic and trade co-operation between the two countries to a broader and brighter tomorrow!

Minister Counsellor, Economic and Commercial Section, Chinese Embassy in Indonesia Shi Ziming

July 2022

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INTRODUCTION What will this guide tell you?

Do you know enough about the investment and co-operation environment in the Republic of Indonesia (hereinafter referred to as "Indonesia") before you prepare to invest and co-operate there? What is the political, economic, social and cultural environment? What industries are suitable for investment cooperation? Are the business costs for investment and co-operation in Indonesia competitive? How should I go through the relevant auditing procedures? What are the local laws and regulations governing foreign investment cooperation? What should I pay special attention to when investing and co-operating in Indonesia? What should I do if I encounter difficulties? How to deal with the local government, parliament, labour unions, residents, media and law enforcement agencies? Indonesia", part of the "Country (Regional) Guides for Foreign Investment Co-operation" series, will provide you with basic information and serve as your guide to Indonesia.

1. Country profile

1.1 A Brief History of Development

1.1.1 A Brief History of Development

[Prehistory]

Homo erectus lived in the Indonesian archipelago about 1.5 to 35,000 years ago and is called the Javanese ape. Homo sapiens entered the region about 45,000 years ago. South Island peoples migrated to Indonesia around 2000 B.C. and constitute the majority of modern Indonesians and are found throughout the archipelago.

[Ancient Society]

As early as the second half of the second century B.C., the earliest states emerged in the Indonesian archipelago. As a result of the development of agrarian society, many small kingdoms and tribes, such as Daruman, Horeng and Kutai, appeared in Indonesia between the third and seventh centuries AD. In the late thirteenth and early fourteenth centuries, the great empire of Indonesian history was established in East Java, and during the reign of Gajah Mada, an expansionist policy was pursued that encompassed most of present-day Indonesia and part of Malaysia.

[Dutch colonial period]

The Netherlands established the Dutch East India Company in 1602 and became the main European power in Indonesia. When the Dutch East India Company was dissolved in 1800, the Dutch government set up the Dutch East India to take over the Indonesian colony. During most of the colonial period, Dutch control beyond the coastline was weak, and it was not until the early 20th century that Dutch rule extended to the present-day territory of Indonesia, which entered the period of Japanese rule in 1942 when Japan invaded the country.

[Period of independence]

On 15 August 1945, Japan surrendered and the deeply influential leader Sukarno declared Indonesia's independence and assumed the presidency. In December 1949, the

Netherlands declared Indonesia's independence and the region (excluding Dutch New Guinea), as a result of the 1962

In February 1967, Sukarno was removed from the presidency and Suharto became acting president; in 1968, army commander Suharto formally assumed the presidency; and in 1997, Suharto was appointed president of the Republic of Indonesia.

Suharto was forced to step down in May 1998, ending 32 years in power, after Indonesia's economy was devastated by the Asian financial turmoil, which triggered massive dissatisfaction with the policies of the "New Order", and in 1999 East Timor voted in a referendum for independence, which also brought an end to Indonesia's 25 years of internationally-condemned military occupation. Indonesia held its first direct presidential election in 2004.

1.1.2 international status

Indonesia has close ties with neighbouring Asian countries and is a founding member of the Association of Southeast Asian Nations (ASEAN) and the East Asia Summit. A member of the United Nations since 1950, Indonesia is also a member of the Non-Aligned Movement (NAM) and the Organisation of the Islamic Conference (OIC), and is a member of the ASEAN Free Trade Area (AFTA), the Cairns Group and the World Trade Organisation (WTO). Indonesia is a member of the Group of Twenty (G20) and will hold the G20 Presidency in 2022.

1.2 environment

1.2.1 geographic location

Indonesia (hereinafter referred to as Indonesia) is located in southeastern Asia and consists of 17,508 islands of all sizes between the Pacific and Indian Oceans, making it the largest island and archipelagic country in the world, with a land area of 1,914,000 square



kilometres and a maritime area of 3,166,000 square kilometres (excluding the exclusive economic zone). It includes the islands of Sumatra, Java, Sulawesi and parts of Borneo and New Guinea. It shares borders with Papua New Guinea, East Timor and Malaysia, and is separated by sea from Thailand, Singapore, the Philippines and Australia.

Indonesia's famous active volcano -
BROMO VOLCANO

1.2.2 natural resources

Indonesia is rich in natural resources and is known as the "Tropical Treasure Island". It is rich in palm oil, rubber and other agricultural and forestry products, with palm oil production ranking first in the world and natural rubber production ranking second in the world. It is also rich in oil, natural gas, coal, tin, bauxite, nickel, copper, gold, silver and other mineral resources.

1.2.3 climatic conditions

Located along the equator, Indonesia enjoys a warm and humid climate throughout the year, with average temperatures ranging from 25-27 degrees Celsius and humidity ranging from 70-90 per cent. Indonesia has two seasons, usually a dry season from May to October and a rainy season from November to April for most parts of the country, with no extremes of summer or winter.

1.3 Population and administrative divisions

1.3.1 Population distribution

Indonesia is the fourth most populous country in the world and has the largest Muslim population. According to the results of Indonesia's seventh population census in 2020, the total population of Indonesia was 271 million, of which approximately 150 million were from the island of Java, which is the most populous island in the world.

1.3.2 administrative subdivision (e.g. of provinces incounties)

Indonesia is divided into 31 provinces, 2 special administrative regions and 1 metropolitan area, with 396 regencies and 93 cities. The capital city is Jakarta.

(Jakarta) is the political, economic and cultural centre
of the country.

Other major economic cities include Surabaya, Bandung, Medan, Semarang, and Gugang.

1.4 political climate

1.4.1 political system

[Constitution]

The current Constitution of Indonesia is the "45" Constitution. It was promulgated on 18 August 1945, replaced by the Constitution of the Federal Republic of Indonesia in December 1949 and the Provisional Constitution of the Republic of Indonesia in August 1950, and reinstated on 5 July 1957, and amended four times between October 1999 and August 2002.

[Government]

Indonesia has a presidential system in which the President is both the Head of State and the Head of Government, and is in charge of all three branches of the armed forces. The President and Vice-President are directly elected by universal suffrage for a five-year term, and the President may be re-elected once. The current President is Joko Widodo and the Vice-President is Maruf Amin, and the current Cabinet was formed in October 2019 to serve until 2024.



Indonesia Independence
Monument Square

[People's Consultative Meeting]

The People's Consultative Assembly is the highest organ of state power in Indonesia and is composed of the People's Representative Assembly (i.e., the Parliament) and the Council of Local Representatives. It is responsible for formulating, amending and promulgating the Constitution; appointing the President and Vice-President on the basis of the results of general elections; and impeaching the President and Vice-President in accordance with the law. Elections are held every five years. The current People's Consultative Assembly (PCA) was established in October 2019 with a total of 711 MPs, including 575 Members of Parliament (MPs) and 136 MPs from local representative councils. There is one chairman and nine vice-chairmen. The current chairman is Bambang Soesatyo.

[Conference of People's Representatives]

The DPR, or Indonesian Parliament, is the national legislative body of Indonesia. It is responsible for enacting and amending laws other than the Constitution; reviewing the State budget; supervising the work of the Government and exercising its powers of enquiry and investigation; ratifying important foreign treaties; and electing the heads of State agencies. The National Assembly has no power to remove the President from office, nor can the President dissolve the National Assembly, but if the President violates the Constitution, the National Assembly has the right to recommend to the HRC that the President be held accountable. Elections are held every five years. The current Congress was established in October 2019 with 575 MPs who also serve as members of the HRC. The term of office is five years. There is a Speaker and four Deputy Speakers. The current Speaker is Puan Maharani.

[Judiciary]

There is a separation of powers and the Supreme Court is independent of the legislative and executive branches. The President of the Supreme Court is elected by the judges of the Supreme Court and is currently Muhammad Syarifuddin.

Syarifuddin.)

[Council of Local Representatives]

Established in October 2004, it is responsible for participating in the formulation and submission to the National Assembly of bills on local autonomy, the merger and expansion of new districts, and the management of natural resource development; and participating in the discussion and monitoring of the implementation of laws on the budget, taxation, education and religion, among others. Elected every five years, the members come from each of the country's 34 provincial administrative districts, with four deputies from each district, totalling 136, who also serve as members of the People's Assembly. There is a President and three Vice-Presidents. The current President is La Nyalla Mattalitti.

1.4.2 Main parties

Indonesia has a multi-party system. the 1975 law on political parties allows only three parties to exist, namely the Professional Group Party, the Indonesian Democratic Party, and the Party for Construction and Unity. the party ban was lifted in May 1998. in the 2019 general election, a total of 16 political parties stood for election, with nine winning seats in parliament, and the Party for Democratic Struggle (PDK) reigning as the largest party in parliament.

1.4.3 government organisation

[Major Government Departments]

Ministry of Political, Legal and Security Coordination, Ministry of Economic Coordination, Ministry of Maritime Affairs and Investment Coordination, Ministry of Human Development and Cultural Coordination, Ministry of State Secretariat, Ministry of Cabinet Secretariat, Ministry of the Interior, Ministry of Foreign Affairs, Ministry of National Defence, Ministry of Law and Human Rights, Ministry of Finance, Ministry of Industry, Ministry of Trade, Ministry of Agriculture, Ministry of Environment and Forestry, Ministry of Transportation, Ministry of Energy and Mines, Ministry of Marine Fisheries, Ministry of

Labour, Ministry of State Enterprises, etc.

[Main economic sectors]

Ministry of Economic Coordination, Ministry of Maritime and Investment Coordination, Ministry of Finance, Ministry of Industry, Ministry of Trade, Ministry of Agriculture, Ministry of Environment and Forestry, Ministry of Transport, Ministry of Energy and Mines, Ministry of Marine Fisheries, Ministry of National Development Planning, Ministry of State-Owned Enterprises, Ministry of Investment (Agency for the Coordination of Investments), and others.

1.5 sociocultural

1.5.1 nation

There are more than 300 ethnic groups in Indonesia, of which the Javanese make up 45 per cent of the population, the Sundanese 14 per cent, the Madurese

7.5 per cent, Malay 7.5 per cent and Chinese about 5 per cent of the total population. The Chinese play an important role in Indonesian commerce and industry. Indonesian national consciousness goes hand in hand with a strong sense of regional identity.

1.5.2 multilingualism

There are more than 200 national languages in Indonesia and the official language is Bahasa Indonesia (Indonesian).

1.5.3 Religion and customs

[Religion]

About 87 per cent of the people in Indonesia are Muslims, the largest Muslim population in the world, most of whom are Sunnis. 6.1 per cent are Protestant Christians, 3.6 per cent are Catholics, and the rest are Hindus, Buddhists and primitive worshippers, among others.

[Dress etiquette]

The Indonesian national dress, the Batik shirt, is made of traditional batik cloth and is known as the "national dress". For formal occasions, men wear a long-sleeved batik shirt and dark trousers. Women usually wear batiks or suits made of other fabrics.

[Main Contraindications]

Pork and alcohol are prohibited; men do not usually shake hands with women, but if the other party extends his hand, he can shake it lightly; the left hand is considered unclean and is not used to accept gifts or hand over objects; Indonesians regard the touching of the head by strangers as a rude and impolite behaviour.

1.5.4 Science, education and medicine

[Education]

Education in Indonesia is compulsory for 9 years. Famous universities include the University of Indonesia in Jakarta, the University of Gatchamada in Yogyakarta, the University of Erlangka in Surabaya and the Bandung Institute of Technology.

[Medical]

Tropical diseases such as diarrhoea, gastrointestinal diseases, typhoid fever and

dengue fever are more prevalent in Indonesia.

1.5.5 Trade unions and other non-governmental organisations

There are about 80 trade union organisations in Indonesia, with the national trade union confederations being the All Indonesia Labour Confederation (SPSI) and the Indonesian Workers' Welfare Confederation (SBSI). The Indonesian Chamber of Commerce and Industry (KADIN) is one of the more influential non-government business and industry associations.

Other influential associations and organisations include the Indonesian Employers' Association, the Indo-Chinese Economic, Cultural and Social Association (also known as the Indo-Chinese Friendship Association), the Indonesian Chinese Chamber of Commerce, the Indonesian Chinese Chamber of Commerce, and the Indonesian Chinese Chamber of Commerce, among others.

1.5.6 Main media

Indonesia's national news agency is Antara News Agency, the most prominent television media is Television Republic Indonesia (TVRI) and METRO TV, RCTI, SCTV, etc., and the main radio media is Radio Indonesia (Radio RI).

The Indonesian language newspapers with the largest circulation are Kompas and Jawa Post. English-language newspapers include Jakarta Post. Chinese-language newspapers include the International Daily News and the Indonesian Business News.

1.5.7 public security

In recent years, the social order in Indonesia has been generally stable, regional separatist sentiments have eased, and ethno-religious conflicts have gradually diminished.

1.5.8 holidays

Legal holidays include: New Year's Day (1 January); Islamic New Year (the time varies from year to year); Chinese New Year; Hindu Tranquility Day; Birthday of Prophet Muhammad; Good Friday; Ascension of Jesus; Vesak; Indonesian Independence Day (17 August); Eid al-Fitr; and Christmas.

2. Economic overview

2.1 macro-economic

[Economic growth rate]

In 2021, Indonesia's economy will grow at 3.7 per cent, GDP of approximately \$1,186.73 billion and a GDP per capita of approximately \$4,349.5. It has returned to the ranks of upper-middle-income countries as determined by the World Bank.

[Inflation rate]

In 2021, Indonesia's inflation rate is 1.87 per cent, not significantly affected by global inflation.

[Foreign exchange reserves]

At the end of 2021, Indonesia's foreign exchange reserves of US\$144.9 billion exceeded the international standard for foreign exchange reserve adequacy. As of 2022

In May, foreign exchange reserves stood at \$135.6 billion.

[Unemployment rate]

In 2021, the unemployment rate in Indonesia was 6.49 per cent.

[External debt]

In December 2021, Indonesia's external debt was \$415.3 billion, remaining at a low level of 35 per cent of GDP. 2022

In January 2011, Indonesia's external debt fell by 0.4 per cent to \$413.6 billion.

[Fiscal deficit rate]

Indonesia's fiscal deficit of 4.65 per cent in 2021 is back to the government's manageable margin of 5 per cent.

[Credit rating]

Indonesia's sovereign credit ratings by the three major international credit rating agencies, S&P, Moody's and Fitch, are all investment grade. On 15 December 2020, Moody's maintained its sovereign credit rating on Indonesia at Baa2, and on 22 April 2021, S&P maintained its sovereign credit rating on Indonesia at "BBB" and its long-term debt outlook on Indonesia at "negative". In May 2022, S&P maintained Indonesia's sovereign credit rating at "BBB" (investment grade rating) and revised the outlook from "negative" to "stable".

2.2 Focus/Speciality Industries

[Oil and gas]

Indonesia is rich in oil and gas resources. The government has announced oil reserves of 9.7 billion barrels, equivalent to 1.31 billion tonnes, of which verified reserves

4.74 billion barrels, equivalent to 640 million tonnes. Indonesia has 176.6 trillion standard cubic feet (TCF) of natural gas reserves, equivalent to 4.8-5.1 per cent.

Trillion cubic metres. The largest oil company in Indonesia is Pertamina. According to Fortune 2022, Pertamina is ranked 223rd.

[Agriculture, forestry and fisheries]

Indonesia is a large agricultural country with about 80 million hectares of arable land. The main cash crops are palm oil, rubber, coffee and cocoa. Indonesia's forest cover is 54.25 per cent, amounting to 100 million hectares, making it the world's third largest tropical forest country. The largest forestry and paper group in Indonesia is Sinar Mas. The fisheries industry is rich, with up to 7,000 species of marine fish, and the government estimates the potential catch to be more than 8 million tonnes per year.

[Mining]

Indonesia is rich in mineral resources, which are widely distributed. The main minerals are tin, aluminium, nickel, iron, copper, tin, gold, silver and coal. The main state-owned mining companies in Indonesia are Antam and the state-owned Tin Group Company (PT Timah Tbk)

Mining is a traditional hot industry for foreign investment in Indonesia. Indonesia is extremely rich in mineral resources, and has become an important source of supply for the international coal and nickel, iron, tin, gold and other metal minerals market, which attracts a large number of foreign investors to invest in the upstream industry of the mining industry to stabilise the supply of raw materials, especially in May 2012, the Indonesian government imposed an additional 20% export tax on the export of 65 kinds of mineral products and required foreign investors to invest in the establishment of smelting and processing factories in Indonesia and other measures, which stimulated the foreign investment in the minerals downstream industry, and now mining and metallurgy has become the top foreign-invested industry in Indonesia.

[Industrial manufacturing]

Indonesia has a relatively low level of industrialisation, with more than 30 different types of manufacturing sectors, mainly textiles, electronics, wood processing, steel, machinery, automobiles, pulp, paper, chemicals, rubber processing, leather, footwear, food, and beverages. The largest steel company in Indonesia is the state-owned Krakatau Steel.

[Tourism]

Indonesia is very rich in tourism resources, with many scenic tropical natural landscapes, colourful ethnic cultures and historical sites, and is uniquely placed to

develop tourism. The number of international tourists visiting Indonesia in 2020 was 4.02 million, a significant drop of 75.03 per cent from 16.1 million in the same period in 2019, due to the impact of the new Crown Pneumonia epidemic. Under strict entry control measures, Indonesia received 61 per cent fewer foreign tourists year-on-year in 2021.

2.3 infrastructure

The relative lag in the development of infrastructure in Indonesia is one of the main bottlenecks constraining its economic growth and the improvement of its investment climate. At the same time, strengthening infrastructure development is an important factor in ensuring that Indonesia's economy achieves an average annual growth rate of 6 per cent.

Indonesia is an archipelagic country with few direct borders with its neighbours, and connectivity to the outside world is mainly by sea and air.

2.3.1 motorway

Indonesia has 548,366 kilometres of roads, including 47,024 kilometres of national roads and 54,845 kilometres of provincial roads. The more developed areas for land transport are Java, Sumatra, Sulawesi, Bali, etc. In 2021, Indonesia has a total of 2,489.2 kilometres of motorways in operation. The Indonesian government plans to expand the total mileage of motorways to 4,761 kilometres by 2024.

2.3.2 railways

The total length of railways in Indonesia is 6,458 kilometres (no high-speed railways are currently in operation). Railway transport is more developed on the islands of Java and Sumatra, of which Java has 4,684 kilometres of railway, accounting for 72.53 per cent of the country's total railway length. According to the plan, the Indonesian government will build a new railway network of 3,258 kilometres, of which, the southern railway as well as the railway line running through the north and south will be developed in the Java region and the two-way railway track will be built gradually, the research and preparation of railway transport will be carried out in the Kalimantan and Sulawesi regions, and the construction of the urban railways will be considered in Jakarta, Surabaya, Sikkang and Manado regions. The Directorate General of Railways of the Ministry of Transport stated in July 2022 that by 2030 the Indonesian national railway network is targeted to expand to 10,524 kilometres.

2.3.3 airfreight

Indonesia is navigable from all provinces, cities and remote areas, and there are 179 airports throughout the country, 23 of which are up to international standards, with international flights, domestic flights, Hajj flights, pioneer flights, and so on. The Government's programme for the development of the air transport industry includes the maintenance, improvement and expansion of the current major airports, as well as the construction of new airports and the replacement of old ones. Currently, in order to meet the growing demand for air transport, the Ministry of Transport of Indonesia plans to build 15 new airports and logistics transport airports in six locations.

2.3.4 waterborne transport

Indonesia has about 1,241 ports of various types, of which 33 are major ports. The Tanjung Priok Port in Jakarta is the largest international port in the country, with an annual capacity of about 4.2 million TEUs, while the Tanjung Perak Port in Surabaya is the second largest port, with an annual capacity of 1.4 million TEUs. To address the shortage of funds for port construction, the Indonesian government is gradually relaxing its control over ports and plans to allow the private sector to build and manage ports through BOT and other means.



Jakarta harbour

2.3.5 correspond (by letter etc)

Most of Indonesia is connected to the Internet, but the country's bandwidth is small and Internet speeds are slow. As of January 2021, there were 202 million Internet users in Indonesia, or 74.5 per cent of the total population; 96.4 per cent of them were mobile users; and the average age of users was 16-64 years.

Telkomsel is the largest domestic telecoms company in Indonesia and Indosat is the largest foreign-owned telecoms company. Currently, 4G Rural Indonesia is not yet fully covered and the Indonesian government remains focused on expanding 4G coverage.

2.3.6 electrical power

Indonesia currently has a total installed power capacity of only about 50 million kilowatts, with a penetration rate of less than 75 per cent, and even the capital, Jakarta, occasionally experiences rotating blackouts due to power shortages.

2.4 price level

Although Indonesia has an underdeveloped economy, price levels are relatively

high, with an average inflation rate of around 4 per cent in recent years. In 2021, Indonesia's inflation rate is 1.87 per cent due to the impact of the new Crown Pneumonia epidemic.

2.5 development project

[New economic growth centres]

In July 2018, in an effort to narrow the development gap between the more developed island of Java and the rest of the country, the Indonesian government plans to create several new economic growth centres outside Java. The Indonesian government will launch three national-level projects to promote the formation of new economic growth poles, including the Accelerated Development Programme for Potential Metropolitan Areas, the Programme for Simultaneous Urban and Rural Revitalisation, and the Accelerated Development Programme for Infrastructure and Basic Services in Remote and Border Areas. In order to enhance national competitiveness, balance development and reduce regional disparities, the Ministry of Public Works and Housing is stepping up its efforts to complete the construction of four integrated border crossings in the province of Pekanbaru, which is expected to be completed by December 2022. In addition to serving as cross-border crossings, the four border crossings will also serve as new centres of economic growth and improve the living standards of the people living in the border areas.

["Three Norths and One Island" Development Programme]

The "Three Norths and One Island" is the abbreviation of the four regions of North Sumatra, North Sulawesi, North Kalimantan and Bali in Indonesia. In April 2019, representatives of the Indonesian government proposed 27 investment projects worth US\$91.1 billion when they took part in the second "Belt and Road" International Co-operation Summit Forum, which is also the key investment project that the Indonesian government has promoted to the world in recent years. USD 97.1 billion in 27 investment projects, which are also the investment projects that the Indonesian government has highlighted to the world in recent years, mainly including seaports and industrial zones, power plants, smelters, and tourist areas.

[Indonesia's Industry 4.0 programme]

Indonesia's Industry 4.0 programme draws partly on the German experience, but with more pragmatic and operational goals. The main goal is to enter the world's top 10 economies by 2030, with labour productivity reaching India's current level and R&D

investment intensity reaching China's current level. The development path emphasises giving full play to Indonesia's resource and manpower advantages, upgrading the quality of basic industrial goods and the quality of the workforce, and integrating into the global industrial chain. The plan is well supported, with the simultaneous release of policy, budget, roadmap and other relevant documents, which are highly operational.

In June 2022, the Ministry of Industry said it was accelerating industrialisation through a comprehensive roadmap for Making Indonesia 4.0 (MID).

4.0 transformation, the strategic steps taken include raising awareness, assessing readiness, assisting in Industry 4.0 transformation, implementing transformation projects, launching the Industry 4.0 ecosystem, awarding INDI4.0 and National Lighthouse Industry 4.0 awards, and conferences and exhibitions Industry 4.0.

[Infrastructure development planning]

In order to solve the problem of Indonesia's backward infrastructure, President Joko, after taking office, proposed a strategy of building a "maritime highway", which mainly includes infrastructure projects for water supply, electricity, transport, ports and public health facilities. The Government of Indonesia is keen on the participation of foreign investors and domestic private enterprises in infrastructure investment and is working to create favourable conditions for private investment.

and establish a reasonable legal framework, while further strengthening macroeconomic regulation, including adjusting tax rates and investment policies. According to data released by Indonesia's Ministry of Finance, Indonesia's infrastructure development plan for 2020-2024 will require 4,500 per cent of the country's GDP.

The remaining 42 per cent of the funding gap (approximately \$190 billion) will be financed through partnerships with domestic and foreign private capital. Indonesia has set up a sovereign wealth fund and its investment management agency to make strategic investments in toll roads, airports, ports and digital infrastructure.

3. Economic and trade cooperation

3.1 trade agreement

[GTA]

Indonesia acceded to the General Agreement on Tariffs and Trade (GATT) on 24 February 1950 and in 1995 became a full member of the World Trade Organisation (WTO).

[Regional trade agreements]

FTAs or trade agreements in the nature of FTAs that Indonesia has signed so far:

Multilateral: ASEAN Trade in Goods Agreement (ATIGA), ASEAN-China Free Trade Area (ACFTA), ASEAN-Korea Free Trade Area (AKFTA), ASEAN-India Free Trade Area (AIFTA), ASEAN-Australia-New Zealand Free Trade Area (AANZFTA), ASEAN-Japan Comprehensive Economic Partnership (AJCEP), Regional Comprehensive Economic Partnership Agreement (RCEP).

Bilateral: Indonesia-Pakistan Preferential Trade Agreement (IPPTA), Indonesia-Japan Economic Partnership Agreement (IJEPA), Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA), Indonesia-Chile Comprehensive Economic Partnership Agreement (IC-CEPA), Indonesia-EFTA CEPA, Indonesia-Korea Comprehensive Economic Partnership Agreement (IC-CEPA) Chile Comprehensive Economic Partnership Agreement (IC-CEPA), Indonesia-European Free Trade Association Comprehensive Economic Partnership Agreement (Indonesia-EFTA CEPA), and Indonesia-Korea Comprehensive Economic Partnership Agreement (IK-CEPA). Trade agreements in the nature of FTAs or FTAs currently under negotiation in Indonesia: Indonesia-EU Comprehensive Economic Partnership Agreement (CEPA) (IEU-CEPA), Indonesia-Turkey Comprehensive Economic Partnership Agreement (IT-CEPA), Indonesia-Tunisia Preferential Trade Agreement (IT-PTA), Indonesia-Bangladesh Preferential Trade Agreement (IB-PTA), Indonesian-Iran Preferential Trade Agreement (II-PTA), Indo-Pacific Economic Framework (IPEF).

[EU universal tariff system]

Indonesia is a beneficiary country of tariff preferences provided by the EU. Under the

new Generalised System of Preferences (GSP), announced by the European Commission in November 2012, Indonesia is a beneficiary of the EU's tariff preferences.

(GSP) programme, Indonesia is classified as a GSP Group II country. From 1 January 2014 to 31 December 2023, the EU reduced duties on imports from 40 low-income and lower-middle-income countries, including Indonesia, by 3.5 per cent from the most-favoured-nation (MFN) rate.

3.2 foreign trade

[Total trade]

Indonesia's total import and export trade of goods in 2021 was US\$427.713 billion, up 40.3 per cent year-on-year. Of this, imports US\$196.19 billion, up 38.58 per cent year-on-year; exports were US\$231.523 billion, up 41.87 per cent year-on-year. Trade surplus

35.333 billion, the highest since 2011.

[Major trading partners]

Top 10 export destinations: China, the United States, Japan, Singapore, India, Malaysia, South Korea, the Philippines, Thailand, Vietnam; Top 10 import sources: China, Singapore, Japan, the United States, Malaysia, South Korea, Thailand, Australia, India, Taiwan, China.

3.3 Investment absorption

[Total foreign investment]

Indonesia actually attracted \$31.09 billion in foreign investment in 2021, up 8.5 per cent year-on-year.

[Countries and regions of origin of foreign investment]

Main sources of foreign investment in 2021: Singapore (\$9.39 billion), Hong Kong, China (\$4.61 billion), China (\$3.16 billion), the United States (\$2.54 billion), and Japan (\$2.26 billion).

[Main areas of investment]

The main areas of foreign investment in 2021 were: fabricated metal products (\$6.97 billion), mining (\$3.82 billion), transport, storage and communications (\$3.16 billion), water, electricity and gas supply (\$2.94 billion) and food industry (\$2.34 billion).

3.4 foreign aid

In June 2020, the Asian Infrastructure Investment Bank (AIIB), a China-backed multilateral development bank, announced that it had approved a US\$1 billion loan to help prevent and control the new Crown Pneumonia outbreak in Indonesia. On 2 March 2021, the Indonesian Tourism Development Corporation (ITDC) and a consortium of two Indonesian construction state-owned enterprises on the Mandalika Urban Tourism Infrastructure Project on the island of Lombok (MUTIP) signed two construction contracts valued at Rp 1.7 trillion (approximately US\$120 million) fully financed by the Asian Investment Bank (AIIB), the first standalone financing by the AIIB in Indonesia and the first financing by the AIIB in the field of tourism infrastructure development.

3.5 China-Indonesia Economic and Trade

3.5.1 bilateral agreement

China occupies an important position in Indonesia's foreign economic and trade relations, and bilateral investment and trade co-operation has been on a rapid upward trend in recent years. The China-ASEAN FTA was fully launched on 1 January 2010, and in July 2016, the China-ASEAN FTA was upgraded to a

With the formal entry into force of the Protocol, the degree of bilateral trade and investment liberalisation and facilitation has been further enhanced, and the development of China-Indonesia economic and trade relations is facing a historic opportunity.

[China and Indonesia signed a bilateral investment protection agreement]

Framework Agreement on Comprehensive Economic Co-operation between China and ASEAN <Investment Agreement> (China-ASEAN Free Trade Agreement. ACFTA (in force since 2010).

Agreement between the Government of the People's Republic of China and the Government of the Republic of Indonesia on Expanding and Deepening Bilateral Economic and Trade Cooperation (29 April 2011).

Protocol between China and ASEAN on the Amendment of the Framework Agreement on Comprehensive Economic Co-operation between China and ASEAN and Part of the Agreements thereunder (the Protocol on the Upgrading of the China-ASEAN FTA, which will enter into force and be implemented in 2019).

[China and Indonesia signed a double taxation agreement]

Agreement between the Government of the People's Republic of China and the Government of the Republic of Indonesia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (26 March 2015)

[Currency swap]

In January 2022, the People's Bank of China (PBOC) and Indonesia's central bank renewed a bilateral local currency swap agreement aimed at facilitating trade and investment between the two countries and maintaining financial market stability. The size of the agreement is RMB 250 billion/Indonesia Rupiah 550 trillion, and the agreement is valid for three years and can be extended by mutual consent.

3.5.2 bilateral trade

Since 2013, China has remained Indonesia's largest trading partner for nine consecutive years. According to the Indonesian side, China-Indonesia trade accounts for 25.72 per cent

of Indonesia's total trade in 2021. China has remained Indonesia's largest source of imports for 12 consecutive years. Imports from China account for 28.66 per cent of Indonesia's total imports in 2021. China has been Indonesia's largest export destination for six consecutive years. In 2021, Indonesia's exports to China accounted for 23.23 per cent of its total exports.

According to China Customs, the import and export trade of goods between China and Indonesia was valued at US\$124.43 billion in 2021, an increase of 58.6 per cent year-on-year. Among them, China's exports to Indonesia amounted to \$60.67 billion, up 48.1 per cent year-on-year, while China's imports to Indonesia amounted to \$63.76 billion, up 70.1 per cent year-on-year.

Table 3-1. Trade in goods between China and Indonesia, 2017-2021

(in billions of United States dollars)

vintages	import and export	Chinese exports	Chinese imports	Cumulative \pm per cent over the same period last year		
				import and export	Chinese exports	Chinese imports
2017	633.1	347.6	285.5	18.3	8.2	33.3
2018	773.7	432.1	341.6	22.2	24.3	19.6
2019	797.0	456.4	340.6	3.1	5.7	-0.3
2020	738.7	410.0	373.7	-1.7	-10.2	9.5
2021	1244.3	606.7	637.6	58.6	48.1	70.1

Source: General Administration of Customs, China

3.5.3 two-way investment

[Chinese investment in Indonesia]

According to China's Ministry of Commerce, in 2021, China's direct investment in Indonesia was US\$4.373 billion; by the end of 2021, China's direct investment stock in Indonesia was US\$20.08 billion.

Table 3-2. Chinese direct investment in Indonesia, 2017- 2021

	2017	2018	2019	2020	2021
annual flow	168,225	186,482	222,308	219,835	437,251
Year-end stock	1,053,880	1,281,128	1,513,255	1,793,883	2,008,048*

Source: Ministry of Commerce, National Bureau of Statistics and State Administration of Foreign Exchange, China's Outward FDI Statistical Bulletin 2021 Note: "*" indicates that the stock data at the end of 2021 includes adjustments to previous historical data.

At present, the number of Chinese enterprises seeking investment and cooperation in Indonesia is increasing, involving a wider range of fields, and large-scale investment projects continue to emerge, and the main areas of China's investment in Indonesia include mining and metallurgy, agriculture, electric power, real

estate, home appliances and electronics, and the digital economy.



CNOOC's operating platform
in Indonesia

[Indonesia's
investment in
China]

According to China's Ministry of Commerce, Indonesia invested US\$24.34 million in China in 2021, up 82.5 per cent year-on-year; investment projects

73. By the end of December 2021, Indonesia's actual investment in China was US\$2.67 billion, with 2,246 projects.

3.5.4 Contractual engineering and labour cooperation

According to China's Ministry of Commerce, in 2021, Chinese enterprises signed 1,286 new contractual engineering contracts in Indonesia, with a new contract value of US\$16.168 billion and a completed turnover of US\$6.977 billion. A total of 15,399 labourers of various types were dispatched, with 25,056 labourers in Indonesia at the end of the year.

[Important cooperation projects]

The main projects invested and contracted by Chinese enterprises in Indonesia include: Cileng-Banimbang Toll Highway, Semarang-Demak Expressway, Dayan Bridge Project, a large number of power station construction projects, such as Mirabu, Pangkalan Sосу, Batam TJK, Bapibalu, Wind Harbour, Java No. 7, Nansu No. 1, Nansu No. 8, and Green Mountain Industrial Park, Delong Industrial Park, and the Western Electric Power

Transformer Production Project.



Hua Guohua Indonesia Java 7 Project



Chinese companies invest in Indonesia's Castle Peak Industrial Park

4. Investment environment

4.1 investment appeal

Indonesia has become one of the most attractive investment destinations among the 10 ASEAN countries because of its huge market, relatively low labour costs and abundant supply of raw materials. At present, Indonesia's economy maintains relatively fast growth, investment and consumption have become the stable driving force of Indonesia's economic development, and all macroeconomic indicators are basically positive, with a relatively reasonable economic structure. Indonesia's continued positive economic development prospects and unique comparative advantages will continue to attract foreign investment.

From the point of view of investment environment, Indonesia has the following advantages: (1) the political situation is generally stable, the government attaches importance to the expansion of investment and successive relaxation of the threshold of access to foreign investment, simplify the approval process, to attract the influx of foreign investment; (2) natural resources such as palm oil, rubber and other agricultural and forestry products, petroleum, natural gas, tin, aluminium, nickel, iron, copper, gold, silver, coal, and other mineral resources are very rich, and mining and metallurgy has become the first Indonesian (3) important geographic location, located in Asia and Oceania, the Pacific Ocean and the Indian Ocean, the transport hub, control of the key international maritime transport routes; (4) large population, abundant, cheap labour; (5) a high degree of marketization, the financial market is more open; (6) the Indonesian government is committed to improving infrastructure conditions, the introduction of medium- and long-term economic development planning, efforts to promote transport, communications and other large-scale infrastructure projects, and to promote the development of the country's economy. (6) The Indonesian government is committed to improving infrastructure conditions and has introduced medium- and long-term economic development plans to promote the construction of large-scale infrastructure projects such as transport, communications and so on, and the huge infrastructure market has brought investment opportunities for foreign investors.

In recent years, the Indonesian government has continued to improve and refine

the investment environment, and according to the Doing Business 2020 report released by the World Bank, Indonesia ranks 73rd out of 190 economies in the world in terms of ease of doing business. According to the Belt and Road Countries Infrastructure Development Index (2022) released by the China National Chamber of Foreign Contractors, Indonesia has topped the list for many consecutive years, with its development environment, development potential and development trend indices ranking at the top. In terms of Indonesia's specific practices to improve and perfect the investment environment, the main initiatives are as follows: in 2016, the Indonesian government continued to improve the one-stop service for investment and promote policies and measures such as tax incentives, publicity and promotion, which had a certain role in promoting the attraction of foreign investment. Indonesia's Investment Coordinating Board promotes foreign investment by simplifying procedures and upgrading services, and further simplifies the Negative Investment List to open up more investment areas to the outside world. The Ministry of Industry and the Ministry of Finance have introduced tax incentives to attract foreign investment by exempting import tariffs on equipment for the own use of foreign-invested enterprises, providing tax rebates for raw materials for exported products, and reducing or waiving income tax for specific industries and large-scale investments, etc. In November 2020, the Law on Comprehensive Employment Creation was introduced, and in March 2021, the Priority List for Investment was introduced, replacing the previous Priority List for Investment. In March 2021, the investment "priority list" **was introduced** to replace the original investment "negative list", and restrictions on foreign investment such as equity ratio were removed or relaxed in key investment areas. In April 2021, the Investment Coordination Board (BKPM) was upgraded to the Ministry of Investment. In June 2021, the Ministry of Investment implemented the Online Single Submission System (OSS). (OSS). The World Bank's Doing Business 2020 report ranked Indonesia 73rd out of 190 economies in the world in terms of ease of doing business. The World Intellectual Property Organisation's 2022

The Global Innovation Index shows that Indonesia is ranked 75th out of 132 countries and territories in the composite index.

4.2 financial environment

4.2.1 Local currency

The Indonesian currency is the rupiah, which is freely convertible. The rupiah is freely convertible with major currencies such as the US dollar and the euro at financial institutions and exchange points in Indonesia.

4.2.2 Foreign exchange management

Indonesia has a relatively liberal foreign exchange management system with free transfer of capital. Indonesia's currency has a free-floating exchange rate policy, and Bank Indonesia adopts the basket currency exchange rate pricing method, which determines the rupiah's external exchange rate based on changes in the SDR exchange rates of the currencies of Indonesia's major trading partners, and publishes the exchange rate on a daily basis. In October 2020, the PBoC and the Indonesian central bank reached a memorandum of understanding (MoU) on the co-operation of local currency settlement. In September 2021, the PBoC and the Indonesian central bank formally launched the "China-Indonesia Bilateral Local Currency Settlement Mechanism". In September 2021, the People's Bank of China (PBOC) and Indonesia's central bank formally launched the "China-Indonesia Bilateral Local Currency Settlement Mechanism". In January 2022, the PBOC and the RBI renewed their bilateral local currency swap agreement with a swap size of RMB 250 billion/IDR 550 trillion for a period of three years.

4.2.3 Banks and insurance companies

[Central Bank]

Bank Indonesia, the central bank of Indonesia, is an independent institution on a par with the cabinet departments and has the power to function independently of interference from other departments; emphasises the maintenance of financial stability and the strengthening of supervision; formulates and carries out monetary policy and

maintains the stability of the rupiah; manages the circulation of money and interest rates, regulates and ensures that the payment system works smoothly; and improves the banking and lending system by means of supervision. and lending systems.

[Commercial Bank]

The main local commercial banks in Indonesia are Bank Mandiri, Bank Central Asia, Bank Rakyat Indonesia, Bank International Indonesia, Bank Danamon, and others. Bank Danamon, etc.

[Foreign banks]

Local foreign banks in Indonesia include: HSBC, Citibank, American Express, JP Morgan Chase, Holland & Co.

Bank of China, Bank of Tokyo-Mitsubishi, Deutsche Bank, Standard Chartered Bank, Bangkok Bank, as well as Bank of China, Industrial and Commercial Bank of China and China Construction Bank. Local correspondent banks with which the Bank of China has cooperated more are HSBC, Bank Central Asia, Bank of China and Bank of China.
(Bank of Central Asia).

4.2.4 Credit Card Usage

China-issued VISA and MasterCard cards are available locally in Indonesia, and China UnionPay cards can also be used conveniently. The Indonesian branch of the Industrial and Commercial Bank of China (ICBC) has issued VISA and MasterCard cards locally, and the Jakarta office of the Bank of China has issued debit cards.

4.3 financial market

In 1980, there were only 6 listed companies in Indonesia, and in 1996, Indonesia enacted the Capital Market Law, which was enacted in October 2002, and in 2002, Indonesia enacted the Capital Market Law.

Law on Securities On 30 November 2007, the Jakarta and Surabaya stock markets in Indonesia were merged into one national stock market called the Indonesia Stock Exchange (IDX). As of mid-January 2022, there are 768 listed companies on the Indonesian Stock Exchange.

4.4 factor cost

4.4.1 Water, electricity and gas prices

[Electricity tariffs]

Commercial electricity tariffs in Indonesia are: up to 450W annual electricity consumption, Rp 420 per unit; 451W-900W, Rp 465 per unit; 901W-1300W, Rp 473 per unit; 1301W-2200W, Rp 518 per unit; and above 2201W, Rp 545 per unit.

The price of electricity for industrial use is Rp 395 per kWh up to 450W per year, Rp 405 per kWh for 451W-900W, and Rp 460 per kWh for more than 901W.

The Indonesian government imposed an additional 15 per cent tax on users or

businesses that use more than 1,300W of electricity annually in 2013, which is intended to improve the efficiency of electricity use and will not have a significant impact on the majority of users who use an average of 450W and 900W of electricity annually.

[Water and gas prices]

Tap water and gas prices in Indonesia can be found in the table below.

Table 4-1 Water prices in Jakarta

serial number	user class	Price (IDR/M ³)		
		0-10 M ³	11-20 M ³	>20 M ³
1	Category I	1050	1050	1050
2	Category II	1050	1050	1575
3	III Category A	3550	4700	5500
4	III Category B	4900	6000	7450
5	IV Category A	6825	8150	9800
6	IV Category B	12550	12550	12550
7	Category V/Special Purpose	14650	14650	14650

Source: Collated by the Economic and Commercial Section of the Chinese Embassy in Indonesia.

Note: I: places of worship; II: government, hospitals; III A: residential houses; III B: small industrial enterprises; IV A: diplomatic missions; IV B: star hotels.

Table 4-2 Gas Prices in Jakarta

gas-burdened area	user class	Price (IDR/M ³)
Jakarta, capital of Indonesia	Class 1 residential gas	1680
	2 types of residential gas	2016
	Gas consumption by small fixed customers in category 1	1680
	Class 2 for small customers	1932

Source: Collated by the Economic and Commercial Section of the Chinese Embassy in Indonesia.

4.4.2 Labour wages and supply and demand

Indonesia has a labour force of about 138.2 million people, with about 131 million employed. Indonesia adds 3.5-4 million people to its labour force every year. Although the number of employed people in Indonesia is growing, the quality of the labour force is

slightly inadequate. Labour prices in Indonesia are competitive in the Asian region, but in terms of regional wages and industry categories, wages are higher in urban Jakarta than in rural Java, higher in the oil industry and lower in agriculture. Employers are required to provide medical coverage and benefits to their employees.

Overall, the foreign labour market in Indonesia is relatively small, with most foreign workers being senior managers and technicians from foreign-owned enterprises and joint ventures. The Government of Indonesia severely restricts or even prohibits the entry of ordinary labourers to work in the country.

4.4.3 Land and housing prices

The Indonesian government decree stipulates that foreigners can only own land for 30 years, not for life, but can apply for an extension. Foreigners wishing to purchase or lease land may do so by applying directly to the Indonesian Ministry of Investment (Investment Coordination Board, BKPM) for approval.

The price of land in Indonesia varies considerably depending on the location of the land, the availability of infrastructure, the size of the area, the degree of completeness and the security conditions. Generally speaking, land in industrial areas is more expensive than general industrial land, privately owned land is more expensive than state-owned land, and land in popular investment areas is more expensive than land in remote areas.

[Industrial land prices]

Institutional data shows that the price of industrial land in the Greater Jakarta region (Jakarta, Tanggelang, Bekasi, Karawang, Bogor, etc.) amounted to US\$177 per square metre. The average price of industrial land in Jakarta City is USD 400 per square metre, in Tanggelang USD 181 per square metre, in Bekasi USD 173 per square metre, in Bogor USD 139 per square metre, in Karawang and Purwakarta, and in Silang USD 138 per square metre. In addition, Bandung and Surabaya have comparable prices; other cities such as Medan, Semarang and Yogyakarta have lower prices.

[Housing prices]

In recent years, the Indonesian property market has generally been on an upward trend, with the average price of housing in Jakarta in 2019 converted to RMB 17,247 per square metre for flats (compared to RMB 15,594 per square metre in 2016) and RMB 7,269 per square metre for landed homes (compared to RMB 6,567 per square metre in 2016.) The supply of new office space is forecast to reach 435,000 square metres in 2022, higher than in 2020 and 2021.

4.4.4 construction cost

As of August 2021, Indonesia's cement price was around US\$71 per tonne, with an annual domestic cement production capacity of 111 million tonnes; in the first half of 2021, Indonesia sold 29 million tonnes of cement domestically, an increase of 7.3% year-on-year;

and exported 6.72 million tonnes of cement and clinker for sale, an increase of 44% year-on-year.

Indonesia's steel consumption in 2020 is 15.1 million tonnes, down 5.3% compared to 2019 (15.3 million tonnes) but production (13 million tonnes) is 9.6% higher compared to 2019 (10.9 million tonnes) due to the outbreak, data from the Indonesian Steel Association shows. Indonesia imports 5.6 million tonnes of steel in 2020, or 37% of its annual steel consumption, and the decline in imports is due to a 6.5% increase in steel export prices.

5. Regulatory policy

5.1 Trade regulations and policies

5.1.1 Trade authorities

The government department in charge of trade in Indonesia is the Ministry of Trade, whose functions include the formulation of foreign trade policy, participation in the formulation of foreign trade regulations, the classification of import and export product management categories, the management of applications for import licences, the designation of importers and the allocation of quotas.

5.1.2 Trade regulations

Indonesia's trade-related laws include, inter alia, the Trade Law, the Customs Law, the Law on the Establishment of the World Trade Organisation and the Law on the Establishment of the World Trade Organisation. Industry Act, etc. Other trade-related laws include the Treasury Act, the Prohibition of Monopolistic Practices Act and the Unfair Trade Competition Act.

5.1.3 Relevant provisions on trade regulation

With the exception of a few commodities that are subject to licences, quotas, etc., most commodities are liberalised, and at the end of 2007, the Indonesian Ministry of Trade announced a single-window system for imports and exports, which has greatly simplified administrative procedures.

[Import management]

The Government of Indonesia applies import regulation in the form of quotas and licences. Quotas are applied mainly to alcoholic beverages and direct raw materials containing alcohol, and import quotas are issued only to approved domestic enterprises. Products subject to licensing include industrial salt, ethylene and propylene, explosives, motor vehicles, waste and scrap, and hazardous materials, which can only be used by enterprises that have been granted import permits for these products for their own production.

[Import licensing system]

In 2010, Indonesia started to implement a new import licensing system, dividing the existing licences into two types, namely the general import licence and the manufacturer's import licence. The general import licence is mainly for importers importing for third parties, while the manufacturer's import licence is mainly for importers importing for their own use or use in the production process.

[Export restrictions]

Exported goods must have a commercial enterprise registration number/commercial enterprise permit or a commercial licence issued by the Ministry of Technology in accordance with the relevant laws, as well as a business registration certificate. Exports are divided into four categories: controlled exports, monitored exports, strictly prohibited exports and exempted exports.

5.1.4 Import and export commodity inspection and quarantine

[Sanitary and phytosanitary measures]

All imported food products in Indonesia must be registered, and importers must apply for a registration number from the Indonesian Drug and Food Administration, which will conduct the testing.

The import inspection and quarantine requirements for plant products focus on the inspection and quarantine and technical aspects of fresh vegetables imported in the form of bulbs. In terms of inspection and quarantine, in addition to having the same certificate issued by the authority of the country of origin as in the 2005 regulations, products in transit must also be provided with a certificate authorised by the country of transit. In terms of technical requirements, the regulation tightens the survey of pest-free areas in the country of origin and the risk analysis of phytosanitary pests.

[National Standard]

Since 2009, the Indonesian government has begun to enforce national standards in many industries, including food, beverages and fisheries. The Indonesian Ministry of Trade has introduced new regulations requiring all products, including imported products, to be accompanied by a description in Indonesian. The Indonesian Ministry of Marine Fisheries regulations require 81 fishery products to comply with Indonesian national standards. Indonesia's Ministry of Industry and other government departments mandated national standards for dozens of products in 2011, including electrical wiring, electronics, auto parts, home appliances, hardware and building materials, and toys. The Ministry of Trade introduced new regulations requiring all products, including imported products, to be accompanied by a description in Indonesian.

5.1.5 Customs administration regulations

[Management system]

The basic law of Indonesia's tariff system is the Customs Law enacted in 1973. The current import tariff rates were set by the Indonesian Ministry of Finance in 1988. Since 1988, the Ministry of Finance has issued an annual "industrial and economic deregulation" package by Ministerial Decree, which includes adjustments to import

tariff rates.

[Tariff rates]

Under the China-ASEAN Comprehensive Economic Co-operation Framework Agreement on Trade in Goods (CECAFTA), China and Indonesia have gradually reduced the level of tariffs on trade in goods. Upon the completion of the China-ASEAN FTA in early 2010, more than 90 per cent of China's and Indonesia's imports and exports were subject to zero tariffs.

5.2 Foreign investment regulations

5.2.1 Investment authorities

The government ministries responsible for investment in Indonesia are the Ministry of Investment (Investment Coordinating Board), the Ministry of Finance, and the Ministry of Energy and Mining.

5.2.2 Provisions for the investment industry

[Areas in which investment is encouraged, restricted or prohibited]

Under Indonesia's Law on Investment (No. 25 of 2007), domestic and foreign investors are free to invest in any business sector unless it is restricted or prohibited by decree. In addition, according to the Law, based on criteria of health, morality, culture, environment, national security and other national interests, the Government may, by Presidential Decree, establish prohibited sectors for both domestic and foreign investors. The criteria and necessary conditions for the relevant prohibited or conditionally opened sectors are determined by presidential decrees.

Pursuant to Presidential Decision No. 76 of 2007 on the criteria and conditions for conditional closed and open investment industries and Presidential Decision No. 77 of 2007 on the list of conditional closed and open industries, 25 industries have been declared prohibited for investment and may be operated only by the Government. The prohibited industries include: drug cultivation and trade industry, protected fish fishing industry, manufacture of building materials from coral or coral reefs, alcoholic beverage industry, mercury chlor-alkali industry, chemical industry that pollutes the environment, chemical and biological weapons industry, motor vehicle type and periodic inspection, maritime communication or support facilities, shipboard traffic communication systems, air navigation services, radio and satellite orbital airwaves command systems, weigh stations, public museums, historical and cultural heritage and monuments, memorials, and the gambling industry.

[Adjusted foreign investment policy for 2020-2022]

First, optimising policies and regulations. The Comprehensive Job Creation Act was introduced and its implementation was complemented by amendments to existing laws, and a "priority list" of investments was introduced in March 2021, replacing the previous "negative list" of investments in infrastructure (airports, ports), renewable energy (small hydropower, wind power, solar power, geothermal power, biomass power generation), construction services, communications, media and information technology, distribution and warehousing, medical and pharmaceutical services, and other key areas, to abolish or relax restrictions on foreign

investment such as the proportion of equity. For example, electric vehicles, as an investment sector encouraged by **the** Priority List, investors can enjoy a series of preferential policies, such as 100% wholly-owned enterprise establishment, 100% corporate income tax exemption (if the investment amount reaches more than US\$35 million) or 50% corporate income tax exemption (if the investment amount reaches US\$7-35 million). The investment is encouraged by a series of favourable policies, such as

The second is to increase financial support. Indonesia's infrastructure development plan for 2020-2024 has a funding requirement of \$450 billion, with 42 per cent of **the** funding gap (approximately \$190 billion) to be financed through partnerships with domestic and foreign private capital. The Government of Indonesia has set up a sovereign wealth fund and its investment management agency, which are responsible for attracting global capital to co-invest in national strategic projects such as toll roads, airports, ports and digital infrastructure.

Thirdly, administrative efficiency has been improved. In April 2021, the Investment Coordination Board (BKPM) was upgraded to the Ministry of Investment, and the Chairman of the BKPM, Bahriel, was appointed as the Minister of Investment. As mandated by the Comprehensive Job Creation Law, the new Ministry of Investment was given stronger regulatory functions, on the one hand, through the online single-submission permit application system, which has been in place since June 2021, and on the other hand, the Ministry of Investment has been given stronger regulatory functions.

Unity (OSS), the local government's site selection, environmental protection, construction and other permit approval functions to the central government, and with the help of digital government to simplify the approval process, compression of rent-seeking space; on the other hand, for the bureaucratic practices in the government to hinder the landing of the project, is responsible for the coordination of the central level of the industry competent authorities, vertical supervision of the local government to speed up the permits and approvals.

5.2.3 Provisions for investment modalities

[Joint venture]

In accordance with the Law on Investment (No. 25 of 2007) and related regulations, foreign investors may establish joint ventures with individuals and companies in Indonesia within the prescribed limits.

[Sole proprietorship]

Pursuant to Indonesia's Investment Law, foreign direct investment may be established as a sole proprietorship, provided that it is in an industry that is not prohibited or restricted by the Catalogue of Non-Incentive Investments, as stipulated in the Catalogue.

[Foreign-owned mergers and acquisitions]

Foreign investors can purchase shares of listed companies through open market operations, subject to the restrictions imposed by the investment laws regarding the opening of sectors to foreign investment. Most law firms and consulting companies in the Indonesian market provide this service.

[Relevant cases]

Industrial and Commercial Bank of China (ICBC) has been in contact with local banks in Indonesia since April 2005 to explore the possibility of merger and acquisition co-operation. However, several cases of foreign banks acquiring local banks in Indonesia in the market at that time were at relatively high premiums, and it was a serious challenge to determine an acceptable merger and acquisition price for both parties. Based on its established acquisition strategy and with an eye on future long-term development, ICBC firmly grasped the initiative in the negotiation, and eventually acquired a full licence to operate in

the Indonesian market, which is rich in financial resources and market opportunities, at a reasonable price and with appropriate investment payment methods. ICBC and the shareholders of Bank Halim successfully signed a share sale and purchase agreement on 30 December 2006, successfully acquiring 90% of the shares of Bank Halim with approximately US\$22 million, which became an example of successful acquisition of a foreign bank by a Chinese bank.

5.2.4 Infrastructure PPP model development

The Indonesian Infrastructure PPP model is an infrastructure project decided by the Indonesian government to be developed and financed through an agreement (contract) between the relevant government contracting agent and a business entity (private sector). After award by the government, the private sector is responsible for design work, construction, project financing, and operation.

[competent authority]

Four ministries, the Indonesian Ministry of National Development Planning, the Ministry of Finance, the Ministry of Economic Integration, and the Commission for Accelerated Policy on Infrastructure Development (KPPI), are responsible for formulating PPP policy.

[Industry authority]

Ministry of Energy and Mineral Resources (MEMR), Indonesian Upstream Oil and Gas Regulator (SKK Migas), Indonesian Downstream Oil and Gas Business Regulator (BPH Migas), Ministry of Communications and Information Technology (MIT), Ministry of Public Works and Housing (MPWH), Ministry of Transport (MOT), and Ministry of Environment and Forestry (MEF).

[Infrastructure PPP major policy and regulatory documents]

Presidential Decree No. 78 of 2010 - Infrastructure Guarantees for Government-Business Entity Partnership Projects Implemented through Infrastructure Guarantees;

Presidential Decree No. 38 of 2015 - Co-operation between Government and Business Entities in Infrastructure Provision;

National Development Planning Order No. 4 of 2015 - Procedures for the implementation of cooperation between the Government and business entities in infrastructure supply projects;

National Public Utilities Procurement Commission Order No. 19 of 2015 - Procurement Procedures for Infrastructure Supply Projects between Government and Business Entities;

Ministry of Finance Order No. 8 of 2016 - Guidelines for the implementation of safeguards for infrastructure projects in co-operation between government and business entities;

Ministry of Finance Order 260 of 2016 - Procedures for Payment for Availability in Infrastructure Projects between Government and Business Entities.

[Cases of PPP models of Chinese enterprises]

The Jakarta-Bandung High-speed Railway Project is the first high-speed railway with a speed of 350 kilometres per hour to be constructed in cooperation with China outside China by adopting Chinese standards and technology. The project line has a total length of 142.3 kilometres, with four stations designed along the whole line, and is constructed and operated by a Chinese enterprise consortium led by China

Railway International Company Limited, a subsidiary of China State Railway Group Corporation, and an Indonesian enterprise consortium adopting a joint venture, co-construction and management approach. On 16 October 2015, Indonesia China High Speed Railway Co.

(KCIC) was incorporated in Indonesia. On 4 April 2017, Indonesia China High Speed Rail Ltd. and a consortium of high speed rail contractors formally signed the general contracting (EPC) contract for the Yawan High Speed Rail project in Jakarta. On 14 May 2017, witnessed by the heads of state of China and Indonesia, China Development Bank and Indonesia China High Speed Rail Ltd. formally signed a loan agreement. In June 2022, all tunnels of the Yawang High Speed Railway were opened, and the Indonesian government expects to open the Yawang High Speed Railway for trial operation in November 2022, or to be able to do so at the same time as the G20 Summit.



Construction site of the Yavan High Speed Railway

5.3 Corporate Taxation

5.3.1 Tax systems and regimes

Indonesia has two main tax regimes, namely central and local taxes. Although the power to legislate and collect taxes is concentrated in the central government, local governments have some power to set some of the local tax norms. The main taxes include the following: corporate income tax, personal income tax, withholding tax, value-added tax (VAT) and sales tax on luxury goods, property tax, stamp duty, entertainment tax, advertising tax, groundwater tax, motor vehicle tax, and other taxes. There are some differences in local taxes set by different local governments. Indonesia exercises its tax jurisdiction on the basis of the "territoriality principle", but it still requires "global taxation" for its resident taxpayers.

[tax authorities]

The Indonesian Revenue Agency is the agency in charge of tax collection under

the Ministry of Finance and consists of a central office and an operational office.

[Tax legal system]

The main tax laws in Indonesia are the General Tax Law (No. 28 of 2007), the Income Tax Law (No. 36 of 2008) and the Value Added Tax Law (No. 42 of 2009). In order to attract foreign investment, the Indonesian government introduced the Comprehensive Job Creation Law (No. 11 of 2020, or the Comprehensive Law) in 2020, which updates these laws and adds a number of new incentives for foreign investment.

In order to attract foreign investment, the Indonesian government has issued Finance Ministerial Decree No. 96 of 2020 and No. 130 of 2020 to encourage investment by providing incentives such as tax exemptions and tax subsidies, as well as detailing tax incentives for Special Economic Zones (SEZs) and other imports, which can be applied for at the Ministry of Investment (Investment Coordination Board, BKPM). Investors are required to fulfil their investment commitments within one year of applying for the tax incentives.

Indonesia's Ministry of Finance issued Decree No. 11 of 2020 granting corporate income tax incentives to specific regions as well as specific industries.

5.3.2 Main taxes and rates

[Personal Income Tax]

The new Income Tax Law No. 36, enacted in 2008, provides for a reduction in the top rate of personal income tax from 35 per cent to 30 per cent, with four brackets: 5 per cent up to Rp. 50 million; 15 per cent from Rp. 50 million to Rp. 250 million; 25 per cent from Rp. 250 million to Rp. 500 million; and 30 per cent for those above Rp. 500 million. In addition to the above, the final tax rate on dividends received by individuals is 10%, however, the Consolidation Law No. 11 of 2020 provides for a reduction of the final tax rate to 0% if dividends received by an individual are reinvested in Indonesia within 3 years, and if the period of tax liability of an individual foreign taxpayer does not cover the whole year, the amount of tax payable shall be calculated on the basis of the number of months of liability divided by 12, as a proportion of the annual income. Proportionally to the amount of income for the whole year is calculated.

[Corporate income tax]

Pursuant to Decree No. 36 of 2008 and Government Regulation No. 1 of 2020, the

corporate income tax rate is 25 per cent until 2020~~ya~~ transitional corporate income tax rate of 22 per cent from 2020 to 2021~~and~~ reduced corporate income tax rate of 20 per cent from 2022. Additionally, listed companies may be entitled to an additional 3 per cent income tax exemption if a certain percentage of outstanding shares are outstanding on the Indonesian stock exchange and other requirements are met. Indonesia offers income tax incentives for small, medium and micro enterprises. For small and micro limited liability companies with revenues of less than Rp 4.8 billion, they are subject to a fixed tax rate of 0.5 per cent of turnover for the first three years of operation, and thereafter are subject to the regular corporate income tax regime, but with a 50 per cent reduction in corporate income tax. For medium-sized enterprises, Indonesia offers a 50 per cent reduction in corporate income tax on profits with a revenue of up to Rp 4.8 billion, and a 50 per cent reduction on profits with a revenue of up to Rp 4.8 billion.

A stepped corporate income tax exemption between 0-50 per cent on profits from revenues exceeding Rp 4.8 billion, until revenues reach Rp 50 billion, when full corporate income tax is levied.

[Final corporate income tax]

For specific industries, Indonesia has a final corporate income tax based on the turnover of the company. The tax rate varies from industry-specific to industry-specific, e.g. 2 per cent/3 per cent/4 per cent/6 per cent for engineering, 1.2 per cent for shipping/1.8 per cent for air transport, 2.5 per cent for real estate transactions, and 10 per cent for leasing, depending on the type of licence. The "final corporate income tax" levied on the revenue portion of a particular industry replaces the "regular corporate income tax" portion of the tax liability, and there is no double taxation.

[VAT]

In October 2021, the Government of Indonesia approved the Law on Harmonisation of Tax Regulations, which sets a single rate of VAT that will be increased in phases, to 12 per cent by 1 January 2025 at the latest. The law also provides for exemption from VAT for basic goods required for wider community and healthcare services. In March 2022, the Directorate General of Taxation of the Ministry of Finance of Indonesia increased the standard rate of VAT to 11 per cent, effective 1 April 2022, in accordance with the Harmonisation of Tax Regulations Law.

[Sales tax on luxury goods]

In addition to VAT, Indonesia levies luxury sales tax on the sale or import of luxury goods that fall under the taxable classification. There is no luxury sales tax on exported goods. The basis of taxation for the luxury goods sales tax is the same as the VAT, which is the sales price, the import price, the export price, and the prices stipulated in other regulations. The tax is levied on a one-time basis only at the point of production and at the point of importation. The Government of Indonesia, in an effort to promote the accelerated transition to electric vehicles, has amended Government Regulation No. 73 of 2019 through Government Regulation No. 74 of 2021 to exempt electric vehicles that meet the standards for domestically produced parts and components from the luxury sales tax.

[Stamp Duty]

Based on Regulation No. 10 of 2020 on Stamp Duty, stamp duty is a tax of Rp 10,000 on the signing of some contracts and other documents. Stamp duty stamps are required for civil legal acts or documents that are used as official evidence in court, as well as for any type of agreement with a value of more than Rp 5 million. In June 2022, the Directorate General of Taxation of the Ministry of Finance stated that it will impose a stamp duty of Rp 10,000, based on Regulation No. 10 of 2020 on Stamp Duty, on customers of e-commerce or online shopping digital platforms with a transaction value of more than Rp 5 million.

[Digital tax]

In May 2021, the Indonesian Directorate General of Taxation (DJP) imposed a 10 per cent VAT on the digital products of eight international companies, including Hotels.com, L.P, Epic Games International S.a.r.l., Bertrange, Root Branch, Expedia Lodging Partner SérI, BEX Travel Asia Pte. Ltd., Travelcape, LLC, Teamviewer Germany

Gmbh, Scribd, Nexway Sasu and others. The Directorate General of Taxation has determined that these eight foreign digital companies have met the criteria to be taxed on transactions of digital products sold to Indonesian customers through the PMSE. Currently, there are 75 digital companies designated by the Directorate General of Taxation as subject to VAT, including Netflix, Shopee, Zoom and Aliyun (Singapore), Github, Microsoft, UC Browser (Singapore), among others.

[Carbon Emissions Tax]

In May 2021, the Government of Indonesia indicated that it planned to impose a carbon tax (carbon tax). Currently, amendments are being made to Law No. 6 of 1983 (Tax Law), and the draft text suggests that the government will impose a carbon tax at a rate of Rp 75 per kilogram of carbon equivalent (approximately 3 cents per kilogram) on individuals or companies purchasing carbon-containing goods or carrying out carbon-emitting activities, and that the tax will be used to combat climate change. Indonesia's Fiscal Policy Macroeconomic Framework Document 2022 (KEM-PPKF) suggests that Indonesia's approach to levying a carbon tax is no different from that of other countries, and that the tax is primarily geared towards factories that emit large amounts of carbon emissions, with key industries including paper, cement, power and petrochemicals, among others. In accordance with the Law on Harmonisation of Tax Regulations (HPP), the implementation of the carbon tax policy was initially scheduled to begin on 1 April 2022, but was postponed until July 2022 as the government was still synchronising the tax implementation roadmap.²³ On 23 June 2022, the Indonesian Ministry of Finance stated that it was determined that the implementation of the carbon tax policy would be postponed once again due to the global risks that the national economy was facing that were constraining the recovery.

[Multinational corporation tax]

In June 2021, the finance ministers of Indonesia, South Africa and Mexico, in a joint article with the finance ministers of the United States and Germany, endorsed the global tax adjustment programme proposed by the Group of Seven (G-7) and supported a comprehensive reform of international tax rules. The programme would make multinational corporations pay more taxes in the countries in which they operate, with a minimum global corporate tax rate of at least 15 per cent.

5.4 Special economic zone provisions

5.4.1 Special economic regulations

In 2009, Indonesia adopted a new law on special economic zones. Companies operating in special economic zones are entitled to favourable policies on taxation (including value-added tax, sales tax and import tax, etc.) and land use. The Government will simplify the procedures for investors to apply for company establishment or other matters.

In November 2015, the Indonesian Cabinet Secretary's Ministry published a report stating that the sixth package of economic measures previously released by the Indonesian government would provide various incentives for special economic zones, benefiting nine main areas, respectively:

(1) Income tax. Enterprises with investments of more than 1 trillion rupiahs are entitled to tax reductions or exemptions of 20 to 100 per cent for a period of 10 to 25 years; enterprises with investments of more than 0.5 trillion rupiahs but less than 1 trillion rupiahs are entitled to tax reductions or exemptions for a period of 5 to 15 years.

The tax reduction or exemption of 20 per cent to 100 per cent of the benefits.

(2) VAT and luxury sales tax concessions (including duty-free imports). Purchases of goods or raw materials from other regions into the SEZ are exempt from tax; shipments from the SEZ to other regions are also exempt from tax; transactions between enterprises in the SEZ are exempt from tax, as are transactions between an enterprise in the SEZ and another enterprise in the SEZ.

(3) Customs concessions. Import duties from SEZs into the domestic market are in accordance with the provisions of the certificate of origin (SKA).

(4) Benefits for foreigners owning real estate. Foreign nationals or foreign enterprises may own flats or real estate in special economic zones; foreign nationals or foreign enterprises owning flats or real estate may be granted residence permits through guarantees by the administration of the special economic zones; luxury goods owned are exempted from value-added tax and sales tax on luxury goods.

(5) Concessions in tourism. A 50 to 100 per cent cut in the first phase of the construction tax is available; a 50 to 100 per cent cut in the entertainment tax is available.

(6) Labour concessions. SEZs will have wage boards as well as co-operative bodies comprising the Government, employers and employees; only one trade union or workers' forum for each enterprise; SEZs will have the right to directly issue and extend proposals for the use of foreign workers; and foreign workers' permits can be extended in SEZs.

(7) Immigration benefits. An initial visit visa of 30 days, renewable for five consecutive periods of 30 days each, can be obtained; a multiple visit visa of one year can be obtained; a residence permit can be obtained for foreign nationals owning real estate in special economic zones; and a residence permit can be obtained for elderly foreign nationals in special economic zones for tourism.

(8) Land concessions. The right to use the building in question can be obtained through a proposal from the private sector in the SEZ and can be renewed on an ongoing basis; the SEZ administrative organisation can provide land-related services directly to the operator.

(9) Licence concessions. The SEZ administrator can issue principle licences and operating certificates directly; the maximum time from the start of the application until the

issuance of the licence is three hours; a list of licensing and non-licensing services will be provided; licensing and non-licensing services can be processed through the SEZ administrator's application.

5.4.2 Introduction to Special Economic Zones

The Indonesian government has approved the establishment and official operation of 12 Special Economic Zones (SEZs), namely in the provinces of North Sumatra (Sei Mangkei), East Kalimantan (Maloy Batuta), Palu in Central Sulawesi, Morotai in North Maluku, Tanjung Api-Api in South Sumatra, Bontomatene in West Nusa Tenggara, Bitung in North Sulawesi, Tanjung Grayang in Sijuk, Beringdon Regency, Pangkaberikan Province, and Bitung in North Sulawesi. Lesung in Sijuk, Beringdon Regency, Pangkaberikan Province, and Bitung in North Sulawesi. Lesung in Sijuk, Beringdon Regency, Pangkaberikan Province, the Special Economic Zone in Sorong, Papua, Kendal in Central Java, Kendal, and Aceh.

of Simawe Arun (Arun Lhokseumawe).

For the Special Economic Zones, Indonesia expects to bring in more pioneering businesses in sectors such as logistics, industry, technology, tourism, energy, and export processing. The investing companies will enjoy tax holidays ranging from 5 to 10 years. SEZs will all offer special policies of openness and flexibility, have access to international markets (close to seaports or airports), are located in resource-rich areas, and welcome investment by individuals and private capital using diversified partnership models.

5.5 Labour and employment legislation

5.5.1 Core elements of labour (movement) law

The Indonesian Parliament passed the Labour Law No. 13/2003 on 25 February 2003, the main points of which are as follows:

[Separation payments]

From the original salary of seven months, it was raised to nine months.

[Strike]

The employer is still required to pay the wages of workers who go on strike against the company's policies, provided that the workers notify the employer and the competent authorities in advance and that the strike takes place within the company's premises. If the labourers violate the strike procedure, the strike is illegal and the employer may temporarily prohibit the labourers from entering the factory and may not be required to pay the strike wages.

[Time frame for work]

Working hours are 40 hours per week.

[Separation indemnity]

Employers are not required to pay compensation but are required to pay the worker's accumulated benefits to workers who leave voluntarily and who have violated the criminal law.

[Child labour]

Child labour is permitted from the age of 14 years, and working hours are capped at three hours per day.

[Temporary labourer]

Contractual casual labour is limited to three years.

[Leave]

Labourers who have completed six years of continuous employment are entitled to two months' special leave.

In addition, according to Indonesian government regulations, foreigners investing in factories should be allowed to form trade unions freely. The national trade union confederations are the All Indonesia Labour Confederation (SPSI) and the Indonesian Workers' Welfare Confederation (SBSI).

5.5.2 Provisions for foreigners working locally

Currently, Indonesia only allows the importation of foreign professionals, but not general labourers. For foreign professionals who are needed for Indonesia's economic construction and national development, foreign professionals are allowed to enter Indonesia by legal means and are granted work permits, provided that priority is given to national professionals. Foreign technicians who are recruited may apply for residence visas and work permits.

[Procedures]

Before arriving in Indonesia, the hired foreign professional must complete the following procedures: the foreign professional employed by the Indonesian company applies to the competent technical department of the Indonesian government; obtains approval from the Ministry of Labour; and applies for a visa at the Immigration Department.

[Application]

Expatriates employed by foreign joint ventures are required to apply to the Indonesian Investment Coordinating Board.

5.6 Regulations on the Acquisition of Land by Foreign Enterprises in Indonesia

5.6.1 Land Acquisition Bill

In December 2011, the Indonesian Parliament approved the Land Acquisition Act, Law No. 2/2012, entitled "Land Acquisition for People's Projects", which covers projects such as railways, ports, airports, roads, dams and tunnels. The Act was passed to make it clear that the government will use the land for infrastructure projects by giving more reasonable compensation to the expropriated landowners to acquire the land for infrastructure development. According to Indonesia's legal procedures, the passage of the bill by the House of Representatives must be followed by a presidential decree that specifies the implementation of the regulations on compensation and the types of projects to which the new bill applies, and by further regulations from other ministries, such as the Ministry of Finance.

In terms of framework, the bill itself applies only to government projects, but under

the public-private partnership (PPP) programme, private sector investors can participate by partnering with State-owned enterprises. Furthermore, in addition to setting a deadline of 583 days for the completion of the land acquisition process, the programme also sets a two-year deadline for the final resolution of project sites, which can be extended by one year. With regard to the scope of application, the new regulations do not apply to previous projects and are therefore implemented only for projects that have not yet started land acquisition activities. Therefore, the previous regulations remain in force for projects that have already commenced work, but these projects may apply the new regulations in early 2014, if necessary.

According to the bill, land required by State institutions may be expropriated after consultation with the right holder, and the right holder has the right to appeal directly to the Supreme Court, which is obliged to resolve legal disputes within 74 days. The land will be valued by an independent panel of assessors and the compensation received by the landowner will be based on the price of the land and the perceived loss due to the abandonment of the land, which may also be entered into the

Appeals.

5.6.2 Provisions for the acquisition of land by foreign-owned enterprises

Land is privately owned in Indonesia and neither foreigners nor foreign companies can own land in Indonesia, but FDI companies can have the following three types of restricted rights: building rights, which allow building on land and owning the building for 30 years, renewable for another 20 years; use rights, which allow using the land for a specific purpose for 25 years, renewable for another 20 years; and exploitation rights, which allow exploiting the land for a wide range of purposes, such as agriculture, fisheries and livestock, etc., for a period of 35 years, renewable for a further 25 years.

5.7 Requirements for foreign companies to participate in local stock exchanges

Under the relevant Indonesian laws, foreign companies registered in Indonesia are treated the same as local companies when they participate in securities transactions, including equity mergers and acquisitions.

5.8 Environmental protection regulations

5.8.1 environmental authority

The Indonesian government department responsible for environmental protection is the Ministry of State for the Environment. Its main responsibility is to fulfil the Government's obligation to protect the environment in accordance with the Law on Environmental Protection, to formulate policies on environmental protection, and to punish violations of environmental protection.

5.8.2 Major environmental protection laws and regulations

The basic environmental protection law and regulation in Indonesia is the Law on Environmental Protection of 1997. The Law on Environmental Protection mainly regulates the objectives of environmental protection, citizens' rights and obligations, environmental protection agencies, maintenance of environmental functions, environmental management, environmental disputes, investigation and punishment of

violations of the Law.

5.8.3 Basic points of environmental laws and regulations

The 1997 Law on Environmental Protection is the basic law on environmental protection in Indonesia, which provides principles on major issues of environmental protection and serves as the basis for the formulation and implementation of other individual laws and regulations, which shall not be in conflict or contradiction with this Law.

Indonesia's legal system for biological conservation of forests, flora and fauna is based on the Law on Biological Conservation and the Law on Forestry. Definitions of terms, restricted behaviours and penalties are clearly stipulated in the law.

5.8.4 Relevant provisions of the environmental assessment

Indonesia's Environmental Law requires an environmental impact assessment (AMDAL) for investment or contracting work, stipulates that companies must obtain an environmental licence from the Ministry of Environment, and details penalties for those who cause environmental damage.

5.9 Provisions against commercial bribery

In recent years, Indonesia has taken active measures to combat corruption and commercial bribery, including the establishment of institutions and the enactment of laws and regulations. Since 1999, Indonesia has enacted three important anti-corruption laws, including the 1999 Law on the Eradication of Corruption Offences, the 2002 Law on the Eradication of Money Laundering, and the 2002 Law on the Establishment of the KPK (Corruption Eradication Commission), Article 30. Indonesia established the KPK in 2002.

5.10 Provisions for Foreign Enterprises Contracting Local Works

5.10.1 licensing scheme

Under Indonesian law, foreign contractors are required to obtain a licence to carry out contracting work in Indonesia.

5.10.2 Prohibited areas

Indonesia restricts foreign firms from bidding for government infrastructure projects in order to protect the market share of domestic firms. Foreign firms are only allowed to participate in bids for construction valued at more than 100 billion rupiah in the infrastructure sector and more than 20 billion rupiah for procurement and services in other sectors. In addition, foreign firms are only allowed to participate in bids for service consultancy with a contract value of more than 10 billion dong. Foreign investment is restricted only to government procurement where the source of funding is the State's revenue and expenditure budget. If the project is led by a private enterprise, it is not subject to this restriction.

5.10.3 Bidding method

The construction of projects in Indonesia is subject to a strict tendering system, and special instructions are required for projects that are not subject to public tendering.

5.11 Provisions for the protection of intellectual property rights

5.11.1 Local legal provisions on intellectual property protection

[Intellectual property laws and regulations]

The main intellectual property laws in force in Indonesia are the Patent Law 2001, the Trademark Law 2001, the Copyright Law 2002, the Trade Secrets Law 2000, the Industrial Design Law 2000, the Layout Designs of Integrated Circuits Law 2000 and the Plant Variety Protection Law 2000.

[International treaties to which Indonesia is a party]

Paris Convention for the Protection of Industrial Property, Patent Cooperation Treaty, Treaty on the Law of Trademarks, Berne Convention, WIPO Copyright Treaty, WIPO Performances and Phonograms Treaty, TRIPS Agreement, and a member of the World Intellectual Property Organisation (WIPO).

5.11.2 Penalties for intellectual property infringement

The Directorate General of Intellectual Property of Indonesia, under the Ministry of Law and Human Rights, is solely responsible for the formulation of intellectual property policies and manages all approvals and administrations related to intellectual property.

In 2010, the Directorate General of Intellectual Property of Indonesia (DGIP) established an investigative council dedicated to investigating reports of rights holders suspected of intellectual property rights infringement; DGIP cooperates with the police in the seizure of suspected merchandise. Komnas-Perempuan also established the Optical Disc Monitoring Team, which works in coordination with the Ministries of Industry, Law and Human Rights, and Commerce and Trade, as well as Customs and Public Security, to combat piracy in the film and media.

Indonesian law provides for legal sanctions, including financial and criminal penalties, for violations of intellectual property protection regulations.

6. Developments in the digital economy and related provisions

6.1 State of digital infrastructure

In recent years, the Indonesian government has increased its investment in the digital infrastructure sector. According to Indonesia's Ministry of Finance, it is expected that between 2019 and

In 2022, the national budget investment in the field of digital infrastructure amounts to Rp 75 trillion (about \$5.2 billion).

The digital infrastructure projects that the Ministry of Communications and Information Technology (MCIT) is focusing on include the National Data Centre Project, the National Submarine Cable Project (Palapa Ring), the Remote Village Network Coverage Project, the High Throughput Satellite Communication (STARIA-1 and STARIA-2) Project, and 5G applications.

In terms of 5G adoption, 5G in Indonesia will follow a similar trajectory as 4G. Despite being commercially available in 2010 and popular since 2014, 4G has yet to fully cover rural Indonesia. For the time being, the Indonesian government remains focused on expanding 4G coverage.²⁰²¹ On 24 May, Indonesia's Ministry of Communications and Information Technology (MICIT) awarded a certificate of eligibility to operate 5G technology to telecoms operator Telkomsel, marking Telkomsel's official status as the first mobile operator in Indonesia to deploy a 5G service.²⁰²² On 27 May, Telkomsel launched the first commercially-available 5G service in Indonesia. On 27 May, Telkomsel launched the first commercial 5G service in Indonesia, pioneering operations in Jakarta and selected upmarket residential neighbourhoods in South Tangerang.

In order to promote the digitisation of the payment system, Bank Indonesia launched the Blueprint for Indonesia's Payment System 2025 (BSPI 2025) in 2019, which includes a standard QR code QRIS, real-time payment infrastructure BI-FAST, and a national open API payment standard.

(SNAP). Of these, the Standard QR Code (QRIS), since its launch in August 2019, as of July 2022, has been registered for use by 18.7 million merchants and users. Of these, 90 per cent are MSMEs. Bank Indonesia targets the number of merchants and users using QRIS to reach about 30 million by the end of 2022, increasing to 65 million over

the next three years.

6.2 Developments in the digital economy

According to a data report on Southeast Asia's eEconomy 2021, Indonesia's digital economy is valued at US\$70 billion in 2021, a 49 per cent year-on-year increase, and is ranked as the number one digital economy in Southeast Asia, accounting for about 40 per cent of the digital economy in Southeast Asia. The total value of Indonesia's digital economy is expected to reach US\$146 billion by 2025, with a compound annual growth rate of 20 per cent. The main sectors of its digital economy include e-commerce (US\$53 billion), online travel and dining (US\$6.9 billion), online media (US\$6.4 billion) and online travel (US\$3.4 billion). Currently, Indonesia's digital economy is home to 2,346 startups, the fifth largest in the world. It also has two decagonal companies and eight unicorns.

The digital transformation of Indonesian MSMEs has accelerated in recent years, with the number of MSMEs registered on digital platforms increasing from 8 million in 2020 to 17.59 million in 2022, and planned to increase to 30 million by 2024.

6.3 Digital economy development planning

The Indonesian government attaches great importance to the development of the digital economy. President Joko issued a decree on 3 August 2020 to accelerate the digital transformation in the country; and signed a presidential decree on 4 March 2021 to form a working group to promote and expand regional digitisation (P2DD). The P2DD working group was established to accelerate and expand regional digitisation, with the aim of encouraging the implementation of e-enablement of regional governmental transactions (ETPD), increasing regional financial transaction transparency, support governance and integrate financial management systems to optimise regional revenues. The Working Group is chaired by the Minister of Economic Integration and has a steering committee of seven members, including the Governor of Bank Indonesia, the Minister of Home Affairs, the Minister of Finance, the Minister of Communications and Information Technology, the Secretary of State, the Minister of Administrative Reform and Bureaucratic Reform, and the Minister of National Development Planning/Minister of State Planning.

In 2021, the Government of Indonesia launched **the** Digital Indonesia Roadmap 2021-2024, which covers four strategic areas, six strategic directions, and 10 key sectors for inclusive digital transformation: digital infrastructure, digital government, digital economy, and digital society. The priority sectors include digital transformation and tourism, digital trade, digital financial services, digital media and entertainment, digital agriculture and fisheries, digital real estate and cities, digital education, digital health, industry digitisation and digitisation of government agencies.

6.4 Policies and regulations related to the digital economy

Provisions related to personal data protection in Indonesia are scattered in different laws and regulations, such as those implemented in 2008 and amended in 2016 Law on Electronic Information and Transactions. Currently, the draft data protection law has been proposed by the Indonesian Ministry of Communications and Information Technology and is still under development.

为加强数字人才培养，印尼通信与信息技术部开展了“国家数字素养运动”，2021年为1240万当地民众提供基本数字课程的虚拟培训；“数字人才奖学金计划”，与重点院校合作 The Digital Talent Scholarship Programme, in partnership with key institutions,

provides intermediate digital skills training for youth, with 100,000 participants in 2021; and the Digital Leadership Academy Programme, which in 2021 will provide training to 50 public and private sector leaders from Tsinghua University, Harvard Kennedy School, National University of Singapore and others.

6.5 China's Digital Economy Investment Co-operation with Indonesia

On 12 January 2021, in order to further strengthen cooperation in the field of cybersecurity, China's National Internet Information Office and Indonesia's National Network and Cryptography Agency signed a Memorandum of Understanding (MOU) on the Development of Cybersecurity Capacity Building and Technical Cooperation.

Companies from both countries are increasingly cooperating in the digital sector. In April 2022, GoTo, Indonesia's largest internet technology company, was listed on the Indonesian stock exchange with a market capitalisation of around US\$28 billion. Alibaba, Jingdong and Tencent are important investment shareholders in GoTo. Aliyun set up its first data centre in Indonesia in 2018 and has already built three data centres; Tencent Cloud set up its first data centre in Indonesia in 2021. Jingdong Indonesia (JD.ID) has achieved full coverage of warehouse network Indonesia. Huawei plans to continue to provide training for 100,000 local Indonesian technicians, students, civil servants, etc., through information and communications technology (ICT) projects over the next five years. In January 2021, Huawei launched the Huawei ASEAN Engineering Academy project, which will work with 33 top universities in Indonesia to benefit 12,000 technicians and 7,000 university students.

7. Green economy developments and related provisions

Indonesia has integrated green investment into its economic recovery plan, promoting green recovery and a green economy through green fiscal policies in areas such as energy, waste management and labour-intensive agriculture.

[Pertamina Carbon Neutral Roadmap]

Indonesia's national power company (PLN) is preparing a carbon-neutral roadmap to make renewable energy power stations a major part of the country's power generation map by 2045, and to achieve all clean energy power generation by 2055-2060. As a first step, PLN will upgrade coal-fired and gas-fired power stations to renewable energy power stations by 2025, phase out 1GW, 9GW, 10GW, and 24GW of coal-fired power stations in 2030, 2035, 2040, and 2045 in that order, and phase out all coal-fired power stations by 2056, and then enter the stage of large-scale development of renewable energy power stations in 2058. Currently, Indonesia's total national power generation is 63GW, of which fossil fuel power stations account for 35GW and coal-fired power stations 21GW.

[Solar]

Indonesia has adopted solar energy as a major source of green electricity. The Ministry of Energy and Mining of Indonesia proposes to invest Rp 210 billion (about US\$ 14.5 million) to install rooftop solar panels in 70 government departments, which will save 15 million kilowatt-hours (kWh) of electricity or Rp 22 billion in electricity costs annually and reduce greenhouse gas emissions by 339,600 tonnes over 25 years. In addition, Indonesia has launched the "Solar Archipelago" programme, which intends to install rooftop solar panels on millions of poor households within 4-5 years. Indonesia's solar energy projects also include the construction of large-scale solar power plants on old mining sites and unproductive land, the construction of floating solar farms at dams, rooftop solar panels, and the conversion of steam power plants into solar power plants. The Indonesian government has set the island of Sumba, in the province of Dong Nu, as an important solar energy production area, with a potential capacity of 1,800 megawatts per year.

Indonesia's state-owned oil company Pertamina has launched the construction of solar power plants by the end of 2020, having completed the laying of solar power facilities at the Badak gas terminal, Dumai refinery, Cilacap refinery, Sei Mangkei Special Economic Zone, and several petrol stations. The next step is the planned construction of 500 megawatts of solar power plants at various locations in Jakarta, which will contribute to the reduction of 630,000 tonnes of carbon dioxide emissions per year, helping North Tamina to achieve the 2030 target of a 30 per cent reduction in greenhouse gas emissions.

[Biodiesel]

Indonesia is the world's largest producer of biodiesel, with a production capacity of 137,000 barrels per day. Biodiesel is used as an alternative fuel for diesel engines. As the world's second largest producer of palm oil, Indonesia uses crude palm oil as the main feedstock for biodiesel production, blending 30 per cent of palm oil into diesel to make B30, which reduces fuel oil imports and greenhouse gas emissions.

Emissions.

[Garbage discharged into the sea]

In 2018, the Indonesian government set a target to reduce waste discharged into the ocean by 70 per cent by 2025. The amount of plastic waste flowing into the ocean was reduced to 521,500 tonnes in 2020, a 15.3 per cent drop from the past two years. According to data from Indonesia's Ministry of Industry, there are at least 60 plastics recycling companies in Indonesia, and those that have been awarded Green Industry Certificates receive incentives for contributing to the reduction of greenhouse gas emissions.

[New Energy Vehicles]

Indonesia's Ministry of Sea and Investment has set a target of 2 million electric motorbikes nationwide by 2025. Indonesia's Ministry of Energy and Mining encourages the use of new energy means of transport, setting a target of 2 million electric cars and 1.3 million electric motorbikes on the road by 2030.

[Forest protection]

The Government of Indonesia's moratorium on the issuance of deforestation permits will protect 66 million hectares of forests while reducing forest fires by 82 per cent by 2020 through enhanced law enforcement.

7.2 Indonesia Green Economy Development Plan

Under the Paris Agreement, Indonesia has committed to reducing emissions by 29 per cent on its own, or 41 per cent with international support, by 2030, and has set an initial target of zero emissions by 2060. At the 26th United Nations Climate Change Conference in the United Kingdom in 2021, the UK has invited Indonesia to join it in chairing the Forests, Agriculture and Mass Trade Initiative (FAMTI). "Indonesia is committed to achieving the 2025 renewable energy target. Indonesia is committed to achieving the target of 23 per cent renewable energy in the energy production mix by 2025, when the total installed capacity of environmentally friendly power plants is expected to reach 24,000 megawatts. Data from Indonesia's Ministry of Energy and Mining shows that renewable energy accounted for 11.7 per cent of the country's total energy by the end of 2021. The government aims to reduce carbon emissions by 956 million tonnes by 2050 and achieve net zero emissions by 2060.

7.3 Policies and regulations related to the development of green economy in Indonesia

[Renewable Energy Bill]

The New and Renewable Energy Bill (RUU EBT), which was submitted to Parliament for consideration in June 2022, features the development of coal-based energy, and will promote renewable energy in Indonesia through tax incentives, optimised licensing, investment promotion, and an optimal financing structure to help the government meet its commitments. Parliament hopes that the bill will come into force before the November 2022 G20 summit.

[Electric Vehicle Development Route]

Minister of Industry Regulation No. 27 of 2020 sets out the roadmap for Indonesia's EV industry by detailing the technical specifications, roadmap and calculation of the localisation rate of EVs. Indonesia aims to develop the main components of the EV industry, namely batteries, electric motors and inverters.

[Climate change budget]

According to the Second Biennial Update Report 2018 (Second Biennial Update Report 2018), Indonesia needs USD 247.2 billion (Rp 346.1 trillion) to achieve the Paris Agreement commitment target, or Rp 266.2 trillion per year. In Indonesia's national budget, 4.1 per cent, or Rp 86.7 trillion (about US\$6.2 billion) is allocated for climate change. Therefore, Indonesia needs to mobilise the government, businesses and all sectors of society to participate in the implementation of climate change commitments in terms of waste management, energy use habits, and consumption of environmentally friendly products.

[International assistance for green development]

The Asian Development Bank has pledged its full support for sustainable economic growth in Indonesia, including financing for green energy power plants, geothermal and solar energy projects.

In January 2021, Pertamina (PLN) received a \$500 million "green loan" guaranteed by the World Bank's Multilateral Investment Guarantee Agency (MIGA) to ensure that construction of seven renewable energy projects would be maintained during the epidemic.

In March 2021, the German government approved \$2.98 billion in development assistance funding in the form of a loan to Indonesia over the next five years through the German-Indonesian Climate Initiative to support green infrastructure projects in Indonesia, including commuter train systems, waste treatment plants, and clean water supply systems, to reduce greenhouse gas emissions such as carbon dioxide. In addition, the Government of Germany provided a grant of 59.4 million euros to Indonesia to finance 16 bilateral technical cooperation projects for sustainable development in Indonesia, including renewable energy, green infrastructure, forestry and climate change, sustainable economic development, education and vocational

training, and governance.

[Carbon tax]

Under the Law on Harmonisation of Tax Regulations (HPP), the carbon tax policy was initially scheduled to be implemented on 1 April 2022, but the tax was postponed until July 2022 as the government is still synchronising the roadmap for the implementation of the tax. The carbon tax is levied on a total control and trade basis at a rate of 30 rupiah per kilogram of carbon dioxide equivalent (CO₂e). On 23 June 2022, Indonesia's Ministry of Finance stated that the carbon tax policy was determined to be delayed again due to the national economy's exposure to global risks constraining the recovery. Indonesia's Fiscal Policy Macroeconomic Framework Document 2022 (KEM-PPKF) suggests that Indonesia's approach to carbon tax is no different from other countries, and is primarily geared towards factories with high carbon emissions, with key industries including paper, cement, power and petrochemicals.

7.4 China's green investment with Indonesia

In March 2021, the clean energy base project invested and constructed by Castle Peak Industries in Indonesia was officially launched. The project plans to build power stations and supporting facilities including solar and wind energy in Indonesia's Green Mountain Park and Indonesia's Widabe Park, and build a 2000MW clean energy base in the next 3 to 5 years. The green electricity produced will be mainly used as raw materials for the production of new energy electric vehicle batteries, truly realising zero carbon dioxide emissions in the battery production process.

In May 2021, the announcement of the nickel wet smelting project of Huafei Nickel & Cobalt Company, a joint venture between Chinese enterprise Huayou Cobalt and Qingshan Holding, landed in Widabe Industrial Park, Indonesia, and the construction was formally started, with the main products being raw materials for power batteries.

In April 2021, a consortium led by South Korea's LG (comprising LG Energy, LG Chem, LG International, POSCO Steel and China's Huayou Cobalt) formally signed an investment intent agreement with Indonesia's National Battery Company (IBC) to carry out a co-operation project for the integrated electric vehicle (EV) battery industry in Indonesia, where the plant will be integrated with the upstream mining, smelting, and refining as well as precursor, cathode, and battery recycling industries. The total investment is estimated to be US\$9.8 billion to jointly build the entire power battery industry chain.

8. Procedures for investment cooperation in Indonesia

For investment and co-operation in Indonesia, you may consult official institutions such as the Ministry of Investment (Investment Coordination Board), lawyers, investment advisors, consulting agencies, the Economic and Commercial Section (Office) of the Chinese Embassy (Consulate) in Indonesia, and the Representative Office of the China Council for the Promotion of International Trade (CCPIT) in Indonesia, etc., on the relevant formalities and procedures.

8.1 Procedures required for registering a business in Indonesia

8.1.1 Forms of establishment of a business

In Indonesia, investment in the establishment of a business takes the form of a limited liability company and a representative office.

8.1.2 Receiving organisations for business registration

The establishment of both a limited liability company and a representative office requires the approval of the Indonesian Ministry of Investment (Coordinating Board for Investment, BKPM). Foreign investments can be approved by the Coordinating Board for Investment (BKPM) in Jakarta, Indonesia, as well as by its representative offices throughout Indonesia and abroad. However, foreign investment projects in free zones must be approved by the BKPM through an investment application submitted to the BKPM by the respective free zone authorities.

8.1.3 Main procedures for business registration

[Access to investment catalogue]

Before investing in Indonesia, investors should first consult the Catalogue of Non-Incentivised Investments (DNI), which contains business lines that are prohibited and restricted for foreign investors.

[Funds investment protocols]

In the case of capital investment in Indonesia, the investor must specifically consult the Technical Guide for Capital Investment (PTPPM), which contains chapters that set out the

specific business areas in which the investment is permitted, and the application and operational behaviour of the capital investment, which must be operated in accordance with the relevant regulations.

[Approving authority and certificate]

If the investment application is approved, a certificate of investment approval is issued by the Chairman of the Coordinating Board for Investment (BKPM), the Chief Representative of the Overseas Representative Agency of the Indonesian Government, or the Chairman of the Regional Coordinating Board for Investment (BKPMMD).

[Approval time]

The entire process, from the receipt of the application to the issuance of the investment approval certificate, takes a maximum of 10 working days.

[Registration]

After the issuance of the investment approval certificate, the foreign-invested company can be registered and established in accordance with the relevant provisions of the limited liability company in the form of a notarised statute with the tax and other government departments in accordance with the law.

The main procedures for registering an investment in Indonesia are shown in the diagram:

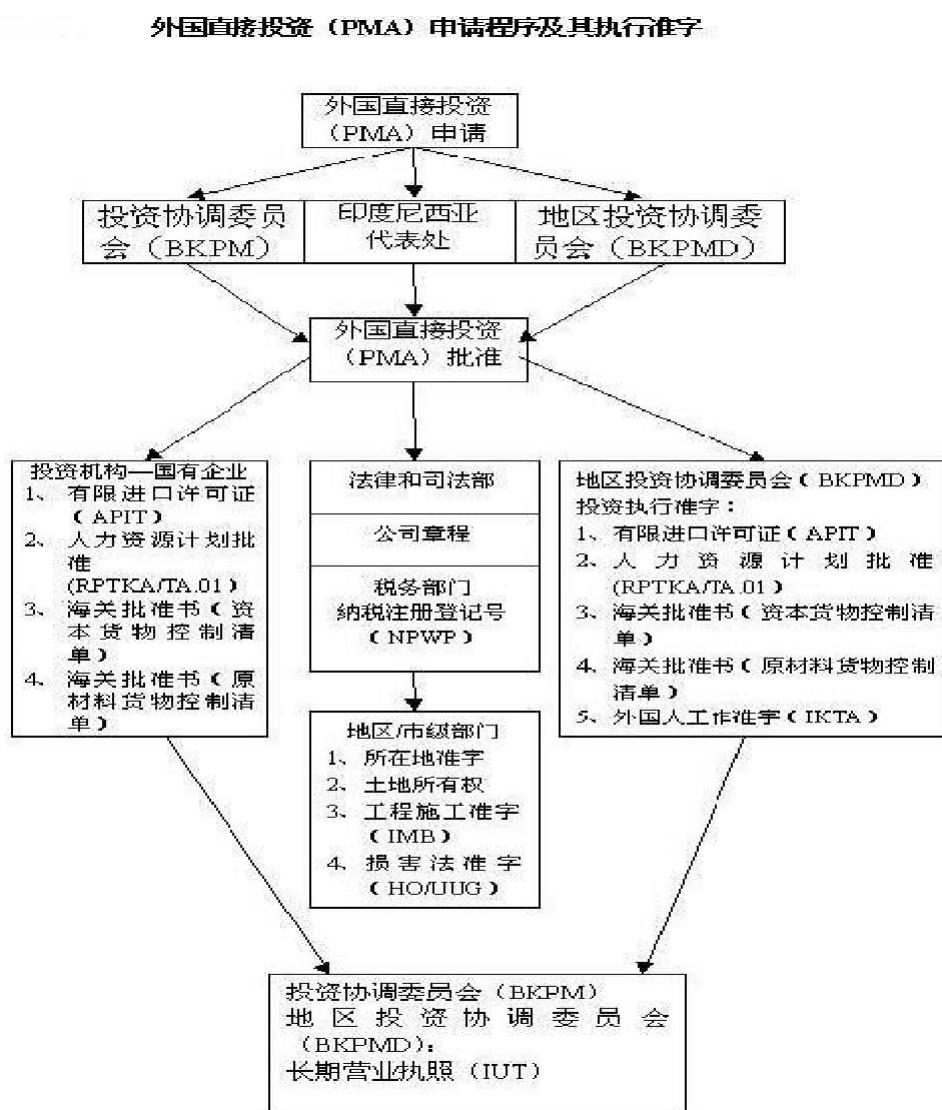


Figure 8-1. Foreign Direct Investment (PMA) Application Process and its Implementation Guidelines

8.2 Procedures for Undertaking Engineering Projects

8.2.1 Access to information

Contractual engineering projects in Indonesia are divided into four main categories, namely, projects assisted by international financial institutions, projects of the Government of Indonesia assisted by foreign funds, government projects invested by foreign and domestic funds, and privately funded projects. The first three types of projects are issued by the Indonesian State Planning Commission or by the Ministry of Public Works, the Ministry of Energy and Mines, the Ministry of Transport and the National Electricity Company, which are the departments responsible for the implementation of the project, and other departments that issue project tenders. In the case of private projects, partners are often sought through business relationships.

8.2.2 tenders and bids

In accordance with Indonesian national laws and IFO project requirements, projects financed by IFO loans or assistance are always tendered; projects financed by loans from the government of a particular country are generally tendered through open bidding among companies of the assisting country's nationality, but the project implementation company may also be determined through negotiations between the two governments; the form of tendering for self-financed projects of the Indonesian government is more flexible, and international tendering or tendering only among Indonesian companies is available, as appropriate; private projects are negotiated or tendered at the discretion of the project owner. For self-financed projects of the Government of Indonesia, the form of bidding is more flexible, with international bidding or bidding only among Indonesian companies, as appropriate; for private projects, it is up to the project owner to decide whether to negotiate or to invite bids.

8.2.3 government procurement

Indonesian government procurement requires the purchase of national goods. In order to better support the development of domestic industry, the Government of Indonesia has issued regulations stipulating that government units must use national products and services for purchases valued at more than 5 billion rupiah (approximately \$560,000).

8.2.4 Licensing procedures

The competent authority for contracting works in Indonesia is the Ministry of Public Works. The successful foreign company must establish a limited liability company or representative office in Indonesia and obtain a contracting licence from the Ministry of Public Works before signing a contract with the project owner. The Indonesian partner of a foreign company engaged in the contracting business must be a member of the Indonesian Contractors Association or the Indonesian Contractors Federation with "A" status. For consulting companies, the Indonesian partner must be a member of the Indonesian Consulting Association with **"A" status**. An "A" qualified contractor is an engineering contractor with equipment worth 100 million rupiah, at least 3 engineers and a turnover of at least 1 billion rupiah a year.

8.3 Patent and Registered Trademark Applications

8.3.1 Patent application

According to the Indonesian Patent Law, a patent application has to be filed by the inventor or the applicant, and the application has to be filed in the form of a printed document.

The ni instrument is filed with the Indonesian Intellectual Property Council. Patent attorneys must be registered as intellectual property legal advisers with the Intellectual Property Council.

8.3.2 registered trademark

According to the Indonesian Trademark Law, an application for registration of a trademark shall be filed with the Intellectual Property Council in an Indonesian instrument. Trademark registration can be filed individually, collectively or by an organisation.

8.4 Procedures related to corporate tax returns

8.4.1 Time to file tax returns

In addition to filing tax returns based on the Indonesian government's fiscal year, which runs from 1 January to 31 December, companies can also file tax returns using the fiscal year, and corporate tax payments are made through monthly instalments.

8.4.2 Channels for filing tax returns

Enterprises file their own tax returns with the tax authorities.

8.4.3 Tax filing procedures

The monthly instalments of tax payable by the taxpayer himself during the tax year shall be equal to the amount of tax due and payable on the basis of the Annual Income Tax Return for the preceding tax year, less the following income taxes: income tax withheld and collected as provided for; and income tax paid or due and payable outside the country and which is subject to the specified credits. The amount of the tax instalment payable by the taxpayer himself immediately before the due date for filing the Annual Income Tax Return for the previous year's tax year is deemed to be equal to the amount of the tax instalment payable for the last month of the year. If a tax determination for the previous tax year was issued during the current tax year, the amount of the instalment shall be recalculated on the basis of the relevant tax determination and shall be effective

as of the last month of the previous tax year.

8.5 Work Permit Processing

8.5.1 competent authorities

In Indonesia, it is the Directorate of Immigration that is responsible for the administration of work permits for foreigners.

8.5.2 Work permit system

To work in Indonesia, foreigners must apply for a work visa from the Indonesian Embassy in the host country, as well as obtain a work permit from the Indonesian Ministry of Labour through their employer, and go through the procedures for temporary residence and other related procedures within a specified period of time after arriving in Indonesia.

8.5.3 Application Procedures

The Indonesian employer applies for the Human Resource Plan (RPTKA) from the Investment Coordination Board (BKPM) and applies for the Recommendation Form TA.01 from the Ministry of Labour of Indonesia and based on the recommendation of the Form TA.01, the Director General of the Immigration Department will issue an instruction to the Indonesian representative offices abroad to allow the issuance of a Visa with a Limited Duration of Residence (VITAS) for the foreigner in question. After receiving the VITAS, the foreigner concerned will apply for a Temporary Residence Permit (KITAS) and a Work Permit at the relevant Indonesian Immigration Office.

8.5.4 information provide

Passport or travel document must be valid for at least 18 months; a letter of recommendation from an overseas or Indonesian sponsor; applicants employed by a foreign investment company (PMA) or a domestic investment company (PMDN), foreign applicants who are experts in overseas technical assistance must attach a letter of recommendation from the competent authority in the industry and from the Ministry of Human Resources, the Coordinating Board for Investment (BKPM) and the Human Resources Programme (RPTKA) approval letter for the use of foreigners. Programme (RPTKA) approval letter; Entry fee (visa fee): US\$40 per person for a limited stay visa and Rp 125,000 per person for a limited stay permit.

8.6 Organisations able to advise Chinese companies on investment co-operation.

8.6.1 Economic and Commercial Section of the Chinese Embassy in Indonesia

Address: Jl.Mega Kuningan Barat 7, Jakarta 12950, Indonesia

Tel: 0062-21-5761048, 5761049, 5761050 **Fax:**

0062-21-5761051

Website:

id.mofcom.gov.cn **E-mail:**

id@mofcom.gov.cn

8.6.2 China Council for the Promotion of International Trade (CCPIT) Representative Office in Indonesia

Address: Gedung The East, Lantai 9, Unit 6, Jl. Dr Ide Anak Agung Kav. E.3.2, No.1,
Jakarta Selatan, 12950

Tel: 0062-021-29527125

Fax: 0062-021-29527126

Website: www.ccpit.org/indonesia

E-mail: zhuyingmin@ccpit.org; hezheng@ccpit.org

8.6.3 General Association of Indonesian Chinese Chambers of Commerce

Name: China Chamber of Commerce in Indonesia

Address: Menara Prima, Lt. 10 Unit F-G. Jl. DR. Ide Anak Agung Gde Agung Blok 6.2,
Kawasan Mega Kuningan, Jakarta 12950

Tel: 0062-21-2251 3548

E-mail: chinacham@gmail.com

8.6.4 Embassy of Indonesia in China

Address: No.4 Dongzhimenwai Street, Chaoyang District, Beijing, China

Tel: 010-65325486, 65325489 (reception)

Fax: 010-65325368, 65325782

E-mail: set.indonesia.kbri@deplu.go.id

Website: www.indonesianembassy-china.com

8.6.5 Indonesian Consulate General Guangzhou

Address: Room 1201-1223, 2/F, West Building, Oriental Hotel,

No. 120 Liu Hua Road, Guangzhou, Guangdong, China Tel:

020-86018772, 86018790, 86018850, 86018870

Fax: 020-86018773

8.6.6 Indonesia Chamber of Commerce and Industry China Committee

Address: Jl. Iman Bonjol No. 80, Jakarta 10310, Indonesia

Tel: 0062-21-39831308

Fax: 0062-21-39831307

E-mail: secretariat@kikt.or.id

8.6.7 Indonesia Investment Promotion Agency

Indonesia Investment Coordinating Board

Address: Jl. Gatot Subroto No. 44, Jakarta 12190, Indonesia

Tel: 0062-21-5252008, 5254981, 5253866 Fax:

0062-21-5227609, 5254945, 5253866

E-mail:

sysadm@bkpm.go.id 网址:

www.bkpm.go.id

9. Issues to be noted and countermeasures to be taken by Chinese enterprises in investment and cooperation in Indonesia

There are more business opportunities in Indonesia, but the potential risks should not be ignored. Therefore, in the process of investment and cooperation in Indonesia, it is important to guard against the following risks:

[Epidemic]

As of July 2022, the cumulative number of confirmed cases of new coronary pneumonia in Indonesia exceeded 6 million, making it one of the more serious epidemics in South-East Asia. With vaccine assistance from China and other countries and institutions, the vaccination rate for the first dose was 96.64 per cent and for the second dose 80.98 per cent. The vaccination rate for the third dose was 23.77 per cent. With the new coronavirus outbreak under control and the global economy recovering, the vast majority of Indonesia, including Java-Bali, has adopted PPKM1 level of prevention and control measures (lowest level). The continuous emergence of new variants of the new coronavirus makes the epidemic still the biggest uncertainty restricting Indonesia's economic and social development, and it is difficult to avoid the adjustment of preventive and control measures, which will cause certain difficulties for enterprises' operation and project construction in Indonesia.

[Investment]

Indonesia's legal environment is more complex, more formalities for company registration, enterprises investing in Indonesia need to be fully prepared.

[Project]

Indonesia's foreign exchange reserves are insufficient and capital is in short supply, and many large-scale projects require contracting with capital or the use of concessional loans provided by foreign banks. For projects where the Indonesian government does not provide government guarantees or real estate mortgages, enterprises should reasonably assess and control the risks.

[Labour]

Indonesia has strict protection measures for national labour and does not allow the use of foreign labour for jobs that can be performed by national labour, except for

senior management positions and senior technical staff. In addition, Indonesia has high requirements for the issuance of work visas for foreign labour.

[Infrastructure]

The problem of lagging infrastructure is more serious, with insufficient capacity at airports, terminals and roads, congestion on the main traffic arteries in Jakarta and key cities, and flooding, water and power cuts, which have caused certain difficulties for business operations.

9.2 Risk prevention measures

Chinese companies operating in Indonesia should do the following:

[Careful fieldwork and research]

Chinese enterprises carrying out investment and trade activities in Indonesia must do sufficient market research, familiarise themselves with the local legal environment, appropriately adjust the expectations of preferential policies, fully account for the cost of the tax burden, effectively control the cost of wages, and, in conjunction with the special local investment and trade environment, take effective measures to expand their business and reasonably control and avoid risks.

[Attention to selection of partners]

Chinese enterprises investing in Indonesia should choose their partners carefully and fully understand the credibility, strength and qualifications of the partners to avoid being cheated.

[Adherence to Compliance]

In the process of participating in the project, Chinese enterprises should strictly abide by relevant laws and regulations, industry guidelines and local epidemic prevention policies, adhere to compliance, safe production and make contingency plans for emergencies. In terms of labour compliance, Chinese-funded enterprises should prepare work visas and work permits for their labourers to avoid compliance problems.

[Establishment of harmonious relations at the local level]

Chinese enterprises should pay attention to the relationship with local governments, parliaments and trade unions; respect local customs and habits and have close relations with local residents; protect the local ecological environment, assume the necessary social responsibility, and disseminate traditional Chinese culture.

[Contact the Chinese Embassy (Consulate)]

Chinese-funded enterprises shall report to the Embassy (Consulate) in a timely manner when they encounter major problems and incidents; they shall accept the guidance and coordination of the Embassy (Consulate) when dealing with related matters.

[Establishment and activation of contingency plans]

Chinese-funded enterprises carrying out investment and cooperation in Indonesia should objectively assess potential risks, establish an internal emergency warning mechanism in a targeted manner, and formulate a plan to deal with risks. They should

educate their employees on safety, strengthen their safety awareness, designate specialists responsible for production safety and daily safety and security work; invest necessary funds to purchase safety equipment and buy insurance for their employees. In the event of a sudden natural disaster or man-made event, the emergency plan should be activated in a timely manner in an effort to keep losses to a minimum.

10. Policy measures for the prevention and control of the new coronavirus epidemic and economic recovery in Indonesia

On 2 March 2020, President Joko announced the first confirmed case of New Crown Pneumonia in Indonesia. Following the emergence of the outbreak, the Indonesian government has taken a series of preventive and control measures, actively acquiring vaccines and accelerating vaccination.

According to WHO statistics, as of 31 December 2022, Indonesia has a cumulative total of 6,713,879 new coronavirus infections and 160,488 deaths, with 162.02 doses of vaccine per 100 people, a full basic immunisation rate of 63.08 %, and a booster immunisation rate of 24.52 %.

新冠肺炎疫情暴发初期对印尼经济社会发展造成如下影响：多地实施大规模社区隔离（PSBB）政策，公务人员居家办公，禁止所有民众在开斋节期间返乡；医疗设备紧缺，医护人员面临较大工作压力；已将迁都的政府预算改用扩建医院，迁都计划将暂时搁置；经济增长将放缓，2020年 Indonesia's economic growth rate will slow down to -2.07 per cent in 2020; the implementation of more intense tax relief policies; some infrastructure projects will be suspended; foreign investment attraction will drop by 2.4 per cent year-on-year in 2020; small and medium-sized enterprises (SMEs) are under pressure to operate, and the unemployment rate is gradually increasing; the tourism industry has been hit hard by the drastic reduction of international tourists.

The Government of Indonesia implemented the Emergency Community Activity Restriction (PPKM darurat) in lieu of the micro/small scale PPKM on 3 July 2021 and the following must be adhered to: (1) Offices located in the red or orange zones are required to implement the 75% work from home (WFH) and 25% work in office (WFO); offices located in other areas are required to implement 50% WFH and 50% WFO; (2) teaching activities located in the red and orange areas are required to be online; (3) activities in the important areas, unchanged from the previous ones, can be run at 100%. Arrangement of operating hours, capacity and strict implementation of the prevention and hygiene procedures; (4) Dine-in up to 25% of capacity, opening hours until 17.00 hours. (5) Shopping centres are open until 17.00 hours with a maximum of 25% capacity; (6) Building activities are unchanged from before

and can run 100% with the implementation of strict hygiene regimes; (7) Places of worship located in the red and orange zones are suspended, while other zones can be in accordance with the regulations of the Ministry of Religion; (8) Artistic, cultural and social activities located in the red or orange zones are closed for the time being; for other zones allowed to be open, other areas are limited to 25 per cent capacity; (9) Conferences, seminars and online meetings, located in red or orange zones, are temporarily closed; for other areas that are permitted, they are held at 25 per cent capacity.

10.2 Outbreak prevention and control measures in Indonesia

The Ministry of Transport of Indonesia has introduced new regulations for domestic and international passenger travel, effective from 17 July 2022 onwards. The new regulations for domestic travellers in Indonesia are as follows: (1) Travellers who have completed three doses of vaccinations are not required to undergo antigen or nucleic acid tests.

test; (2) travellers who have completed only the second dose of vaccination must present the results of negative nucleic acid test within 72 hours or negative antigen test within 24 hours; (3) travellers who have completed the first dose of vaccination must present the results of negative nucleic acid test within 72 hours or negative antigen test within 24 hours; (4) if the vaccination cannot be carried out due to congenital diseases, the results of negative nucleic acid test within 72 hours and relevant certificates issued by doctors must be presented. present a negative nucleic acid test result within 72 hours and a relevant certificate issued by a doctor;

(5) Antigen or nucleic acid testing is not required for travellers between the ages of 6 and 17 years who have completed the second dose of vaccination; (6) Nucleic acid or antigen testing is not required for travellers under the age of 6 years, provided that they are accompanied by a companion who meets the requirements for the trip; and (7) This provision applies to all modes of travel by air, land and sea.

For international travellers, the new regulations identify entry points into Indonesia, including:

Soekarno-Hatta, Juanda, Surabaya, Sam Ratulangi, North Sulawesi, Ngurah Rai, Bali, Hang Nadim, Riau Islands, Raja Haji Fisabilillah, Zainuddin Abdul Majid, West Nusa Tenggara. (Raja Haji Fisabilillah) West Nusa Tenggara province inspected Zainuddin Abdul Majid International Airport in Lombok.

[Land transport] Aruk, Central Kalimantan, Entikong, West Kalimantan and Motaain, Nusa Tenggara East, bordering East Timor.

[Maritime] Entry is permitted at all international seaports. Indonesian mass community segregation (PSBB) included:

- (1) School and workplace holidays;
- (2) Restrictions on religious activities;
- (3) Restrictions on activities in public places or facilities;
- (4) Restrictions on social and cultural activities;
- (5) Restrictions on modes of transport;
- (6) Restrictions on activities related to defence and security.

[Business-as-usual industries or trades]

(1) Shops, food stalls and restaurants relating to daily necessities, food and major raw materials, etc., including: rice, soya beans, chillies, spring onions, white garlic, onions, sugar, cooking oil, flour, fruits, vegetables, beef, chicken, eggs, fish, milk, bottled mineral water, seeds, fertilisers, pesticides, vaccines, fodder, canned gas, plywood, cement, construction steel and mild steel.

(2) Banks, insurance offices, payment system operators and ATMs, including bank call centres and ATM management, etc.

- (3) Electronic and print media.
- (4) Telecommunications, Internet services, broadcasting and cable services, etc.
- (5) Supply of raw materials, food and staple items such as foodstuffs, medicines and medical equipment.
- (6) Petrol stations, gas stations, oil and gas storage and retail outlets, etc.
- (7) Power plants, transmission and distribution and service units, etc.
- (8) Trading and services developed by the Indonesian Stock Market.
- (9) Freight forwarding services and freight netting motorbikes, etc.
- (10) Cold storage and warehousing services.
- (11) Personal security services, but still maintain a social distance according to the rules.

10.3 The Impact of Indonesian Epidemic Prevention and Control Measures on Foreign Investment Co-operation Businesses

The impact of the Xin Guan Pneumonia epidemic on the investment, production and operation of Chinese-funded enterprises is still ongoing. On the one hand, due to the delay in the import and export of materials and products, the normal production and operation of some Chinese-funded enterprises have been affected, and it is difficult to promote the construction of some projects on schedule, and the export transport of some products has to be transferred several times to increase the cost. On the other hand, due to the restrictions of Indonesia and China's entry and exit prevention and control policies and measures, it is more inconvenient for business visits and workers to travel to and from the country, which has brought certain obstacles to the cooperation and exchange of investment promotion, staff recruitment and personnel mobility.

The Indonesian government has accelerated the return of economic activities to normal by promoting vaccination, and at the same time has endeavoured to boost the economy and minimize the impact of the epidemic by introducing a series of fiscal, monetary, industrial and anti-epidemic policy measures. At present, there has been no large-scale withdrawal of foreign investment in Indonesia, and the industries most affected by the new crown epidemic in Indonesia are mainly aviation, tourism, retail, and textile and

clothing.

10.4 What are Indonesia's support policies for affected FIEs?

The Indonesian government has no specific support policies for foreign-invested enterprises, but the following policies are applicable to all enterprises: In response to the CKP epidemic, the Indonesian government has introduced regulations to stimulate economic development, with incentives such as exemptions from personal income tax, deferral of import duties, and corporate tax incentives; exemptions from VAT and import duties on imports of medicines, vaccines, laboratory equipment, testing agents, protective equipment, therapeutic equipment, and other goods related to CKP. VAT and import tax exemptions on imports of medicines, vaccines, laboratory equipment, testing equipment, protective equipment, treatment equipment and other NKP-related goods. The Government of Indonesia also provides six-month income tax exemptions in a number of areas, including agriculture, forestry and fisheries, entertainment, accommodation, food and beverage, and information media.

10.5 Impact of the New Crown Pneumonia Epidemic on Local Chinese Enterprises and Suggestions for Preventing Local Epidemic Risks

Since the outbreak of the epidemic, Chinese enterprises have been experiencing difficulties in travelling between Indonesia and China, which has had a certain impact on some of their projects and production and business activities.

Recommendations for local Chinese enterprises to protect themselves against the risk of epidemics:

Firstly, we attach great importance to the prevention and control of epidemics in our mindset, strictly comply with the relevant regulations on the prevention and control of epidemics in Indonesia and the location of the enterprise, and make every effort to ensure the health and safety of our employees.

Secondly, we actively overcame difficulties and found ways to work to minimise the impact of the epidemic on business operations. Thirdly, we strictly require our staff to effectively comply with and implement measures related to epidemic prevention and control, actively do a good job in logistics, and strengthen cooperation with the

Staff communication, boost confidence, reduce panic, timely refinement and improvement of the plan, do the necessary epidemic prevention, food and drug supplies reserves.

Fourthly, we will strengthen safety protection to avoid accidents, properly handle labour relations, and continue to do a good job in epidemic prevention and control, safety and production in Indonesia under the guidance of the Embassy in Indonesia and the Indonesian Chinese Chamber of Commerce.

Appendix 1 List of Major Government Departments and Related Agencies in Indonesia

2. Ministry of Foreign Affairs of Indonesia at www.kemlu.go.id
3. Indonesian Ministry of Trade, at www.kemendag.go.id
4. Ministry of Public Works, Indonesia, at www.pu.go.id
5. Ministry of Industry, Indonesia, at www.kemenperin.go.id
6. Indonesian Ministry of Agriculture at www.kementan.go.id
7. Indonesia's National Planning Commission, at www.bappenas.go.id
8. Ministry of Finance, Indonesia, at www.kemenkeu.go.id
9. Ministry of Energy and Mines of Indonesia, at www.esdm.go.id
10. Ministry of Transport, Indonesia, at www.kemenhub.go.id
11. Ministry of Investment of Indonesia (Coordinating Agency for Investment), at www.bkpm.go.id
12. Indonesia Food and Drug Administration, at www.pom.go.id
13. National Statistical Institute of Indonesia, at www.bps.go.id

Appendix 2 List of Chinese Chambers of Commerce, Associations and Major Chinese Enterprises in Indonesia

2. India-China Business Council
3. China National Petroleum Corporation Indonesia Office
4. CNOOC South East Asia Ltd.
6. Bank of China Jakarta Branch
7. Industrial and Commercial Bank of China (Indonesia) Ltd.
8. China Construction Bank (Indonesia) Corporation
9. Huawei Technology Investment (Indonesia)
10. ZTE Indonesia Subsidiary
11. China Road and Bridge (Group) Corporation Indonesia Office
12. Indonesia Representative Office of Sinohydro Construction Group International Engineering Co.
13. China COSCO Indonesia
14. Sinosteel Indonesia Pte Ltd
15. Changhong Indonesia Electrical Appliances Co.
16. Sany Indonesia Machinery Co.

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Country (Region) for Outward Investment Co-operation (Indonesia) provides an objective introduction to the investment and co-operation environment, which is of common concern to Chinese enterprises, especially SMEs, when they go to Indonesia for investment and co-operation; and it also gives tips on the various problems that may arise when Chinese enterprises go to Indonesia for business. It is hoped that this Guide will serve as an introductory guide for Chinese enterprises to enter Indonesia. However, due to the limited space and the different information required by different investors, the information provided in this Guide is only for the reader's reference and is not to be taken as a full basis for investment decision-making by enterprises.

The Department of Foreign Investment and Economic Cooperation of the Ministry of Commerce (MOFCOM) coordinated the preparation of the Guide. The Guide was prepared by the Economic and Commercial Section of the Chinese Embassy in Indonesia, and researchers from the Institute of Foreign Investment and Co-operation of the Research Institute of the Ministry of Commerce made additions, adjustments and modifications to the contents of the Guide. Comrades from the Department of Asian Affairs of the Ministry of Commerce provided valuable comments on the contents of the Guide.

In preparing this book, we have referred to publicly available information from government departments and professional institutions such as the Ministry of Foreign Affairs of China, China Customs, and the Indonesian Central Bureau of Statistics, as well as from international organisations such as the World Bank, the International Monetary Fund, and the World Trade Organisation, for which we would like to acknowledge and thank them. Due to time constraints, any inaccuracies are welcome.

author

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