

INDONESIA

Tourism Snapshot



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Indonesia Economic Overview

Why Indonesia?

Amidst global slowdown, Indonesia managed to reach highest growth compared to previous years. It is the 16th largest economy in the world, representing 37% of ASEAN GDP.



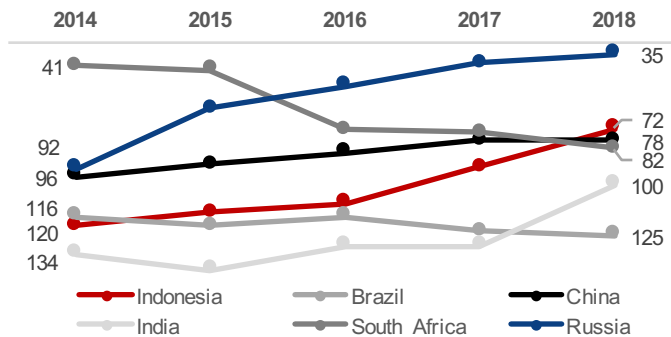
GDP
USD 1.016 Trillion,
2017



GDP growth
5.17%, 2018

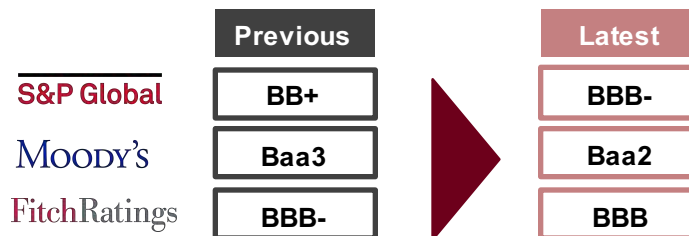
Ease of Doing Business Indonesia vs BRICS

Under the leadership of President Jokowi, in just 4 years, Indonesia managed to climb from rank 120 (global) and 5th position to 72nd rank in the second position compared to other BRICS countries with Russia as the leader.



Indonesia Sovereign Rating

For the first time since the Asian Crisis in 1998, Indonesia Sovereign Grade was given Investment Grade status by all 3 major credit ratings.



PWC predicted Indonesia to be
4th largest economy in 2050.



Why Tourism Sector?

Indonesia Tourism Power & Performance 2018



9th

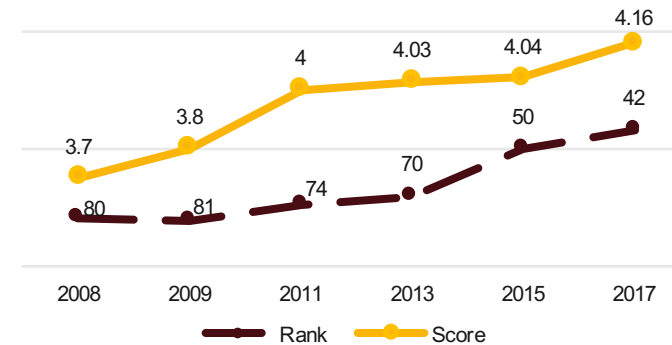


3rd



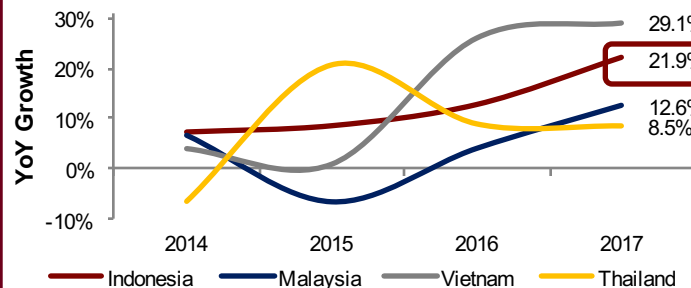
1st

According to World Travel & Tourism Council, Indonesia is the 9th in the world, 3rd in Asia, and 1st in Southeast Asia in terms of its tourism industry.



Travel and Tourism Competitiveness Index

Indonesia has increased the travel score significantly from 3.7 to 4.16 and steadily climbed the ranks (80th to 42nd position) in the last 10 years, especially under the leadership of President Joko Widodo (starting 2014).



Tourists Arrival Growth

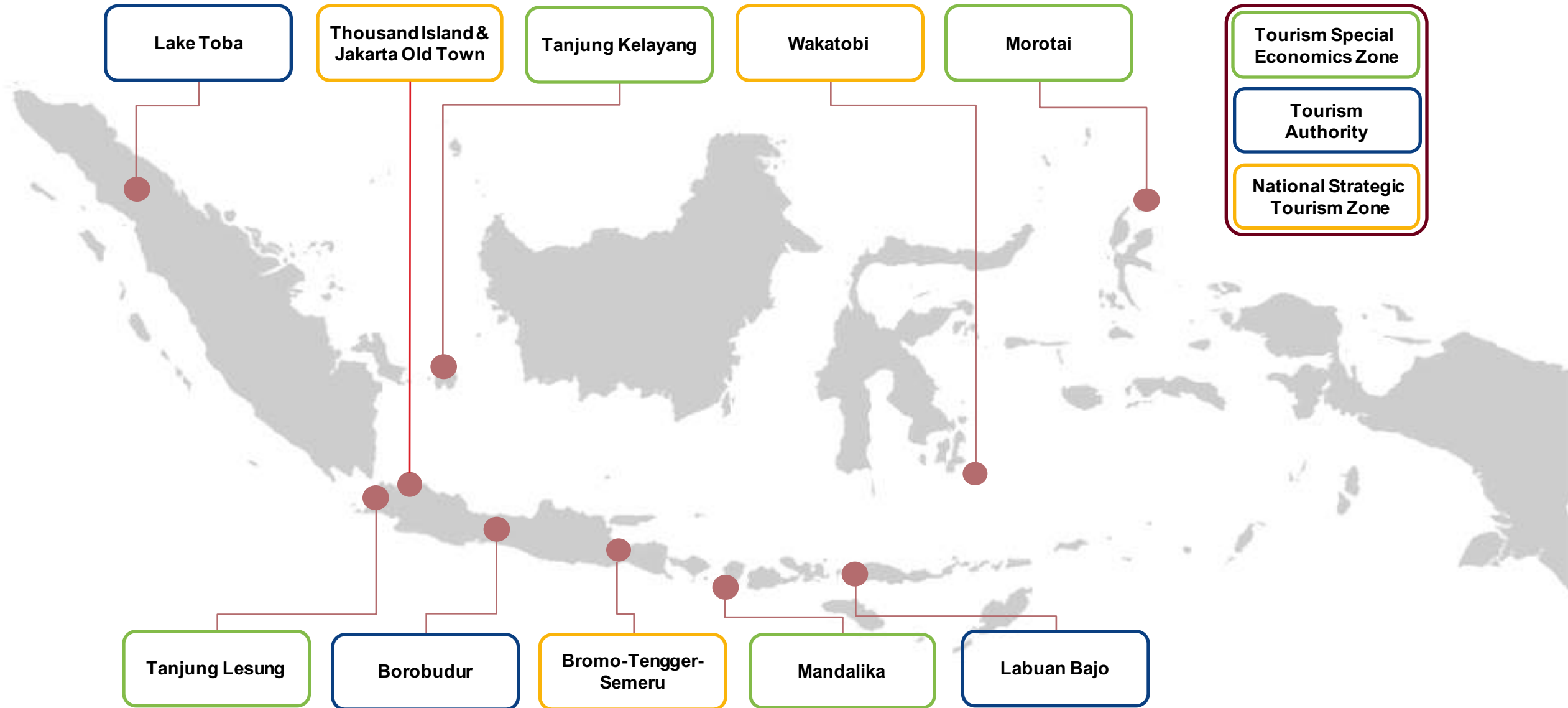
Indonesia managed to increase the growth from less than 10% in 2014 to 21.9% in 2017 (2nd rank in Southeast Asia).

"I declare tourism as the leading sector. Tourism as a leading sector is good news, and all other Ministries must support tourism development".
- President Joko Widodo at "Rapat Terbatas"



Indonesia 10 Priority Destinations

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Indonesia Country Profile

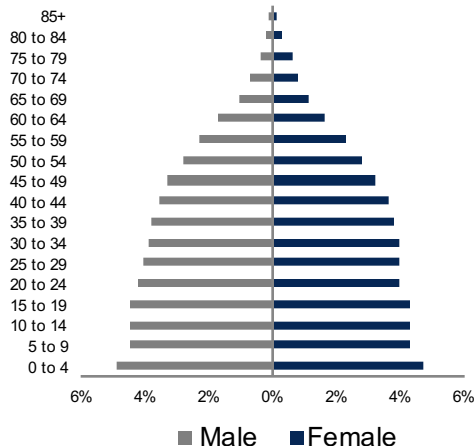
“Emerald of the Equator”

Population



Population : **262 Million**
(2017, 4th most populous country in the world)

Indonesia Population Pyramid (2017)

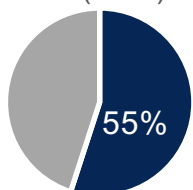


50.3% Male 49.7% Female



67.8% of the total Population is in the Productive age of 15 to 64 years old in 2017

Percentage living in urban area (2017)



144 Million (2017)
People living in urban area



Urbanization rate increased from 47% in 2006 to 55% in 2017

Cultural Identity

Indonesia's culture is heavily diverse, mainly as the impact of religions, separated islands, and geographical boundary. Which resulted in rich cultural practices and products.



Indonesia consists of **1,330** ethnic groups, the biggest are Javanese (40%), Sundanese (15.5%) and Bataknese (3.58%).

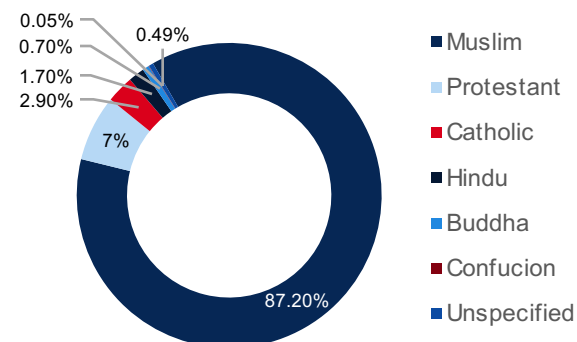


Indonesians speak **2,500** languages (include local), the common languages are Bahasa Indonesia (National), English, and Dutch.



Officially, Indonesia acknowledges 6 Religions. Muslim has the highest percentage of the total population (87.2%), followed by Christian combined (10%). Indonesia is considered as the country with the highest Muslim population globally.

Religion Percentage



Geography



Land Area : **1,811,570 sq km**
(17^h largest country in the world)



Number of Island: 17,508 Islands
With 5 Main Islands such as Sumatra, Borneo, Java, Sulawesi, and Papua.



Indonesia Coastline : **54,720 km**
(3rd longest in the world)

Volcano

- 400 Volcanoes with 100 active.
- Resulted in Geo-Tourism become popular in Indonesia

Climate

- Tropical with high humidity
- Coastal plains averaging 28
- Inland Mountain on average 22

Flora

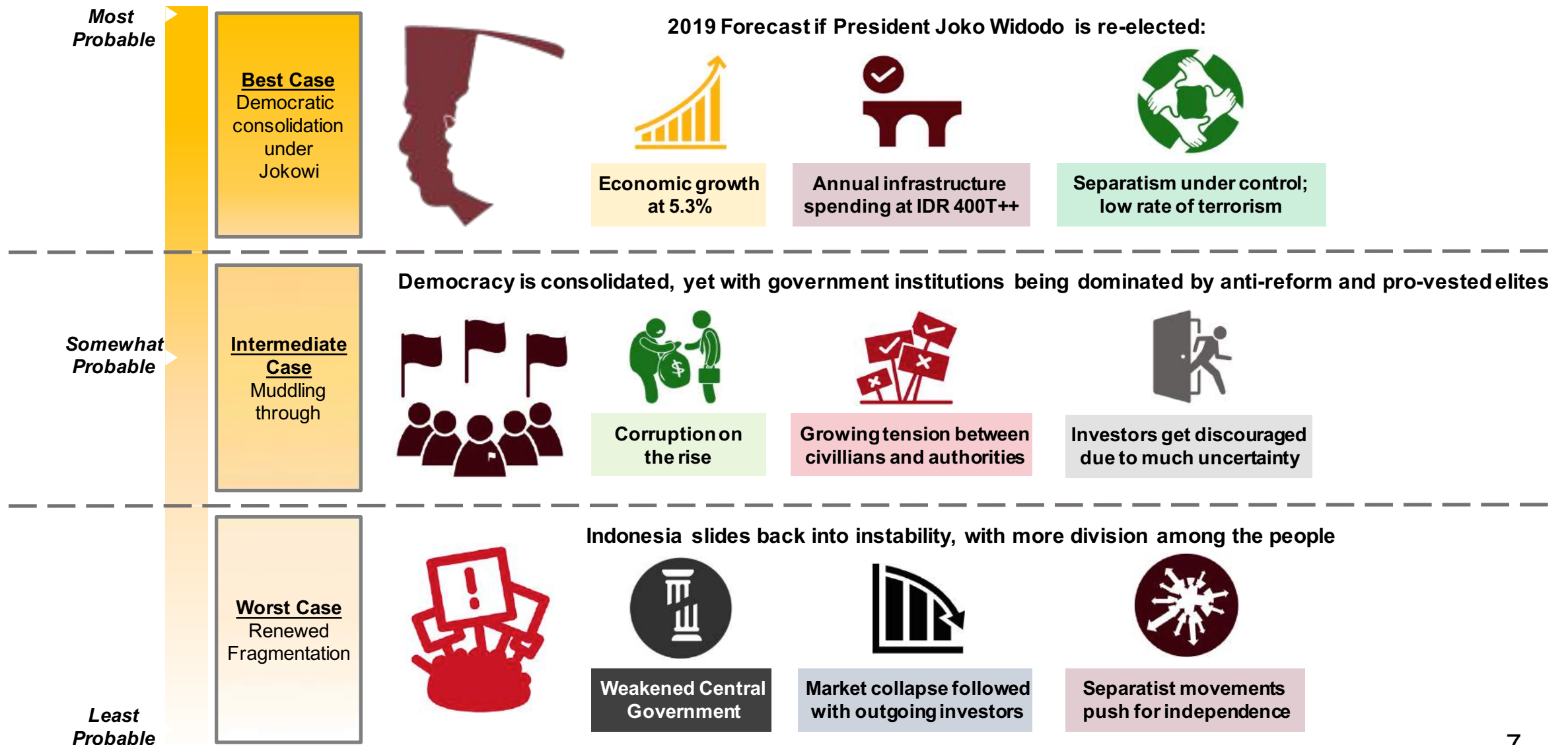
- Rich tropical rainforest and seasonal forest.
- Has two Biodiversity Hotspots: Wallacea and Sundaland.

Fauna

- Transitional of two faunal regions: oriental Asia and Australia.
- The only place to find Komodo, largest living lizard.

In the upcoming election, Indonesia is expected to maintain its political stability...

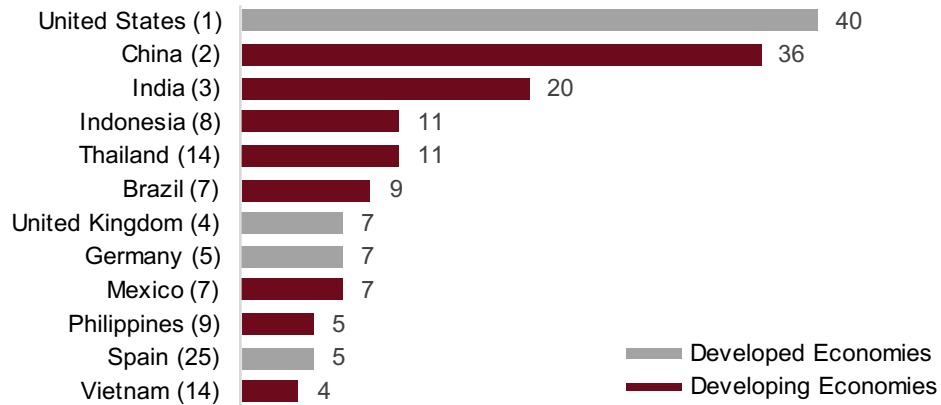
Three Scenarios for Political Change in Indonesia



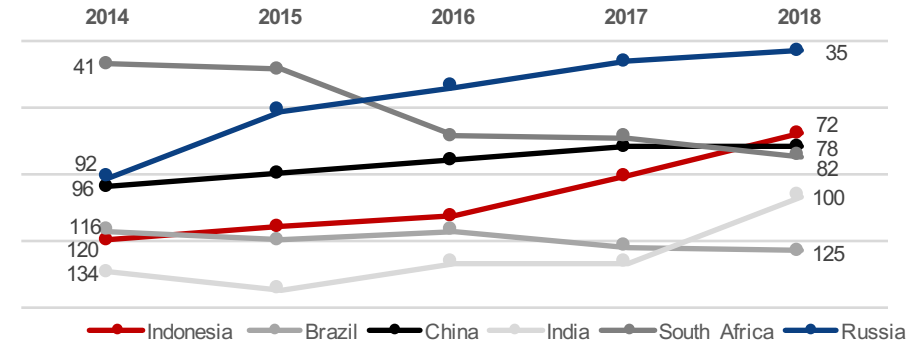
...furthermore, the business and investment climate are also improving steadily.

MNE's Top Perspective Host Economies for 2017-2019 (Percent of executive respondents selecting)

(x) = 2016 Ranking



Ease of Doing Business Indonesia vs BRICS



Indonesia managed to climb the rank from fifth position to the second rank in ease of doing business compared to BRICS countries

World Economic Forum vs BRICS

	2016	2017	Δ
IDN	41	36	+ 5
BRA	81	80	+ 1
CHN	28	27	+ 1
IND	39	40	- 1
ZAF	47	61	- 14
RUS	43	38	+ 5

Indonesia's position in the Global Competitiveness Index has gone up by 5 positions

Indonesia Sovereign Rating

	Previous	Latest
S&P Global	BB+	BBB-
MOODY'S	Baa3	Baa2
FitchRatings	BBB-	BBB

For the first time since Asian Crisis, Indonesia was rated Investment Grade by all 3 major credit ratings

In 2018, Indonesia maintained its GDP growth momentum at 5.4% yoy with the tourism sector growing strong in its contribution to GDP.

GDP*
USD 1.016 Trillion

GDP per capita*
USD 3,846.86

GDP growth**
5.17%,
Full 2018 est: 5.15
2019F: 5.1-5.2

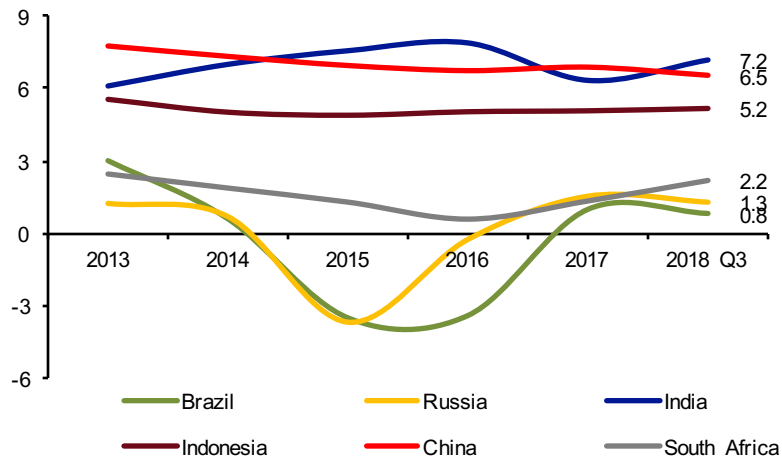
Current Exchange Rate**
14,339 IDR/USD

CPI growth**
2.88%

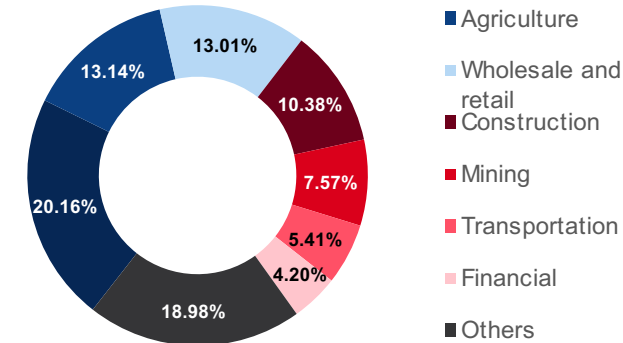
CA Balance to GDP**
-1.7%

*2017 **Q3 2018

Driver of Global Growth
BRIICS Annual GDP Growth (%)

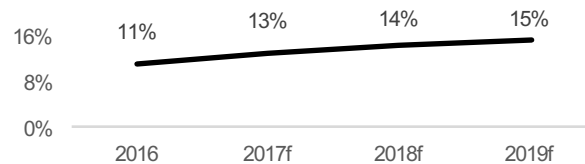


Sector Contribution to GDP



Information and Communication	3.8%
Public Adm	3.7%
Accommodation, F&B	2.85%
Real Estate	2.79%
Others	5.84%

Tourism proportion to GDP



Indonesia has maintained its growth momentum of 5.17% yoy by the end of 2018.

Indonesia SWOT Analysis

Strength

- Strategic location and resource rich
- Low cost and large supply of labor.
- High populations leads to high consumption
- Successful transition in democracy

Weakness

- Steady economic growth limits the unemployment reduction
- Among its peer, the infrastructure is still below standard. However, currently is in government priority

Opportunities

- Improved business environment and legal system
- High Muslim population and rise of Islamic financing in Indonesia
- Rapid growth of tourism visitors

Threat

- Current account deficit as Production of ageing oil field is declining
- Net Investment deficit that vulnerable to sudden capital outflow

PWC predicted Indonesia to be 4th largest economy in 2050.

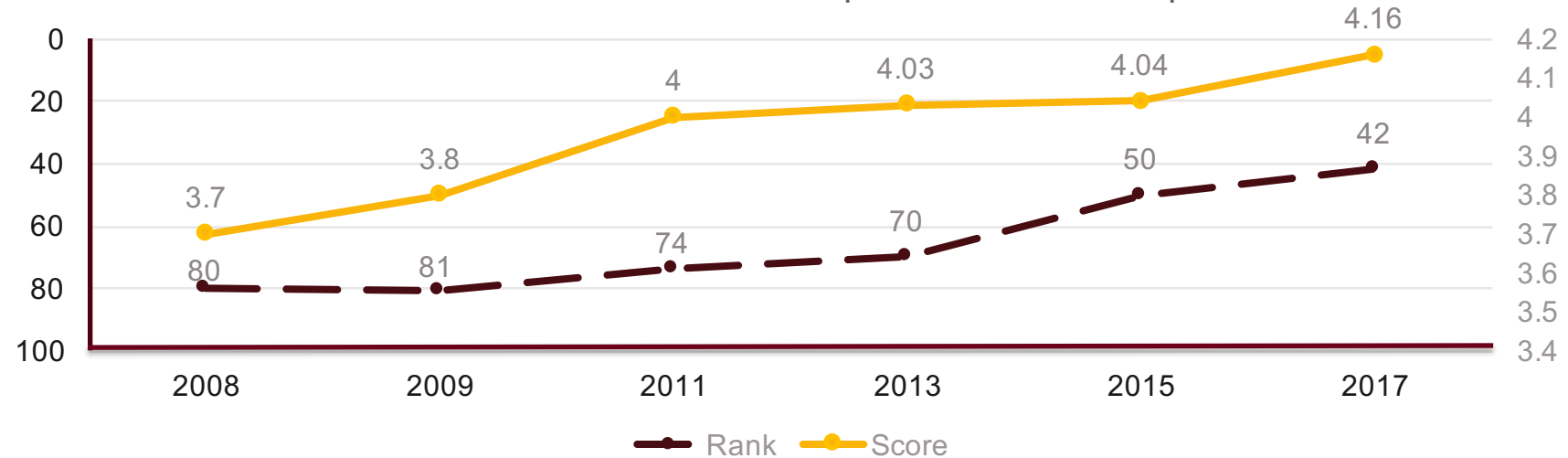


Indonesia's Tourism is Proven Strong Regionally and Globally

Global Statistics (136 countries)

Indonesia has steadily climbed the ranks (80th to 42nd position) in the last 10 years

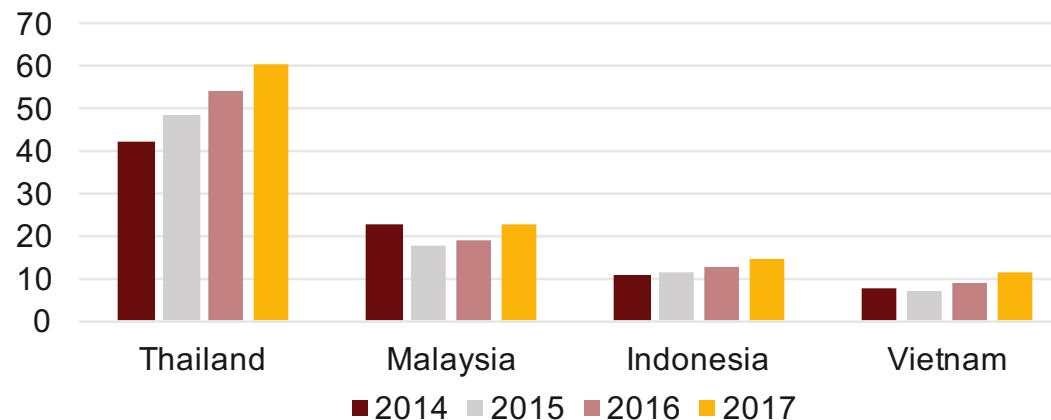
Indonesia's Travel and Tourism Competitiveness Index up to 2017



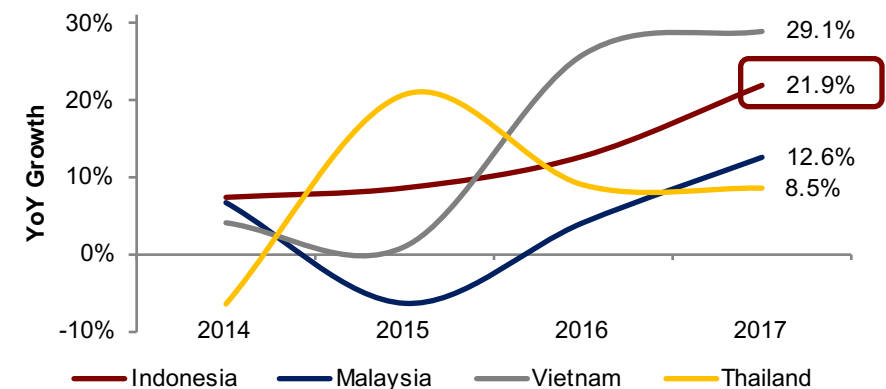
Regional Statistics (South-East Asia)

Indonesia's tourism revenue ranks 3rd among South East Asian countries, with its growth at number 2.

Tourism Revenue



Tourist Arrivals Growth

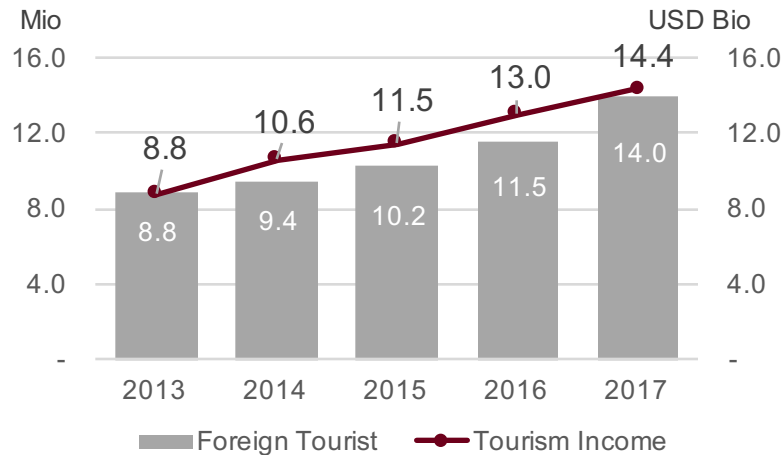


Tourism is a Priority Sector as the Country Reduces Reliance on Oil & Gas

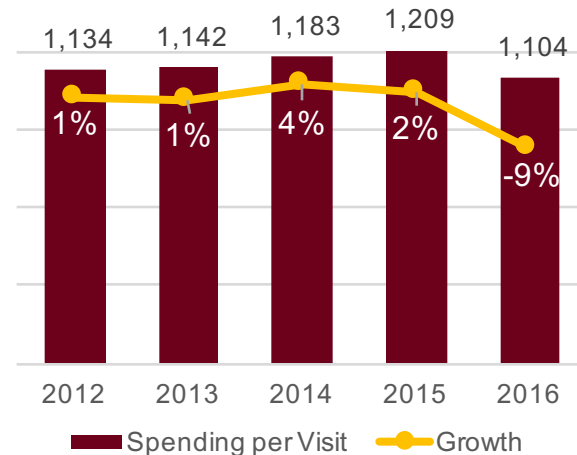
"Tourism is the fastest, easiest, and cheapest industry to be executed to highly reduce the reliance on Oil and Gas Industry"
-Arief Yahya, Minister of Tourism, 2018

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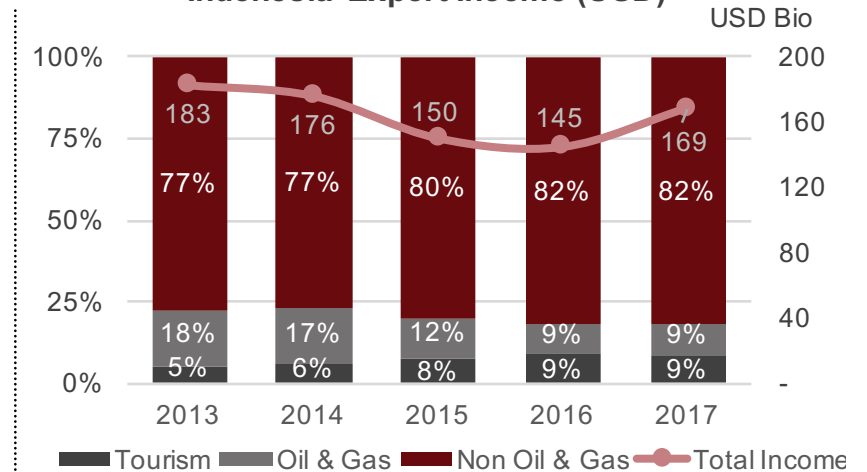
Number of Tourists and Income



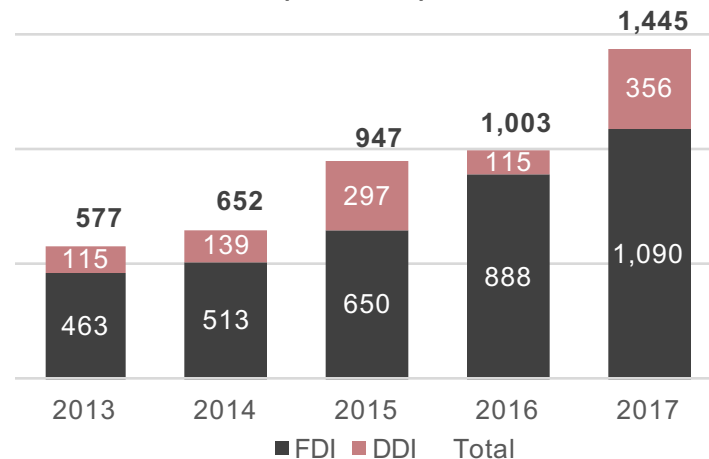
Foreign Tourist Spending per Visit (USD)



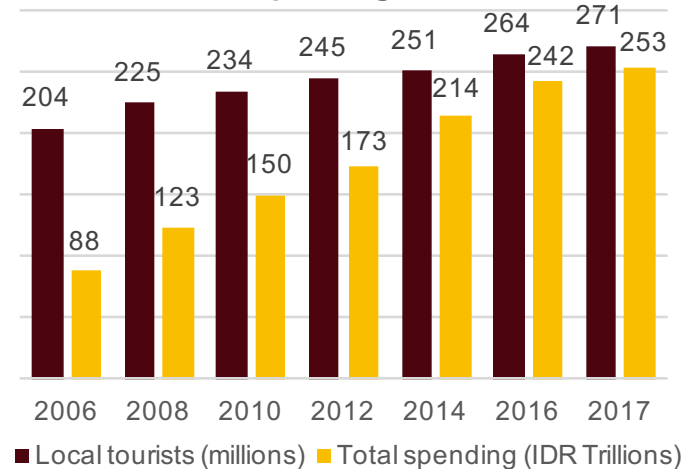
Indonesia Export Income (USD)



Hotel and Restaurant FDI and DDI (USD Bio)



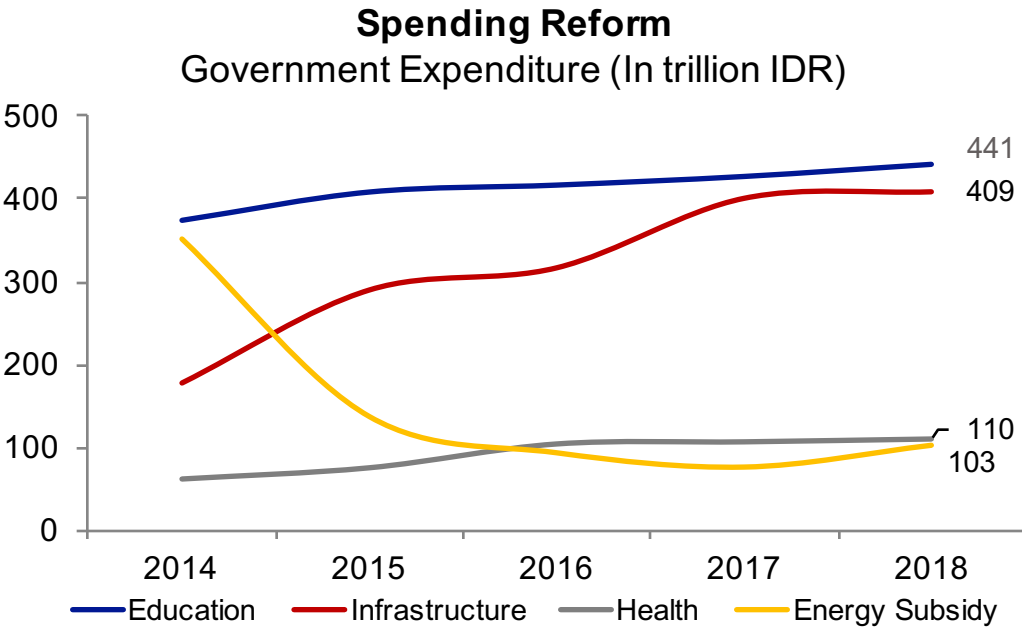
Total Local Tourist and Their Spending



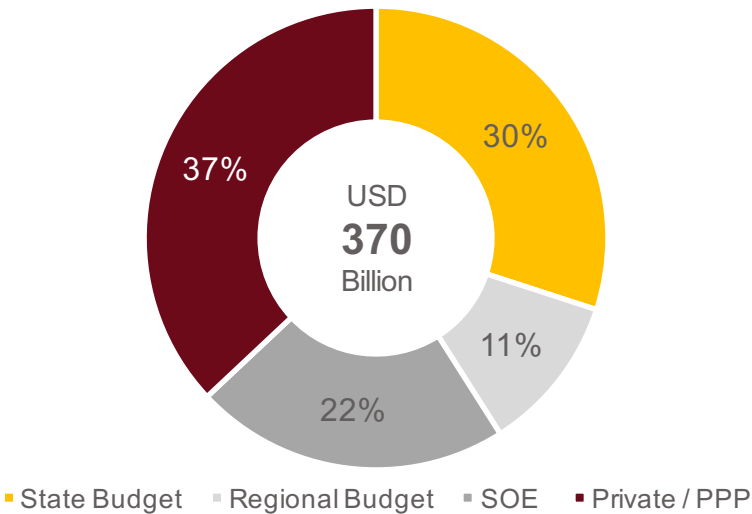
Summary

- Indonesia increased its tourist arrivals and revenue with CAGR 12% and 13% respectively.
- Even though the growth of spending slightly decreased, on average foreign tourists spent roughly USD 1,000 per visit.
- Increased the proportion of tourism export revenue and less reliance on Oil and Gas.
- Investments on tourism sector does not come from FDI only, but DDI is increasing as well.
- One of the locals culture apparently is to travel, and also to spend more.

To Support Growth, Government is Committed to Infrastructure Development



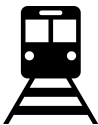
Source of 5-year Infrastructure Financing 2014-2019



Infrastructure Completion 2014-2018



Maintenance : 40,000 km
New Road: 3,432 km
New Toll Road: 397 km



369 km railways



27 new seaports



29 dams are targeted to finish in 2019



10 new airports



Broadband – Palapa Ring Project
West : In operation
Middle : 98% on completion
East : 73% on completion

Further Government Support

Visa Free

- Legal Basis: Presidential Regulation No 21 Year 2016
- Provided Visa Free facility to 169 countries
- Maximum stay period is 30 days

Abolition of Cruise Cabotage Principle

- Government Act number 17/2008 requires all sea transportations to use ships with Indonesian flag only.
- New Ministry of Transportation regulation No 121 Year 2015 permits Foreign flagged ship touring Indonesia
- The Ministry has selected Tanjung Priok, Tanjung Perak, Belawan, Makasaar and Benoa Ports as tourist drop off and pick up locations.



Simplified Yacht Arrival

- Shorten the permit process from 3 weeks to 3 days since 2015
- Supported by Presidential Regulation No 105 Year 2015
- Provides new electronic system called Yacht Electronic Regulation (YER) for registration process
- Jakarta, Batam, Bangka & Belitung and Kupang Ports are under preparation to cater Yacht traffic

Special Economic Zone

- Legal Basis: Government Act No 39/2009
- From 2012-2017, the Gov't has established 11 SEZs
- Both Fiscal and non Fiscal incentives are available for SEZ. *Detailed incentives are on the next page*

Facility at Special Economic Zone

6. License and Permit

- 3-hour investments licensing service – immediate construction
- Complete interconnection of information system in SEZ Administrator Office/PTSP to ensure simple, effective and efficient service

5. Land

- Rights to Build (HGB) could be extended up to 80 years
- Landed house & apartments could be owned by foreign citizens
- Foreign citizen who own property will be given Right to Use
- Right to Use could be extended up to 80 years

4. Immigration

Immigration facilities for Individual working in SEZ, including his/her family:

- VOA for 30 days & could be extended 5 times
- Visit Visa could be transferred into temporary stay permit
- Temporary stay permit could be transferred into permanent stay permit
- Permanent stay permit will be given to foreign citizen who own property in Tourism SEZ



1. Tax and Custom

- Imported goods exempted
- Goods delivered among companies in SEZ exempted
- Goods delivered among companies in other SEZ exempted

2. Import & Export Goods

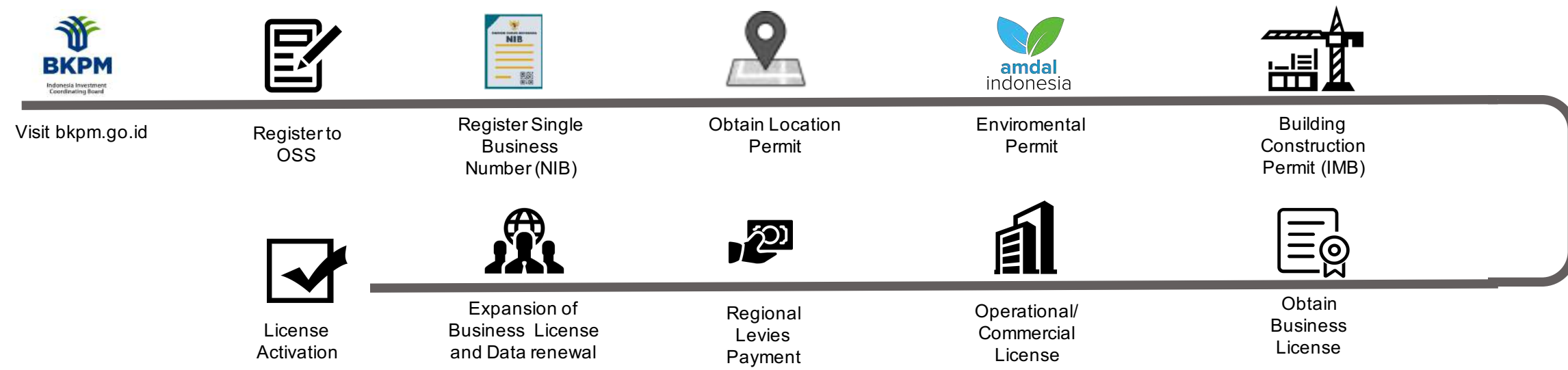
- Deferred import duties for imported goods
- Exempted exercise for imported goods
- For good delivered to custom areas (domestic), import duties follow FTA tariff rates

3. Employment

- Special wage council & special tripartite consultation will be established in SEZ
- Limitation of Labor Union Forum
- Agreement & extension of expatriate employment plan by SEZ Administrator

Indonesia Investment Licensing Procedures

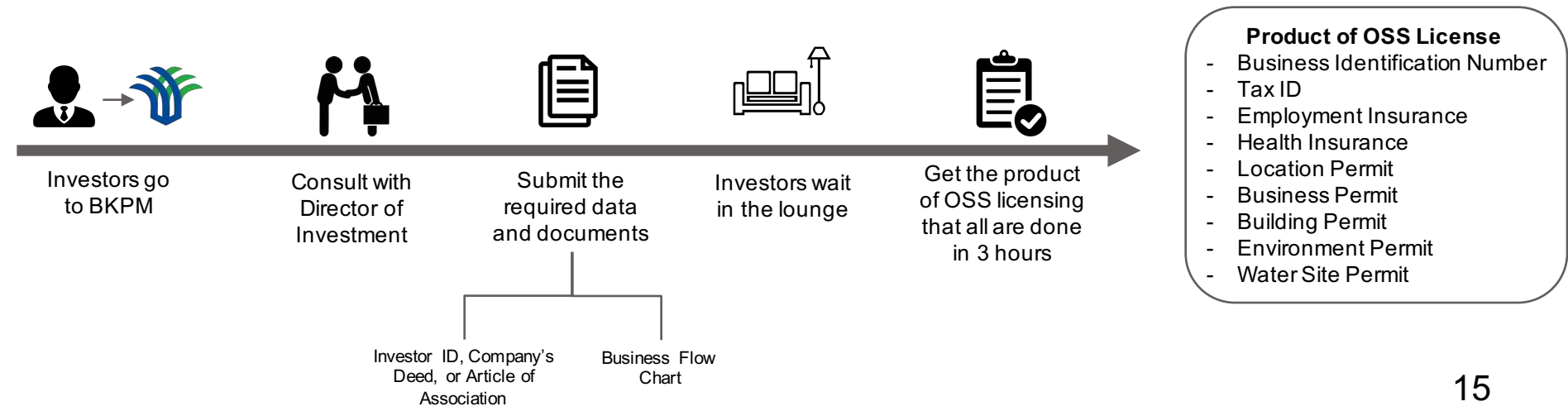
Online Single Submission - Indonesia Investment Coordinating Board (BKPM)



Priority Services: 3 Hours Investment License – Indonesia Investment Coordination Board (BKPM)

Requirements

- Planned value of investment is at least IDR 100 Billion
- And/or absorbing at least 1000 local employers
- Submitted directly by the prospective shareholder



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