

Indonesia

Investment Cooperation Guide -- Indonesia (2026 Edition)

Investment Cooperation Guide -- Indonesia (2026 Edition) | Published by AERI

Investment Cooperation Guide -- Indonesia (2026 Edition) -- Asian Economic Research Institute

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Executive Summary

Indonesia is one of the most investment-attractive economies in Southeast Asia and China's most important economic and trade cooperation partner within ASEAN. The Institute has long monitored the evolution of the regional economic landscape in Southeast Asia. This research indicates that Indonesia, leveraging its vast domestic market, abundant natural resources, strategic geographical position, and continuously improving business environment, is becoming a strategic anchor for international capital deployment in ASEAN.

In 2025, Indonesia's GDP reached USD 1.44 trillion, growing by 5.0% year-on-year, with per capita GDP of approximately USD 5,074. In 2024, Indonesia's total investment inflows reached IDR 1,931 trillion (approximately USD 119.3 billion), of which foreign investment accounted for IDR 900.9 trillion, up 0.1% year-on-year. China has maintained its position as Indonesia's largest trading partner for consecutive years, with bilateral trade surpassing the USD 100 billion milestone in 2024. In 2023, the two countries announced the building of a China-Indonesia community with a shared future, marking a new historical stage in bilateral relations.

The Institute considers that Indonesia's core investment value manifests at three levels: first, enormous market potential, with a vast consumer market of 280 million people, a rapidly expanding middle class, and ongoing consumption upgrading; second, superior resource endowment, with rich reserves of strategic resources including nickel, coal, palm oil, and natural gas, offering broad downstream industry investment opportunities; third, outstanding geographical advantage, controlling the strategic chokepoint of the Malacca Strait and capable of radiating across the ASEAN market of 670 million people. The Indonesian government continues to advance investment facilitation reforms, establishing special economic zones, optimising tax policies, and relaxing foreign ownership restrictions, creating favourable conditions for enterprise investment.

This guide systematically introduces Indonesia's political and economic overview, investment policies and regulations, China-Indonesia economic and trade cooperation, enterprise financing channels, compliance operation essentials, and basic information on living and working in Indonesia, providing decision-making reference for Chinese enterprises investing in Indonesia.

Preface

The Asian Economic Research Institute is a professional institution dedicated to Asian regional economic research, committed to providing authoritative and professional investment environment information and

consulting services for Chinese and foreign enterprises. To help Chinese enterprises better understand Indonesia's investment environment and opportunities, we have organised the compilation of this guide.

This guide adopts a six-chapter structure, systematically introducing Indonesia's political and economic overview, investment policies and regulations, China-Indonesia economic and trade cooperation, enterprise financing channels, compliance operation essentials, and basic information on living and working in Indonesia. The content is primarily sourced from official statistical data of Indonesia, publicly available information from China's Ministry of Commerce, and data from international institutions such as the World Bank and IMF, striving for authoritative content, accurate data, and strong practical utility.

This guide will be updated in a timely manner in accordance with changes in Indonesia's political and economic situation and adjustments to policies and regulations. Comments and corrections from all sectors are welcome.

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Part I Indonesia Overview

AERI Assessment

Indonesia is one of the most dynamic and development-potential countries in Southeast Asia, and an important destination for Chinese enterprises "going global." The Institute notes that Indonesia, leveraging its unique archipelagic geographical advantages, abundant natural resource endowment, and rapidly growing domestic market, is attracting increasing international capital inflows against the backdrop of global supply chain restructuring. In particular, downstream industry investment in mineral resources such as nickel, copper, and coal, as well as emerging sectors such as the digital economy and green economy, have injected new momentum into Indonesia's economic growth.

For Chinese enterprises, the attractiveness of the Indonesian market lies not only in its own economic scale and resource endowment, but also in its strategic position as the gateway to ASEAN and its increasingly refined investment policy environment. From Indonesia, it is convenient to radiate across the entire ASEAN market. Meanwhile, friendly political relations between China and Indonesia and well-established economic and trade cooperation mechanisms provide sound institutional guarantees for Chinese enterprise investment.

1 National Overview

1.1 Geographical Environment

Geographical Location

Indonesia is located in Southeast Asia and is the world's largest archipelagic country, comprising 17,508 islands with a land area of 1.914 million square kilometres. Indonesia shares land borders with Papua New Guinea, East Timor, and Malaysia, and faces Thailand, Singapore, the Philippines, and Australia across the sea, controlling the strategic chokepoint of the Malacca Strait and serving as an important maritime passage connecting the Pacific and Indian Oceans. The national coastline totals approximately 54,716 kilometres, with extensive maritime exclusive economic zones.

Climate

Indonesia straddles the equator and features a tropical rainforest climate with consistently high temperatures and abundant rainfall year-round. The average annual temperature ranges from 25 to 27 degrees Celsius, with humidity between 70% and 90%. The country has two seasons: the dry season from May to October and the rainy season from November to April. The tropical climate provides favourable conditions for agricultural development but also brings natural disaster risks such as flooding during the rainy season and forest fires during dry periods.

Population

According to data released by Indonesia's Central Bureau of Statistics in 2025, Indonesia's total population has reached 286 million, making it the world's fourth most populous country. Java Island has a population of approximately 150 million, making it the most populous island in the world. Indonesia's population structure is young, with approximately 69% of the population in the 15-64 working-age group, providing an ample labour supply for economic development. The Jakarta metropolitan area has a population of approximately 11 million.

Capital

The capital Jakarta is Indonesia's political, economic, and cultural centre, with an area of 740 square kilometres and a population of approximately 10 million.

Administrative Divisions

Indonesia has 38 first-level administrative divisions (provincial level), including the Jakarta Capital Special Region, the Yogyakarta Special Region, the Aceh Special Region, and 35 provinces; there are 514 second-level administrative divisions (regency/city level).

1.2 Political System

Form of Government

Indonesia operates a presidential republic system. The President serves as both head of state and head of government, and commander-in-chief of the armed forces. The President and Vice President are both directly elected by the people, with a five-year term, and the President may be re-elected once. On 14 February 2024, Indonesia held its presidential election, with Prabowo Subianto elected as the new President, and he was officially inaugurated in October 2024.

Constitution

Indonesia's current constitution is the "1945 Constitution," which was promulgated on 18 August 1945 and has undergone multiple subsequent amendments.

Parliament

Indonesia implements a separation of powers. The People's Consultative Assembly (MPR) is the highest state authority, composed of the House of Representatives (DPR) and the Regional Representative

Council (DPD). The House of Representatives serves as Indonesia's national legislative body, responsible for formulating and amending laws other than the constitution.

Judicial System

Indonesia's judicial system is independent of the legislative and executive branches. The Supreme Court is the highest judicial authority. The national court system comprises three levels: district courts, high courts, and the Supreme Court.

1.3 Foreign Relations

Basic Foreign Policy

Indonesia is a founding and core member of ASEAN, pursuing an independent and non-aligned foreign policy, and attaches importance to developing relations with major powers. Indonesia is also a member of the Non-Aligned Movement and actively participates in the affairs of international organisations including the United Nations and the G20.

Relations with ASEAN

Indonesia is an important ASEAN member, maintaining close political, economic, and cultural relations with ASEAN countries, and is actively committed to the ASEAN Free Trade Area and the regional integration process.

Relations with China

China and Indonesia established diplomatic relations on 13 April 1950. Over more than 70 years since the establishment of diplomatic relations, bilateral relations have generally developed smoothly and continued to deepen. In April 2005, the two countries established a strategic partnership. In October 2013, bilateral relations were elevated to a comprehensive strategic partnership. In November 2023, the two countries announced the building of a China-Indonesia community with a shared future. In November 2024, the two countries reached consensus on building a China-Indonesia community with a shared future that has regional and global influence.

Key cooperation documents:- November 2022: Signed the "Cooperation Plan under the Framework of Aligning the Belt and Road Initiative with the Global Maritime Fulcrum Vision"- October 2023: Issued the "Joint Statement of the People's Republic of China and the Republic of Indonesia on Deepening Comprehensive Strategic Cooperation"- October 2023: Signed the "Joint Statement of the People's Republic of China and the Republic of Indonesia on Strengthening the Comprehensive Strategic Partnership"

Economic and trade cooperation:- In 2024, China-Indonesia bilateral trade surpassed USD 100 billion, reaching a historic high- China has maintained its position as Indonesia's largest trading partner for consecutive years- China is Indonesia's second largest source of foreign investment- Cooperation between the two countries continues to deepen in infrastructure, manufacturing, industrial parks, energy and mining, digital economy, and other fields

High-level exchanges:- November 2023: President Xi Jinping met with then-Indonesian President Joko

Widodo in Jakarta- November 2024: President Prabowo Subianto visited China after his election, and President Xi Jinping held talks with him- Over the years, leaders of the two countries have maintained frequent mutual visits and meetings

1.4 Society and Culture

Ethnic Groups

Indonesia has over 300 ethnic groups, of which the Javanese account for 45% of the total population, the Sundanese 14%, the Madurese 7.5%, the Malay 7.5%, and ethnic Chinese approximately 5% of the total population. Ethnic Chinese play an important role in Indonesia's commerce and industry sectors.

Language

Indonesia has over 200 ethnic languages. The official language is Bahasa Indonesia. English is widely used in business environments, and Chinese is commonly spoken in ethnic Chinese communities.

Religion

Approximately 87% of Indonesia's population practises Islam, making it the country with the world's largest Muslim population, with the majority being Sunni. 6.1% of the population practises Protestant Christianity, 3.6% practises Catholicism, and the remainder practise Hinduism, Buddhism, and other religions.

Currency

Indonesian Rupiah (IDR). In 2025, the exchange rate of the Rupiah against the US Dollar was approximately 16,700-17,000:1.

2 Economic Overview

2.1 Macroeconomy

Economic Growth Rate

According to data released by Indonesia's Central Bureau of Statistics, Indonesia's GDP in 2024 was approximately USD 1.40 trillion, with a GDP growth rate of 5.03%. In 2025, Indonesia's GDP reached USD 1.44 trillion, growing by 5.0% year-on-year, with per capita GDP of approximately USD 5,074. Indonesia's economic growth rate has remained above 5% for consecutive years, demonstrating strong growth resilience.

Industrial Structure

According to World Bank data, in 2024, agriculture, industry, and services accounted for 12.61%, 39.32%, and 43.77% of Indonesia's GDP respectively. Industry and services are the main engines of economic growth.

Inflation Rate

In 2024, Indonesia's inflation rate was 1.6%, remaining within the Bank Indonesia's target range of 2.5% +/-1%, providing room for monetary policy operations.

Unemployment Rate

According to Indonesia's Central Bureau of Statistics, the unemployment rate in 2025 was 4.9%, remaining at a relatively low level.

Foreign Exchange Reserves

According to data published by Bank Indonesia, as of the end of 2025, Indonesia's foreign exchange reserves reached USD 156.5 billion, sufficient to cover 6.4 months of imports or 6.3 months of imports plus government external debt servicing, well above the international adequacy standard of 3 months.

Trade Balance

In 2025, Indonesia achieved a trade surplus of USD 41.05 billion, maintaining a trade surplus for 67 consecutive months. The current account deficit is projected to be only 0.5% of GDP, within a sustainable range.

Fiscal Balance

According to Indonesia's Ministry of Finance, total government revenue in 2024 was IDR 284.25 trillion, total expenditure reached IDR 335.03 trillion, with a fiscal deficit of IDR 507.8 trillion, accounting for approximately 2.8% of GDP, within a controllable range.

Credit Rating

The three major international credit rating agencies -- S&P, Moody's, and Fitch -- have all assigned investment-grade sovereign credit ratings to Indonesia, reflecting Indonesia's sound economic fundamentals.

2.2 Key/Specialised Industries

Mineral Resources

Indonesia possesses extremely rich mineral resources. Its nickel reserves rank first in the world, and it has considerable reserves of copper, bauxite, tin, gold, and silver. In recent years, the Indonesian government has promoted a mineral downstreaming policy, banning nickel ore exports and requiring foreign investors to establish smelting and processing plants in Indonesia, attracting substantial foreign investment into nickel smelting and other downstream industries.

Oil and Gas

Indonesia has abundant oil and gas resources, with oil reserves of 9.7 billion barrels and natural gas reserves of 35.3 trillion standard cubic feet. The state oil company Pertamina is Indonesia's largest petroleum enterprise.

Agriculture, Forestry, and Fisheries

Indonesia is a major agricultural country with approximately 80 million hectares of arable land. Major cash crops include palm oil, rubber, coffee, and cocoa. Indonesia's palm oil production ranks first in the world, and its natural rubber production ranks second globally. Fishery resources are abundant, with over 7,000 marine fish species.

Industrial Manufacturing

Indonesia's industrialisation level is moderate, with over 30 different manufacturing sub-sectors, primarily including textiles, electronics, wood processing, steel, machinery, automotive, pulp and paper, chemicals, rubber processing, footwear, and food and beverages. The government is promoting manufacturing upgrade and transformation through the Making Indonesia 4.0 initiative.

Tourism

Indonesia has abundant tourism resources, featuring famous attractions such as Bali, the Borobudur Temple in Yogyakarta, Prambanan Temple, the Sultan's Palace, Taman Mini Indonesia Indah in Jakarta, and Tangkuban Perahu volcano. In 2024, a total of 13.9 million foreign tourists visited Indonesia, a year-on-year increase of 19%.

Digital Economy

Indonesia's digital economy is developing rapidly, with active investment in e-commerce, financial technology, and digital payments. Unicorn enterprises such as GoTo and Traveloka have emerged, attracting investment from Chinese capital including Alibaba and Tencent.

2.3 Infrastructure

Roads

Indonesia has a total road length of 548,366 kilometres, of which 47,024 kilometres are national roads and 54,845 kilometres are provincial roads. Land transport is relatively well-developed in Java, Sumatra, Sulawesi, and Bali.

Railways

Indonesia's total railway length is 6,600 kilometres. Railway transport is relatively well-developed on Java and Sumatra islands, with Java's railway length of 4,684 kilometres accounting for 72.53% of the national total. The Jakarta-Bandung High-Speed Railway was officially commercially operated in October 2023, connecting the capital Jakarta with the fourth-largest city Bandung, with a total length of 142 kilometres and a design speed of 350 km/h.

Air Transport

Indonesia's major domestic airlines include Garuda Indonesia, Indonesia AirAsia, and Lion Air. Major airports include Jakarta's Soekarno-Hatta International Airport, Surabaya's Juanda International Airport, Medan's Kuala Namu International Airport, and Denpasar's Ngurah Rai International Airport.

Water Transport

Indonesia has approximately 1,400 ports of various types, including 33 major ports. Jakarta's Tanjung Priok Port is the country's largest international port, with an annual throughput of approximately 4.2 million TEUs. Surabaya's Tanjung Perak Port is the second-largest, with an annual throughput of 1.4 million TEUs.

Electricity

According to Indonesia's Ministry of Energy and Mineral Resources, in 2024, Indonesia's total installed power generation capacity reached 101.1 GW, a year-on-year increase of 10.9%, with total electricity generation of 343,892 GWh, up 6.4% year-on-year.

Part II

Indonesia's Investment Environment and Policies

AERI Assessment

The Institute considers that Indonesia's investment environment has continued to improve in recent years, demonstrating strong attractiveness. On one hand, the Indonesian government continues to advance investment facilitation reforms, establishing special economic zones, optimising tax policies, and relaxing foreign ownership restrictions; on the other hand, Indonesia's vast domestic market and abundant natural resources provide investors with broad development space. Particularly in downstream industries of mineral resources such as nickel and copper, as well as in the digital economy, new energy, and electric vehicles, Indonesia's investment opportunities continue to emerge.

At the same time, the Institute also notes that Indonesia's investment environment still faces certain challenges. Relatively underdeveloped infrastructure, uneven regional development, administrative efficiency that needs improvement, and relatively complex labour regulations are issues that investors should pay sufficient attention to. Chinese enterprises should combine their own advantages, select appropriate investment sectors and models, and conduct thorough preliminary research and risk prevention.

1 Business Environment

Investment Facilitation

According to the World Bank business environment assessment (successor to Doing Business), Indonesia ranks 73rd among 190 economies globally. The Indonesian government continues to advance investment facilitation, with company registration time significantly shortened and e-government capacity gradually improved.

Competitiveness

According to the 2025 World Competitiveness Ranking (WCR), Indonesia ranks 40th (among 69 countries), a decline from 27th in 2024. Key challenges include education (62nd), healthcare and

environment (63rd), and government institutional efficiency (51st), which still need improvement.

International Comparison

Among ASEAN countries, Indonesia's investment attractiveness ranks in the upper tier. Singapore's business environment ranks 2nd, Malaysia 23rd, and Thailand 30th, while Indonesia ranks 40th. Indonesia has advantages in market size and natural resource endowment but still lags behind advanced regional economies in institutional efficiency and infrastructure.

2 Foreign Investment Inflows

Scale of Foreign Investment Inflows

According to data from Indonesia's Ministry of Investment and Downstreaming, total investment inflows in 2025 reached IDR 1,931 trillion (approximately USD 119.3 billion), a year-on-year increase of 12.7%, exceeding the government's target of IDR 1,905 trillion. Downstream industry investment amounted to IDR 407.8 trillion, accounting for 23.8% of total investment.

Foreign Investment Source Countries

Singapore is Indonesia's largest source of foreign investment, with investment of IDR 278.5 trillion in 2025, accounting for 30.9% of total foreign investment. Hong Kong ranked second with IDR 170.3 trillion, and China ranked third with IDR 120.1 trillion, accounting for 13.3%. Japan and Malaysia are also important investment source countries.

Investment Industry Distribution

In 2025, the basic metals and metal products industry attracted IDR 262 trillion in investment, making it the largest sector for foreign investment inflows. Communications, transportation, and warehousing ranked second with IDR 211 trillion, and mining ranked third with IDR 199.6 trillion. Mineral downstreaming, the digital economy, and new energy have become hotspots for foreign investment.

Investment Regional Distribution

Investment is relatively evenly distributed across Indonesia's regions, with areas outside Java attracting 57.5% of investment, which helps promote balanced regional development. West Java Province ranked first with IDR 296.8 trillion, and the Jakarta Capital Special Region ranked second with IDR 270.9 trillion.

3 Production Factors Overview

Labour Costs

Indonesia has an ample labour supply, with a working-age population of approximately 199 million in 2025, accounting for 69.03% of the total population. Minimum wage standards are determined by each province. In the Jakarta area, the 2025 minimum wage is approximately IDR 2.6-2.8 million per month, lower than major Chinese cities. The Indonesian government has strict protection measures for domestic labour; aside from senior management and senior technical positions, jobs that can be performed by

domestic workers are not permitted to be filled by foreign workers.

Land and Property Prices

Land prices in Indonesia vary significantly by region. Commercial land rent in Jakarta is approximately IDR 150-200 per square metre per month, and office space rent is approximately IDR 100-150 per square metre per month. Costs in second and third-tier cities are significantly lower than in Jakarta.

Water, Electricity, and Gas Prices

Industrial electricity prices in Indonesia are approximately USD 0.09-0.15 per kWh, relatively low. Industrial water prices are approximately USD 0.5-1.0 per cubic metre. Natural gas prices vary by usage, with industrial gas at approximately USD 0.5-0.8 per cubic metre.

Construction Costs

Indonesia's construction costs are at a medium level among ASEAN countries. Prices of construction materials such as steel reinforcement and cement are significantly affected by imports, but overall costs remain manageable.

4 Investment Policies and Regulations

Investment Competent Authority

Indonesia's Ministry of Investment and Downstreaming is the competent authority for investment, responsible for investment policy formulation, approval, and services. The Investment Coordinating Board (BKPM) handles specific approvals.

Investment Industry Regulations

Indonesia implements the Negative Investment List (DNI), which specifies industries prohibited or restricted from foreign investment. In recent years, Indonesia has gradually relaxed investment restrictions, allowing 100% foreign ownership in most industries.

Investment Method Regulations

Foreign investors may invest in Indonesia through establishing a limited liability company (PMA company), a branch office, or a representative office. Investment requires obtaining a Principle License; investments exceeding IDR 10 billion must undergo a national environmental impact assessment.

Tax System

Indonesia's tax system is relatively complex, with major tax types including corporate income tax, value-added tax, withholding tax, and land and building tax. The standard corporate income tax rate is 22%, with tax incentives available for certain industries and regions.

Labour Regulations

Indonesia's labour law has strict provisions regarding the employment of foreign workers. Foreigners

working in Indonesia must obtain a work visa and temporary residence permit, and must employ a certain proportion of Indonesian local employees.

Land System

Indonesia implements private land ownership. Foreign companies may obtain land use rights through leasing or purchase. Land title registration procedures are relatively complex and must be completed through a notary.

Intellectual Property Protection

Indonesia has acceded to multiple international intellectual property protection treaties, and the IP protection system is gradually improving. Patents, trademarks, and copyrights can be registered through the Directorate General of Intellectual Property of Indonesia.

Environmental Protection Regulations

Indonesia's environmental protection requirements are becoming increasingly stringent. Investment project construction requires an environmental impact assessment. The government actively promotes green economic development and encourages investment in renewable energy.

Part III

Chinese Enterprise Investment in Indonesia

AERI Assessment

The Institute considers that China-Indonesia economic and trade cooperation is at its best historical period, and Chinese enterprises face unprecedented opportunities for investment in Indonesia. On one hand, firm political mutual trust between the two countries and the deepening advancement of the community with a shared future provide solid political guarantees and institutional support for investment cooperation; on the other hand, Indonesia is actively advancing its industrialisation process and downstream industry development, forming high complementarity with Chinese enterprises' advantages in capital, technology, and market access in areas such as mineral resource processing, new energy, digital economy, and infrastructure.

Chinese enterprises have formed a certain scale of investment in Indonesia, covering mineral resource development, infrastructure, manufacturing, digital economy, new energy, and other fields. A group of Chinese-funded enterprises including Tsingshan Holding, Huawei, Alibaba, and CATL have achieved remarkable results in Indonesia. Going forward, as Indonesia continues its economic transformation and the building of the China-Indonesia community with a shared future deepens, Chinese enterprises will welcome even broader investment cooperation opportunities.

1 China-Indonesia Economic and Trade Cooperation

Bilateral Trade

China has maintained its position as Indonesia's largest trading partner for consecutive years. In 2024,

China-Indonesia bilateral trade surpassed the USD 100 billion milestone, reaching a historic high. Indonesia primarily exports coal, palm oil, and mineral products to China, and mainly imports electromechanical products, machinery and equipment, and chemical products from China. The trade structure between the two countries exhibits strong complementarity.

Two-way Investment

China is Indonesia's second largest source of foreign investment. In 2025, Chinese investment in Indonesia reached IDR 120.1 trillion, accounting for 13.3% of total foreign investment, mainly concentrated in metal smelting, mining, communications, and the digital economy. Meanwhile, Indonesian investment in China has been gradually growing, primarily in palm oil processing, energy, and real estate.

Cooperation Mechanisms

The two countries have established high-level dialogue mechanisms including the comprehensive strategic dialogue mechanism and the foreign and defence ministers' "2+2" dialogue mechanism, providing institutional guarantees for deepening cooperation. Cooperation under the Regional Comprehensive Economic Partnership (RCEP), the China-ASEAN Free Trade Area, and the BRICS cooperation framework is increasingly active.

2 Investment Forms

Greenfield Investment

Greenfield investment is the primary form of Chinese enterprise investment in Indonesia, particularly in mineral resource smelting, manufacturing, and new energy. Investors need to obtain a Principle License and complete company registration, tax registration, and environmental assessment procedures.

Mergers and Acquisitions

M&A investment is an important method of entering the Indonesian market. Investors must comply with Indonesia's competition law; mergers and acquisitions exceeding certain thresholds must be filed with the Competition Supervisory Commission.

Joint Ventures

Establishing joint ventures with local enterprises is a commonly used investment form for Chinese companies. Joint ventures facilitate rapid market entry, leveraging of local resources, and adaptation to the local cultural environment. However, attention must be paid to partner selection, equity structure design, and profit distribution mechanisms.

Industrial Park Investment

The Indonesian government has established multiple Special Economic Zones (KEK), providing foreign-invested enterprises with tax incentives and simplified approvals. Chinese enterprises have formed clustering effects in the Batam Free Port, Morowali Industrial Park, and Tsingshan Industrial Park.

3 Key Investment Sectors

Mineral Resource Downstreaming

The Indonesian government promotes a mineral downstreaming policy, banning nickel ore and other raw mineral exports, requiring smelters to be established in Indonesia. Chinese enterprises are actively investing in nickel smelting, stainless steel, and electrolytic aluminium downstream industries. Tsingshan Holding has built large-scale nickel smelting bases in Weda Bay and Morowali in Indonesia.

New Energy and Electric Vehicles

Indonesia has set a target of having 2 million electric vehicles and 1.3 million electric motorcycles on the road by 2030. Chinese enterprises are investing in battery material production, electric vehicle assembly, and charging infrastructure construction. Huayou Cobalt and Tsingshan Holding have established a joint venture nickel-cobalt smelting project to produce power battery raw materials.

Digital Economy

Indonesia's digital economy is developing rapidly, with active investment in e-commerce, financial technology, and logistics. Alibaba and Tencent have invested in Indonesian e-commerce platforms such as Tokopedia and the GoTo Group. Chinese enterprises are also actively investing in digital infrastructure including data centres, cloud computing, and mobile payments.

Infrastructure Construction

Chinese enterprises are actively participating in Indonesia's infrastructure construction. The Jakarta-Bandung High-Speed Railway, the Morowali Industrial Park port, and road and bridge projects in the Tsingshan Industrial Park have achieved significant progress. China Road and Bridge Corporation, Sinohydro, and other Chinese-funded enterprises have strong competitiveness in Indonesia's engineering contracting market.

Manufacturing

The Indonesian government is promoting manufacturing upgrades through the Making Indonesia 4.0 initiative. Chinese investment in textile, electronics, machinery, and chemical manufacturing has increased, establishing production bases to serve both the Indonesian and ASEAN markets.

4 Representative Cases

Tsingshan Holding's Nickel Industry Investment

Tsingshan Holding entered Indonesia in 2009, investing in the construction of large-scale nickel smelting bases in Sulawesi Province, with cumulative investment exceeding USD 10 billion. The project encompasses a complete industry chain from nickel mining, smelting, to stainless steel production, becoming a significant force in Indonesia's nickel industry and creating substantial employment.

Jakarta-Bandung High-Speed Railway Project

The Jakarta-Bandung High-Speed Railway is a landmark China-Indonesia cooperation project, constructed by Chinese enterprises, with a total length of 142 kilometres and a design speed of 350 km/h, officially commencing commercial operations in October 2023. The project has facilitated the "going global" of Chinese technology, equipment, and standards, and improved transportation conditions in western Java.

Alibaba's Investment in Indonesian E-Commerce

Alibaba invested in the Indonesian e-commerce platform Tokopedia, one of the largest e-commerce platforms in Southeast Asia. In December 2023, TikTok acquired 75.01% of Tokopedia's shares, further consolidating the Southeast Asian e-commerce market.

CATL's Battery Investment

CATL and other Chinese battery enterprises are investing in battery material production projects in Indonesia, leveraging Indonesia's abundant nickel and cobalt resources to serve the global electric vehicle market demand.

Part IV Enterprise Financing

AERI Assessment

The Institute considers that Indonesia's financial market system is relatively well-developed, providing diversified channels for enterprise financing. The banking sector is of significant scale, the capital market is gradually developing, and foreign banks can conduct local business. However, Chinese enterprises should note the characteristics of Indonesia's financing environment: relatively high bank financing costs, limited credit system coverage, and strict financing collateral requirements. Chinese enterprises should comprehensively utilise various methods including self-owned funds, bank loans, bond issuance, and equity financing to rationally design financing structures and reduce financing costs and risks.

1 Financial Market Overview

Banking Sector

Indonesia's banking sector is supervised by Bank Indonesia, with total banking assets of approximately IDR 8,500 trillion in 2024. The top five banks are Bank Central Asia, Bank Negara Indonesia, BCA Bank, Bank Mandiri, and BRI Bank, occupying the major market share of the banking sector. Foreign banks such as HSBC, Citibank, and DBS also operate in Indonesia.

Capital Market

The Indonesia Stock Exchange (IDX) is one of the major exchanges in Southeast Asia, with over 700 listed companies. The capital market includes multiple market segments such as stocks, bonds, and derivatives. The government actively promotes bond market development, providing channels for enterprise and government financing.

Foreign Exchange Management

The Indonesian Rupiah operates under a managed floating exchange rate system. Bank Indonesia

maintains exchange rate stability through foreign exchange market intervention and policy interest rate adjustments. Foreign investors may freely repatriate investment principal, profits, and dividends.

2 Financing Channels

Bank Loans

Indonesian banks can provide various financing products including project loans, working capital loans, trade finance, and equipment leasing. Loan interest rates are determined based on term and borrower creditworthiness, typically ranging from 8% to 12% per annum. Chinese enterprises can obtain financing through Chinese bank branches in Indonesia and Indonesian local banks.

Bond Issuance

Indonesia's bond market is gradually developing, and enterprises can issue corporate bonds and Islamic bonds (Sukuk) for financing. The government bond market provides investment opportunities for investors and financing channels for infrastructure construction.

Equity Financing

Listed companies can raise funds through equity offerings, private equity, and other methods. IPOs and refinancing require approval from Indonesia's Financial Services Authority (OJK).

Financial Leasing

Financial leasing is an important method of equipment financing, particularly applicable for the procurement of machinery, vehicles, and vessels. Indonesia's financial leasing companies include local financial institutions and foreign enterprises.

Trade Finance

Banks can provide trade finance products such as letters of credit, collections, and factoring to support enterprise import and export business. The growth of China-Indonesia bilateral trade provides broad space for trade finance.

Part V

Compliance Operations and Trade Dispute Resolution

AERI Assessment

The Institute considers that compliance is the cornerstone of Chinese enterprises' long-term development in Indonesia. Indonesia's legal system is based on civil law and is relatively complex, involving multiple areas including investment, taxation, labour, environmental protection, and intellectual property. Chinese enterprises should attach great importance to compliance management, establish sound compliance systems, engage professional legal counsel, familiarise themselves with local laws and regulations, and avoid losses caused by unfamiliarity with the rules.

At the same time, the Institute also notes that trade disputes are difficult to completely avoid in

cross-border operations. Chinese enterprises should minimise dispute risks through careful contract clause design, risk prevention measures, and dispute resolution mechanism selection. In the event of disputes, priority should be given to resolution through friendly negotiation and mediation, with arbitration or litigation as necessary means to protect legitimate rights and interests.

1 Domestic Compliance

Overseas Investment Filing

Chinese enterprises' outbound investment must comply with the "Measures for the Administration of Overseas Investment," filing or reporting to development and reform departments and commerce departments as required. Investments involving sensitive industries or large amounts may require approval from other departments.

Foreign Exchange Management

Chinese enterprises' outbound investment must comply with foreign exchange management regulations, processing foreign exchange purchase and payment through banks. Repatriation of investment profits must be declared as required.

Tax Compliance

Chinese resident enterprises earning overseas income must declare and pay tax in China as required, avoiding double taxation. The China-Indonesia Double Taxation Avoidance Agreement can be utilised to reduce tax costs.

2 Compliance Operations in Indonesia

Company Establishment and Registration

Foreign investment companies must apply to the Investment Coordinating Board (BKPM) for a Principle License, and after obtaining approval, process company deed notarisation at a notary office, tax registration at the tax department, human resources plan approval at the manpower department, and work visas at the immigration office. The entire registration process generally takes 10-30 working days.

Tax Compliance

Enterprises must prepay corporate income tax monthly or quarterly, with annual tax reconciliation and settlement. Value-added tax must be declared and paid monthly. Enterprises should engage professional tax advisors to ensure tax compliance and avoid penalties.

Labour Compliance

Enterprises employing foreign workers must apply for work visas from the Ministry of Manpower, and the proportion of Indonesian local employees must meet regulatory requirements. Enterprises must comply with labour regulations regarding minimum wages, working hours, social security, and occupational safety.

Environmental Protection

Investment projects must undergo environmental impact assessments and obtain environmental permits. Enterprises must comply with waste treatment and emission standards and other environmental regulations to avoid environmental penalties.

Anti-commercial Bribery

Indonesia's anti-commercial bribery regulations are strict. Enterprises must establish sound internal compliance systems, prohibit any form of commercial bribery, and avoid legal risks.

Intellectual Property Protection

Enterprises should promptly apply for patent, trademark, and copyright registrations to protect proprietary technology and brands. At the same time, they must respect others' intellectual property and avoid infringement disputes.

3 Trade Dispute Resolution

Negotiation and Mediation

In the event of trade disputes, parties should first seek resolution through friendly negotiation and mediation. Indonesian commercial arbitration institutions and industry associations can provide mediation services.

Arbitration

Arbitration is an important method for resolving international trade disputes. Indonesia is a contracting party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Parties may choose to arbitrate in Indonesia or a third country. The Indonesian National Board of Arbitration (BANI) can accept international arbitration cases.

Litigation

Litigation is the last resort for dispute resolution. Indonesian courts take a relatively long time to hear international commercial cases. Parties need to engage local counsel and familiarise themselves with litigation procedures.

Bilateral Investment Protection Agreements

China and Indonesia have signed bilateral agreements including the Double Taxation Avoidance Agreement and the Investment Protection Agreement, which can provide additional protection for investors. Enterprises should fully utilise these agreements to reduce investment risks.

Part VI

Basic Information on Living and Working in Indonesia

AERI Assessment

The Institute considers that working and living in Indonesia requires a thorough understanding of local cultural customs, laws and regulations, and the living environment. Indonesia is a predominantly Muslim country, and its cultural customs differ significantly from China's. Chinese enterprise expatriates and personnel travelling to Indonesia should respect local religious and cultural customs and integrate into the local community.

Indonesia's cost of living is relatively reasonable, with infrastructure for housing, transportation, and communications gradually improving, providing convenience for expatriates. However, Chinese enterprises should note that Indonesia's healthcare system is primarily based on public hospitals, and expatriates may consider purchasing commercial medical insurance. Additionally, Indonesia is prone to natural disasters including earthquakes, volcanic eruptions, tsunamis, and flooding, requiring heightened safety awareness and emergency preparedness.

1 Visas

Work Visas

Foreigners working in Indonesia must obtain a work visa (VITAS) and a temporary residence permit (KITAS). Enterprises must apply for a Foreign Worker Utilisation Plan (RPTKA) from the Ministry of Manpower, and after receiving a recommendation, the employer applies for a visa for foreign employees at the immigration office. Work visas are generally valid for 1-2 years and are renewable.

Business Visas

Business visas are suitable for short-term business inspections, meetings, negotiations, and other activities, with a validity period generally of 30-60 days. Business visas do not permit employment in Indonesia.

Residence Permits

Residence permits are usually applied for concurrently with work visas and are necessary documents for legally residing and working in Indonesia. Residence permits must be renewed in a timely manner upon expiry, or the holder must depart the country.

Application Procedures

Enterprises can process visas and residence permits through the Investment Coordinating Board, professional law firms, or immigration agencies. Processing time is generally 2-4 weeks, requiring documents such as passport, photographs, company documents, and health certificates.

2 Housing

Types of Housing

Indonesian housing types include apartments, townhouses, and detached villas. Jakarta has higher

housing rents, while costs in second and third-tier cities are significantly lower than in the capital.

Rent Levels

In the Jakarta area, a one-bedroom apartment rents for approximately IDR 6-10 million per month, and a two-bedroom apartment for approximately IDR 10-15 million per month. Premium apartments and international community housing command higher rents.

Leasing Process

Renting requires going through a real estate agency, signing a lease agreement, paying a deposit (generally 1-3 months' rent), and paying agency fees (typically one month's rent). Foreigners renting need to provide documents such as passport and visa.

3 Medical Insurance

Healthcare System

Indonesia's healthcare system is primarily based on public hospitals, with private hospitals offering better quality but higher costs. Jakarta has several international-standard hospitals, such as Medistra Hospital and Pondok Indah Hospital.

Medical Insurance

Expatriates are recommended to purchase commercial medical insurance covering outpatient, inpatient, surgical, and pharmaceutical expenses. International medical insurance companies offering products in Indonesia include Bupa, CIGNA, and Allianz.

Health Precautions

Indonesia is located in a tropical region where tropical diseases such as dengue fever and gastrointestinal illnesses are relatively common. Expatriates should pay attention to food hygiene and receive vaccinations in a timely manner.

4 Bank Accounts

Bank Selection

Major Indonesian banks include Bank Central Asia, Bank Negara Indonesia, BCA Bank, and Bank Mandiri. Foreign banks such as HSBC, Citibank, and DBS also operate in Indonesia.

Account Opening Process

Foreigners opening accounts need to provide documents including passport, visa, tax identification number, and proof of address. Account opening generally takes 1-2 hours; some banks require foreigners to provide an Indonesian local guarantor.

Main Services

Banks provide savings, checking, credit card, internet banking, and mobile banking services. Foreigners can obtain debit cards and credit cards after opening an account.

Cross-border Remittance

Banks can provide cross-border remittance services, supporting transfers to China and other countries. Remittances require information including payee details and source of funds documentation, with fees varying by amount and bank.

5 Contact Information

Economic and Commercial Office of the Chinese Embassy in Indonesia

Address: Jl. Mega Kuningan Barat No.7, Jakarta 12950, IndonesiaTel: 0062-21-5761048, 5761049Fax: 0062-21-5761051Website: id.mofcom.gov.cnEmail: id@mofcom.gov.cn

CCPIT Representative Office in Indonesia

Address: Gedung The East, Lt.9 Unit 6, Jl. DR. Ide Anak Agung Kav. E.3.2, No.1, Jakarta Selatan 12950Tel: 0062-021-29527125Fax: 0062-021-29527126Website: www.ccpit.org/indonesia

Indonesian Chinese Chamber of Commerce

Address: Menara Prima, Lt.10 Unit F-G, Jl. DR. Ide Anak Agung Gde Agung Blok 6.2, Kawasan Mega Kuningan, Jakarta 12950Tel: 0062-21-22513548Email: chinacham@gmail.com

Indonesia's Ministry of Investment and Downstreaming (Investment Coordinating Board)

Address: Jl. Gatot Subroto No.44, Jakarta 12190, IndonesiaTel: 0062-21-5252008, 5254981, 5253866Fax: 0062-21-5227609, 5254945Website: www.bkpm.go.id

Indonesian Embassy in China

Address: No.4, Dongzhimenwai Dajie, Chaoyang District, BeijingTel: 010-65325486, 65325489Fax: 010-65325368, 65325782

Data Sources and Disclaimer

The data in this guide is primarily sourced from the Ministry of Commerce of China and the CCPIT's "Country (Region) Guide for Outbound Investment and Cooperation -- Indonesia," publicly released information from Indonesia's Ministry of Investment and Downstreaming, Central Bureau of Statistics, Bank Indonesia, and other official agencies, as well as data from international organisations such as the International Monetary Fund and the World Bank. This guide strives for authoritative content, accurate data, and strong practical utility.

Due to changes in political and economic conditions and adjustments to policies and regulations in various countries, the information contained in this guide may be subject to change. The Institute has made every effort to ensure information accuracy during compilation, but this does not constitute any investment advice. Enterprises should conduct independent research and professional assessments

before making investment decisions and bear investment risks themselves.

This guide is for reference only and should not serve as the sole basis for enterprise investment decisions.

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