



## overview

### *A Resilient, Reform-Driven Regional Economic Powerhouse*

Indonesia is the largest economy in Southeast Asia and the 16th largest economy based on current US\$ GDP reaching US\$ 1.4 trillion in 2024 and the 8th largest economy based on GDP using current international \$ PPP. As the only ASEAN member of the G20, Indonesia continues to demonstrate macroeconomic resilience with steady growth of 5.11% in 2025. Indonesia is also advancing its accession process to the OECD, having submitted its Initial Memorandum in 2025 as a key milestone toward full membership. This accession process reflects Indonesia's commitment to aligning its regulatory framework, governance standards, and investment climate with global best practices, strengthening legal certainty, enhancing transparency, and reinforcing investor confidence as the country advances toward its Vision 2045 to become an advanced economy.

### *Strong Domestic Demand and Strategic Market Access*

With a population of approximately 287 million people, Indonesia represents around 41% of ASEAN's population and contributes roughly 35% of the region's GDP. As the largest consumer market in ASEAN and the fourth most populous country globally, Indonesia offers strong domestic demand, supported by 47.85 million new middle-income consumers recorded in 2024 (BPS-Statistics Indonesia, 2025). Serving as a strategic gateway to the ASEAN market of 695 million people (World Bank, 2024). Indonesia is also a key export hub, supported by free trade agreements with more than 30 partner economies, including RCEP, the world's largest trade agreement, covering roughly one-third of global GDP and population, and offering preferential access to major international markets.

### *Future-Ready and Digitally Connected Workforce*

Indonesia's demographic advantage remains a key strength, with around two-thirds of its population in the working-age group and a median age of approximately 30 years. This demographic dividend is expected to continue through at least 2050, ensuring a stable and expanding labor force. With 1.4 million university graduates per year and increasing investment in education and digital skills, Indonesia offers a highly adaptable workforce. Indonesia's digital ecosystem continues to expand rapidly. In 2025, the country has approximately 230 million internet users, with internet penetration reaching around 81% of the population (APJII, 2025). Active social media users exceed 180 million (We Are Social, 2025), reflecting high levels of digital engagement and mobile connectivity. This widespread digital adoption underscores Indonesia's emergence as a tech-savvy and innovation-ready workforce in Southeast Asia.

### *A resource-rich country with thriving downstream industries*

As the world's largest archipelagic state, Indonesia spans 8.3 million km<sup>2</sup>, comprising 1.9 million km<sup>2</sup> of land and 6.4 million km<sup>2</sup> of maritime area, with over 17,500 islands and 108,000 km of coastline. Strategically located along major global shipping lanes, Indonesia plays a vital role in international trade and maritime connectivity. Rich in critical minerals and agricultural commodities, including nickel, tin, bauxite, copper, gold, palm oil, rubber, cocoa, and coffee, Indonesia is accelerating value-added downstream industrialization to maximize its resource potential. An estimated USD 618 billion in investment is required through 2040 across key sectors such as mineral processing, energy, plantations, forestry, fisheries, and marine industries. This transformation is projected to generate USD 857.9 billion in exports, contribute USD 235.9 billion to GDP, and create over 3 million jobs, reinforcing Indonesia's position as a competitive and sustainable industrial powerhouse in the global value chain.

### *Investor-Friendly Landscape*

Indonesia has strategically positioned itself as a premier destination for foreign direct investment by fostering a transparent and business-friendly ecosystem, strengthened by risk-based licensing reform and enhanced legal certainty. This environment is supported by extensive infrastructure and competitive incentives. The country currently hosts 25 Special Economic Zones (SEZs), four Free Trade Zones (FTZs) located along the strategic Malacca Strait, and 175 industrial estates, all strategically developed to enhance competitiveness, facilitate export-oriented manufacturing, and accelerate industrial downstream development.

## strategic sectors

### Downstream Industry



Indonesia has rapidly transformed into a dominant force in the global nickel market since banning raw nickel exports in 2014. This policy shift has attracted substantial foreign investment, leading to the establishment of extensive nickel processing infrastructure. By 2024, Indonesia accounted for 61% of the global refined nickel supply, a share expected to grow, positioning Indonesia as the 'OPEC of nickel.' This dominance offers significant opportunities in mineral processing and related downstream industries.

### New and Renewable Energy



Committed to achieving carbon neutrality by 2060, Indonesia is accelerating investment in new and renewable energy (NRE). The country possesses vast renewable energy resources with a total potential of 3,687 GW, yet less than 1% has been utilized to date, primarily in hydro, bioenergy, and geothermal. To strengthen the energy transition, an estimated USD 104.2 billion in investment is required by 2030 to increase installed NRE capacity by 52.9 GW, from the current 15.2 GW. This significant untapped potential presents substantial long-term investment opportunities across solar, wind, hydro, geothermal, bioenergy, and emerging green energy technologies.

### Agriculture and Food Industry



Indonesia's agriculture and food sector is a key pillar of its economy, supported by abundant natural resources and a large domestic market. As a leading producer of commodities such as palm oil, rubber, cocoa, and coffee, Indonesia plays a vital role in global supply chains. The country's food and beverage industry accounts for 28% of Southeast Asia's market and is experiencing robust growth, with a projected 12.84% CAGR from 2025 to 2031 (Mordor Intelligence, 2026). This expansion is driven by shifting consumer preferences toward modern, packaged, and higher-quality foods, supported by a growing middle-income demographic and strong agricultural output, including palm oil, sugar, corn, and cereals.

### Health Sector



Indonesia's healthcare sector is expanding to meet the needs of its growing population. The government is focused on improving healthcare infrastructure and services, creating opportunities for investment in pharmaceuticals, medical devices, and healthcare facilities. The increasing prevalence of lifestyle-related diseases and a rising middle class with greater health awareness further drives demand in this sector.

### Education



With a young and dynamic population, Indonesia places a strong emphasis on education to enhance its human capital. The growing demand for quality higher education and vocational training programs presents opportunities for establishing educational institutions, vocational training centers, and e-learning platforms to equip the workforce with relevant skills.

### Digital Economy



Indonesia's digital economy continues to emerge as a key growth engine, reaching approximately USD 99 billion in 2025 and projected to expand to around USD 340 billion by 2030. The sector is expected to contribute between 15.5% and 19.6% of GDP by 2045, driven by strong fintech adoption, rapid e-commerce expansion, and widespread digital public infrastructure such as QRIS, which is utilized by over 90% of MSMEs. With more than 230 million internet users and over 180 million active social media users, Indonesia offers one of the largest digital consumer markets globally. Ongoing initiatives to strengthen digital talent, data center development, AI innovation, and cross-border digital trade further position Indonesia as a leading digital hub in Southeast Asia.

### Semiconductor Industry



As global demand for semiconductors rises, Indonesia is positioning itself to become a significant player in this industry. The government's initiatives to develop the manufacturing sector and attract high-tech industries create a conducive environment for investment in semiconductor manufacturing and related supply chains.

### Nusantara Capital City (IKN)



The development of Indonesia's new capital city, Nusantara, presents extensive investment opportunities in infrastructure, real estate, and urban development. The project aims to create a smart and sustainable city, opening avenues for investors in construction, technology, and public services.

### Export-Oriented Manufacturing Industry



Indonesia's strategic location and favorable trade agreements make it an ideal base for export-oriented manufacturing. Indonesia's manufacturing sector has been a significant contributor to economic growth, with opportunities in textiles, electronics, automotive, and consumer goods production for global markets.

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## key sector

### *Automotive/ Electric Vehicle*



Indonesia continues to be a pivotal player in Southeast Asia's automotive sector. In 2025, the nation produced approximately 1.1 million vehicles, exported 518,212 units, and recorded domestic sales of 1.6 million units. In the electric vehicle (EV) arena, Indonesia is making significant strides. The government has set ambitious targets to have 2 million electric cars and 13 million electric two-wheelers on the roads by 2030. Collaborations with major global brands from Asia, Europe, and America are underway, with a production target of 600,000 electric cars by 2030.

### *Downstream Industry & Battery Ecosystem*



Indonesia is accelerating the downstream development of its critical minerals to support the national energy transition and strengthen renewable industrial supply chains. As the world's leading producer of nickel and a major supplier of cobalt and bauxite, Indonesia is shifting from raw material exports toward higher value-added processing, including precursor materials, cathodes, and battery-grade refining. Industrial expansion is increasingly aligned with renewable energy-based smelting and sustainable production standards. Beyond electric vehicles, Indonesia is also positioning itself in Battery Energy Storage Systems (BESS) to support grid stability and solar power integration. This transformation enhances domestic energy resilience, increases export value from sustainable commodities, and creates long-term investment opportunities in mineral refining, advanced materials, energy storage systems, and green industrial clusters.

### *Green Fuels*



Indonesia is positioning itself as a future hub for green hydrogen, bio-sustainable aviation fuel (Bio-SAF), green ammonia, methanol, and other clean fuels, aligned with its Net Zero Emission target by 2060. The country possesses abundant renewable energy potential exceeding 3,000 GW, providing a strong foundation for competitive green fuel production. Rising global demand for low-carbon fuels, particularly from Asia and Europe, creates significant export opportunities. Indonesia is developing integrated green industrial clusters to support hydrogen and derivative fuel production, leveraging its strategic location along major global shipping routes and proximity to key energy-importing markets.

### *Carbon Capture, Utilization, and Storage (CCUS)*



Indonesia holds an estimated 600 gigatons of CO<sub>2</sub> storage capacity, one of the largest in the Asia-Pacific region, positioning the country as a potential regional carbon storage hub. The government has initiated several CCUS projects in collaboration with international energy partners, with early-stage investment commitments exceeding USD 15 billion. Regulatory frameworks are being strengthened to facilitate cross-border carbon storage and carbon trading mechanisms. Opportunities exist in offshore storage development, carbon transportation infrastructure, enhanced oil recovery (EOR), and industrial decarbonization solutions for hard-to-abate sectors.

### *Waste-to-Energy (PLTSa)*



Indonesia is accelerating the development of a circular economy, including large-scale waste-to-energy (PLTSa) projects to address urban waste challenges. Recently announced national waste-to-energy program encompasses 33 strategic locations with investment value of IDR 91 trillion (USD 5.52 billion), mainly supported by Danantara - a newly established sovereign wealth fund. With standardized facility design. The projects will process 1,000 tons per day municipal solid waste generating approximately 35 MW electrical output. With rapid urbanization and rising municipal waste generation, Indonesia offers long-term opportunities in integrated waste management systems, recycling industries, waste-to-energy infrastructure, and environmentally sustainable urban solutions. These initiatives are aligned with a broader green economy and emission reduction targets.

## investment climate

<i>Open policies for foreign direct investments (FDI)</i>	By law, the government ensures same treatment to foreign and domestic direct investment (FDI and DDI), right to transfer assets and no ownership takeover. All business activities are open for 100% foreign ownership, except for some business activities with certain requirements determined by certain regulations. An FDI company is required to establish a limited liability (Perseroan Terbatas or PT) in Indonesia with a minimum investment of IDR10 billion (~US\$600,060).
<i>Tax holiday and tax allowance</i>	Tax holiday is exemption of corporate income tax (CIT) offered to eligible pioneer sectors for up to 20 years depending on the investment size started at IDR500 billion (~US\$30.3 million). For smaller scale investment, the government offers mini tax holiday, a 50% reduction of CIT for 5 years. Tax allowance is a reduction of gross income subject to CIT by 30% of initial fixed assets (5% per year for 6 years) for certain business fields and/or regions. It also includes accelerated depreciation and amortization, reduced dividend withholding tax rate, and extended tax loss carry forward for up to 5 - 10 years.
<i>Super tax deduction</i>	This major tax deductions aim at boosting investment, R&D, and the participation of businesses in improving human resources. They include reduction of gross income subject to CIT up to 300% of the cost of R&D activities or up to 200% of the cost of educational activities, also reduction of net income subject to income tax by 60% of total investment (new business or expansion) in fixed assets for labor-intensive industries.
<i>Import duty facility</i>	On trade side, Indonesia provides an exemption of import duty on imported machines, goods, and material for industry and service industries applied up to 4 years for companies using locally-produced machines (minimum 30%). Exemption of custom duties, taxes for importing, processing and exporting are applicable in 4 FTZs, located in Malacca Strait that covers 30% of global trade.
<i>Simplified investment regulation and Strengthened OSS-RBA Licensing Framework</i>	Indonesia issued Job Creation Law 6/2023, a breakthrough in Indonesia's legal system, which revised 79 laws through a single law ("omnibus law"). It aims at creating vast job opportunities by improving investment climate and legal certainty, harmonizing central-regional policies, and simplifying regulation. To implement the law, several regulations have been issued, including the online single submission (OSS) with risk-based approach for investment licensing. To further enhance regulatory certainty and ease of doing business, the government issued Government Regulation (PP) No. 28/2025, which strengthens the OSS-RBA framework by establishing clear Service Level Agreements (SLA) for license issuance, standardizing licensing procedures across sectors, and introducing the Positive Fictive Principle. Under this mechanism, a business license application is deemed automatically approved if the relevant authority fails to process it within the stipulated SLA timeframe, provided that all administrative requirements have been fulfilled. These reforms significantly reduce administrative burdens, eliminate overlapping procedures, and create a more transparent, predictable, and efficient investment environment while strengthening investor confidence and accelerating project realization in Indonesia.
<i>End-to-end services and tailored facilities</i>	Ministry of Investment and Downstream Industry/BKPM is given the authorization to issue business licenses and investment facilities from other ministries/institutions. It empowers the ministry to provide end-to-end services, including tailored facilities for each investor. The service is also supported by related stakeholders under National Task-force for Investment whose task is resolving investment bottlenecks, also Indonesian Embassies/Consulate Generals and Indonesia Investment Promotion Centers (IIPCs) abroad.

# investment opportunities

## Investment Project and New Capital "Nusantara"

Ministry of Investment and Downstream Industry/BKPM curated 82 Investment Project throughout Indonesia with total indicative value of IDR253 trillion (~US\$15.35 billion) equipped with pre-feasibility study. For project profiles and further information, please contact us or visit [regionalinvestment.bkpm.go.id](http://regionalinvestment.bkpm.go.id). Indonesia also invites investors to participate in the development of the New Capital "Nusantara". Go to [www.ikn.go.id/en](http://www.ikn.go.id/en) to learn more about the Indonesia 2045 Vision to create A Global City for All.



[regionalinvestment.bkpm.go.id](http://regionalinvestment.bkpm.go.id)

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Ministry of Investment and Downstream Industry/BKPM (Investment Coordinating Board) is a government agency responsible for coordinating policies and providing services related to investment in accordance with the provisions of legislation.

As the primary interface between business and government in Indonesia, Ministry of Investment and Downstream Industry/BKPM is mandated to boost domestic and foreign direct investment through creating a conducive investment climate and providing end-to-end services. The Ministry is not only promoting investment inflows, but also seeking quality investments that enhance economic productivity, support green transition, and create more jobs.

Ministry of Investment and Downstream Industry/BKPM has nine representative offices around the globe that provide free consulting services on Indonesian investment opportunities, regulation, procedures, and assistance to identify potential local partners in Indonesia. Indonesia Investment Promotion Center (IIPC) New York office is the official representative for America region.

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