



The Deputy for Economic Competitiveness Enforcement of the Coordinating Ministry of Economic Affairs, Ichsan Zulkarnaen conveyed the government's breakthrough in maintaining Indonesia's economic growth as the Job Creation Law (Omnibus Law) has been implementing. The complex restriction on investment is known to be one of the causes for the slow economic growth in Indonesia before. Thus, simplification of investment policies, particularly foreign investment, has become one of the government's focuses as an effort to develop Indonesia's economic growth in the future.

Stated in Article 12 of the Job Creation Law which explained that all business fields are open to investment activities, except for some fields that are declared closed as it can only be carried out by the central government. Furthermore, provisions regarding investment requirements will be regulated by presidential regulation. The Presidential Regulations which regulate investment restriction itself have been amended 3 times to improve government policies in terms of investment in Indonesia, and the changes are as follow:

1. Presidential Regulation No.44 Year 2016

In this regulation, as shown in the table below can be seen the high number of business fields involved but how complex and closed the investment processes in Indonesia are.

Criteria	Number of Units
Closed Business Field	20
Partnership and Reserved Business Sectors MSME-K	145
Open Business Fields with Certain Requirements	350
Total	515

2. Presidential Regulation No.10 Year 2021

In this regulation, as shown in the table below can be seen the simplification of investment restriction has begun to be applied as the government opens more business fields for investment activity in Indonesia.

Criteria	Number of Units
Closed Business Field	6
Allocated Business Field or Partnership with Cooperatives and MSMEs	86
Open Business Fields with Certain Requirements	46
Total	141

There is a system of priority and intensive grants which given to 246 business fields with various criteria, including; National strategy programs/projects; Solid Capital; Labor Intensive; High Technology; Pioneer Industry; Export Orientation, and/or; Orientated in Research, Development, and Innovation Activities. The incentive themselves include Fiscal incentives (taxation and customs and excise incentives), and Non-fiscal incentives (easy business licensing, provision of supporting infrastructure, energy, guaranteed availability of raw materials, immigration, employment). Moreover, there are business fields allocated or partnerships with cooperatives and micro, small and medium enterprises (MSMEs). The criteria for business fields allocated for cooperatives and MSMEs:

- Business activities do not use technology, or use simple technology,
- Business activities have specific processes, are labor-intensive, and are hereditary cultural heritages
- Business capital <IDR 10 billion (excluding land and building value)

Criteria for the business field that must be partnered with cooperatives and MSMEs:

- The business field which is mostly managed by Cooperatives and MSMEs, and/or
- Business field pushed into the supply chain

In addition, for the business field with certain requirements, particularly for foreign investment, it is stated that the restriction does not apply if Investments have been approved before this Presidential Regulation is published, and Investors with privileges under international treaties. In addition, special permissions from certain ministries apply to foreign companies.

3. Presidential Regulation No.49 Year 2021

This new regulation was published as a complement and improvement of Presidential Regulation No.10 Year 2021. With the awareness of the importance of protecting the health-related business fields, the government has added 3 business fields under closed criteria, including the liquor industry containing Alcohol, Wine, and Malt.

Criteria	Number of Units
Closed Business Field	9
Allocated Business Field or Partnership with Cooperatives and MSMEs	106
Open Business Fields with Certain Requirements	37
Total	141

Reference:

- The webinar regarding the Risk-Based Approach Business Licensing Process, Investment Priority List, and the Online Single Submission System (OSS) System

If you require a copy of the reference document above, please do not hesitate to contact research@ibai.or.id. Thank you for your attention and hope this information would be valuable for you.

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