



Presentation Book Republic of Indonesia

"Sustaining Stability and Economic Growth amid Global Uncertainty"

August 2026



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Section 1

Indonesia's Story

*“Strong Fundamental Resilience Amidst
Heightened Global Uncertainties”*



Solid Policy Framework to Safeguard Stability and Support Sustainable Growth

Amid global challenges, Indonesia continues to demonstrate strong and resilient economic performance, supported by solid domestic demand, low and stable inflation, and a sound external resilient with ample foreign exchange reserves. Fiscal discipline remains intact, with the deficit projected at 2.68% of GDP in 2026, supporting a sound debt trajectory. Policy coordination between fiscal and monetary authorities, alongside ongoing structural reforms, is expected to sustain macroeconomic stability and support medium-term growth prospects.

- **New Paradigm to achieve growth:** Indonesia's new economic paradigm strengthens macroeconomic stability through prudent fiscal and monetary policy and a resilient financial system, while leveraging Danantara's catalytic role to mobilize private investment and achieve high and sustainable growth target.
- **Solid growth:** Indonesia's macroeconomic fundamentals remain solid, with growth accelerating to 5.29% (yoy) in Q2 2026 while inflation remains low and stable. Growth is expected to remain resilient at 4.9–5.7% in 2026 and strengthen further to 5.1–5.9% in 2027, supported by domestic demand, investment, and continued policy coordination
- **Low and Stable inflation:** Inflation remains under control, with CPI inflation stood at 2.88% (yoy) in July 2026, with annual inflation in 2026 and 2027 is projected to remain within the 2.5%±1% target range.
- **Sound external sector:** The external sector remains resilient, supported by ample foreign exchange reserves of USD145.6 billion, equivalent to 5.4 months of imports and the servicing of government external debt, at the end of June 2026.
- **Fiscal Discipline:** The fiscal stance is supporting priority development goals while maintaining fiscal discipline. The 2026 fiscal deficit is projected at 2.68% of GDP, well below 3% threshold, alongside a low debt-to-GDP ratio, with the deficit at the first half of 2026 at 0.76% of GDP. Policy priorities focus on improving spending quality, strengthening human capital, advancing food and energy security, and driving structural transformation through downstreaming and investment facilitation.
- **Central Bank Policy Mix:** Bank Indonesia's policy mix remains focused on strengthening stability and supporting economic growth. In July 2026, Bank Indonesia maintained the BI-Rate at 5.75%, the Deposit Facility rate at 4.75%, and the Lending Facility rate at 6.50%, while strengthening its integrated policy mix. Monetary policy remained pro-stability to safeguard Rupiah stability and inflation, while macroprudential and payment system policies remained pro-growth by supporting financing, market deepening, liquidity, and digital payments.
- **Growth-enhancing Structural Reforms:** Structural reforms continue to strengthen competitiveness and support growth through priority programs focusing on human capital development, food and energy security, housing and local economic development. Meanwhile, robust investment in downstream industries reflects Indonesia's ongoing transformation toward a more diversified and higher value-added economic structure.
- **Danantara:** Danantara supports Indonesia's macroeconomic management by acting as a strategic investment catalyst, with focus on generating sustainable commercial returns, strengthening the private sector's role and supporting Indonesia's priority programs.

Indonesia's National Transformation Strategy 2025–2029 focuses on strengthening governance, human capital, and industrial value creation to achieve inclusive and sustainable growth. Through structural reforms and grassroots development, it aims to build a resilient, equitable, and globally competitive nation toward Golden Indonesia 2045.

1 Asta Cita: The 8 Quick Impact Programs

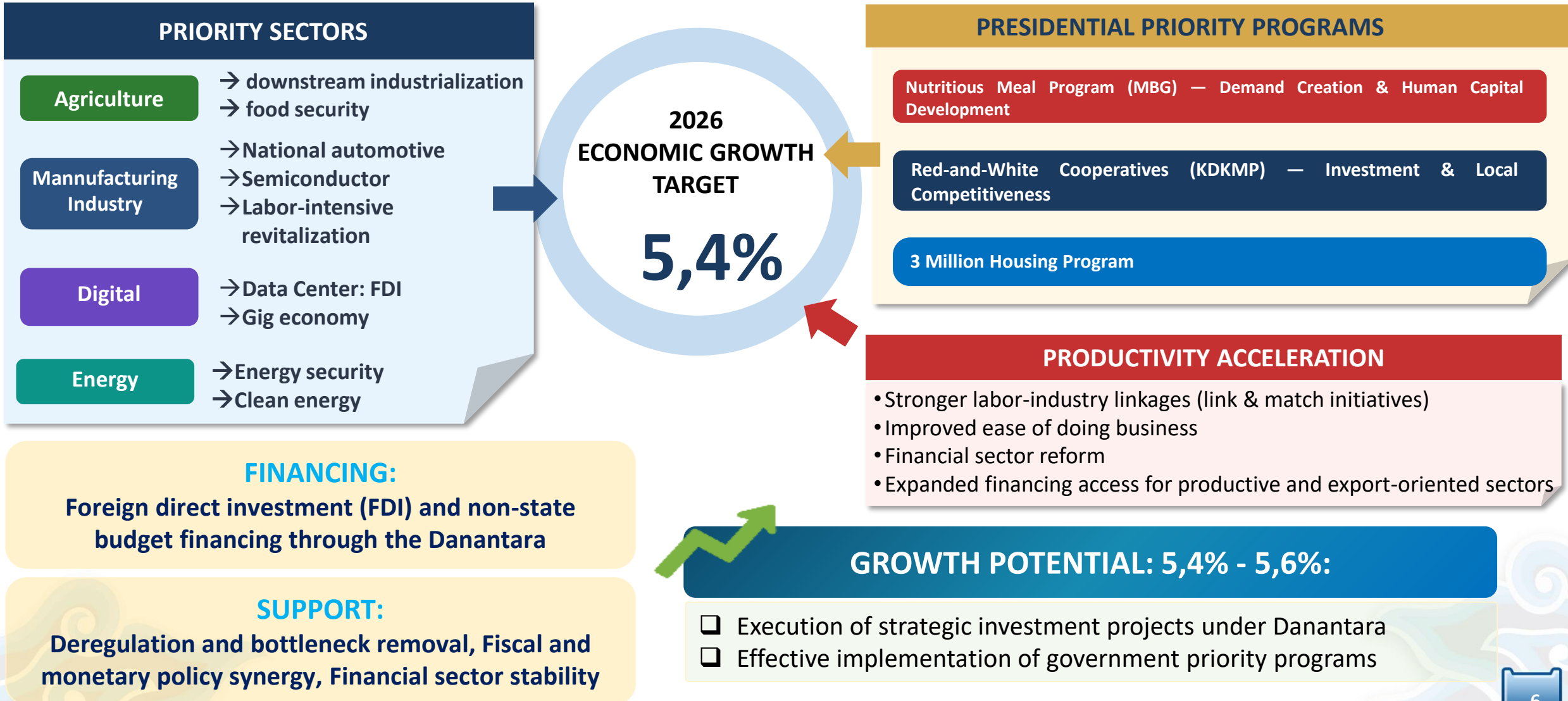
8 National Priorities 2025-2029

1. Strengthening the Foundation of Pancasila Ideology, Democracy, and Human Rights
2. Consolidating the National Defense and Security System and Fostering National Self-Reliance through Self-Sufficiency in Food, Energy, Water, Islamic Economy, Digital Economy, Green Economy, and Blue Economy
3. Continuing Infrastructure Development and Improving Quality Employment Opportunities Promoting Entrepreneurship, Expanding the Creative Industry, and Developing Agro-Maritime Industries in Production Centers through Active Cooperative Involvement
4. Enhancing Human Resource Development, Science, Technology, Education, Health, Sports Achievements, Gender Equality, and Empowering the Roles of Women, Youth (Millennials and Generation Z), and Persons with Disabilities
5. Continuing Downstream Processing and Developing Natural Resource-based Industries to Increase Domestic Value-added
6. Building from the Village and Grassroots for Economic Growth, Economic Equity, and Poverty Eradication
7. Intensifying Political, Legal, and Bureaucratic Reform, and Strengthening the Prevention and Eradication of Corruption, Drugs, Gambling, and Smuggling
8. Enhancing Alignment with A Harmonious Life in the Environment, Nature, and Culture, and Increase Religious Tolerance to Achieve A Just and Prosperous Society

Indonesia Economic Growth Framework 2026



Priority Sectors, Presidential Priority Programs, and Productivity Acceleration as Key Growth Drivers, aligned with Government Work Plan 2026 "Food and Energy Sovereignty, and Economic Transformation toward an Advanced Indonesia"



The First Semester's State Budget Remains Solid



Tax revenue grew strongly (24.6% yoy), state expenditure accelerated (17.8% yoy), while deficit remained under control (0.76% of GDP)
The State budget continues to be directed toward supporting economic growth and achieving national development agenda.

	2025				2026			
	Budget	First Semester Realization	% of Budget	Growth (%)	Budget	First Semester Realization	% of Budget	Growth (%)
(in IDR trillion)								
A. REVENUE	3,005.1	1,201.8	40.0	(9.0)	3,153.6	1,459.4	46.3	21.4
I. Tax Revenue	2,490.9	978.3	39.3	(4.8)	2,693.7	1,187.8	44.1	21.4
1. Tax	2,189.3	831.3	38.0	(7.0)	2,357.7	1,035.7	43.9	24.6
2. Custom and Excise	301.6	147.0	48.7	9.6	336.0	152.0	45.2	3.4
II. Non-Tax Revenue	513.6	222.9	43.4	(22.7)	459.2	271.0	59.0	21.6
III. Grant	0.6	0.6	108.2	(85.2)	0.7	0.7	104.0	10.2
B. EXPENDITURE	3,621.3	1,406.0	38.8	0.6	3,842.7	1,656.0	43.1	17.8
I. Central Government Expenditure	2,701.4	1,003.6	37.1	0.6	3,149.7	1,298.6	41.2	29.4
1. Line Ministries Expenditure	1,160.1	470.5	40.6	(3.5)	1,510.5	658.9	43.6	40.0
2. Non-Line Ministries Expenditure	1,541.4	533.0	34.6	4.4	1,639.2	639.7	39.0	20.0
II. Transfer to Region	919.9	402.5	43.8	0.6	693.0	357.4	51.6	(11.2)
C. PRIMARY BALANCE	(63.3)	52.8	(83.4)	(67.5)	(89.7)	85.1	(94.9)	61.0
D. SURPLUS/ (DEFICIT)	(616.2)	(204.2)	33.1	164.2	(689.1)	(196.5)	28.5	(3.8)
% SURPLUS/ (DEFICIT) to PDB	(2.53)	(0.84)			(2.68)	(0.76)		
E. FINANCING	616.2	283.6	46.0	68.8	689.1	452.0	65.6	59.4

Revenue **IDR1,459.4 T**
▲ 21.4% (yoy)

- Strengthening economic activity
- Enhancing tax and customs supervision and governance
- Improving services of ministries/agencies and public service agencies (BLU)

Expenditure **IDR1,656.0 T**
▲ 17.8% (yoy)

- Driving the economy to higher growth
- Supporting the national development agenda
- Safeguarding national priority programs

Deficit **IDR196.5 T**
0.76% GDP

- Fiscal position remains within safe and controlled limits.

*) Updated TKD ceiling: Rp706.3 T, including additional allocation for Sumatra disaster relief, as well as extra Special Autonomy (Otsus) and DTI funds.

Progress on Fiscal Reform: Higher Revenue and More Effective Spending Support Growth



Stronger revenue mobilization and more effective public spending continue to reinforce fiscal sustainability while supporting economic growth.

(in IDR trillion)	2026						
	Budget	Real. as of April 30	Growth (%)	Real. as of May 31	Growth (%)	Real. as of June 30	Growth (%)
A. REVENUE	3,153.6	918.4	13.3	1,185.0	19.1	1,459.4	21.4
I. Tax Revenue	2,693.7	746.9	13.7	958.2	18.9	1,187.8	21.4
1. Tax	2,357.7	646.3	16.1	834.4	22.1	1,035.7	24.6
2. Custom and Excise	336.0	100.6	0.6	123.8	0.7	152.0	3.4
II. Non-Tax Revenue	459.2	171.3	11.6	226.4	19.9	271.0	21.6
III. Grant	0.7	0.3	28.8	0.4	(1.6)	0.7	10.2
B. EXPENDITURE	3,842.7	1,082.8	34.3	1,365.4	34.4	1,656.0	17.8
I. Central Government Expenditure	3,149.7	826.0	51.1	1,059.3	52.6	1,298.6	29.4
1. Line Ministries Expenditure	1,510.5	400.5	57.9	517.7	58.9	658.9	40.0
2. Non-Line Ministries Expenditure	1,639.2	425.5	45.2	541.6	47.0	639.7	20.0
II. Transfer to Region	693.0	256.8	(1.0)	306.1	(4.9)	357.4	(11.2)
C. PRIMARY BALANCE	(89.7)	28.0	(83.9)	58.6	(69.5)	85.1	61.0
D. SURPLUS/ (DEFICIT)	(689.1)	164.4	(3,888.9)	(180.4)	763.2	(196.5)	(3.8)
% SURPLUS/ (DEFICIT) to PDB	(2.68)	(0.64)		(0.70)		(0.76)	
E. FINANCING	689.1	298.5	6.2	379.4	16.2	452.0	59.4

Built on resilient economic fundamentals, the 2026 Budget demonstrates Indonesia's ability to balance growth objectives with fiscal discipline, ensuring macroeconomic stability.

Macroeconomic Assumption for the Budget

Indicator	Assumptions		
	2025 Budget	2025 Realization	2026 Budget
 Economic Growth (%)	5.2	5.04	5.4
 Inflation (% yoy)	2.5	2.92	2.5
 10Y T-Bonds Rate (% average)	7.0	6.01	6.9
 Exchange rate (IDR/US\$, average)	16,000	16,782	16,500
 Oil Price/ICP (USD/barrel, average)	82	67.95	70
 Oil Lifting (tbpd)	605	577.6	610
 Lifting Gas (tboepd)	1,005	965.5	984

The 2026 Budget Posture

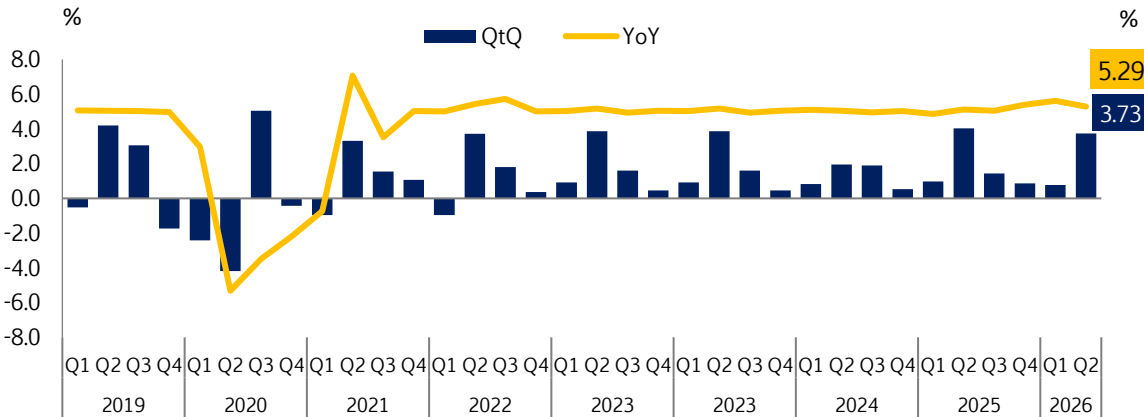
	Budget
A. Revenue	3,153.6
I. Tax Revenue	2,693.7
1. Tax	2,357.7
2. Custom and Excise	336.0
II. Non-Tax Revenue	459.2
III. Grants	0.7
B. Expenditure	3,842.7
I. Central Government Expenditure	3,149.7
1. Line Ministries Expenditure	1,510.5
2. Non-Line-Ministries Expenditure	1,639.2
II. Transfer to Region	693.0
C. Primary Balance	(89.7)
D. Surplus/(Deficit)	(689.1)
E. Financing	689.1

Indonesia's Macroeconomic Fundamentals Remain Strong and Resilient

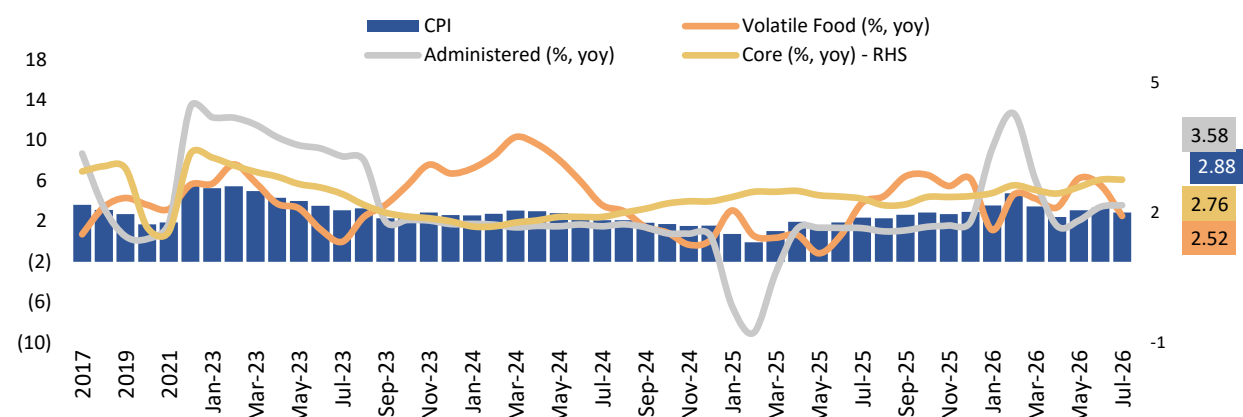


Indonesia's robust macroeconomic fundamentals underpin resilient growth of 5.29% in Q1 2026, supported by manageable inflation, a relatively stable rupiah, and a strengthened monetary policy framework, which reinforcing the economy's capacity for sustained long-term growth.

Strong Economic Growth



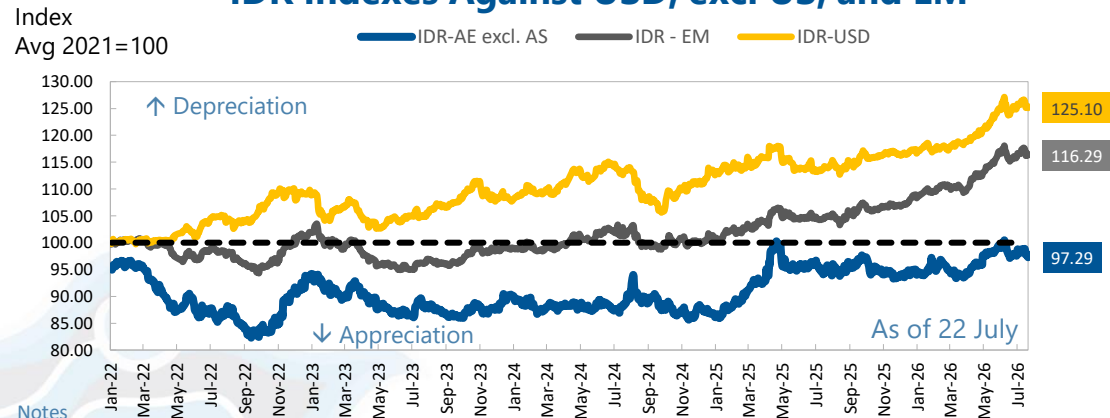
Well Maintained Inflation Ensured Price Stability



Source: BPS

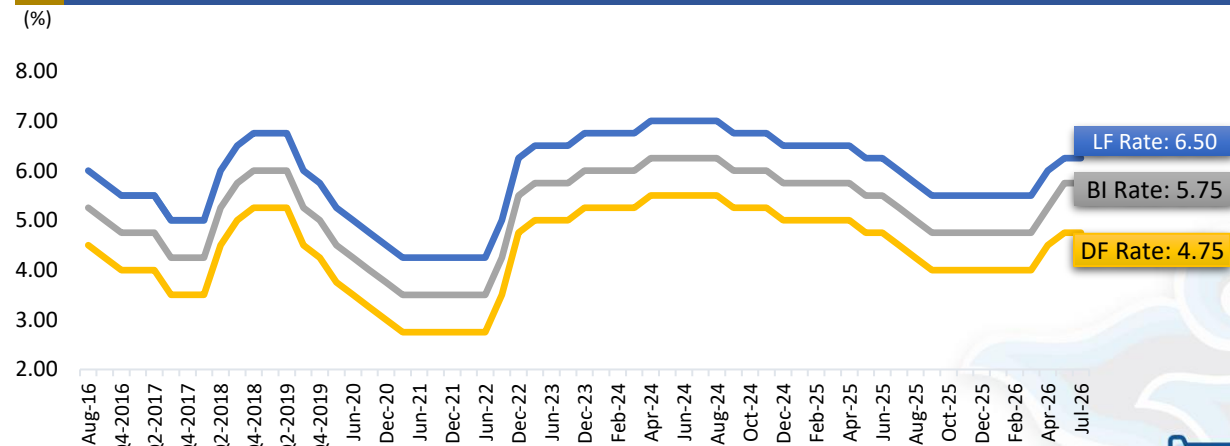
Relatively Stable Rupiah Exchange Rate

IDR Indexes Against USD, excl US, and EM



Notes
Based on daily data
Composite indexes on trade weights :: SGD (13%), CNY (52%), INR (11%), KRW (9%), THB (7%), MYR (9%)
Source: Bank Indonesia

Strengthened Monetary Policy Framework

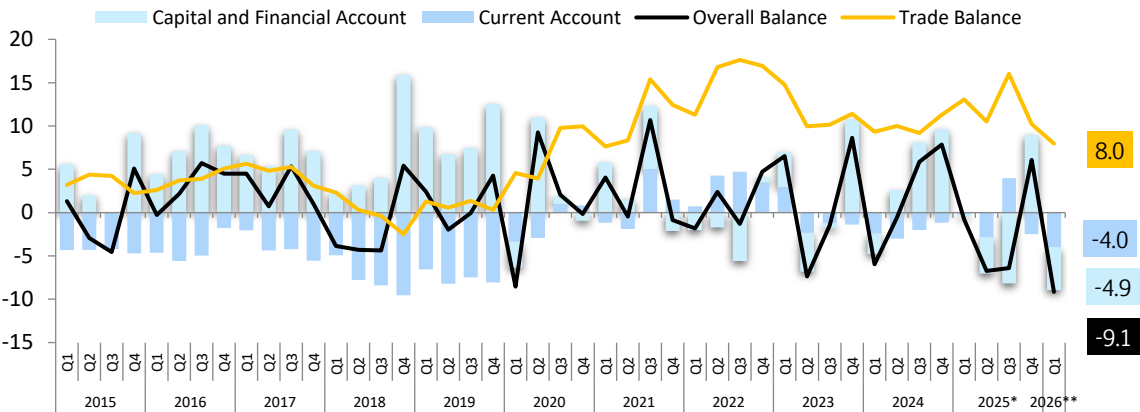




External Sector Remains Sound Amid Heightened Global Uncertainty

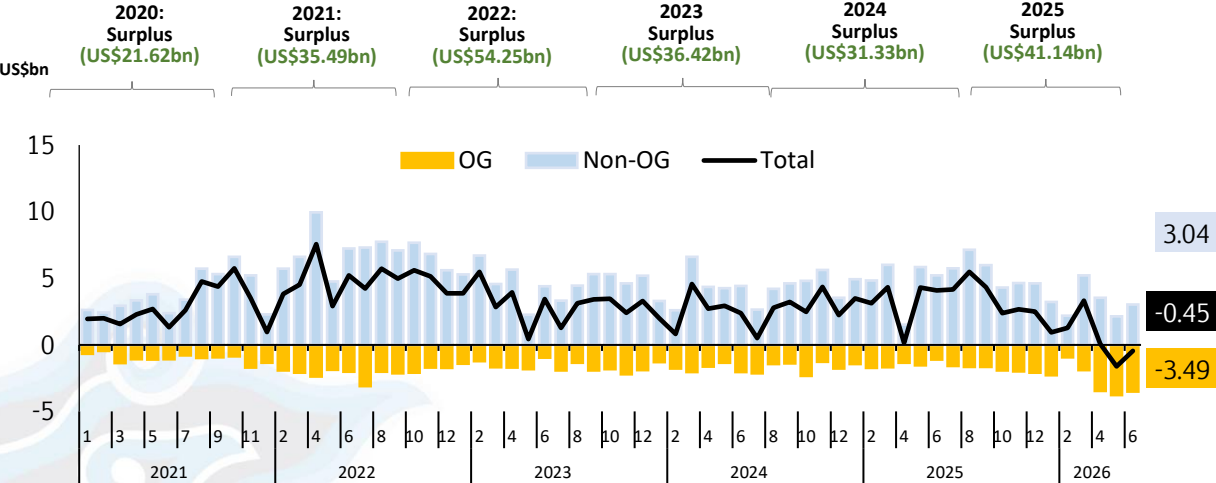
Indonesia's external sector remains resilient, supported by a balance of payments that remains maintained, a low current account deficit, a trade balance that stays in cumulative surplus, and adequate foreign exchange reserves that continue to bolster macroeconomic stability.

Balance Of Payments Performance Was Maintained in Q1 2026



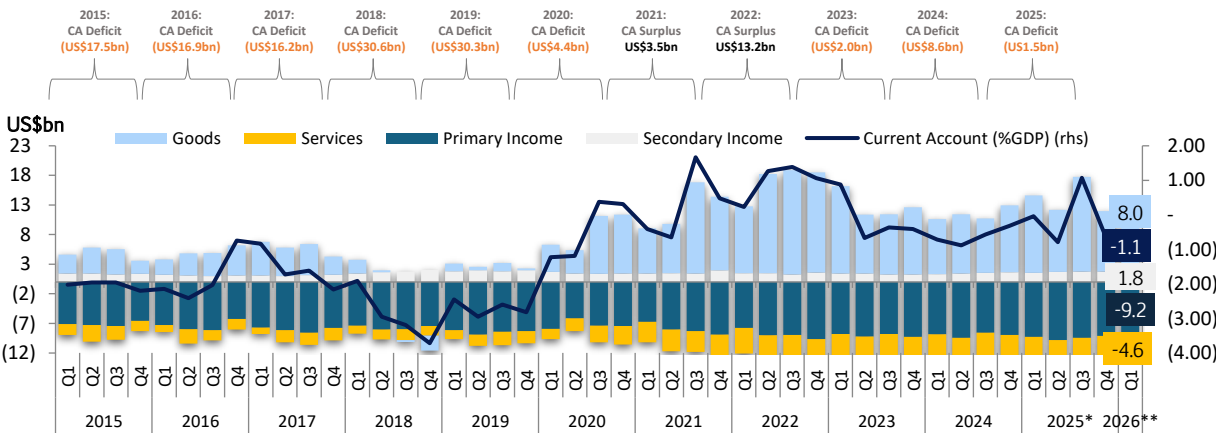
Source: Bank Indonesia

Trade Deficit Narrowed in June 2026

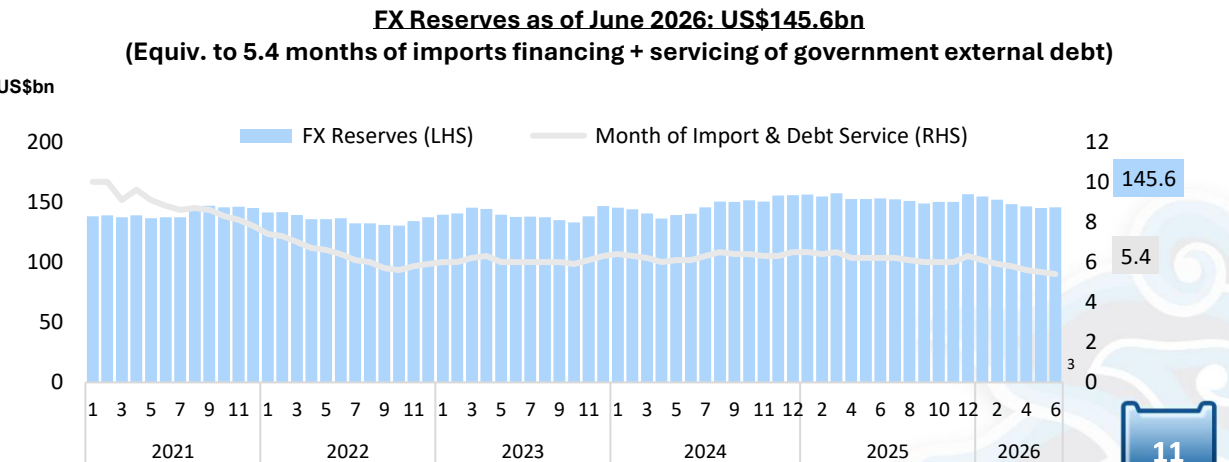


Source Central Bureau of Statistics of Indonesia * Preliminary Figure ** Very Preliminary Figure

Current Account Deficit Remained Low in Q1 2026



Official Reserve Assets Remained Adequate in June 2026



Source: Bank Indonesia

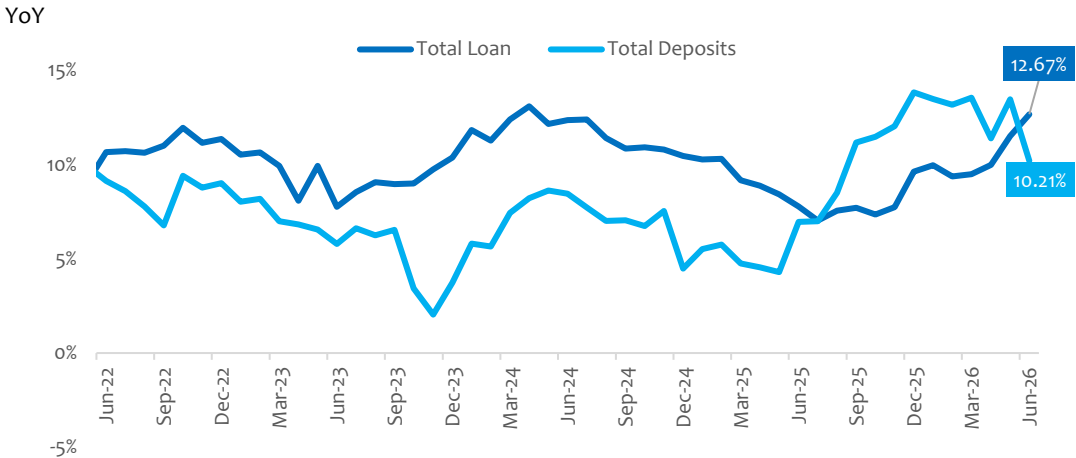


Banking Intermediation

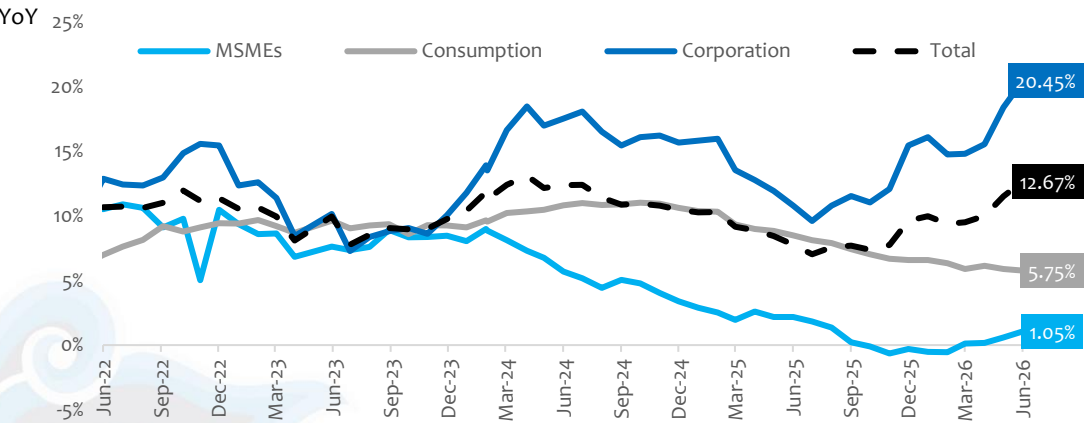
Banking intermediation continued to expand in June 2026, with loan-to-deposit ratio (LDR) remained within the prudent range of 78%–92%.



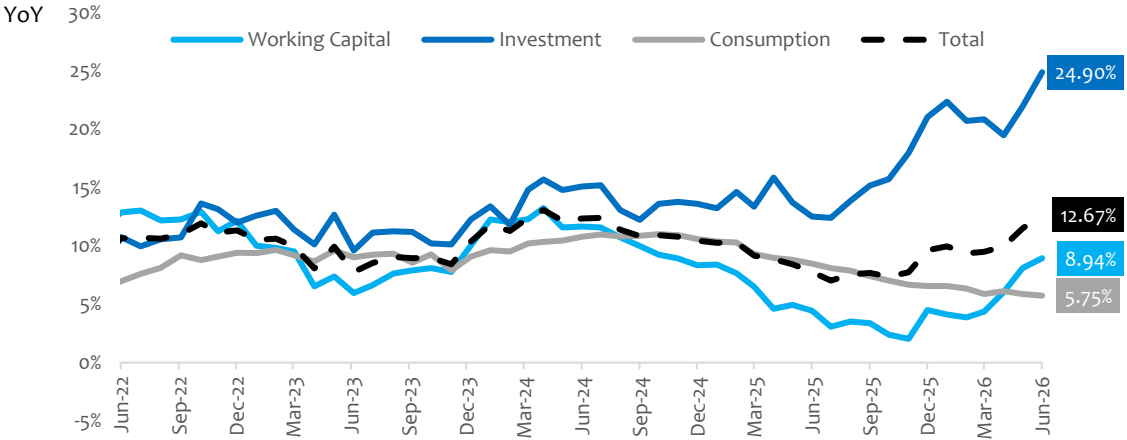
As of **June 2026**, banking loan grew by **12.67% (yoy)**, while deposit grew by **10.21% (yoy)**.



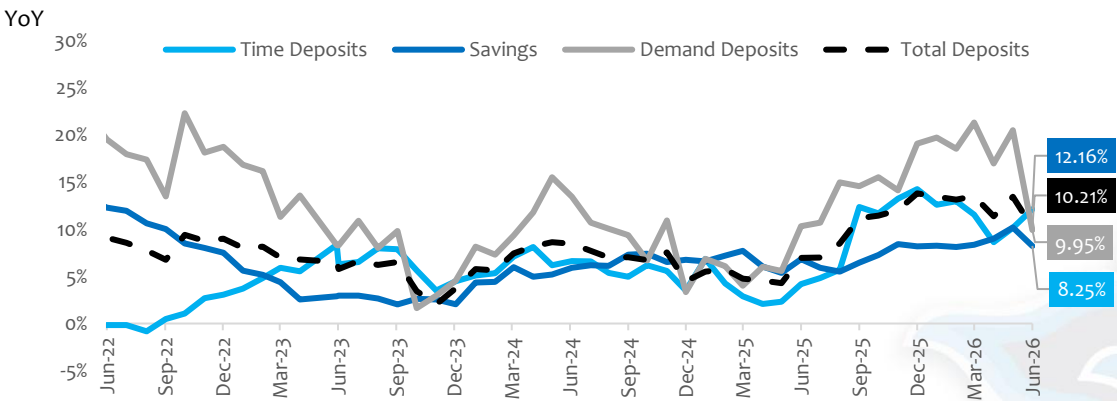
Across loan segments, **corporate loan growth remained high at 20.45% (yoy)**. **MSME loan growth** also remained positive at **1.05% (yoy)**. Meanwhile, consumer loan growth moderated slightly to **5.75% (yoy)**.



Banking loan's growth was in line with continued growth in productive lending, particularly **investment loan, which accelerated to 24.90% (yoy) in June 2026**.



As of **June 2026**, deposit maintained stable growth at **10.21% (yoy)**.



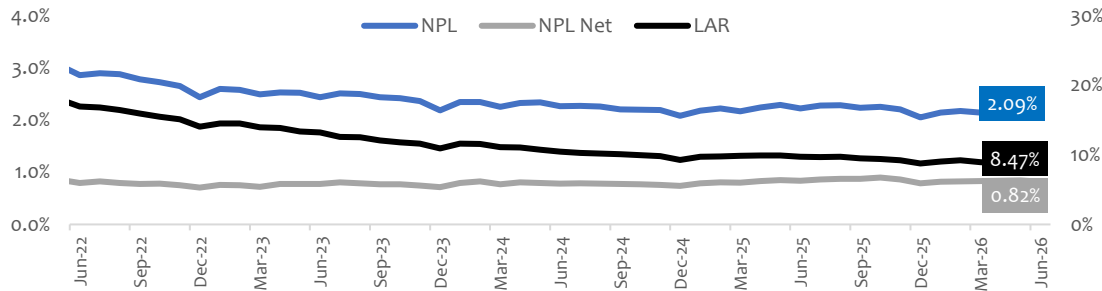


Banking Risk Profile and Profitability

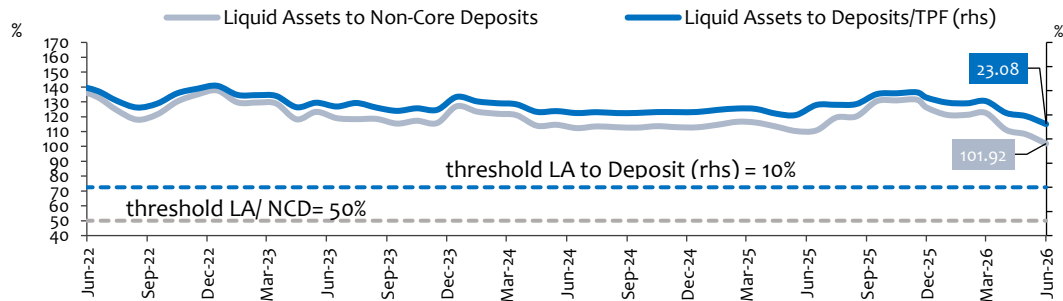
Indonesia's banking sector remained resilient, with well-maintained credit quality, high capital adequacy, adequate liquidity, and broadly stable profitability.



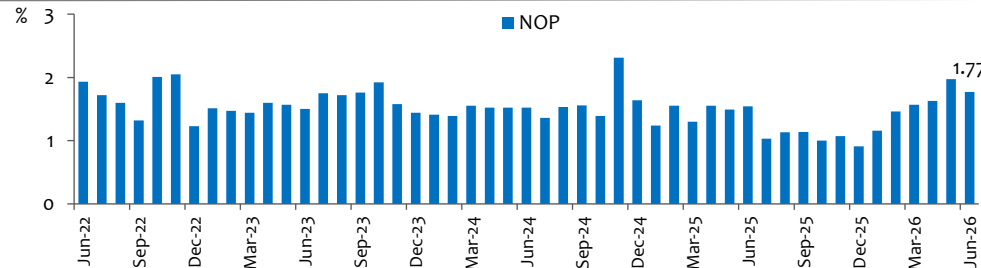
As of June 2026, credit quality remained well maintained, with the gross non-performing loan (NPL) ratio recorded at **2.09%**. The loan-at-risk (LaR) ratio also remained stable at **8.47%**.



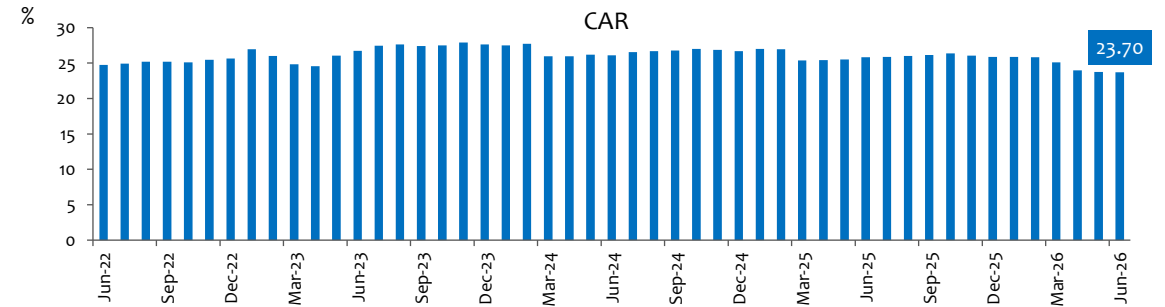
Banking liquidity remained adequate in June 2026, with the liquid assets-to-non-core deposits (LA/NCD) and liquid assets-to-third-party funds (LA/TPF) ratios recorded at **101.92%** and **23.08%**, respectively, well above thresholds.



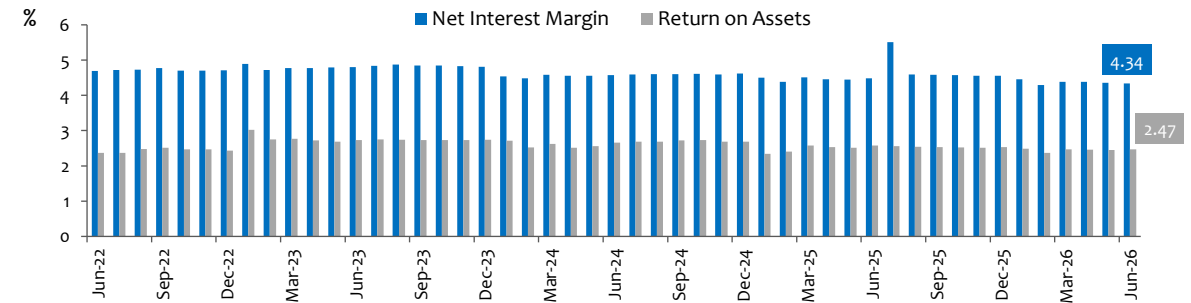
As of June 2026, the Net Open Position (NOP) remained stable at a low level of **1.77%**.



The banking sector remained resilient, as reflected in its high capital adequacy ratio (CAR) of **23.70%** in June 2026.



Banking sector profitability remained stable, with net interest margin (NIM) at **4.34%** and return on assets (ROA) at **2.47%** as of June 2026.





Bank Indonesia Policy Mix for Strengthening Stability and Supporting Economic Growth

Bank Indonesia's policy mix is calibrated to strengthening stability and supporting economic growth through a balanced combination of monetary, macroprudential, payment system, money market deepening, and inclusive green economy measures.



BI – Rate⁽¹⁾

5.75%

➡

Deposit Facility (DF) rate⁽¹⁾

4.75%

➡

Lending Facility (LF) rate⁽¹⁾

6.50%

➡

PRO-STABILITY	PRO-GROWTH			
MONETARY	MACROPRUDENTIAL	PAYMENT SYSTEM	MONEY MARKET DEEPENING	INCLUSIVE AND SUSTAINABLE ECONOMY AND FINANCE
MONETARY	MACROPRUDENTIAL			
- Strengthening the effectiveness of monetary policy implementation to stabilise the Rupiah exchange rate and maintain inflation within the 2.5±1% target range in 2026 and 2027 by: - optimising the foreign exchange intervention strategy to strengthen Rupiah exchange rate stabilisation efforts through Non-Deliverable Forward (NDF) transactions in offshore markets as well as spot and Domestic Non-Deliverable Forward (DNDF) transactions in the domestic market, - managing the interest rate structure in the money market in line with the BI-Rate and pro-market monetary operation instrument rates, - ensuring adequate liquidity in the money market and banking industry by maintaining primary money growth above 10% (double digit), consistent with monetary expansion. - Expanding the incentive policy to increase portfolio inflows, strengthen Rupiah exchange rate stability and accelerate money market and foreign exchange market deepening by: - increasing and expanding premium reduction incentives for foreign portfolio investment by: (a) raising the incentive for Swap Sell Hedging (Swap Buy Hedging to Bank Indonesia) from 10% to 12.5%, and (b) extending incentives for DNDF Sell Hedging transactions by 15%, - providing incentives to increase Local Currency Transactions (LCT) with partner countries[1] to diversify foreign exchange transactions through: (a) an additional 10% premium for Swap Buy Hedging (Swap Sell Hedging to Bank Indonesia), and (b) a 10% reduction in premiums for DNDF Sell Hedging transactions	- Expanding liquidity and addressing liquidity segmentation in the money market and banking industry through refinements to the Macroprudential Liquidity Incentive Policy (KLM) and its integration with accelerated money market deepening as follows: - expanding the underlying assets eligible for repo transactions in conventional monetary operations and/or Bank Indonesia Sharia-Based Liquidity Facility (PASBI) by including corporate bonds and/or sukuk issued by PT Sarana Multi Infrastruktur (SMI) and PT Sarana Multigriya Finansial (SMF). These securities meet the eligibility requirements for corporate bonds and/or sukuk issued by government-established or state-owned financial institutions in line with the Money Market Deepening Blueprint (BPPU) 2030. This policy will be implemented no later than the end of September 2026; - refining KLM policy to expand liquidity and reduce liquidity segmentation, while continuing to encourage lending to priority sectors by: - increasing the maximum total KLM incentive available to banks from 5.5% to 6.0% of third-party funds (TPF), - adjusting the allocation of the KLM financing channel for bank lending/financing to priority sectors from a maximum of 4.5% of TPF to a maximum of 4.0% of TPF, - introducing macroprudential liquidity incentive policy for money market deepening (KLM PPU) allocation to overcome liquidity segmentation in the money market and banking industry, while simultaneously accelerating money market deepening, of up to 2.0% of TPF for banks that maintain securities holdings at the optimal ratio determined by Bank Indonesia. This PPU KLM allocation replaces the KLM interest rate channel and financing-to-funding channel, and - the strengthened KLM policy will take effect from 1st September 2026 - Strengthening the Inclusive Macroprudential Financing Ratio (RPIM) Policy to encourage bank lending/financing to inclusive and sustainable sectors, while maintaining prudential principles through 3 (three) modalities: expanding the scope of bank lending/financing to include suppliers, distributors and/or business partners of corporate entities to support inclusive sectors and national economic growth, - expanding interbank cooperation mechanisms for MSME lending through channelling and executing schemes, - strengthening the contract-based interbank RPIM transfer mechanism. - the strengthened RPIM policy will take effect from 1st October 2026.			
PAYMENT SYSTEM				
- Expanding payment system digitalisation to support and strengthen household purchasing power, while continuing to nurture innovation in line with sound risk management and payment system stability by: - expanding digital payment acceptance through the development of payment instruments and channels, as well as expanding QRIS Cross-Border linkages with priority partner countries, - strengthening innovation and entrepreneurship by intensifying business matching at the Indonesian Digital Innovation Centre (PIDI) Digdaya and the Hackathon program to develop national digital talent, and - strengthening payment system industry restructuring through the development of activities, products and/or partnerships that meet risk management requirements and are aligned with Bank Indonesia's policy direction.				

Source: Bank Indonesia
 Note: (1) Board of Governors Meeting July 2026



Strong Investment in Downstream Industries Reflects Continued Industrial Transformation

Downstream industries continue to attract strong investment of Rp 300.1 trillion in 1st Semester 2026, driven primarily by Mineral and Coal, underscores the continued progress of Indonesia's downstream strategy.



Mineral IDR 206.5 T

Nickel	IDR 71.0 T	Steel Iron	IDR 30.2 T
Bauxite	IDR 53.8 T	Silica	IDR 5.9 T
Cooper	IDR 37.4 T	Others*	IDR 8.2 T

*) Others: Gold, Silver, Cobalt, Manganese, Coal, Buton Asphalt and Rare Earth Elements.



Plantations & Forestry IDR 54.4 T

Palm Oil	IDR 29.5 T	Rubber	IDR 5.0 T
Log	IDR 16.3 T	Others*	IDR 3.6 T*)

*) Other : Nutmeg, Pine, Coconut, Cocoa, and Biofuel



Oil & Natural Gas IDR 35.4 T

Oil	IDR 26.4 T
Natural Gas	IDR 9.0 T



Marine and Fisheries IDR 3.8 T

Commodities in this sector include Salt, Fish (Tuna, Skipjack, Mackerel) , Shrimp, Seaweed, Crab, and Tilapia.

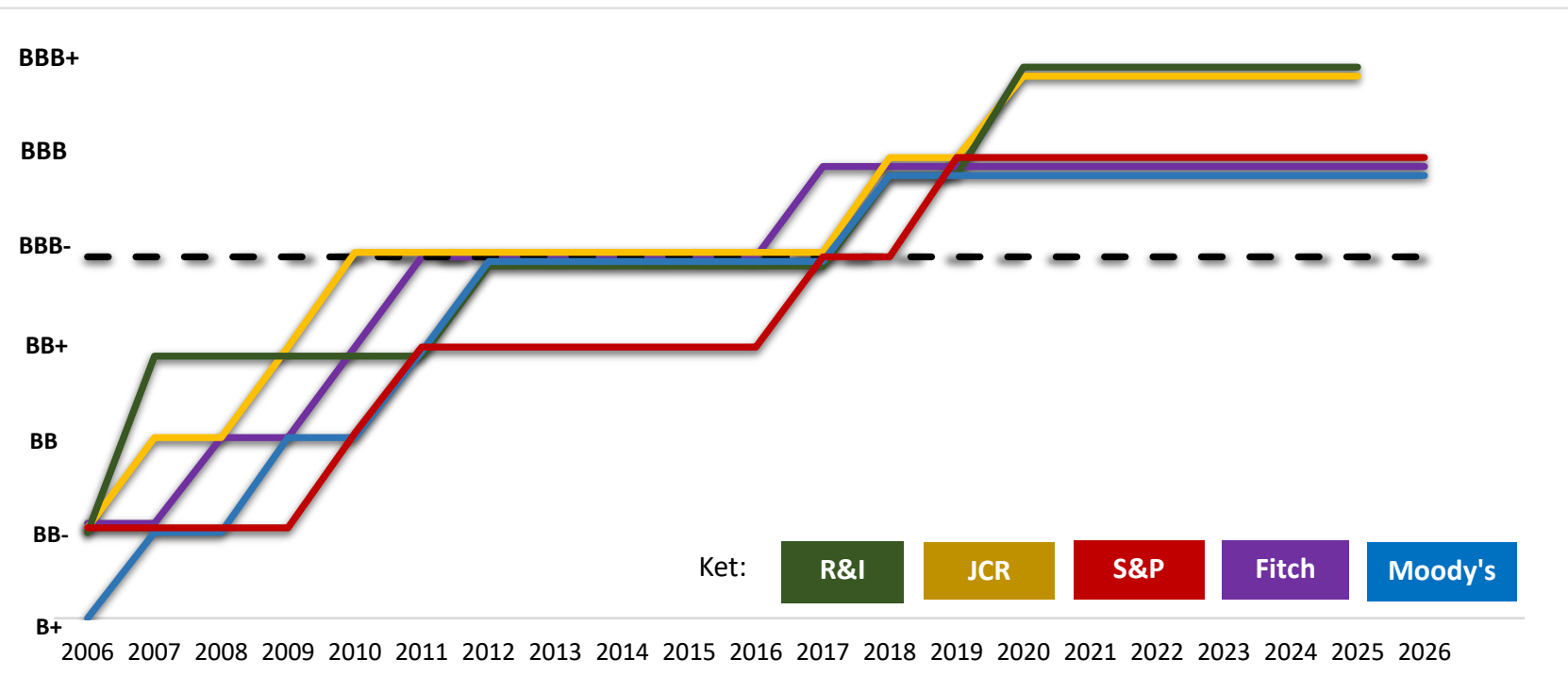
Investment Realization of Downstream Industry Sectors

Rp 300.1 Trillion ▲ 6.9% (YoY)

29.7% of Total Investment Realization 1st Semester 2026



Indonesia's Investment-Grade Ratings Remain Supported by Resilient Fundamentals



FitchRatings

BBB / Negative

March 2026, Rating Affirmed at BBB/Negative Outlook

The rating affirmation reflects Indonesia's record in maintaining macroeconomic stability, favourable medium-term growth, a modest government debt/GDP ratio and moderate external buffers. The outlook revision reflects increasing policy uncertainty and erosion of Indonesia's policy mix consistency and credibility amid growing centralisation of policymaking authority.

S&P Global

BBB / Stable

July 2026, Rating Affirmed at BBB/Stable Outlook

The stable rating outlook reflects our expectation that government revenue will continue to recover this year and export receipts will rebound with higher commodity prices. Policies to boost revenue and export earnings from the resource sector should also lift revenue over time, particularly if policy changes become more predictable and well-executed.

R&I

BBB+ / Stable

October 2025, Rating Affirmed at BBB+/Stable Outlook

Indonesia's economic fundamentals remain resilient, supported by demographic expansion, abundant natural resources and growing manufacturing sectors. The economy has been on a relatively stable trajectory, with the inflation rate kept in check. The government debt ratio remains at a low level, reflecting the government's fiscal policy in accordance with fiscal rules. R&I has a view that prudent fiscal and monetary policies have been maintained so far under the Prabowo administration.

JCR

BBB+ / Stable

September 2025, Rating Affirmed at BBB+/Stable Outlook

The ratings mainly reflect the country's solid domestic demand-led economic growth and restrained public debt. On the other hand, they are constrained by its weak revenue base. The economy's real GDP growth in 2024 remained at around 5%, the same level as the previous year. JCR holds that the government debt-GDP ratio, which rose due to measures aimed to combat the pandemic, will be maintained at current levels amid the ongoing fiscal consolidation efforts through tax reforms and budget allocation revisions.

MOODY'S

Baa2 / Negative

February 2026, Rating Affirmed at Baa2/Negative Outlook

The rating affirmation highlights Indonesia's economic resilience, supported by solid growth, structural strengths, and a track record of credible monetary and prudent fiscal policies that underpin macroeconomic and financial stability. The outlook revision reflects the assessment of rising risks to policy predictability, which have not yet materially affected credit fundamentals but could weigh on performance if prolonged.



Section 2

Macroeconomic

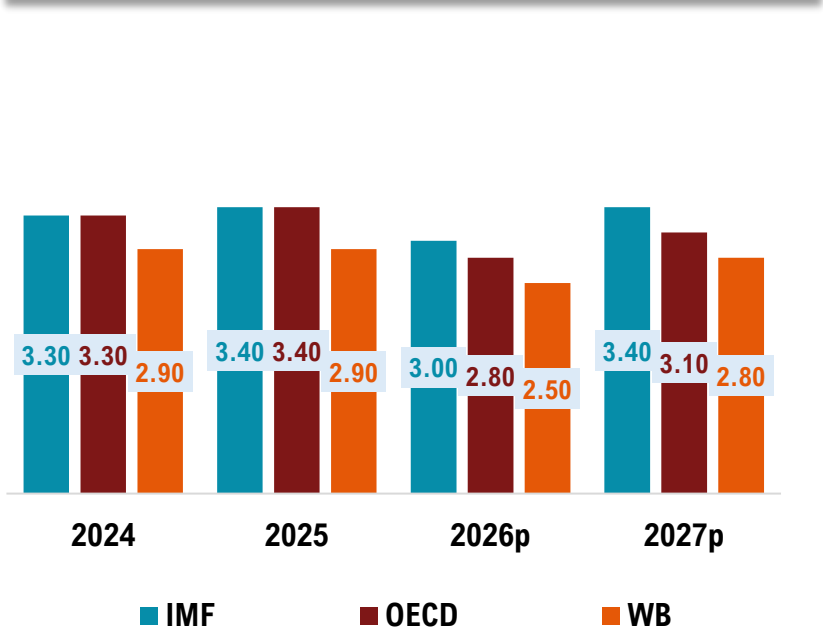
*“Solid Growth Prospects Supported by Continued
Economic Recovery Momentum”*

Indonesia's Projected Robust Resilience Amidst Evolving Global Dynamics



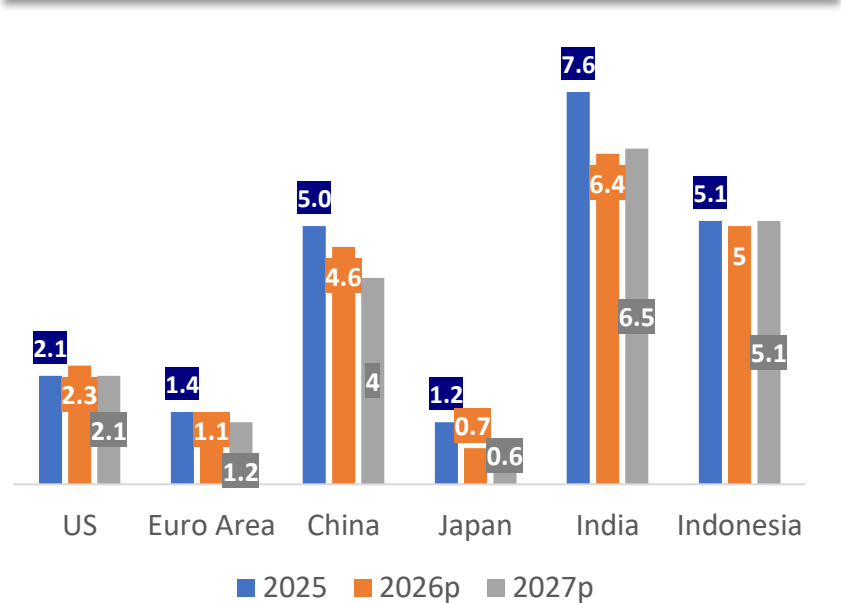
Indonesia continues to demonstrate superior economic resilience, maintaining a strong projected growth trajectory that consistently outperforms global and regional performance. While the global economy is projected to stabilize amid evolving structural dynamics and external challenges, Indonesia's solid fundamentals and strategic policy framework ensure a sustainable and resilient economic outlook through 2027.

Global GDP Growth Projection (% YoY)



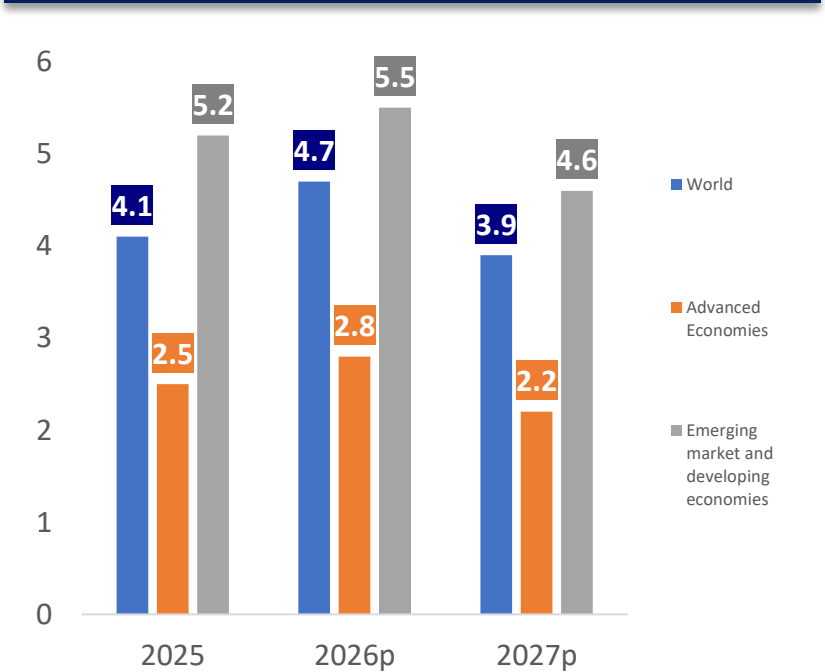
Source: GEP WB Jun'26, OECD Jun'26, WEO IMF Jul'26

Estimated GDP Growth of Selected Country 2025-2027 (% YoY)



Source: WEO IMF Jul'26

Global Inflation Projection (CPI) (% YoY)



Source: WEO IMF Jul '26

DOWNSIDE RISKS

- 1 Intensification of geopolitical Tensions
- 2 Eruption of domestic political tensions
- 3 Reevaluation of Technology Expectations
- 4 Disruption of the fragile balance of current trade policies
- 5 Repricing of borrowing costs triggered by fiscal vulnerabilities
- 6 Erosion of confidence in economic institutions

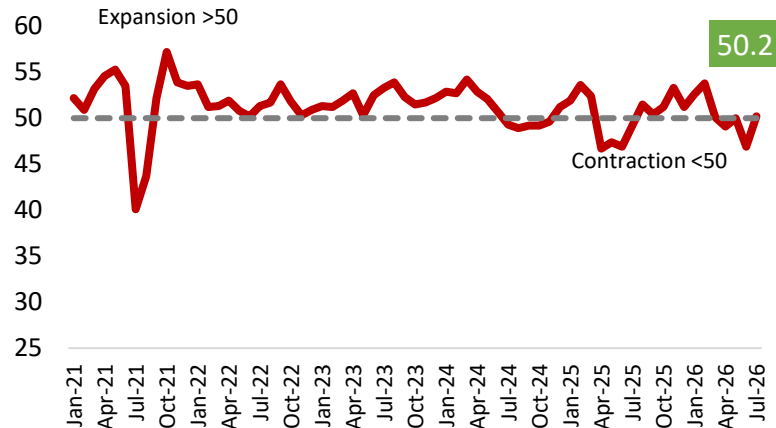
Source: WEO IMF Jul '26.



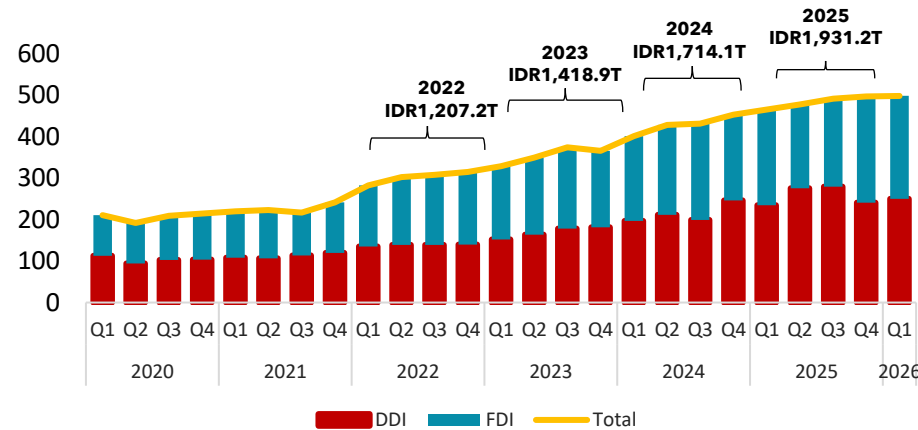
Indonesia's Leading Indicators Demonstrate Sustained Economic Resilience

Indonesia's leading indicators continue to point to resilient economic fundamentals entering Q2-2026. Manufacturing PMI rebounded to 50.2, returning to expansion territory, while Consumer Confidence remained elevated at 117.8. Total investment continued its strong upward trend, reflecting sustained investor confidence. Despite a temporary trade deficit in June following a wider oil and gas deficit, Indonesia maintained a cumulative trade surplus in January–May 2026 and strong foreign exchange reserves of around USD146 billion, reinforcing external resilience amid heightened global uncertainty.

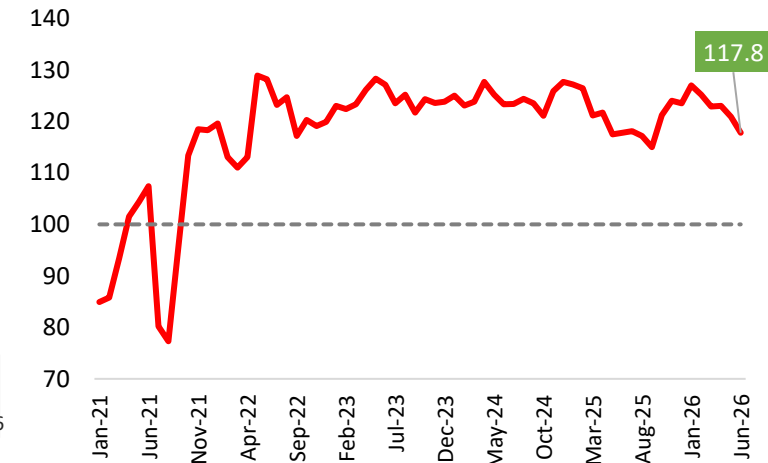
Manufacturing PMI



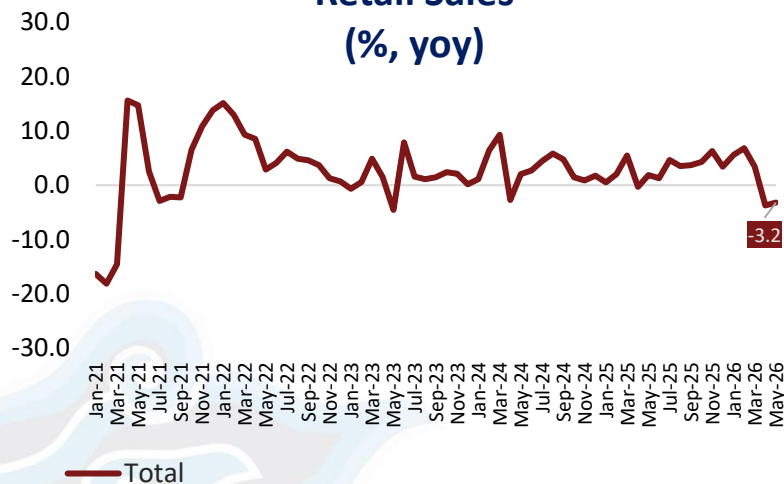
Total Investment (IDR Tn)



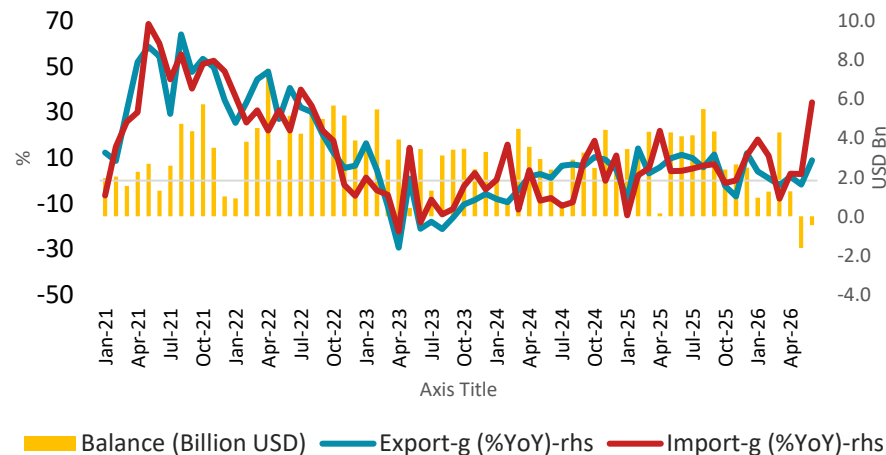
Consumer Confidence Index



Retail Sales (% yoy)



Trade Balance (USD Bn)



Foreign Exchange Reserves (USD Bn)



Indonesia Economic Growth Framework 2026



Priority Sectors, Presidential Priority Programs, and Productivity Acceleration as Key Growth Drivers, aligned with Government Work Plan 2026 "Food and Energy Sovereignty, and Economic Transformation toward an Advanced Indonesia"

PRIORITY SECTORS

Agriculture

- downstream industrialization
- food security

Manufacturing Industry

- National automotive
- Semiconductor
- Labor-intensive revitalization

Digital

- Data Center : FDI
- Gig economy

Energy

- Energy security
- Clean energy

2026
ECONOMIC GROWTH
TARGET

5,4%

PRESIDENTIAL PRIORITY PROGRAMS

Nutritious Meal Program (MBG) — Demand Creation & Human Capital Development

Red-and-White Cooperatives (KDKMP) — Investment & Local Competitiveness

3 Million Housing Program

PRODUCTIVITY ACCELERATION

- Stronger labor–industry linkages (link & match initiatives)
- Improved ease of doing business
- Financial sector reform
- Expanded financing access for productive and export-oriented sectors

FINANCING:

Foreign direct investment (FDI) and non-state budget financing through the Danantara

SUPPORT:

Deregulation and bottleneck removal, Fiscal and monetary policy synergy, Financial sector stability

GROWTH POTENTIAL: 5,4% - 5,6%:

- ☐ Execution of strategic investment projects under Danantara
- ☐ Effective implementation of government priority programs

Sustainability of The Economic Package (8+4+5 Program)*



The 2025 Economic Package is designed to accelerate growth and strengthen employment absorption. It also ensures policy continuity, with several key measures carried forward from previous years and extended into 2026

8 Programs: “8 Accelerated Programs in 2025”

1. **Government Assistance for College Graduates Internship Program:** Ministry of Manpower data: 4,894 companies, 44 institutions, and 92,583 vacancies, for up to 100,000 1-year fresh graduates.
2. **Government-borne Income Tax (PPh21) incentives for the tourism sector workers:** in the Oct-Dec 2025 Period: 552,000 workers.
3. **Food Assistance program:** Distribution progress: Rice: 6,776.2 tons (1.85%) of the ceiling of 365,541 tons. Cooking oil: 1,355.3 KL (1.85%) of the ceiling of 73,108 KL.
4. **Discount on Work Accident Insurance (JKK) and Death Insurance (JKM) Contributions:** for non-wage recipients in the transportation sector. Government Regulation (PP) draft is being prepared.
5. **Additional Service Benefits – Housing Program of BPJS Ketenagakerjaan:** Revision of the Minister of Manpower Regulation is under discussion; harmonisation is ongoing at the Ministry of Law and Human Rights.
6. **Program Padat Karya Tunai (Cash for Work):** Ministry of Transportation realization: 13,163 workers; and Ministry of Public Works realization: 197,972 workers.
7. **Deregulation Program (PP28/2025):** Acceleration of RDTR Integration into OSS Additional digital RDTR integrated into OSS: target 100 new RDTR, with 17 RDTR realized to date.
8. **Urban Program (Jakarta Pilot Project):** Program identification is underway in each ministry/agency and SOE.

4 Programs: Carried Forward to 2026

1. **Adjustment of the Utilization Period and Beneficiaries of 0.5% Final Income Tax for MSME Taxpayers until 2029**
2. **Extension of Government-borne Income Tax (PPh 21) Incentives for Tourism Sector Workers and Labor-Intensive Industries (2026 budget)**
3. **Extension of the VAT DTP for the housing sector: extended until 2027**
4. **Extension and expansion of Discount on JKK and JKM Contributions for all Non-Wage Recipients (BPU)**

5 Programs: Employment Absorption

1. **Operasional for KDKMP (Koperasi Desa/ Kelurahan Merah Putih):** Ground-breaking has been carried out at 800 locations
2. **Value Chain Strengthening for Strategic Plantation and Agricultural Commodities, and Post-Harvest Infrastructure**
3. **Revitalisation of Northern Coast (Pantura) Shrimp Ponds, Integrated Shrimp Area in Waingapu, and Modernisation of Fishing Vessels**
4. **Kampung Nelayan Merah Putih” Program** Stage-2 ABT process is ongoing in 35 locations
5. **Fish Cultivation Development** to support MBG in 500 districts/cities

*is an economic policy issued in 2025 but is still being continued until now and is adjusted to the Indonesia Economic Growth Framework 2026

Fiscal Incentives to Boost the Economy



The government provides fiscal incentives to create a conducive investment climate, especially for industry players in order to boost investment and strengthen domestic industrial structure.

TAX HOLIDAY & MINI TAX HOLIDAY

- ❑ Applicable to new investments, particularly in pioneer industries and core business activities.
- ❑ 18 eligible pioneer industries covering 169 KBLI classifications, strategically selected for their strong economic linkages, high added value, advanced technology adoption, and significant national economic impact.
- ❑ Corporate income tax incentives:
 - 100% corporate income tax exemption (full tax holiday) for up to 20 years, depending on the investment value.
 - Mini tax holiday: A 50% corporate income tax reduction for two years after the initial full exemption period.
 - After the tax holiday and mini tax holiday periods expire, investors remain eligible for a 50% reduction of the standard corporate income tax rate.
- ❑ Adjustment due to Global Minimum Tax (GMT) Implementation:
 - Indonesia has aligned its tax policies with the 15% Global Minimum Tax (GMT) framework set by the OECD/G20.
 - Companies benefiting from the Tax Holiday must comply with the minimum tax requirement, ensuring both regulatory stability and competitive investment incentives.

TAX ALLOWANCE

- ❑ Aims to increase direct investment in specific business sectors or designated regions.
- ❑ Incentives include:
 - 30% net income reduction based on total investment over six years.
 - Accelerated depreciation and amortization.
 - Reduced income tax on dividends paid to foreign investors (10% or lower).
 - Compensation for losses of up to 10 years.
- ❑ Criteria include high investment value for export, significant labor absorption, or high local content.

INVESTMENT ALLOWANCE

- ❑ Encourages investment in labor-intensive industries, supporting job creation and workforce absorption.
- ❑ Net income deduction of 60% of the investment in tangible fixed assets, including land, used for the taxpayer's main business activities.
- ❑ Deduction is spread over six years (10% annually) from the fiscal year when commercial production starts.
- ❑ Covers 45 labor-intensive industrial sectors, employing an average of 300 workers per tax year.

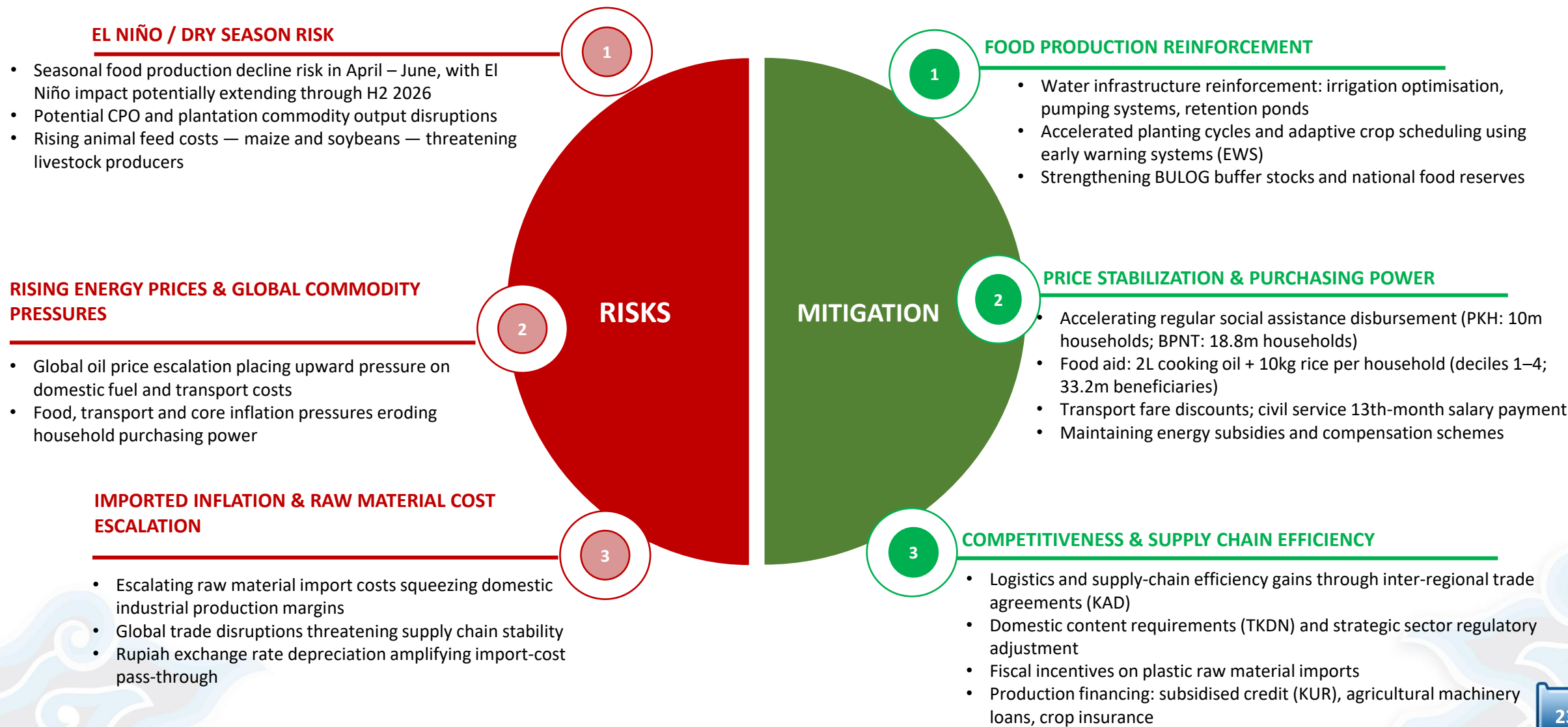
SUPER DEDUCTION TAX

- Super Deduction for Vocational Activities
- ❑ Encourages industries to participate in vocational programs, facilitating knowledge transfer and skill development.
 - ❑ Maximum reduction of 200% in gross income for costs related to work practice, apprenticeships, and learning activities.
- R&D Super Deduction
- ❑ Supports industry-driven innovation and the adoption of the latest technology in production processes.
 - ❑ Maximum gross income deduction of 300% for eligible R&D expenditures in Indonesia.



Strengthening Indonesia's Inflation Control Strategy Against External And Domestic Headwinds

Proactive risk mitigation across food production, social assistance, and structural efficiency ensures domestic inflation remains contained despite external and climate headwinds



Policy Coordination & Synergy To Keep Inflation Firmly Anchored



The government (central and regional) and Bank Indonesia continue strengthening coordination and synergy through TPIP-TPID amid to control inflation amid against global headwinds. Policymakers remain confident that 2026 inflation, will remain within the $2.5 \pm 1\%$ target band.



MONETARY POLICY

Pro-stability monetary policy

- Rupiah stabilisation via FX interventions: spot, DNDF, secondary SBN
- Monetary operations via SRBI, SVBI, and SUVBI optimisation



FISCAL POLICY

National state budget and local government budget as fiscal shock absorbers

- Energy subsidies compensation transfers
- Food security budget: optimisation of government commercial reserves (SPHP distribution)
- Social protection programmes, including food assistance
- **Purchasing-power stimulus measures**
- Regional budget (APBD) and contingency reserve (BTT) optimisation

THE 4-PILLAR INFLATION CONTROL STRATEGY

K1

Price Affordability



- Expanded subsidised market operations and food price stabilisation (SPHP) Availability dan Affordability
- Social protection, food aid, electricity tariff discounts, transport subsidies

K2

Supply Availability



- Strengthening Government Food Reserves (CPP and CPPD)
- Subsidised credit (KUR) and agricultural machinery financing
- Subsidised fertiliser provision

K3

Distribution Efficiency



- Facilitating strategic food commodity distribution chains
- Sea-toll programme optimisation to reach remote 3TP areas
- Logistics cost subsidies

K4

Effective Communication



- TPID coordination by Ministry of Home Affairs via weekly meetings
- Zonal TPIP-TPID coordination meetings aligned with GNPPI



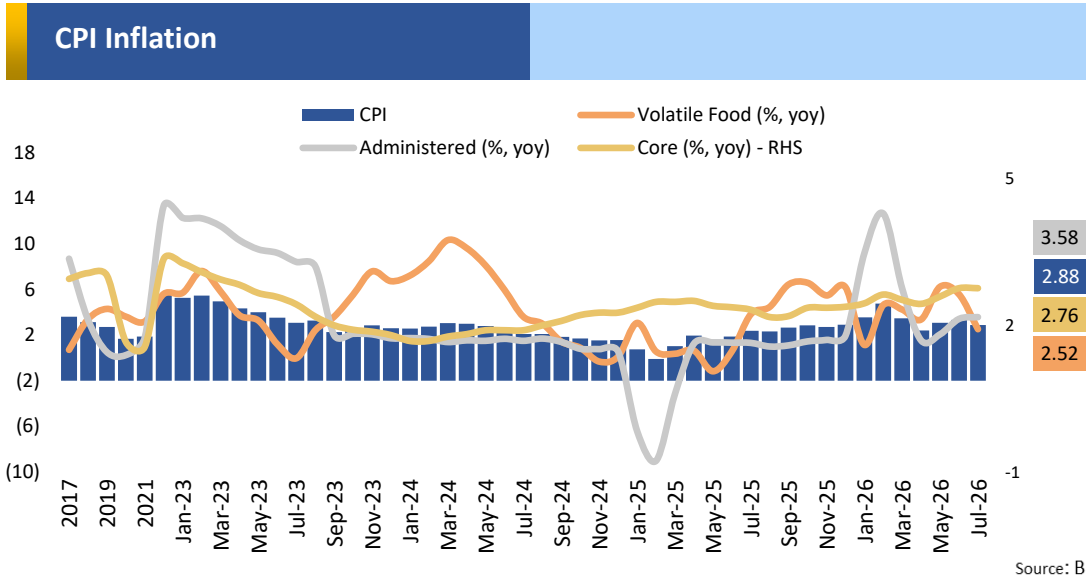
2026 INFLATION ANCHORED AT TARGET $2.5 \pm 1\%$

Consumer Price Index (CPI) Inflation Remains Under Control



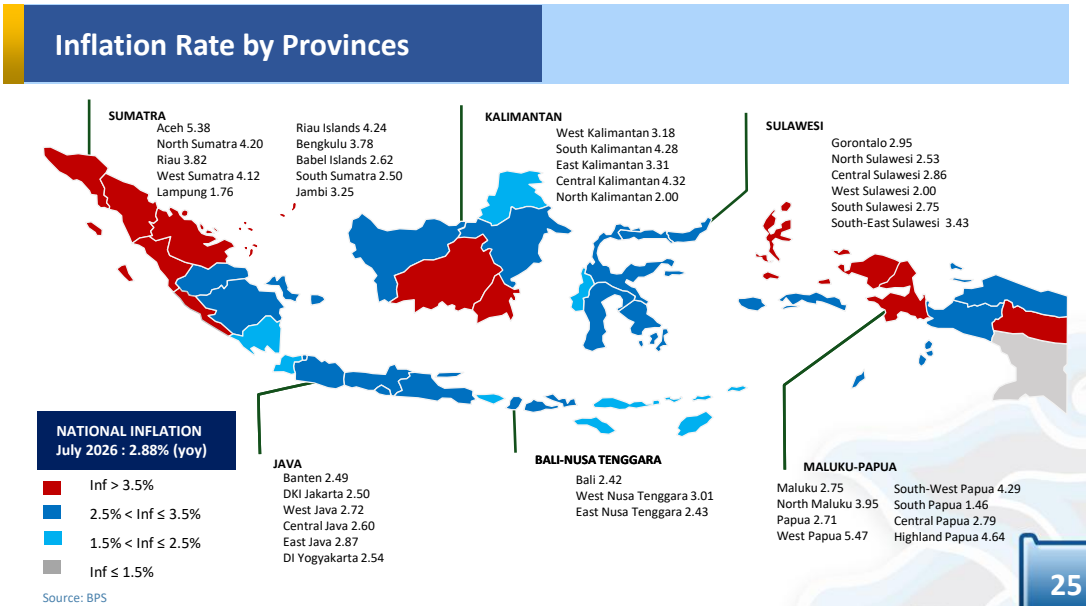
Inflation remains manageable, supported by stable core inflation, easing volatile food prices, and strong policy coordination across national and regional inflation control teams.

- **Consumer Price Index (CPI) in July 2026 decreased to 2.88% (yoy), from 3.34% (yoy) in the previous month.**
 - ❑ Core inflation remained stable at 2.76% (yoy) in July 2026.
 - ❑ Volatile food VF inflation was recorded at 2.52 % (yoy), decreasing from 5.58% (yoy) in the previous period.
 - ❑ Administered prices (AP) inflation was recorded at 3.58% (yoy), higher than the 3.42% (yoy) inflation recorded in June 2026
- **Bank Indonesia will continue strengthening its monetary policy mix, including rupiah exchange rate stabilisation measures, to mitigate the risk of rising imported inflation and ensure inflation remains within the 2.5±1% target corridor in 2026 and 2027.** Bank Indonesia will also continue strengthening policy synergy with the Government through the Central and Regional Inflation Control Teams (TPIP and TPID), including by intensifying the Inflation Control and Food Prosperity Movement (GPIPS), which includes anticipating the risk of weather disruptions triggered by El Niño on food prices.



2026 Inflation Projection

Institutions	Inflation (% yoy)
2026 Budget	2.5
Bank Indonesia	2.5%±1%
Consensus Forecast (July 2026) – average	3.4
IMF (April 2026) – end of period	3.0

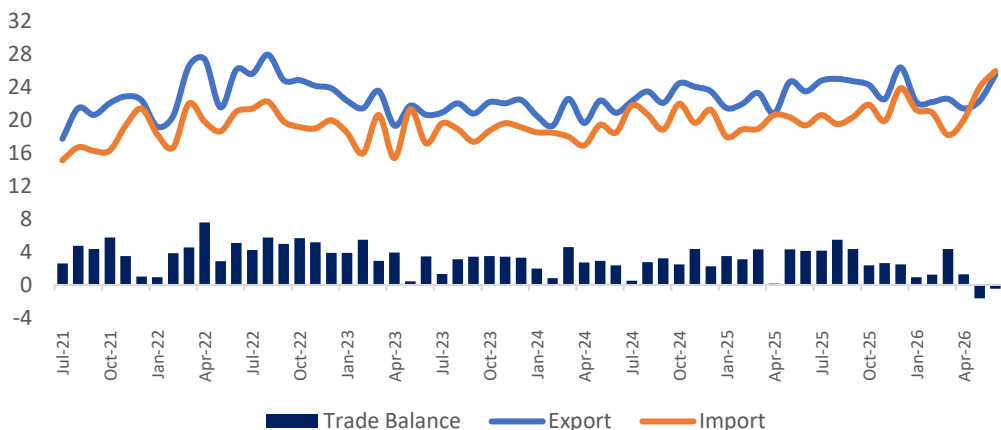


Task Force for Increasing National Exports to Strengthen Trade Balance



The government has established a task force to boost national exports to maintain export performance, strengthen the trade balance, and support economic growth. The initiative focuses on improving export industry productivity, expanding markets, simplifying processes, enhancing export financing, increasing MSME exports, and strengthening regulations while Indonesia continues to maintain a trade surplus for many consecutive months despite global uncertainty.

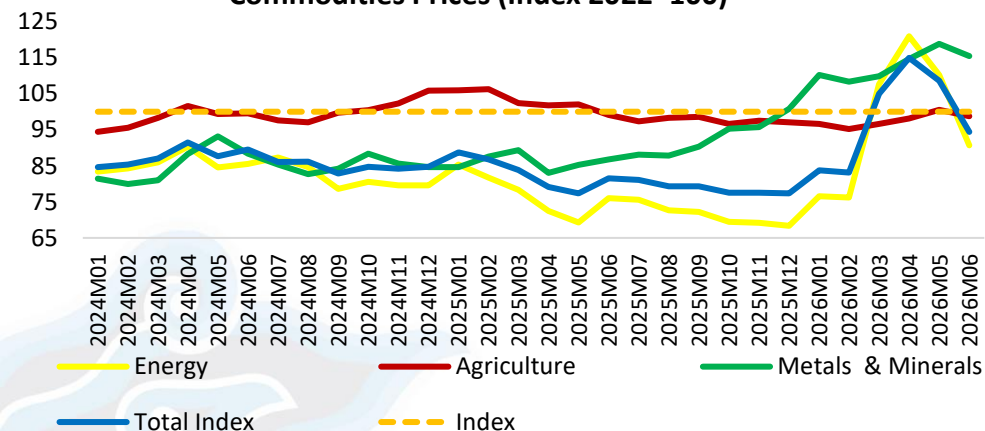
Performance of Indonesia's Export – Import (Billion USD)



Source: BPS

Commodities Prices Volatility

Commodities Prices (Index 2022=100)



Source: World Bank

VISION

TASK FORCE FOR
INCREASING NATIONAL EXPORTS

"MAINTAIN AND IMPROVE NATIONAL EXPORT PERFORMANCE"

TARGET

STRENGTHENING THE TRADE BALANCE
TO DRIVE NATIONAL ECONOMIC GROWTH

WORKING
GROUP

WG I

Increasing
Productivity
and
Competitiveness
of Export
Industries

WG II

Diplomacy,
Promotion,
and
Development
of Export
Market

WG III

Simplify,
Synchronize,
and Integrate
of Export's
Processes and
Services

WG IV

Export
Financing

WG V

Increasing
MSME
Exports

WG VI

Regulations

DRIVERS

AMIDST GLOBAL UNCERTAINTY, INDONESIA CONTINUES TO MAINTAIN A POSITIVE CUMULATIVE
TRADE SURPLUS IN 2026



Local Currency Transaction (LCT)

BI implemented the Local Currency Transaction Framework as an effort to improve market efficiency, to accelerate financial market development, and reduce exchange rate volatility...

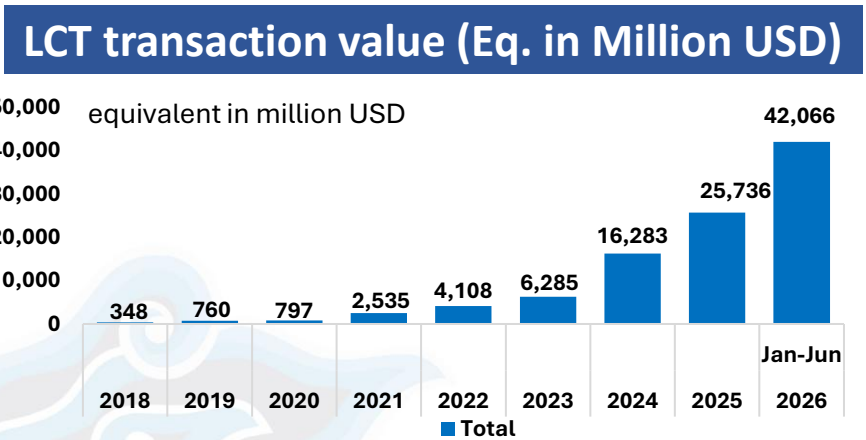
1

LCT transaction is growing...

a) Currently, the implementation of Local Currency Transaction (LCT) cooperation between Indonesia has been established with Malaysia, Thailand, Japan, China, South Korea, and United Arab Emirates.

b) LCT Indonesia with Singapore and India is currently in the finalization stage of preparation.

c) The total value of LCT throughout 2026 (Jan-June) reached the equivalent of USD42,07 billion, representing a 259% (yoy) increase compared to transaction value in Jan-June of the previous year (eq. 11,72 billion)



Source: Appointed Cross-Currency Dealer (ACCD) Banks' Report

2

...by expanding line of business and participants...

Line of Bussiness	Current Account, Capital Account, and Financial Account
Area of Cooperation	FX Market, Financial Market, and Cross-Border Payment
Expansion of Participants	a. LCT customer: Wholesale & retail b. ACCD* Banks,Payment Service Providers for Cross-Border Transaction, Portfolio Investment Company

*Appointed Cross-Currency Dealer

3

...as well as stronger strategic synergy with government agencies.



Strategic Cooperation of National Task Force on Local Currency Transaction

- a) Trade and Direct Investment
- b) Banking and Financial Market
- c) Expansion usage of LCT and Cross-Border Payment





Section 3

External Sectors

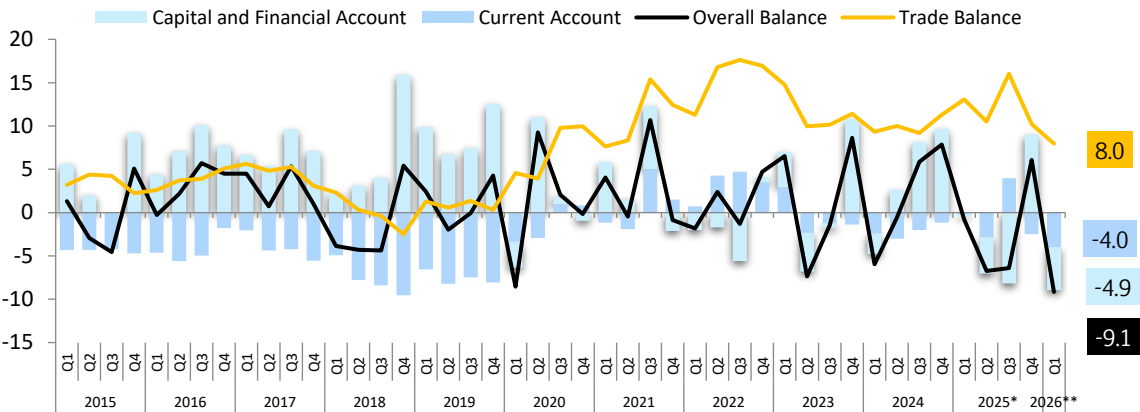
“Sound External Resilience Supported by a balance of payments that remains maintained and Ample Reserves”



External Sector Remains Sound Amid Heightened Global Uncertainty

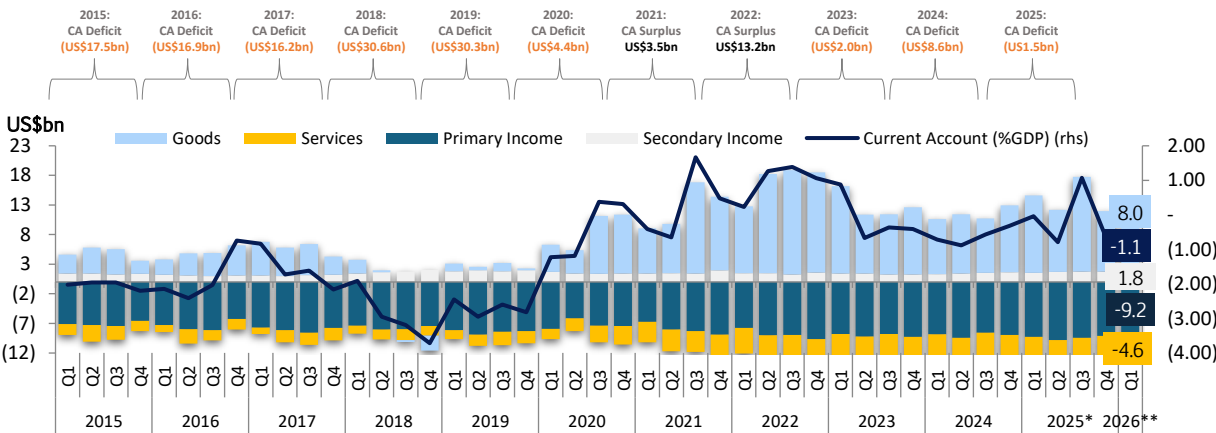
Indonesia's external sector remains resilient, supported by a balance of payments that remains maintained, a low current account deficit, a trade balance that stays in cumulative surplus, and adequate foreign exchange reserves that continue to bolster macroeconomic stability.

Balance Of Payments Performance Was Maintained in Q1 2026

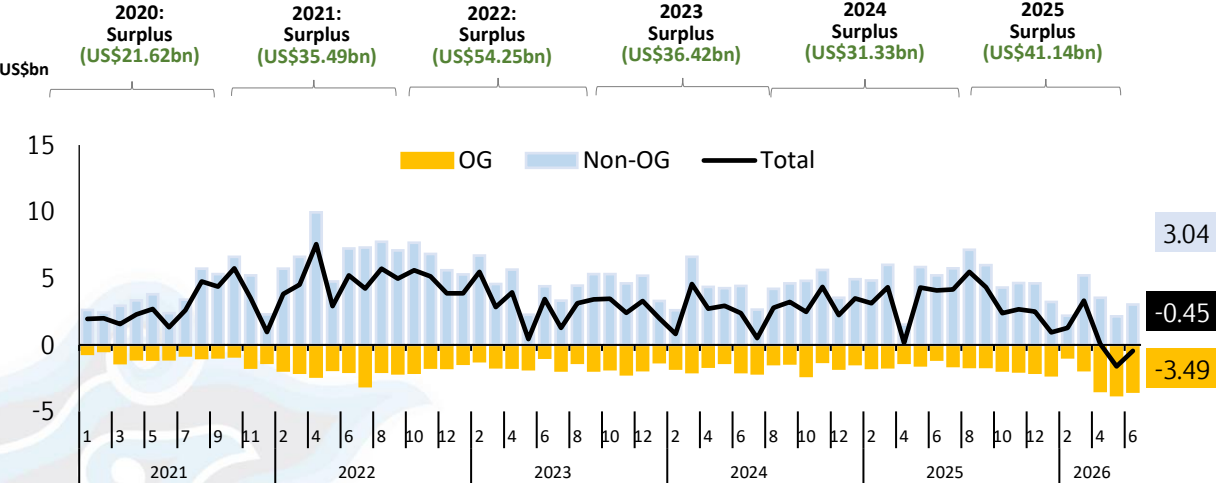


Source: Bank Indonesia

Current Account Deficit Remained Low in Q1 2026

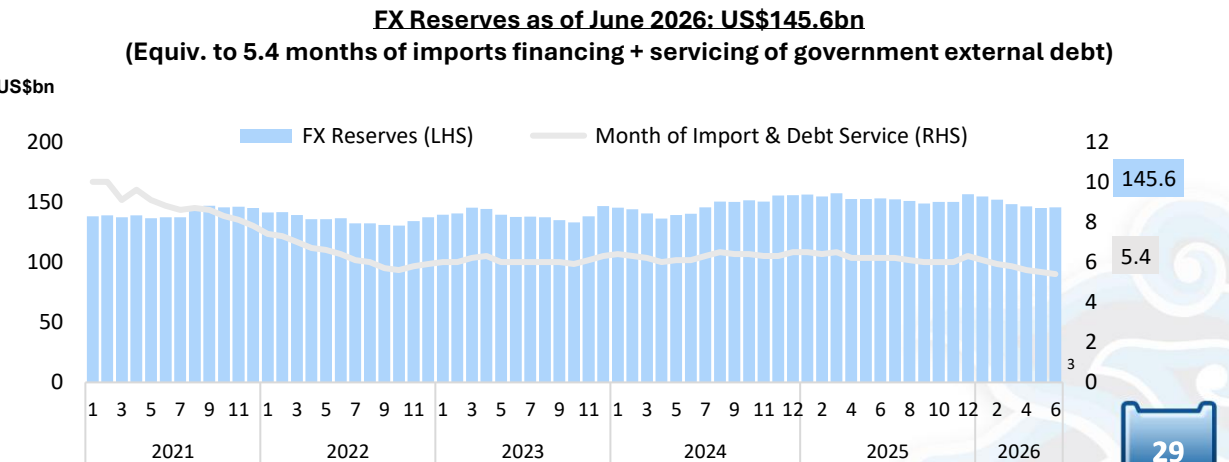


Trade Deficit Narrowed in June 2026



Source Central Bureau of Statistics of Indonesia * Preliminary Figure ** Very Preliminary Figure

Official Reserve Assets Remained Ample in June 2026



Source: Bank Indonesia

Ample Lines of Defense Against External Shocks



Bilateral, multilateral and regional international financial cooperation are also resulting in more ample lines of defense against external shocks

Ample Reserves

FX Reserve

- Ample level of FX reserves to buffer against external shock
- FX Reserves as of June 2026: **US\$145.6 bn**

Swap Arrangement

Bilateral

Malaysia

- RM/Rp swap arrangement with a size up to RM 24 billion / Rp 82 trillion (equivalent)

Singapore

- SGD/Rp swap arrangement with the size up to SGD 9.5 billion / Rp 100 trillion (equivalent)

China

- CNY 400 billion / Rp 878 trillion (equivalent)

Japan

- Precautionary line Indonesia-Japan CMIM-linked US\$ 9.104 billion

Regional

Chiang Mai Initiative Multilateralization (CMIM) Agreement

- Entitled to a maximum swap amount of US\$ 9.104 billion under CMIM IDLP
- Came into effect in 2010 with a pool of US\$ 120 billion
- Doubled to US\$ 240 billion effective July 2014

Global

IMF Global Financial Safety Net - GSFN

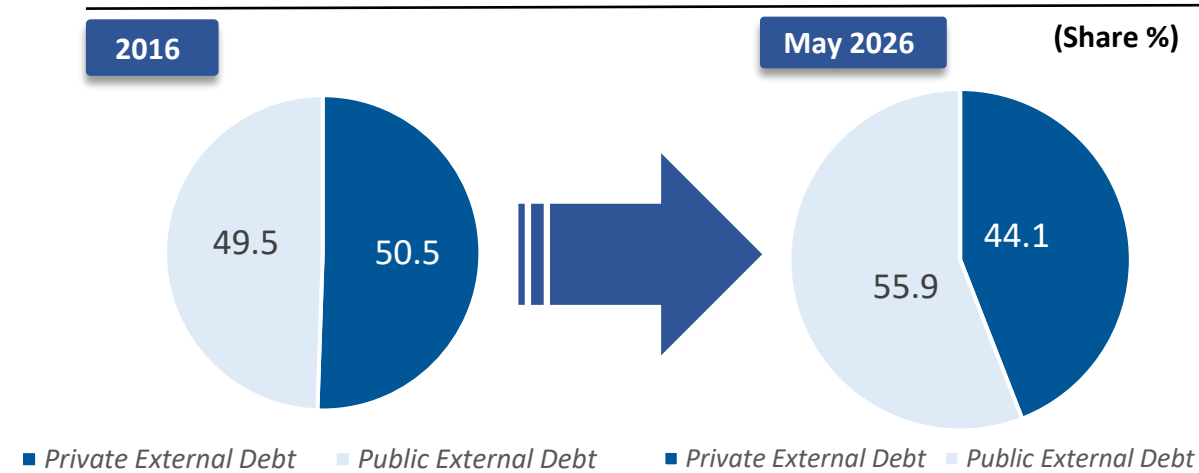
- Indonesia is entitled to access IMF facilities for crisis prevention and to address potential or actual balance of payments problems.
- Such facilities include the Short-Term Liquidity Line (SLL), Flexible Credit Line (FCL), Precautionary and Liquidity Line (PLL), Stand-By Arrangement (SBA), Extended Fund Facility (EFF), and Rapid Financing Instrument (RFI).

Healthy External Debt Profile

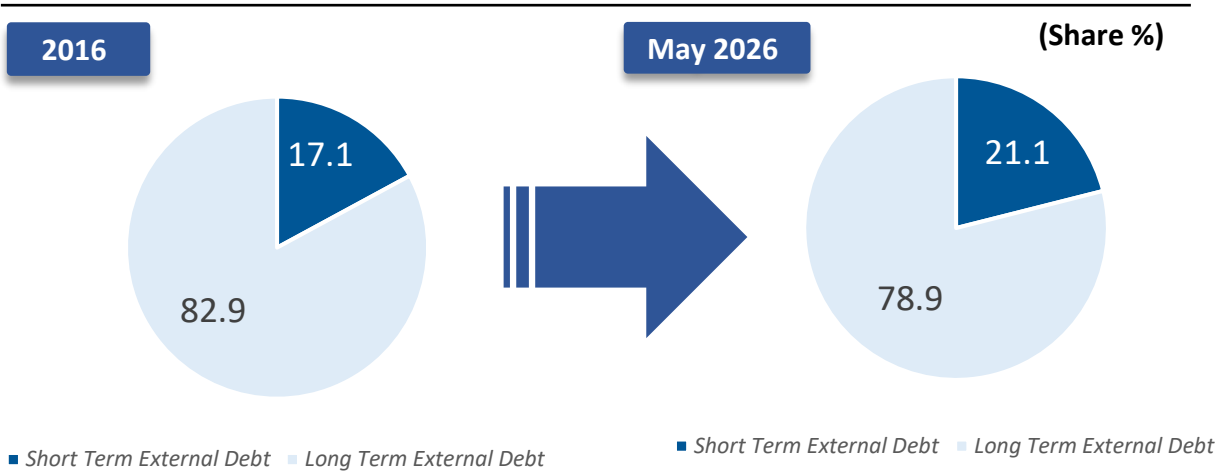


Indonesia's external debt remains manageable, supported by a sound structure dominated by long-term debt, contained debt levels, and low debt ratios relative to GDP and exports.

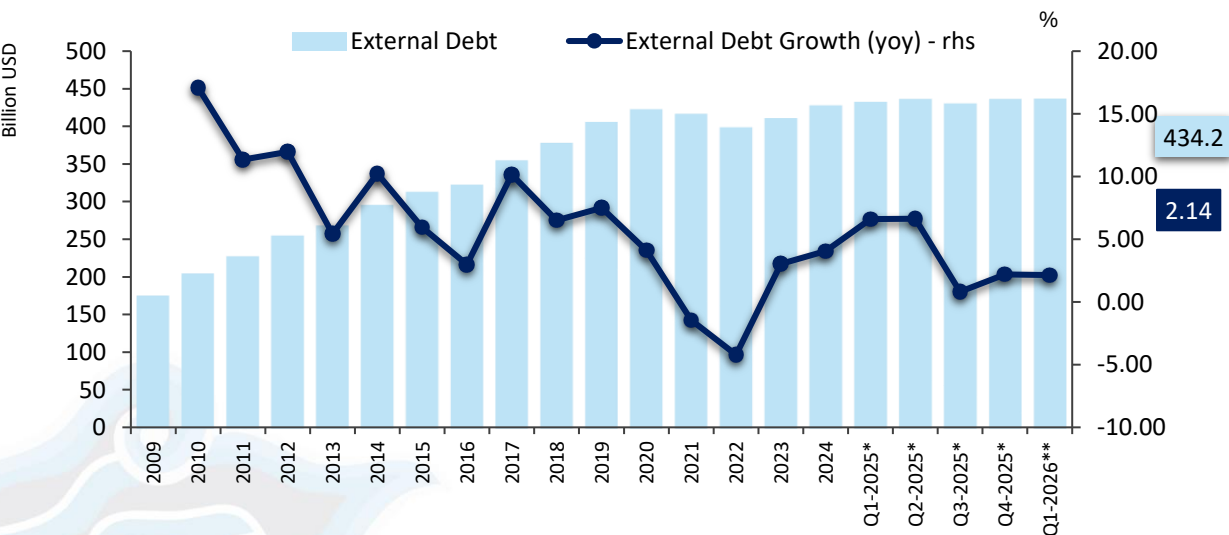
External Debt Structure



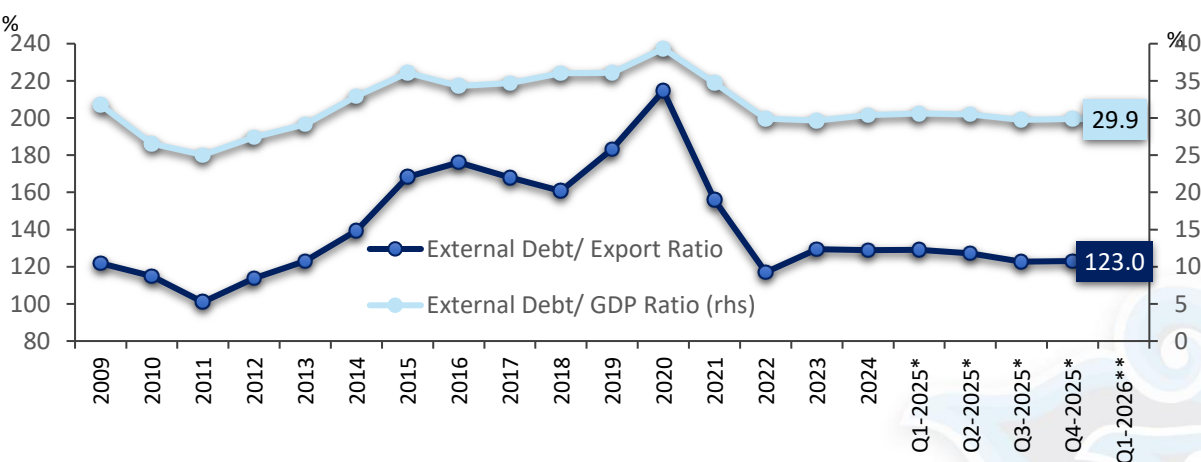
The Structure of External Debt is Dominated by Long-Term Debt



External Debt Remains Manageable



External Debt to GDP Ratio & Debt to Export Ratio



Source: Bank Indonesia, External Debt Statistics of Indonesia

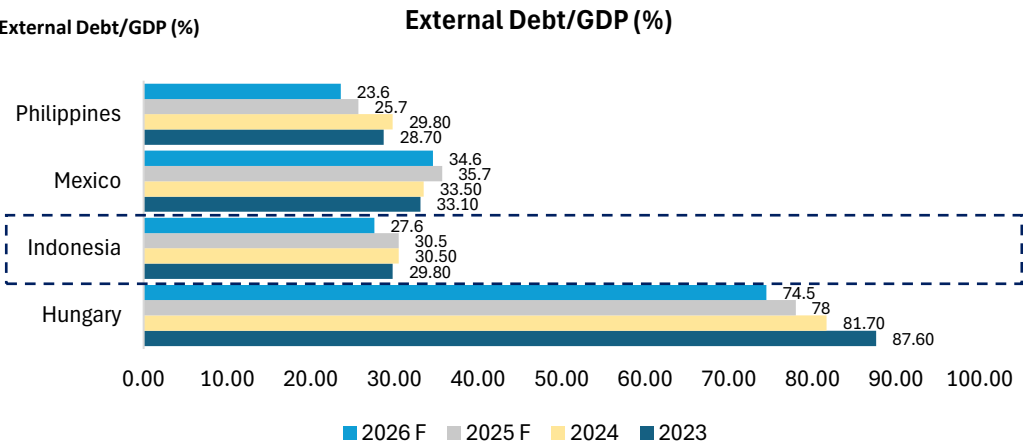
*Provisional Figures **Very Provisional Figures



Strengthened Private External Debt Risk Management

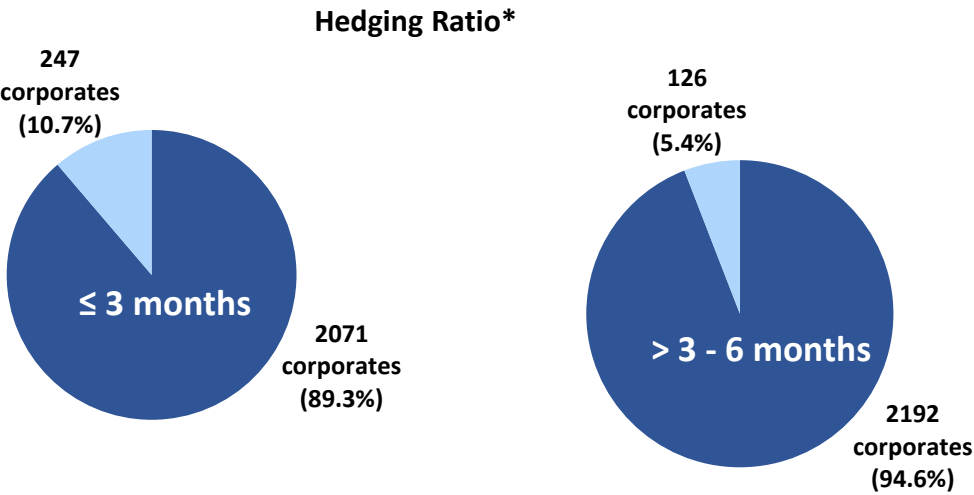
Indonesia's External Debt Risks Remain Well Contained, Supported by a Relatively Low Debt Burden and Strong Corporate Compliance with Prudential Requirements

Lower Debt Burden Indicator (External Debt/GDP) Compared to Peers Rating



Source: Moody's Credit View Fundamental Data, Feb 2026

Encouraging Corporates Compliance on Hedging Ratio & Liquidity Ratio



Regulation on Prudential Principle in Managing External Debt

Regulation Key Points		1 Jan 17 & beyond
Object of Regulation	Governs all foreign currency Debt	
Hedging Ratio		
≤ 3 months	25%	
> 3 – 6 months	25%	
Liquidity Ratio (≤ 3 months)	70%	
Credit Rating	Minimum rating of BB- (State-owned Enterprises)	
Hedging transaction to meet hedge ratio	Must be done with a bank in Indonesia	
Sanction	Applied	

Source: Bank Indonesia

*Data as of Q4-2025, with total population 2,408 corporates

Source: Bank Indonesia



Section 4

Fiscal

*“Solid Budget Performance with
Strong Commitment to Maintain
Fiscal Discipline”*

The First Semester's State Budget Remains Solid



Tax revenue grew strongly (24.6% yoy), state expenditure accelerated (17.8% yoy), while deficit remained under control (0.76% of GDP). The State Budget continues to be directed toward supporting economic growth and achieving national development agenda.

(in IDR trillion)

	2025				2026			
	Budget	First Semester Realization	% of Budget	Growth (%)	Budget	First Semester Realization	% of Budget	Growth (%)
A. REVENUE	3,005.1	1,201.8	40.0	(9.0)	3,153.6	1,459.4	46.3	21.4
I. Tax Revenue	2,490.9	978.3	39.3	(4.8)	2,693.7	1,187.8	44.1	21.4
1. Tax	2,189.3	831.3	38.0	(7.0)	2,357.7	1,035.7	43.9	24.6
2. Custom and Excise	301.6	147.0	48.7	9.6	336.0	152.0	45.2	3.4
II. Non-Tax Revenue	513.6	222.9	43.4	(22.7)	459.2	271.0	59.0	21.6
III. Grant	0.6	0.6	108.2	(85.2)	0.7	0.7	104.0	10.2
B. EXPENDITURE	3,621.3	1,406.0	38.8	0.6	3,842.7	1,656.0	43.1	17.8
I. Central Government Expenditure	2,701.4	1,003.6	37.1	0.6	3,149.7	1,298.6	41.2	29.4
1. Line Ministries Expenditure	1,160.1	470.5	40.6	(3.5)	1,510.5	658.9	43.6	40.0
2. Non-Line Ministries Expenditure	1,541.4	533.0	34.6	4.4	1,639.2	639.7	39.0	20.0
II. Transfer to Region	919.9	402.5	43.8	0.6	693.0	357.4	51.6	(11.2)
C. PRIMARY BALANCE	(63.3)	52.8	(83.4)	(67.5)	(89.7)	85.1	(94.9)	61.0
D. SURPLUS/ (DEFICIT)	(616.2)	(204.2)	33.1	164.2	(689.1)	(196.5)	28.5	(3.8)
% SURPLUS/ (DEFICIT) to PDB	(2.53)	(0.84)			(2.68)	(0.76)		
E. FINANCING	616.2	283.6	46.0	68.8	689.1	452.0	65.6	59.4

Revenue

IDR1,459.4 T

▲ 21.4% (yoy)

- Strengthening economic activity
- Enhancing tax and customs supervision and governance
- Improving services of ministries/agencies and public service agencies (BLU)

Expenditure

IDR1,656.0 T

▲ 17.8% (yoy)

- Driving the economy to higher growth
- Supporting the national development agenda
- Safeguarding national priority programs

Deficit

IDR196.5 T

0.76% GDP

- Fiscal position remains within safe and controlled limits.

*) Updated TKD ceiling: Rp706.3 T, including additional allocation for Sumatra disaster relief, as well as extra Special Autonomy (Otsus) and DTI funds.

Progress on Fiscal Reform: Higher Revenue and More Effective Spending Support Growth



Stronger revenue mobilization and more effective public spending continue to reinforce fiscal sustainability while supporting economic growth.

		2026						
(in IDR trillion)		Budget	Real. as of April 30	Growth (%)	Real. as of May 31	Growth (%)	Real. as of June 30	Growth (%)
A. REVENUE		3,153.6	918.4	13.3	1,185.0	19.1	1,459.4	21.4
I. Tax Revenue		2,693.7	746.9	13.7	958.2	18.9	1,187.8	21.4
1. Tax		2,357.7	646.3	16.1	834.4	22.1	1,035.7	24.6
2. Custom and Excise		336.0	100.6	0.6	123.8	0.7	152.0	3.4
II. Non-Tax Revenue		459.2	171.3	11.6	226.4	19.9	271.0	21.6
III. Grant		0.7	0.3	28.8	0.4	(1.6)	0.7	10.2
B. EXPENDITURE		3,842.7	1,082.8	34.3	1,365.4	34.4	1,656.0	17.8
I. Central Government Expenditure		3,149.7	826.0	51.1	1,059.3	52.6	1,298.6	29.4
1. Line Ministries Expenditure		1,510.5	400.5	57.9	517.7	58.9	658.9	40.0
2. Non-Line Ministries Expenditure		1,639.2	425.5	45.2	541.6	47.0	639.7	20.0
II. Transfer to Region		693.0	256.8	(1.0)	306.1	(4.9)	357.4	(11.2)
C. PRIMARY BALANCE		(89.7)	28.0	(83.9)	58.6	(69.5)	85.1	61.0
D. SURPLUS/ (DEFICIT)		(689.1)	164.4	(3,888.9)	(180.4)	763.2	(196.5)	(3.8)
% SURPLUS/ (DEFICIT) to PDB		(2.68)	(0.64)		(0.70)		(0.76)	
E. FINANCING		689.1	298.5	6.2	379.4	16.2	452.0	59.4



Macroeconomics Assumption and Development Indicators Target 2026

Built on resilient economic fundamentals, the 2026 Budget demonstrates Indonesia's ability to balance growth objectives with fiscal discipline, ensuring macroeconomic stability.

Macroeconomic Assumption for the Budget

Indicator	Assumptions		
	2025 Budget	2025 Realization	2026 Budget
 Economic Growth (%)	5.2	5.04	5.4
 Inflation (% yoy)	2.5	2.92	2.5
 10Y T-Bonds Rate (% average)	7.0	6.01	6.9
 Exchange rate (IDR/US\$, average)	16,000	16,782	16,500
 Oil Price/ICP (USD/barrel, average)	82	67.95	70
 Oil Lifting (tbpd)	605	577.6	610
 Lifting Gas (tboepd)	1,005	965.5	984

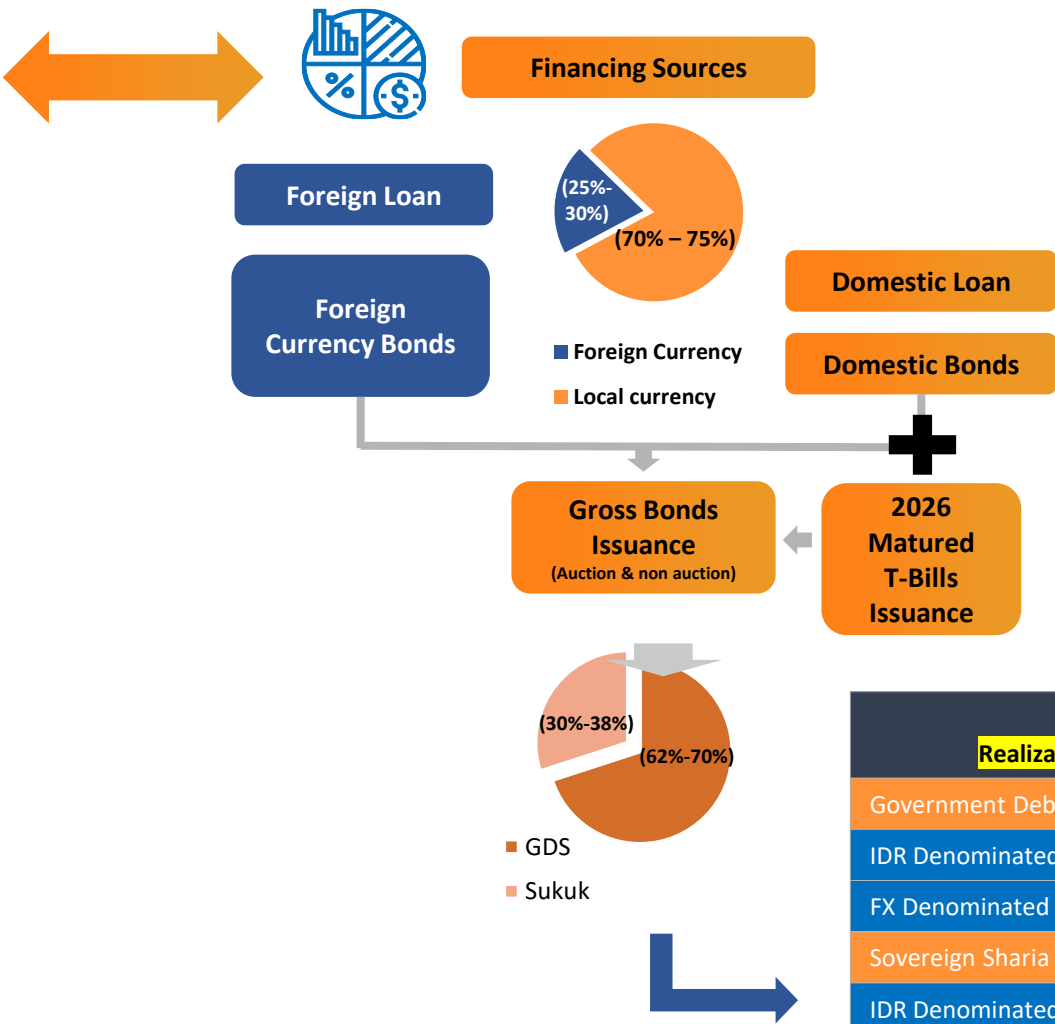
The 2026 Budget Posture

	Budget
A. Revenue	3,153.6
I. Tax Revenue	2,693.7
1. Tax	2,357.7
2. Custom and Excise	336.0
II. Non-Tax Revenue	459.2
III. Grants	0.7
B. Expenditure	3,842.7
I. Central Government Expenditure	3,149.7
1. Line Ministries Expenditure	1,510.5
2. Non-Line-Ministries Expenditure	1,639.2
II. Transfer to Region	693.0
C. Primary Balance	(89.7)
D. Surplus/(Deficit)	(689.1)
E. Financing	689.1



2026 Debt Financing Needs And Sources

The 2026 financing strategy is built on diversification, flexibility, and manageable risk, ensuring sustainable funding through a proportional mix between domestic and global sources.



2026 GS Issuances	
Realization as of June 30 th (Trillion IDR)	
Government Debt Securities (SUN)	671.07
IDR Denominated	469.44
FX Denominated	201.63
Sovereign Sharia Securities (SBSN)	227.81
IDR Denominated	194.37
FX Denominated	33.44

State Revenue in Semester I 2026 Grew Strongly: IDR1,459.4 T (46.3% of Target) or Grew 21.4% (yoy)



Taxation and Non-Tax State Revenue recorded strong growth—driven by higher commodity prices, robust economic activity, improved services of ministries/agencies, and extra effort.

SEMESTER I 2026 REALIZATION

IDR 1.459,4 T

46,3 % Budget ▲ 21,4%

TAXATION

IDR1.187,8 T ▲ 21,4%

44,1% Budget

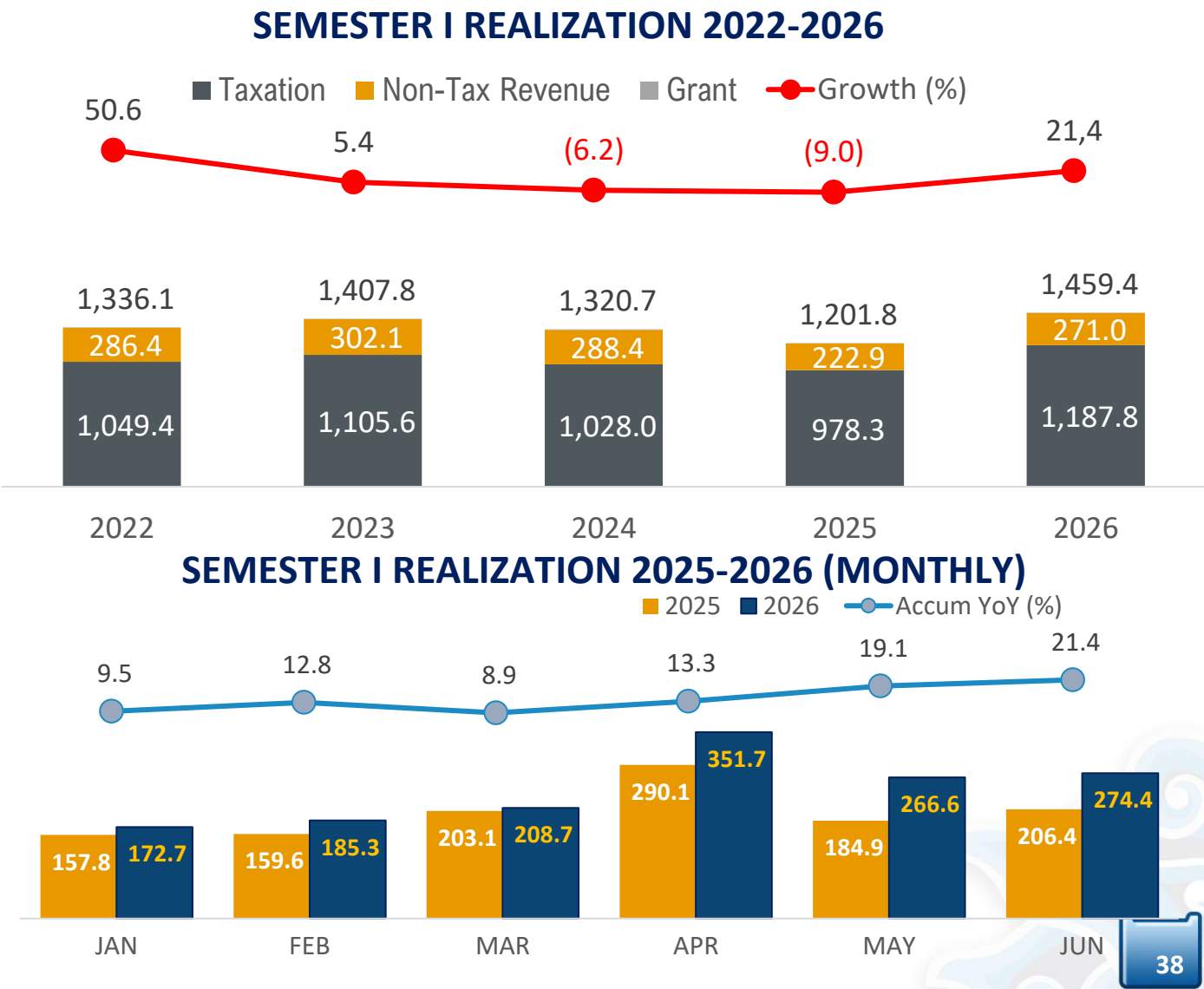
NON-TAX REVENUE

IDR271,0 T ▲ 21,6%

59,0% Budget

Taxation supported by: (1) **Taxes**: economic activity, salaries, wages, and holiday allowances (THR), as well as rising commodity prices. (2) **Customs & Excise**: tobacco production, CPO prices, and higher import values.

Non-Tax Revenue influenced by commodity prices, increased service volumes, and improved governance.



Tax Revenue in Semester I 2026 Grew Strongly in Line with Economic Activity and Various Intensification as well as Extensification Efforts

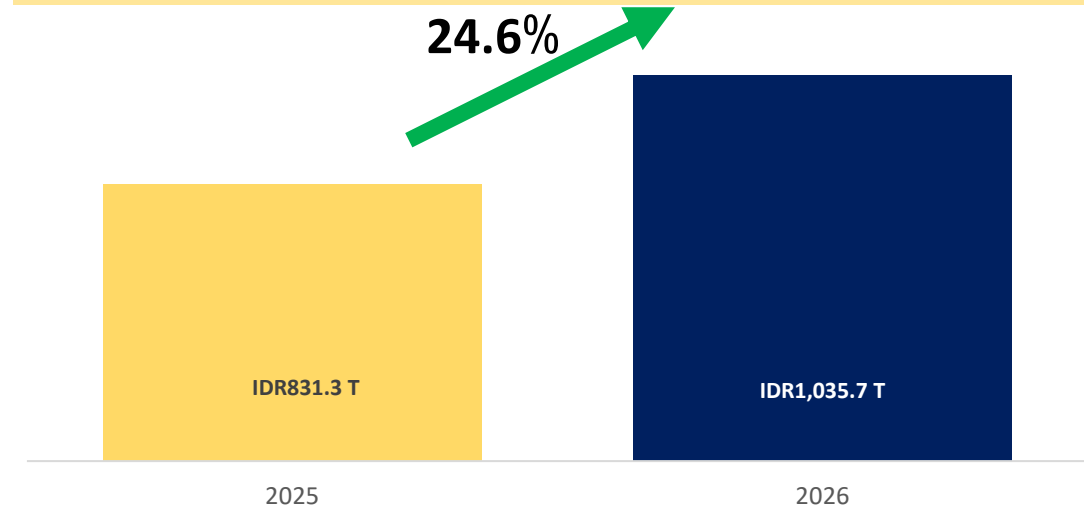


Higher economic activity and solid tax administration continue to boost tax revenues.

Tax Revenue Realization

	as of May 2026	as of June 2026
	35.4% of 2026 Budget	43.9% of 2026 Budget
 Corporate Income Tax & Corporate Income Tax Deposits	IDR167.6 T ▲ 23.9%	Rp196,1 T ▲ 28,6%
 Personal Income Tax	IDR123.1 T ▲ 26.0%	Rp146,0 T ▲ 13,6%
 Final Income Tax, Income Tax 22, & Income Tax 26	IDR138.7 T ▲ 5.2%	Rp159,9 T ▲ 1,4%
 VAT & Luxury Tax	IDR315.7 T ▲ 41.3%	Rp380,0 T ▲ 42,2%
 Others	IDR89.3 T ▼ -6.0%	Rp153,8 T ▲ 22,7%

Net Realization Growth as of June 2026



- Tax revenue in Semester I 2026 recorded strong growth, driven by solid economic expansion, the impact of Coretax implementation, and intensified efforts in both intensification and extensification.
- Corporate Income Tax and personal income-related taxes grew at double-digit rates, reflecting higher profits and rising individual earnings.
- VAT and Luxury Goods Sales Tax posted robust growth, underscoring resilient domestic consumption.

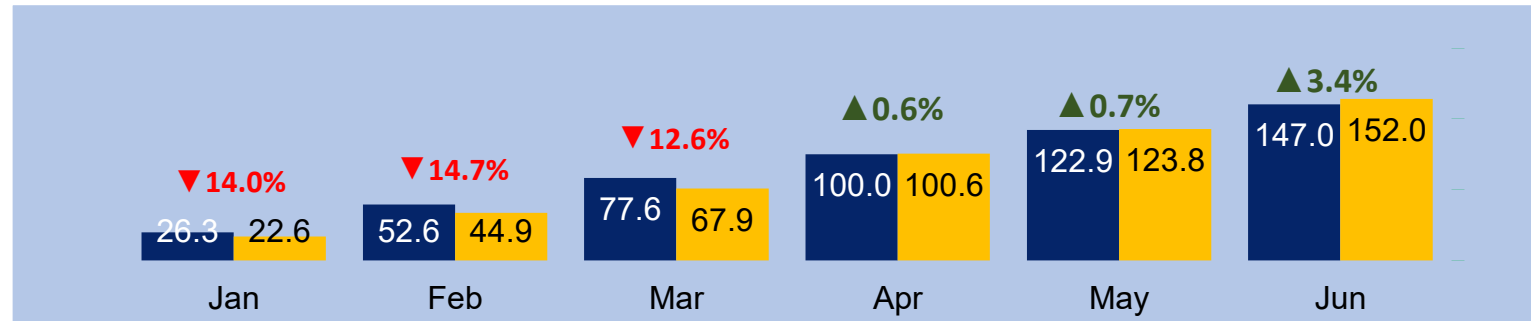
Realization of Customs and Excise Revenue Continues to Grow



Revenue realization signals a recovery, with cumulative growth reaching 3.4%.

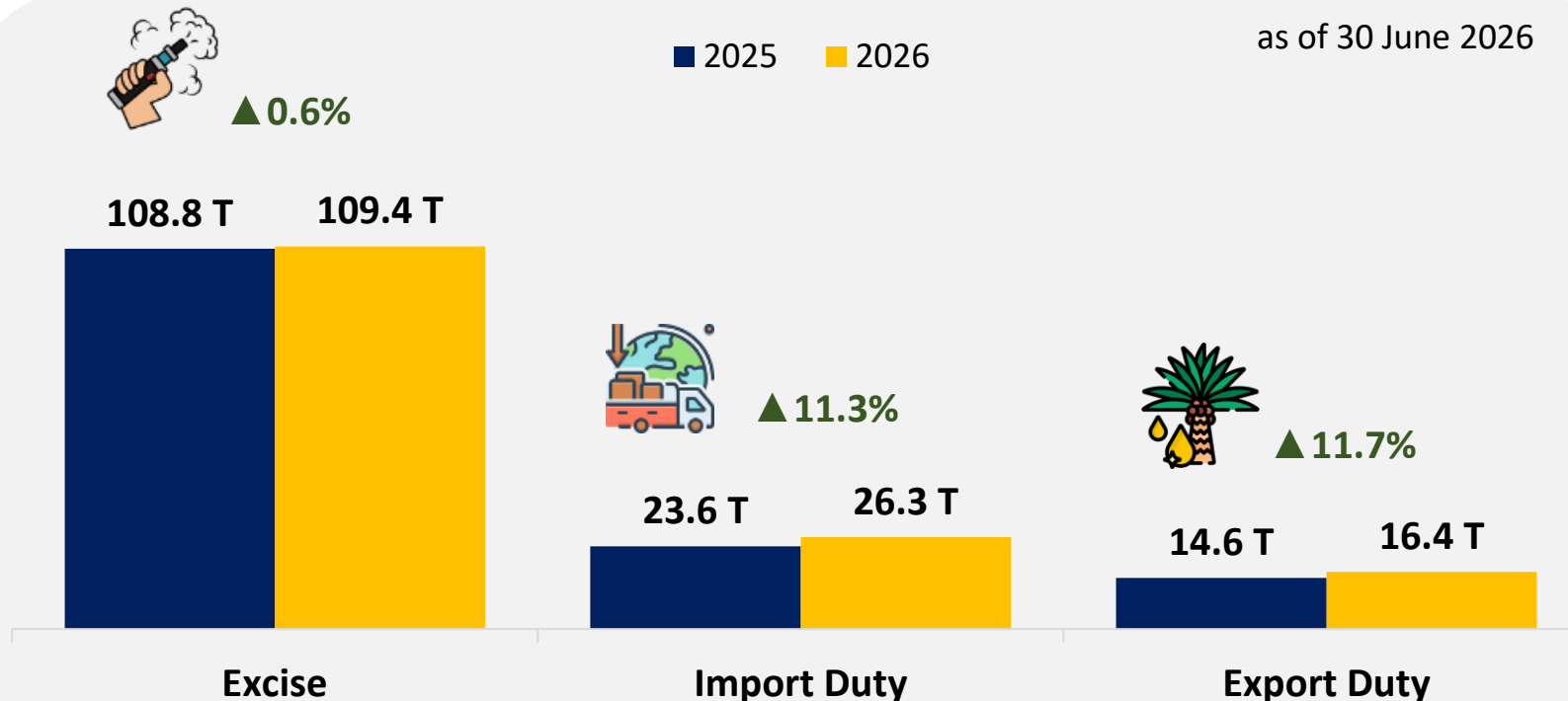


■ 2025 Accumulative Realization ■ 2026 Accumulative Realization ▲ ▼ Accumulative Growth



■ 2025 ■ 2026

as of 30 June 2026

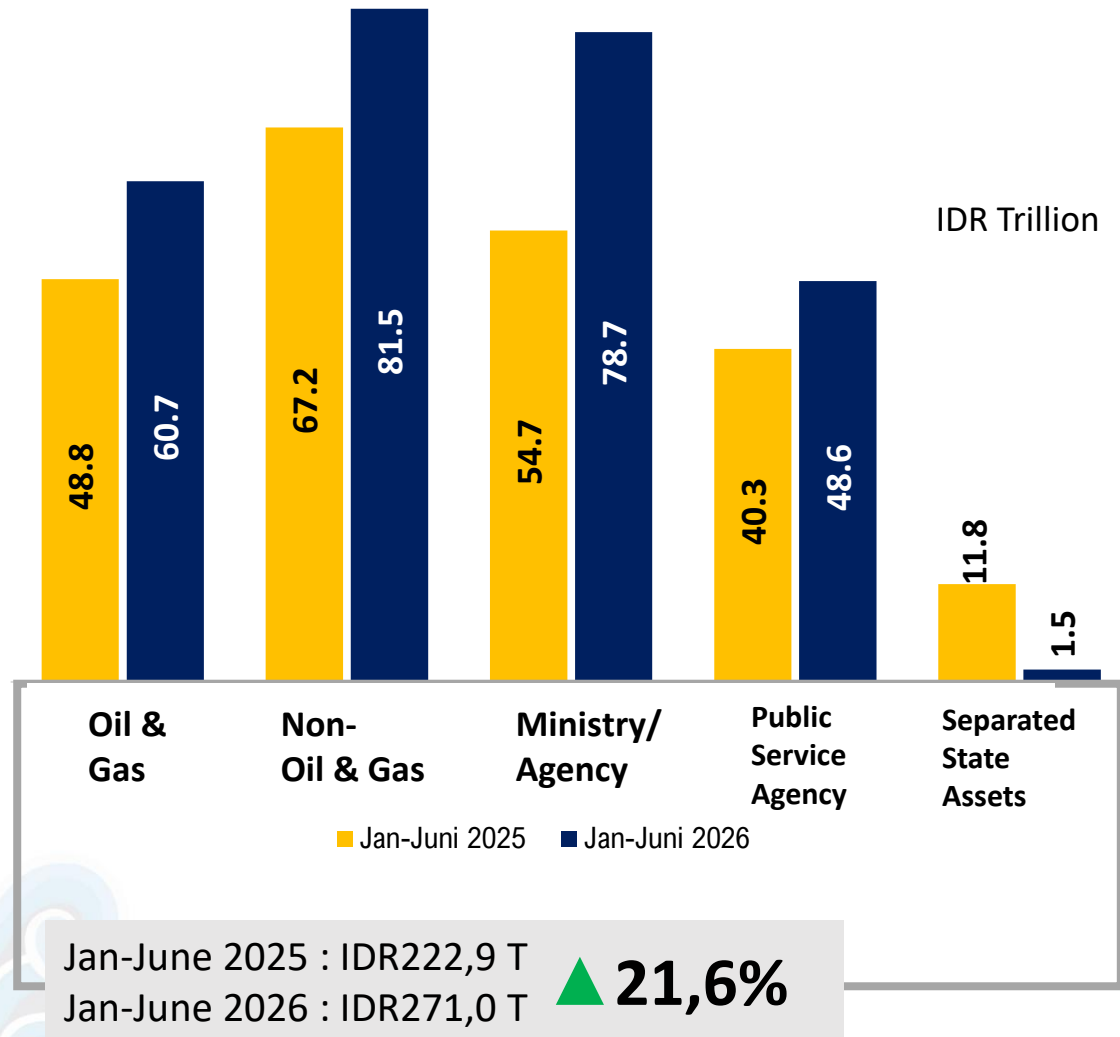


- **Excise** revenue grew, driven by increased **production of alcoholic beverages (MMEA)** and sustained **cigarette** production;
- **Import duties** maintained their growth, supported by higher duties from imports of **raw materials** and **intermediate goods**;
- **Export duties** rose, bolstered by stronger CPO prices.



Non-tax State Revenue (PNBP) Grew 21.6% (yoy)

Non-tax state revenue (PNBP) growth remained robust through the first semester of 2026, driven by strong performance in ministries/agencies, BLU, and natural resource revenues.



1. Realization of PNBP as of June 30, 2026 reached **59.0% of the State Budget**.
2. Performance of Natural Resource Revenue **grew 22.6%** (yoy), mainly contributed by the increase in Oil & Gas (SDA Migas) which rose **24.3%** (yoy) due to higher ICP, increased natural gas lifting, and currency depreciation. Meanwhile, Non-Oil & Gas (SDA Nonmigas) grew **21.4%** (yoy) driven by rising mineral prices (nickel, copper, gold, and silver).
3. Performance of Revenue from Ministries/Agencies (PNBP KL) **grew 43.9%** (yoy), primarily from law enforcement revenues (results of Satgas PKH performance) as well as revenues from legal services and administration.
4. Public Service Agency (BLU) Revenue **grew 20.4%** (yoy), mainly due to higher revenues from health and education services, as well as palm oil-related income.

Central Government Expenditure Becoming More Productive



Central government spending acceleration was driven by stronger budget execution across ministries and higher social assistance disbursements.

- Realization in Semester I of 2026 reached Rp1,298.6 trillion (41.2% of Budget), ▲ 29.4% (yoy).

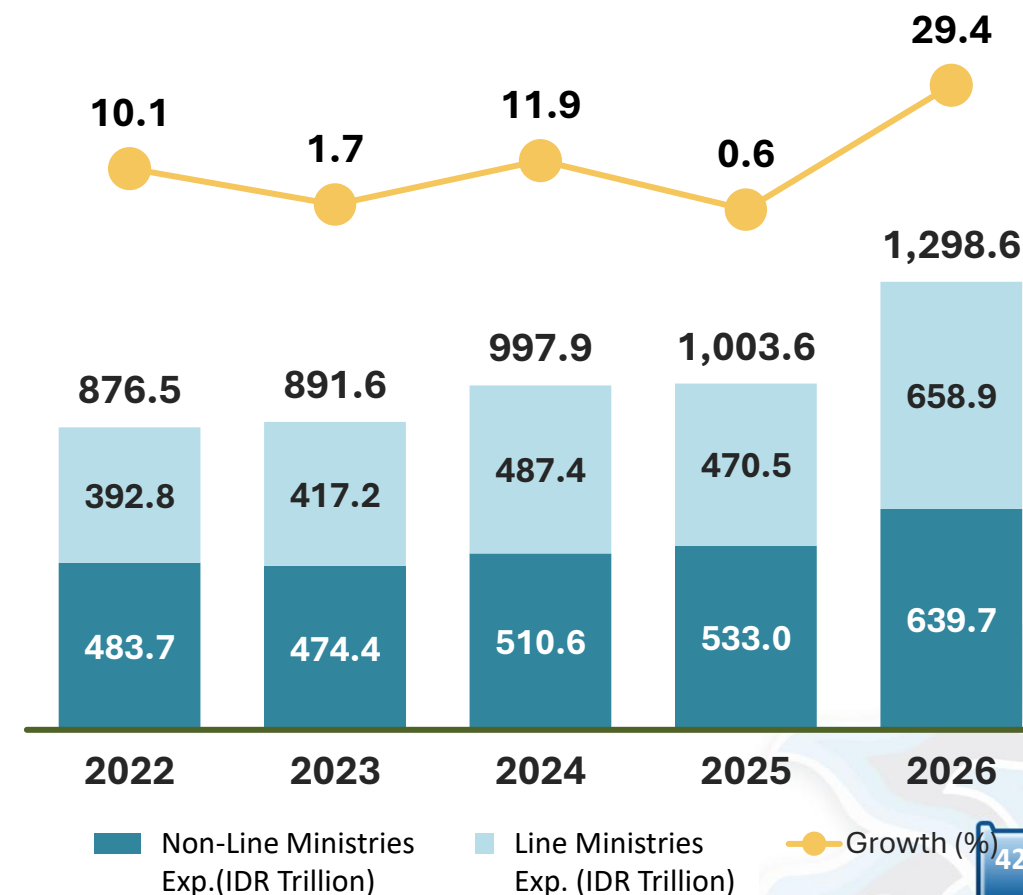
Central Government Expenditure	(IDR Trillion)		
	2025 Semester I Realization	Budget 2026	2026 Semester I Realization
Line Ministries Exp.	470,5	1.510,5	658,9
a.o Social Spending	78,0	162,5	78,3
Non-Line Ministries Exp.	533,0	1.639,2	639,7
a.o Subsidy	92,8	318,9	116,0
TOTAL	1.003,6	3.149,7	1.298,6

Central Government Expenditure was influenced by:

- Ministries/Agencies (K/L) Expenditure IDR658,9 T** (43,6% of Budget), a.o. driven by MBG implementation, distribution of social assistance (PBI JKN, Staple Food Card, PKH, and KIP College), infrastructure development, and payment of holiday allowance (THR) and 13th salary.
- Non-Ministries/Agencies Expenditure IDR639,7 T** (39,0% of Budget), a.o. driven by pension benefit payments, subsidies, and compensation for fuel and electricity

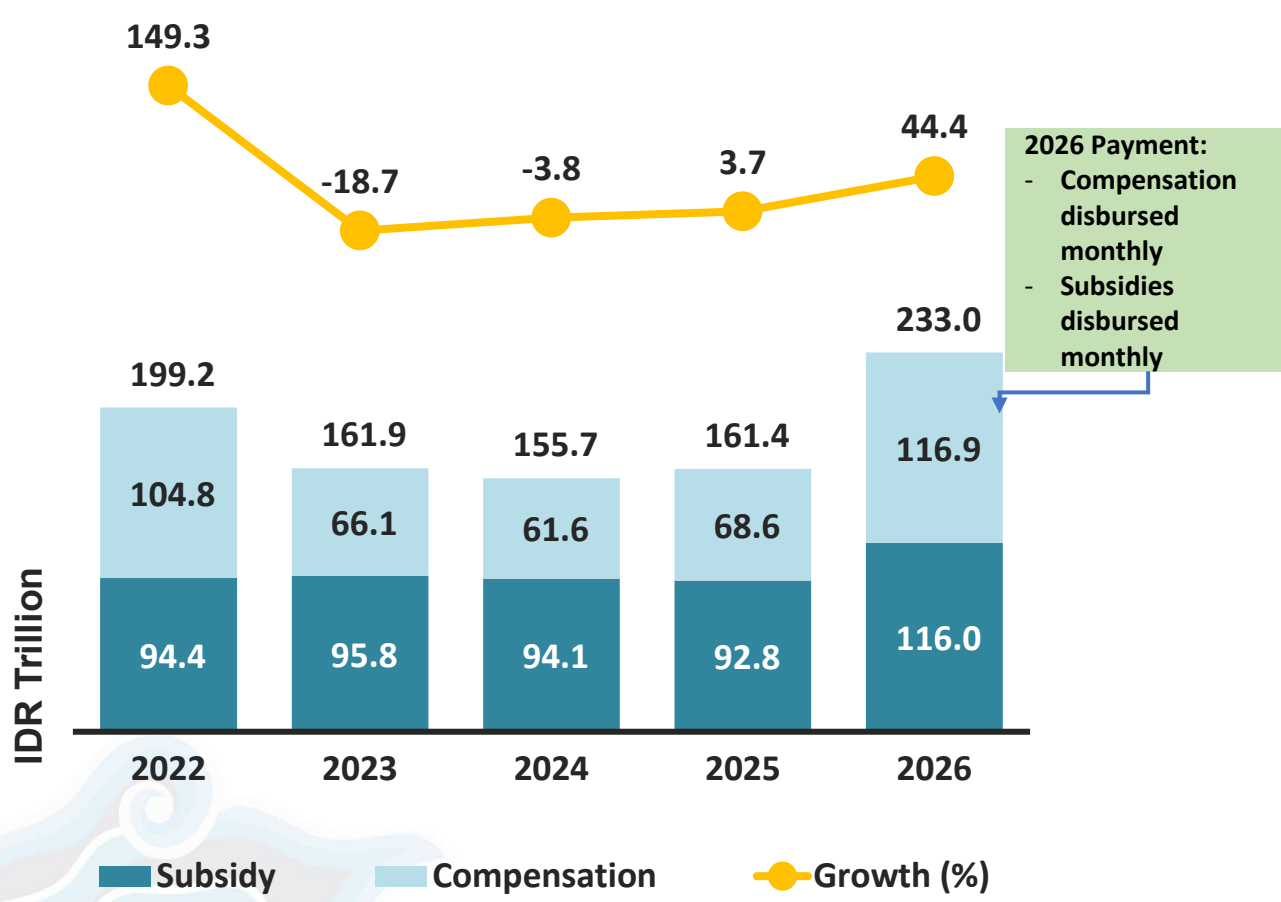
Realization of Central Govt Expenditure Semester I, 2022 – 2026

(IDR Trillion)



The state budget acts as a shock absorber amid global energy price volatility, safeguarding household purchasing power

Realization of Subsidies & Compensation in Semester I:
IDR233.0 T (52.1% of Budget)



Realization of Subsidies and Compensation influenced by:

- 1. Fluctuations in ICP, Rupiah exchange rate, and increased volumes of subsidized fuel, LPG, and electricity.
- 2. Oil price volatility due to global geopolitical dynamics, which may raise energy subsidy realization. Indonesia has **prior experience managing such conditions, including during the 2022 Russia–Ukraine conflict.**
- 3. **Non-energy subsidies** mainly driven by higher fertilizer subsidy payments.

People enjoy access to various goods at subsidized prices				
Subsidized Goods		Semester I Realization		Growth
	Fuel Volume (thousand KL)		7.989,5	▲ 7,8%
			7.410,1	
	3 Kg LPG Volume (million kg)		3.563,0	▲ 2,0%
			3.494,0	
	Subsidized Electricity Customers (million customers)		43,1	▲ 2,1%
			42,2	
	Fertilizer Volume (million ton)		4,5	▲ 21,4%
			3,7	
	KUR Debtors (million debtors)		2,4	▲ 3,6%
			2,3	

2026

2025

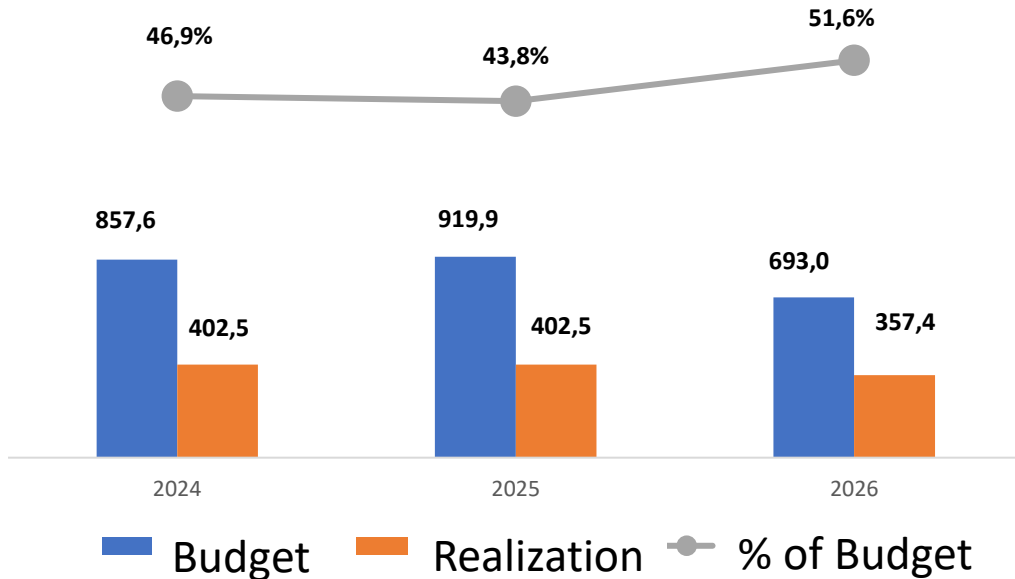
43

Effective Transfer to Region Disbursement: IDR357.4 Trillion (51.6% of Budget)



In line with accelerated state spending, TKD disbursement also increased in percentage terms.

Development of 2024-2026 TKD Realization (IDR trillion)



Utilization Outputs of TKD Budget FY 2026 include:



4,3 million Regional Civil Servants supported through salary payments



992 thousand students in equality programs



42,3 million students receiving BOS (School Operational Assistance)



616 thousand teachers receiving allowances



5,8 million early childhood students receiving BOP (Operational Assistance for Early Childhood Education)

Highlight of TKD Realization up to June 2025

- **Performance of TKD realization as of June 30** reached **51.6%**, higher than the previous year (43.8% of the budget).
- Disbursement in June was mainly from **Revenue Sharing Funds (DBH), General Allocation Funds (DAU), Non-Physical Special Allocation Funds (DAK Nonfisik), and Special Autonomy Funds (Dana Otsus)**. Disbursement improved due to increased performance of local governments in absorbing the budget and achieving output targets, change in the disbursement period of teacher allowances from quarterly to monthly, relaxation of disbursement for regions affected by disasters.

Free Nutritious Meal for Building a Healthy Indonesian Generation



Free Nutritious Meals Become More Equitable with Quality Improvements.

63.13 million recipients, 29,670 SPPG

“Free Nutritious Meal becomes a long-term investment to improve the quality of health and human resources in Indonesia in the future,”

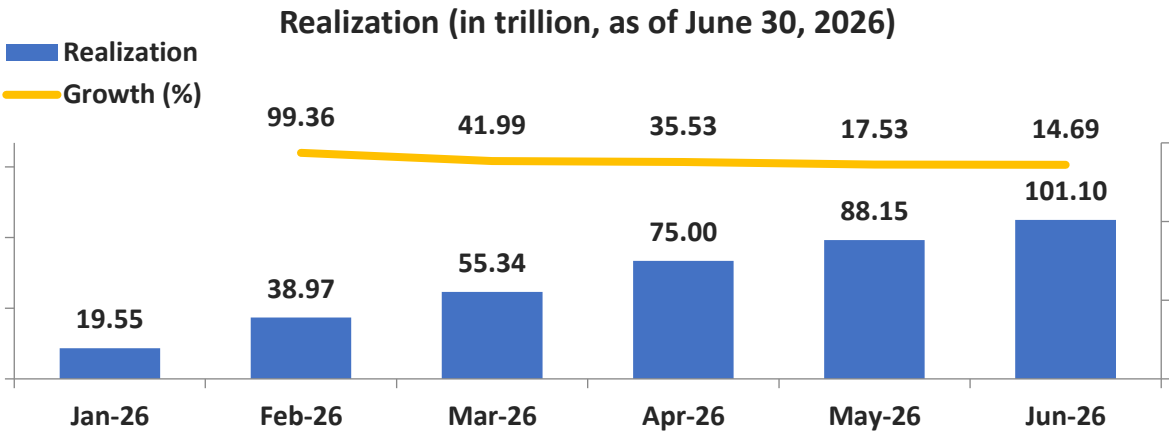


President Prabowo
Plenary Session of DPR RI, May 20, 2026

*) Each SPPG serves between 500–3,000 beneficiaries to achieve the targeted number of recipients.

Realization

IDR101,1 T



Distribution of recipients:

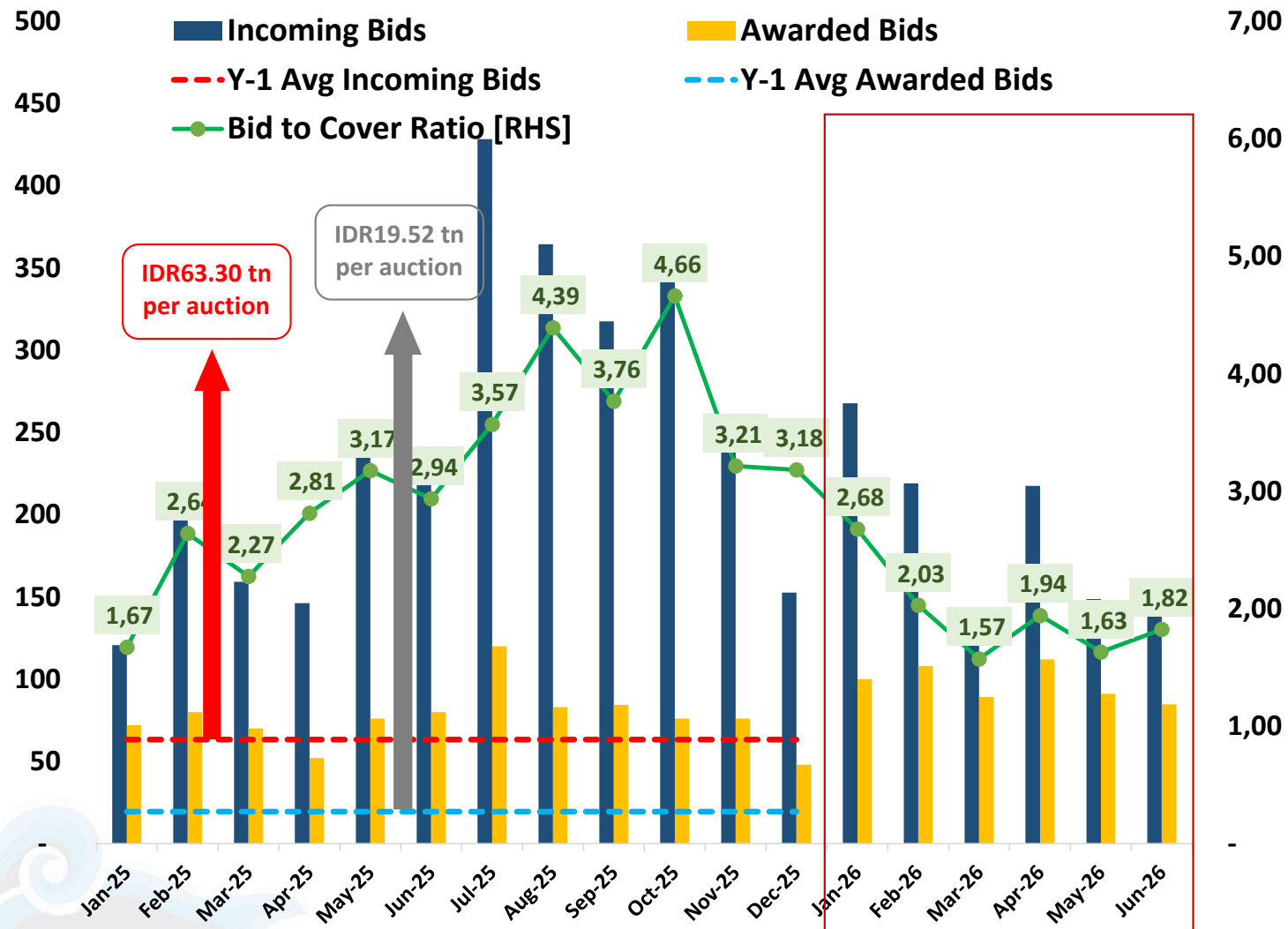
Island	Recipients (Million People)	Island	Recipients (Million People)
Sumatera	13,93	Sulawesi	4,23
Jawa	38,15	Maluku-Papua	1,02
Kalimantan	2,52	Bali - Nusa Tenggara	3,29

Primary Market Performance 2025- 2026

Government Securities (GS)



Auction demand has remained robust in 2026, evidenced by an average incoming bid of IDR 47.81 trillion in government securities and a consistent bid-to-cover ratio.



In 2026 :

- Average incoming bid is **IDR47.81 tn/auction**
- Average awarded bid is **IDR24.37 tn/auction**



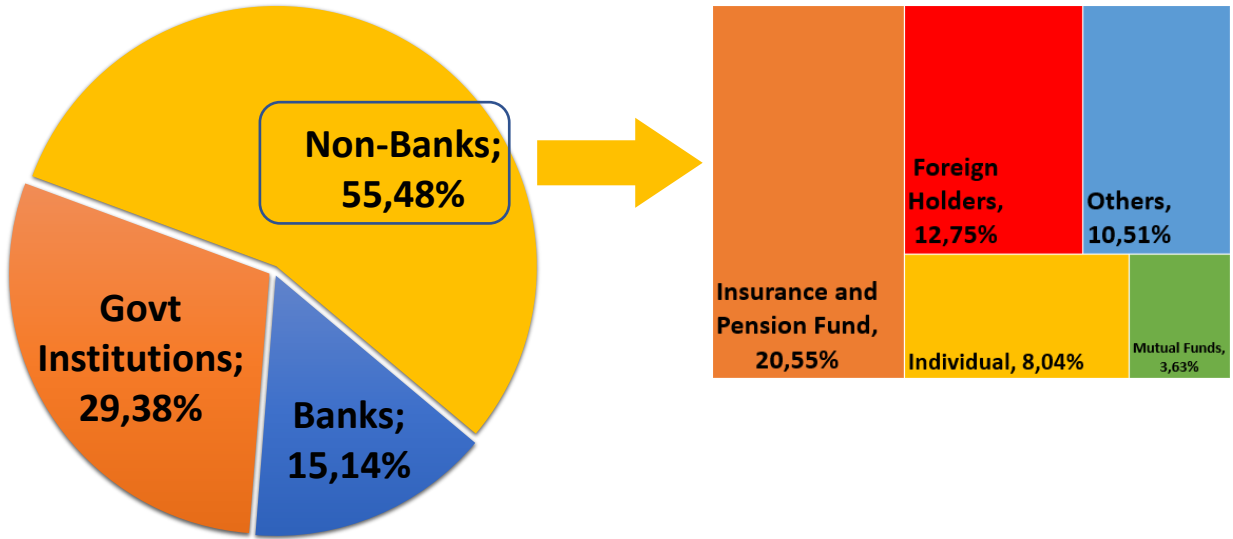
Ownership Of Tradable Domestic GS

A strengthened domestic investor base continues to anchor Indonesia's government bond market, enhancing resilience and ensuring stability amid evolving global capital flows

Description	Dec-21		Dec-22		Dec-23		Dec-24		Dec-25		Jun-26	
Banks*	1.591,12	34,01%	1.697,43	31,97%	1.495,39	26,52%	1.051,40	17,41%	1.328,64	20,23%	1.051,26	15,14%
Govt Institutions (Bank Indonesia**)	801,46	17,13%	1.020,02	19,21%	1.095,51	19,43%	1.618,01	26,79%	1.641,66	24,99%	2.040,41	29,38%
Bank Indonesia (gross)	1.220,73	26,09%	1.453,58	27,38%	1.363,90	24,19%	1.486,85	24,62%	1.640,58	24,98%	1.725,27	24,84%
GS used for Monetary Operation	419,27	8,96%	433,57	8,17%	268,39	4,76%	(131,16)	-2,17%	(1,08)	-0,02%	(315,13)	-4,54%
Non-Banks	2.286,40	48,87%	2.591,98	48,82%	3.048,51	54,06%	3.370,11	55,80%	3.598,51	54,78%	3.852,57	55,48%
Mutual Funds	157,93	3,38%	145,82	2,75%	177,80	3,15%	186,99	3,10%	242,96	3,70%	252,06	3,63%
Insurance Company and Pension Fund	655,24	14,00%	873,03	16,44%	1.041,40	18,47%	1.145,27	18,96%	1.290,67	19,65%	1.426,73	20,55%
Foreign Holders	891,34	19,05%	762,19	14,36%	842,05	14,93%	876,64	14,52%	878,65	13,38%	885,65	12,75%
Foreign Govt's & Central Banks	233,45	4,99%	203,11	3,83%	229,16	4,06%	257,36	4,26%	236,80	3,60%	269,27	3,88%
Individual	221,41	4,73%	344,30	6,48%	435,28	7,72%	542,50	8,98%	537,33	8,18%	558,30	8,04%
Others	360,47	7,70%	466,65	8,79%	551,98	9,79%	618,71	10,24%	648,90	9,88%	729,83	10,51%
Total	4.678,98	100%	5.309,43	100%	5.639,41	100%	6.039,52	100%	6.568,81	100%	6.944,24	100%

Source : SI-BISSSS

- 1) Non-Resident consists of Private Bank, Fund/Asset Manager, Securities Company, Insurance Company, and Pension Fund.
- 2) Others such as Securities Company, Corporation, and Foundation.
- *) Including the Government Securities used in monetary operation with Bank Indonesia.
- **) net, excluding Government Securities used in monetary operation with Banks.



51.95%

Portion of foreign ownership-
in the mid & long-term sector
(≥ 5 years)

IDR1,092.02

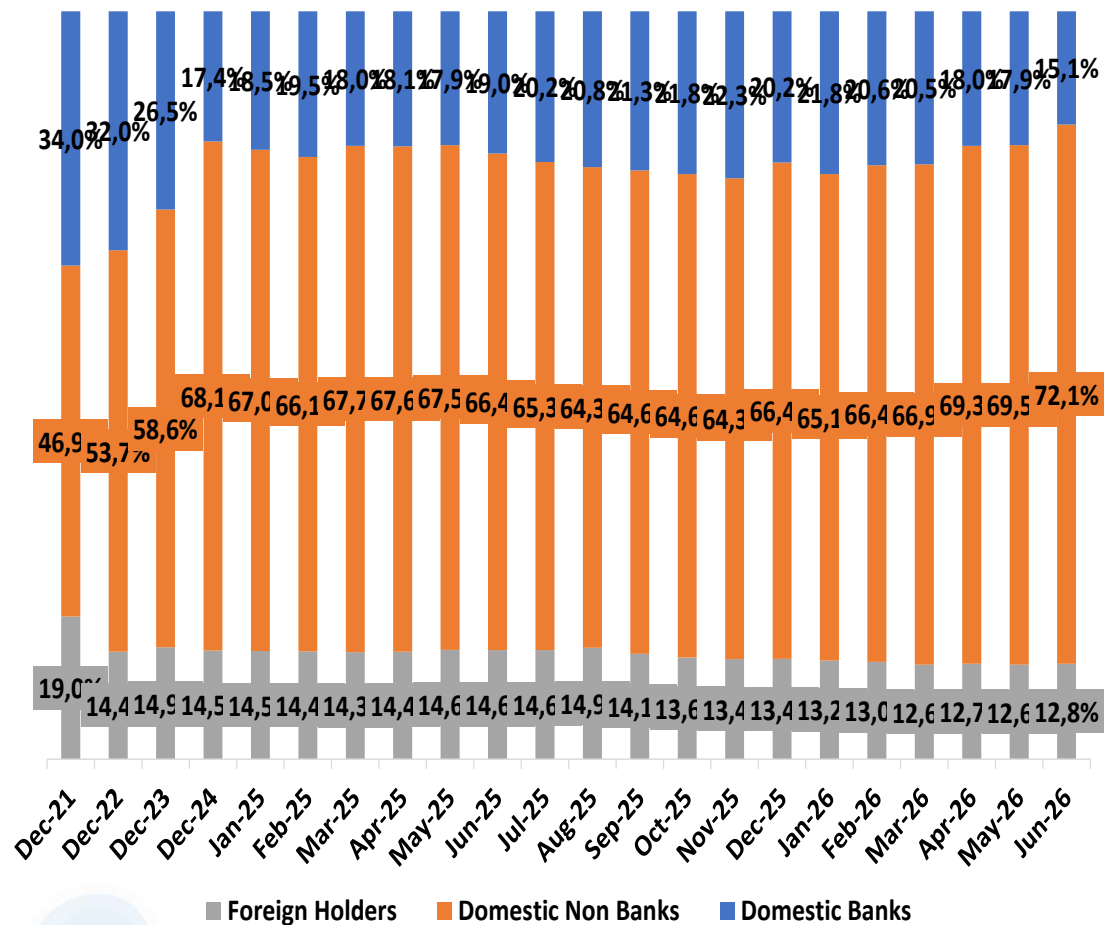
on January 24, 2020,
foreign holders careach a record
high in nominal terms



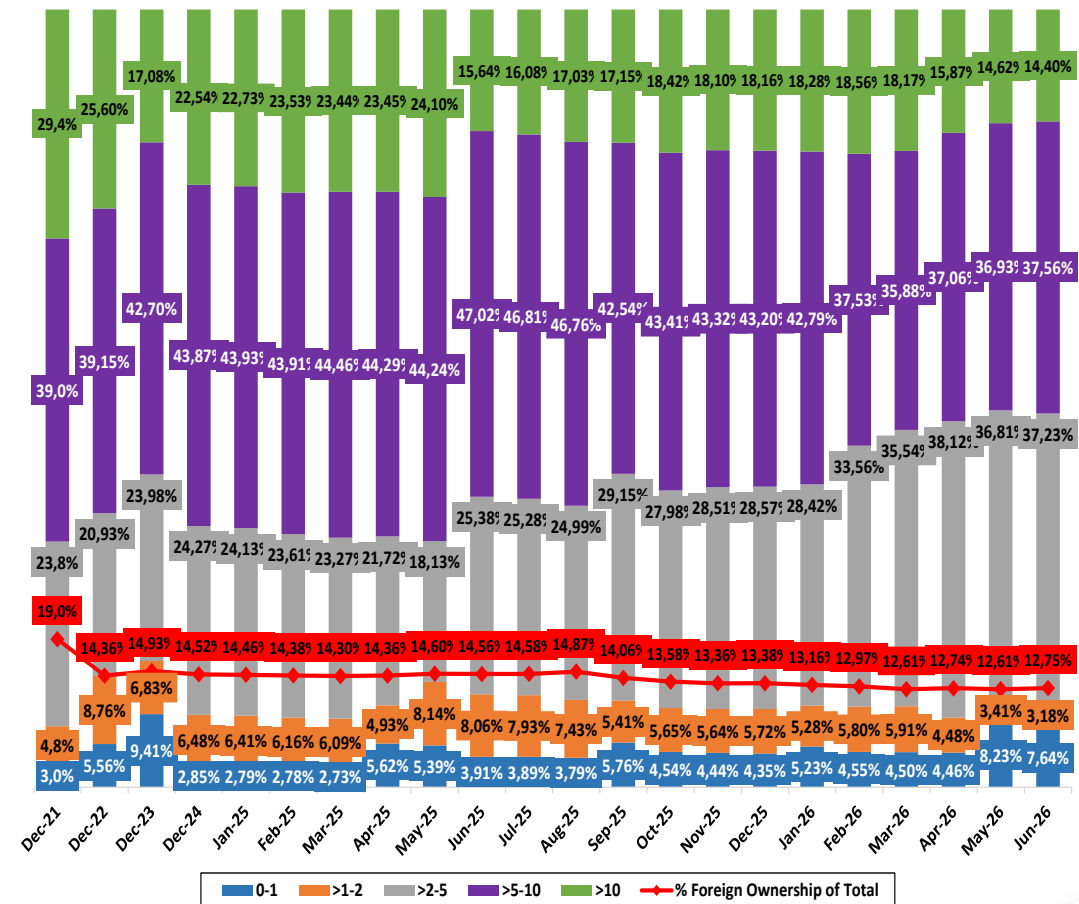
Holders Of Tradable Government Securities More Balance Ownership In Terms of Holders and Tenors

A diversified holder base and balanced tenor distribution continue to strengthen the resilience and stability of Indonesia's government bond market.

Holders of Tradable Gov't Domestic Debt Securities



Foreign Ownership of Gov't Domestic Debt Securities by Tenor



2026 Global Sukuk Transaction Summary (prefunding)



The successful USD 2.0 billion dual-tranche Sukuk issuance, underscores strong global investor confidence in Indonesia's economy and sustained access to diversified Islamic funding sources.

- The Republic of Indonesia (the "Republic") approached the markets for its second Sukuk issuance in 2025 and successfully priced a US\$ 2.00 billion Sukuk offering comprising of US\$ 1,100 million 5-year and US\$ 900 million 10-year tranche.
- The transaction was met with positive response from investors starting at point of books opening, generating a combined final order book exceeding US\$ 3.94 billion reflecting an oversubscription of 1.97x, with orderbooks peaking at USD \$5.8 billion. The transaction priced at 4.50% for 5-year and 5.00% for the 10-year tranche.

Issuer	Perusahaan Penerbit SBSN Indonesia III	
Issue Format	144A / Reg S / 3 (c) (7), Senior, Unsecured, Wakala US\$ Trust Certificate ("Sukuk") issued under a USD\$45 billion Trust Certificate Issuance Programme	
Issuer Ratings	Baa2 stable (Moody's) / BBB stable (S&P) / BBB stable (Fitch)	
Issue Ratings	Baa2 (Moody's) / BBB (S&P) / BBB (Fitch)	
Pricing Date	19 November 2025	
Issue Date	01 December 2025	
Tenor	USD 5Y Sukuk	USD 10Y Sukuk
Maturity Date	December 1, 2030	December 1, 2035
Tranche Size	USD 1.1 billion	USD 900 million
Profit Rate	4.50% Fixed, Semi-annual, 30/360	5.00% Fixed, Semi-annual,30/360
Re-Offer Price	100.00%	100.00%
Reoffer Spread	UST + 80.9 bps	UST + 88.7 bps
Reg S ISIN	US71567RBG02	US71567RBH84
144A ISIN	US71567WAD74	US71567WAE57
Use of Proceeds	The Republic intends to use the net proceeds it receives from the issue of the Certificates to meet part of its general financing requirements	
Other Details	USD200k/1k denoms., English / Indonesian Law	
Listing	Singapore Exchange Securities Trading Limited and Nasdaq Dubai	
Joint Bookrunners	Dubai Islamic Bank, Goldman Sachs, JP Morgan (B&D), KFH Capital, Standard Chartered Bank	
Co-Managers	PT BRI Danareksa Sekuritas and PT Trimegah Sekuritas Indonesia Tbk	

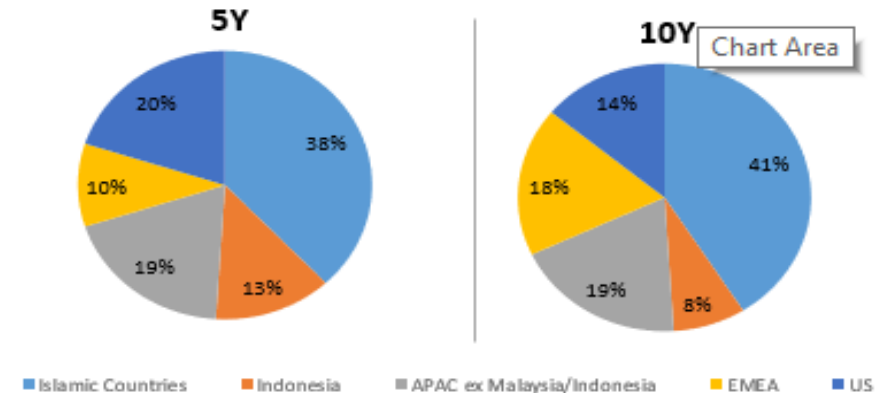
Source : SI-BISSSS

ORDERBOOK DISTRIBUTION

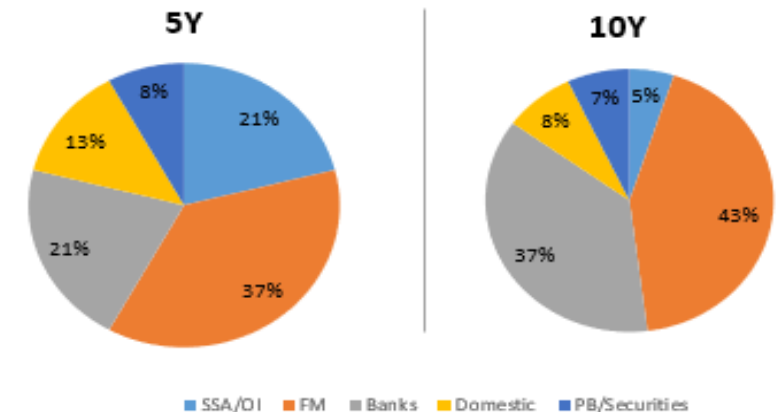
5-Year USD
US\$ 2.18bn+
From 103 accounts

10-Year USD
US\$ 1.76bn+
From 88 accounts

INVESTORS BY GEOGRAPHY (ALLOCATION)



INVESTORS BY TYPE (ALLOCATION)



The successful US\$2.7 billion SEC-Registered Senior Notes issuance reflects strong global investor confidence in the Republic of Indonesia's economic fundamentals

US\$2.7Bn SEC-Registered Senior Notes Offering



Baa2 Stable (Moody's) / BBB Stable (S&P) / BBB Stable (Fitch)

US\$1,100MM 4.350% due 2031, US\$1,100MM 4.950% due 2036, US\$500MM 5.475% due 2056

Issuer	Republic of Indonesia (Ticker: INDON)		
Issue Type	Senior Unsecured Notes		
Format	SEC-Registered		
Ratings	Moody's Baa2 (Stable) / S&P: BBB (Stable) / Fitch BBB (Stable)		
Issue Size	US\$1,100MM	US\$1,100MM	US\$500MM
Tenor	Long 5-year	Long 10-year	Long 30-year
Maturity Date	Feb 21, 2031	Feb 21, 2036	Feb 21, 2056
Coupon	4.350%	4.950%	5.475%
Initial Price Guidance	4.700%	5.300%	5.800%
Final Price Guidance	4.400% (#)	5.000% (#)	5.500% (#)
Re-offer Yield	4.400%	5.000%	5.500%
Re-offer Price	99.770	99.602	99.627
Optional Redemption	1-month par call	3-month par call	6-month par call
Use of Proceeds	The Republic intends to use the net proceeds from the sale of the Bonds for the general purposes of the Republic		
Denominations	USD 200,000 / 1,000		
Governing Law	New York Law		
Expected Listing	SGX-ST and Frankfurt Stock Exchange		

Transaction Highlights



The long 30-year marked the tightest spread ever achieved for a 30-year tranche in the history of the Republic's SEC-registered offerings



The Republic of Indonesia demonstrated decisive market leadership by being the first Asian sovereign to tap the debt markets in 2026, enabling them to capitalize on favorable investor sentiment after the first week of the year saw the largest IG supply volume kickoff to any year on record



Leveraging on the Republic's resilient credit profile, the transaction attracted robust investor demand from the outset with final orderbook reaching over US\$>4.9Bn

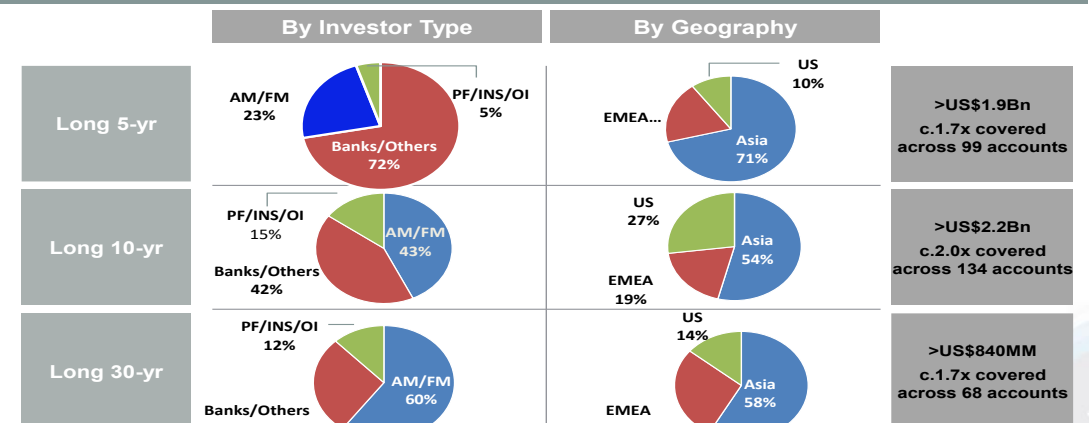


Strong and high-quality participation from real-money accounts allowed the Republic to tighten 30bps from the initial price guidance for all tranches



Despite the meaningful compression from IPG, the strength and quality of the orderbook allowed the Republic to balance competitive pricing without compromising on its size objective – underscoring investors' confidence in ROI's credit quality

Breakdown of Allocation



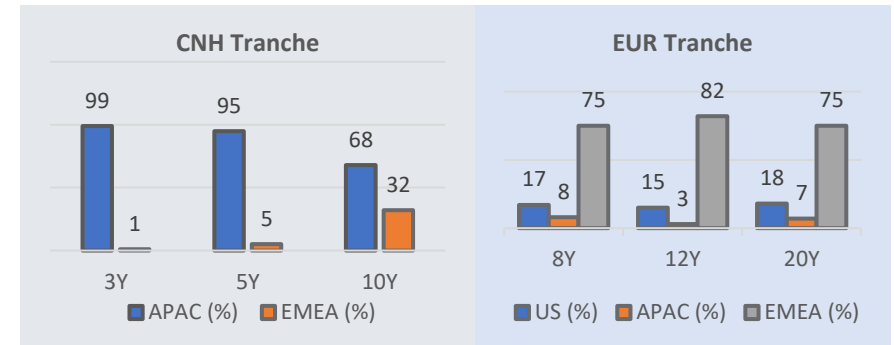
SEC 20 Deal Review



Taking advantage of the positive market backdrop and constructive feedback received, Indonesia successfully issued dual-currency CNH-EUR bonds with a strong orderbook and competitive pricing, reflecting sustained investor confidence.

Series	RICNH0329	RICNH0331	RICNH0336	RIEUR0334A	RIEUR0338	RIEUR0346
Rating	Baa2 (Negative) Moody's / BBB (Stable) S&P / BBB (Stable) Fitch					
Tenor	3-year	5-year	10-year	8-year	12-year	20-year
Maturity Date	March 4, 2029	March 4, 2031	March 4, 2036	March 4, 2034	March 4, 2038	March 4, 2046
Pricing Date	February 25, 2026					
Settlement/ Issuance Date	March 4, 2026					
Issue Size	CNH4,5 billion	CNH3,5 billion	CNH1,25 billion	EUR1,2 billion	EUR800 million	EUR700 million
Coupon / Yield	2,450% / 2,450%	2,650% / 2,650%	3,050% / 3,050%	4,100% / 4,104% (MS+150bs)	4,460% / 4,473% (MS+165bs)	4,970% / 4,982% (MS+195bs)

Investor by Geography



Highlight

- **Investor confidence remains high.** Final CNH orderbook reached CNH 17.04 billion, with a bid-to-cover ratio of 1.84x. Meanwhile, the final EUR orderbook reached EUR 9.48 billion, with a bid-to-cover ratio of 3.5x.
- **Solid demand.** This enables pricing below the initial price guidance (IPG) with tightening credit spreads in both currencies, across all tenors, signaling that global market access remains competitive..
 - **CNH tranche**
3Y: 2,450% (-40 bps vs IPG); **5Y:** 2,650% (-35 bps vs IPG); **10Y:** 3,050% (-40 bps vs IPG)
 - **EUR tranche**
8Y: +150 bps area (-30 bps vs IPG); **12Y:** +165 bps area (-30 bps vs IPG); **20Y:** +195 bps area (-30 bps vs IPG)

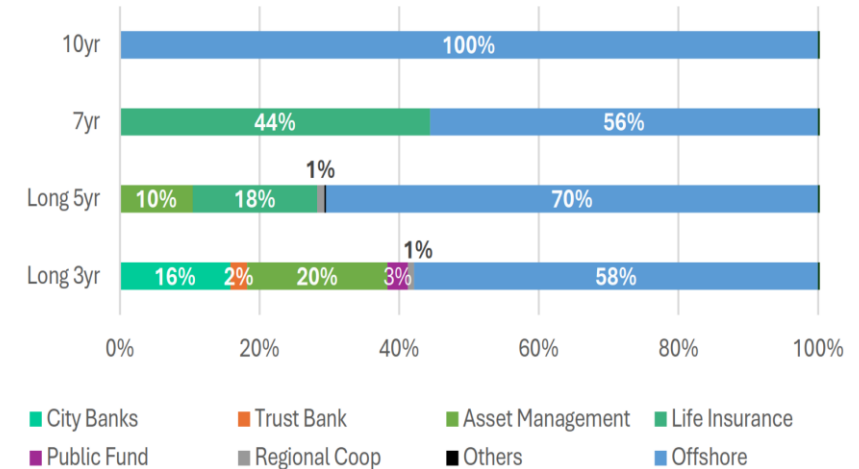


Indonesia's Samurai Bonds 2026– Deal Review

Leveraging momentum, solid demand, and stability in the Japanese market, the total issuance reached JPY 172.1 billion (equivalent to USD 1.08 billion).

Issuer	Republic of Indonesia			
Pricing Date	23 April 2026			
Issue Date	30 April 2026			
Format	Samurai			
Total Size	JPY 172.1bn			
Ranking	Senior, Unsecured			
Bond Rating	Baa2 (Moody's) / BBB (S&P) / BBB (Fitch)			
Tenor	3-year 2-month	5-year 2-month	7-year	10-year
ESG Label	-	-	BLUE	BLUE
Size (JPY bn)	JPY 126.3bn	JPY 39.3bn	JPY 4.5bn	JPY 2.0bn
Maturity Date	29 June 2029	30 June 2031	28 April 2033	30 April 2036
Re-offer Spread (YMS, TONA based)	+80bp	+90bp	+95bp	+105bp
Coupon	2.35%	2.67%	2.89%	3.23%
Issue Price	100%			

Investor Breakdown



Issuance Highlights

- The successful outcome of this issuance reflects strong investor confidence in Indonesia's macroeconomic stability and fiscal discipline, supported by proactive and effective engagement with Japanese investors, and the successful leveraging of market momentum.
- The issuance of Blue Bonds, our fourth since 2023, demonstrates Indonesia's continued commitment to advancing sustainable financing instruments in the global market, while further diversifying our funding sources.
- Supported by a solid order book, the final yields for the 7-year and 10-year tenors were successfully set at the lowest end of the Initial Price Guidance (IPG 7Y: TONA MS +95–100 bps; IPG 10Y: TONA +105–110 bps).

SEC 21 Transaction Summary



Indonesia Successfully Raised US\$3.45 Billion Equivalent through Multi-Tranche Global Bonds, Supported by Strong Investor Demand and Competitive Pricing

US\$ 3.45 billion equivalent



Baa2 Negative (Moody's) / BBB Stable (S&P) / BBB Negative (Fitch)

*US\$750mn 5.030% due 2031, US\$1.25bn 5.690% due 2036,
€600mn 4.500% due 2033, €650mn 5.125% due 2038*

Format:	SEC Registered			
Issue Ratings:	Baa2 (Moody's) / BBB (S&P) / BBB (Fitch)			
Tranche:	US\$ 5-year	US\$ 10-year	€ 7-year SDG	€ 12-year
Issue Size:	US\$750mn	US\$1.25bn	€600mn	€650mn
Settlement Date:	29 May 2026			
Maturity Date:	29 May 2031	29 May 2036	29 May 2033	29 May 2038
Initial Price Guidance:	5.300% area	5.950% area	MS+170 bps area	MS+205 bps area
Final Price Guidance:	5.050%	5.700%	MS+145 bps (#)	MS+185 bps (#)
Pricing:	5.050%	5.700%	MS+145 bps	MS+185 bps
Reoffer Price:	99.913	99.925	99.659	99.868
Reoffer Yield:	5.050%	5.700%	4.558%	5.140%
Coupon:	5.030%	5.690%	4.500%	5.125%
Denominations:	US\$200,000 / US\$1,000		EUR100,000 / EUR1,000	
Use of Proceeds:	US\$ 5Y & 10Y, EUR 12Y: General budgetary purposes EUR 7Y SDG: The Republic of Indonesia's ("the Republic") intends to invest an amount equal to the net proceeds in projects that may qualify as eligible expenditures under the Republic's Sustainable Government Securities Framework			
Listing:	SGX-ST and Frankfurt Stock Exchange			
Governing Law:	New York Law			

Key Transaction Highlights



The fourth Sustainable Development Goals ("SDG") Bond in EUR issued by the Republic, following the last EUR SDG offering in October 2025, showcasing the Republic's continuous commitment in supporting sustainable financing to achieve SDG targets by 2030



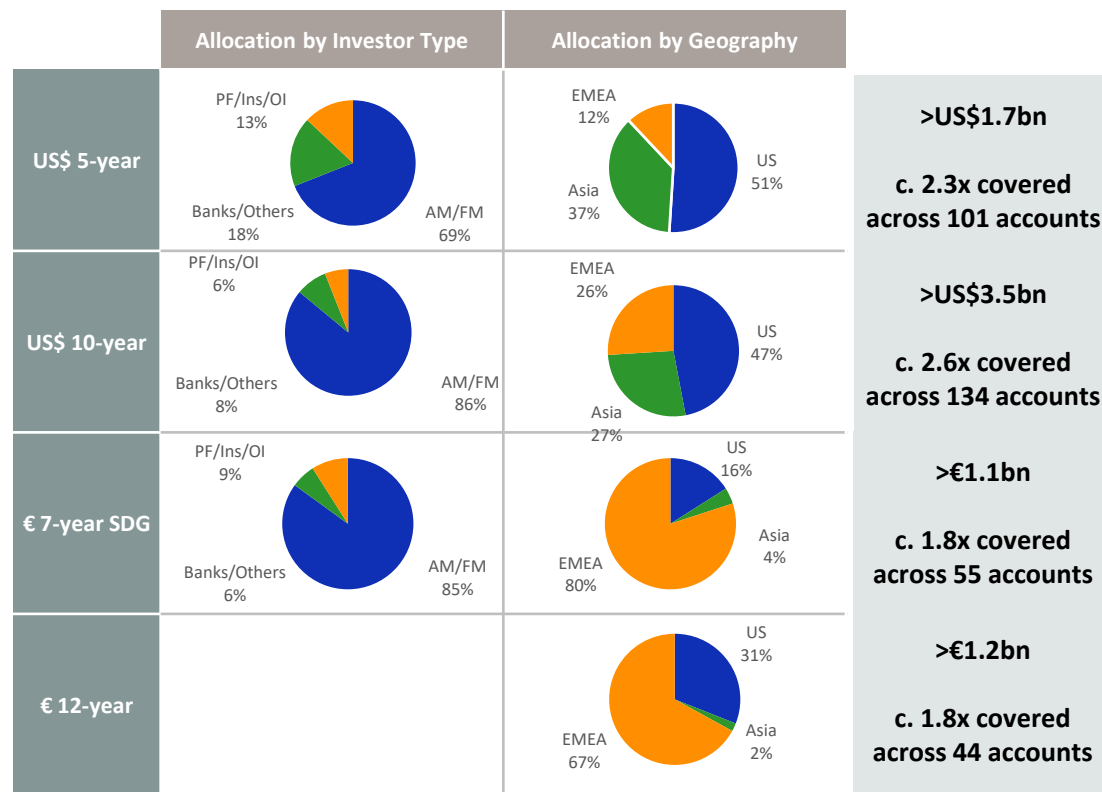
Successfully navigated significant intraday volatility supported by robust and ongoing confidence of global investors towards the country's economic stability, reinforcing the Republic's well-established reputation as a consistent and credible sovereign issuer in the global capital markets

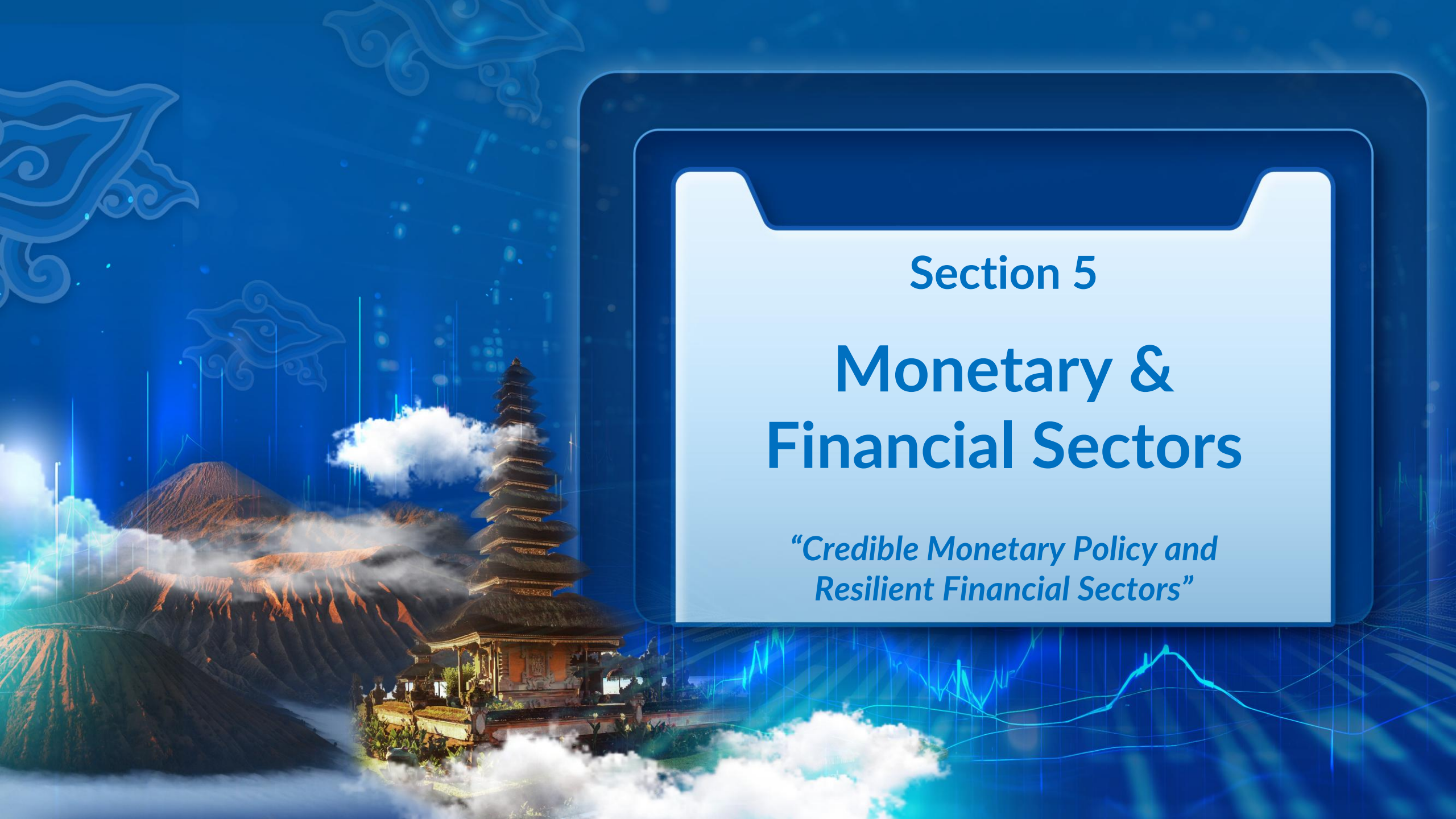


The orderbook was well supported by global high-quality and real-money accounts, with the final orderbook size reaching over US\$5.2 billion for the USD tranches in aggregate and over €3.2 billion for the EUR tranches



The healthy momentum of the orderbook allowed final pricing to tighten by 20-25 bps from IPG for all tranches





Section 5

Monetary & Financial Sectors

*“Credible Monetary Policy and
Resilient Financial Sectors”*



Bank Indonesia Policy Mix for Strengthening Stability and Supporting Economic Growth

Bank Indonesia's policy mix is calibrated to strengthening stability and supporting economic growth through a balanced combination of monetary, macroprudential, payment system, money market deepening, and inclusive green economy measures.



BI – Rate⁽¹⁾ **5.75%** ➡

Deposit Facility (DF) rate⁽¹⁾ **4.75%** ➡

Lending Facility (LF) rate⁽¹⁾ **6.50%** ➡

PRO-STABILITY		PRO-GROWTH			
MONETARY		MACROPRUDENTIAL	PAYMENT SYSTEM	MONEY MARKET DEEPENING	INCLUSIVE AND SUSTAINABLE ECONOMY AND FINANCE
MONETARY		MACROPRUDENTIAL			
- Strengthening the effectiveness of monetary policy implementation to stabilise the Rupiah exchange rate and maintain inflation within the 2.5±1% target range in 2026 and 2027 by: - optimising the foreign exchange intervention strategy to strengthen Rupiah exchange rate stabilisation efforts through Non-Deliverable Forward (NDF) transactions in offshore markets as well as spot and Domestic Non-Deliverable Forward (DNDF) transactions in the domestic market, - managing the interest rate structure in the money market in line with the BI-Rate and pro-market monetary operation instrument rates, - ensuring adequate liquidity in the money market and banking industry by maintaining primary money growth above 10% (double digit), consistent with monetary expansion. - Expanding the incentive policy to increase portfolio inflows, strengthen Rupiah exchange rate stability and accelerate money market and foreign exchange market deepening by: - increasing and expanding premium reduction incentives for foreign portfolio investment by: (a) raising the incentive for Swap Sell Hedging (Swap Buy Hedging to Bank Indonesia) from 10% to 12.5%, and (b) extending incentives for DNDF Sell Hedging transactions by 15%, - providing incentives to increase Local Currency Transactions (LCT) with partner countries[1] to diversify foreign exchange transactions through: (a) an additional 10% premium for Swap Buy Hedging (Swap Sell Hedging to Bank Indonesia), and (b) a 10% reduction in premiums for DNDF Sell Hedging transactions		- Expanding liquidity and addressing liquidity segmentation in the money market and banking industry through refinements to the Macroprudential Liquidity Incentive Policy (KLM) and its integration with accelerated money market deepening as follows: - expanding the underlying assets eligible for repo transactions in conventional monetary operations and/or Bank Indonesia Sharia-Based Liquidity Facility (PASBI) by including corporate bonds and/or sukuk issued by PT Sarana Multi Infrastruktur (SMI) and PT Sarana Multigriya Finansial (SMF). These securities meet the eligibility requirements for corporate bonds and/or sukuk issued by government-established or state-owned financial institutions in line with the Money Market Deepening Blueprint (BPPU) 2030. This policy will be implemented no later than the end of September 2026; - refining KLM policy to expand liquidity and reduce liquidity segmentation, while continuing to encourage lending to priority sectors by: - increasing the maximum total KLM incentive available to banks from 5.5% to 6.0% of third-party funds (TPF), - adjusting the allocation of the KLM financing channel for bank lending/financing to priority sectors from a maximum of 4.5% of TPF to a maximum of 4.0% of TPF, - introducing macroprudential liquidity incentive policy for money market deepening (KLM PPU) allocation to overcome liquidity segmentation in the money market and banking industry, while simultaneously accelerating money market deepening, of up to 2.0% of TPF for banks that maintain securities holdings at the optimal ratio determined by Bank Indonesia. This PPU KLM allocation replaces the KLM interest rate channel and financing-to-funding channel, and - the strengthened KLM policy will take effect from 1st September 2026 - Strengthening the Inclusive Macroprudential Financing Ratio (RPIM) Policy to encourage bank lending/financing to inclusive and sustainable sectors, while maintaining prudential principles through 3 (three) modalities: expanding the scope of bank lending/financing to include suppliers, distributors and/or business partners of corporate entities to support inclusive sectors and national economic growth, - expanding interbank cooperation mechanisms for MSME lending through channelling and executing schemes, - strengthening the contract-based interbank RPIM transfer mechanism. - the strengthened RPIM policy will take effect from 1st October 2026.			
PAYMENT SYSTEM					
- Expanding payment system digitalisation to support and strengthen household purchasing power, while continuing to nurture innovation in line with sound risk management and payment system stability by: - expanding digital payment acceptance through the development of payment instruments and channels, as well as expanding QRIS Cross-Border linkages with priority partner countries, - strengthening innovation and entrepreneurship by intensifying business matching at the Indonesian Digital Innovation Centre (PIDI) Digdaya and the Hackathon program to develop national digital talent, and - strengthening payment system industry restructuring through the development of activities, products and/or partnerships that meet risk management requirements and are aligned with Bank Indonesia's policy direction.					

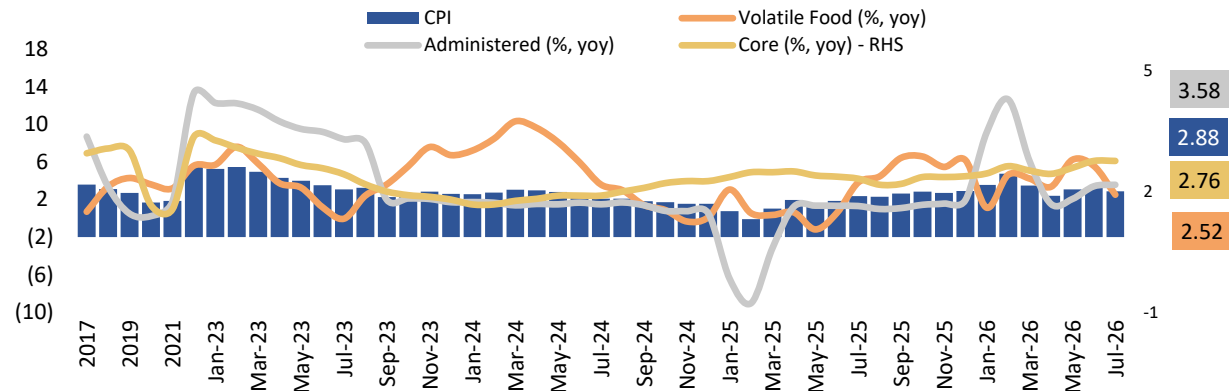
Source: Bank Indonesia
 Note: (1) Board of Governors Meeting July 2026



Inflation, Exchange Rate and Monetary Policy Framework

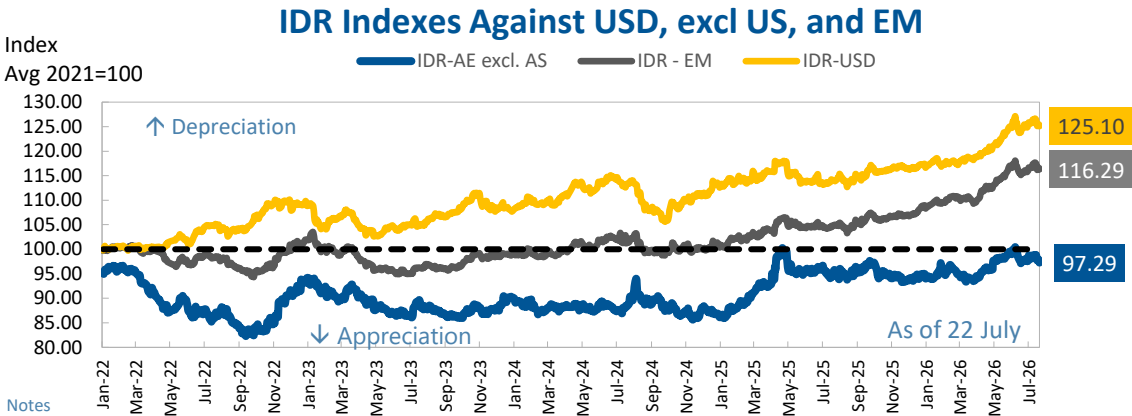
Inflation Remains within the Target Range, the Rupiah Relatively Stable, and Credit Growth Continues, Supported by a Strengthened Monetary Policy Framework.

Well Maintained Inflation Ensured Price Stability



Source: BPS

Stable Rupiah Exchange Rate

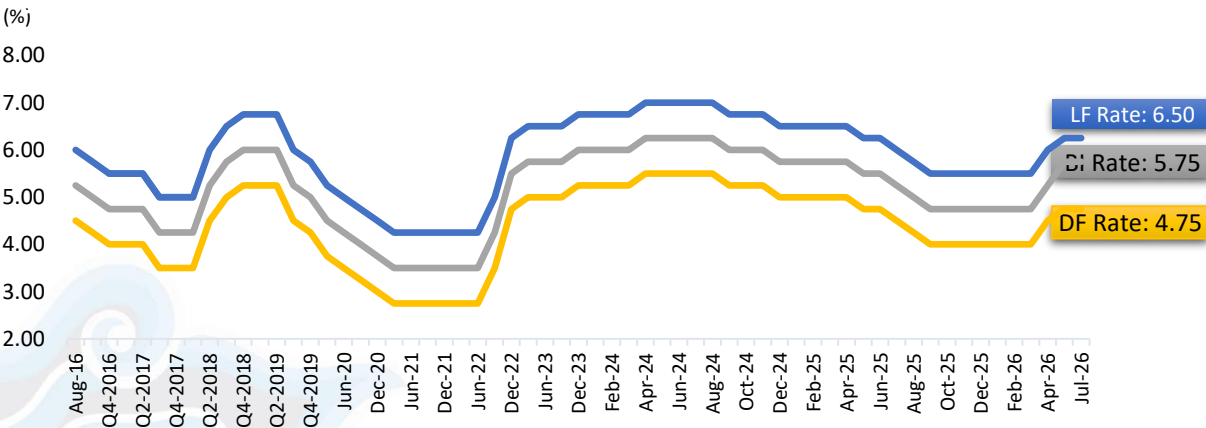


Notes

Based on daily data

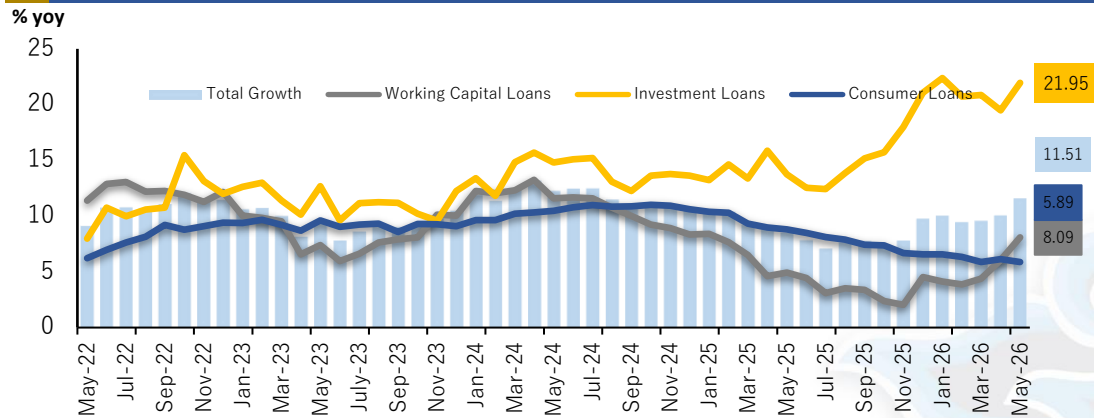
Composite indexes on trade weights :: SGD (13%), CNY (52%), INR (11%), KRW (9%), THB (7%), MYR (9%)

Strengthened Monetary Policy Framework



Source: Bank Indonesia

Credit Growth Profile



Source: OJK, Bank Indonesia

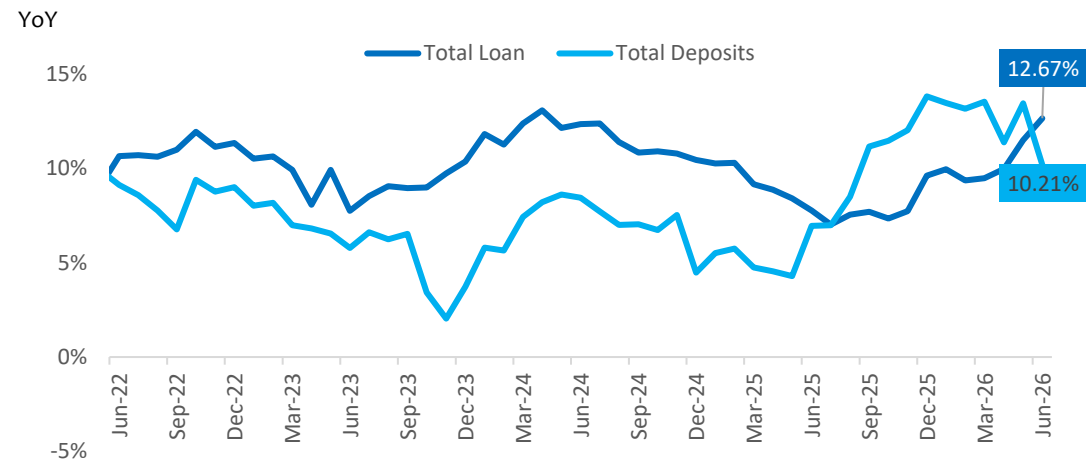


Banking Intermediation

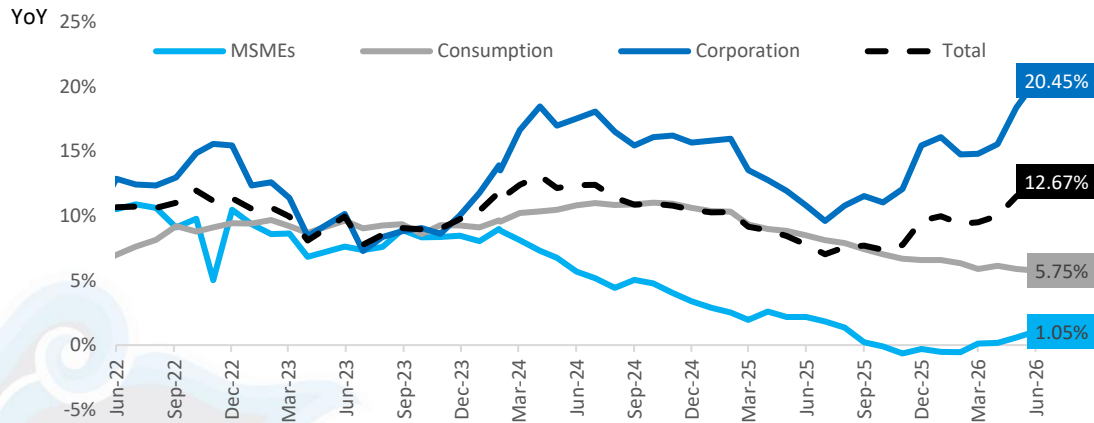
Banking intermediation continued to expand in June 2026, with loan-to-deposit ratio (LDR) remained within the prudent range of 78%–92%.



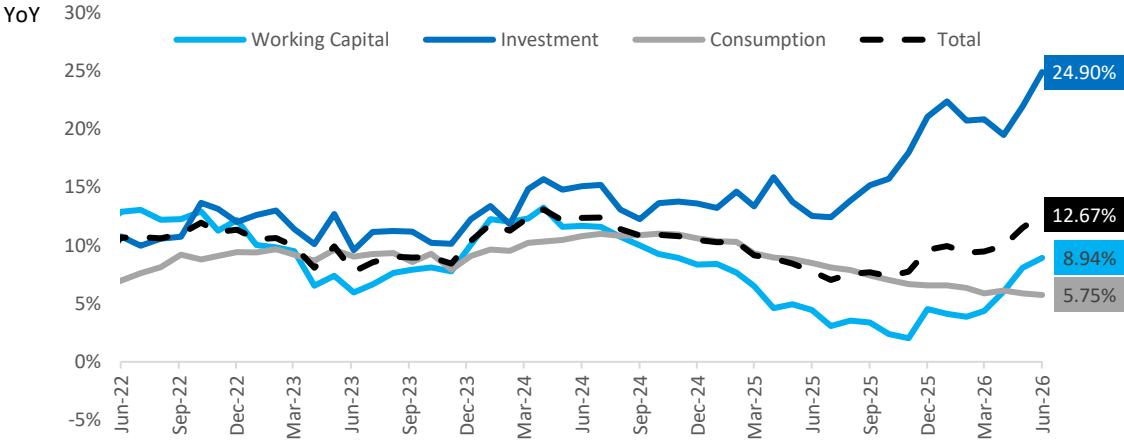
As of **June 2026**, banking loan grew by **12.67% (yoy)**, while deposit grew by **10.21% (yoy)**.



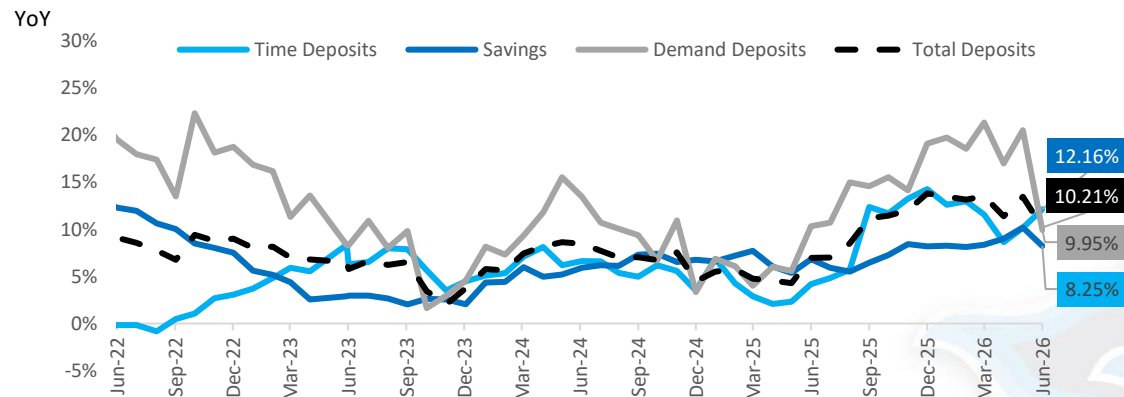
Across loan segments, **corporate loan growth remained high at 20.45% (yoy)**. **MSME loan growth** also remained positive at **1.05% (yoy)**. Meanwhile, consumer loan growth moderated slightly to **5.75% (yoy)**.



Banking loan's growth was in line with continued growth in productive lending, particularly **investment loan, which accelerated to 24.90% (yoy)** in June 2026.



As of **June 2026**, deposit maintained stable growth at **10.21% (yoy)**.



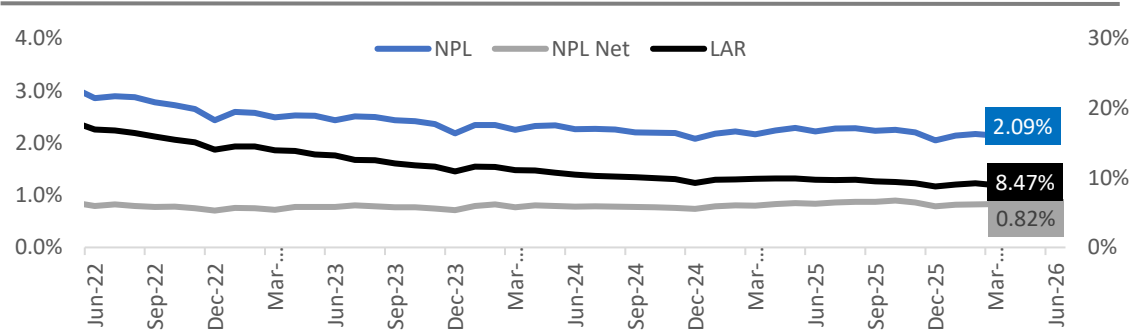


Banking Risk Profile and Profitability

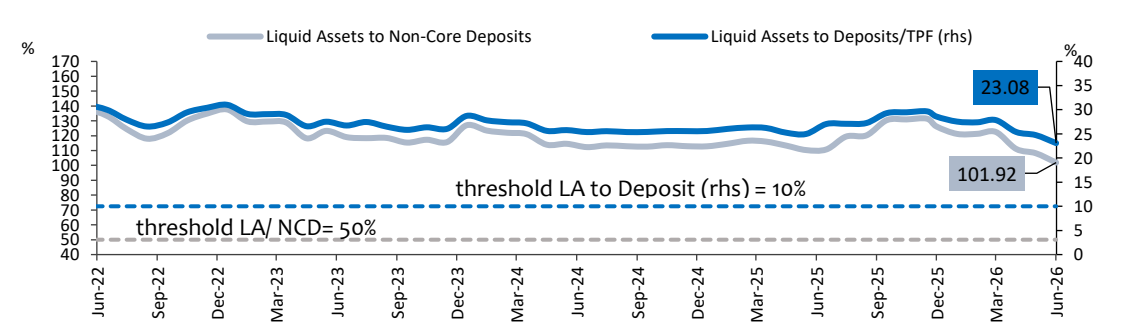
Indonesia's banking sector remained resilient, with well-maintained credit quality, high capital adequacy, adequate liquidity, and broadly stable profitability.



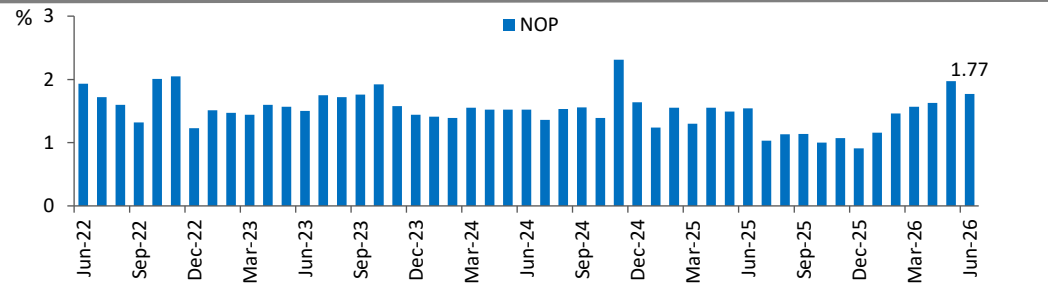
As of June 2026, credit quality remained well maintained, with the gross non-performing loan (NPL) ratio recorded at **2.09%**. The loan-at-risk (LaR) ratio also remained stable at **8.47%**.



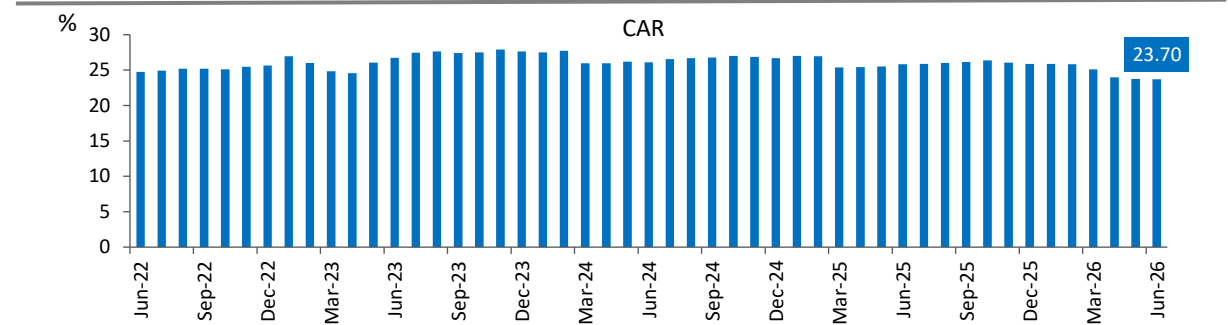
Banking liquidity remained adequate in June 2026, with the liquid assets-to-non-core deposits (LA/NCD) and liquid assets-to-third-party funds (LA/TPF) ratios recorded at **101.92%** and **23.08%**, respectively, well above thresholds.



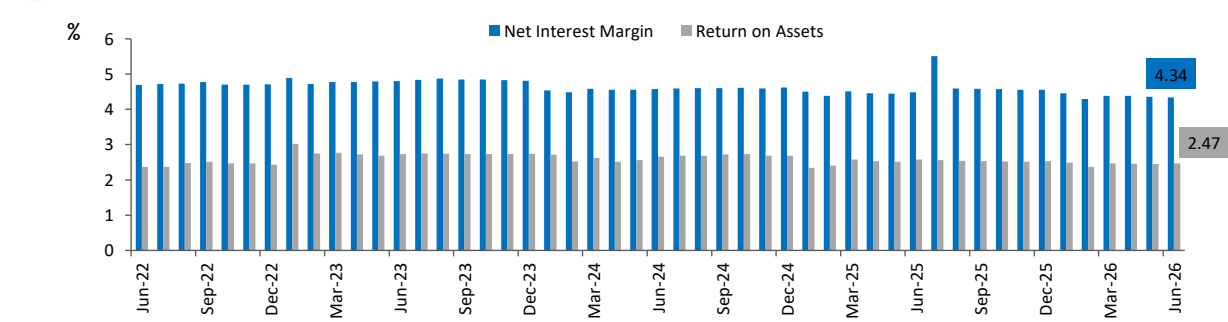
As of June 2026, the Net Open Position (NOP) remained stable at a low level of **1.77%**.



The banking sector remained resilient, as reflected in its high capital adequacy ratio (CAR) of **23.70%** in June 2026.



Banking sector profitability remained stable, with net interest margin (NIM) at **4.34%** and return on assets (ROA) at **2.47%** as of June 2026.



Indonesia Capital Market Performance

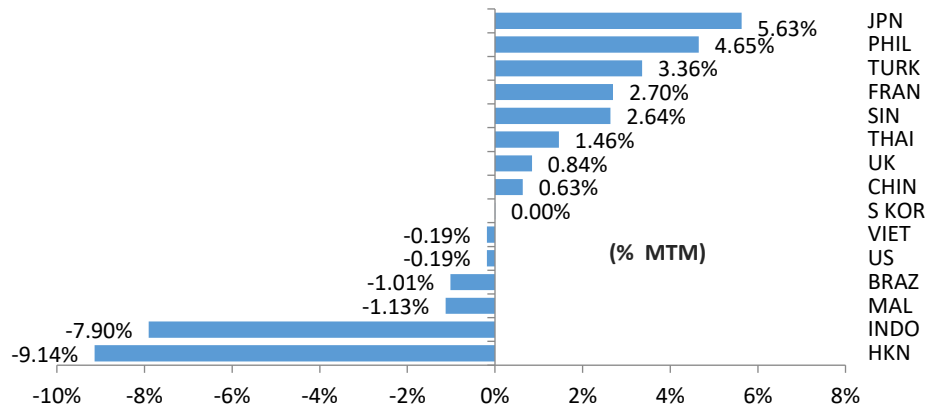


Indonesia's capital market remained in a consolidation phase in June 2026 amid continued global uncertainty and investor portfolio rebalancing.

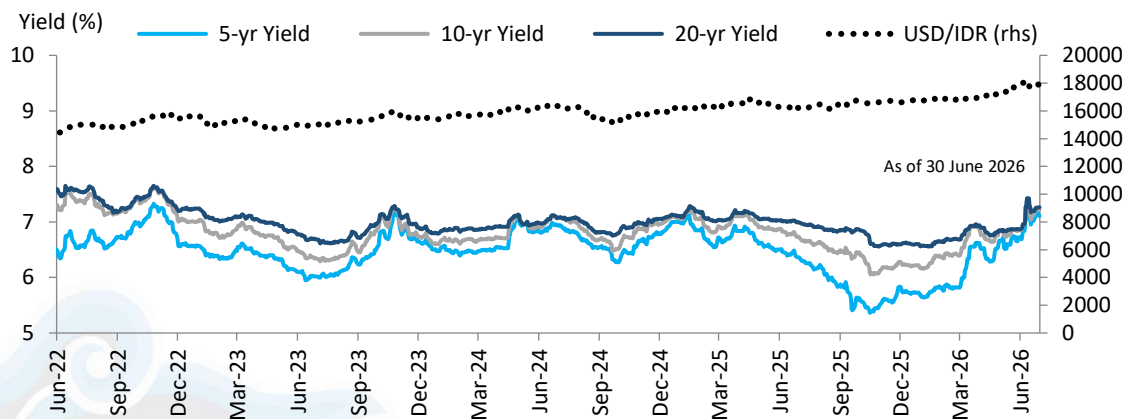


In June 2026, the Jakarta Composite Index (JCI) closed at **5,643.19**, declining by **7.90% (mtm)**.

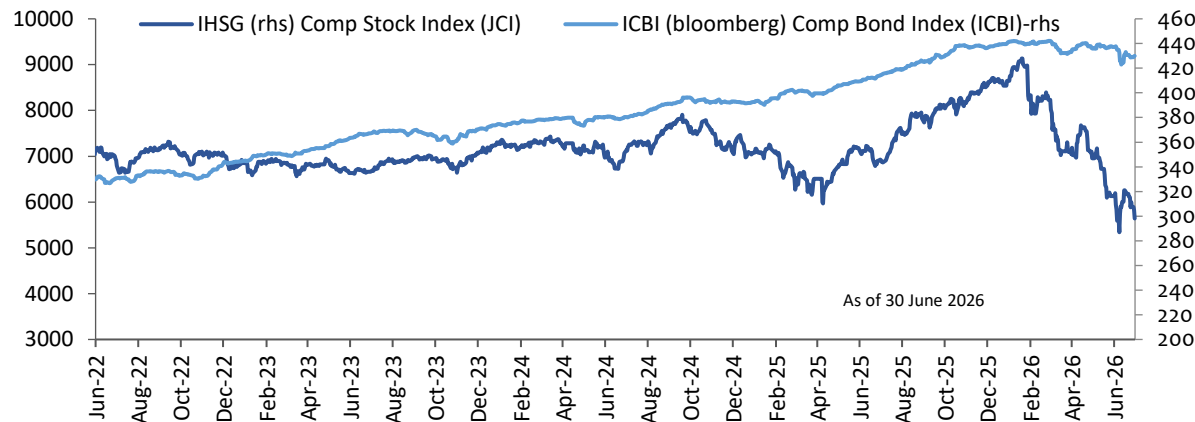
Stock Index Performance as of 30 June 2026 (compared to 30 May'26)



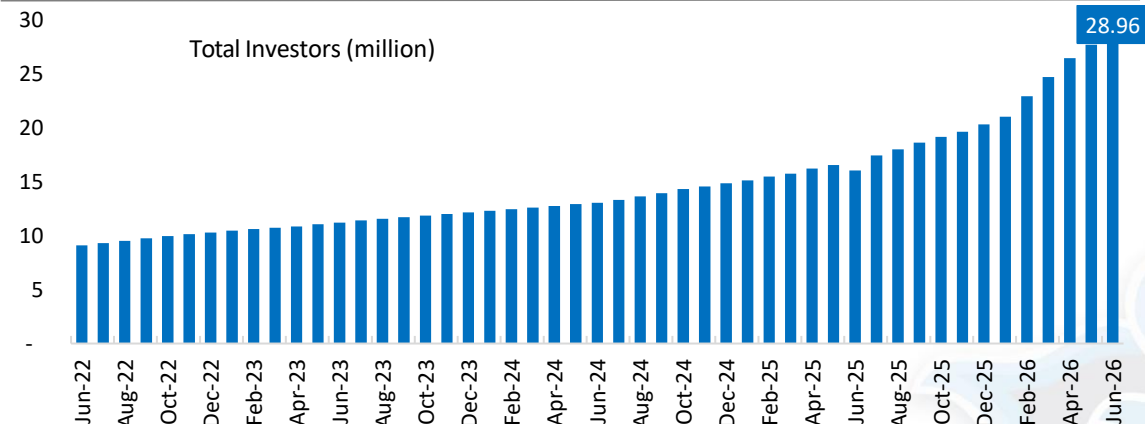
The **average yield on government securities** increased by **40.00 bps (mtm)** and 96.22 bps (ytd), reflecting shifts in risk perceptions amid global uncertainty.



In the bond market, the **Indonesia Composite Bond Index (ICBI)** closed at **429.85**, declining by **1.69% (mtm)** and **2.49% (ytd)**.



Investor participation continued to expand alongside ongoing market-deepening initiatives. A total of **1.21 million new investors** were added in **June 2026**, bringing the number of **domestic capital market investors** to **28.96 million**, an increase of **42.22% (ytd)**.



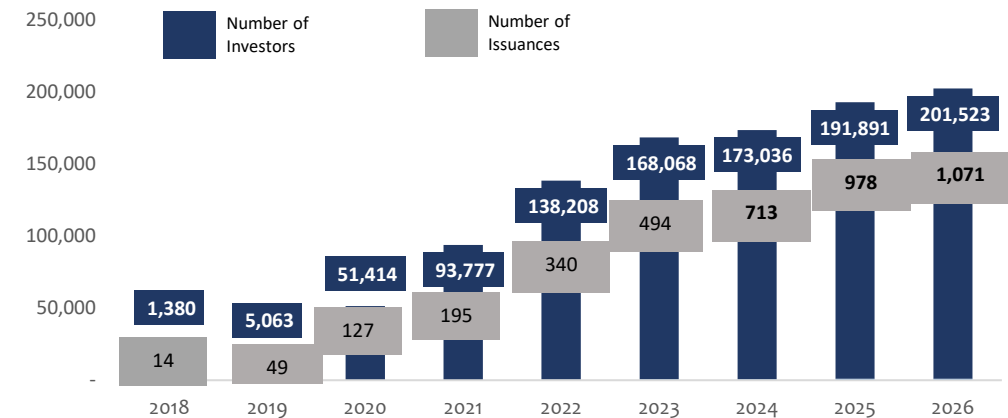


Securities Crowd Funding and Carbon Exchange

Securities Crowdfunding (SCF) and the Carbon Exchange continued to support the development of Indonesia's alternative financing and sustainable finance ecosystem.

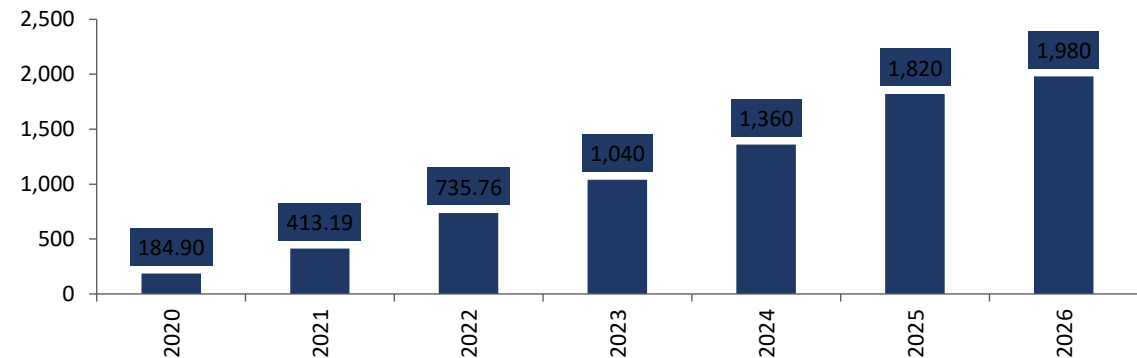


SCF activity increased in June 2026, with **22 new securities** and **six new issuers** recorded during the month, bringing the total number of investors to **201,523**.



SCF fundraising reached **IDR39.14 billion in June 2026**, bringing cumulative funds raised to **IDR1.98 trillion**.

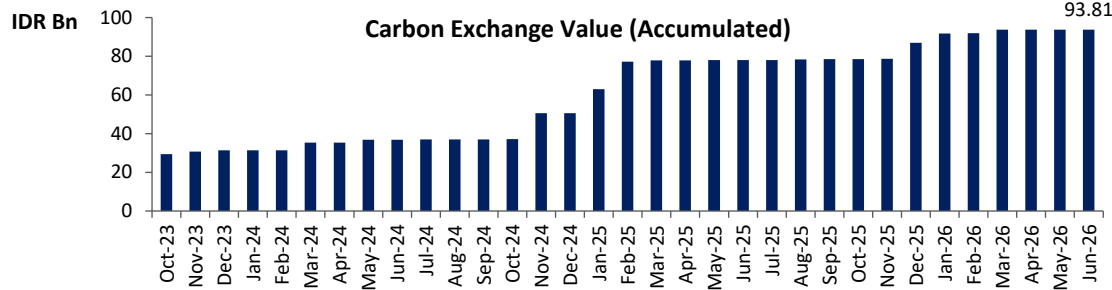
IDR Bn



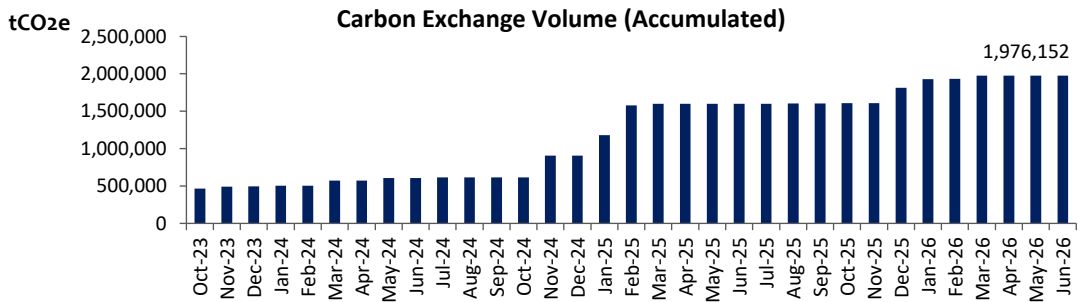
Since its launch in September 2023, the Carbon Exchange has recorded a **cumulative transaction value of IDR93.81 billion as of June 2026**.



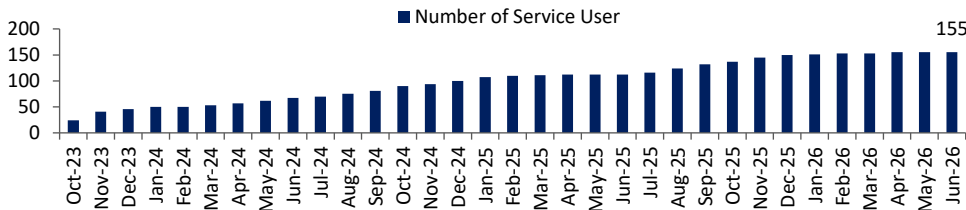
As of June 2026, cumulative trading volume reached **1.98 million tCO₂e**



tCO₂e



While the number of **registered service users** remained at **155**.



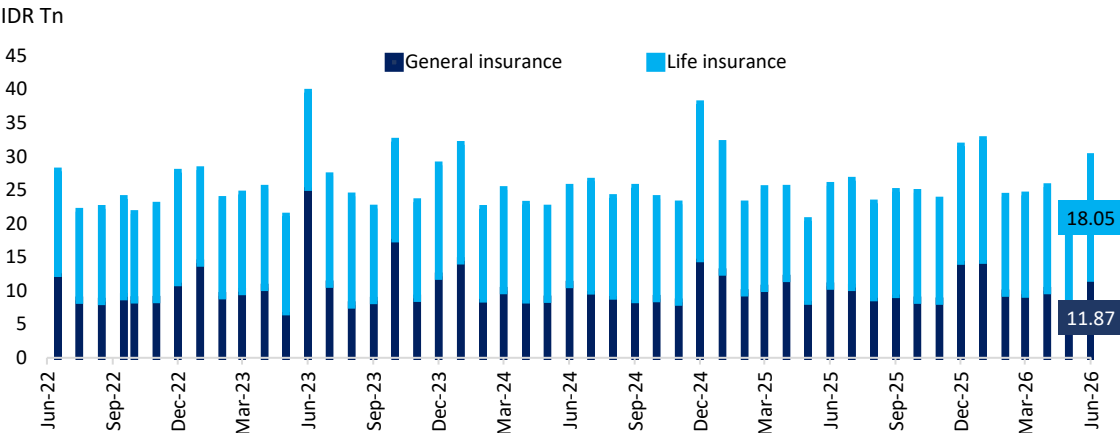


Insurance Sector

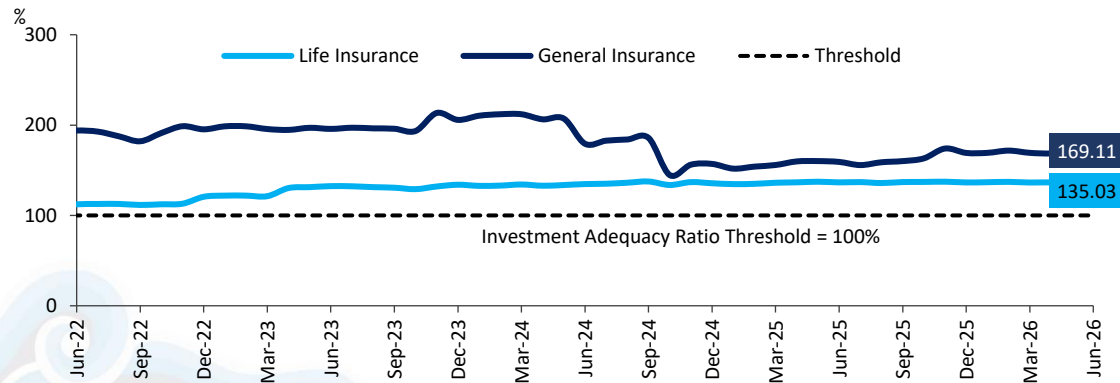
Indonesia's insurance sector maintained stable performance in June 2026, with capital levels remained well above the regulatory minimum.



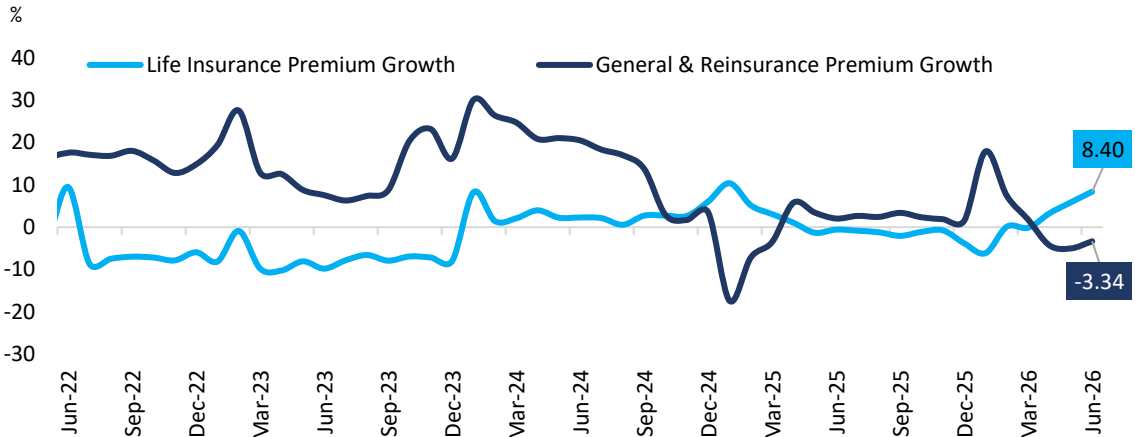
In June 2026, general and life insurance premiums increased by IDR11.87 trillion and IDR18.05 trillion, respectively.



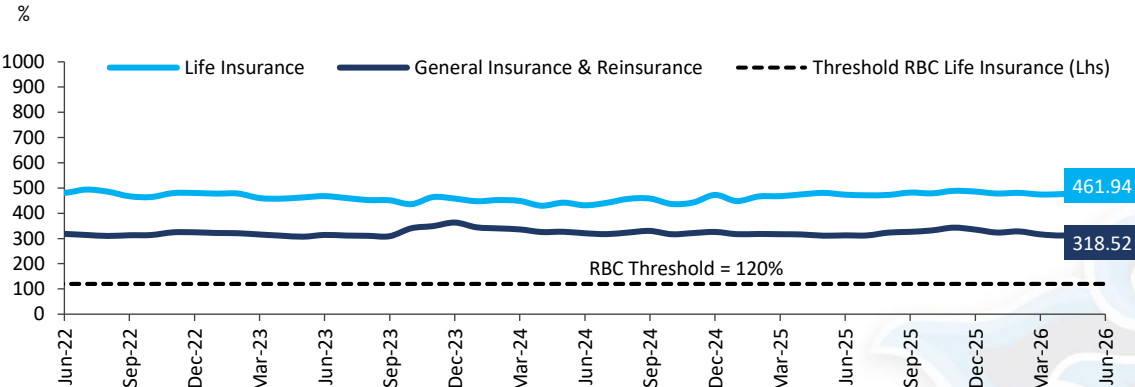
Investment adequacy ratios remained at adequate levels in June 2026, at 169.11% for general insurance and reinsurance and 135.03% for life insurance.



As of June 2026, life insurance grew by 8.40% (yoy), while general insurance and reinsurance premiums contracted by 3.34% (yoy).



Capitalization remained adequate, with the risk-based capital (RBC) ratio recorded at 461.94% for life insurance and 318.52% for general insurance and reinsurance, well above the minimum requirement of 120%.



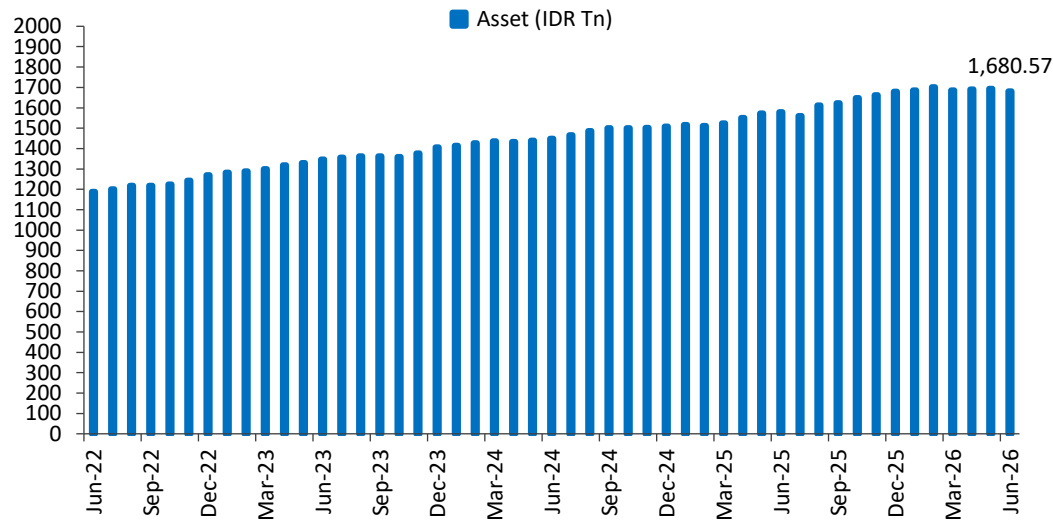


Pension Funds and Guarantee Institutions Performance

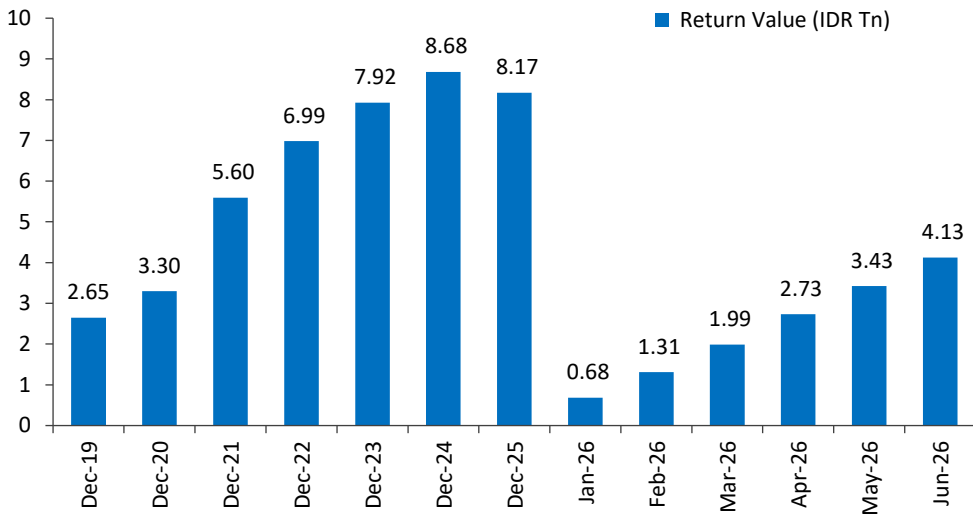
Pension funds and guarantee companies continued to show stable performance in June 2026.



Pension funds continued to grow, with **total assets increasing by 6.47% (yoy)** to **IDR1,680.57 trillion** as of June 2026.



As of June 2026, the **cumulative returns of guarantee institutions stood at IDR4.13 trillion**, or grew by **18.34% (yoy)**.



Meanwhile, **total assets of guarantee companies contracted by 3.05% (yoy)** to **IDR45.83 trillion**.

Guarantee Institutions	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	May-26	Jun-26
Assets Value (IDR Tn)	36.90	39.12	46.41	46.39	47.51	45.92	45.83
Growth YoY	46.66%	6.00%	18.64%	-0.05%	2.43%	-2.95	-3.05

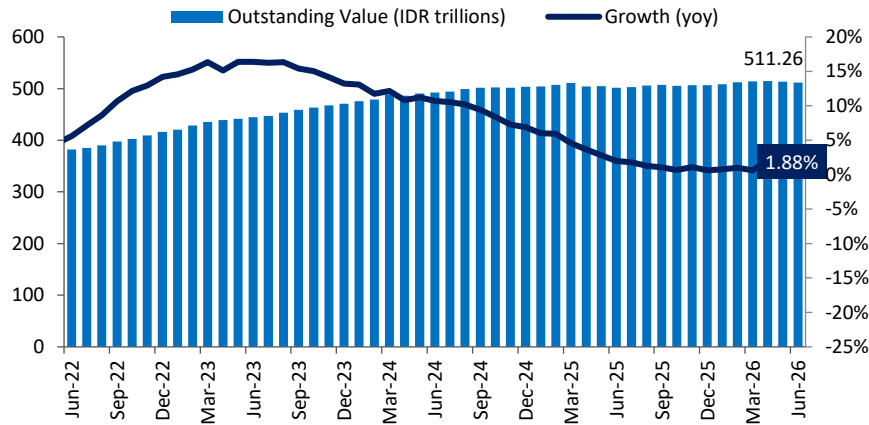


Financing Companies and P2P Lending

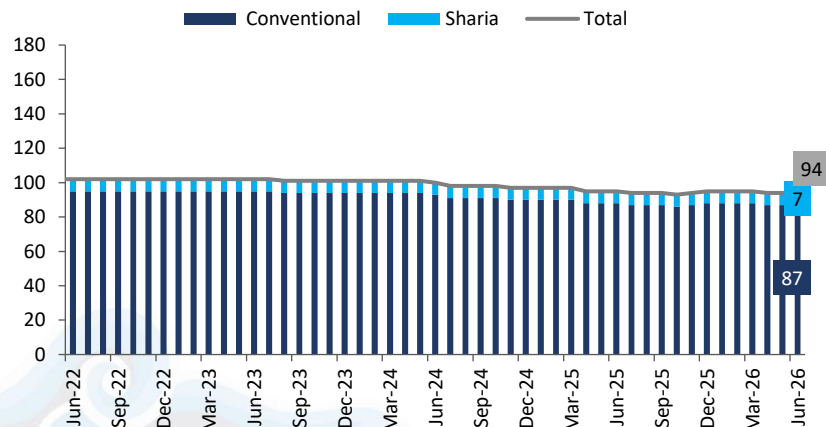
Financing companies and P2P Lending (fintech) continued to support broader economic activity.



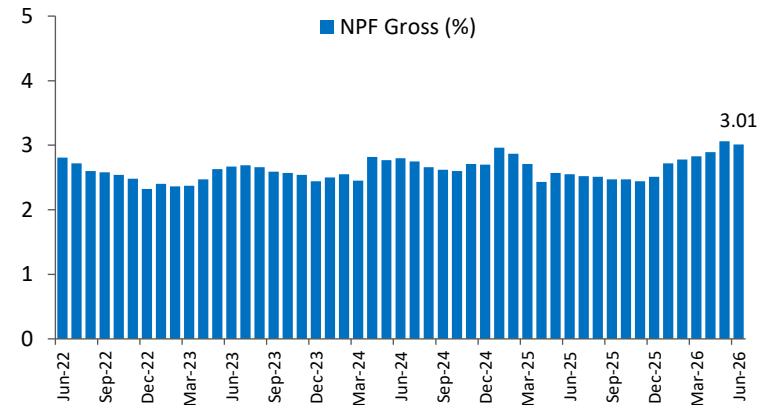
As of **June 2026**, the outstanding financing value of **Financing Companies** grew by **1.88% (yoy)**, supported by stronger growth in multipurpose financing.



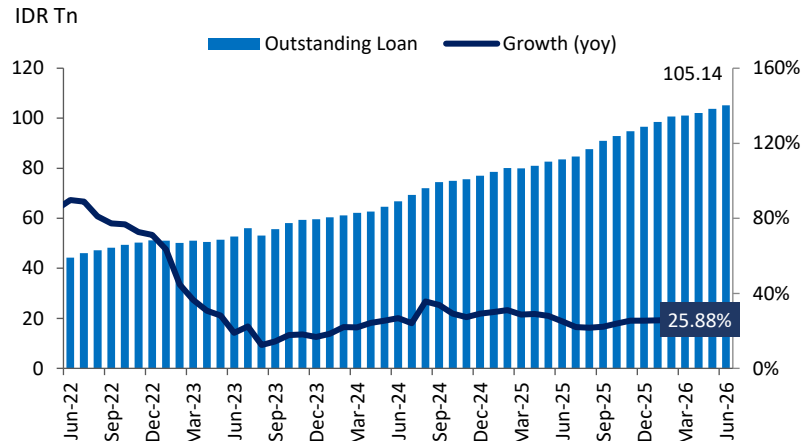
As of **June 2026**, there were **94 licensed P2P lending (fintech) providers**.



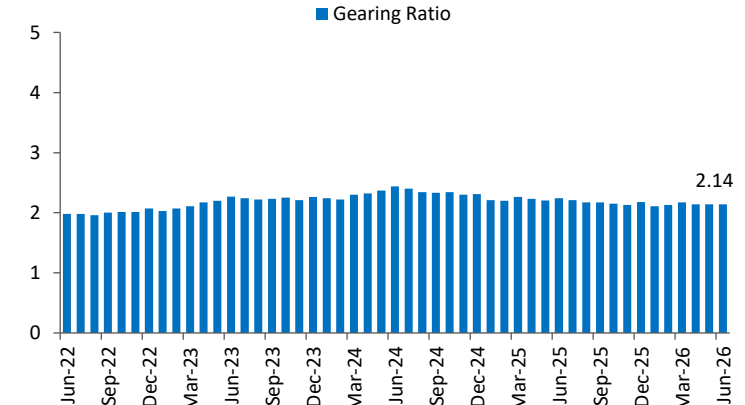
Financing Companies' **Non-Performing Financing (NPF)** ratio was stable at **3.01%**.



In the **P2P lending (fintech)** industry, outstanding financing grew by **25.88% (yoy)** to **IDR105.14 trillion** in June 2026.



The **financing companies' gearing ratio** was below the regulatory threshold, indicating adequate solvency.



The aggregate **TWP90*** in the **P2P lending industry** remained well maintained at **4.26%**.





Financial services technology innovation continued to progress, supported by prudent regulatory oversight and growing industry participation.



Based on **OJK Regulation No. 3/2024**, the OJK established the Regulatory Sandbox as a structured framework to evaluate, oversee, and support innovation in the financial services sector. The number of sandbox applications reached **33**, with **three** on-going participants in **June 2026**.

Regulatory Sandbox	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Number of Sandbox Applications Request	114	71	87	52	14	27	27	27	31	31	33	33
Number of Sandbox Participants	28	14	20	18	5	4	4	4	4	5	5	3

Type of Registered FSTI Providers	Oct-24	Nov-24	Dec-24	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Innovative Credit Scoring	2	4	5	10	10	10	8	8	8	8	8	8
Aggregators	4	6	9	20	20	20	20	17	17	17	17	17
Total	6	10	14	30	30	30	28	25	25	25	25	25



As of **June 2026**, domestic crypto transaction value increased by **24.2% mtm** to **IDR28.58 tn**.

Crypto-assets	Dec-23	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Transactions (IDR Tn)	27.25	94.08	32.68	29.28	24.33	22.24	22.98	23.01	28.58



Consumer protection in financial services sector continued to be strengthened through financial education, market conduct supervision, and enhanced complaint-handling services.



From **January to June 2026**, OJK has conducted **2,571 financial education activities**, reaching **10,857,935 participants** nationwide.

Financial Education	2,571 Activities	Team for Acceleration of Regional Financial Access (TPAKD)	552 District/Municipalities
	10,857,935 Participants		100% District/Municipalities
Sikapi Uangmu	196 Contents	National Movement of Financial Inclusion (GENCARKAN)	31,178 Programs
	1,813,581 Viewers		14,338 Financial Education Activities
Financial Education Learning Management System (LMSKU) OJK	12,388 Access		16,840 Digital Content
	8,978 Certificates		



From **January to June 2026**, OJK has received **312,532 service requests**.

Number of Service Requests	312,532
Number of Service Requests on Consumer Protection Portal Application (APPK)	45,884
Banking	14,989
Fintech	20,140
Financing Institutions	9,151
Insurance	878
Capital Market and other NBFIs	726

Source: OJK



From **January to June 2026**, OJK as a part of The Illegal Financial Activities Eradication Task Force (Satgas Pasti), has closed **1,218 illegal financial entities**.

Number of Illegal Investments	238
Number of Illegal Online Lending	951
Number of Illegal Pawnshop	27
Number of Other Illegal Financial Activity	2



From **22 November 2024 to 30 June 2026**, the Indonesia Anti-Scam Centre (IASC) has received **608,167 reports**.

Number of Reports	608,167
Number of Blocked Accounts	557,751
Funds Blocked (IDR Bn)	674.1
Funds Returned to Victims (IDR Bn)	196.93



Sharia Financial Services Sector

In May 2026, Indonesia's sharia financial services sector recorded mixed performance amid ongoing market adjustments.

SHARIA CAPITAL MARKET

SHARIA STOCKS	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Indonesia Sharia Stock Index	215.65	308.61	297.73	292.88	251.1	250.87	215.57
Growth (YTD %)	1.41	43.11	-3.53	-5.09	-18.63	-18.71	-30.15
Market Capitalization (IDR Tn)	6,825.31	8,971.68	8,546.91	8,340.75	7,152.48	7,225.77	6,135.77
Market Share (%)	55.33	56.72	56.91	56.55	57.74	58.59	57.43
SHARIA BOND (SUKUK)	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Government Sukuk (IDR Tn)	1,627.68	1,703.60	1,724.94	1,752.84	1,722.33	1,774.58	1,793.39
Corporation Sukuk (IDR Tn)	55.27	88.21	88.92	90.57	93.95	92.82	95.89
Market Share (%)	11.63	16.44	16.52	16.16	16.69	16.60	16.97
SHARIA MUTUAL FUND	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Asset Under Management (IDR Tn)	50.55	83.44	91.04	94.03	83.85	92.27	83.71
Market Share (%)	10.12	12.36	12.75	12.95	12.05	12.96	12.21
SHARIA SCF	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Fundraising (IDR Bn)	715.47	1,041.64	1,070.14	1,078.90	1,089.42	1,115.52	1,120.52
Market Share (%)	52.50	57.43	57.72	57.46	57.49	57.79	57.62

SHARIA FINANCING INSTITUTIONS, VENTURE CAPITAL, FINTECH P2P LENDING AND MICROFINANCE (PVML) UPDATE

SHARIA PVML	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Sharia Financing Institution Assets (IDR Tn)	33.88	36.55	36.65	37.46	37.27	37.20	37.52
Sharia Venture Capital Assets (IDR Tn)	3.74	3.98	3.91	4.18	4.23	4.21	4.18
Sharia Microfinance Assets (IDR Tn)	0.65	0.66	0.67	0.65	0.65	0.66	0.67



Sharia Financial Services Sector (cont'd)

Sharia banking maintained positive growth in May 2026, while sharia insurance, guarantee, and pension fund industries remained stable.

SHARIA BANKING SECTOR

Intermediation	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Assets (IDR Tn)	980.30	1,067.73	1,034.46	1,035.19	1,061.61	1,055.26	1,047.03
Market Share (%)	7.72	7.69	7.46	7.39	7.51	7.46	7.26
Financing (IDR Tn)	643.55	705.22	709.11	706.44	716.40	723.60	729.45
Growth (YoY %)	9.92	9.58	10.96	9.92	9.82	10.74	10.32
Deposits (IDR Tn)	753.60	829.99	811.74	800.58	811.76	823.95	810.04
Growth (YoY %)	10.09	10.14	10.08	9.73	11.14	12.12	11.66
Capital and Liquidity	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
CAR	25.4	25.07	24.3	25.19	25.35	24.3	23.66
LA/Deposits	32.09	30.01	26.48	26.87	29.83	28.69	24.49
LA/NCD	154.52	142.13	125.03	125.98	139.40	133.36	113.90
Credit Risk	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Gross NPF	2.12	2.16	2.21	2.26	2.28	2.28	2.31
Net NPF	0.79	0.83	0.83	0.85	0.87	0.78	0.79

SHARIA INSURANCE, GUARANTEE, PENSION FUND (PPDP) UPDATE

SHARIA PPDP	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Sharia Life Insurance Assets (IDR Tn)	34.20	38.20	38.27	38.45	37.67	38.38	37.72
Sharia General Insurance Assets (IDR Tn)	9.46	10.41	10.59	10.91	10.87	10.65	10.67
Sharia Voluntary Pension Fund Assets (IDR Tn)	4.53	5.06	5.16	5.2	5.19	5.24	5.3
Sharia Guarantee Institution Assets (IDR Tn)	6.28	6.93	6.92	6.99	7.02	7.12	7.17



Section 6

Structural Reforms

*“Structural Reforms and Infrastructure
Development to Strengthen Long-Term Growth”*

Indonesia's National Transformation Strategy 2025–2029 focuses on strengthening governance, human capital, and industrial value creation to achieve inclusive and sustainable growth. Through structural reforms and grassroots development, it aims to build a resilient, equitable, and globally competitive nation toward Golden Indonesia 2045.

1 Asta Cita: The 8 Quick Impact Programs

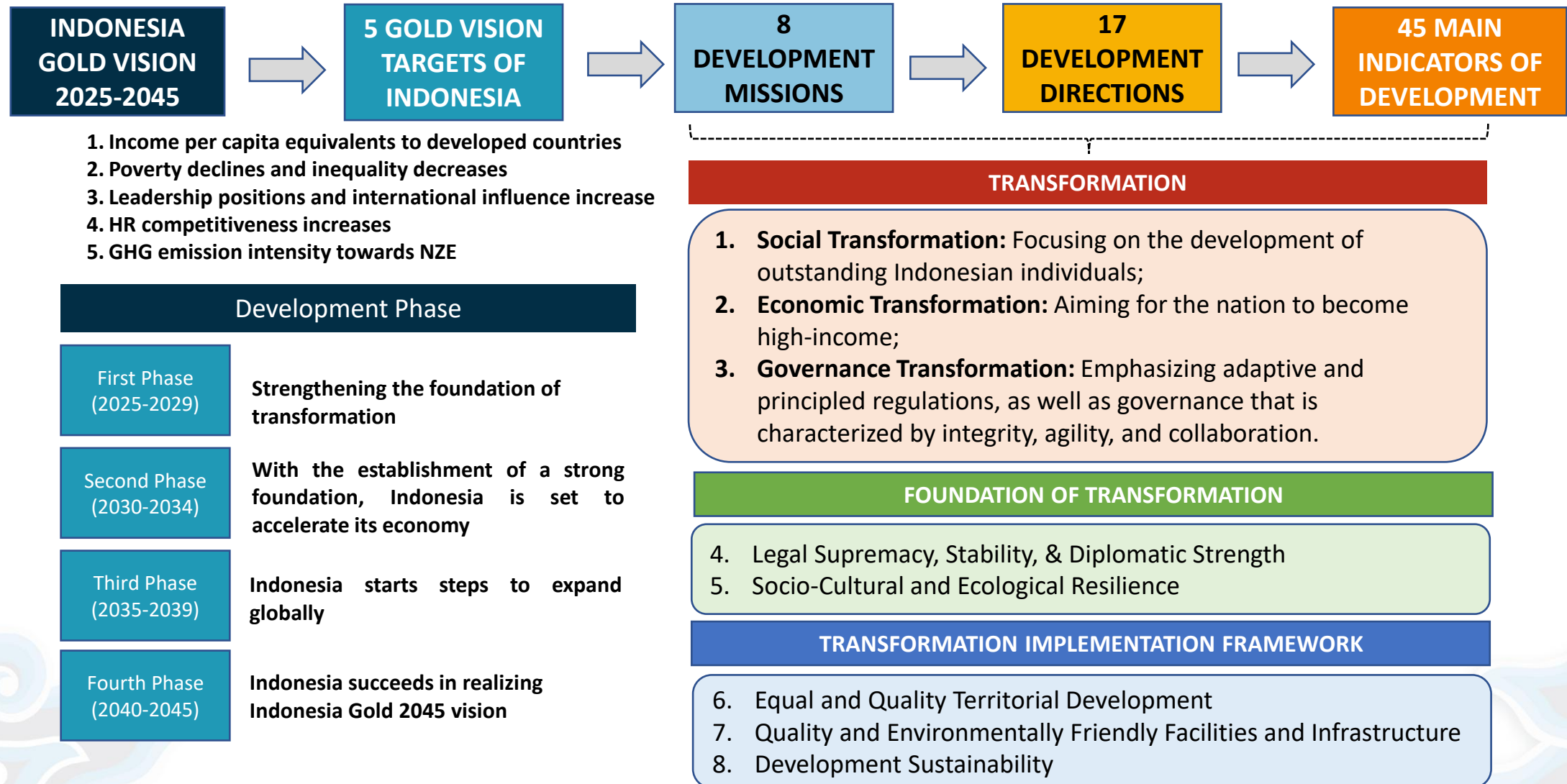
8 National Priorities 2025-2029

1. Strengthening the Foundation of Pancasila Ideology, Democracy, and Human Rights
2. Consolidating the National Defense and Security System and Fostering National Self-Reliance through Self-Sufficiency in Food, Energy, Water, Islamic Economy, Digital Economy, Green Economy, and Blue Economy
3. Continuing Infrastructure Development and Improving Quality Employment Opportunities Promoting Entrepreneurship, Expanding the Creative Industry, and Developing Agro-Maritime Industries in Production Centers through Active Cooperative Involvement
4. Enhancing Human Resource Development, Science, Technology, Education, Health, Sports Achievements, Gender Equality, and Empowering the Roles of Women, Youth (Millennials and Generation Z), and Persons with Disabilities
5. Continuing Downstream Processing and Developing Natural Resource-based Industries to Increase Domestic Value-added
6. Building from the Village and Grassroots for Economic Growth, Economic Equity, and Poverty Eradication
7. Intensifying Political, Legal, and Bureaucratic Reform, and Strengthening the Prevention and Eradication of Corruption, Drugs, Gambling, and Smuggling
8. Enhancing Alignment with A Harmonious Life in the Environment, Nature, and Culture, and Increase Religious Tolerance to Achieve A Just and Prosperous Society



Indonesia Gold Vision 2045: Become a Sovereign, Advanced and Sustainable Country

Indonesia's Gold Vision 2045 outlines a long-term roadmap to become a sovereign, advanced, and sustainable country through five key targets, eight development missions, seventeen strategic directions, and forty-five main development indicators. The plan will be implemented in four phases from 2025 to 2045, supported by social, economic, and governance transformation along with strong legal foundations, equitable regional development, sustainable infrastructure, and environmental resilience.

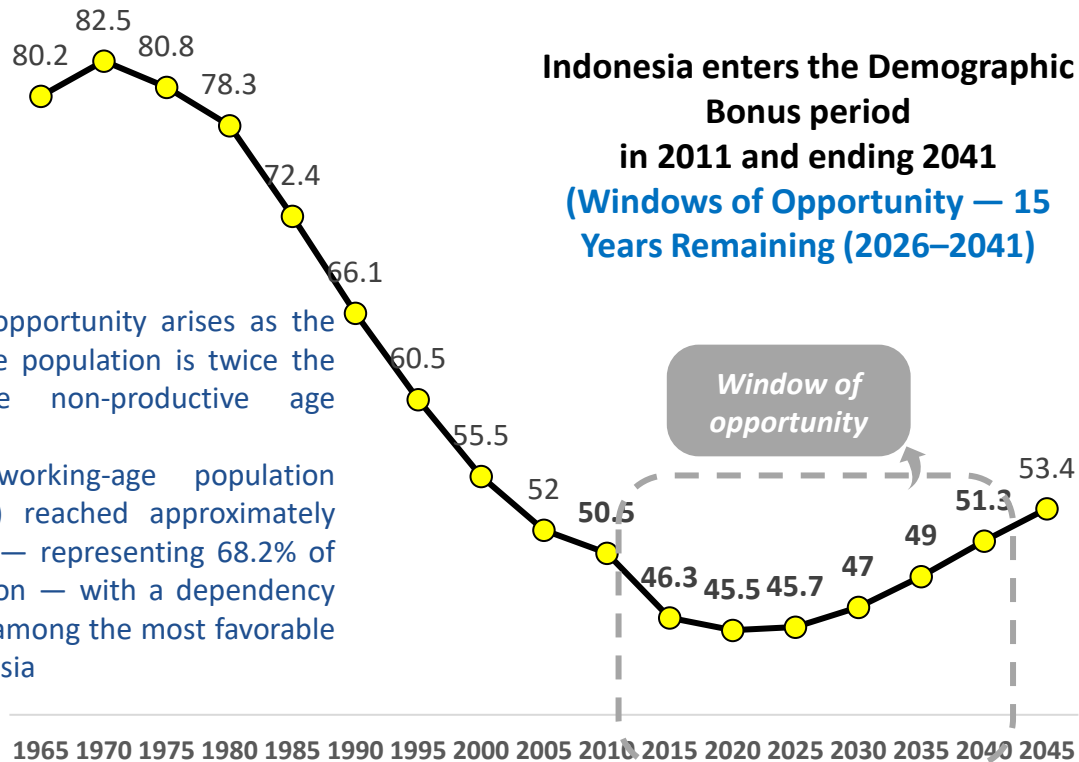


Indonesia Retains Powerful Structural Growth Drivers: Young Population and Resource Depth



Indonesia's demographic dividend provides a strong long-term growth foundation, with 194.9 million working-age people aged 15–64 representing 68.2% of its 285.7 million population, supported by a low dependency ratio of 46.6. With 15 years remaining in the demographic bonus period (2026–2041), Indonesia faces a narrowing window to convert labor force scale into sustained productivity gains. The country also holds a strategic commodity advantage as the world's largest nickel producer, generating 2.2 million tons or 59% of global supply in 2024, vital for EV supply chains.

THE PEAK OF INDONESIA'S DEMOGRAPHIC BONUS



- A significant opportunity arises as the productive-age population is twice the size of the non-productive age population.
- Indonesia's working-age population (15–64 years) reached approximately 194.9 million — representing 68.2% of total population — with a dependency ratio of 46.6, among the most favorable in Southeast Asia

Dependency Ratio is a comparison between the number of people aged 0-14 years plus the number of people aged 65 years and over (non-productive age population) compared to the number of people aged 15-64 years (productive age).

Source: BPS Preparation of Indonesian Population Projections SUPAS Results 2015-2045

SOCIAL CULTURAL CAPITAL

Harmonious and tolerant – Community Collaboration (Gotong Royong) – Deliberation to reach a consensus – Family – Social solidarity – Independent spirit – Cultural diversity

MARITIME WEALTH



16% of the world's coral reefs



25,000 species of flowering plants (10% of the world)



Capture fisheries potential 12 million tons



The largest mangrove forest 3.36 million hectares

Geographical Location Advantages



NATURAL WEALTH



125.57 million hectares of forest areas



Nickel with ore reserves 55 million tons (USGS 2025)



Coal reserves 32.2 billion short tons



Renewable energy potential 3,716 GW

Source: Bappenas



Indonesia's Policy Architecture for High-Quality, Sustainable Growth

Indonesia's economic engine has shifted into high gear. Q1 2026 GDP surged by 5.61% yoy, outperforming Bloomberg estimates. Indonesia's domestic demand remains resilient, with Q1 household consumption growing 5.52% yoy as the primary growth driver, putting the nation firmly on track toward the upgraded target Rp2,041.3 trillion full-year target. A strategic, front-loaded fiscal expansion propelled this growth—surging government spending by +31.4% yoy to catalyze economic activity, while the quarterly fiscal deficit remained contained at 0.93% of GDP, consistent with the government's full-year 2026 target of 2.68%.

NEW PATH OF GROWTH: HIGH GROWTH, INCLUSIVE, & SUSTAINABLE

1st ENGINE

Revitalizing the Conventional Economic Mechanism

- Manufacturing
- Agriculture
- Tourism



2nd ENGINE

Building a New Economic Engine

- Downstream minerals
- Digital economy
- Green economy



3rd ENGINE AS THE FOUNDATION

Enhancing Productivity & Competitiveness of Human Resources

- Upskilling
- Link & Match
- Vocational reform

ENABLER FOR ECONOMIC GROWTH



Macroeconomic Stability



Maintaining People's Purchasing Power



Efficiency & Investment Climate Support



Strengthening & Deepening the Financial Sector



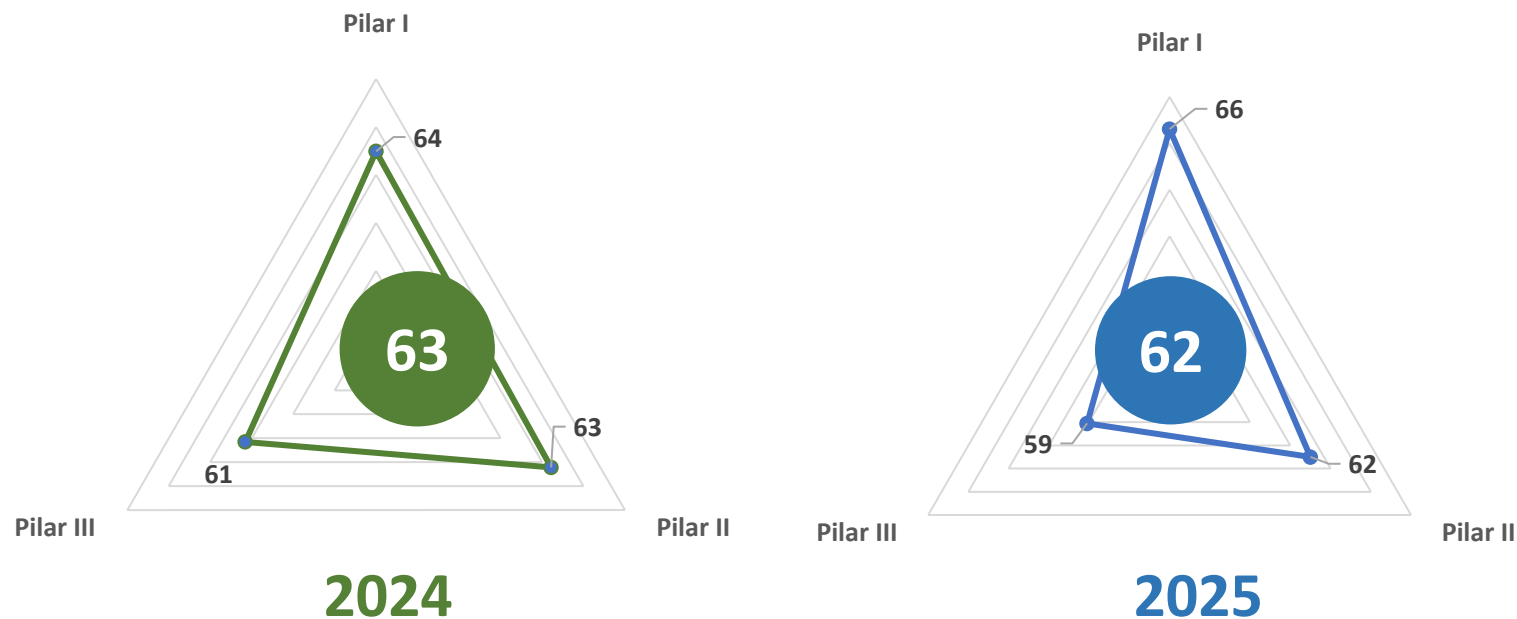
Enhancing Social Security & Social Safety Nets

Overview of Indonesia's 2025 World Bank B-READY Survey Results



The World Bank Group officially released the results of the 2025 B-READY Survey covering 101 countries. Overall, Indonesia obtained an average score of 62, marking a slight decline from the previous year's survey result of 63.

Comparison of Indonesia's B-READY Survey Result, 2024-2025



Pillar I – Regulatory Framework

Indonesia is positioned in the third quintile (ranked 41-60) with a score of **65.61**, an **improvement** compared to the 2024 result of 63.98.

Pillar II – Public Services

Indonesia is positioned in the second quintile (ranked 21-40) with a score of **62.00**, a **decline** from the previous year's score of 63.44.

Pillar III – Operational Efficiency

Indonesia is positioned in the third quintile (ranked 41-60) with an overall score of **59.01**, a **decline** compared to the previous year's score of 61.31.

The strategic alignment of PP 28/2025 and the revised Perpres BUPM fundamentally reshapes Indonesia's investment ecosystem through centralized operations, enhanced SLA certainty, and partnership-based MSME empowerment.

INVESTMENT POLICY REFORM IN INDONESIA

PP 28/2025

"How investment operates"

Revision of PP 5/2021 that strengthens the operational aspects of business licensing through the confirmation of service time certainty (SLA), fictitious-positive principles, OSS centralization, and integration of licensing and investment facilities, to reduce uncertainty, overlapping authority, and improve process accountability.

Revision of Perpres BUPM

"Where & under what conditions investment is allowed"

Improving the regulation of investment sector openness and restrictions (Perpres 10 & 49 of 2021) by reducing restrictions, expanding incentives, and shifting MSME protection toward partnership-based empowerment, clarifying sectors, schemes, and limits for foreign and domestic investment.

➔ **Procedural and structural reforms carried out simultaneously to boost investor confidence**

Policy Direction of Indonesia's Investment Framework: From PP 10/2021 to Risk-Based Licensing Reform (PP 28/2025)



Indonesia's investment policy has evolved from the framework under PP 10/2021 and PP 49/2021 toward a more advanced risk-based approach under Government Regulation No. 28 of 2025. The current framework emphasizes digitalized licensing through OSS RBA, enhanced cross-sectoral integration, strengthened supervision, and closer coordination between central and regional governments, while prioritizing green, digital, and downstream industries.

THE URGENCY OF REVISION

- ☐ To reflect current economic dynamics
- ☐ To create a more conducive investment climate
- ☐ To increase efficiency, support industrial transformation, and strengthen national competitiveness

THE OBJECTIVE OF REVISION

MORE OPEN, LESS RESTRICTIVE

- ☐ Easing of restrictions
- ☐ Strategic sectors are now more open to investment: health, trade, tourism, public works, and education.

MORE OPEN INVESTMENT OPPORTUNITIES IN SPECIAL ECONOMIC ZONES (SEZ)

- ☐ No minimum investment limit
- ☐ Simplified and fully digitalized business processes through the OSS Risk-Based Approach (OSS RBA) system
- ☐ Fiscal and non-fiscal incentives to support investment
- ☐ Various strategic SEZ zone options, including tourism, production and processing, logistics & distribution, research & technology, and energy

THE STRATEGY

FISCAL INCENTIVES

- ☐ Tax Holiday, Tax Allowance, Investment Allowance
- ☐ Super Tax Deduction
- ☐ Customs Incentives

NON-FISCAL INCENTIVES

- ☐ Ease of Licensing & Infrastructure
- ☐ Support for Energy, Raw Materials, Immigration, and Employment

NEW PRIORITIES

- ☐ Green industry
- ☐ Digital industry



Implementation of OSS with Risk-based Business Licensing

Indonesia has implemented OSS with Risk-Based Business Licensing since November 2025. The Government Regulation No. 28 of 2025 (PP 28/2025), which replaces PP No. 5 of 2021, strengthens the Risk-Based Business Licensing framework by providing businesses with clearer procedures, greater legal certainty, and a more transparent regulatory environment

3 Major Changes in PP 28/2025



Implementation of service time (SLA/Service Level Agreement) in the process of issuing business permits



Implementation of Fictitious-Positive policies



The licensing process is carried out electronically through the OSS RBA system

Single Preference Principle

PP 28/2025 is a single reference; there are no additional requirements or permits issued by ministries, institutions, regional governments, or area managers that are not regulated in PP 28/2025

Regulation in PP 28/2025

Consists of 14 chapters:

- Two new chapters added (Basic Requirements and PBUMKU)
- Basic requirement reform
- Simplification of NSPK chapters and adjustment of sector names according to UUCK (Job Creation Law)
- Improvement and completion of norms

Improvement of Annexes I – IV:

- Provide clarity
- Substantial improvements to Annexes I and II
- Details of the requirements and obligations of PB and PB UMKU

Risk-Based Business Licensing Development

June 2025

Issuance of Government Regulation No. 28 of 2025



November 2025

OSS with Risk-Based Business Licensing (PP 28/2025) has been implemented since November 2025, with minor adjustments still ongoing

Government law updates

- 17 has been enacted
- 5 finished harmonisation process
- 3 is in harmonisation process

Source: Coordinating Ministry for Economic Affairs



Debottlenecking Channel – P3M-PPE Task Force

Indonesia has a Debottlenecking Channel as part of the "Government Program Acceleration to Support Economic Growth" (P3M-PPE) Task Force, established under Presidential Decree No. 4 of 2026.

145

Complaints Received
(as of 19 May 2026)

89

Complaints
Resolved

39

Under monitoring for
resolution

14

Complaint returned

HOW TO ACCESS DEBOTTLENECKING CHANNEL



Visit <https://lapor.satgasp2sp.go.id/>



Business actors must have a NIB
(Business ID)



Maximum 2 issues per reporter,
accompanied by supporting
evidence



Complaints processed through
hearings led by the Minister of
Finance as Deputy Task Force Chair
or Echelon I/II Coordination
Meetings



Accelerating National Downstreaming: Phase II

A strategic investment of IDR 116 Trillion anchors Indonesia's Phase II downstreaming expansion, spreading 13 new infrastructure projects across energy, minerals, and food sectors to fortify economic sovereignty.

| Groundbreaking of 13 downstreaming projects as of April 2026



Energy Cluster

- Construction of **Gasoline Refineries** in **Dumai & Cilacap** to support national energy security
- Provision of strategic **Fuel Operational Tanks** in **Palaran, Biak, & Maumere**
- Construction of a **DME Plant** with 1.4 Million Tons/Year capacity in **Tanjung Enim**



Mineral Cluster

- Expansion of the integrated **Stainless-Steel industry** in **Morowali (Central Sulawesi)**
- Capacity development of **Carbon Steel facilities** in **Cilegon (Banten)**
- Downstreaming of the **Buton Asphalt industry** in **Karawang (West Java)**
- Construction of **Copper & Gold Smelter and Refinery** in **Gresik**



Food CLuster

- Development of integrated **Palm Oleofood & Biodiesel industry** in **Sei Mangkei (North Sumatera)**.
- Establishment of a high value-added **Nutmeg Oleoresin processing plant** in **Central Maluku**
- Setting up integrated **Coconut Industry** in **Central Maluku** for export commodities

Continuing Phase I (February 2026); Phase III (6 more projects) planned, toward a total of 32+ national strategic downstreaming projects

Driving **industrial transformation** to ensure economic sovereignty and national resilience through **domestic value-added creation**.

Rp 116 Trillion

Total Investment Capital Expenditure

Key Strategic Impacts:

- Accelerating Import Substitution in Energy & Materials.
- Projected creation of high-value industrial job opportunities.
- Strengthening regional economies in 10+ strategic locations.



Trade Policy: Deregulation On Import Policy

Indonesia's sweeping import deregulation – anchored by MoT Regulation No. 16 of 2025 and its amendments – eliminates legacy licensing barriers, streamlines 482 commodity HS codes, and digitizes import administration through a fully integrated OSS-INATRADE system, establishing a pro-business, competitiveness-first trade environment designed to lower input costs, accelerate investment realization, and strengthen domestic supply-chain resilience

Deregulated Import Commodity Groups (482 HS)

Industrial Raw Materials/Auxiliary Materials (29 HS)

- ☐ Subsidized Fertilizers
 - ☐ Other Fuels
 - ☐ Plastic Raw Materials
 - ☐ Saccharin, cyclamate, alcohol-containing fragrances
 - ☐ Certain chemicals
 - ☐ Pearls
- 

National Program Support Products (2 HS)

- ☐ Food support programs (e.g., food trays)



Competitive Industrial Products (10 HS)

- ☐ Footwear
- ☐ Two-wheeled and Three-wheeled Bicycles



Forestry Product (441 HS)

Forestry Products (441 HS) constitute 91% of deregulated codes — covering timber inputs for industrial use, with import declarations from KLHK still required to ensure legal traceability



Import Deregulation Policy Output

As part of the regulatory update, **Minister of Trade Regulation No. 37 of 2025** was issued to amend Minister of Trade Regulation No. 16 of 2025 and was officially promulgated 22 October 2025; effective 5 November 2025. This regulation serves as the latest legal framework governing **import policy and import administration**.



Commodities Clustered Based MoT, as detailed :

1. MoT Regulation No 17 of 2025 on Import Policy and Regulation for **Textiles and Textile Products**;
2. MoT Regulation No 18 of 2025 on Import Policy and Regulation for **Agricultural and Livestock Products**;
3. MoT Regulation No 20 of 2025 on Import Policy and Regulation for **Chemicals, Hazardous Materials (B3), and Mining Materials**;
4. MoT Regulation No 21 of 2025 on Import Policy and Regulation for **Electrical and Telecommunications Products**;
5. MoT Regulation No 22 of 2025 on Import Policy and Regulation for **Certain Industrial Goods**;
6. MoT Regulation No 23 of 2025 on Import Policy and Regulation for **Consumer Goods**;
7. MoT Regulation No 24 of 2025 on Import Policy and Regulation for **Used Goods and Non-Hazardous (Non-B3) Waste**; and
8. MoT Regulation No. 19 of 2025 on Import Policy and Regulation for **Salt and Fishery Commodities** — subsequently amended by MoT Regulation No. 38 of 2025

JUNE 2026 UPDATE: STRATEGIC COMMODITY EXPORT REFORM

- ▶ CPO, Coal & Ferroalloy exports centralized under PT Danantara Sumberdaya Indonesia (DSI) as sole export channel per PP No. 24/2026
- ▶ Acceleration to September 2026 has been signaled by officials but not yet formalized
- ▶ DMO: Unchanged ✓

Policy Support in the Field of Manpower



Amid ongoing global trade disruptions, Indonesia's labor policy has been reinforced through enhanced worker income protection and employer cost relief – including the JKP cash benefit uplift (60% flat × 6 months, contribution rate simultaneously reduced to 0.36% – more protection, lower employer cost) and the targeted JKK contribution discount (50% reduction for Aug 2025–Jan 2026 payroll periods, with outstanding balances settleable by Jun 30, 2026). Structural revision of the Manpower Law (Prolegnas 2026), a formalized minimum wage formula, and 420,000+ vocational training targets together represent Indonesia's next major milestones for a resilient, investor-friendly labor market.



JKP Enhancement — Job Loss Insurance

Financial Relief for Employers

- ▶ Total contribution rate reduced from 0.46% to 0.36%, funded entirely through APBN subsidy (0.22%) and JKK recomposition (0.14%) —no new direct employer cash outlay required.
- ▶ Investor Impact: Immediate reduction in fixed payroll overhead. — effective Feb' 2025

Upgraded Protection for Workers

- ▶ 60% of wages for up to 6 months with maximum Rp3,000,000/month) — ceases upon re-employment
- ▶ Vocational training access as stipulated under implementing regulations.
- ▶ Investor Impact: Higher workforce stability, sustained purchasing power, and smoother transitions during corporate restructuring.



Human Capital Investment 2026

- ▶ Vocational Training 2026: 270,000 participants — national rollout target
- ▶ National Internship Program: 150,000 university graduates → industry placements
- ▶ Focus: green economy, digital transformation, advanced manufacturing
- ▶ 420,000+ total workforce development beneficiaries in 2026

Programs: National Vocational Training & Magang Nasional Programs

MACRO CONTEXT: Full-Year 2025 GDP: 5.11% | Q4 2025: 5.39% YoY | Q1 2026: 5.61% YoY | Full-year 2026 target: 5.4%



New Minimum Wage Formula 2026

- ▶ Formula: Inflation + (GDP Growth × α) — transparent, data-driven, predictable
- ▶ UMP increase 2026: 5–7% nationwide — above inflation baseline
- ▶ DKI Jakarta UMP 2026: Rp5,729,876/month (highest nationally)
- ▶ Formula-based system eliminates ad hoc decisions → investor planning clarity



Labor Law Modernization in Progress

- ▶ Revision mandated by MK Decision No. 168/PUU-XXI/2023 for constitutional alignment
- ▶ Scope: employment contracts, outsourcing, wages, and severance provisions
- ▶ Reform objective: legally clearer, constitutionally-compliant labor framework
- ▶ Investor signal: structured reform process — ambiguity resolved, not created

This employment policy effective as of February 2025 based on: (i) Government Regulation No. 6 of 2025 on Amendments to Government Regulation No. 37 of 2021 concerning the Implementation of the Jaminan Kehilangan Pekerjaan (JKP)/Job Loss Insurance Program, and (ii) Government Regulation No. 36 of 2025 on Amendments to Government Regulation No. 7 of 2025 on Adjustment of Jaminan Kecelakaan Kerja (JKK)/Work Accident Guarantee Contributions for Certain Labor-Intensive Industrial Companies.

Indonesia's Digital Economy: Policy Architecture and Regional Integration

Toward USD 600 Billion by 2030

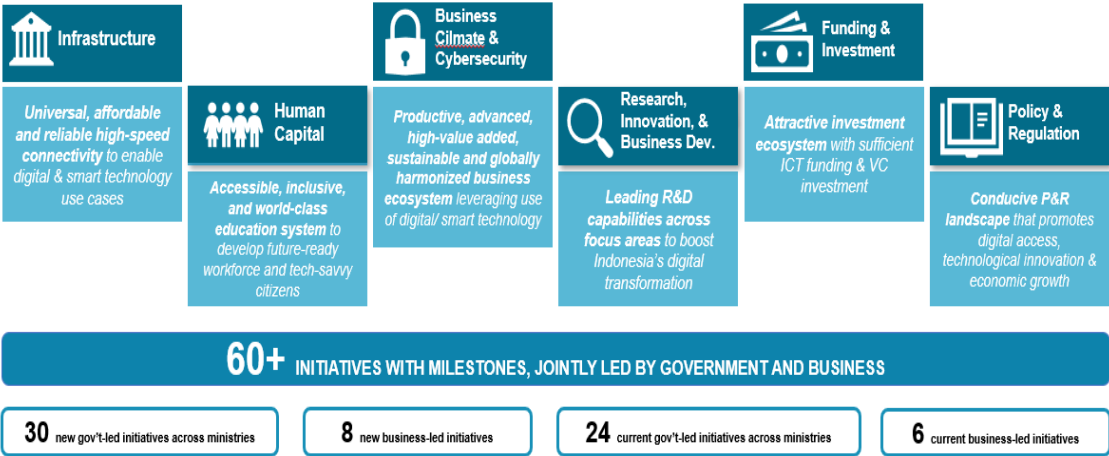


Indonesia is building toward a USD 600 billion digital economy by 2030 — backed by national policy architecture and two regional frameworks that are actively expanding market access: ASEAN DEFA and RCEP (in force since 2022), together covering 2.2 billion people and ~30% of global GDP

DOMESTIC

Indonesia's Digital Economy: A USD 600 Billion Opportunity by 2030

- Indonesia's Coordinating Ministry for Economic Affairs launched the National Digital Economy Development Strategy White Paper in December 2023 — establishing the policy architecture for a digital economy projected to reach USD 600 billion by 2030, equivalent to 10% of GDP.
- The White Paper operationalizes this ambition through six interconnected policy pillars spanning infrastructure, human capital, business climate & cybersecurity, research & innovation, funding & investment, and regulatory frameworks — with 60+ government-led and private sector initiatives currently in execution.
- Designed as a living document, the White Paper provides a structured, adaptive roadmap aligned with Indonesia's broader Golden Indonesia 2045 development vision.



REGIONAL

1. ASEAN DIGITAL ECONOMY FRAMEWORK AGREEMENT

ASEAN DEFA negotiations reached full conclusion on 29 May 2026 at the 57th ASEAN Senior Economic Officials Meeting in Manila — establishing a comprehensive framework covering digital trade, cross-border e-commerce, data governance, digital identity, electronic payments, cybersecurity, AI governance, and digital talent mobility across all 10 ASEAN member states



NEXT STEPS — DEFA RATIFICATION PATHWAY

Formal signing — 9 - 11 November 2026 at ASEAN Summit, Philippines

National Ratification: 2027 (est.)

Entry into Force: TBD post-ratification

Market implication: ASEAN digital economy projected at USD 2 trillion by 2030 upon full implementation.



2. REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

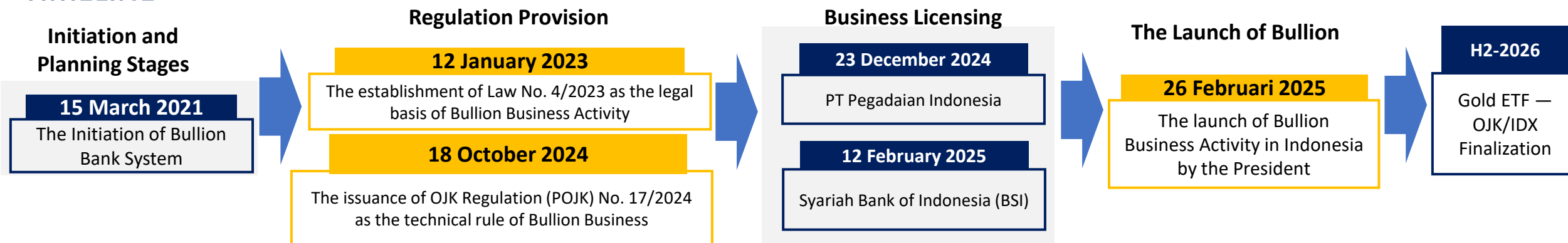
- World's largest trade bloc by GDP — 15 economies including China, Japan, South Korea, Australia, New Zealand + all 10 ASEAN member states
- Combined footprint: ~30% of global GDP (USD 29.7 trillion) | 2.2 billion people
- Digital economy provisions covering e-commerce facilitation, cross-border data flows, unified rules of origin, and market access for digital services & investment
- Indonesia is a founding member since inception

Bullion Bank: Indonesia's Gold Monetization Framework



Within just 18 months of licensing, Indonesia's bullion banking ecosystem has scaled to 5.7 million aggregate customers. With Gold ETFs authorized under POJK 2/2026 and OJK advancing gold tokenization, Indonesia is executing its transition from traditional gold savings into an institutional-grade gold capital market

TIMELINE



Strategic Rationale & Policy Foundation

Indonesia's bullion banking framework transforms the country's position as one of Southeast Asia's largest gold producers into a structured financial intermediation opportunity. By channeling domestic gold holdings into regulated, yield-bearing instruments, the framework simultaneously deepens financial inclusion and captures downstream economic value that previously accrued offshore.

Two licensed institutions are currently operational: PT Pegadaian (Persero), licensed December 2024, and PT Bank Syariah Indonesia Tbk (BSI, IDX: BRIS), licensed February 2025 — together managing gold assets under management with BSI recording ~23 MT (May 2026), establishing Indonesia as one of Southeast Asia's most substantive gold-backed financial intermediation platforms.



Regulated Business Lines

- **Gold Saving;** monetized, yield-bearing retail gold accounts
- **Gold Financing;** gold-backed credit facility (sharia-compliant)
- **Gold Transaction:** physical gold bar trading through licensed channels
- **Gold Deposit:** non-monetized physical custody



Market Validation Box

Customer Traction: The national bullion ecosystem has rapidly scaled to 5.7 million aggregate customers across PT Pegadaian and BSI. Fueling this momentum, BSI's own base has expanded to approximately 1.6 million gold ecosystem customers as of February 2026, up from 1.1 million, driven by an exceptional surge in digital gold adoption and pure bullion products..

Product & Market Expansion: OJK Bullion Ecosystem Roadmap 2026–2031 launched Feb 2026 — institutional long-term signal. POJK No. 2/2026 on Gold ETFs: OJK and IDX in final preparation stage; launch expected H2 2026. Gold tokenization under OJK review. Indonesia Bullion Market Association (IBMA) formation underway.

Scale & Trajectory: BSI Gold AuM: ~23 metric tons (May 2026), up from 22.5 MT in Dec 2025. Pegadaian total gold business line: 147.8 MT (incl. 40.59 MT pure bullion). ICDX reported digital gold transactions surged 246% in Q1 2026. Non-bullion BSI gold volume: +78.6% YoY to Rp22.9 trillion.

The National Strategic Project (PSN)



The regulation governing the National Strategic Projects list has undergone fourteen amendments between 2016 and 2026, with directives from the President for the program to continue moving forward



Presidential Directives on National Strategic Projects

During a meeting held on 26 November 2024, the President directed that the National Strategic Projects (PSN) and Special Economic Zones (SEZs) be continued as key drivers of inclusive and sustainable economic growth.

Ideally, each province should have at least one Special Economic Zone (SEZ), which would result in Indonesia having a total of 38 SEZs nationwide. (Statement/Directive of the President during the inauguration of Batang Industropolis SEZ on 20 March 2025).



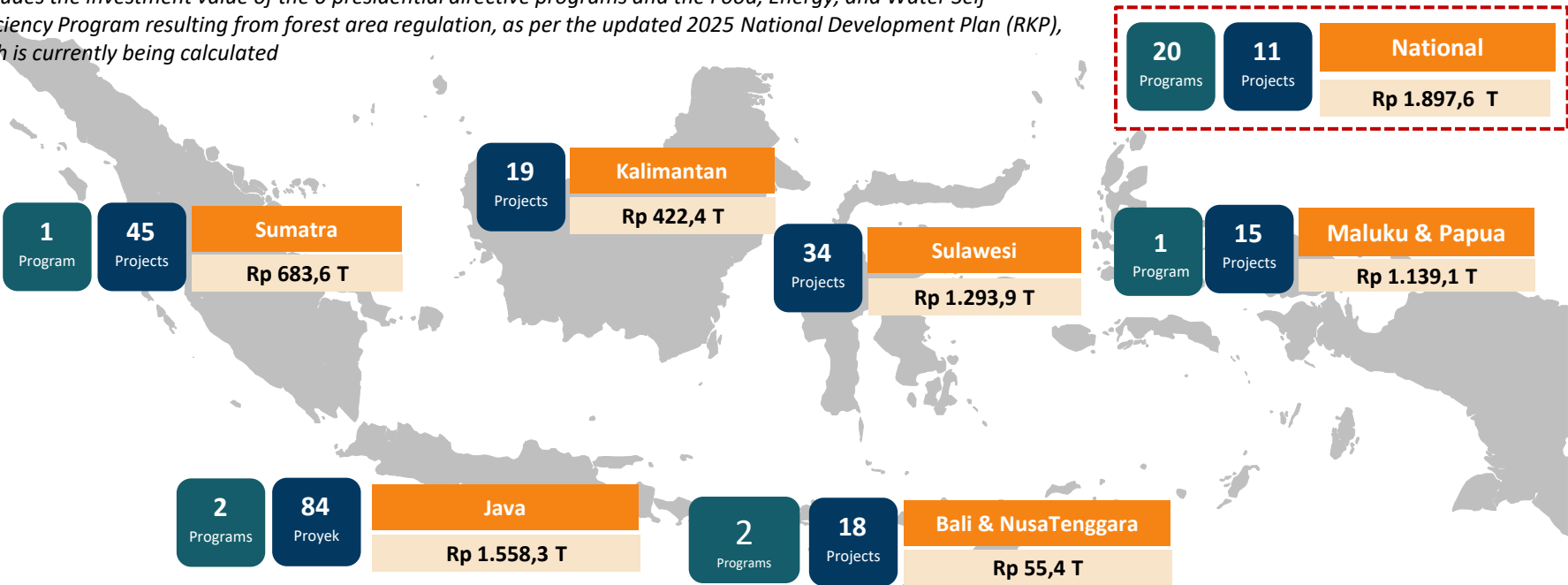
*)excluding the investment value of the 6 programs mandated by the President as per the updated 2025 National Development Plan (RKP), which is currently being calculated

Distribution of National Strategic Project (PSN)

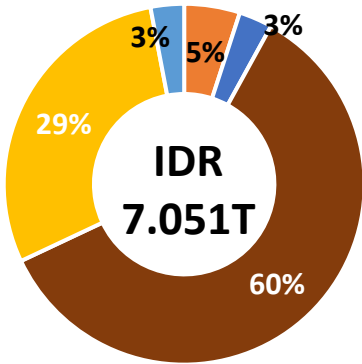


Distribution of National Strategic Projects Based on Coordinating Ministry for Economic Affairs Regulations No. 16/2025, No. 19/2025, and No. 4/2026, there are 226 Projects and 26 Programs designated as National Strategic Projects (PSN), with a potential investment value (CAPEX) of IDR 7,051.9 trillion.*

**Excludes the investment value of the 6 presidential directive programs and the Food, Energy, and Water Self-Sufficiency Program resulting from forest area regulation, as per the updated 2025 National Development Plan (RKP), which is currently being calculated*



Portion of the Investment Plan Scheme Funding



State Budget
SOE Budget
Private
Mix Financing
Preparation Phase

14 Sector of PSN



26 Programs of PSN



2026 National Strategic Projects Completion Target



The 2026 PSN completion target includes 9 National Strategic Projects (PSN) and 2 PSN smelter development sub-programs scheduled for completion, with an estimated investment value of IDR 423.17 trillion



List of National Strategic Programs with a Target of Completion in 2026

No	List of National Strategic Programs	Location	Project Progress	Investment Value
Smelter Development Program				
1	Construction of Bauxite Processing and Refining Facility by PT Borneo Alumina Indonesia in Mempawah, West Kalimantan Province Phase I	West Kalimantan	Completed	IDR15,28 T
2	Construction of Copper Commodity Processing and Refining Facility by PT Amman Mineral Industri in West Sumbawa, West Nusa Tenggara	West Nusa Tenggara	Completed	IDR20,6 T

No	List of National Strategic Programs	Sector	Location	Project Progress	Investment Value (IDR)
1	Sigli–Banda Aceh Toll Road	Roads and Bridges	Aceh and North Sumatra	Partially Operating	16.5 T
2	Kayu Agung–Palembang–Betung Toll Road	Roads and Bridges	South Sumatra	Partially Operating	17.3 T
3	Serang–Panimbang Toll Road	Roads and Bridges	Banten	Partially Operating	9.9 T
4	Construction of an LPG Storage Tank in Kupang	Energy	Eastern Indonesia	Partially Operating	0,32 T
5	Construction of the Cirebon–Semarang Gas Transmission Pipeline, Phase II: Batang–Indramayu Section	Energy	West Java - Central Java	Partially Operating	2,79 T
6	Jragung Dam	Dams and Irrigation	Central Java	Construction	2,8 T
7	Benteng–Kobema Regional Drinking Water Supply System, covering Central Bengkulu Regency, Bengkulu City, and Seluma Regency	Dams and Irrigation	Bengkulu	Construction	0,9 T
8	Kuala Tanjung Industrial Estate	Industrial Estate	North Sumatra	Preparation	28,87 T
9	Wiraraja Green Renewable Energy and Smart-Eco Industrial Park (GESEIP)	Industrial Estate	Kepulauan Riau	Preparation	343,794 T

Source: KPPIP, Coordinating Ministry for Economic Affairs

Land Value Capture (LVC) as an Enabler for Alternative Financing

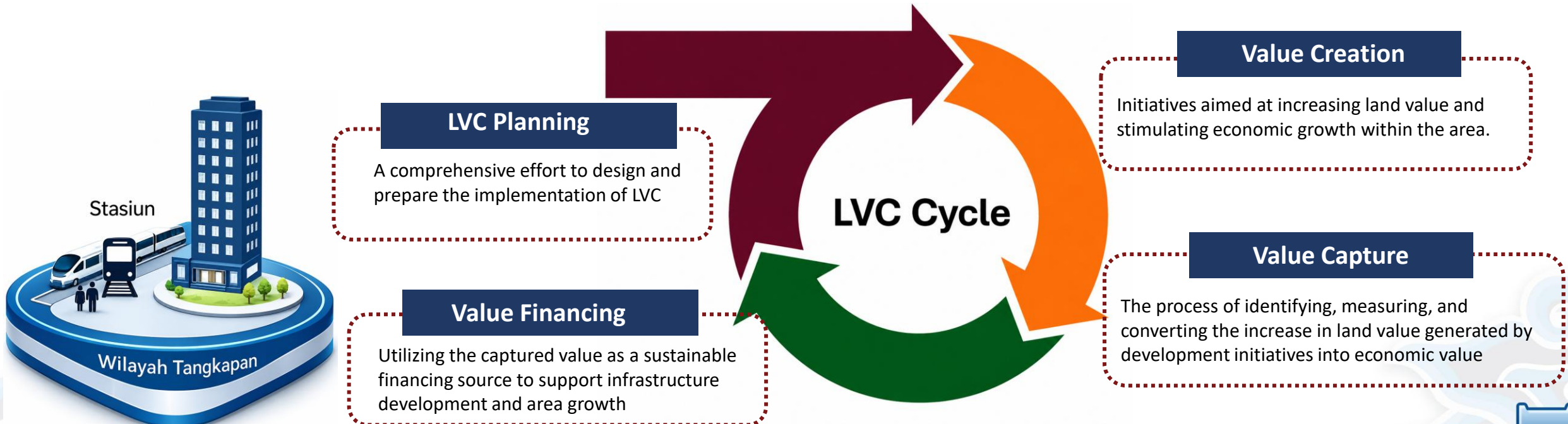


Land Value Capture enables infrastructure financing by leveraging the increase in land and property values created as a result of infrastructure development

Regulatory Framework for LVC



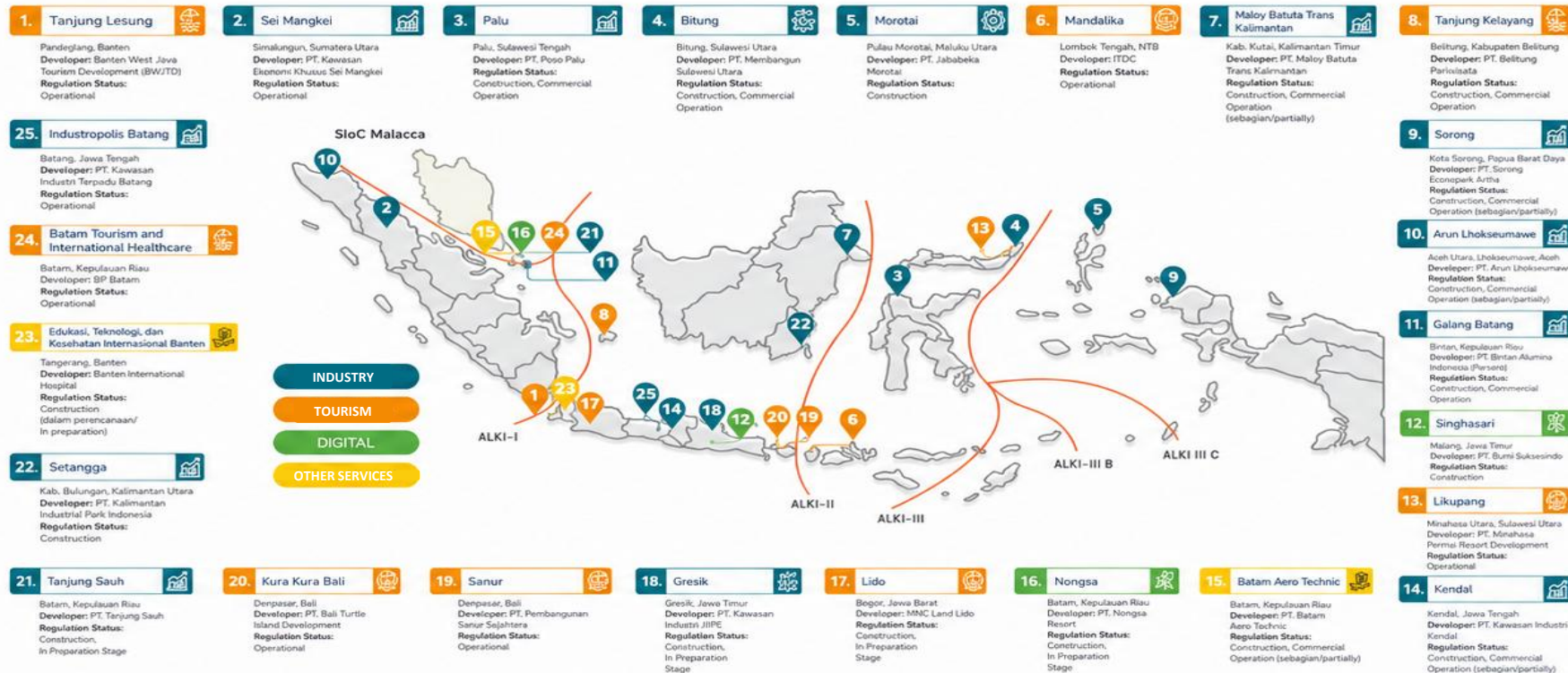
Through the issuance of Coordinating Ministry for Economic Affairs Regulation No. 3 of 2026, LVC is positioned as an innovative alternative financing **mechanism** for area-based infrastructure development and zonation corridor schemes. This policy creates significant opportunities to optimize the increase in land and area value generated by development initiatives undertaken by the Central Government, Regional Governments, and/or business entities, enabling the resulting economic benefits to be transformed into sustainable funding sources that support accelerated infrastructure provision and regional development.



Achievement of Special Economic Zones



The cumulative investment achievement of 25 SEZs until the first quarter of 2026 has reached IDR 353 trillion with the creation of jobs of ±273 thousand people



Cumulative achievement of all SEZs until TW I 2026
IDR 353 Trillion

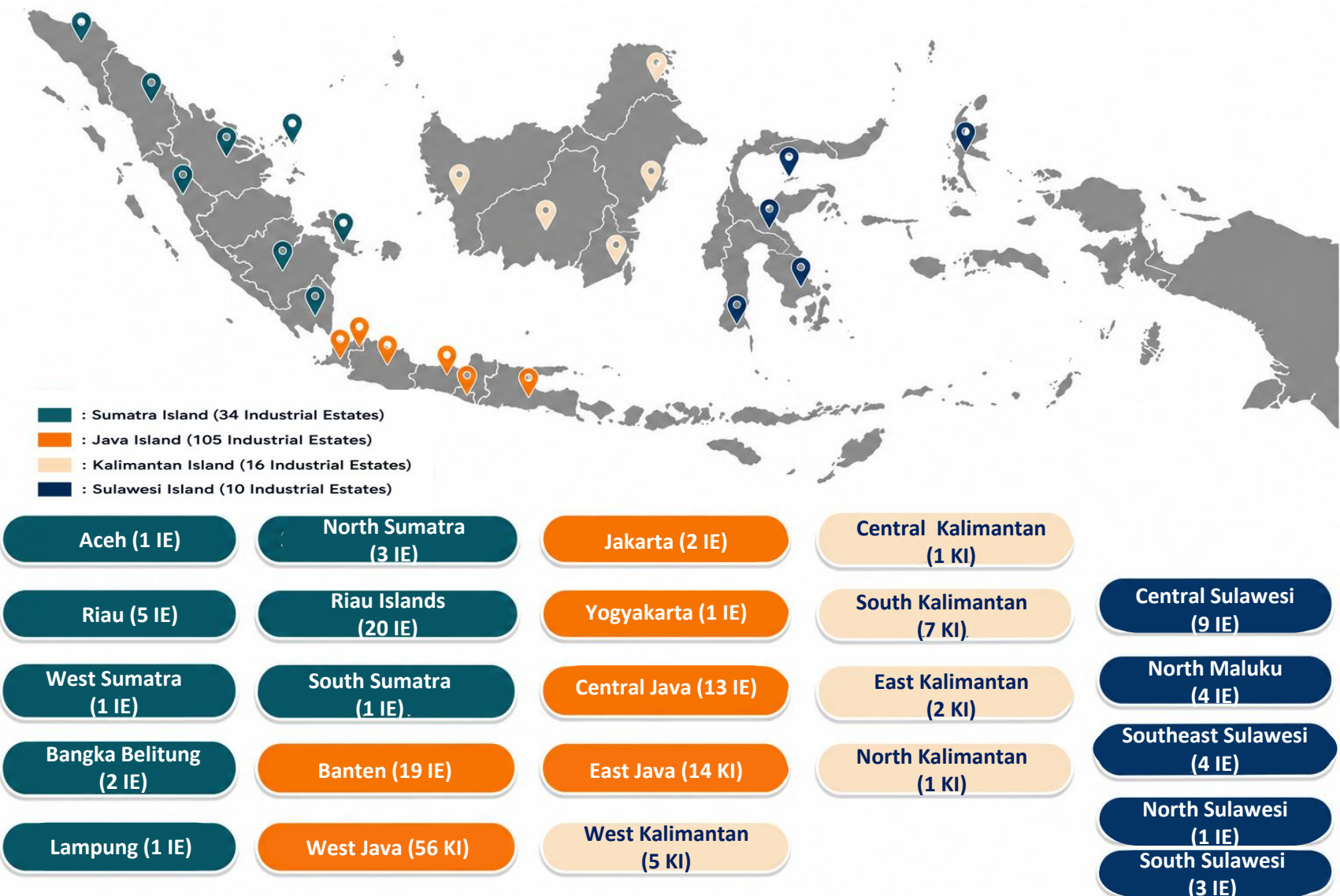
Creation Employment
± 273K People



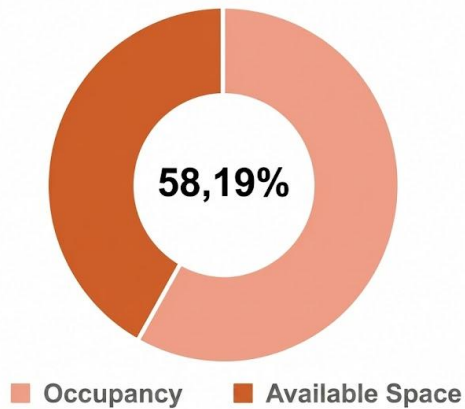
National Industrial Estate (IE)



By 2025, there will be 176 national industrial estates with the highest number on the island of Java (105 IE) and Sumatra (34 IE)



1. Reach of Industrial Areas



2. Impact of Industrial Estate



Source: Ministry of Industry

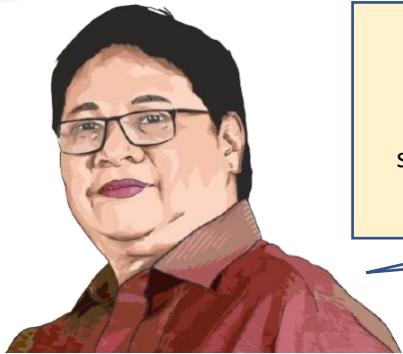
Source: KPPIP, Coordinating Ministry for Economic Affairs

About the Energy Transition and Green Economy Task Force



Driving Sustainable Growth: The Task Force Accelerates National Decarbonization Targets through Just Energy Transition Initiatives and Robust Investment Realization.

1 Background



A National Energy Transition Task Force is needed, encompassing initiatives such as **AZEC, JETP, and other policies related to energy transition and the green economy**, to ensure stronger synergy among various financing schemes, investments, and sustainable energy transition policies. This will support Indonesia's decarbonization targets and the development of a green economy.

Airlangga Hartarto
Coordinating Minister for Economic Affairs

3 Roles and Responsibilities

- **Develop a roadmap and policies** for the energy transition and green economy, including decarbonization.
- **Harmonize, adapt, and formulate regulations** that support the energy transition and green economy.
- **Ensure the effective implementation** of policies and regulations related to the energy transition and green economy.
- **Identify and coordinate financing mechanisms** from domestic and international sources to support the energy transition and green economy.
- **Promote investment and technology transfer** in the sustainable energy sector through collaboration with national and international strategic partners.
- **Manage the social, economic, and environmental impacts** of the energy transition and green economy, including those affecting the workforce in impacted sectors.
- **Develop human resource and research capacity** to support the energy transition and green economy.

2 Main Objective

To support the realization of a green economic transformation, as outlined in the 2025 – 2029 National Medium-Term Development Plan (RPJMN)



JETP Indonesia Stands as the Largest Individual Energy Transition Financing Effort



On 16 November 2022, Indonesia and the International Partners Group (IPG) – supported by 7 global financial institutions under GFANZ – launched JETP Indonesia, the world's largest individual country-level energy transition financing commitment at USD 21.8 billion



2030 TARGET

Target in 2030: CO2 emissions 250 MT (on-grid power sector)

Renewable energy: 44% share of power mix

Total Financing needed : USD 97.3 billion by 2030

400+ priority projects (USD 66.9 billion investment required) to be initiated by 2030

largest individual energy transition financing effort

THE ENERGY TRANSITION AND GREEN ECONOMY TASKFORCE (SATGAS TEH) PLAYS A CENTRAL ROLE IN ADVANCING INDONESIA'S ENERGY TRANSITION AND SUPPORTING JETP IMPLEMENTATION

Governance and Coordination Framework, established under CMEA Decree No. 141/2025

Structure

Chairman

Coordinating Minister of Economic Affairs (CMEA)

Vice-Chairman

Coordinating Minister for Infrastructure & Regional Development (CMIRD)

Supervisory

Chairman of the Financial and Development Supervisory Agency (BPKP)

Members

18 lines ministries represented as members

Four Working Groups

Green Energy & Upstream Decarbonization

Led by,
MEMR Directorate General EBTKE

Green Industry and Downstream Decarbonization

Led by,
Ministry of Industry

Partnership, Finance and Green Investments

Led by,
Director General of Risk Management and Financing, Ministry of Finance

Social, Economy, Environment, and Human Resource Capacity Development

Led by,
Exec. Director for Policy Synchronization of Economic Priority Programs, National Economic Council

THE COMPREHENSIVE INVESTMENT AND POLICY PLAN (CIPP) 2023 PROVIDES THE TECHNICAL, FINANCING, POLICY, AND JUST TRANSITION ROADMAP — IDENTIFYING 400+ PRIORITY PROJECTS REQUIRING USD 66.9 BILLION INVESTMENT BY 2030.

Source: Coordinating Ministry for Economic Affairs

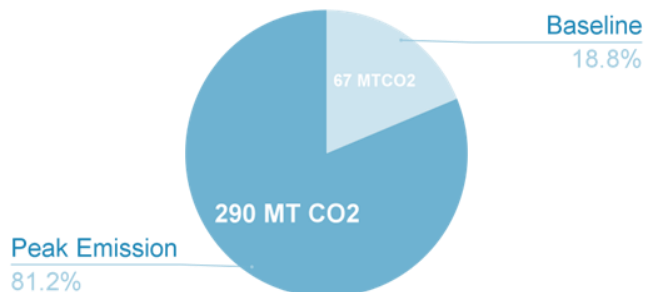
JETP Indonesia's Target & Investment Outlook



Indonesia aims to peak electricity sector emissions at no more than 290 MTCO₂ by 2030 and accelerate the transition toward cleaner energy. This transition is supported by a target of at least 34% renewable power generation and the mobilization of over USD 21 billion in public and private financing.

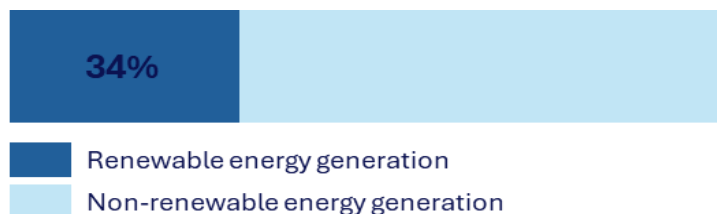
The shared targets for the electricity sector as outlined in the Joint Statement:

Total Electricity Sector Emissions



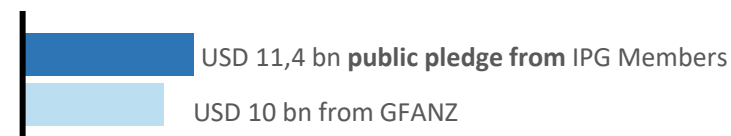
Achieve total electricity sector emissions peak at an absolute value of no more than 290 MTCO₂ in 2030 (down from the 2030 baseline of 357 MTCO₂) and **immediate decline** as it shifts the projected emissions peak into the future.

Power Generation in 2030



Accelerating the deployment of renewable energy so that renewable energy generation comprises at least **34% of all power generation by 2030**, roughly doubling total renewables deployment over this decade compared to current plans.

Funding Mobilization (USD)



Mobilizing **USD 21,4 billion in public and private financing** to decarbonize Indonesia's energy sector, of which USD 11,4 billion will be mobilized by the IPG members and the other USD 10 billion will be facilitated by GFANZ for private finance. The financing was later increased to USD 21.4 billion in total in 2026.

Investment Focus Area (IFA)



1. Promoting Energy Efficiency and Electrification Implementation



2. Development of electricity transmission and distribution



3. Dispatchable renewable energy acceleration



4. Variable renewable energy (VRE) acceleration



5. CFPP Repurposing



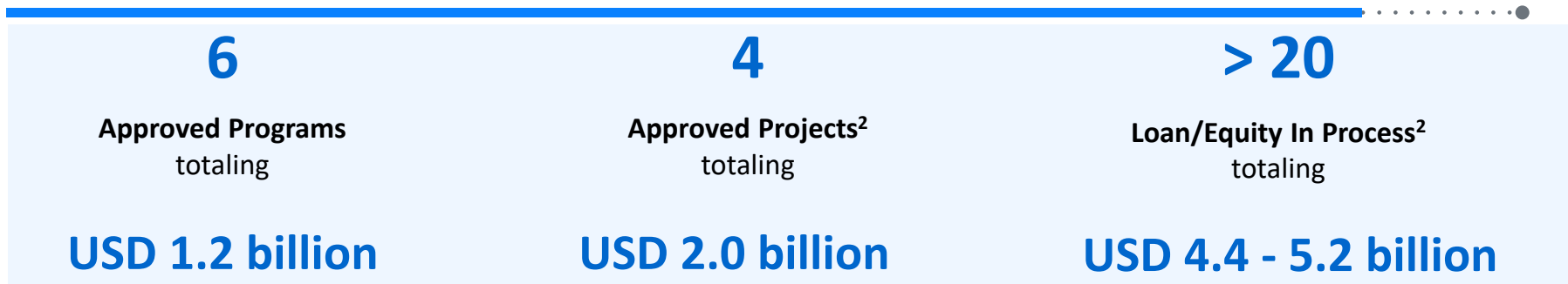
6. Development of renewable energy supply chains

JETP Indonesia: USD 3.4 Billion Mobilized of USD 21.8 Billion Pledge – December 2025



Indonesia has mobilized USD 3.4 billion from the USD 21.8 billion JETP pledge by December 2025, driven by growing pipelines of loans, equity, and grants. With multiple projects approved and over USD 4.4–5.2 billion in financing in process, momentum for energy transition financing is accelerating.

Loan/Equity¹



¹Programs are defined as non-project specific investment, such as Result Based Lending, Policy Based Loan, and equity investment

²Project costs estimated by FWG from published Indonesia generation cost data.

Grant/TA programs



MDB Guarantees³



³The LoI for the MDB Guarantee has been signed between the UK Government, the Government of Indonesia, and the IBRD, which means that this \$1 billion guarantee can now be accessed through the IBRD.

- **Notes:**
1. Certain grant programs are still in the process of confirming amounts
 2. **FX conversion** from respective currencies to USD (Source: WSJ) are as of **31 December 2025** and variety of FX depending on the signing or approval of the grants.
 3. The nominal differences from the previous publications are mostly due to FX fluctuations
 4. Nominal are rounded to the nearest one decimal

Implemented by



Source: JETP Secretariat

Disbursement Note: Disbursement data by instrument available upon request from JETP Secretariat / JDU disbursement tracker

Highlights JETP Achievements to Date: Total of ~USD 3.4-3.5 Billion Across Projects, Programs, and Grants as of December 2025



Catalyzing the Green Transition: JETP Mobilizes USD 3.4 Billion for Strategic Renewable Energy and Sustainable Urban Mobility.

PROJECTS



Saguling 60 MW Floating Solar PV on existing reservoir — no additional land acquisition required : **USD 60 Million**



Muara Laboh Operational geothermal plant, Solok Selatan, West Sumatra — baseload renewable energy 83 MW : **USD 138 Million**

Largest single JETP project by value



MRT Jakarta North-South and East-West Line: Modal shift from private vehicle to mass transit **USD 1,791.5 Million**

PROGRAMS

No	Funding Type	Description	Value	Status	
1	PBL / Concessional loan	Policy Based Lending (PBL) Affordable & Sustainable Energy Transition (ASET):	USD 377.5 Million (EUR 350 Million)	☒	Active
2	RBL / Concessional loan	Indonesia Sustainable Least-cost Electrification -1 (ISLE-1) Program	USD 47.5 Million (CAD 64.3 Million)	☒	Active
3	Equity	Xurya Solar Rooftop	USD 30 Million	☒	Active
4	RBL / Concessional loan	Results Based Loan (RBL) Sustainable Reliable Energy Access Program (SREAP)	USD 69 Million (EUR 63.9 Million)	☒	Active
5	RBL / Concessional loan	Results-Based Loan (RBL) Accelerating Indonesia's Clean Energy Transition (AICET)	USD 327 Million (EUR 300 Million+ USD 20 Million)	☒	Active
6	Concessional loan	Green Energy Corridor Sulawesi (GECS)*	USD 353.2 Million (EUR 300 Million)		Loan disbursement process
7	Grants and Technical Assistance	45 Grants and Technical Assistance*	USD 215.7 Million	☒	Active

Note:

*JETP reach further milestone as of December 2025 which are ready for Joint Announcement:

- EUR 300 Million** for GECS Loan Agreement between KfW and PT PLN (Persero)
- EUR 7.82 Million** for GBDF Grant Agreement between KfW and PT SMI (Persero)



AZEC Collaboration Accelerates Strategic Clean Energy Projects in Indonesia

Through AZEC, Indonesia is engaging in a regional decarbonization platform that combines policy commitment, transition finance, technology cooperation, and tangible project pipelines across geothermal, renewable energy, industrial decarbonization, carbon markets, and nature-based solutions. As of early 2026, AZEC has achieved concrete progress, including key financing approvals and partnerships. Several strategic projects are currently under a debottlenecking process to accelerate implementation and unlock significant investment value.



AZEC (Asia Zero Emission Community) is a regional cooperation initiative in Asia led by Japan to achieve carbon neutrality or net-zero emissions, promoting sustainable energy transition involving 11 partner countries including Indonesia.

The 9th AZEC EGM was successfully held at the end of January 2026 as a real action of debottlenecking. In addition to the project progress listed above, achievements include:

- Approval of the JICA Loan Agreement for Hululais Geothermal Power Plant (PLTP)
- Positive intention for a joint study on the PPA Template for geothermal power plants

The total number of Indonesia’s MoUs under AZEC has reached 74 MoUs, consisting of 36 MoUs in 2023, 38 MoUs in 2024, 20 MoUs in 2025.

Projects currently under debottlenecking process

Project Categorization	Project Name	Details	Investment Value
I (Commercial Project)	Muara Laboh Geothermal Project – Phase 2 (approx. 80 MW)	• April 18, 2025: Financial Close • Ceremony on May 5, 2025	Approx. USD 500 million
I (Commercial Project)	Legok Nangka Waste to Energy*) (40.79 MW)	• Currently in the process of negotiating the PPA. • Expected to reach Financial Close in end of 2026 and be inaugurated by the President of Indonesia. • Currently discussing the signing of a grant from international investors.	Approx. USD 420 million
I (Commercial Project)	Expansion of Sarulla Geothermal Power Plant	• Two issues: Force majeure related to acidity and tariff adjustment. • A joint team is being formed between both parties, including PLN.	
II (Preparing for Commercial Project)	Java – Sumatra Transmission Line	• JBIC and Kansai Electric have conducted capacity building on transmission with PLN. • Kansai Electric is conducting a feasibility study for the Java–Sumatra connection.	Approx. USD 3.5 billion
*) The Legok Nangka Waste-to-Energy Project has the potential to become a low-hanging fruit and a model success for AZEC debottlenecking after Muara Laboh Geothermal , contributing to the circular economy, renewable energy, and waste management solutions in Greater Bandung.			

Anchored by a 95% YoY surge in BEV sales (Q1 2026) and a strategic 250 GWh battery roadmap, Indonesia is rapidly building an end-to-end EV ecosystem, combining robust digital infrastructure with proactive technological adaptations to secure its position in the global supply chain

Digital Infrastructure & EV Technology Strategy

4,892

SPKLU Units (May 2026)

103,930

BEV Sales (2025)

95%

BEV Sales Growth YoY (Q1'26)

PLN MOBILE DIGITAL ECOSYSTEM

- Real-time SPKLU booking via PLN Mobile / EVDS app
- 4,892 units nationwide · 3,097+ locations (PLN/ESDM, Apr–May 2026) · 65% via private partnership
- 36,545 home charging subscribers (323× growth since 2021)
- Roadmap 2030: 62,918 SPKLU · Kepmen ESDM 24.K/2025

TECHNOLOGY MASTERY STRATEGY (ESDM)

1

INVEST

USD 5.9B ANTAM-IBC-CBL · 15 GWh · live Q3 2026

2

INFUSE

CATL/LG tech transfer · VinFast blueprint · TKDN shield

3

INNOVATE

IBC sovereign battery co · 20% ASEAN NMC · R&D 300% deduct

Global Supply Chain: Nickel to Battery Value Chain

50%

Global Nickel Supply

USD 5.9B

ANTAM-IBC-CBL Consortium (live Q3'26)

250 GWh

Battery Target by 2040

NICKEL → BATTERY → EV VALUE CHAIN

Mining & Refining

368 IUPs · 50% global · MHP/HPAL

Precursor & Cathode

3 constructing → 200 KTPA

Battery Cell & Pack

2 producing · 4 constructing

EV Integration & Export

ASEAN 20% + Global 10%

LFP TECHNOLOGY THREAT:

LFP batteries now make up 55%+ of EV batteries deployed globally (2025) — directly threatening Indonesia's nickel (NMC) strategic value and the entire downstream roadmap.

DOWNSTREAM ROADMAP TO 250 GWh (BKPM)

2023–2024

25 GWh

2025–2029

115 GWh

2030–2034

160 GWh

2039–2040

250 GWh ★

IDR 3,100T

GDP Impact (9× multiplier)

9 Mtpa

CO₂ reduction by 2040

29.4M bbl

Annual fuel import savings

2,000+

High-skilled jobs created

62,918

SPKLU target 2030

Trends of 4- Wheeled Electric Vehicle Sales and Production in Indonesia



Driven by a phenomenal surge in electrified vehicle market share from under 1% to 26.8% by H1 2026, Indonesia's electric vehicle sector presents a highly lucrative and rapidly expanding landscape for global automotive investment

FOUR WHEELED VEHICLES SALES AND PRODUCTION 2019 – 2026 (3/4)

Sales

	2019		2020		2021		2022		2023		2024		2025		Apr 2026	
	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE
HEV (Hybrid Electric Vehicle)	787	0.1%	1.191	0.2%	2.472	0.3%	10.344	0.99%	54.179	5.39%	59.903	6.9%	65.323	8.13%	25.016	8.63%
PHEV (Plug In Hybrid Electric Vehicle)	25	0.0%	8	0.0%	46	0.0%	10	0.00%	128	0.01%	136	0.0%	5.235	0.65%	2.078	0.72%
BEV (Battery Electric Vehicle)	-	0.0%	125	0.0%	687	0.1%	10.327	0.99%	17.051	1.70%	43.188	5.0%	103.930	12.93%	48.042	16.58%
FCEV (Fuel Cell Electric Vehicle)	-	0.0%	-	0.0%	-	0.0%	-	0.00%	-	0.00%	1	0.0%	-	0.00%	-	0.00%
Total X-EV	812	0.1%	1.324	0.2%	3.205	0.4%	20.681	1.97%	71.358	7.09%	103.228	11.9%	174.488	21.71%	75.136	25.93%
ICE KBH2/LCGC	217.454	21.1%	104.650	19.7%	146.520	16.5%	158.206	15.10%	204.705	20.35%	176.766	20.4%	122.686	15.27%	37.823	13.05%
ICE NON KBH2	814.641	78.9%	426.053	80.1%	737.477	83.1%	869.153	82.93%	729.739	72.55%	585.729	67.7%	506.505	63.02%	176.825	61.02%
Total ICE	1.032.095	99.9%	530.703	99.8%	883.997	99.6%	1.027.359	98.03%	934.444	92.91%	762.495	88.1%	629.191	78.29%	214.648	74.07%
Total Market	1.032.907	100.0%	532.027	100.0%	887.202	100.0%	1.048.040	100.0%	1.005.802	100.00%	865.723	100.0%	803.679	100.0%	289.784	100.00%

Production

	2019		2020		2021		2022		2023		2024		2025		Apr 2026	
	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE
HEV (Hybrid Electric Vehicle)	-	-	-	-	-	-	3.009	0.2%	66.838	4.8%	70.621	5.9%	97.462	8.5%	30.126	7.46%
PHEV (Plug In Hybrid Electric Vehicle)	-	-	-	-	-	-	-	-	-	-	-	-	6.024	0.5%	1.411	0.35%
BEV (Battery Electric Vehicle)	-	-	153	0.0%	1.082	0.1%	10.289	0.7%	15.318	1.1%	20.752	1.7%	23.934	2.1%	23.161	5.74%
FCEV (Fuel Cell Electric Vehicle)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Total X-EV	-	-	153	0.0%	1.082	0.1%	13.298	0.9%	82.156	5.9%	91.373	7.6%	127.420	11.1%	54.698	13.55%
ICE KBH2/LCGC	245.029	19.0%	124.358	18.0%	177.514	15.8%	214.530	14.6%	231.590	16.6%	204.061	17.1%	155.534	13.6%	47.674	11.81%
ICE NON KBH2	1.041.819	81.0%	565.665	82.0%	943.371	84.1%	1.242.318	84.5%	1.081.971	77.5%	901.230	75.3%	864.646	75.3%	301.443	74.65%
Total ICE	1.286.848	100.0%	690.023	100.0%	1.120.885	99.9%	1.456.848	99.1%	1.313.561	94.1%	1.105.291	92.4%	1.020.180	88.9%	349.117	86.45%
Total Market	1.286.848	100.0%	690.176	100.0%	1.121.967	100.0%	1.470.146	100.0%	1.395.717	100.0%	1.196.664	100.0%	1.147.600	100.0%	403.815	100.00%

- EV vehicles have shown a significant upward trend in both market share and production within Indonesia's automotive industry during 2019–2025
- Currently, EV sales are dominated by BEVs, which accounted for 12.93% (103,930 units) in 2025, followed by HEVs at 8.13% (65,323 units). As of April 2026, BEV sales had reached 16.58% (48,042 units), followed by HEVs at 8.63% (25,016 units).
- EV production is still dominated by HEVs, which accounted for 8.5% (97,462 units) in 2025, followed by BEVs at 2.1% (23,934 units). As of April 2026, HEV production at 7.46% (30,126 units) had reached, followed by BEV production 5.74% (23,161 units).
- By H1 2026, electrified vehicles (BEV+HEV+PHEV) reached 26.8% of the national market, with BEV sales alone hitting 69,739 units (15.9% share, +80.8% YoY) and HEV sales at 42,366 units.

Tourism in National Economic Growth



Driven by a strong year-on-year expansion in foreign tourist arrivals through May 2026 (+7.68% YTD), Indonesia's tourism sector sustains a robust recovery path—with foreign exchange earnings hitting USD 22.1 Billion in 2025—solidifying its trajectory toward achieving the 2029 target of a 4.9–5.0% GDP contribution

APRIL 2026

✈️ FOREIGN TOURISTS

1.248.651

+14,75% m-o-m +7,22% y-o-y

👤 NATIONAL TOURISTS

97.550.000

-22,79% m-o-m -24,14% y-o-y

MAY 2026

✈️ FOREIGN TOURISTS

1.382.087

+10,69% m-o-m +5,83% y-o-y

👤 NATIONAL TOURISTS

106.162.271

+8,83% m-o-m +8,69% y-o-y

JUNE 2026

✈️ FOREIGN TOURISTS

1.386.575

+0,32% m-o-m -2,15% y-o-y

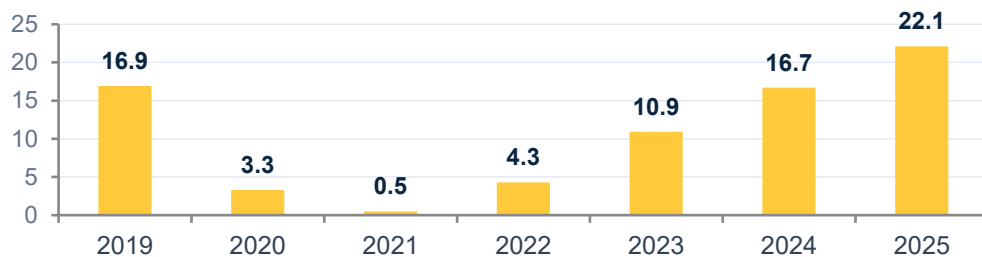
👤 NATIONAL TOURISTS

107.192.435

+1,98% m-o-m +0,97% y-o-y

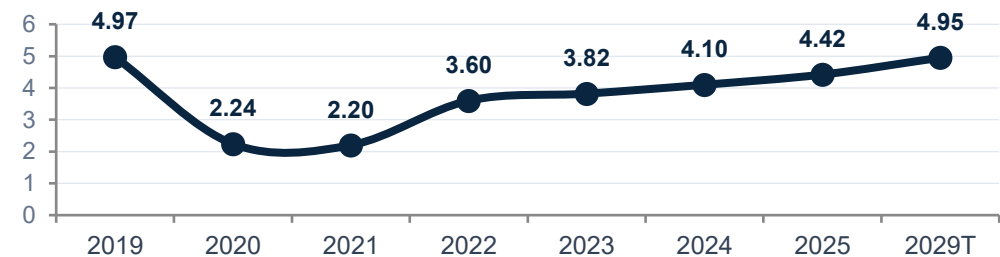
Tourism Foreign Exchange Earnings (US\$ billion)

Steady post-pandemic recovery; 2029 target: US\$32–39.4 billion



Tourism GDP as a Share of National GDP (%)

Upward trend; 2029 target of 4.9–5.0% of GDP



TARGET 2029



Tourism foreign exchange is **US\$32–39.4 billion** (±Rp512–630 T) with a GDP contribution of **4.9–5.0%** · ASPA 2026: **US\$1,345 / visit** (±Rp21.52 million). This sector has strategic value because the foreign exchange generated not only enters the national economy but also has a **high domestic retention rate** and is **immediately distributed to various real sectors**, such as accommodation, food and beverages, transportation, and MSMEs.

Investment Potential in the Tourism Sector



Supported by a vast network of international airports, priority destinations, and active Special Economic Zones (KEK) across the archipelago, Indonesia's tourism sector presents a high-growth investment landscape—with GDP contribution projected to reach IDR 1,897 Trillion by 2035 and a booming hospitality segment expanding at an 18.3% CAGR through 2030.



- Indonesia's tourism sector contributed around **IDR 1,143 trillion (4.80% of GDP)** in 2025 and has the potential to surge to **IDR 1,897 trillion by 2035**.
- The hospitality segment is growing much more aggressively, with the hotel, resort, and cruise ship market predicted to soar from **USD 7.4 billion (2024)** to **USD 20.3 billion in 2030 (CAGR 18.3%)**.
- The presence of new international airports, active tourism special economic zones (KEK), and priority destinations are becoming investment magnets, hubs for connectivity infrastructure development, and key enablers of international tourists entering the domestic market.

Sources: Kemenpar, Kemenhub, Grand View Research, WTTC (2025)

Orchestrating the Strengthening of the Tourism Sector



To orchestrate robust growth in the tourism sector, the Government is deploying a comprehensive policy mix that combines immediate tactical interventions—such as regional international flight expansions, destination risk governance, and targeted fiscal incentives—with a structured four-pillar long-term development framework

ACTIVATION OF INTERNATIONAL ROUTES

Airport with New Route

Opening routes to nearby international hubs, such as Singapore and Malaysia, at:

- S.M. Badaruddin II Airport, Palembang
- General Ahmad Yani Airport, Semarang
- Supadio Airport, Pontianak
- Syamsudin Noor Airport, Banjarmasin
- H.A.S. Hanandjoeddin Airport, Belitung

MOU ON TOURISM INSURANCE

Labuan Bajo

MoU between JRP and the West Manggarai Regency Government to strengthen the safety and security of the destination.



Government + ADB study on tourism destination risk governance

FISCAL INCENTIVES

Government-Borne Article 21 Income Tax for the Tourism Sector

Optimization of Government-borne Income Tax for tourism sector workers.



Permanent employee

Gross max. Rp10 million / month



Temporary employee

Daily wages ≤ Rp. 500 thousand / month ≤ Rp. 10 million

Other Policies: Four Pillars for Strengthening Tourism



Tourism Human Resources

- Demand-driven training and certification
- Tourism polytechnic graduate internship program
- Cross-ministry hospitality upskilling



Destination Governance

- Strengthening the role of Destination Management Organizations (DMOs)
- Digitalization of event permits
- Optimizing airport connectivity to enhance regional attractions



Accessibility

- Expansion of BVK facilities for potential foreign tourist markets
- Strengthening flight routes and frequencies
- Connectivity to secondary destinations



High-Quality Investment

- Revision of the 3rd Presidential Regulation on the BOP and Strengthening of the DMO
- Development of Tourism Special Economic Zones
- Establishment of the Quality Tourism Fund (IQTF)

OECD: Membership in The OECD as a Catalyst For Structural Reform in Indonesia



Indonesia's accession to the OECD is a strategic measure to ESCAPE THE "MIDDLE INCOME TRAP" and ACHIEVE "GOLDEN INDONESIA 2045" VISION. The process now entering the technical review stage and most regulations already aligned with OECD instruments. OECD membership is expected to serve as a catalyst for domestic reforms, strengthening governance, enhancing competitiveness, and boosting Indonesia's global credibility.

Structural Reform through OECD Membership (Domestic Reform Catalyst)

Strengthening competitiveness and economic resilience

Enhance sound and equitable business competitiveness, accelerate the transformation of an inclusive digital economy, and achieve a sustainable and equitable economy.

Reform Credibility

Demonstrates Indonesia's commitment to implementing best practices and following international standards. This strengthens the reputation and credibility of Indonesia's economic reforms and ensures domestic policies remain relevant in the face of global dynamics.

Improved policy quality and institutional governance

Strengthen public policies and improve institutional governance according to international standards. This is expected to improve public services and accelerate Indonesia's transition to a developed country.

Signaling Indonesia's readiness as a global player

Accession and membership of the OECD shows Indonesia's readiness to stand alongside other global players and commitment to the principles of democracy, rule of law, and market openness and transparency.

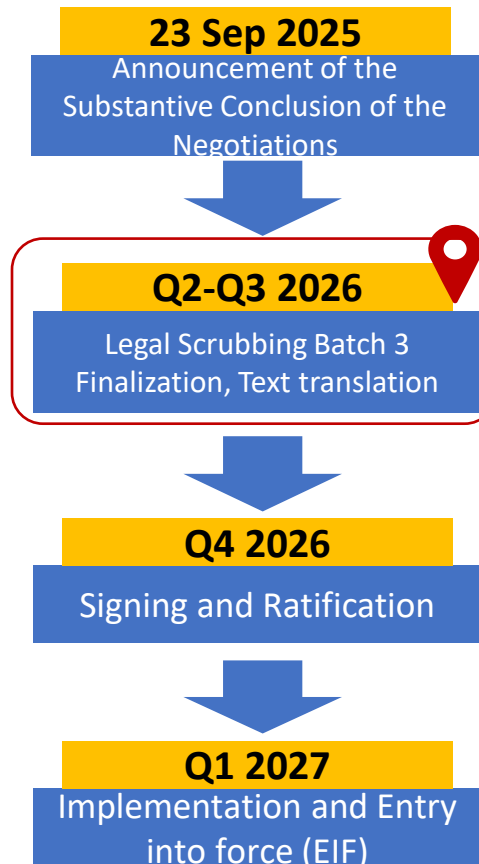
- Stronger anti-corruption policy instruments with the ratification of **OECD Anti-Bribery Convention**.
- **Transparency of the Tax Sector.** Increased funding for development. Tax optimization of multinational companies operating in Indonesia.
- **Public sector procurement becomes more transparent,** hence improving the efficiency of state budgeting.
- **Better corporate governance and SOEs** in order to increase the contribution of SOEs to the national economy.



- Indonesia's **ACCESSION ROADMAPS'S** handover at the OECD MCM in **MAY 2024** made **INDONESIA AS THE FIRST OECD MEMBER CANDIDATE IN ASEAN**.
- Indonesia is optimistic about **COMPLETING ITS OECD ACCESSION** within the **NEXT 3 YEARS**, following the submission on **3 June 2025** of its **32-chapter INITIAL MEMORANDUM (IM)** outlining self-assessments of policies, regulations, and alignment with **240 OECD LEGAL INSTRUMENTS**.
- Based on the self-assessment, **MOST OF INDONESIA'S REGULATIONS ARE INLINE** (fully/partially aligned) with OECD legal instruments.
- **ON PROGRESS:** The OECD has initiated the **TECHNICAL REVIEW** stage of Indonesia's accession process since Q3 2025—targeted to be finished by 2028, involving information gathering through questionnaires, independent studies, and fact-finding missions
- **SUPPORT NEEDED:** Concrete deliverables to support the assessment and fulfillment of OECD Technical Review requirements.

IEU-CEPA will significantly expand market access by eliminating most tariffs, boosting Indonesia's exports and investment opportunities. It also strengthens economic diplomacy and partnerships with the EU, driving sustainable growth and greater global integration.

IEU-CEPA TIMELINE



BENEFITS OF THE IEU-CEPA AGREEMENT



A. INCREASE MARKET ACCESS FOR INDONESIA TO THE EUROPEAN UNION

Liberalization of 98.61% of the European Union's tariff lines for Indonesia, covering 100% of the value of imports from Indonesia. On the other hand, Indonesia will eliminate 97.75% of its tariff lines for the European Union, covering 98.14% of Indonesia's import value from the European Union.



B. INCREASE IN INDONESIA'S ECONOMIC VALUE

The implementation of the IEU-CEPA is expected to substantially increase Indonesia's economic benefits, similar to the implementation of CEPA agreements in Vietnam and Singapore.



C. IMPLEMENTATION OF THE SCHENGEN VISA CASCADE POLICY

The implementation of the "Schengen Visa Cascade Policy" for Indonesian citizens through a five-year multiple-entry mechanism is expected to facilitate economic and investment cooperation, as well as improve Indonesians' access to education in Europe.*

INDONESIA'S KEY EXPORT COMMODITIES WITH ZERO TARIFF



Agriculture and Plantation Crops

(Palm Oil, Coffee, Cocoa, Rubber, and Rubber Products)



Fisheries and Seafood Products

(Fish, Lobster, Shrimp, etc.)



Forestry and Furniture

(Wood, Processed Wood, Wood Panels, etc.)



Textiles / TPT

(Garments, Fabrics, and Accessories); Footwear (Leather Shoes, Sneakers, Sports Shoes, Sandals)



Electrical and Electronic Components Machinery and Priority Spare Parts of Indonesia (Steel and Its Derivative Products).

On 21 December 2025, the Indonesia-EAEU Free Trade Agreement (FTA) was signed on the sidelines of the Supreme Eurasian Economic Council Meeting in St. Petersburg. The Agreement has completed the parliamentary approval process. Following the approval of the Indonesia-EAEU FTA by Commission VI of the House of Representatives (DPR RI) on 21 July 2026, the Government is currently finalizing the issuance of the Presidential Regulation required for its ratification. The Agreement is targeted to enter into force by the end of 2026, or earlier if possible.

- The Agreement substantially enhances bilateral market access, such as:
 - The EAEU provides market access for **90.50%** of its **13,127 tariff lines**, covering imports valued at approximately **USD 2.1 billion**.
 - Indonesia provides market access for **89.90%** of its **11,414 tariff lines**, covering imports valued at approximately **USD 1.4 billion**.
- Upon **entry into force (EIF)**, palm oil and its derivatives, footwear, shrimp, natural rubber, green coffee beans, silk, and essential oils will immediately benefit from zero tariffs.
- As part of the Agreement's implementation, both sides agreed to establish the **Indonesia-EAEU Business Council** to strengthen public-private collaboration, technical cooperation, trade facilitation, and private sector engagement.

EAEU Member States



GDP Global Share

4.1%

Indonesia-Canada Comprehensive Economic Partnership Agreement (ICA-CEPA)



ICA-CEPA is Indonesia's first comprehensive trade agreement in the North American region. This Agreement covers more than USD 1.4 billion in bilateral trade value, with both parties agreeing to liberalize more than 85% of tariff lines.

GOOD MARKET ACCESS



Canada provides a liberalization rate of:
90.55% (6,573 Tariff Posts/PT)
with a trade value of:

USD 1.4 billion

Several **priority Indonesian products** that Canada has given market access to: textiles, paper and its derivatives, wood and its derivatives, processed foods, swallow's nests, and palm oil.



Indonesia provides a liberalization rate of:
85.54% (9,764 Tariff Posts/PT)
with a trade value of:

USD 1.9 billion

Several **priority Canadian products** that Indonesia has given market access to: frozen beef, potatoes, seafood, and processed foods.

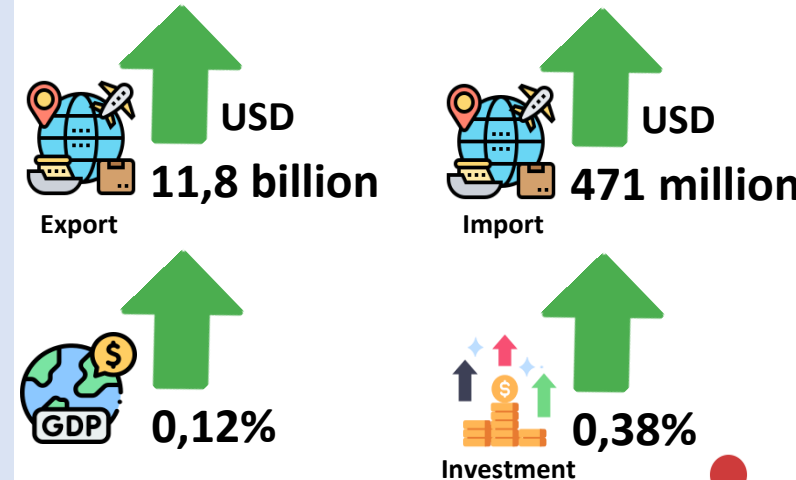
INVESTMENT

Providing protection, transparency and commitment to market access in priority sectors of both countries such as manufacturing, agriculture, fisheries, forestry, mining, infrastructure, energy and services.

TRADE IN SERVICES

Providing preferential treatment for Indonesian and Canadian service providers, including in the business services, telecommunications, construction, tourism, and transportation sectors.

I-CA CEPA IMPACT ANALYSIS PROJECTED FOR 2030



PROGRESS OF THE RATIFICATION PROCESS

The development process in Indonesia has received approval from the House of Representatives for ratification of the I-CA CEPA through a Presidential Decree and is expected to be completed in September 2026.

ASEAN DEFA: Strategic Digital Economy Momentum for Indonesia



ASEAN DEFA marks the first region-wide digital economy agreement, designed to create a digitally integrated, secure, interoperable, competitive, and inclusive regional economy. As an ASEAN Member State, Indonesia can frame DEFA as a strategic opportunity to strengthen participation in a safer and more seamless regional digital economy.

MILESTONES



Commencement

DEFA was initiated in Indonesia's 2023 ASEAN Chairmanship



Negotiations Concluded

ASEAN SEOM successfully resolved all outstanding issues during the 57th ASEAN SEOM Second Meeting in Manila, 27–29 May 2026

REGIONAL DIGITAL ECONOMY FRAMEWORK



Digital trade



Cross-border e-commerce



Data governance and privacy



Digital identity



E-payments



Cybersecurity



Competition policy



Artificial Intelligence



Emerging technologies



Digital talent mobility

STRATEGIC RELEVANCE FOR INDONESIA

Connect

Align with regional digital connectivity

Trust

Support safer online transactions, data governance, privacy, and cybersecurity

Scale

Enable businesses of all sizes, including MSMEs, to join the regional digital economy

Compete

Support innovation, investment, entrepreneurship, jobs, and sustainable growth

For Indonesia, DEFA is aligned with the implementation of the **National Digital Economy Strategy 2030** and supports **OECD accession**, particularly in strengthening digital infrastructure, developing digital talent, transforming MSMEs, and enhancing cybersecurity regulation. Through DEFA, Indonesia can strengthen its policies based on international practices, attract investment in high-technology sectors, reinforce national data sovereignty, and build an inclusive and competitive digital ecosystem, including for MSMEs.

PROJECTED ASEAN'S DIGITAL ECONOMY



By 2030 (current trends)
Projected baseline growth



With DEFA implementation
Potential to double through regional integration



THANK YOU