



KEYNOTE SPEECH

**"INDONESIA AUTOMOTIVE INDUSTRY READINESS TOWARDS INDUSTRY 4.0
Tangerang, 24 July 2019**

**MINISTRY OF INDUSTRY
REPUBLIC OF INDONESIA**



1. Indonesia Auto Market & Industry Reports



Indonesia Economy Development Indicator



Source: World Bank (2017)



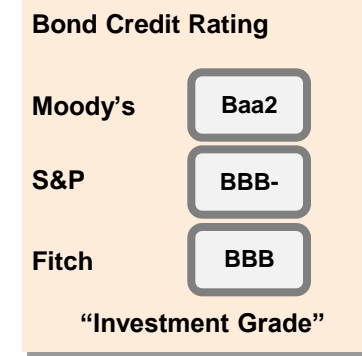
Source: World Bank (2017)



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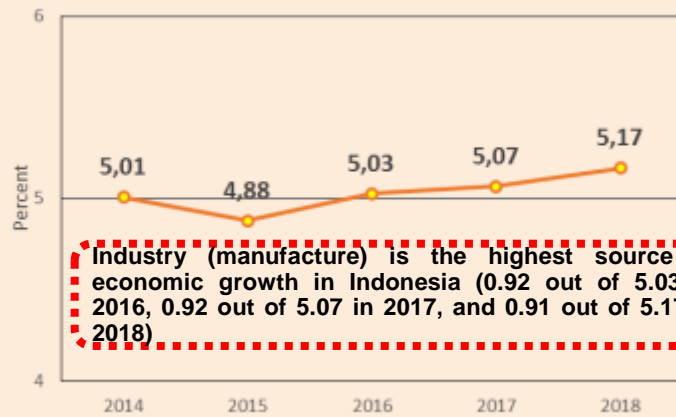


Source: World Bank (2018)



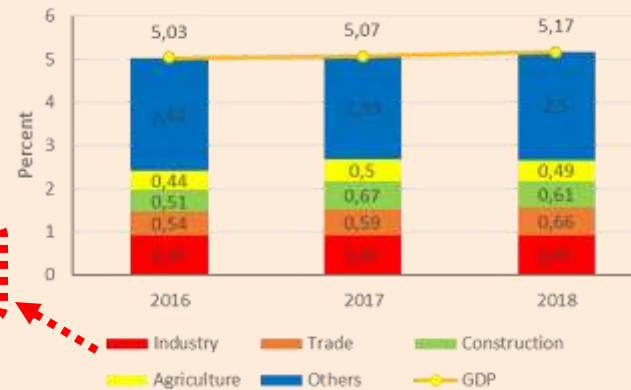
Source: Moody's, S&P, Fitch (2018)

Economic Growth 2014 – 2018 (%)

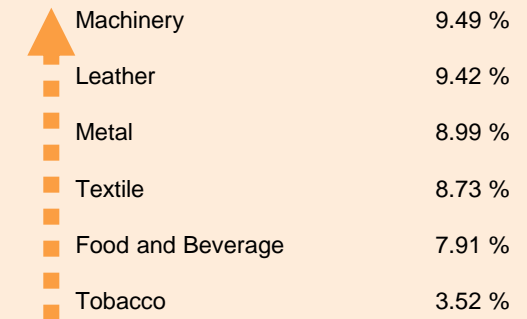


Industry (manufacture) is the highest source of economic growth in Indonesia (0.92 out of 5.03 in 2016, 0.92 out of 5.07 in 2017, and 0.91 out of 5.17 in 2018)

Economic Growth Sources by Business Field 2016 – 2018 (%)



Industrial Sector with Highest Growth in 2018





GOVERNMENT INCENTIVE

1. **Tax Holiday** and **Tax Allowance** for a new investment or expanding to attract foreign investment and foster national industries.
2. Govt. Regulation No 45 year 2019.

Super **tax deductions** to industries that undertake vocational education and training activities as well as for building research and development centers (RnD) in Indonesia

3. Finalizing Harmonization of the Luxury Tax and
4. Finalizing Presidential Regulation on Electrified Vehicle (BEV)





2. Making Indonesia 4.0



10 NATIONAL PRIORITIES IN MAKING INDONESIA 4.0

10 National Priorities

1 Improvement of material flow

- Strengthen of upstream sector to provide materials, e.g. 50% of petrochemical materials are provided by import

2 Redesign Industrial Zone

- Establish Roadmap of Industrial Zone (e.g Industrial Belt); to overcome challenges that occur in industrial zone.

3 Accomodate Sustainability Standard

- Competitiveness opportunity through sustainability global trend**, e.g. Biofuel, renewable energy, etc.

4 SMEs Empowerment

- Encourage 3.7 million SMEs through technology, e.g : SME e-commerce, technology funding, etc

5 Establish national digital infrastructure

- Establish **network and digital platform**; e.g.. 4G to 5G, fiber optic 1Gbps, Data center and Cloud

6 Invite FDI

- Attract global MNC to invest in Indonesia through special investment package and incentive to accelerate technology transfer.

7 HR Development

- Redesign curriculum to comply with Industry 4.0 achievement and program talent for **professional**

8 Establish Innovation Ecosystem

- Creating **R&D&D² center** through government, private, public and/or **academic initiative**

9 Incentive for technology investment

- Introduce **tax exemption/subsidy to adopt technology and funding support.**

10 Regulation and policy Harmonization

- Harmonize regulations and policies over government institutions.

1. Termasuk usaha mikro 2. Research & Development & Design
2. Sumber: Kementerian Perindustrian, A.T. Kearney



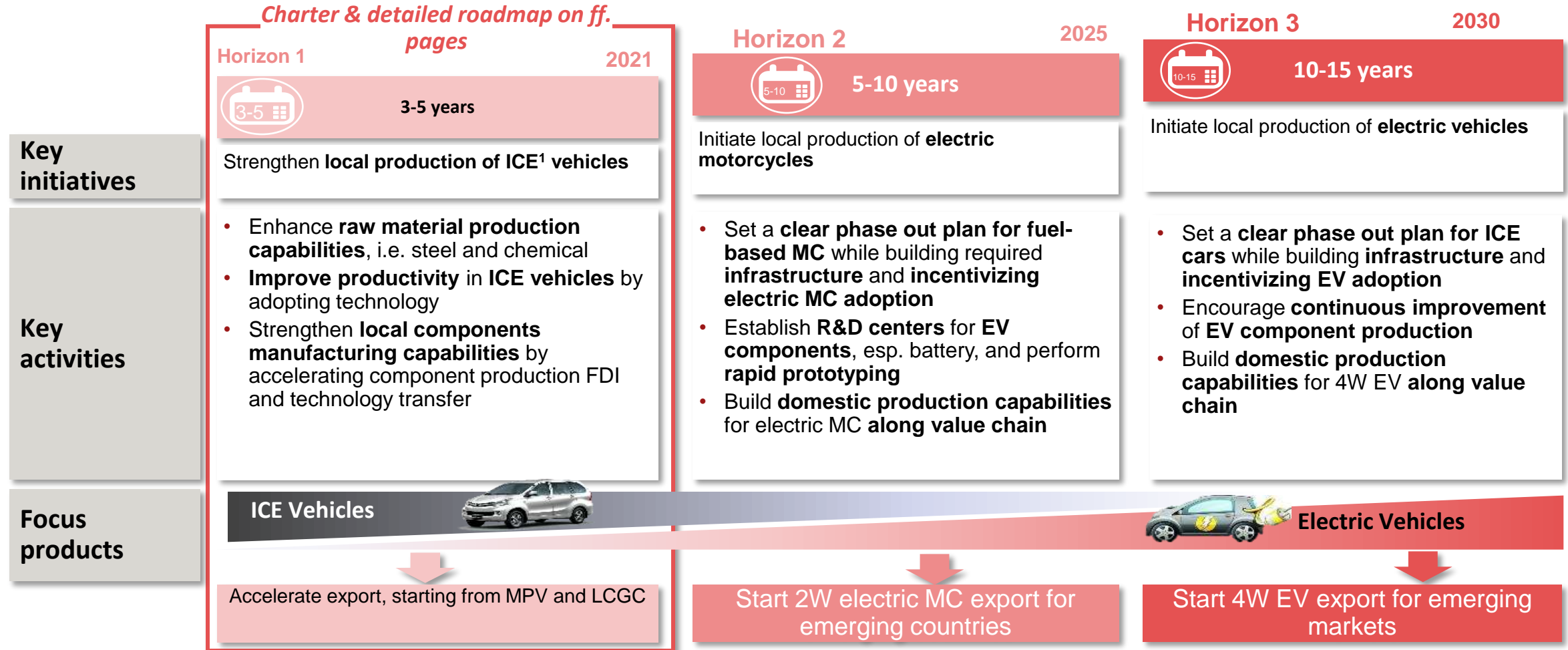
3. Auto Industry in Making Indonesia 4.0



INDONESIA'S AUTO INDUSTRY AS REGIONAL AUTO EXPORT HUB

Indonesia Automotive 4.0

Charter & detailed roadmap on ff. pages



1. Internal Combustion Engine
Source: A.T. Kearney



**Terima
kasih!**

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