



# INDONESIA'S INVESTMENT UPDATES

Director of Exhibition and Promotion Media

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INDONESIA INVESTMENT COORDINATING BOARD

# Projected Economic Growth & Investment Target

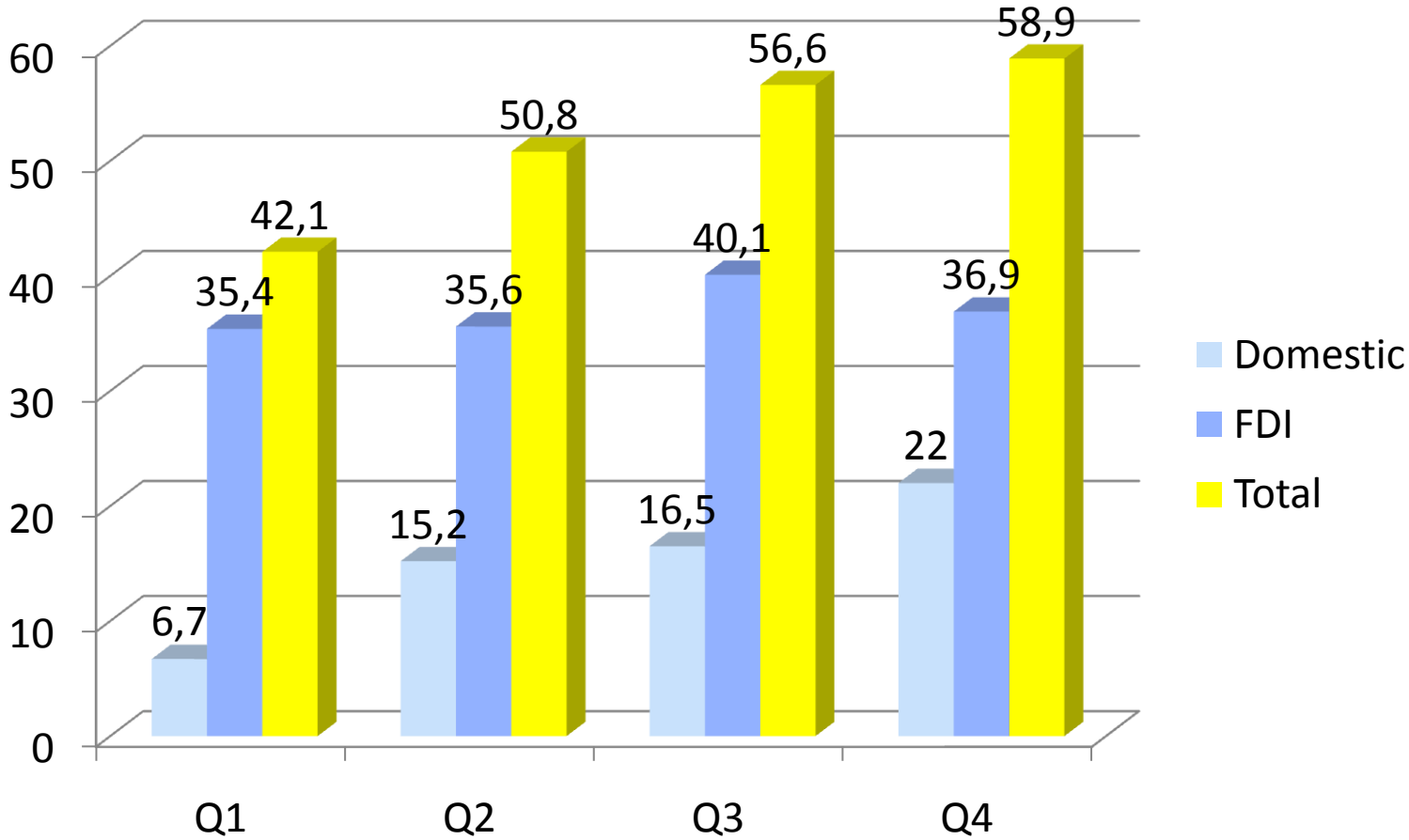


**BKPM**  
Indonesia Investment  
Coordinating Board

	Projection				
	2010	2011	2012	2013	2014
Economic growth (%)	5,5-5,6	6,0-6,3	6,4-6,9	6,7-7,4	7,0-7,7
investment(%)	7,2-7,3	7,9-10,9	8,4-11,5	10,2-12,0	11,7-12,1
Investment needs (Rp Trillion)	1,894.1	2,111.1 – 2,144.5	2,348.8 - 2,465.0	2,619.9 - 2,788.4	2,939.2 - 3,168.0
Government	220.0	272.9 - 274.5	329.9 - 336.6	417.8 - 433.1	525.6 - 552.5
% from total investment needs	11.6	12.8 - 12.9	13.7 - 14.0	15.5 - 15.9	17,4 - 17.9
Private	1,674.1	1,838.2 - 1,870.0	2,019.0 - 2,128.4	2,202.1 - 2,355.3	2,413.6 - 2,615.5
% from total investment needs	88.4	87.1 - 87.2	86.0 - 86.3	84.1 - 84.5	82.1-82.6

Source: Middle Term National Plan 2010-2014

# 2010 INDONESIA'S INVESTMENT OUTLOOK (Rp. Trillion)

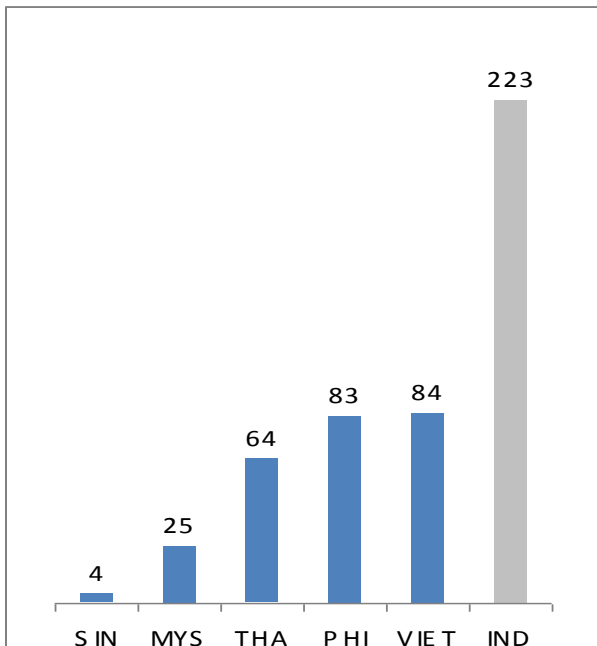


## KEY STRENGTHS

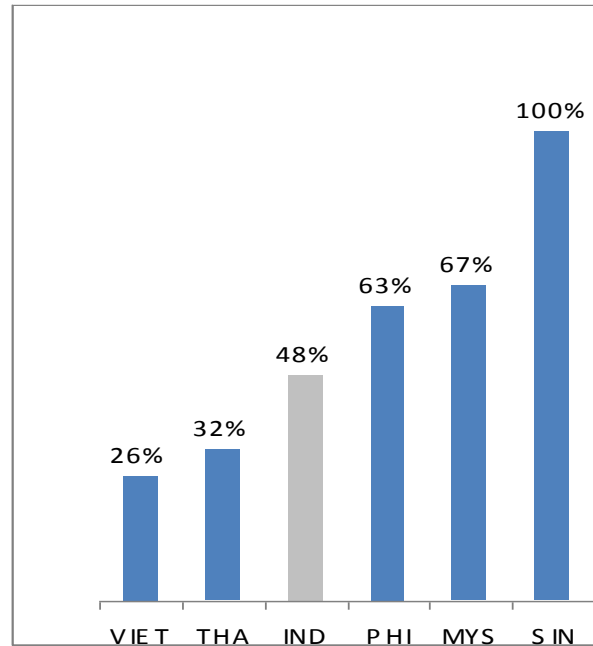
- Dynamic and youthful population
- Increasingly skilled labor force
- Abundance of natural resources
- Strategic geographic location and strong global presence
- On-going reform in investment climate

# INDONESIA'S DYNAMIC AND YOUTHFUL POPULATION

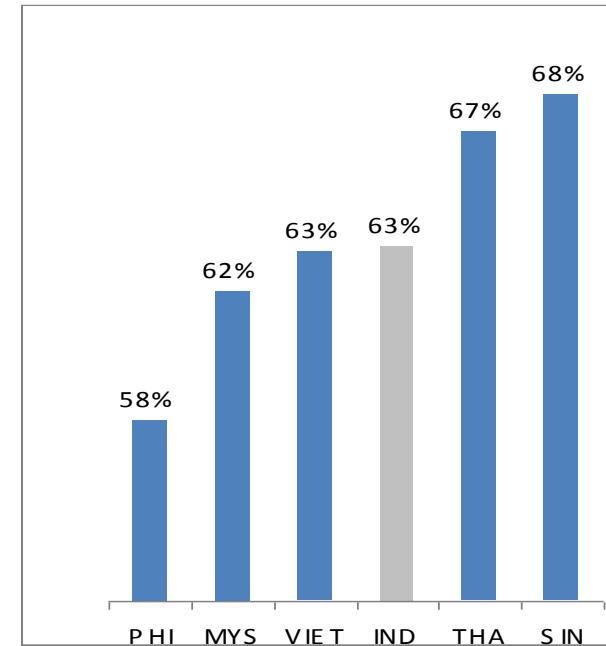
Population (mn)



Urbanization (%)



15-60 years old (%)



Source: EIU, 2007

- Indonesia's working-age cohort (15-60 yrs old) is estimated to peak in 2025
- Dynamic labor market participation with a growth of 2.3 million people per year
- Rapidly urbanizing population provides for labor force in centers of investment

# ABUNDANCE OF NATURAL RESOURCES...

## Coal

- Indonesia is a major player in the global coal market:
- The world's second largest thermal coal exporting country
- The world's 3<sup>rd</sup> largest exporter of steaming coal
- Production of around 141 million tons in 2008

## Natural Gas

- Around 112.5 trillion cubic feet of proven natural gas by the end of 2008 and is the single largest holder of proven natural gas reserve in the Asia Pacific region

## Oil

- Over 3.7 billion barrels of proven oil reserves

## Renewable energy

- Holds 40% of the world's geothermal resources, equivalent to 27GW of power generation potential

## Others

- Palm oil, cocoa, and other minerals

## OTHER MINERAL & AGRICULTURE COMPARATIVE ADVANTAGES...

No	Commodity	Production	Location	World Rank
1	Crude Palm Oil	19 million ton (2008)	Sumatera, Kalimantan, Sulawesi, Papua.	1 <sup>st</sup>
2	Tin	65 Thousand ton (2007)	Sumatera	2 <sup>nd</sup>
3	Cocoa	770 thousand ton (2007)	Sulawesi, Sumatera, Java, Kalimantan, East Nusa Tenggara	2 <sup>nd</sup>
4	Copper	818 thousand ton (2006)	Papua, Maluku, Nusa Tenggara	2 <sup>nd</sup>
5	Nickel	4.35 million ton (2006)	Sulawesi, Sumatera, Maluku, Papua	5 <sup>th</sup>
6	Gold	89 thousand kg (2007)	Kalimantan, Sumatera, Maluku, Papua	7 <sup>nd</sup>

Source: BKPM, various

# KEY STRENGTH

- Three prominent international ratings agencies have upgraded Indonesia's sovereignty ratings (in spite of global economic uncertainties) to 1-2 notches below investment grade and conferred it a stable outlook:
  - **Moody's in January 2011, from Ba2 to Ba1**
  - **Fitch in end of Jan. 2010, from BB to BB+/stable**
  - **S & P in March 2010, from BB- to BB/stable**
- For 2009 - 2011, UNCTAD has put Indonesia (from their survey in 2009) among the top 10 most attractive economies for FDI, surpassing other SE Asia tigers i.e., Thailand, Malaysia, and Vietnam
- Indonesia rank has improved 10 notches from 54 (2009-2010) to 44 (2010-2011) at World Economic Forums's Global Competitiveness Index (CGI)



# ON-GOING REFORMS IN INVESTMENT CLIMATE ...

- Economic growth at average 7% per year.
- Investment Law (2007)
  - mandate equal treatment for foreign and domestic investors
  - No minimum capital requirement, freedom to repatriate capital
- Issuance of comprehensive investment negative list that includes all restrictions in a single, more transparent regulation
- An acceleration of the VAT refund system for exporters
- Establishment of a complaint management system and a code of conduct for tax officials
- National Single Window for trade facilitation at the main seaport
- Simplification of business start up and licensing procedures, including the “one-stop shop” licensing provision at BKPM
- Added tax facility for strategic investors by enacting tax holiday

# INVESTMENT OPPORTUNITIES

# INVESTMENT OPPORTUNITIES – PUBLIC PRIVATE PARTNERSHIP IN INFRASTRUCTURE

- Indonesia needs at least US\$200 billion in infrastructure investment over the next four years. The government of Indonesia recognizes the vital role infrastructure plays in development and attracting investment, and is working through BKPM to promote investment in infrastructure development through Public-Private Partnership (PPP) Program.
- In 2010, there are 100 (potential/priority/ready to offer) projects with a net worth around US\$47.3 billion listed in Indonesia's PPP Book:

SECTOR/SUB-SECTOR	QUANTITY	PROJECT COST (US\$ Million)
Air Transportation	7	1,557.80
Land Transportation	2	274.00
Marine Transportation	12	2,895.29
Railways	9	9,547.30
Toll Road	35	26,852.90
Water Supply	24	1,849.37
Solid Waste and Sanitation	6	277.27
Power	5	4,045.00
<b>TOTAL</b>	<b>100</b>	<b>47,298.93</b>

- Currently, five projects with a net worth of around US\$4.5 billion have been designated as **Potential Showcase Projects**:

PROJECTS	US\$ MILLION
<b>Coal Power Plant, Central Java</b> (already tendered, bidders from China: China Shenhua Energy Company and CNTIC – Yudean Consortium, beside 5 other bidders)	3,000
<b>Tanah Ampo Cruise Terminal, Karangasem, Bali</b>	36
<b>Soekarno Hatta Airport – Manggarai Station Railway Development, Banten – Jakarta</b>	735
<b>Medan – Kuala Namu – Tebing Tinggi Toll Road, North Sumatra</b>	476
<b>Umbulan Water Supply, East Java</b>	204
<b>TOTAL</b>	<b>4,451</b>

# SUMMARY OF PPP INFRASTRUCTURE PROJECTS IN INDONESIA

## **Tanah Ampo Cruise Terminal, Karangasem, Bali (Est. US\$ 24 million )**

- a. Scope of works are as follow :Construction of passengers terminal and associated facilities with total area of 9,000 m2
- b. Expansion of Jetty to achieve 350m length and 24m width to accommodate large cruise ship
- c. Operation and maintenance of the whole cruise terminal and its associated facilities

## **Medan – Kualanamu Toll Road (Est. US\$ 476 million)**

- a. Design, Construction, Operation and Maintenance of toll road
- b. 60 km length

## **Soekarno Hatta International Airport Railway (Est. US\$ 700 million)**

- a. Construction of coal railways from Manggarai terminal to theSoekarno-Hatta airport (fully elevated and dedicated) and associateted terminals (about 6 stations) and other railway facilities with total length about 35 km.
- b. Design, build, finance, operate, and transfer of the whole railways and its associated facilities.

## **Central Java Coal Fired Steam Power Plant (Est. US\$ 2,000 million )**

- a. IPP to develop, finance, design, construct plant and associated transmission line to substation / 500 kV line
- b. T-line to be transferred to PLN upon completion
- c. IPP to operate plant under 30 year PPA

## **Umbulan Spring water Projects (Est. US\$ 180 – 200 million)**

- a. Intake facility with design capacity of 4,000 L/sec of spring water to supply Pasuruan City, Pasuruan Regency, Sidoarjo Regency, Gresik Regency and Surabaya City.
- b. 92 km underground transmission pipeline from Umbulan Spring to Grisi Reservoir at Gresik which will supply water from 13 offtakes



**THANK YOU**

**[www.bkpm.go.id](http://www.bkpm.go.id)**