



Coordinating Ministry for Economic Affairs
Republic of Indonesia

INVESTOR RELATION UNIT

ECONOMICS AND POLICY UPDATES

DECEMBER 2025

Deputy Minister for Economic and Investment Cooperation
Assistant Deputy Minister for Macroeconomic and Fiscal Affairs



01 | ECONOMIC UPDATES

Indonesia's Economic Resilience: Strength Amid Global Economic Challenges

GLOBAL UNCERTAINTY



INDONESIA'S ECONOMIC

Global Economic Risk



Prolonged Global Uncertainty



Rising Protectionist Policies



Pressure on Labor Market



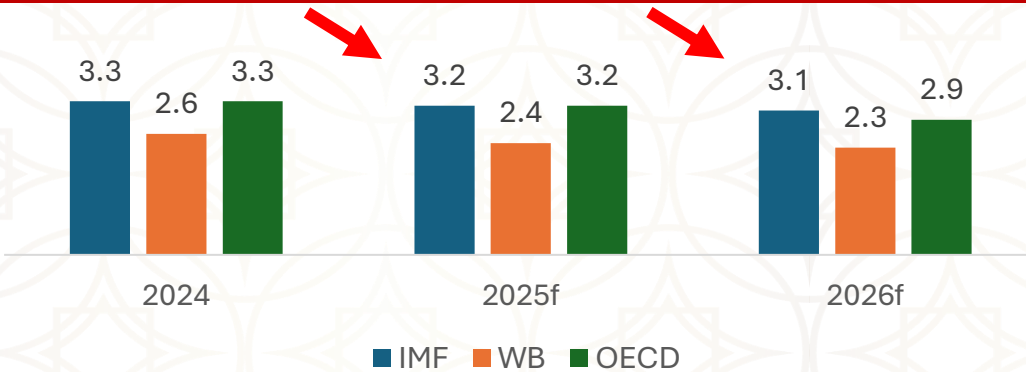
Fiscal Imbalances and Public Debt



Increased Potential for Financial Market Correction

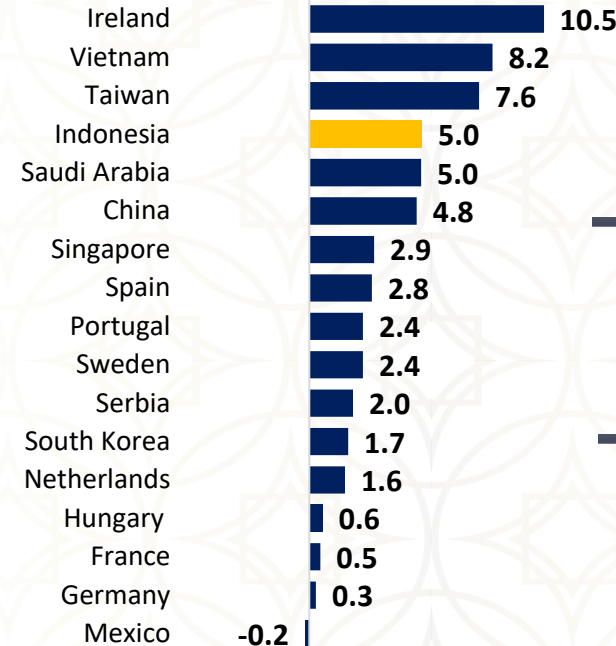
Source: IMF, WB

Economic Growth Projection for 2025 - 2026

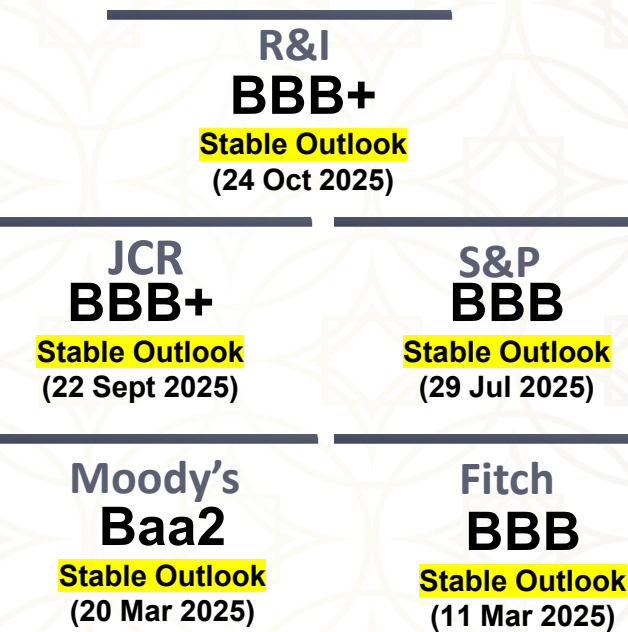


Source: EAP World Bank (Oct-25). WEO IMF (Oct-25)

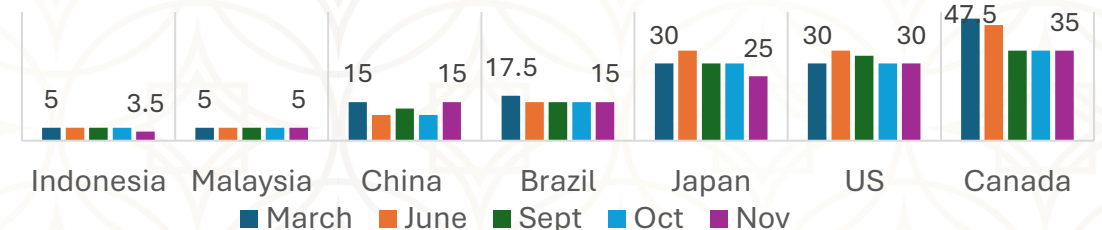
Economic Growth - Q3 2025



Sovereign Credit Rating (SCR) Indonesia

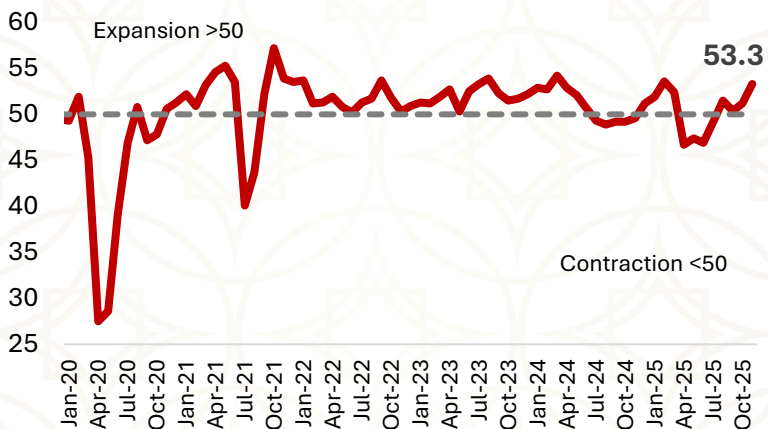


Recession Probability 2025 (%)

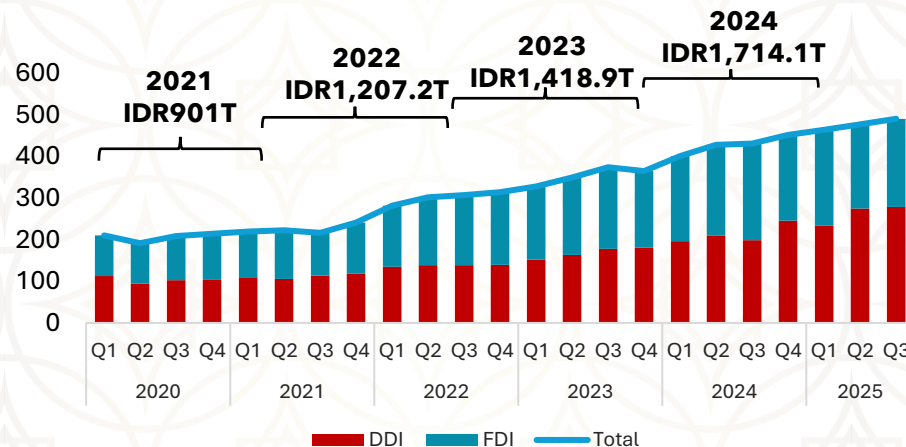


Indonesia's Leading Indicators Exhibit a Favorable Outlook

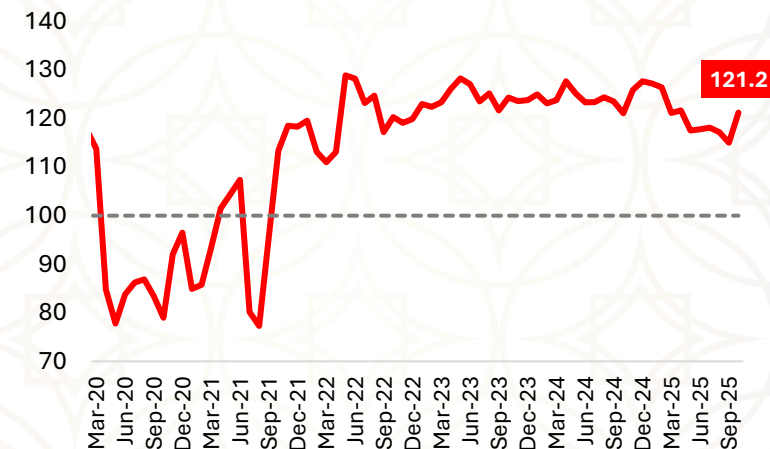
Manufacturing PMI



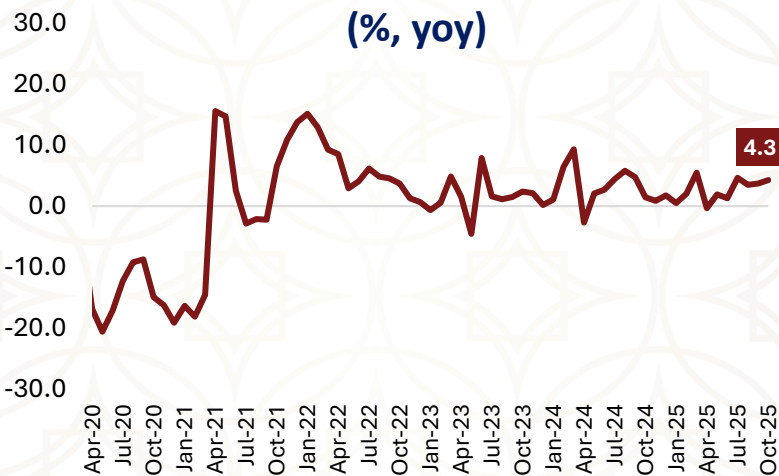
Total Investment (IDR Tn)



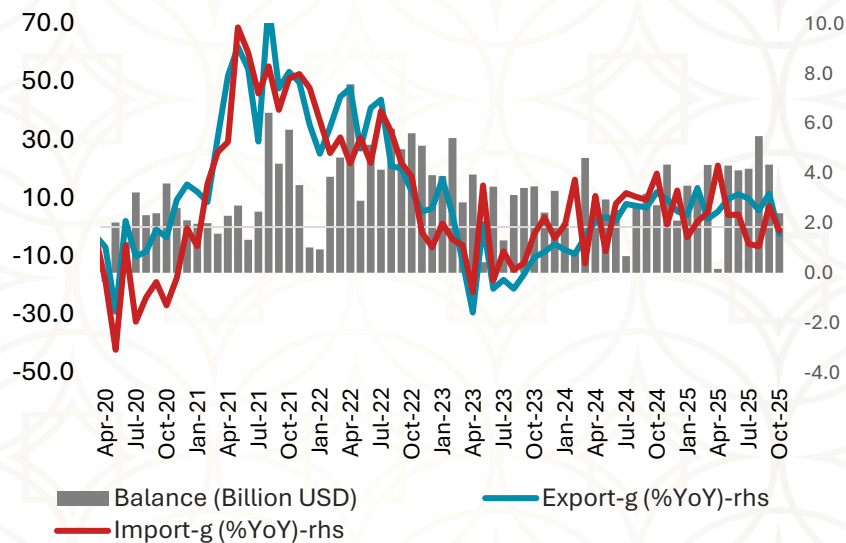
Consumer Confidence Index



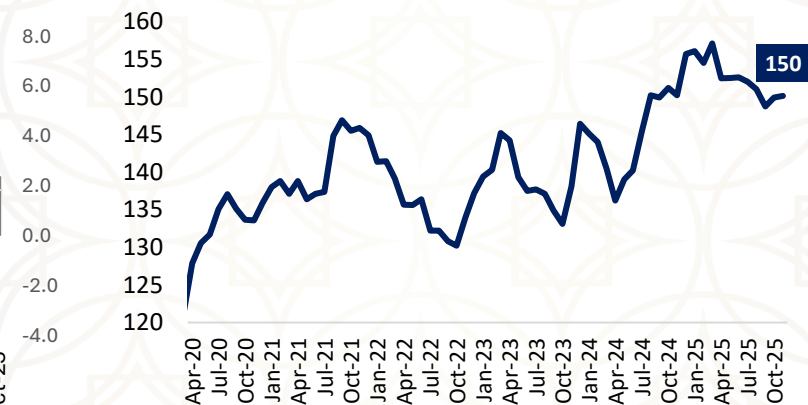
Retail Sales (% yoy)



Trade Balance



Foreign Exchange Reserves (USD Bn)



Legend: Total

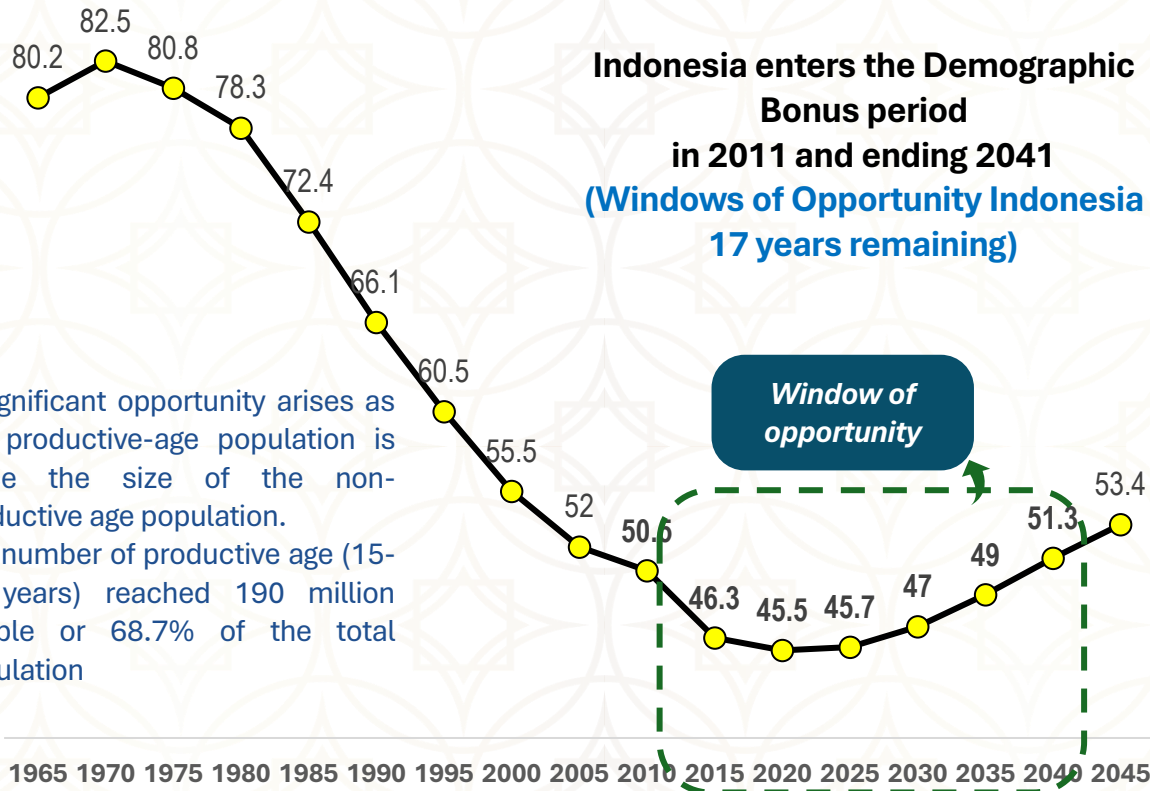
Sources: BI, BKPM, BPS, S&P



02 | POLICY
UPDATES

Indonesia Has a Demographic Bonus and Abundant Natural Resources

THE PEAK OF INDONESIA'S DEMOGRAPHIC BONUS



- A significant opportunity arises as the productive-age population is twice the size of the non-productive age population.
- The number of productive age (15-64 years) reached 190 million people or 68.7% of the total population

Dependency Ratio is a comparison between the number of people aged 0-14 years plus the number of people aged 65 years and over (non-productive age population) compared to the number of people aged 15-64 years (productive age).

Source: BPS Preparation of Indonesian Population Projections SUPAS Results 2015-2045

SOCIAL CULTURAL CAPITAL

Harmonious and tolerant – Community Collaboration (Gotong Royong) – Deliberation to reach a consensus – Family – Social solidarity – Independent spirit – Cultural diversity

MARITIME WEALTH



16% of the world's coral reefs



25,000 species of flowering plants (10% of the world)



Capture fisheries potential 12 million tons



The largest mangrove forest 3.36 million hectares

Geographical Location Advantages



NATURAL WEALTH



125.57 million hectares of forest areas



Nickel with ore reserves 5.24 billion tons



Coal reserves 36.30 billion tons



Renewable energy potential 3,716 GW

Source: Bappenas

Indonesia Gold Vision 2045 : Become a Sovereign, Advanced and Sustainable Country



1. Income per capita equivalents to developed countries
2. Poverty declines and inequality decreases
3. Leadership positions and international influence increase
4. HR competitiveness increases
5. GHG emission intensity towards NZE



TRANSFORMATION

1. **Social Transformation:** Focusing on the development of outstanding Indonesian individuals;
2. **Economic Transformation:** Aiming for the nation to become high-income;
3. **Governance Transformation:** Emphasizing adaptive and principled regulations, as well as governance that is characterized by integrity, agility, and collaboration.

FOUNDATION OF TRANSFORMATION

4. Legal Supremacy, Stability, & Diplomatic Strength
5. Socio-Cultural and Ecological Resilience

TRANSFORMATION IMPLEMENTATION FRAMEWORK

6. Equal and Quality Territorial Development
7. Quality and Environmentally Friendly Facilities and Infrastructure
8. Development Sustainability

Source: RPJPN 2025-2045

Main Government Policies to Promote Strong, Socially Inclusive, and Environmental-Friendly Economic Growth

This policy framework aims to ensure strong, inclusive, and sustainable economic growth by balancing conventional economic revitalization, fostering new economic engines, and enhancing human resource productivity.

NEW PATH OF GROWTH: HIGH GROWTH, INCLUSIVE, & SUSTAINABLE

1st ENGINE
Revitalizing the
Conventional Economic
Mechanism



2nd ENGINE
Building a New Economic Engine



**3rd ENGINE AS THE
FOUNDATION**
Enhancing Productivity &
Competitiveness of Human
Resources

ENABLER FOR ECONOMIC GROWTH



Macroeconomic
Stability



Maintaining
People's
Purchasing Power



Efficiency &
Investment Climate
Support



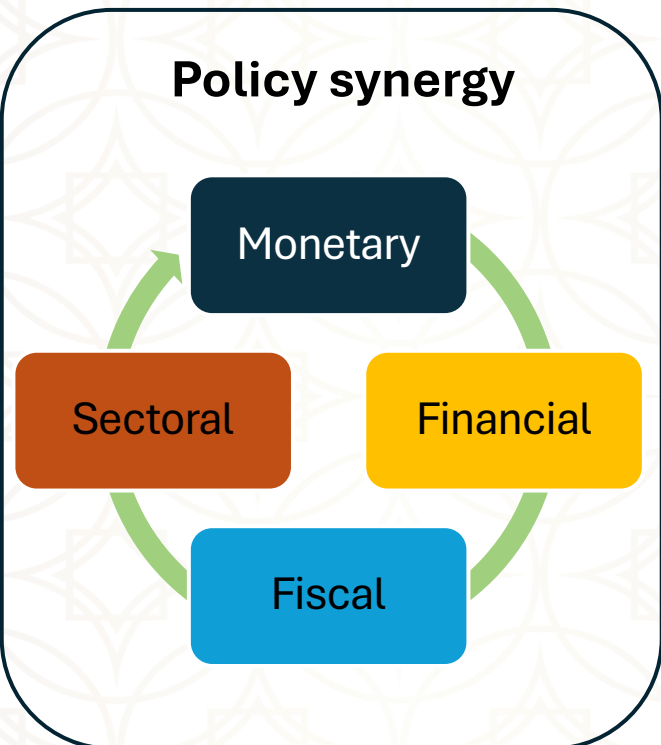
Strengthening &
Deepening the
Financial Sector



Enhancing Social
Security & Social Safety
Nets

Indonesia's Strategies in Maintain Purchasing Power and Stimulate Economic Growth in Semester II-2025

Policy synergy



- Increasing banking liquidity by IDR 200 trillion
- Supporting the infrastructure sector
- Supporting tax incentives for businesses
- Deregulation and debottlenecking for trade and investment

Aggregate Supply



Aggregate Demand



- **Efficiency relaxation** (unblocking and providing additional budget)
- **Accelerating the absorption of ministry/institutional spending**
- **Maintaining the inflation rate** within the target range
- **Economic stimulus package:** strengthened by the Second Semester Stimulus



- **Higher economic growth**

- Higher-value investments and increased consumption.
- A growing real sector.
- Greater liquidity with efficient financial markets.

Economy Package 2025” (8+4+5 Program)

8 Programs: “8 Accelerated Programs in 2025”

1. **Government Assistance for College Graduates Internship Program:** Ministry of Manpower data: 4,894 companies, 44 institutions, and 92,583 vacancies, for up to 100,000 1-year fresh graduates.
2. **Government-borne Income Tax (PPh21) incentives for the tourism sector workers:** in the Oct-Dec 2025 Period: 552,000 workers.
3. **Food Assistance program:):** Distribution progress: Rice: 6,776.2 tons (1.85%) of the ceiling of 365,541 tons. Cooking oil: 1,355.3 KL (1.85%) of the ceiling of 73,108 KL.
4. **Discount on Work Accident Insurance (JKK) and Death Insurance (JKM) Contributions:** for non-wage recipients in the transportation sector. Government Regulation (PP) draft is being prepared.
5. **Additional Service Benefits – Housing Program of BPJS Ketenagakerjaan:** Revision of the Minister of Manpower Regulation is under discussion; harmonisation is ongoing at the Ministry of Law and Human Rights.
6. **Program Padat Karya Tunai (Cash for Work):** Ministry of Transportation realization: 13,163 workers; and Ministry of Public Works realization: 197,972 workers.
7. **Deregulation Program (PP28/2025):** Acceleration of RDTR Integration into OSS Additional digital RDTR integrated into OSS: target 100 new RDTR, with 17 RDTR realized to date.
8. **Urban Program (Jakarta Pilot Project):** Program identification is underway in each ministry/agency and SOE.

4 Programs: Carried Forward to 2026

1. **Adjustment of the Utilization Period and Beneficiaries of 0.5% Final Income Tax for MSME Taxpayers until 2029**
2. **Extension of Government-borne Income Tax (PPh 21) Incentives for Tourism Sector Workers and Labor-Intensive Industries (2026 budget)**
3. **Extension of the VAT DTP for the housing sector: extended until 2027**
4. **Extension and expansion of Discount on JKK and JKM Contributions for all Non-Wage Recipients (BPU)**

5 Programs: Employment Absorption

1. **Operasional for KDKMP (Koperasi Desa/ Kelurahan Merah Putih):** Ground-breaking has been carried out at 800 locations
2. **Value Chain Strengthening for Strategic Plantation and Agricultural Commodities, and Post-Harvest Infrastructure**
3. **Revitalisation of Northern Coast (Pantura) Shrimp Ponds, Integrated Shrimp Area in Waingapu, and Modernisation of Fishing Vessels**
4. **Kampung Nelayan Merah Putih” Program Stage-2 ABT process is ongoing in 35 locations**
5. **Fish Cultivation Development** to support MBG in 500 districts/cities

Additional Stimulus in supporting economic growth: Direct Cash Assistance (BLT), Internship Program, and Transportation Discount

Objective: to increase people's purchasing power and provide opportunities and work experience for college graduates so that they can encourage economic growth while providing direct real benefits to the community.

PROGRAM	DETAIL PROGRAM
<p>National Internship Program for College Graduates</p> <ul style="list-style-type: none"> • Internships are conducted in the business world, industry, state-owned enterprises, and government institutions. • Registration is through the "MagangHub" platform. 	<ul style="list-style-type: none"> • Phase I: 20,000 people starting October 2025 • Phase II: 80,000 people starting November 2025 • The program will be carried out for 6 months/wave and will provide a monthly allowance (according to UPM/region)
<p>Direct Cash Assistance – People's Welfare (BLT Kesra)</p> <ul style="list-style-type: none"> • Objective: to increase the purchasing power of the poor and vulnerable and stimulate economic growth in the 4th quarter of 2025. • This additional direct cash assistance (BLT) is in addition to the regular direct cash assistance (BLT) distributed by the Ministry of Social Affairs monthly to 20,889,122 beneficiary families (KPM) through the Family Hope Program (PKH) and basic food assistance. 	<ul style="list-style-type: none"> • For 35.49 million beneficiary families • The program will be distributed at once for the whole three months. • Optional: Beneficiary can receive IDR 900,000 in total (IDR 300,000/month) directly, with disbursement from late October to early November 2025.
<p>Transportation Discount</p> <ul style="list-style-type: none"> • Train • Sea Transportation (PT Pelni) • Ferry Transportation (PT ASDP) • Airplane 	<ul style="list-style-type: none"> • Train: 22 Dec 2025 – 10 Jan 2026: 30% off ticket price • Pelni: 17 Dec 2025 – 10 Jan 2026: 20% off base tariff • ASDP: 22 Dec 2025 – 10 Jan 2026: 100% off port services • Airplane: <ul style="list-style-type: none"> • Ticket Purchase Period: October 22 - January 10, 2026 • Travel Period: December 22 - January 10, 2026 • VAT DTP on Economy Class Airline Tickets • Fuel Surcharge (FS) Discount • PJP2U and PJP4U Reduction • Advance and extension services and longer operating hours • Avtur price reduction of 10% at 37 airports

Synchronized Policies to Strengthen Inflation Controlling Efforts

MONETARY POLICY

Support for pro-stability and pro-growth monetary policies

- Stabilization of the Rupiah exchange rate through intervention in the foreign exchange market on spot transactions, Domestic Non-Deliverable Forward (DNDF), and Government Securities (SBN) in the secondary market;
- Monetary operations including optimization of Bank Indonesia Rupiah Securities (SRBI), Bank Indonesia Foreign Currency Securities (SVBI), and Bank Indonesia Foreign Currency Sukuk (SUVBI)



FISCAL POLICY

Optimization of State Budget as shock absorbers

- Energy Subsidies and Compensation
- Food Security Budget including optimization of Government Rice Reserves (SPHP distribution)
- Social Assistance Program, including food assistance
- Food distribution facilitation
- Optimization of APBD and BTT

INFLATION CONTROL EFFORTS

K1 Price Affordability



- Improving the implementation of cheap market operations/easy food movements and the Food Supply and Price Stabilization (SPHP) program
- Food assistance, social protection, subsidies and energy compensation

K2 Supply Availability



- Strengthening Government Food Reserves (CPP)
- Access to KUR financing and Agricultural Machinery Credit
- Provision of subsidized fertilizers

K3 Smooth Distribution



- Facilitating the distribution of strategic food commodities
- Optimizing the sea toll program to reach 3TP areas
- Providing assistance for logistics costs

K4 Effective Communication



- Orchestration of TPID for regional inflation control efforts by the Ministry of Home Affairs through weekly coordination meetings
- Implementation of TPIP-TPID Coordination Meetings per region which are carried out back-to-back with GNPIP.



CPI INFLATION
2.5±1%

INFLATION 2025
MAINTAIN WITHIN THE
TARGET



Enhancing Indonesia's Economic Resilience: The Implementation of PP No. 8/2025 on Export Proceeds Management

To enhance the management of Export Proceeds from Natural Resources (DHE SDA), the Indonesian government issued Government Regulation No. 8/2025 on February 17, 2025. This regulation requires exporters in the mining (excluding oil and gas), plantation, forestry, and fisheries sectors to deposit 100% of their DHE SDA into the Indonesian financial system for 12 months.

1

REGULATED SECTORS:

Mining, Plantations, Forestry and Fisheries

5

INSTRUMENTS FOR DHE SDA PLACEMENT:

1. Special DHE SDA Accounts
2. Banking Instruments
3. Financial Instruments from LPEI
4. Bank Indonesia Instruments

9

DHE SDA SUPERVISION AND IMPLEMENTATION:

- Supervised by the Directorate General of Customs and Excise, the Ministry of Finance, Bank Indonesia, and the Financial Services Authority (OJK).
- Monitored through an integrated information system.

2

EXPORT VALUE SUBJECT TO FOREIGN EXCHANGE PROCEEDS FROM NATURAL RESOURCES (DHE SDA):

Applicable to export values of USD250,000 or more

6

PERMITTED USES OF DHE SDA:

1. Conversion to Rupiah
2. Government obligations
3. Foreign Currency Dividends
4. Payment for Imported Goods and Services
5. Repayment of Foreign Currency Loans

10

SANCTIONS FOR NON-COMPLIANCE:

Suspension of Export Services

3

DHE SDA DEPOSIT REQUIREMENT:

Export proceeds must be deposited into a special account no later than the end of the third month after the PPE (Export Declaration) is issued.

7

DHE SDA UTILIZATION BY EXPORTERS:

Can be used by exporters and counted as a reduction in the required DHE SDA placement amount.

11

REGULATORY OVERSIGHT FOR EXPORTERS:

Exporters will be monitored by Bank Indonesia and/or the Financial Services Authority (OJK).

4

DHE SDA PLACEMENT OBLIGATION:

100% of DHE SDA must be placed for 12 months, except for the oil and gas sector

8

INCENTIVES FOR PLACING DHE SDA:

- Special tax rates for exporters.
- Incentives for exporters, export-import financing institutions (LPEI), and banks.
- Exporters may qualify as "exporters with good reputation", granting them additional benefits.

12

TRANSITIONAL PROVISIONS:

DHE received after the implementation of PP 8/2025 will follow the new regulations, regardless of whether the PPE date is before or after the regulation takes effect.

Deregulation of Import Policies: Strengthening Indonesia's Trade Competitiveness and Economic Growth

Following the President's instructions on deregulation policies aimed at facilitating trade for businesses, enhancing Indonesia's competitiveness, creating jobs, and accelerating investment in labor-intensive sectors to drive economic growth, new regulations on Import Policies and Regulations have been established.

Deregulated Import Commodity Groups (482 HS)



Industrial Raw Materials/Auxiliary Materials (29 HS)

- Subsidized Fertilizer
- Other Fuels
- Plastic Raw Materials
- Saccharin, cyclamate, alcohol-containing fragrances
- Certain chemicals
- Pearls



Competitive Industrial Products (10 HS)

- Footwear
- Two-wheeled and Three-wheeled Bicycles



National Program Support Products (2 HS)

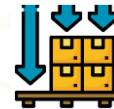
- Food Tray



Forestry Product (441 HS)

Import Deregulation Policy Output

Ministry of Trade (MoT) Regulation No. 36 of 2023 in conjunction with Ministry of Trade Regulation No. 8 of 2024 will be revoked, and the following will be issued:



MoT Regulation No 16 of 2025 on Import Policies and Regulations for **General Import Provisions**



Commodities Clustered Based MoT, as detailed :

1. MoT Regulation No 17 of 2025 on Import Policy and Regulation for **Textile and Textile Production**;
2. MoT Regulation No 18 of 2025 on Import Policy and Regulation for **Agriculture and Farming Goods**;
3. MoT Regulation No 19 of 2025 on Import Policy and Regulation for **Salt and Fish Commodity**;
4. MoT Regulation No 20 of 2025 on Import Policy and Regulation for **Chemicals, Hazardous Materials, and Mining Materials**;
5. MoT Regulation No 21 of 2025 on Import Policy and Regulation for **Electricity Goods and Telematics**;
6. MoT Regulation No 22 of 2025 on Import Policy and Regulation for **Certain Industrial Goods**;
7. MoT Regulation No 23 of 2025 on Import Policy and Regulation for **Consumption Goods**; and
8. MoT Regulation No 24 of 2025 on Import Policy and Regulation for **Used Goods and Non-Hazardous and Non-Toxic Waste**.

Utilizing Local Currency Transaction (LCT) to Maintain Indonesian Exchange Rate Stability

Implementation Progress

- Currently, the implementation of Local Currency Transaction (LCT) cooperation between Indonesia has been established with Malaysia, Thailand, Japan, China, South Korea, and United Arab Emirates.
- Singapore and India are still in the process of negotiating their Operational Guidelines.
- In 2024, LCT transactions across the majority of partner countries exhibited a consistent upward trend, reaching a recorded total of USD 16.23 billion

STRENGTHENING LCS INTO LCT

<i>Line of Business</i>	Current Account, Capital Account, and Financial Transaction
Scope of Collaboration	Money Market, Foreign Exchange, including Cross-Border Payment
Expand Participants	LCT (including QR) and ACCD Bank users
Currency Arrangement	FEA Flexibilities and Pricing Credibility



LCT NATIONAL TASK FORCE PILLAR

Trade and Direct Investment

Banking and Financial Markets

Expanding the use of LCT and Payment Transactions between countries



Risk-Based Business Licensing

Indonesia has implemented OSS with Risk-Based Business Licensing since November 2025. The Government Regulation No. 28 of 2025 (PP 28/2025), which replaces PP No. 5 of 2021, strengthens the Risk-Based Business Licensing framework by providing businesses with clearer procedures, greater legal certainty, and a more transparent regulatory environment

3 major changes in PP No 28/2025



Implementation of service time (SLA/Service Level Agreement) in the process of issuing business permits



Implementation of Fictitious-Positive policies



The licensing process is carried out electronically through the OSS RBA system

Single Preference Principle

PP 28/2025 is a single reference; there are no additional requirements or permits issued by ministries, institutions, regional governments, or area managers that are not regulated in PP 28/2025

Regulation in PP 28/2025

Consists of 14 chapters:

- Two new chapters added (Basic Requirements and PBUMKU)
- Basic requirement reform
- Simplification of NSPK chapters and adjustment of sector names according to UUCK (Job Creation Law)
- Improvement and completion of norms

Improvement of Annexes I – IV:

- Memberikan kejelasan
- Substantial improvements to Annexes I and II
- Details of the requirements and obligations of PB and PB UMKU

Risk-Based Business Licensing Development

June 2025

Issuance of Government Regulation No. 28 of 2025



November 2025

OSS with Risk-Based Business Licensing (PP 28/2025) has been implemented since November 2025, with minor adjustments still ongoing

Towards a Competitive and Global-Ready Investment Ecosystem

THE URGENCY OF REVISION

- ❑ To reflect current economic dynamics
- ❑ To create a more conducive investment climate
- ❑ To increase efficiency, support industrial transformation, and strengthen national competitiveness

THE OBJECTIVE OF REVISION

MORE OPEN, LESS RESTRICTIVE

- ❑ Easing of restrictions
- ❑ Strategic sectors are now more open to investment: health, trade, tourism, public works, and education.

MORE OPEN INVESTMENT OPPORTUNITIES IN SPECIAL ECONOMIC ZONES (SEZ)

- ❑ No minimum investment limit
- ❑ Simplified business processes with various convenient facilities
- ❑ Fiscal and non-fiscal incentives to support investment
- ❑ Various strategic SEZ zone options, including: tourism, production and processing, logistics & distribution, research & technology, and energy

THE STRATEGY

FISCAL INCETIVE

- ❑ Tax Holiday, Tax Allowance, Investment Allowance
- ❑ Super Tax Deduction
- ❑ Customs Incentives

NON-FISCAL INCETIVE

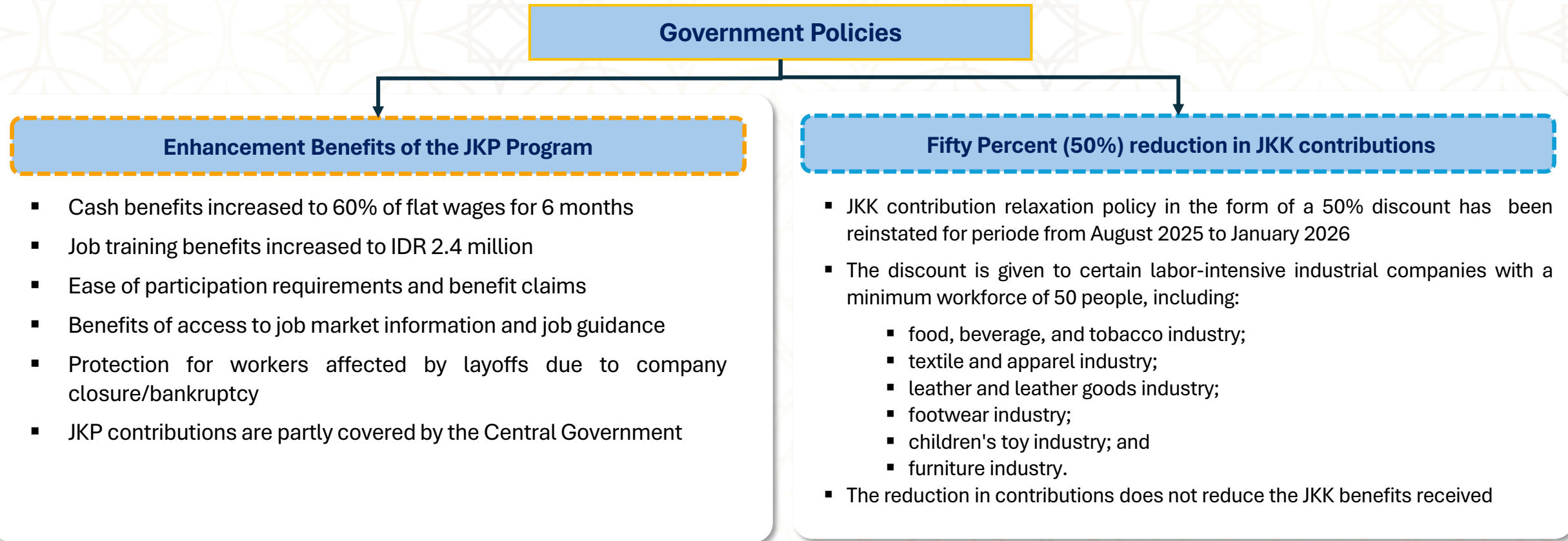
- ❑ Ease of Licensing & Infrastructure
- ❑ Support for Energy, Raw Materials, Immigration, and Employment

NEW PRIORITIES

- ❑ Green industry
- ❑ Digital industry

Policy Support in the Field of Manpower

One of the policy packages related to economic stimulus in order to maintain business continuity and provide protection for workers from the risk of layoffs is the policy of providing a reduction in Jaminan Kecelakaan Kerja (JKK)/Work Accident Insurance contributions, and protection for laid-off workers through the enhancement benefit of Jaminan Kehilangan Pekerjaan (JKP)/Job Loss Insurance Program.

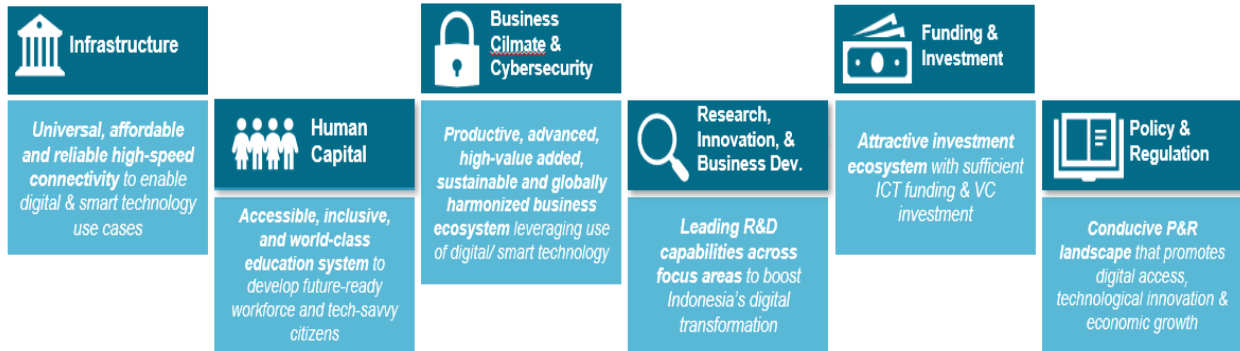


This employment policy effective as of February 2025 based on: (i) Government Regulation No. 6 of 2025 on Amendments to Government Regulation No. 37 of 2021 concerning the Implementation of the Jaminan Kehilangan Pekerjaan (JKP)/Job Loss Insurance Program, and (ii) Government Regulation No. 7 of 2025 on Adjustment of Jaminan Kecelakaan Kerja (JKK)/Work Accident Guarantee Contributions for Certain Labor-Intensive Industrial Companies in 2025.

Driving Digital Transformation: Indonesia's Comprehensive Strategy for Economic Growth

DOMESTIC

- Coordinating Ministry for Economic Affairs has launched the White Paper on the National's Digital Economy Development Strategy on December 6, 2023.
- The white paper aims to serve as guide for related stakeholders in developing the digital economy with a timeline until 2030 and is intended to be a living document.
- It outlines six main pillars for the development of the digital economy, which are: (1) Infrastructure; (2) Human Resources; (3) Business Climate and Cybersecurity; (4) Research, Innovation, and Business Development; (5) Funding and Investment; and (6) Policies and Regulations



60+ INITIATIVES WITH MILESTONES, JOINTLY LED BY GOVERNMENT AND BUSINESS

30 new gov't-led initiatives across ministries

8 new business-led initiatives

24 current gov't-led initiatives across ministries

6 current business-led initiatives

Source : White Paper on The National's Digital Economy Development Strategy

REGIONAL

- The White Paper on the National's Digital Economy Development Strategy has a central role as a guide for determining Indonesia's position in international forums, such as the ASEAN Digital Economy Framework Agreement (DEFA) and the Indo-Pacific Economic Framework (IPEF-Digital Economy Cluster)

ASEAN Digital Economy Framework Agreement

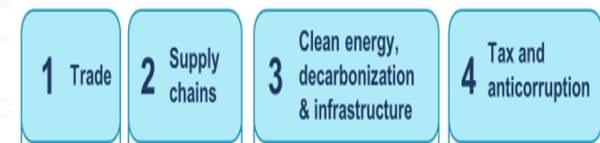
9 Core DEFA Provisions

Digital Trade Paperless trade, interoperable single windows, electronic transferrable records, electronic invoice	Cooperation on emerging topics Regulating emerging technology (e.g., AI, blockchain)
Cross-border E commerce Fair treatment of digital goods and services, facilitation for cross-border small shipments	Competition policy Cooperation on competition policy to ensure fair playing field
Payments Interoperable payment systems, comparable regulatory requirements & barriers	Cross-border data flows and data protections Personal data protections, common data classifications, source code, cross-border data flows
Digital ID and authentication Technical interoperability, mutual recognition & legal standing	Online safety and cybersecurity Online consumer protection, fraud protection, online dispute resolution, alignment on cybersecurity standards and protections, cross-border cooperation
Talent mobility and cooperation Labor mobility for digital talent & entrepreneurs, accreditations, cooperation on technical skills	

Indo-Pacific Economic Framework (IPEF-Digital Economy Cluster)

- The United States initiative launched by President Biden on May 23, 2022
- There are 14 participating countries: US Australia, Brunei Darussalam, Fiji, Philippines, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Singapore, Thailand, and Vietnam.

4 Pilar IPEF



Bullion Bank: Synergy of Bullion Industry Ecosystem in Indonesia

TIMELINE

Initiation and Planning Stages

15 March 2021

The Initiation of Bullion Bank System

Regulation Provision

12 January 2023

The establishment of Law No. 4/2023 as the legal basis of Bullion Business Activity

18 October 2024

The issuance of OJK Regulation (POJK) No. 17/2024 as the technical rule of Bullion Business

Business Licensing

23 December 2024

PT Pegadaian Indonesia

12 February 2025

Syariah Bank of Indonesia (BSI)

The Launch of Bullion

26 Februari 2026

The launch of Bullion Business Activity in Indonesia by the President



The Idea of Bullion Bank

- The Bullion system **aims to** increasing the economic benefit from the downstream industry natural resources (gold), accelerating financial inclusion, and strengthening the Indonesia's position in the gold's global value chain.
- Currently the Bullion Bank in Indonesia is run by PT Pegadaian and Syariah Bank of Indonesia (BSI), managing a combined total of 148.77 tons of gold assets (as of October 2025)



The Business of Bullion

- **Gold Saving**
(monetization of customer's gold saving)
- **Gold Financing**
(Financing in the form of gold)
- **Gold Transaction**
(Gold bar trading)
- **Gold Deposit**
(gold bar deposit non-monetization)

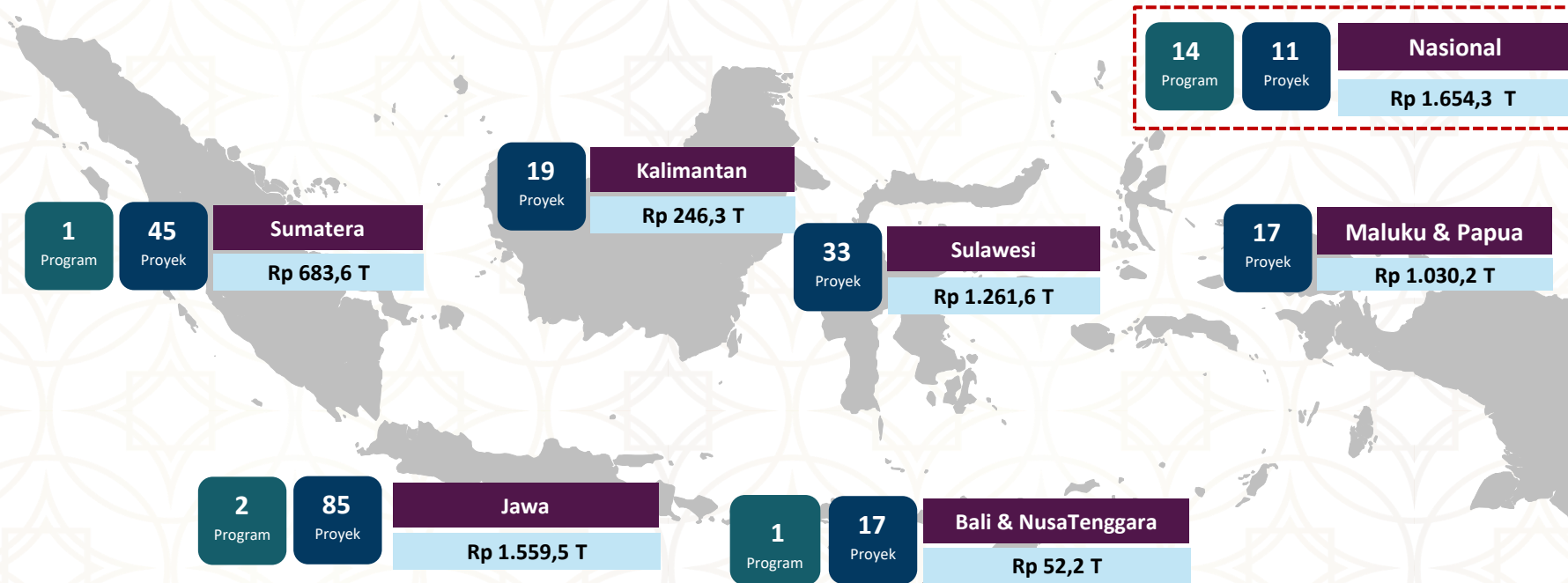


Bullion Ecosystem Development

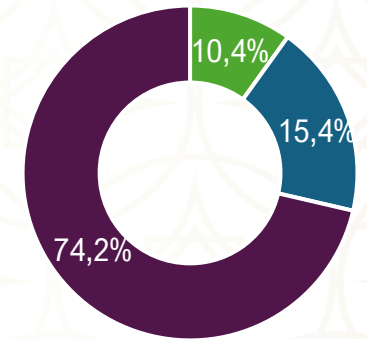
1. Intensive coordination between central government with the business sector
2. Accelerating the implementation and development of bullion products referring to the Law of P2SK
3. The establishment of Bullion Business Activity Roadmap 2025 - 2030 by OJK
4. Increasing the market capacity and international agreement to support bullion ecosystem
5. Dissemination to improve the society's literacy about the Bullion Business Activity

The National Strategic Project (PSN)

Based on Coordinating Minister Regulation Number 16 of 2025, there are **226 Projects** and **24 Programs** as PSN with an estimated total investment value (CapEx) of **IDR 6.491 trillion**



Portion of the Investment Plan Scheme Funding



■ State Budget ■ SOE Budget ■ Private

14 Sector of PSN

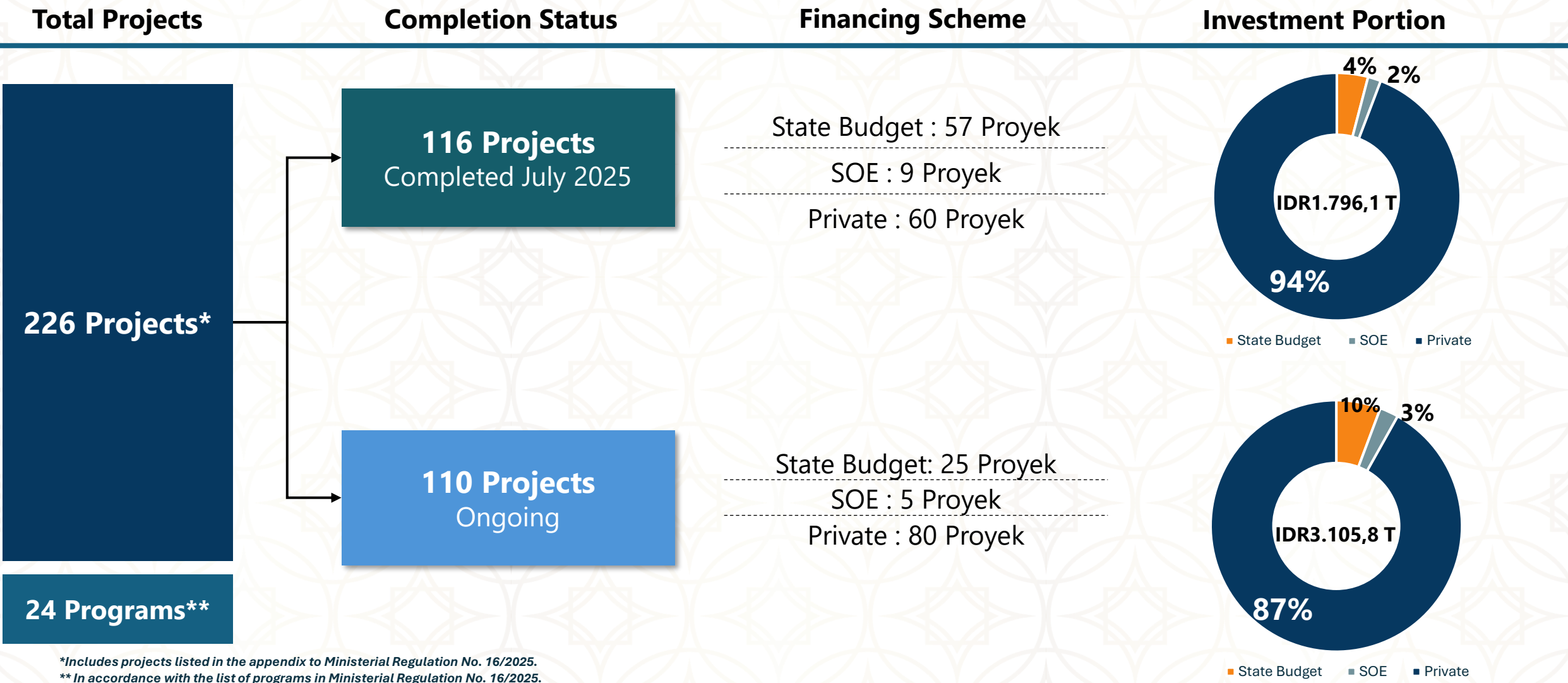


24 Programs of PSN



PSN Investment of Permenko 16/2025

Of the total 226 PSNs, 116 projects have been completed with an investment of Rp1,796.1 trillion, while 110 projects are still ongoing with a value of +/- Rp3,105.8 trillion, with the private sector accounting for 87% or +/- Rp2,841.28 trillion.



*Includes projects listed in the appendix to Ministerial Regulation No. 16/2025.
** In accordance with the list of programs in Ministerial Regulation No. 16/2025.

Recapitulation of PSN Targets to be Completed in 2026 - 2029

The PSN, which is targeted for completion in 2026-2029, requires a budget of +/- Rp3,105.8 trillion, with the PSN supporting downstreaming, competitiveness improvement, tourism, and technology having the largest total investment +/- Rp2,119.3 trillion

Strengthening Food Security and the Environment



Water and Sanitation

5 Projects
Investment Value: IDR88 T



Dams and Irrigation

18 Projects
Investment value: IDR39,5 T



Seawall

1 Project
Investment value : IDR30,9 T



Agriculture and Plantation

2 Projects
Investment value : IDR1,1 T

**TOTAL
INVESTMENT**

IDR159,6 T

Connectivity and Accessibility



Roads and Bridges

35 Projects
Investment value : IDR647 T



Train

5 Projects
Investment value: IDR131,1 T



Port

3 Proyek
Investment value: IDR49,6 T

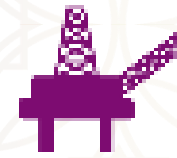
IDR827 T

Downstreaming, Competitiveness Enhancement, Tourism & Technology



Industrial Estate

24 Projects
Investment value: IDR779,8 T



Energy

15 Projects
Investment value : IDR1.329 T



Tourism

1 Project
Investment value: IDR1,9 T



Technology

1 Project
Investment value: IDR8,6 T

IDR2.119,3 T


Special Economic Zones Promote Inclusive and Sustainable Economic Growth


7 SEZs in Java and 18 SEZs outside Java (13 Industrial SEZs, 12 Service SEZs)


 Investment realization (cumulative) amounted to Rp.294.4 trillion


 Employment absorption of 187 thousand worker

Cumulative achievements of the
SEZ until June 30, 2025
IDR294,4T

 Business Operator
Realization
IDR31,6T (10,8%)

Business Entity
(tenant) Realization 
IDR262,7T (89,2%)

 Export realization data from SEZs continues to increase, reaching IDR82.04 trillion in Q2-2025.

 **Largest exports:** Galang Batang SEZ (alumina), Kendal SEZ (anodes), Gresik SEZ (copper)

Development of SEZs



Increasing Exports and Import Substitution

Export-competitive industries and halal industries



Industrial Downstreaming

To increase added value by processing raw materials into high value-added goods



Acceleration of Industry 4.0 Implementation

Automation-based manufacturing industry



Accelerating the Development of the Service Sector

Digital industry, information technology, finance, education, and health services



Equitable Development (Inclusive)

Development of industrial centers in the regions to spur economic growth



Promoting Trade Surplus

Import substitution industries, such as chemicals, machinery, and electronics, including the development of the service sector, have been causing foreign exchange outflows.



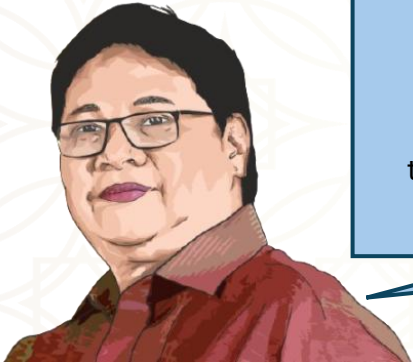
Resilience and Sustainability

Green Economy, Blue Economy, and Circular Economy Development

Source: Special Economic Zones

Energy Transition and Green Economy Task Force: Supporting Indonesia's 2025-2029 Green Economic Transformation

1 Background



A National Energy Transition Task Force is needed, encompassing initiatives such as **AZEC, JETP, and other policies related to energy transition and the green economy**, to ensure stronger synergy among various financing schemes, investments, and sustainable energy transition policies. This will support Indonesia's decarbonization targets and the development of a green economy.

Airlangga Hartarto
Coordinating Minister for Economic Affairs

2 Main Objective

To support the realization of a green economic transformation, as outlined in the 2025–2029 National Medium-Term Development Plan (RPJMN)

3 Roles and Responsibilities

THE ENERGY TRANSITION AND GREEN ECONOMY TASK FORCE

- **Develop a roadmap and policies** for the energy transition and green economy, including decarbonization.
- **Harmonize, adapt, and formulate regulations** that support the energy transition and green economy.
- **Ensure the effective implementation** of policies and regulations related to the energy transition and green economy.
- **Identify and coordinate financing mechanisms** from domestic and international sources to support the energy transition and green economy.
- **Promote investment and technology transfer** in the sustainable energy sector through collaboration with national and international strategic partners.
- **Manage the social, economic, and environmental impacts** of the energy transition and green economy, including those affecting the workforce in impacted sectors.
- **Develop human resource and research capacity** to support the energy transition and green economy.



JETP Indonesia Stands as The Largest Individual Energy Transition Financing Effort

On 16 November 2022, the Government of Indonesia (GoI) and the International Partners Group (IPG) launched the Just Energy Transition Partnership for Indonesia (JETP Indonesia).



X



&



Bank of America, Citi, Deutsche Bank, HSBC, Macquarie, MUFG, and Standard Chartered

Comprehensive Investment and Policy Plan (CIPP) 2023 as a Strategic Recommendation for Indonesia's Energy Transition

Main Result

Technical

- An ambitious yet achievable on-grid power sector roadmap.
- A list of priority projects in 5 investment areas, compiled from the Government and PLN.

Financing

- Funding needs to meet the electricity sector roadmap and priority projects.
- Clarification of general terms and conditions of IPG funding provisions.

Policy

- Policy reform recommendations for 7 key topics.

Just Transition

- A just transition framework for managing social, economic and environmental impacts.
- Opportunities for government stakeholders to advance just transition principles.

Targets in JETP Scenario

Target in 2030: CO2 emissions 250 MT (on-grid) 44% share of renewable energy

USD 97.3 billion needed for just transition by 2030

400+ priority projects (USD 66.9 billion investment required) to be initiated by 2030

Positive socio-economic impacts during the energy transition process

Key assumptions for achieving JETP targets



Policies supporting the energy transition are in place and implemented (refer to policy recommendations in CIPP 2023 Chapter 8)



Accessible financing available

- Concessional financing for low return projects is easily accessible
- Commercial financing for commercially viable projects
- Grants/TA to support studies, including feasibility studies that will lead to project implementation



There are no obstacles in implementing the project such as land acquisition and licensing.



Procurement is carried out periodically for renewable energy and transmission projects by PLN with bankable PPAs & fair risk sharing between PLN and IPPs.

Source: Coordinating Ministry for Economic Affairs

Fiscal Incentives to Boost the Economy

The government provides fiscal incentives to create a conducive investment climate, especially for industry players in order to boost investment and strengthen domestic industrial structure

TAX HOLIDAY & MINI TAX HOLIDAY

- ❑ Applicable to new investments, particularly in pioneer industries and core business activities.
- ❑ 18 eligible pioneer industries covering 169 KBLI classifications, strategically selected for their strong economic linkages, high added value, advanced technology adoption, and significant national economic impact.
- ❑ Corporate income tax incentives:
 - 100% corporate income tax exemption (full tax holiday) for up to 20 years, depending on the investment value.
 - Mini tax holiday: A 50% corporate income tax reduction for two years after the initial full exemption period.
 - After the tax holiday and mini tax holiday periods expire, investors remain eligible for a 50% reduction of the standard corporate income tax rate.
- ❑ Adjustment due to Global Minimum Tax (GMT) Implementation:
 - Indonesia has aligned its tax policies with the 15% Global Minimum Tax (GMT) framework set by the OECD/G20.
 - Companies benefiting from the Tax Holiday must comply with the minimum tax requirement, ensuring both regulatory stability and competitive investment incentives

Source: Coordinating Ministry for Economic Affairs

TAX ALLOWANCE

- ❑ Aims to increase direct investment in specific business sectors or designated regions.
- ❑ Incentives include:
 - 30% net income reduction based on total investment over six years.
 - Accelerated depreciation and amortization.
 - Reduced income tax on dividends paid to foreign investors (10% or lower).
 - Compensation for losses of up to 10 years.
- ❑ Criteria include high investment value for export, significant labor absorption, or high local content.

INVESTMENT ALLOWANCE

- ❑ Encourages investment in labor-intensive industries, supporting job creation and workforce absorption.
- ❑ Net income deduction of 60% of the investment in tangible fixed assets, including land, used for the taxpayer's main business activities.
- ❑ Deduction is spread over six years (10% annually) from the fiscal year when commercial production starts.
- ❑ Covers 45 labor-intensive industrial sectors, employing an average of 300 workers per tax year

SUPER DEDUCTION TAX

- Super Deduction for Vocational Activities
- ❑ Encourages industries to participate in vocational programs, facilitating knowledge transfer and skill development.
 - ❑ Maximum reduction of 200% in gross income for costs related to work practice, apprenticeships, and learning activities.
- R&D Super Deduction
- ❑ Supports industry-driven innovation and the adoption of the latest technology in production processes.
 - ❑ Maximum gross income deduction of 300% for eligible R&D expenditures in Indonesia.

Indonesia benefits from the market and investment potential of various international forums

IEU-CEPA

Indonesia-European Union Comprehensive Economic Partnership

GDP: USD 16.6 Trillion
14% Global Trade
Population: 448 million
27 Countries
(Negotiation Process)

I-EAEU CEPA

Indonesia-Eurasia Economic Union CEPA

GDP: USD 2.5 Trillion
2.5% Global Trade
Population 182 million
5 Countries
(Negotiation Process)

G20

Group of 20

GDP: USD 88 Trillion
75% Global Trade
Population: 4.69 billion
20 Countries
(Member)

OECD

Organization for Economic Co-operation and Development

GDP: USD 59 Trillion
64% Global Trade
Population 1.38 billion
38 Countries
(Accession Process)

RCEP

Regional Comprehensive Economic Partnership

GDP: USD 24.6 Trillion
27.4% Global Trade
Population 2.2 billion
15 Countries
(Member)

BRICS+

Brazil, Russia, India, China, South Africa+

GDP USD 30.8 Trillion
40% Global Trade
Population 3.5 billion
11 Countries
(Member)

ASEAN

Association of South East Asian Nations

GDP: USD 3.3 Trillion
7.7% Global Trade
Population 673 million
11 Countries
(Member)

CP-TPP

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

GDP: USD 11 Trillion
14.7% Global Trade
Population: 503 million
11 Countries
(Accession Process)

Membership in the OECD as a Catalyst for Structural Reform in Indonesia

*Indonesia's accession to the OECD is a strategic measure to **ESCAPE THE "MIDDLE INCOME TRAP"** and **ACHIEVE "GOLDEN INDONESIA 2045" VISION***

Structural Reform through OECD Membership (Domestic Reform Catalyst)

Strengthening competitiveness and economic resilience

Enhance sound and equitable **business competitiveness**, accelerate the **transformation of an inclusive digital economy**, and achieve a sustainable and equitable economy.

Improved policy quality and institutional governance

Strengthen **public policies and improve institutional governance** according to **international standards**. This is expected to improve public services and accelerate Indonesia's transition to a developed country.

- **Stronger anti-corruption policy** instruments with the ratification of **OECD Anti-Bribery Convention**.
- **Transparency of the tax sector.** Increased funding for development. Tax optimization of multinational companies operating in Indonesia.
- **Public sector procurement becomes more transparent** so the state budget is more efficient.
- **Better corporate governance and SOEs** so that SOEs can contribute more to the national economy.

Reform Credibility

Demonstrates Indonesia's **commitment to implementing best practices and following international standards**. This strengthens the reputation and credibility of Indonesia's economic reforms and ensures domestic policies remain relevant in the face of global dynamics.

Signaling Indonesia's readiness as a global player

Accession and membership of the OECD shows Indonesia's **readiness to stand alongside other global players** and commitment to the principles of democracy, rule of law, and market openness and transparency.



- Indonesia's **ACCESSION ROADMAPS'S** handover at the OECD MCM in **MAY 2024** made **INDONESIA AS THE FIRST OECD MEMBER CANDIDATE IN ASEAN**.
- Indonesia is optimistic about **COMPLETING ITS OECD ACCESSION** within the **NEXT 3–4 YEARS**, following the submission on **3 June 2025** of its **32-chapter INITIAL MEMORANDUM (IM)** outlining self-assessments of policies, regulations, and alignment with **240 OECD LEGAL INSTRUMENTS**.
- Based on the self-assessment, **MOST OF INDONESIA'S REGULATIONS ARE INLINE** (fully/partially aligned) with OECD legal instruments.
- **ON PROGRESS:** The OECD has initiated the **TECHNICAL REVIEW** stage of Indonesia's accession process in Q3 2025, involving information gathering through questionnaires, independent studies, and fact-finding missions, which are **TARGETED FOR COMPLETION IN EARLY 2026**

IEU-CEPA TIMELINE



BENEFITS OF IEU-CEPA

a. Market access:

- a. EU: Eliminates 98.61% of tariff lines, covering 100% of import value from Indonesia
 - b. Indonesia: Eliminates 97.75% of tariff lines, covering 98.14% of import value from the European Union
- b. The European Union will **open greater market access for Indonesia's key products** such as palm oil, footwear, textiles, and fish. The EU has also expressed its readiness to recognize the sustainability of Indonesia's palm oil.
- c. "The implementation of **IEU-CEPA is expected to generate substantial economic benefits for Indonesia**, similar to those already realized by Vietnam and Singapore."



INDONESIA-CANADA CEPA: A Key Milestone in Expanding Market Access Through Tariff Liberalization

TIMELINE ICA-CEPA

Des 2024

Joint-Ministerial Statement of ICA-CEPA resolution

Des - April 2025

Legal scrubbing, document's translation process, and other Domestic Procedures.

24 Sept 2025

ICA-CEPA Signing

Q4 2025 - Q3 2026

Ratification

s.d. 2026

Implementation and entry into force of ICA-CEPA

INDONESIA-CANADA CEPA BENEFITS



A. Trade Tariff Post Liberalization

The liberalization of up to 90.55% (6,573) of Canada's trade tariff lines for Indonesia **with a trade value of USD 1.4 billion**. On the other hand, Indonesia eliminated 85.54% (9,764) of tariff lines for Canada with a **trade value of USD 1.9 billion**.



B. Enhancing Indonesia's Market Access for Services

The provision of preferential treatment for service providers between Indonesia and Canada, including in the business services, telecommunications, construction, tourism, and transportation sectors.



C. Commitment for Market Access Assurance

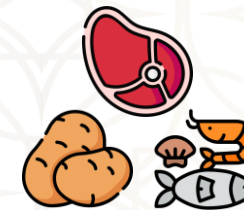
The assurance of protection and security, transparency, and commitment to market access in priority sectors of both countries such as manufacturing, agriculture, fisheries, forestry, mining, infrastructure, energy, and services.

MAIN TRADE COMMODITIES BETWEEN INDONESIA AND CANADA



Indonesia's Leading Commodities in Canada:

Textiles, paper and its derivatives, wood and its derivatives, processed foods, bird's nests, and palm oil.



Canada's Leading Commodities in Indonesia:

Frozen beef, potatoes, seafood, and processed foods.

2026 State Budget Strategy: 8 Main Priority Agenda

To support the realization of "food, energy, and economic sovereignty toward a resilient, independent, and prosperous Indonesia," the 2026 State Budget will focus on eight key priority programs. In 2026, Indonesia's State Budget will be managed in a sound and credible manner through (a) quality spending, (b) optimization of state revenues, and (c) innovative and sustainable financing.



1. Food Security (Rp164,7 Trillion)

- Food Self-Sufficiency
- Food Price Stabilization
- Welfare of Farmers and Fishermen



2. Energy Security (Rp402,4 Trillion)

- Increase in Oil and Gas Lifting
- Acceleration of Energy Transition
- Price Stabilization



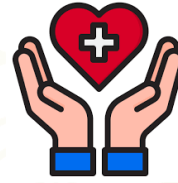
3. Makan Bergizi Gratis (Rp335,0 Trillion)

- Nutritional Quality for School Children, Pregnant Women, and Toddlers
- Empowering MSMEs/Local Economy



4. Education Program (Rp769,1 Trillion)

- PIP and KIP Scholarships for Higher Education
- People's Schools
- Garuda Superior Schools
- Scholarships
- Welfare of Teachers/Lecturers/Educators
- School, PAUD, and Higher Education Operational Assistance



5. Health Program (Rp244 Trillion)

- National Health Insurance Program (JKN)
- Free Health Check (CKG)
- Hospital Revitalization



6. Development of villages cooperatives, and MSMEs

- Red and White Village Cooperatives (KDMP)
- Ease of Access to Basic Staples, Logistics, Fertilizers, and Financial Services



7. Universal Defence

- Modernization of Defence Equipment
- Empowering National Strategic Industries
- Welfare of Soldiers



8. Acceleration for Investment & Global Trade

- State and Private Sector as Economic Drivers
- Strengthening Productive Investment and Global Supply Chains

TERIMA KASIH

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