Kesiapan Industri Part/Komponen Kendaraan Bermotor Dalam Mendorong Kandungan Lokal (TKDN)

Rachmad Basuki - Secretary General

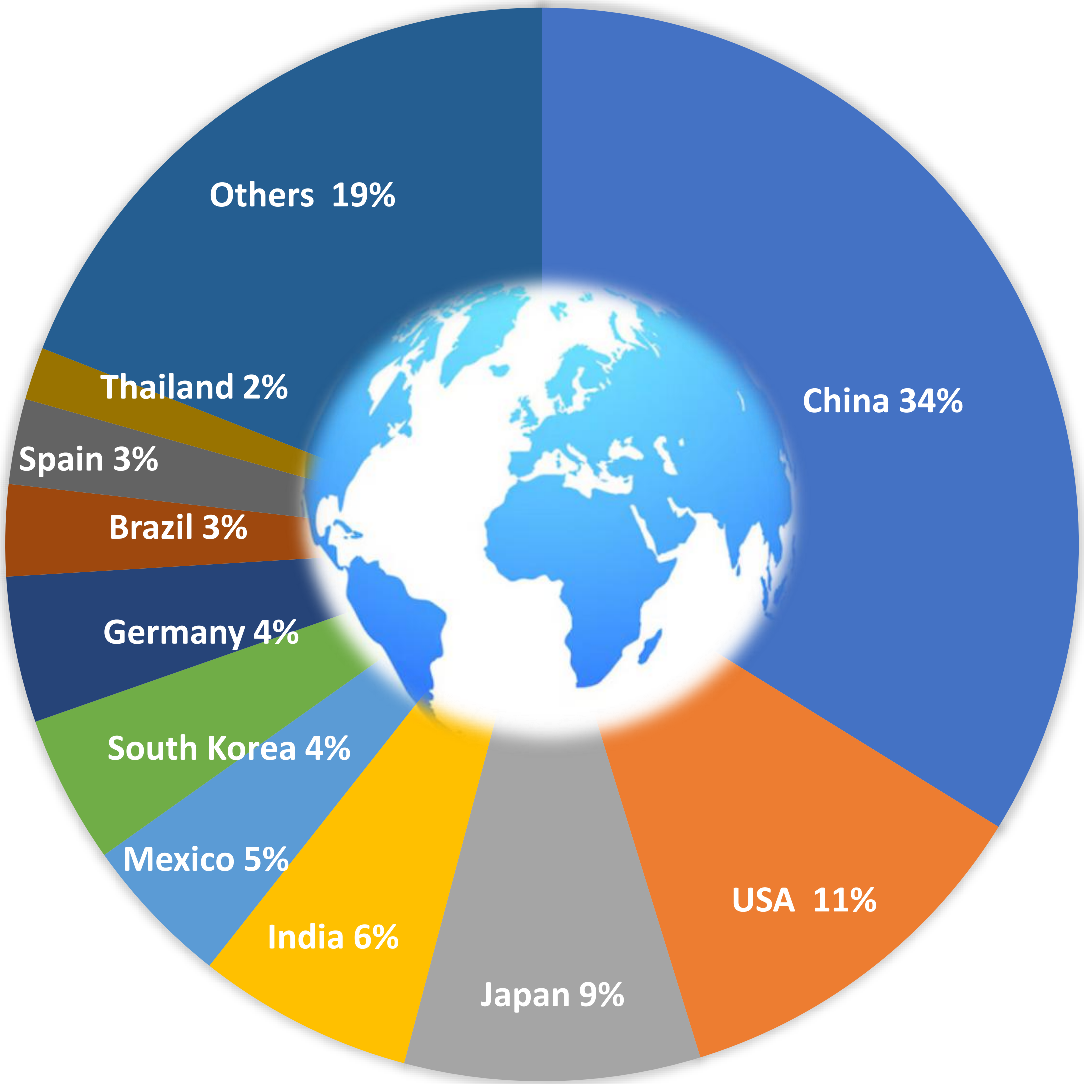
INDONESIAN AUTOMOTIVE PARTS & COMPONENTS INDUSTRIES ASSOCIATION (GIAMM)

31 Juli 2025

Readiness of the Motor Vehicle Parts/Components Industry to Promote Local Content (TKDN)

2024 World Motor Vehicle Production By Country

Total: 93 Mil



Industrial Globalization

Free Flow of Goods

No Country Border

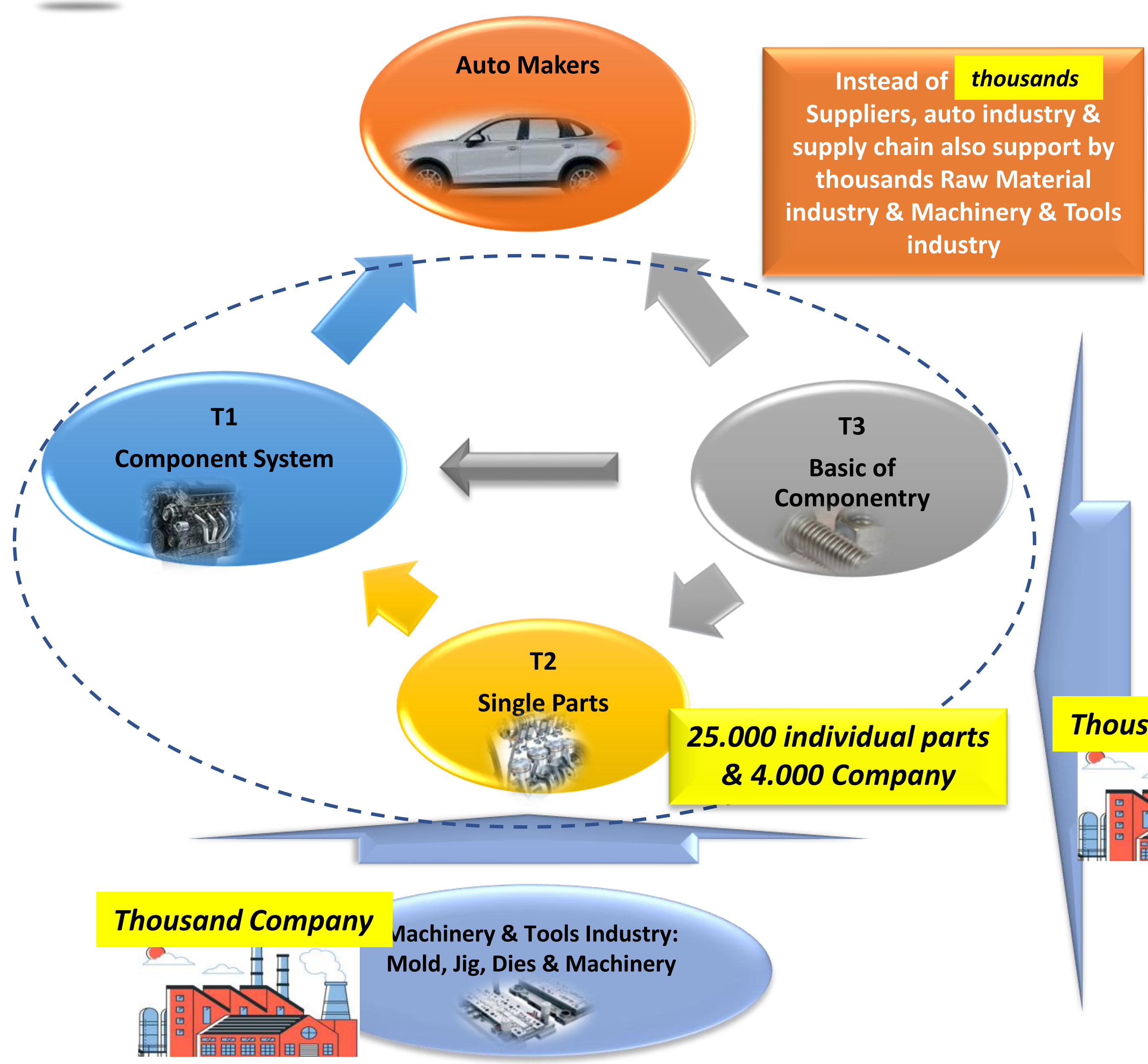
No Tariff Barrier

No Technical Barrier

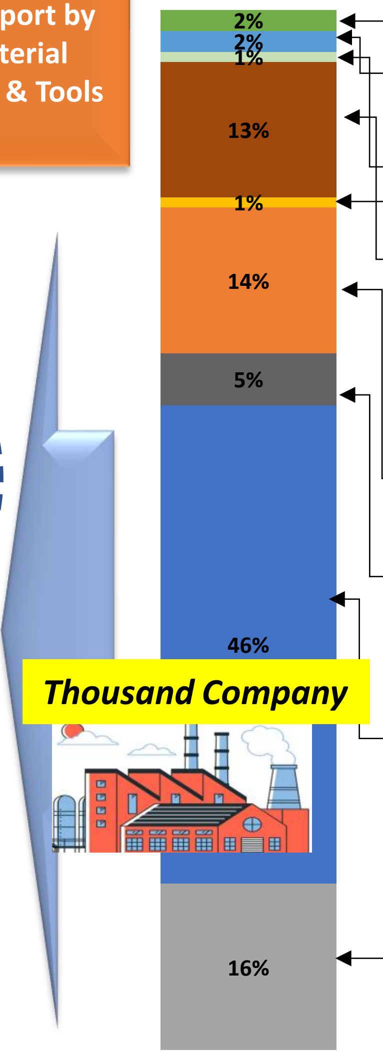
Challenge

Product & Manufacturing Competitiveness

Car Maker Supply Chain



Raw Material



Glass	Door Assy, Windshield, Door Mirror, Rear Window Glass
Rubber	Door Assy, Headlight Assy, Rear Tail Light, Transmission, Tire
Foam	Front Seat, Rear Seat
Plastic	Bumper Assy, Door Assy, Door Mirror, Headlight Assy, Rear Tail Light, Front Seat, Rear Seat, Fuel Tank, Transmission, Steering Rack & Pinion, Tire, Battery
Copper	Door Mirror, Headlight Assy, Tail Light, Starter Motor/Cell Motor, Alternator/Dynamo
Alum.	Door Mirror, Engine Assy, Starter Motor/cell motor, Alternator/dynamo, Radiator, Transmission, Steering Rack & Pinion, Wheel, Knuckle Assy, Cooler Compressor, Cooler Condenser
Iron	Transmission, Knuckle Assy, Cooler Compressor
Steel	Bumper Assy, Fender, Door Assy, Bonnet Hood, Trunk Lid, Front Seat, Rear Seat, Engine Assy, Muffler Assy, Starter Motor/Cell Motor, Alternator/Dynamo, Radiator, Transmission, Steering Rack & Pinion, Front Drive Shaft, Front Strut Assy, Tire, Wheel, Right Rear Strut Assy, Knuckle Assy, Cooler Compressor, Cooler Condenser, Battery
Misc.	Door Assy, Door Mirror, Headlight Assy, Bonnet Hood, Trunk Lid, Rear Tail Light, Front Seat, Rear Seat, Engine Assy, Muffler Assy, Radiator, Left Front Strut Assy, Knuckle Assy, Cooler Compressor, Cooler Condenser, Battery

Component System T1 & T3 Supply to Car Maker

Engine

Electrical System

Body

Trans Axle

Body Interior

Battery Pack

PCU

Electric Motor

Under Body. Tyre Suspension, Wheel

Brake System

Steering System

Electrification Technology

25.000 individual parts
depend on model.

4.000 company
as supply chain.

Part as T2 and T3 Supply to Component System

Valve

Piston

Cylinder Head

Crank Shaft

Connecting Rod

Ring Piston

Crank Shaft

Cylinder Block

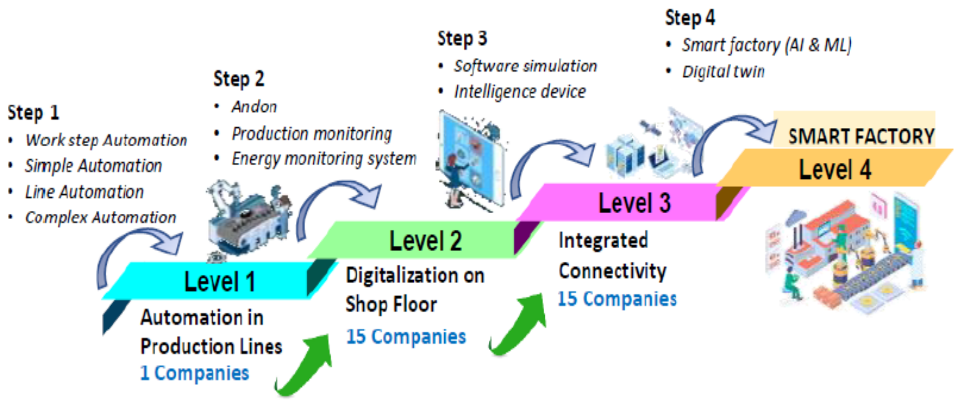
1000~2000 part depend of E/G design

±500 suppliers T2 & T3 part

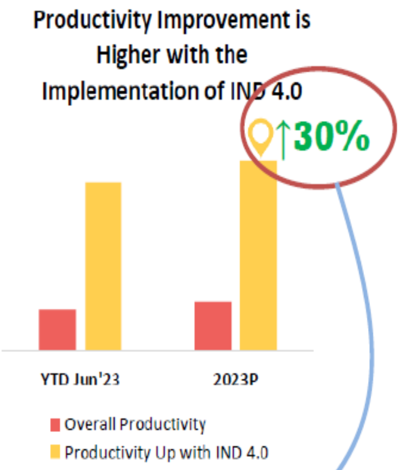
Future Trends In Manufacturing

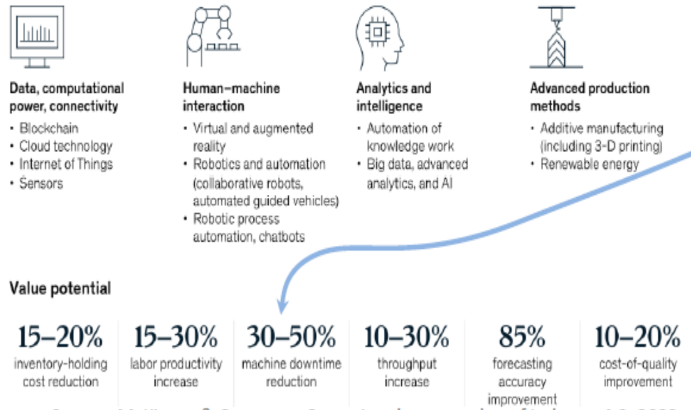
Automotive Industry Example

❑ **Automation & process improvement toward INDUSTRY 4.0 for better Productivity & Efficiency**



Source: internal review Astra Otoparts Tbk.





Source: McKinsey & Company: Capturing the true value of Industry 4.0, 2023.

Future Challenge

Green Industry for Climate Change

Restriction each country to avoid global warming

Dark Manufacturing for Competitiveness

Trend in China for Electronic & EV Battery Factory

Auto Supply Chain 4.0 Industry

1. PT Astra Otoparts Div. Nusametal
2. PT Astra Visteon Indonesia
3. PT Autoplastik Indonesia
4. PT Century Batteries Indonesia
5. PT Dharma Polimetal
6. PT Gemala Kempa Daya
7. PT Inkoasku
8. PT Inti Ganda Perdana
9. PT Kayaba Indonesia
10. PT Metindo Erasakti
11. PT Nittera Mobility Indonesia
12. PT Panata Jaya Mandiri
13. PT Selamat Sempurna
14. PT Trimitra Chitrahasta

PT Astra Honda Motor

PT Akebono Brake Astra Indonesia

PT Astra Komponen Indonesia

PT Toyota Motor Manufacturing Indonesia

4.0 Supply Chain & hundreds supply chain going to 4.0 (Level 1,2,3)

National Light House

IDN Local Content

Local Content Ratio Comparison by Brand

Indonesia

	No.	Jml pemain (Brand) di Indonesia	Local Content
PC	1.		86%
	2.		76%
	3.		64%
	5		47%
	6.		45%
	7.		42%
	8.		42%
CV	9.		50%
	10.		53%
	11.		42%

Local Content Ratio Rate

	Indonesia	Thailand
PC	57%	66%
CV	50%	91%

Thailand

	No.	Jml pemain (Brand) di Indonesia	Local Content
PC	1.		85%
	2.		94%
	3.		93%
	4.		< 40%
	5.		< 40%
	6.		45%
CV	7.		85%
	8 .		97%

IDN try to challenge THA as Auto hub industry for Asia Pacific

Indonesia	Thailand
Car Industry start year '70 Part/Component industry start year 75	Car Industry start year '70 Part/Component industry start year 75
Production Average 1Mil	Production Average 2Mil
Local Content ±55%	Local Content ±78%
4% to National GDP	12% to National GDP

THA Auto policy 10 years advance compare to IDN (eg: THAI Eco Car 2006 vs ID LCGC 2013)

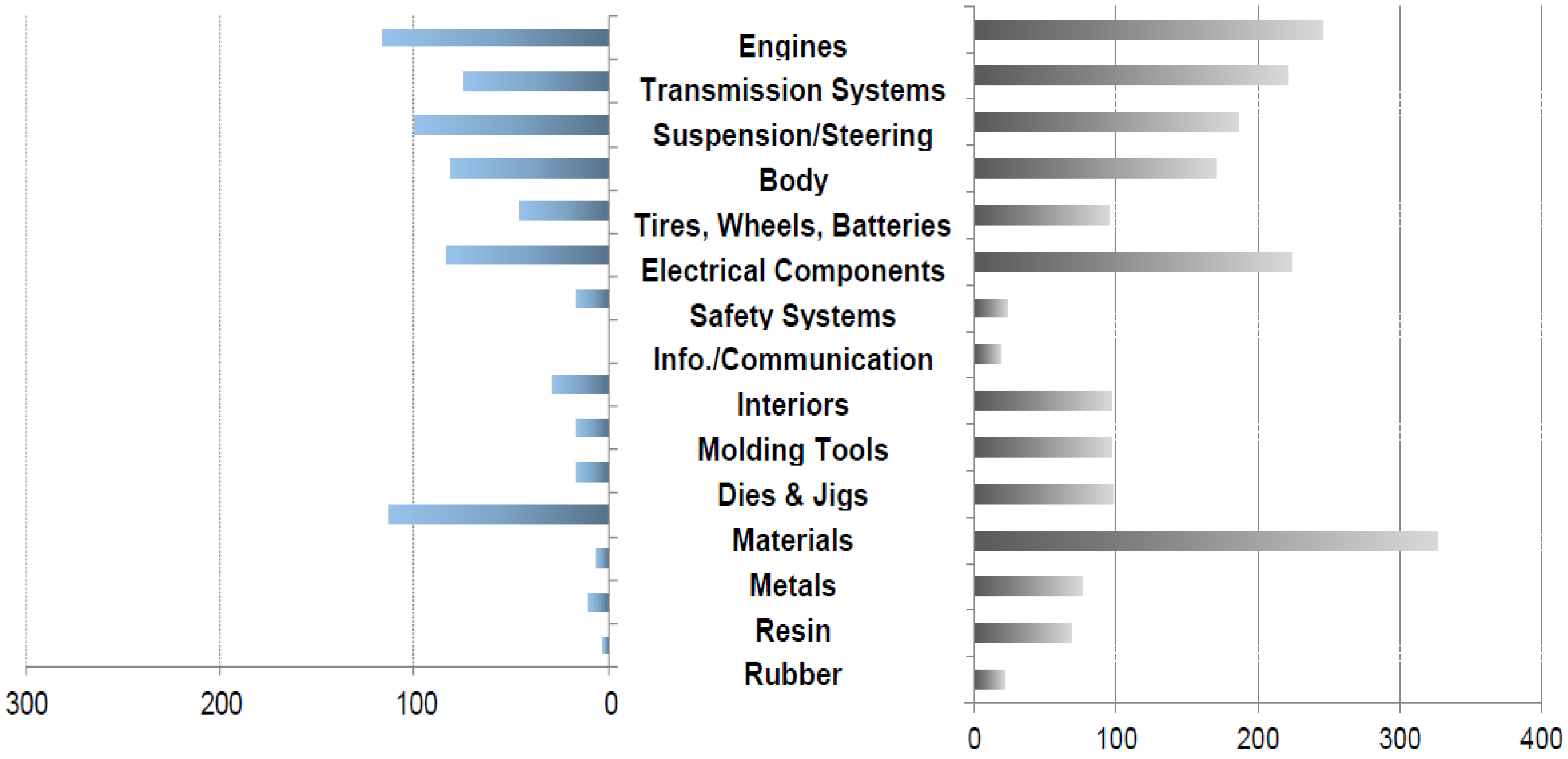
Number of Automotive Suppliers

INDONESIA

4W = 1 M
2W = 6 M

THAILAND

4W = 2 M
2W = 2 M



Source: Yano Economic Research Institute, SUCOFINDO

Around 600 Suppliers + 950 SME

Around 2000 Suppliers + 800 SME

IDN weakness in high tech component and raw material

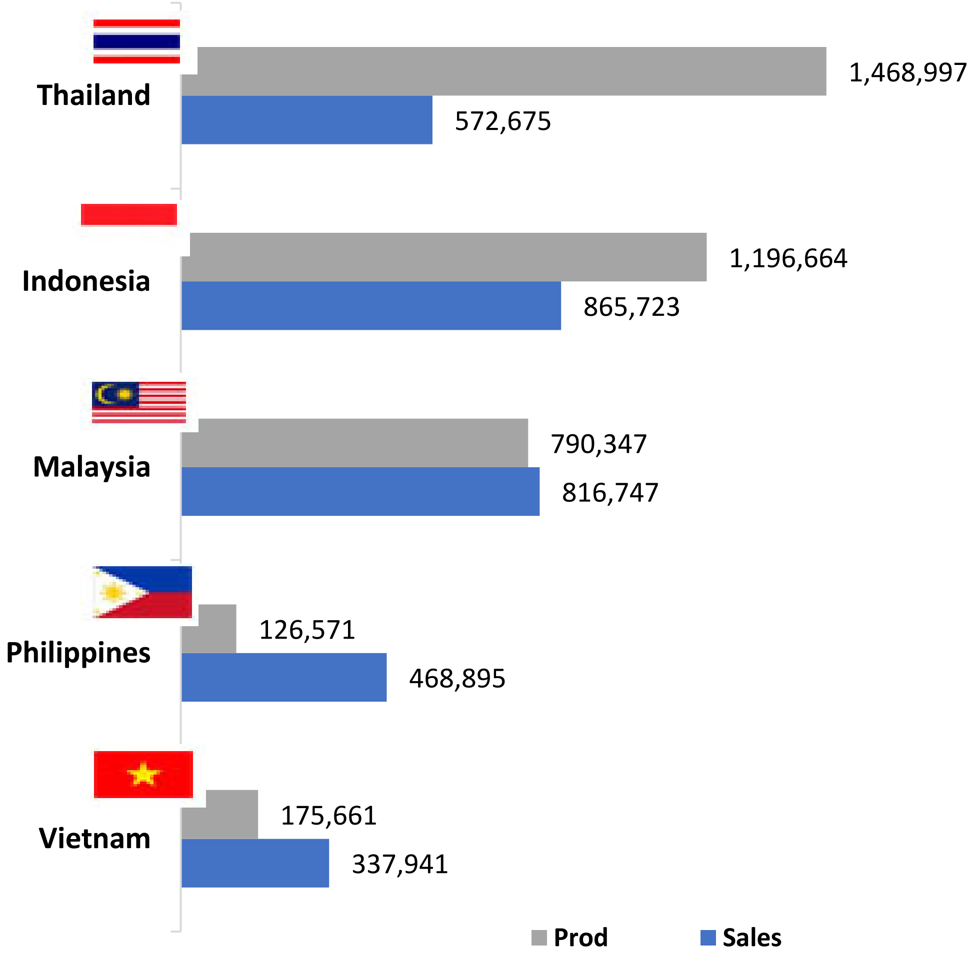
- Electronic
- Safety System
- Infotainment/Communication
- Raw Material

Opportunity to Localized

Source: DELOIT

ASEAN Auto Supply Chain

2024 Production & Sales

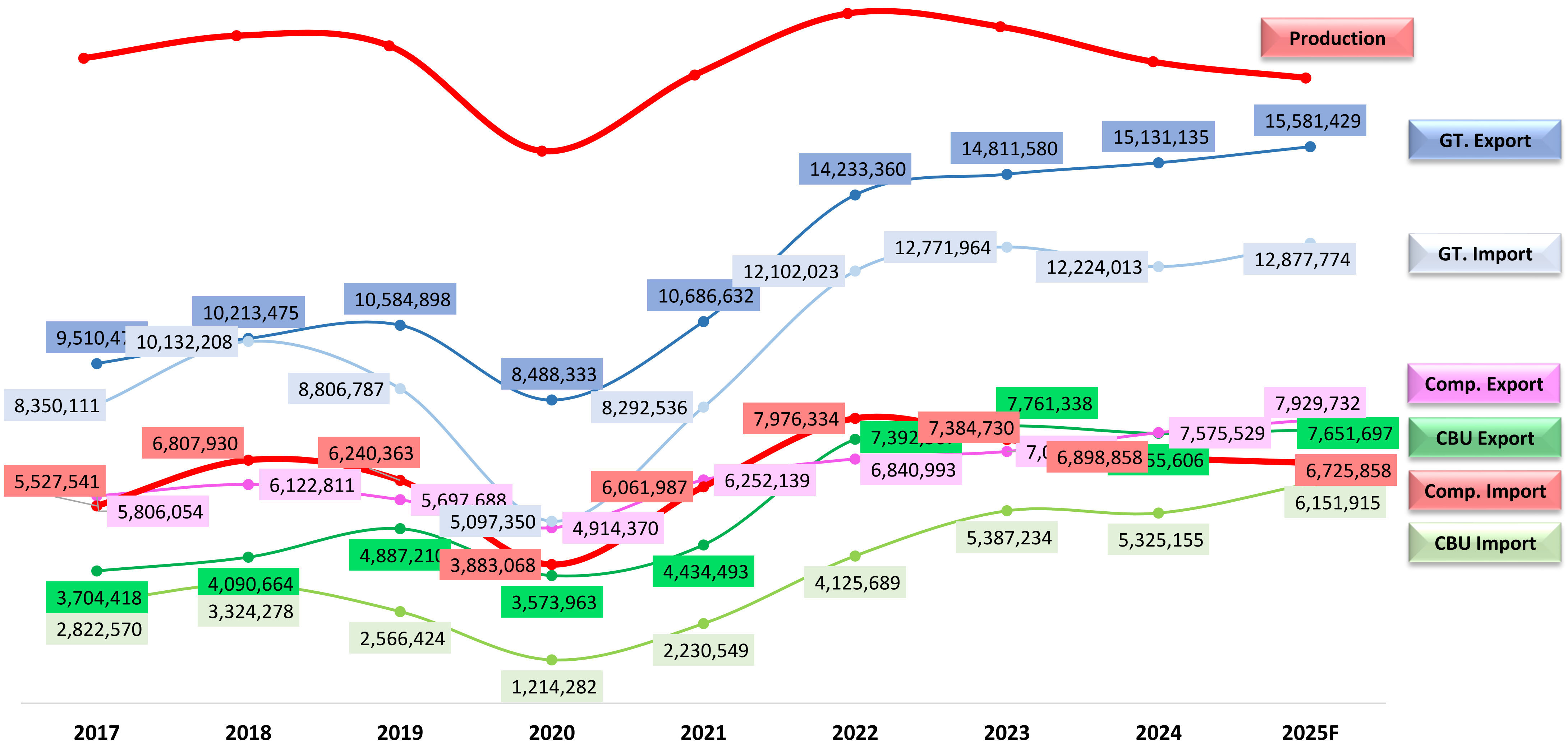


Average last 10 years	Total Suppliers	SME
2 Mil 0,8 Mil	2.800	800
1,2 Mil 1 Mil	1.550	950
0,6 Mil 0,6 Mil	650	
0,2 Mil 0,4 Mil	260	
0,2 Mil 0,3 Mil	250	

Fragile supply chain

Production number unit much influence to supplier number development

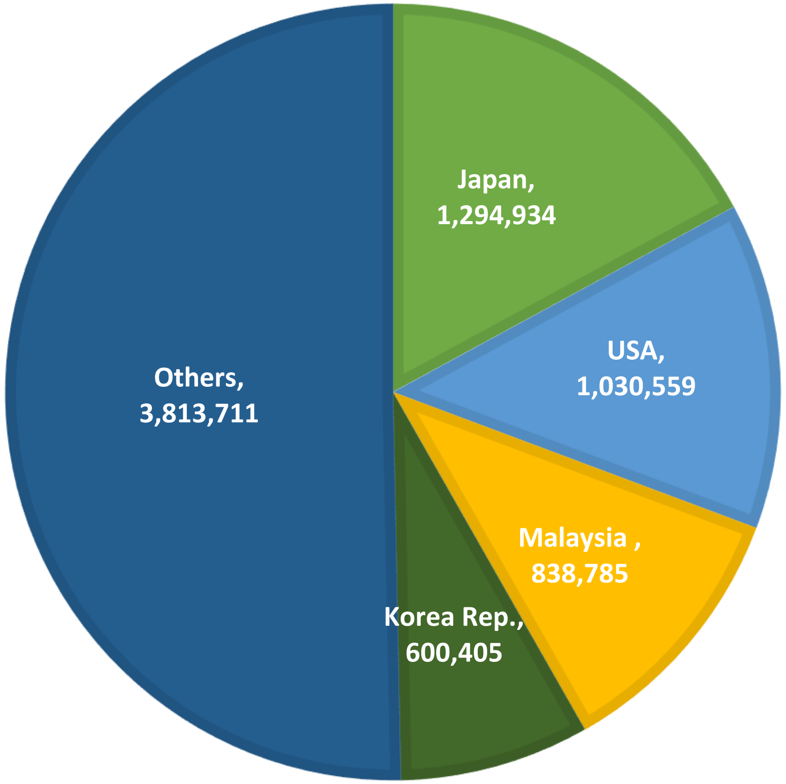
Automotive Import Export 2017 – 2024 (USD Thousand)



Part/component import value much depend on production number, that showing IDN weakness localization. CBU import tendency increase due to EV program import duty 0% which is no benefit for local supply chain.

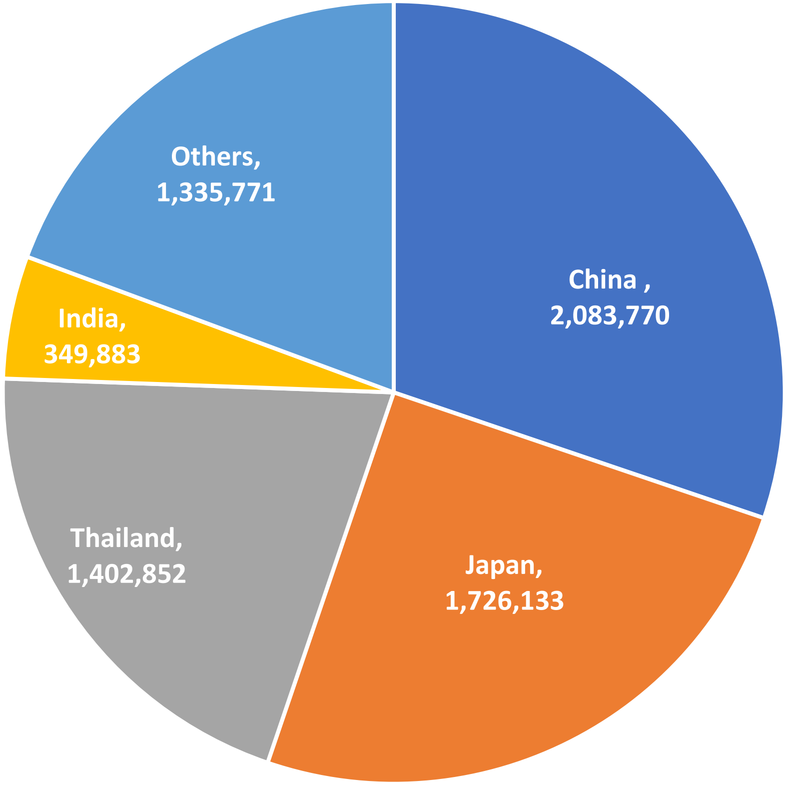
Biggest Automotive Destination Country (Component/Parts)

EXPORT COMP.: 7,5 Mil



IDN part/component capable export to >100 country, the biggest to Japan, while import the biggest from China

IMPORT COMP.: 6,9 Mil



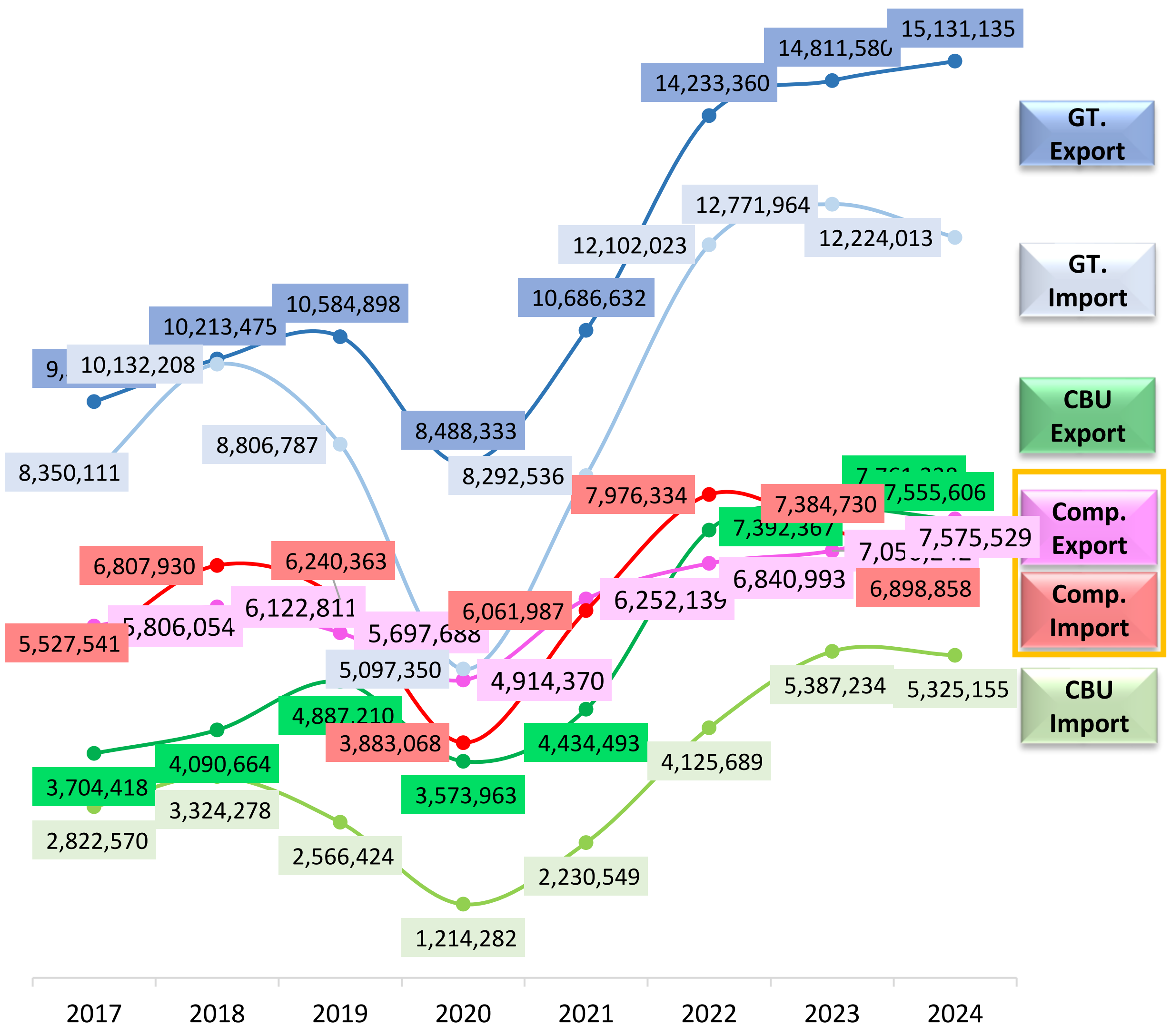
Export (USD Thousand):

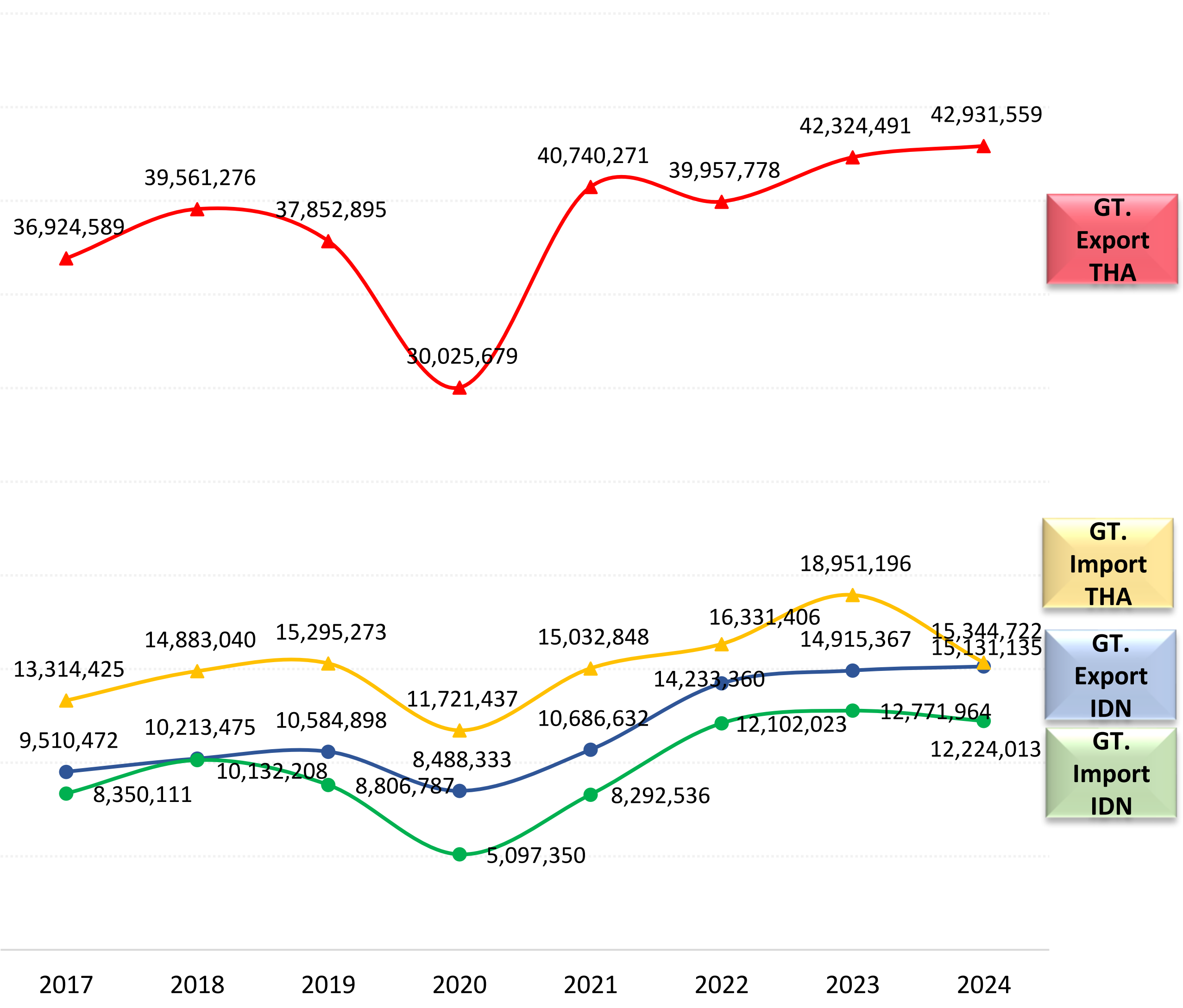
1. **HS 401110**: New pneumatic tyres, of rubber, of a kind used for motor cars, incl. station wagons and racing...(**1.289.717**)
2. **HS 854430**: Ignition wiring sets and other wiring sets for vehicles, aircraft or ships **(1.000.575)**
3. **HS 871410**: Parts and accessories of motorcycles, incl. mopeds, n.e.s. … **(956.042)**
4. **HS 8507**: Electric accumulators, incl. separators therefor, whether or not square or rectangular; parts... **(780.397)**
5. **HS 870899**: Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons,… **(680.908)**

Import (USD Thousand):

1. **HS 8507**: Electric accumulators, incl. separators therefor, whether or not square or rectangular; parts . . . **(796.573)**
2. **HS 870899**: Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, … **(684.065)**
3. **HS 870840**: Gear boxes and parts thereof, for tractors, motor vehicles for the transport of ten or more ... **(630.317)**
4. **HS 871410** : Parts and accessories of motorcycles, incl. mopeds, n.e.s. ….**(581.978)**
5. **HS 870850**: Drive-axles with differential, whether or not provided with other transmission components, ... **(437.862)**

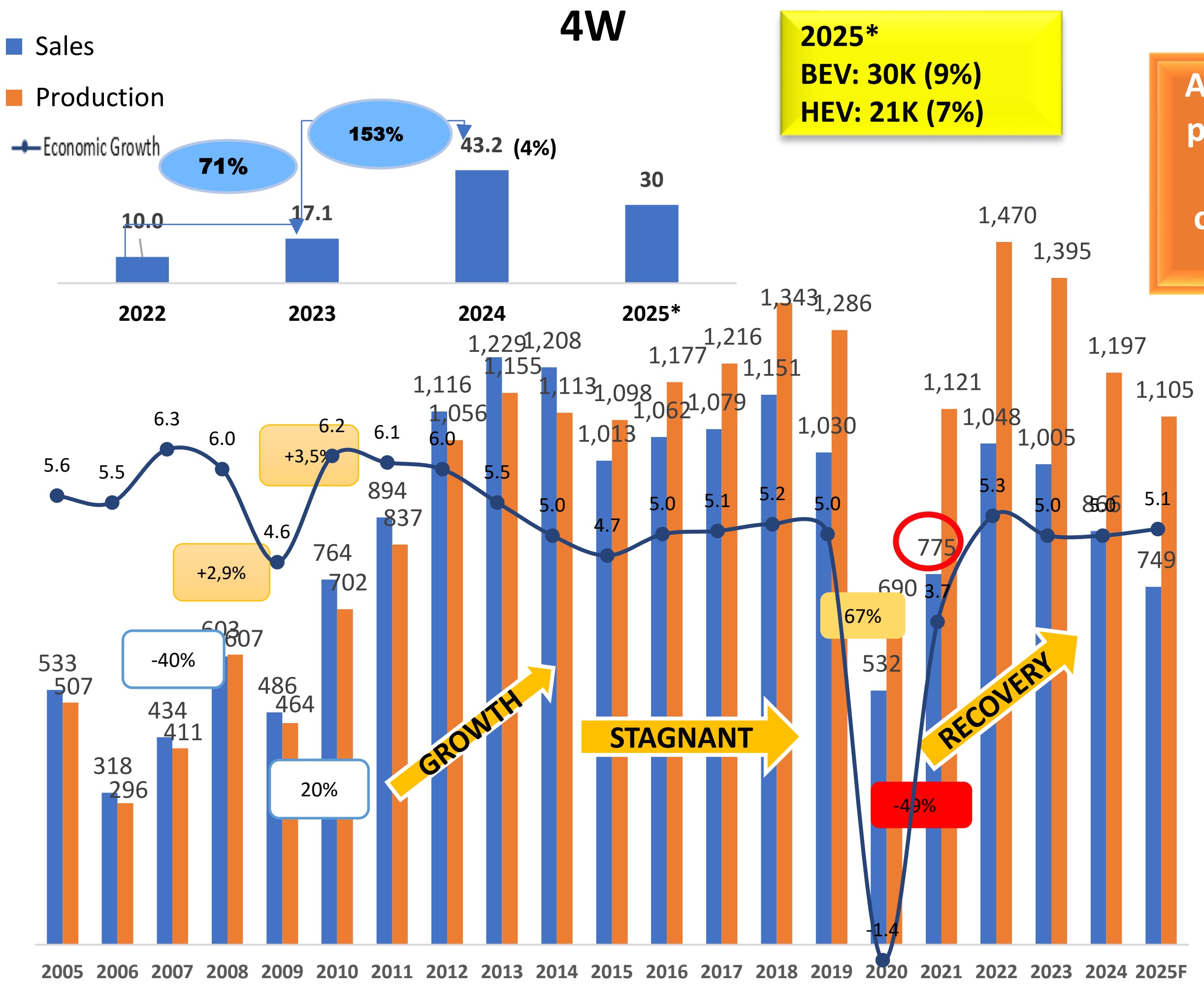
Automotive Export Import 2017 – 2024 (USD Thousand)



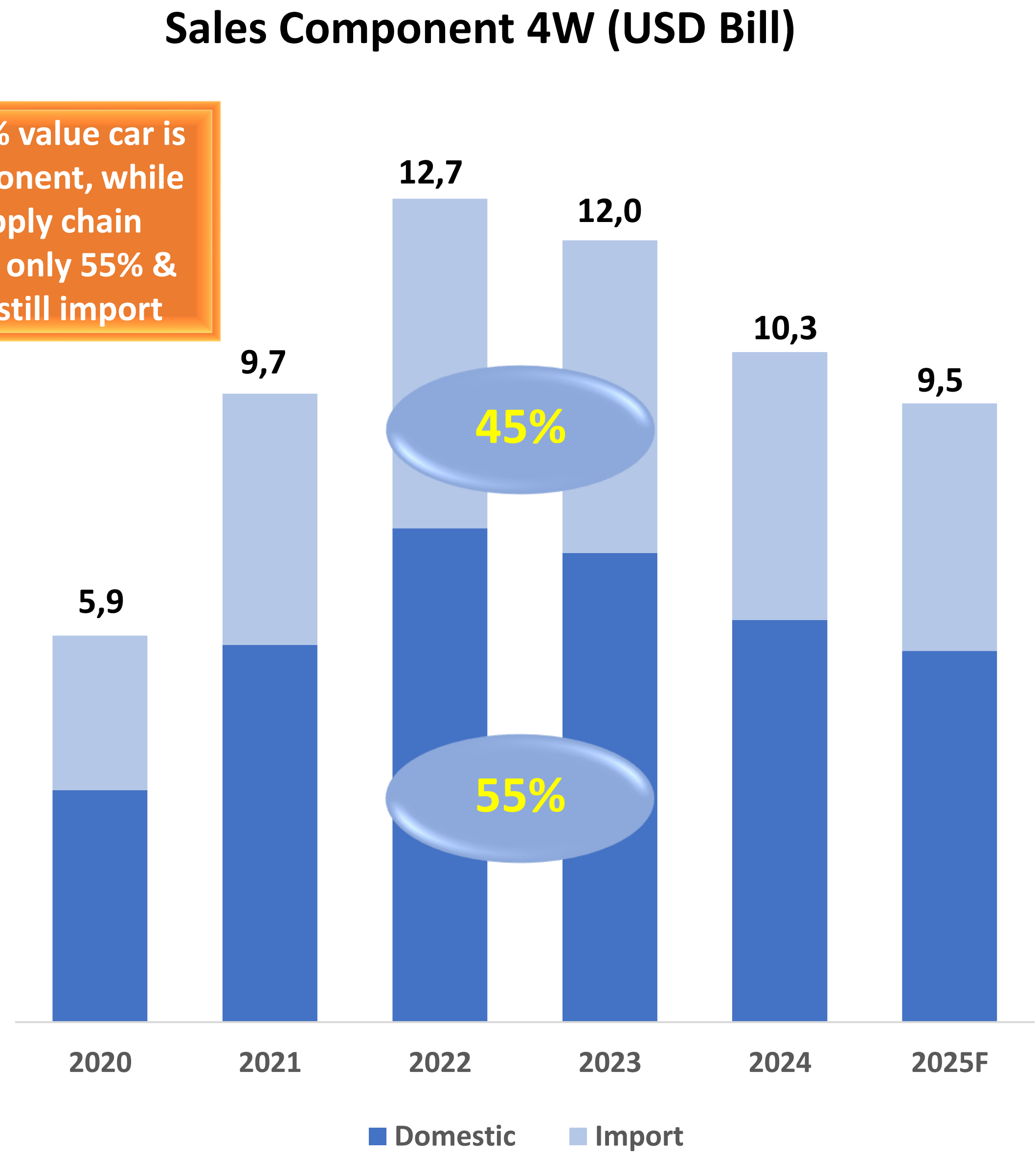


Start from 2015 IDN auto industry become net exporter, however THA export 3 time bigger than IDN.

Part/Component Sales (4W)



Almost 70% value car is part/component, while local supply chain contribute only 55% & remining still import



Auto Part Challenges In CASE Era

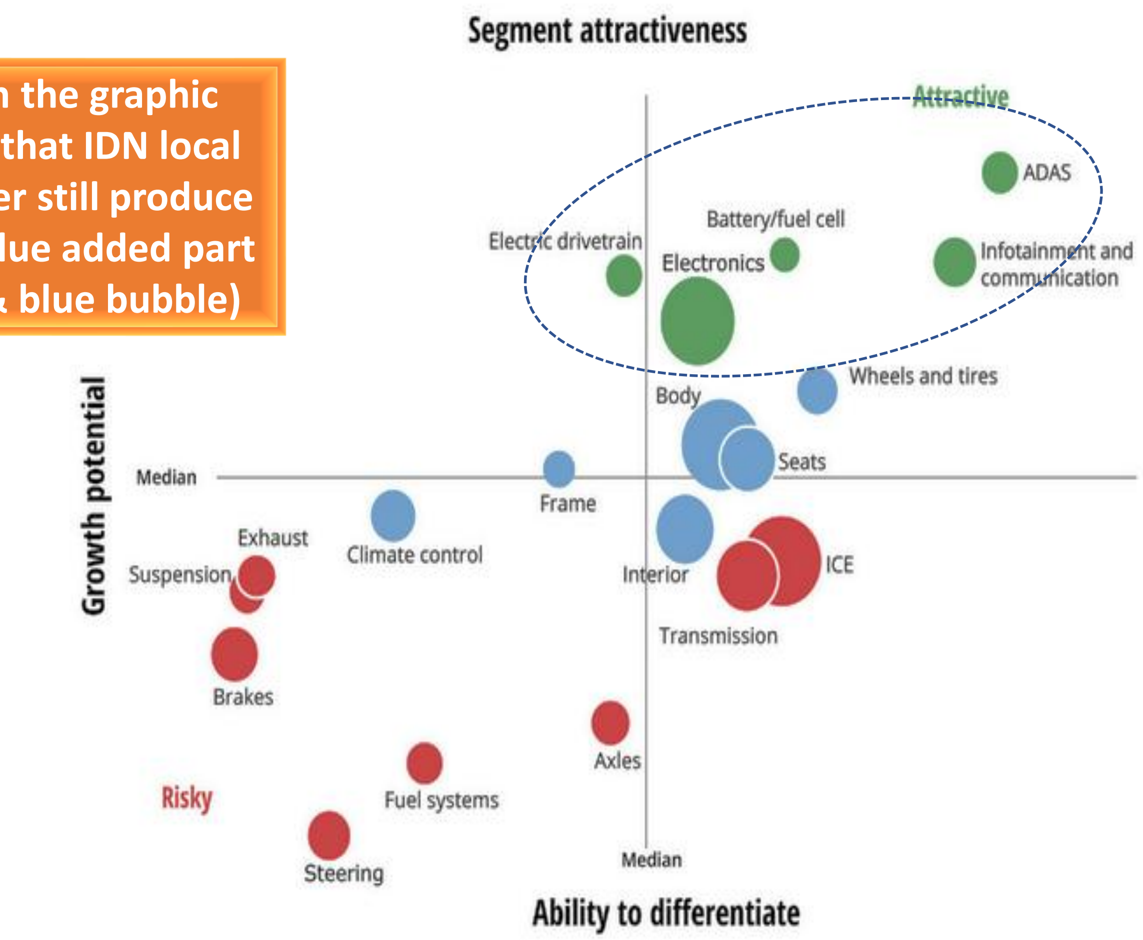
CASE

(Connected Vehicle) (Autonomous Vehicle) (Shared Mobility) (Electric Vehicle)

Government Concern : PP 74/2021 & Perpres 55/2019

From the graphic show that IDN local supplier still produce low value added part (red & blue bubble)

High value added part

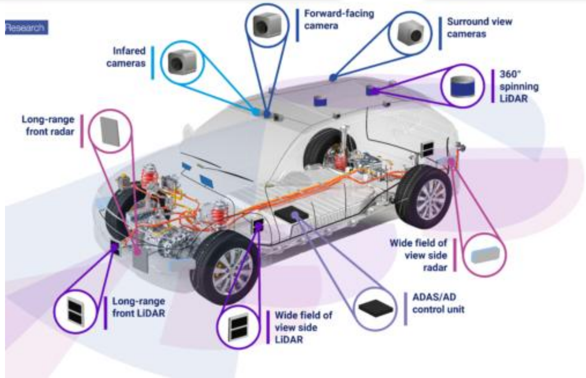


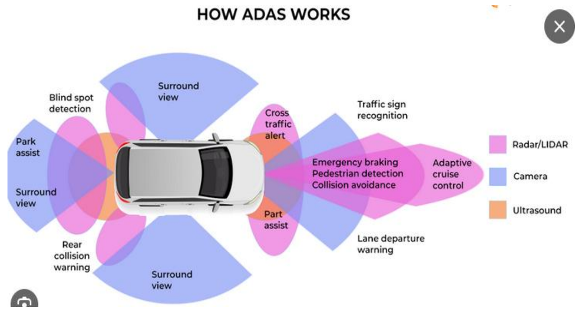
Sources: Deloitte analysis; *2019 Global Automotive Supplier Study*.

Potential Area Technology for Future

CONNECTED

AUTONOMOUS





SHARE

ELECTRIFICATION

Global Minimum Tax

VS

To attract new technology localization should have more attractive investment incentive instead of demand incentive

IDN Government Automotive Program Directive

Program		Tax (CO2-g/km)	Period	Localization
Non Program		15 – 95%	2021 ~ 2031	
LCEV	KBH2/LCGC	3%		Additional 36 parts
Lower Tax	HEV/PHEV	SC1: (6 ~ 12)%/5% SC2: (10 ~14)%/8%		Min 60 parts Main Component: - Battery - PCU & Motor Listrik
	BEV*	0%		TKDN 80%

Note: *Additional Incentive

Program	Period	Tax (>20Km/L)	Localization
KBH2/ LCGC	2013~ 2021	0%	85 item

New Technology & High Value Added Part

2060

NZE

2024

2022

Acceleration incentive BEV & EMC

Supply chain localization to strengthen IDN auto industry

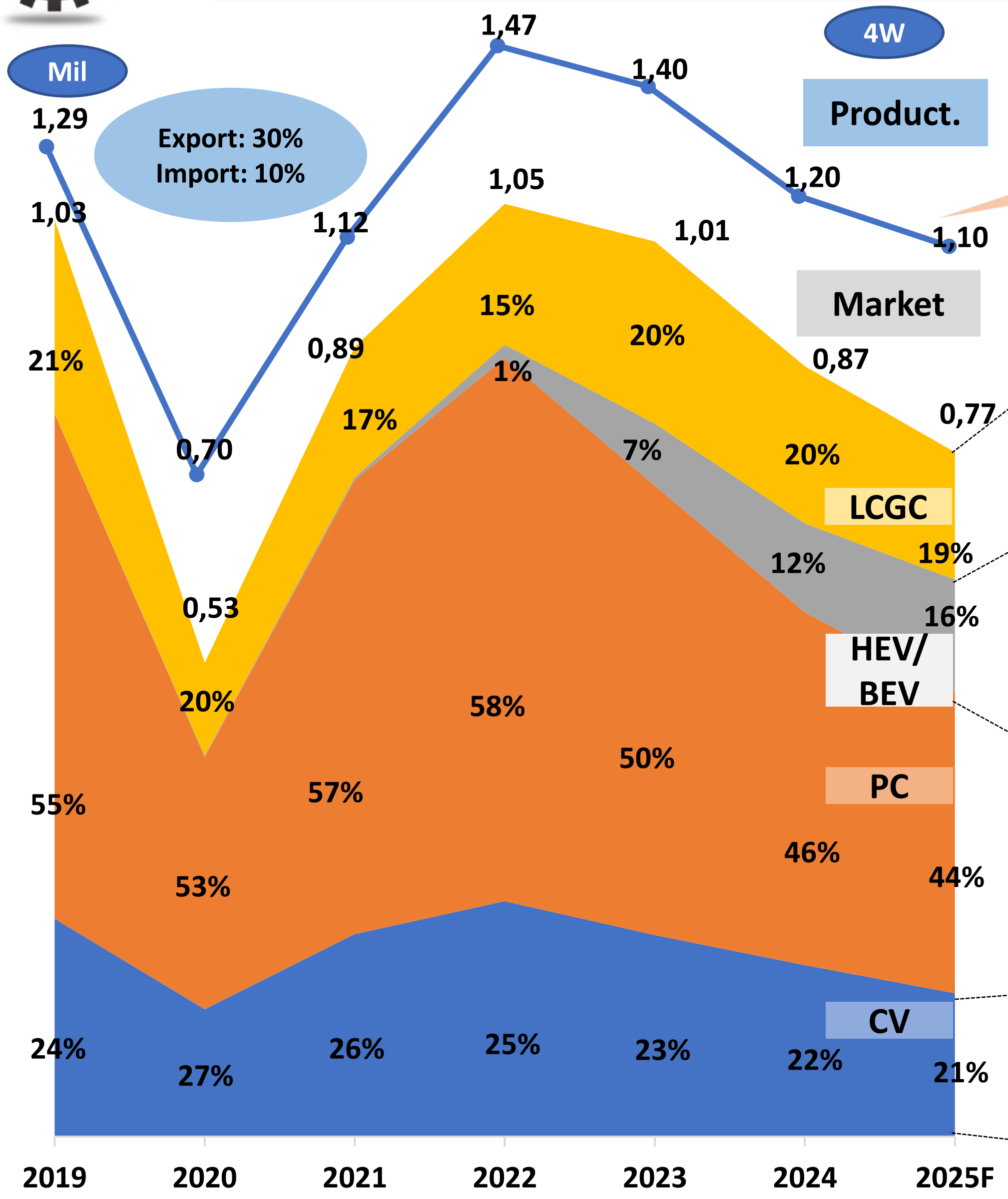
2021

Tax Incentive start for Low Emission Vehicle (CO_2)

2013

85 item parts localized

Auto Part/Component True Localization Development Initiative



4 years consecutive decline:
- Difficulties for supplier to move forward (>1500 Co)
- Less attractive for investor

NEED COUNTER MEASURE

		PPnBM-CO2	Local Content/TKDN	Future Program
LCEV Program (2021-2031)	LCGC	3%	• Additional 36 item Fr 85 item (2013 ~2021) • Average >60%	(Vehicle Price refer to local content %) **1st Phase** • Horizontal Localization + Advance part/high value added part **2nd Phase** • Vertical localization (Develop T2, T3, T.. Supply Chain)
	HEV/PHEV	SC1: (6 ~ 12)%/5% SC2: (10 ~14)%/8%	• Main Component: ***Battery, PCU & Electric Motor*** • Min 60 item • Average <40%	
	BEV	0%	• BEV TKDN min 80%: ***Battery, PCU & Electric Motor*** • Mostly CBU import	Short Term
Non Program	PC	15% ~ 95%	Average <60% (Since 1975)	**PPnBM-DTP Local Content >60% & PPN-DTP for Commercial Vehicle Local content >50%**
	CV	0%	Average <50% (Since 1975)	

1. Incentive for Investment

2. Incentive for demand

Summary

IDN market 4 years consecutively decline, impacted to >1.500 Auto Supply chain & investor confidence. Temporary quick counter measure very important to stimulate market demand, by PPnBM/PPN-DTP with “true local content >60%” (history covid-19 recovery).

To accelerate Connected, Autonomous, Share & Electrification part/component technology to be invest in IDN, government need to rearrange Income Corporate Tax (Tax Holiday for automotive) strategy to compete with neighbouring country.

Considering to economy, employment & auto de-industrialization impact, Government should have the target in the period LCEV program (~2031) IDN true local content have to meet 80% from current 55%. IDN auto part maker 100% ready to support those target local content/TKDN as long meet with Quality, Cost, Delivery & Management (QCDM).

Post LCEV policy the Auto policy should strongly connected with “True Local content %” to Vehicle, means “*Vehicle price depend on local content %*”.

Thank You

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