IBAI Regulatory Update - August 2026

Dear IBAI Members,

In Q2 2026, Indonesia is strengthening its economic foundations through trade, investment, and regulatory reform. From manufacturing-led exports and robust investment inflows to clearer halal policies ahead of mandatory implementation and refined tax rules for MSMEs, each move aims to boost competitiveness, compliance, and investor confidence. These steps reinforce Indonesia's push toward a more resilient and globally trusted economy.

Here's a preview of four key developments driving that agenda this year:

1. Indonesia Trade Q2 2026: Manufacturing Drives Exports, Imports Surge on Raw Materials

Indonesia's trade in Q2 2026 showed resilience, with exports rising in April and June driven by manufacturing and mining. Import growth in raw materials and capital goods reflects expanding industrial activity. West Java led export performance, and China remained a key trade partner, supporting continued trade momentum.

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2. BPJPH Strengthens Dialogue with the European Union Ahead of Mandatory Halal Implementation

In preparation for mandatory halal certification in October 2026, BPJPH held a constructive dialogue with 22 EU representatives in Jakarta. The meeting advanced alignment on regulations, certification processes, and recognition agreements, creating greater clarity and confidence for European businesses trading with Indonesia under Law No. 33 of 2014.

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3. Domestic and Foreign Direct Investment Realization in Indonesia in Q2 of 2026

Investment realization in Indonesia reached IDR 511.8 trillion in Q2 2026. Domestic and foreign investment contributed in nearly equal proportion, underscoring continued confidence in Indonesia's economic outlook. The primary drivers of investment were basic metals, mining, and downstream industries, strengthening Indonesia's competitiveness in attracting both local and international capital.

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4. Government Regulation No. 20 of 2026: Supporting MSMEs with Clearer Tax Incentives

The Government issued Government Regulation No. 20 of 2026 to strengthen the 0.5% final income tax facility for MSMEs. By refining eligibility criteria and compliance measures while keeping rates unchanged, the regulation ensures the incentive remains well-targeted, fair, and supportive of MSME growth and sustainability.

Read more

You can find more detailed information through the links below each section.

IBAI will continue monitoring regulatory and economic developments relevant to European companies operating in Indonesia.

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