



# Investment in Indonesia

By  
***Muhammad Lutfi***  
Chairman of  
*The Investment Coordinating Board of  
Republic of Indonesia*

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## Macroeconomics Indicators

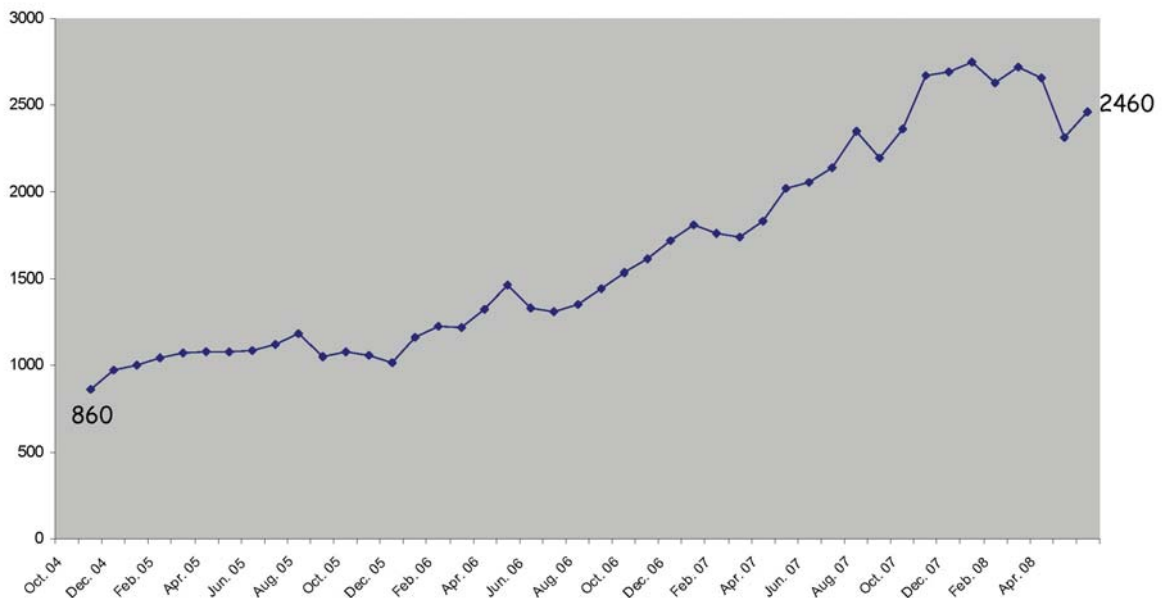


*Investment Coordinating Board*

	2007
GDP	6.32%
Reserves (December)	US\$ 56.9 B
Interest Rate	8 %
Inflation (Jan – December)	6.6 %
Investment Realization (Jan – Dec)	US\$ 14.21 B (up 72 %)



## JSX Oct 2004 – May 2008



## Features of Law on Investment



Investment Coordinating Board

1. Equal Treatment
2. No Minimum Capital Requirement
3. Free to Repatriate Investment & Profit
4. Legal Guarantee
5. Dispute Settlement
6. Investment Services



## Investment Facilities



Investment Coordinating Board

- Land rights
  - 95 years of cultivation rights
  - 80 years of building rights
  - 70 years of land usage rights
- Immigration
  - For investors and foreign workers
- Fiscal incentives
  - Exemption or deduction of income tax



## Emphasis on Transparency and Accountability



Investment Coordinating Board

- Zero tolerance towards corruption
  - Anti Corruption Team has recovered over US\$ 43.5 B
- Good governance
- Efficient economy

**Foreign Direct Investment (FDI) Confidence Index 2007  
(ATKEARNEY<sup>1</sup>) Survey 2007)**

<b>The Top 25 Most Attractive FDI Destination</b>			
1.	China	14.	Kanada
2.	India	15.	Japan
3.	U.S.A	16.	Malaysia
4.	U.K	17.	Gulf Countries
5.	Hong Kong	18.	South Africa
6.	Brazil	19.	Meksiko
7.	Singapore	20.	Turki
8.	Uni Arab Emirates	<b>21.</b>	<b>Indonesia</b>
9.	Rusia	22.	Polandia
10.	Germany	23.	Middle Asia
11.	Australia	24.	South Korea
12.	Vietnam	25.	Czech Republic
13.	France		

1) ATKearney, established in 1926, is a global strategic management consulting firm known for helping clients gain lasting results through a unique combination of strategic insight and collaborative working style. The firm was to provide management advice concerning issues on the CEO's agenda. Today, ATKearney serves the largest global clients in all major industries. ATKearney's offices are located in major business centers in 33 countries.

## EASE OF DOING BUSINESS IN INDONESIA

	<b>2005</b>	<b>2006</b>	<b>2007</b>
Rank	131	135	123



## Capital Structure of Middle Class



- Middle Class : 18 Million people
- Saving (Nov 07) : Rp 1,454 Trillion (US\$ 161 Billion)
- JSX (Dec 07) : Rp 1,988 Trillion (US\$ 221 Billion)
- JSX Investor : 600 thousand
- LDR (Nov 07) : 66,9 %



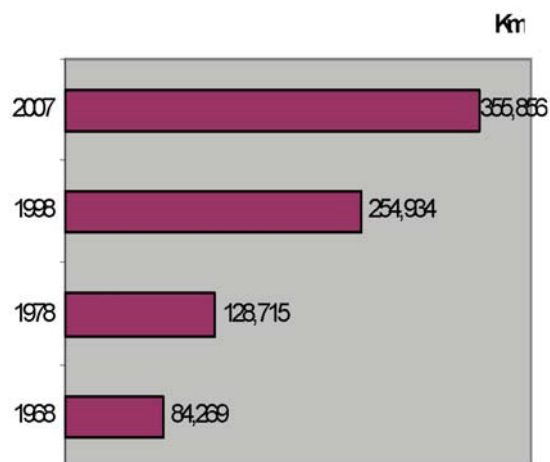
## Infrastructure



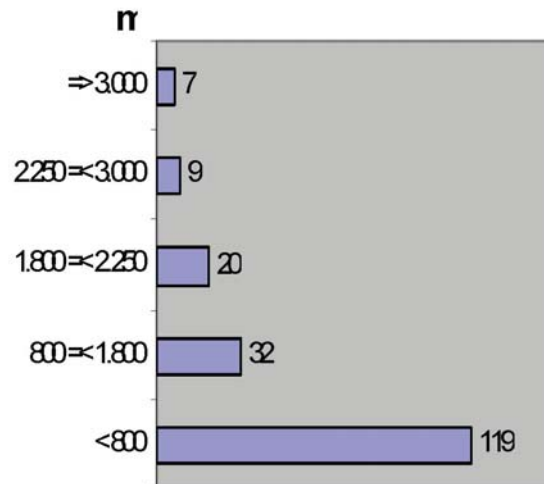
Investment Coordinating Board

<b>China</b>	<b>:</b>	<b>10 %</b>
<b>India</b>	<b>:</b>	<b>8 %</b>
<b>Brazil</b>	<b>:</b>	<b>3 %</b>
<b>Indonesia</b>	<b>:</b>	<b>7 %</b>

Length of Road in Indonesia



Number of Airport Based on Runway 2007



## Capacity

- Interconnection (Java-Madura-Bali), others still isolated
- Electricity growth : 7.1% per year
- Only 64% of total household installed electricity
- Capacity (29,083 MW) :
  - PLN : 24,417 MW (85.5%)
  - Private (IPP) : 3,450 MW (11.9%)
  - Integrated (PPU) : 746 MW (2.6%)
- Fuel consumption as primary energy
- Fuel cost mix showed portion of fuel oil increases drastically, from 25 % in year 2000 to 73 % in 2006.

## FUNDING REQUIREMENT SUMMARY for 13 Signed EPC Contracts

Project	Capacity (MW)	Contractor	Funding	EPC Cost (excl. VAT)			Loan (85% of EPC excl. VAT)		
				(USD million)	(IDR million)	(Total in USD million)	(USD million)	(IDR million)	(Total in USD million)
1 Suralaya	625	China	CEXIM	334	865,162	430	284	735,388	365
2 Paiton	660	China	CEXIM	389	706,630	467	331	600,636	397
3 Labuan	630	China	Bid	339	1,398,292	493	289	1,188,549	419
4 Indramayu	990	China	Bid	697	1,497,545	861	592	1,272,914	732
5 Rembang	630	Malaysia	Bid	308	2,248,800	555	262	1,911,480	472
6 Pacitan	700	China	Bid / CEXIM ?	345	1,230,499	480	293	1,045,924	408
7 Teluk Naga	945	China	Bid / CEXIM ?	535	1,890,132	743	455	1,606,612	632
8 Pelabuhan Ratu	945	China	Bid / CEXIM ?	567	2,205,076	809	482	1,874,315	688
9 Lampung	200	Indonesia	Bid ?	140	541,000	200	119	459,850	170
10 Sumatera Utara	400	China	Bid ?	246	918,601	347	209	780,811	295
11 NTB	50	Indonesia	Bid ?	28	322,087	63	24	273,774	54
12 Gorontalo	50	Indonesia	Bid ?	30	311,556	65	26	264,822	55
13 Sulawesi Utara	50	Indonesia	Bid ?	32	358,243	71	27	304,507	61
<b>Total</b>	<b>6,875</b>			<b>3,992</b>	<b>14,493,624</b>	<b>5,585</b>	<b>3,393</b>	<b>12,319,581</b>	<b>4,747</b>

## INVESTMENT REALIZATION FOR JANUARY - DECEMBER 2007

	JAN-DEC 2006	JAN-DEC 2007	Net Growth (%)
	Realization	Realization	
• Domestic :	US\$. 2.31 billion	US\$. 3.87 billion	67.80
• Foreign :	US\$. 5.97 billion	US\$. 10.34 billion	73.19
• TOTAL :	US\$. 8.28 billion	US\$. 14.21 billion	72.00

## INVESTMENT REALIZATION FOR 2004 – 2007

	2004	2005	2006	2007	Growth (%)
	1	2	3	4	(4 : 3)
•Domestic	US\$. 1.71 billion	US\$. 3.41 billion	US\$. 2.31 billion	US\$. 3.87 billion	67.80
•Foreign	US\$. 4.57 billion	US\$. 8.92 billion	US\$. 5.97 billion	US\$. 10.34 billion	73.19
• TOTAL :	US\$. 6.28 billion	US\$. 12.33 billion	US\$. 8.28 billion	US\$. 14.21 billion	72.00

## FOREIGN INVESTMENT REALIZATION BY SECTOR JANUARY-DECEMBER 2007

No.	SECTOR	INVESTMENT (US\$. Million)	PROJECTS
1	Transportation, Warehouse & Communication	3,305.2	43
2	Chemical & Pharmaceutical Industry	1,611.7	32
3	Metal, Engineering & Electronics Ind.	714.1	99
4	Food Industry	704.1	53
5	Paper, Paper Good & Printing Industry	672.5	11

**FOREIGN INVESTMENT REALIZATION  
BY LOCATION  
JANUARY-DECEMBER 2007**

No	PROVINCE	INVESTMENT (US\$. Million)	PROJECTS
1	Jakarta	4,676.9	365
2	East Java	1,689.6	62
3	West Java	1,326.9	244
4	Riau	724.0	10
5	Banten	707.9	77

**INVESTMENT REALIZATION  
BY COUNTRY  
PERIODE JANUARY-DECEMBER 2007**

No	COUNTRY	INVESTMENT (US\$. Million)	PROJECTS
1	Singapore	3,748.0	124
2	U K	1,685.8	63
3	South Korea	627.7	164
4	Japan	618.2	113
5	Taiwan	469.7	33

**RANK OF DIRECT INVESTMENT REALIZATION FROM COUNTRY  
FOR THE PERIOD OF 1990 – DECEMBER 2007**

No.	COUNTRY	VALUE OF INVESTMENT (US\$. Million)	NUMBER OF PROJECT
1	<i>Japan</i>	19,580.1	1,652
2	<i>Singapore</i>	11,563.4	853
3	<i>United Kingdom</i>	7,708.7	442
4	<i>United States of America</i>	7,189.1	383
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## Economic Target 2008

	2007	2008
Unemployment	9.1%	8-9%
Poverty	16.6 %	14.2-16.0%

**Economic Growth 2008 : 6.8%**  
 Investment required : USD 144.0 Billion  
 Govt. Contribution : USD 16.4 Billion  
 Private Contribution : USD 127.5 Billion  
 Govt. Investment on Infrastructure : USD 6.7 Billion



### Change of Mindset



- Indonesia is pro business
- Indonesia is pro growth
- Indonesia is pro job creation
- Indonesia is pro poor