



The 14th GAIKINDO INTERNATIONAL AUTOMOTIVE CONFERENCE



CONTRIBUTION OF THE AUTOMOTIVE INDUSTRY ON NATIONAL INCOME GROWTH

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PRESENTATION OUTLINE

1 Indonesia Current Updates

2 Indonesia Automotive Industry

3 Government Fiscal Policies

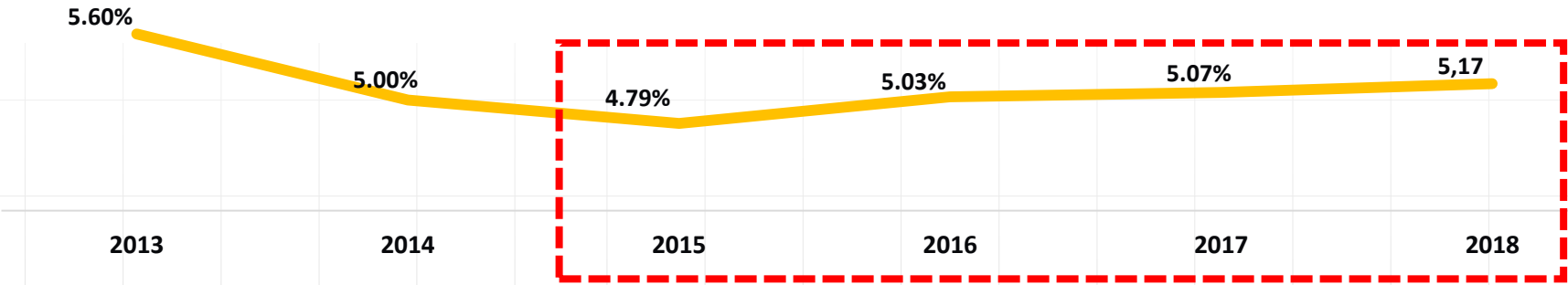


Indonesia Current Updates

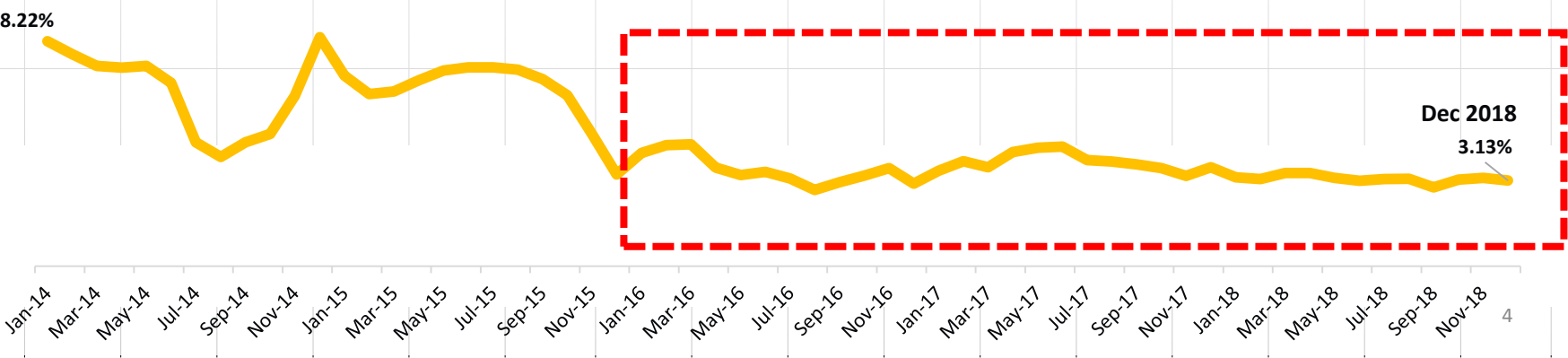


FOR INDONESIA, 2018 HAS BEEN A REMARKABLY RESILIENT YEARS

Indonesia Economic Growth 2015-2018(%)

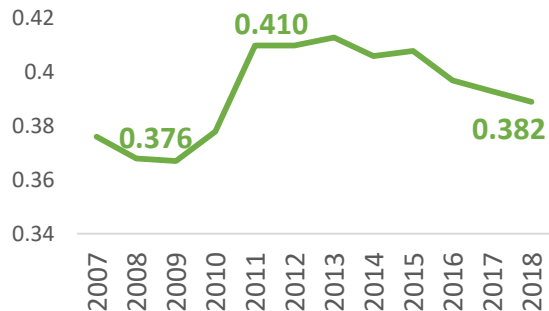


Indonesia Inflation Rate 2014-2018 (%)



SOCIO-ECONOMIC INDICATORS IS IMPROVING

Gini Ratio



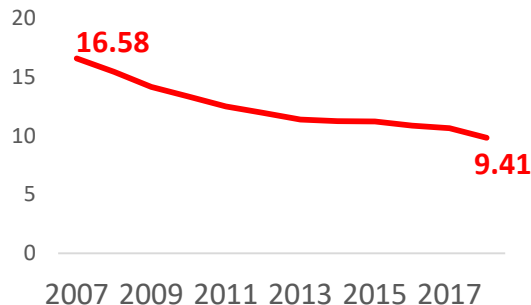
Gini ratio target 2019

0.38 – 0.39

Challenges

- Disparity in access to capital
- Geographical condition

Poverty Level (%)



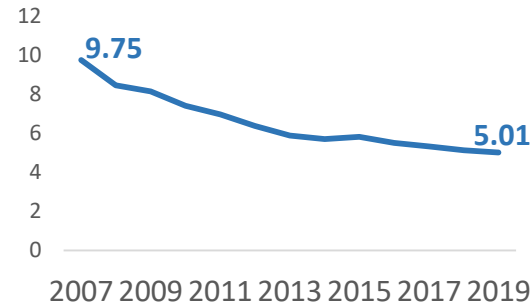
Poverty Target 2019

8.5% - 9.5%

Challenges

- Access to food, health, and education for poor people
- Climate change → food price

Unemployment Level (%)



Unemployment Target 2019

4.8% - 5.2%

HDI : 71.98

Challenges

- Economic changes → structure of employment
- Skill mismatch
- 4th Industrial Revolution (automation, artificial intelligence)

STATE BUDGET

S1 2019

2019

REVENUE

898.8 **7,8%**
GROWTH

TAX REVENUE

688.9 **5,4%**
GROWTH

NON TAX REVENUE

209.1 **18,2%**
GROWTH

GRANT

0.7 **76.5 %**
GROWTH

DEFICIT

-135.8 (-0.84%)

PRIMARY BALLANCE

-1.0

EXPENDITURE

1034.5 **9,6%**
GROWTH

CENTRAL GOVERNMENT

630.6 **12,9%**
GROWTH

TRANSFER TO REGION & VILLAGE FUND

403.9 **4.8%**
GROWTH

STATE FINANCING

175.3

PREDICTED GLOBAL CHALLENGES IN 2019

**U.S. Monetary
Policy
Normalization**



**Climate
Change**



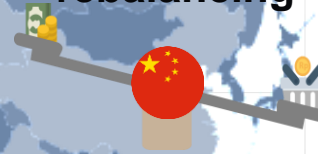
**No Deal
Brexit**



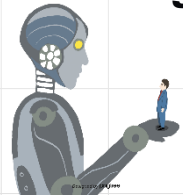
**Geopolitical
Tensions**



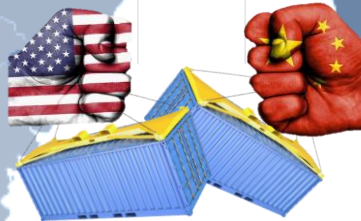
**China economic
rebalancing**



**Rapid Tech
Changes**



**Protectionism &
Trade War**



**Fluctuation in
Commodity Process**

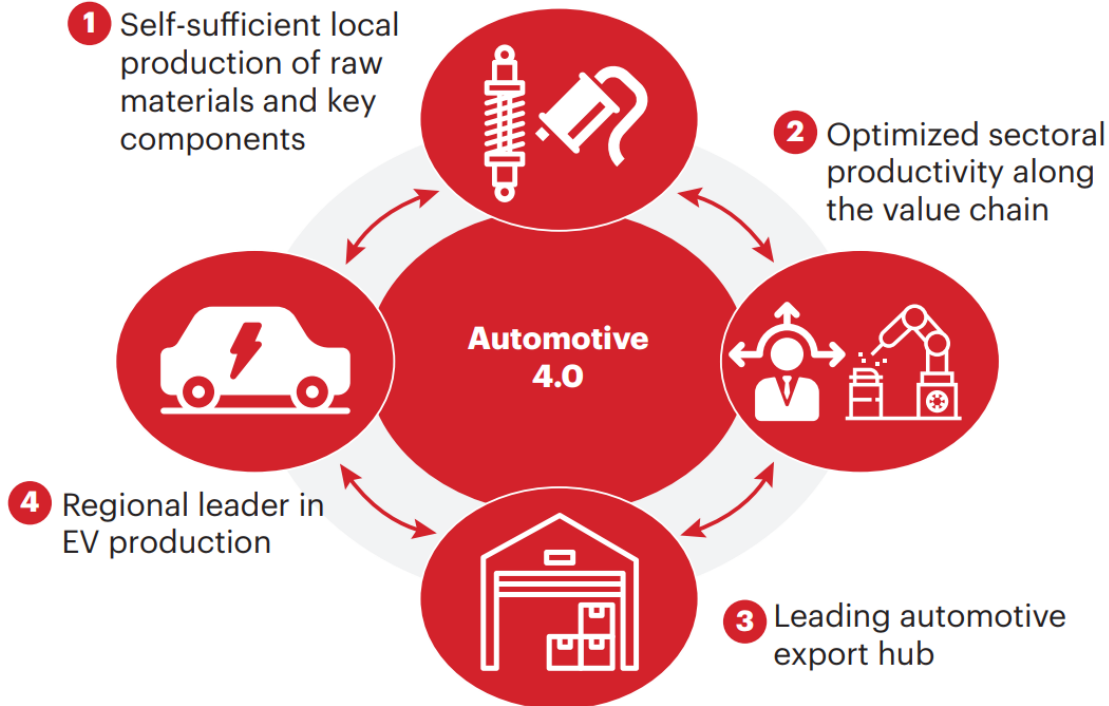




Indonesia Automotive Industry

MAKING INDONESIA 4.0

TOWARDS 2030



Source: MoIndustry

To increase local production in terms of:

1. volume and
2. efficiency in the production of important raw materials and components through technology adoption and infrastructure development, such as the construction of integrated industrial zones and more efficient logistics platforms.
3. Cooperating with world OEM companies to increase exports, with a focus on multi-purpose vehicles (MPV), environmentally friendly low-cost vehicles, and sport utility vehicles (SUVs).
4. Building an ecosystem for the EV industry, starting with the ability to manufacture electric motorbikes, later developing the ability of electric cars based on EV adoption that is inevitable in the future

INDONESIA 2045

POPULATION

319

million

ECONOMY

5th

Biggest
Economy in the
World

STRUCTURE

High Value-added Sector

PRODUCTIVITY

Productive
Age

47%

MIDDLE INCOME

70%

Middle
Class

BUSINESS

73%

Service Sector

URBAN

73%

Live in Cities

PER CAPITA

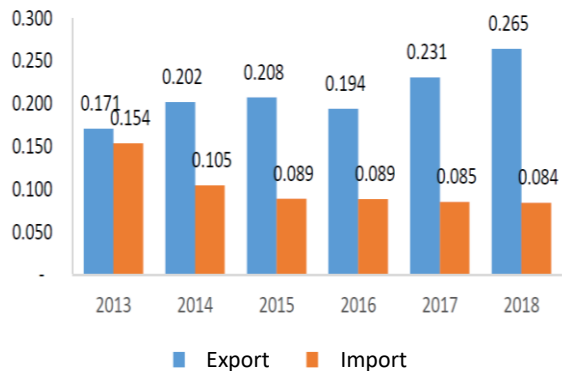
Income per Capita

US\$ 23.199

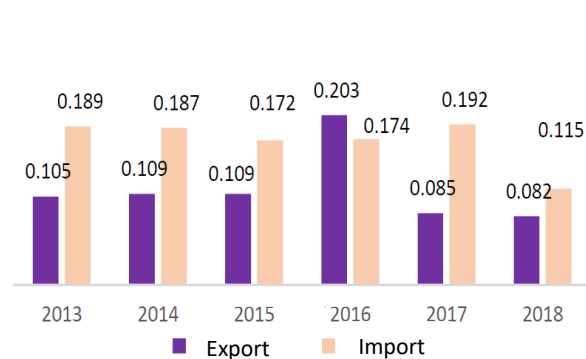
Source: Bappenas,
MoF

EXPORT-IMPORT PERFORMANCE

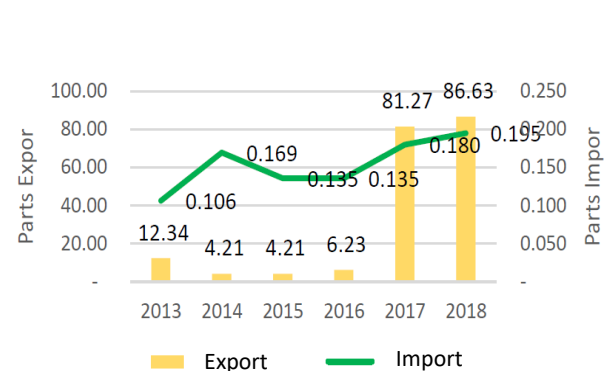
Completely Built Up (CBU)
Million unit



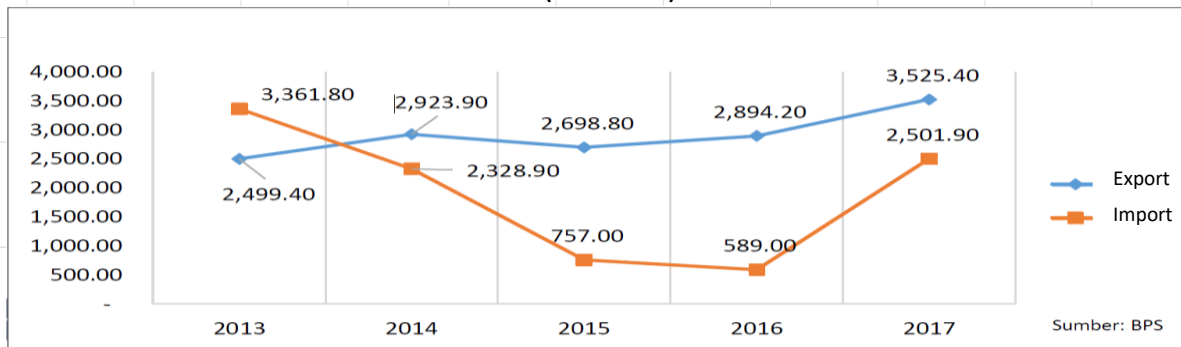
Completely Knock Down (CKD)
Million unit



Component Parts
Million unit



4-Wheeled Export Import
(million USD)



Sumber: BPS

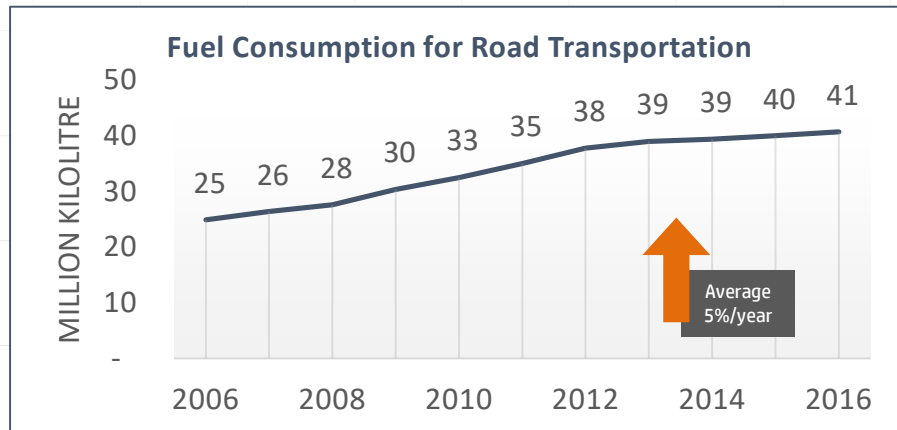


Government Fiscal Policies



BACKGROUND

- Government commitment to reduce 29% of greenhouse gas emissions by 2030 at COP21
- The growth of motor vehicles averaged 11.5% per year in the last 10 years
- The consumption of fuel for land transportation also continues to increase by 5% per year where most of the fuel used is imported fuel





Government Regulation on Sales Tax on Luxury Goods

Presidential Decree on Battery Electric Vehicles

Sales Tax on Luxury Goods		Battery Electric Vehicles	
Legal Base	VAT and Sales tax on luxury goods law, Government Regulation no. 41 2013	Constitution 1945, Custom Law, Energy Law, Transportation, Electricity Law, Enviromental Protection and Management Law, Industrail Law	
Coverage	Passenger car, Low cost and energy vehicle (KBH2), HybridEV, Plug in HEV, Flexy Engine, Fuell Cell EV, Electric Vehicle	battery electric vehicle	
Background	to further encourage the use of motorized vehicles that are energy efficient and environmentally friendly	to increase energy efficiency, energy security, and energy conservation in the transportation sector, and the realization of clean energy, clean and environmentally friendly air quality, and Indonesia's commitment to reduce greenhouse gas emissions, it needs to accelerate the battery electric vehicle program to road transportation	
Fiscal arrangement	The rates are based on emissions and fuel efficiency Incentive for : KBH2, Hybrid EV, Plug in HEV, Flexy Engine, Electric Vehicle	Fiscal incentives: a. Import duty incentives on the import of battery-based electric vehicles (battery electric vehicle / BEV); b. Sales tax incentives on luxury goods; c. Tax exemption / reduction incentives; d. Import duty incentives on the importation of machinery, goods and materials in the framework of investment; e. Suspension of import duty in the context of exports; f. Incentives borne by the government for the import of raw materials and / or auxiliary materials used in the framework of the production process; g. Incentives for making SPLU equipment; h. Working capital credit assistance for financing the procurement of battery swaps; i. Export financing incentives; and j. Other fiscal incentives.	

SALES TAX ON LUXURY GOODS

Current Regulation

Vehicle Type		Specification	Engine Displacement (cc)						
			≤ 1.500	1.501	2.000	2.500	2.501	3.000	> 3.000
PC	KBH2	Gasoline/Diesel	0%						
	Sedan/ Station Wagon	Gasoline	30%	40%					125%
		Diesel		40%			125%		
	< 10 pssngrs (4x2)	Gasoline	10%	20%			40%	125%	
		Diesel		20%			125%		
	< 10 pssngrs (4x4)	Gasoline	30%	40%					125%
		Diesel		40%			125%		
	≥ 10 pssngrs	10 - 15 pssngrs	10%						
		> 15 pssngrs	0%						
Vehicle Type		Specification	≤ 5 Ton			> 5 Ton			
CV	Pick-Up	Single Cabin	0%			0%			
		Double Cabin	20%						
	Others		0%						

New Regulation

LCEV	Category		Fuel Consumption (km/l)		CO2 (g/km)	E/G Volume (cc)		
			Gasoline	Diesel		< 1.5	1.5 - 3.0	> 3.0
	Passenger Vehicle	< 10 persons	>15.5	> 17.5	<150	15%		40%
15.5 – 11.6			17.5 - 13.1	150 - 200	20%		50%	
11.5 – 9.3			13.0 - 10.5	201 - 250	25%		60%	
< 9.3			< 10.5	> 250	40%		70%	
(≥ 10 s.d. 15 persons / Minibus)		>11.6	> 13.1	< 200	15%		25%	
		=<11.6	=< 13.1	=> 200	20%		30%	
Commercial	Double Cabin	>15.5	> 17.5	< 150	10%		20%	
		15.5-11.6	17.5 - 13.1	150 - 200	12%		25%	
		<11.6	< 13.1	> 200	15%		30%	
Program	KBH2	20	21.8	120	3%			
	Hybrid/Mild Hybrid	> 23	> 26	< 100	2% / 8%		20%	
		23 – 18.5	26 - 21	100 – 125	5% / 10%		25%	
		18.4 – 15.5	20 - 17.5	126 – 150	8% / 12%		30%	
	Flexy Engine (E100/B100)	-	-	-	8%			
	PHEV, EV/FC	All type	All type	All type	0%			
Supercar		>4000cc					95%	



FISCAL INCENTIVES

Various tax facilities (including R & D facilities) will be integrated with export financing facilities, provision of infrastructure (including the construction of electric charging stations), and support from the Regional Government to develop battery electric vehicles in Indonesia

01



Import Duties

importation of electric motorized vehicles in the Incomplete Knock Down (IKD) and Completely Knock Down (CKD) will be given within a certain period of time as an effort to encourage the growth of the domestic industry and increase local content.

02



Tax holiday

tax holiday facilities for the electric motor vehicle industry integrated with batteries and electric motors

03



Tax Allowance

Tax Allowance can be provided for parts, vehicle accessories and other motorized vehicle components industry

04



Tax Sales on Luxury Goods

Electric motorized vehicles do not become this tax objects. The policy for motorized vehicles is directed reducing CO2 emissions which will be subject to lower tax rates

05



Capital Investment

Import duty facilities are given for the importation of machinery, goods and materials

06



Government borne Import Duty

For 2019, the electric vehicles sector gets government-borne import duty facilities for raw and / or auxiliary materials used for production

07



Export Facilities

Ease of Import for Export Purposes and export financing facilities

08



Other Facilities

- Incentive for charging station equipment production
- Fiscal incentives for research, development and technological innovation activities as well as industrial vocations of battery-based components
- Parking rates at locations determined by the Regional Government
- Relief of electricity charging fees at charging station
- Funding support for charging station infrastructure development
- Professional competency certification for battery-based, and electric vehicle industry human resources
- Product certification and / or technical standards for battery-based electric vehicle industrial companies and battery-based component industries



THANK YOU