

Vol. 04



DISCOVERING THE POTENTIAL OF

Indonesia



INDONESIA COUNTRY GUIDE

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Indonesia: A Thriving Hub for Business and Culture



Welcome to Indonesia, the largest economy in Southeast Asia and one of the world's most dynamic markets. With a young workforce, a rising middle class, and a rapidly expanding digital economy, Indonesia offers vast opportunities for businesses and investors.

Strategically positioned along major global trade routes, Indonesia serves as a gateway between Asia, the Middle East, and the Pacific. Its diverse economy spans manufacturing, technology, e-commerce, and renewable energy, making it a prime destination for growth and investment.

This Indonesia Country Guide provides essential insights into business regulations, cultural practices, emerging industries, and government incentives to help businesses establish and expand successfully in Indonesia's evolving market.

Table of Contents

About Indonesia	04	Cultural Tips	31
Geography & Climate	05	Professional Culture Insights	32
Currency	08	Social & Cultural Norms	35
Population	09		
Infrastructure	10	Opportunities	38
Regional Opportunities	12	High-Growth Industries & Sectors	39
		Government Initiatives & Incentives	42
Why Indonesia?	14	Emerging Trends & Business-Friendly Regions	44
Economic Indicators & Outlook	15		
Strategic Advantages	16	Resources	48
Major Industries Driving Growth	19	Official Government Websites & Investment Agencies	49
		Industry Associations & Chambers of Commerce	50
Legal Essentials	21	EOS's Service Offerings in Indonesia	51
Business Registration Process & Requirements	22		
Taxation Overview	23	Expert Tips	52
Labor Laws	24	Overcoming Common Challenges	53
Visas for Foreign Nationals	25	Avoiding Potential Cultural Misunderstanding	54
Intellectual Property Protection	27	Additional Tips	55
Dispute Resolution Mechanisms	29		
Foreign Direct Investment Regulations	30		



About Indonesia



Geography & Climate

Location

Strategically positioned between the Indian and Pacific Oceans, Indonesia is the largest archipelagic nation in the world, serving as a key maritime hub for global trade. Situated in Southeast Asia, Indonesia shares land borders with Malaysia, Papua New Guinea, and Timor-Leste, while its vast coastline provides direct access to major markets like China, India, and Australia. Its location along crucial international shipping lanes, including the Strait of Malacca, enhances its role as a strategic economic and logistics gateway for the Asia-Pacific region.

Major Islands

Indonesia consists of over 17,000 islands, with approximately 6,000 inhabited. The key islands driving economic and business activities include:

- **Java:** The economic and political centre of Indonesia, home to Jakarta, the nation's capital. Java hosts Indonesia's major financial institutions, industrial zones, and consumer markets.
- **Sumatra:** A resource-rich island known for its agriculture, palm oil, rubber, and mining industries. Medan and Palembang serve as key trade and logistics hubs.
- **Borneo (Kalimantan):** Shared with Malaysia and Brunei, Kalimantan is a major centre for coal mining, forestry, and sustainable development projects. The planned new capital, Nusantara, will be located here, driving future investments.
- **Sulawesi:** A growing industrial and agricultural hub, known for its nickel mining, fisheries, and emerging tourism sector.
- **New Guinea (Papua and West Papua):** Rich in natural resources, Papua contributes to Indonesia's mining and energy sector, particularly gold and copper.
- **Bali & Nusa Tenggara:** A global tourism hotspot, Bali attracts millions of visitors annually, while Nusa Tenggara is emerging in eco-tourism and agribusiness.

Geography & Climate

Major Cities

Indonesia's key cities serve as economic powerhouses, each specialising in different industries:

- **Jakarta:** The capital and Indonesia's financial centre, home to multinational corporations, government institutions, and a rapidly growing startup ecosystem.
- **Surabaya:** The second-largest city, an industrial and trading hub with strong port connectivity for international trade.
- **Bandung:** A leading city for technology, education, and creative industries, known as Indonesia's innovation hub.
- **Medan:** A key commercial city in Sumatra, specialising in palm oil, rubber, and trade with Southeast Asian neighbours.
- **Semarang:** A strategic manufacturing and logistics hub in Central Java, benefiting from industrial parks and infrastructure investments.
- **Makassar:** A major gateway to Eastern Indonesia, with a strong presence in shipping, fishing, and trade.
- **Denpasar (Bali):** The economic heart of Bali, primarily driven by tourism, hospitality, and cultural industries.



Geography & Climate

Terrain & Climate

Indonesia's landscape is highly diverse, ranging from coastal plains and fertile agricultural land to dense rainforests and volcanic mountains.

- **Volcanic Terrain:** Indonesia is home to over 130 active volcanoes, part of the Pacific "Ring of Fire," contributing to fertile soils for agriculture but also posing risks for natural disasters.
- **Rainforests & Biodiversity:** The country has one of the world's largest tropical rainforest areas, supporting key industries such as forestry, agriculture, and eco-tourism.
- **Coastal and Marine Resources:** With 81,000 km of coastline, Indonesia has vast opportunities in fisheries, maritime industries, and offshore energy projects.

Indonesia experiences a tropical climate, with consistently warm temperatures and high humidity throughout the year.

- **Wet Season (November–April):** Characterised by heavy rainfall, high humidity, and monsoonal winds, which impact agriculture, logistics, and urban infrastructure.
- **Dry Season (May–October):** Brings lower humidity and less rainfall, ideal for tourism, construction, and certain agricultural activities.

Natural Disaster Preparedness

Indonesia is prone to natural disasters, which can impact business operations:

- **Earthquakes & Tsunamis:** Due to its position on tectonic fault lines, Indonesia regularly experiences seismic activity.
- **Volcanic Eruptions:** Some active volcanoes, such as Mount Merapi and Mount Sinabung, can disrupt travel and agriculture.
- **Flooding & Landslides:** Heavy rainfall and deforestation contribute to seasonal flooding, especially in urban areas.

Despite these risks, Indonesia has made significant investments in disaster mitigation, including early warning systems, infrastructure resilience programs, and government-backed insurance schemes to support businesses in high-risk areas.

Currency

Indonesian Rupiah (Rp / IDR)

The rupiah (IDR) is Indonesia's official currency, symbolised by Rp and regulated by Bank Indonesia. It is primarily used for domestic transactions, with international trade often conducted in U.S. dollars (USD), Chinese yuan (CNY), or other major currencies.

Denominations

- **Banknotes:** Rp1,000, Rp2,000, Rp5,000, Rp10,000, Rp20,000, Rp50,000, Rp100,000.
- **Coins:** Rp50, Rp100, Rp200, Rp500, Rp1,000.

Key Features for Businesses

- **Exchange Rate & Stability:** The rupiah is subject to fluctuations, especially during global economic shifts. Bank Indonesia actively manages its stability, with recent exchange rates around Rp16,000 per USD. Businesses dealing with international trade often hedge currency risks.
- **Foreign Exchange & Conversion:** The rupiah is not freely convertible outside Indonesia, requiring exchange within the country. Foreign exchange regulations apply to large transactions to ensure financial stability.
- **Cash vs. Digital Transactions:** Cash remains widely used, especially in rural areas, while digital payments are growing rapidly in urban centres. Popular e-wallets include GoPay, OVO, DANA, and ShopeePay, and QRIS (Quick Response Code Indonesian Standard) supports nationwide cashless payments.
- **Future Trends:** Indonesia is developing a Central Bank Digital Currency (CBDC), the Digital Rupiah, to enhance financial inclusion and streamline digital transactions. The fintech ecosystem continues to expand, shaping the country's evolving payment landscape.



Population

Size and Demographics

- **Growing Population:** As of 2025, Indonesia's population is approximately 285.7 million, making it the fourth most populous country in the world. Unlike ageing economies, Indonesia maintains a steady annual growth rate of 0.79%, ensuring a strong and expanding workforce.
- **Youthful Demographic:** Over 40% of the population is under 25, providing businesses with a large talent pool and a growing consumer market. The median age is around 30 years, significantly younger than in many developed economies.
- **Diverse Ethnic Composition:** Indonesia is home to more than 1,300 ethnic groups, with the Javanese (40%) and Sundanese (15%) being the largest. This diversity influences regional consumer preferences and business strategies.

Urbanisation

- **Rapid Urban Growth:** Approximately 57% of Indonesians live in urban areas, with Jakarta, Surabaya, Bandung, Medan, and Semarang being the largest metropolitan hubs. By 2045, urbanisation is expected to reach 70%, driving demand for infrastructure, real estate, and digital services.
- **Business Opportunities in Urban Centres:** As cities expand, there is a rising demand for smart city development, digital banking, e-commerce, and transportation solutions, making urban areas the focal point for business expansion.

Workforce

- **Large & Cost-Competitive Workforce:** With over 135 million workers, Indonesia has one of the world's largest labour forces. Competitive wages make it a prime location for labour-intensive industries like manufacturing, retail, and services.
- **Developing a Skilled Labour Market:** While education and vocational training are expanding, skill gaps remain in high-tech, engineering, finance, and healthcare. Government workforce programs and global partnerships aim to enhance digital and technical skills, ensuring a future-ready workforce.
- **Foreign Workforce & Migration Trends:** Strict foreign labour regulations limit work permits to high-skilled professionals in finance, technology, and manufacturing. However, with digital transformation accelerating, opportunities are increasing for expatriates and remote workers, particularly in fintech, IT, and e-commerce.

Infrastructure

Transportation

- **Railways:** Indonesia's 7,000-kilometre railway network primarily serves Java and Sumatra, with key projects like the Jakarta-Bandung High-Speed Rail (Whoosh) and expanding MRT/LRT systems improving urban mobility and intercity travel.
- **Airports:** With over 600 airports, including major hubs like Soekarno-Hatta (Jakarta), Ngurah Rai (Bali), and Juanda (Surabaya), Indonesia continues modernising regional airports to enhance domestic and global connectivity.
- **Ports & Maritime Transport:** As an archipelagic nation, Indonesia depends on key ports such as Tanjung Priok (Jakarta), Tanjung Perak (Surabaya), and Belawan (Medan) to drive trade. Ongoing port expansions aim to boost logistics efficiency and cargo capacity.

Digital Infrastructure

- **Telecommunications:** Indonesia's digital economy is rapidly expanding, driven by 4G and 5G network growth and initiatives like the Palapa Ring Project, which improves internet access in remote areas. The rise of fintech solutions, mobile banking, and e-wallets is enhancing financial inclusion and reshaping the financial sector.
- **E-Government:** Public services are undergoing digital transformation to streamline administrative processes and improve accessibility for businesses and citizens. Cybersecurity investments and digital literacy programs are key to strengthening Indonesia's digital infrastructure.



Infrastructure

Energy

- **Energy Mix:** Fossil fuels remain the dominant energy source, with coal and natural gas powering much of Indonesia's economy. However, biofuels and alternative energy sources are being promoted to reduce dependence on non-renewable energy.
- **Renewable Investments:** Targeting net-zero emissions by 2060, Indonesia is expanding solar, wind, hydropower, and geothermal projects. Public-private partnerships and foreign investments are key to accelerating the shift toward sustainable energy.

New Capital Development

The relocation of Indonesia's capital to Nusantara (East Kalimantan) aims to ease Jakarta's congestion and foster regional growth. Planned as a sustainable smart city, it will feature green energy, efficient transport, and modern infrastructure, creating investment opportunities in construction, real estate, and urban development.



Quick Insights: Indonesia supplies 61% of the world's refined nickel, crucial for EV batteries and the global energy transition.

Regional Opportunities

Sumatra

- **Agriculture & Plantations:** A major producer of palm oil, rubber, and coffee, Sumatra is home to key agribusiness and export-orientated industries.
- **Energy & Natural Resources:** Rich in coal, oil, and gas, the region supports energy investments and mining operations.
- **Infrastructure & Logistics:** The proximity to Singapore and Malaysia makes it a strategic location for trade and logistics hubs, particularly in Medan and Palembang.
- **Tourism & Ecotourism:** Sumatra's tourism sector is expanding, with Lake Toba being developed as a priority tourism destination and Bukittinggi gaining popularity for its natural landscapes and cultural heritage.

Java (Jakarta, West Java, Central Java, East Java, Banten)

- **Financial & Business Hub:** Jakarta is Indonesia's economic powerhouse, home to multinational corporations, banks, and government institutions.
- **Manufacturing & Industrial Zones:** Bekasi, Karawang, and Surabaya serve as major manufacturing and logistics hubs, supporting industries like automotive, textiles, and consumer goods.
- **Technology & Startups:** As Indonesia's digital economy leader, Jakarta fosters innovation in fintech, e-commerce, and software development.

Kalimantan (Borneo)

- **New Capital Development (Nusantara):** The relocation of Indonesia's capital to Nusantara (East Kalimantan) is driving investments in construction, infrastructure, and real estate.
- **Mining & Natural Resources:** Kalimantan is rich in coal, gold, and palm oil, attracting large-scale extraction and processing operations.
- **Sustainable Development:** The government is promoting green energy projects, including hydropower and forestry conservation initiatives.

Regional Opportunities

Sulawesi

- **Nickel & Mining Industry:** The region is a global leader in nickel production, essential for EV batteries and stainless steel manufacturing.
- **Fisheries & Marine Industries:** With abundant seafood exports, Sulawesi is a key player in aquaculture and fish processing.
- **Tourism & Ecotourism:** The pristine marine biodiversity of Bunaken National Park and Wakatobi makes it a prime location for diving tourism.

Bali & Nusa Tenggara

- **Tourism & Hospitality:** Bali remains Indonesia's top tourist destination, attracting luxury resorts, wellness retreats, and digital nomads.
- **Agribusiness & Speciality Products:** The region is known for organic farming, coffee production, and artisanal goods.
- **Renewable Energy:** Nusa Tenggara is investing in solar and wind energy projects to support sustainable development.

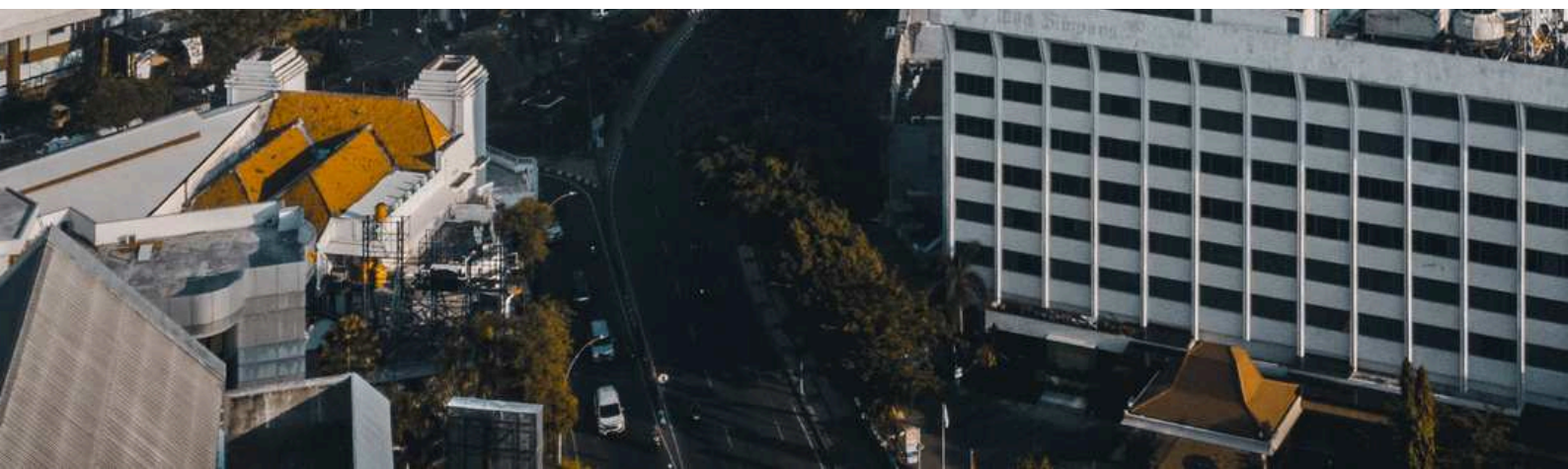
Maluku & Papua

- **Mining & Resource Extraction:** Papua is rich in gold, copper, and natural gas, making it an attractive region for energy and mining investments.
- **Fisheries & Maritime Potential:** With vast marine resources, Maluku is a key player in fisheries exports and sustainable aquaculture.
- **Infrastructure & Development Challenges:** While these regions have significant economic potential, limited infrastructure, connectivity, and investment hurdles remain challenges for growth. Government initiatives are ongoing to improve roads, ports, and telecommunications to unlock further economic opportunities.





Why Indonesia?



Economic Indicators & Outlook

Gross Domestic Product (GDP) Growth Rate

Indonesia's economy expanded by 5.03% in 2024, maintaining a consistent growth trajectory. For 2025, GDP growth is projected at 5.2%, supported by domestic consumption, infrastructure investments, and manufacturing expansion. However, global economic uncertainties and commodity price fluctuations may pose challenges.

Inflation Rate

As of December 2024, Indonesia's inflation rate stood at 1.57%, well within Bank Indonesia's target range of 1.5%–3.5%. This stable inflation environment supports business planning and investment.

Unemployment Rate

The unemployment rate declined to 4.9% in 2024, reflecting improvements in the labour market. However, real wage growth remains sluggish, particularly in informal sectors, indicating ongoing challenges in income distribution.

Trade Balance & Foreign Exchange Reserves

Indonesia recorded a trade surplus of \$3.45 billion in January 2025, driven by strong exports in commodities such as nickel and palm oil, while import demand remained relatively stable. The country's foreign exchange reserves increased to \$156.1 billion in January 2025, up from \$155.7 billion in December 2024. This growth was supported by global bond issuance and tax revenues, reinforcing macroeconomic stability and external resilience. The stable trade surplus and growing reserves provide Indonesia with a strong financial buffer against external economic shocks, ensuring continued investor confidence in the country's economic outlook.

Ease of Doing Business & Investment Climate

Indonesia continues to attract foreign investment, particularly in mining, manufacturing, and technology. Government efforts to streamline regulations, enhance tax incentives, and improve digital infrastructure are ongoing. However, bureaucratic inefficiencies and regulatory inconsistencies remain challenges for foreign investors.

Economic Indicators & Outlook

Foreign Direct Investment (FDI) Statistics

FDI inflows are concentrated in mineral processing, renewable energy, and infrastructure projects, reflecting Indonesia's industrialisation efforts. The government is also prioritising high-value sectors like electric vehicles, the digital economy, and financial services to diversify investment sources.

Economic Outlook Summary

Indonesia's economy remains on a solid growth trajectory, supported by domestic demand, investment inflows, and policy stability. While challenges such as a shrinking middle class, skill shortages, and external risks persist, the country's young workforce, natural resources, and growing digital economy position it as a key player in Southeast Asia's economic landscape. Businesses looking to expand in Indonesia can leverage opportunities in manufacturing, digital services, and infrastructure development.

Strategic Advantages

Economic Stability

Indonesia remains one of Southeast Asia's most dynamic economies, consistently achieving GDP growth of around 5% annually. The country's economic resilience is supported by:

- **A Large Domestic Market:** With a population of over 285 million, Indonesia has a strong consumer base driving demand across multiple industries.
- **Diversified Economic Sectors:** Key industries include manufacturing, agriculture, services, and digital technology, reducing dependence on any single sector.
- **Government Policies & Reforms:** Initiatives such as the Omnibus Law and Special Economic Zones (SEZs) aim to simplify regulations, enhance ease of doing business, and attract foreign investment.
- **Growing Middle Class:** As urbanisation continues, the rise in disposable income is boosting demand in retail, financial services, and tourism.

Strategic Advantages

Strategic Location & Regional Trade Hub

- **Gateway to Global Markets:** Indonesia sits between the Indian and Pacific Oceans, controlling access to major shipping routes, including the Strait of Malacca, one of the world's busiest maritime trade corridors.
- **Expanding Logistics & Transport Infrastructure:** Key ports like Tanjung Priok (Jakarta), Patimban (West Java), and Makassar New Port (Sulawesi) are undergoing expansion to enhance Indonesia's role as a regional logistics hub.
- **Regional Trade Agreements:** Indonesia benefits from RCEP (Regional Comprehensive Economic Partnership) and ASEAN Economic Community (AEC) membership, strengthening its trade ties with major economies like China, Japan, South Korea, and Australia.

Trade & Investment Climate

- **Growing Foreign Investment:** Indonesia continues to attract FDI in sectors like manufacturing, digital technology, and renewable energy, with policies aimed at improving ease of doing business.
- **Government Incentives:** The government offers tax holidays, import duty reductions, and investment-friendly regulations, particularly in Special Economic Zones (SEZs) to attract international businesses.
- **Diversification Beyond Commodities:** While traditional exports like coal and palm oil remain significant, Indonesia is shifting towards higher-value industries like EV production, digital services, and advanced manufacturing.



Strategic Advantages

Innovation & Technology Development

- **Rapid Digital Transformation:** Indonesia has a booming startup ecosystem, with unicorns like Gojek, Tokopedia, and Bukalapak driving digital innovation.
- **Advancing 5G & Digital Infrastructure:** Investments in fiber-optic networks, 5G technology, and e-government services are accelerating Indonesia's transition to a digitally connected economy.
- **Focus on Sustainable Energy & Green Tech:** With government commitments to reduce carbon emissions, Indonesia is investing in solar, wind, and hydropower projects, alongside geothermal energy, where it holds one of the largest potentials in the world.

Supply Chain & Manufacturing Competitiveness

- **Nickel & EV Supply Chains:** Indonesia's policy requiring domestic nickel processing has attracted major global manufacturers in battery and EV production, positioning the country as a key player in the green energy transition.
- **Industrial Parks & SEZs:** Locations such as Batam, Kendal, and Morowali offer streamlined regulations and tax incentives for businesses setting up manufacturing and logistics operations.
- **Reshoring & Nearshoring Trends:** Amid global supply chain disruptions, businesses are increasingly looking to Indonesia as an alternative to China for low-cost, high-volume production.

Indonesia's strategic location, economic diversification, and investment-friendly policies make it an attractive destination for businesses looking to expand in Southeast Asia. While bureaucracy and infrastructure gaps remain challenges, ongoing economic reforms, digital advancements, and supply chain investments reinforce Indonesia's long-term potential as a global business hub.

Major Industries Driving Growth

Manufacturing

Manufacturing is a key pillar of Indonesia's economy, contributing significantly to GDP and employment. The country is a major automotive production hub in Southeast Asia, with global brands such as Toyota, Honda, and Hyundai investing in local assembly plants. Electronics and consumer goods manufacturing are also expanding, benefiting from special economic zones (SEZs) and government incentives. Indonesia's growing industrial parks and infrastructure development further support its ambition to strengthen its role in the global supply chain.

Mining & Energy

Indonesia is the world's largest producer of nickel, a critical mineral for electric vehicle (EV) batteries and renewable energy storage. Government policies requiring domestic nickel processing have attracted major investments in battery manufacturing and EV supply chains. Beyond mining, Indonesia is investing in renewable energy, with solar, wind, hydro, and geothermal projects expanding to reduce reliance on fossil fuels. The B40 biodiesel program, which increases the percentage of palm oil-based biofuel, is also a key initiative in Indonesia's energy transition strategy.

Technology & Digital Economy

Indonesia is experiencing a rapid digital transformation, with a booming e-commerce, fintech, and tech startup ecosystem. Home to unicorns like Gojek, Tokopedia, and Bukalapak, Indonesia's digital economy is projected to exceed \$100 billion by 2030. The government's focus on 5G infrastructure, cloud computing, and AI adoption is driving further innovation, making the country a regional leader in tech-driven economic growth.



Major Industries Driving Growth

Agriculture & Agribusiness

Agriculture remains a vital sector, with Indonesia being a top global exporter of palm oil, rubber, and coffee. The government is promoting sustainable farming practices and investing in agri-tech solutions to enhance productivity. Fisheries and marine-based industries are also expanding, with Indonesia ranking among the world's largest seafood exporters. While agriculture's contribution to GDP has declined over the years, it remains a crucial sector for rural employment and international trade.

Tourism & Hospitality

Tourism is a key driver of Indonesia's service sector, with destinations like Bali, Jakarta, Yogyakarta, and Lake Toba attracting millions of visitors annually. The government is promoting "10 New Balis," a strategy to diversify tourism beyond Bali and enhance infrastructure in Lombok, Labuan Bajo, and other emerging tourist hubs. Investments in ecotourism, digital platforms, and hospitality development are ensuring long-term growth in the travel and leisure sector.

Financial Services & Fintech

Indonesia's financial sector is evolving, with strong growth in digital banking, insurance, and fintech solutions. The rise of mobile banking and digital payment platforms has expanded financial inclusion, particularly for the unbanked population in rural areas. With increasing government support for fintech regulations, Indonesia is becoming one of the fastest-growing digital finance markets in Southeast Asia.



Quick insights: Indonesia aims to become a global halal hub, boosting exports in food, cosmetics, and pharmaceuticals.



Legal Essentials



Business Registration Process and Requirements

Setting up a business in Indonesia requires selecting the appropriate structure and following the necessary registration steps to ensure compliance with local regulations.

Business Structures

- **Limited Liability Company (PT PMA):** The most common structure for foreign investors, allowing full or partial foreign ownership. PT PMAs require a minimum capital investment, which varies by industry.
- **Local Limited Liability Company (PT):** Designed for Indonesian-owned businesses, this structure is not available to foreign investors unless a local nominee is used.
- **Representative Office (KPPA):** Suitable for market research and liaison activities, but it cannot generate revenue or engage in commercial operations.
- **Branch Office:** Generally not available for most industries, as Indonesia requires foreign businesses to establish a PT PMA instead.

Key Registration Steps

1. **Choose a Business Structure & Register the Company Name** – Select the appropriate entity type and reserve a name with the Ministry of Law and Human Rights.
2. **Prepare Legal Documents & Obtain Entity Approval** – Draft the Deed of Establishment, including the Articles of Association, notarise it, and secure approval from the Ministry of Law and Human Rights.
3. **Register for Tax & Business Identification** – Obtain a Taxpayer Identification Number (NPWP) from the tax office and a Business Identification Number (NIB) via the OSS system, which serves as the official company registration.
4. **Obtain Industry-Specific Licenses** – Secure any required operational permits based on the business sector.
5. **Open a Corporate Bank Account** – Set up a company bank account for financial transactions and capital deposits.

Note: Requirements and steps may vary depending on the business type and industry. Working with local experts or Eos Global Expansion can ensure compliance and streamline the process.

Taxation Overview

Indonesia's tax system includes various taxes that businesses and individuals must comply with:

Corporate Income Tax (CIT)

- **Standard Rate:** 22% on taxable income for most companies.
- **Reduced Rate:** Public companies that meet certain criteria, such as listing at least 40% of shares on the stock exchange, may qualify for a 3% reduction, bringing the effective rate to 19%.

Value-Added Tax (VAT)

- **Standard Rate:** Increased from 11% to 12% as of January 2025.
- **Exemptions:** Certain essential goods and services, including healthcare, education, and financial services, are VAT-exempt.

Personal Income Tax (PIT)

- **Residents:** Progressive rates ranging from 5% to 35%, depending on annual income.
- **Non-Residents:** Subject to a flat rate of 20% on income earned in Indonesia.

Branch Profit Tax (BPT)

- Foreign company branches operating in Indonesia are subject to a 20% tax on after-tax profits, unless a lower rate applies under a tax treaty.

Tax Incentives

Indonesia offers tax incentives to attract foreign investment and promote economic growth, including:

- **Tax Holidays:** Corporate income tax exemptions for 5 to 20 years, depending on the investment amount and industry.
- **Investment Allowances:** Eligible businesses in priority sectors can receive a 30% deduction on taxable income over six years, applied to investments in fixed tangible assets used for production.

Global Minimum Tax Implementation

- Starting January 2025, Indonesia is implementing a 15% global minimum corporate tax rate for multinational enterprises with annual revenues exceeding EUR 750 million, aligning with international tax standards.

Labour Laws

Indonesia's labour laws establish employment standards, worker protections, and employer obligations, ensuring a balanced and regulated workforce environment.

Working Hours & Overtime

- Standard working hours are 40 hours per week, structured as either:
 - 7 hours per day, 6 days a week, or
 - 8 hours per day, 5 days a week.
- Overtime is capped at 4 hours per day and 18 hours per week, with employers required to pay overtime wages according to government-set rates.

Minimum Wage

- Minimum wages are determined at the provincial and regency/city levels, with annual adjustments based on economic conditions and cost of living.
- As of January 2025, Indonesia implemented a 6.5% increase in minimum wages, reflecting inflation trends and economic growth.

Employment Contracts

- Employment agreements can be:
 - **Permanent (Indefinite-Term Contracts)** – No set expiration date, providing long-term job security.
 - **Fixed-Term Contracts (Temporary Employment)** – Limited in duration and must be in writing.
- Written contracts are mandatory for fixed-term employment and should specify job responsibilities, salary, working conditions, and termination clauses.

Termination & Severance Pay

- Termination must follow legal procedures, including valid grounds, notice periods, and documentation. Severance pay varies based on tenure and termination type, with different formulas for mutual separation, downsizing, or misconduct.

Social Security & Benefits

Employers must enrol employees in Indonesia's national social security programs, covering:

- **Health Insurance (BPJS Kesehatan)** – Providing universal healthcare coverage.
- **Employment Social Security (BPJS Ketenagakerjaan)** – Covering workplace accidents, old-age benefits, pensions, and life insurance.

Visas for Foreign Nationals

Indonesia offers various visa options for foreign nationals based on their purpose of stay, ranging from short-term visits to long-term residence permits.

Work Visas

Issued to foreign nationals employed by Indonesian companies, work visas require employer sponsorship and compliance with work permit regulations.

- **Temporary Stay Visa (VITAS):** An entry visa granted to foreign nationals coming to Indonesia for work purposes. Once in Indonesia, the VITAS is converted into a Limited Stay Permit (KITAS), which authorises the individual to legally reside and work in the country.
- **Work KITAS:** A type of KITAS specifically for employment, issued after the VITAS conversion. Valid for 6 months to 2 years, depending on the contract duration and industry.
- **Investor KITAS:** Designed for foreign investors and company shareholders, allowing them to stay in Indonesia to manage businesses without needing a separate work permit.

Business Visas

Designed for individuals entering Indonesia for business activities such as meetings, conferences, and market research, but not for employment.

- **Single-Entry Business Visa (B211A):** Valid for 60 days, extendable up to 180 days.
- **Multiple-Entry Business Visa:** Allows multiple visits over 12 months, with a maximum stay of 60 days per visit.



Visas for Foreign Nationals

Visa on Arrival (VoA)

- **Eligibility:** Available to nationals of eligible countries for tourism and limited business-related visits (e.g., attending meetings).
- **Duration:** 30 days, extendable once for an additional 30 days.
- **Limitations:** The VoA does not permit employment or paid work.

E-Visa

Indonesia provides an electronic visa (e-Visa) system for travellers who wish to apply remotely.

- Available for business, social visits, and tourism.
- Applications are processed through the Indonesia Immigration online portal, offering a more streamlined entry process.

Limited Stay Permit (KITAS)

For foreign nationals who require long-term residence in Indonesia.

- **Types include:**
 - Work KITAS (for foreign employees).
 - Investor KITAS (for business owners and shareholders).
 - Spouse KITAS (for foreign nationals married to Indonesians).
 - Student KITAS (for study purposes).
- Typically valid for 6 months to 2 years, with renewal options.

Permanent Stay Permit (KITAP)

- **Eligibility:** Foreign nationals who have held a KITAS for at least 4 consecutive years under specific conditions, such as:
 - Marriage to an Indonesian citizen (spousal KITAP).
 - Foreign investors who have met long-term investment criteria.
 - Retirement purposes (for eligible retirees meeting financial requirements).
- **Duration:** Valid for 5 years, renewable.

Intellectual Property (IP) Protection

Protecting intellectual property is crucial for businesses operating in Indonesia, ensuring legal recognition and exclusive rights over innovations, branding, and creative works.

Recognised Types of IP

Indonesia recognises several forms of intellectual property, including:

- **Patents:** Grants exclusive rights to inventions, typically valid for 20 years for standard patents and 10 years for simple patents (utility models).
- **Trademarks:** Protects distinctive logos, brand names, and symbols for 10 years, renewable indefinitely.
- **Copyrights:** Covers literary, artistic, and musical works, with protection lasting the creator's lifetime plus 70 years.
- **Industrial Designs:** Safeguards product appearance and design features for 10 years from registration.
- **Geographical Indications:** Ensures products associated with specific regions maintain their unique quality and characteristics.
- **Trade Secrets:** Protects confidential business information, provided it remains undisclosed.

Registration Process

Businesses and individuals must register patents, trademarks, and industrial designs with Indonesia's Directorate General of Intellectual Property (DGIP) to secure legal protection. Copyright protection, however, is automatic upon creation, though voluntary registration is recommended for proof of ownership.

Enforcement Mechanisms

Indonesia provides multiple avenues to address IP infringements:

- **Administrative actions:** Complaints can be filed with DGIP for mediation and dispute resolution.
- **Civil litigation:** IP owners can seek injunctions, damages, and asset seizures through the courts.
- **Criminal prosecution:** Severe violations, such as counterfeiting and piracy, can result in fines and imprisonment.

Intellectual Property (IP) Protection

Global Standards & Treaties

Indonesia's participation in international treaties strengthens IP protection for foreign businesses:

- Berne Convention (Copyright protection).
- Paris Convention (industrial property rights).
- Madrid Protocol (International trademark registration).
- Patent Cooperation Treaty (PCT) (Global patent applications).

Sector-Specific Considerations

- **Technology & Innovation:** As Indonesia's digital economy expands, protecting software, AI, and high-tech products is increasingly important. Businesses should implement robust internal safeguards alongside formal registrations.
- **Consumer Goods:** Trademark registration is critical for companies in fast-moving consumer goods (FMCG) to protect brand identity in Indonesia's competitive market.
- **Pharmaceuticals & Healthcare:** Patent protection for medical devices and pharmaceuticals is vital, particularly as Indonesia's healthcare sector continues to grow.



Dispute Resolution Mechanisms

Businesses in Indonesia have access to multiple mechanisms for resolving disputes, ranging from formal litigation to alternative dispute resolution (ADR) methods.

Litigation

Formal court proceedings in Indonesia are governed by the Civil Procedure Code, offering enforceable resolutions through the judicial system. While litigation provides legal certainty, it can be time-consuming, costly, and less flexible for commercial disputes.

- District Courts handle civil and commercial disputes at the first-instance level.
- High courts serve as appellate courts reviewing lower court decisions.
- The Supreme Court is the final authority on legal interpretations and case reviews.

Arbitration

A private and binding alternative to court litigation, arbitration is governed by Law No. 30 of 1999 on Arbitration and Alternative Dispute Resolution.

- The Indonesian National Board of Arbitration (BANI) is the most recognised arbitration institution for commercial disputes.
- Arbitral awards are legally binding and enforceable under Indonesian law, with Indonesia being a signatory to the 1958 New York Convention on arbitration enforcement.

Mediation

Mediation provides a confidential and amicable forum for resolving disputes, allowing parties to reach mutually agreeable solutions without formal litigation.

- Mediation is encouraged by Indonesian courts, particularly in commercial and labour disputes, before proceeding with full litigation.
- It is often preferred for its cost-effectiveness and ability to preserve business relationships.

Alternative Dispute Resolution (ADR)

Beyond arbitration and mediation, Indonesia recognises conciliation and negotiation as additional ADR methods. These mechanisms offer businesses more flexible and expedited resolutions without the constraints of formal legal proceedings.

Foreign Direct Investment (FDI) Regulations

Indonesia regulates FDI to attract global investors while maintaining control over key industries. The Positive Investment List (Presidential Regulation No. 10 of 2021) specifies sectors that are open, restricted, or require local partnerships.

Foreign Ownership Rules

- 100% Foreign Ownership Allowed: Manufacturing, e-commerce, renewable energy, and digital services.
- Partial Foreign Ownership: Telecommunications, healthcare, and transportation require local partnerships or joint ventures.
- Restricted Sectors: Media, gambling, and certain agricultural businesses are closed to foreign investment.

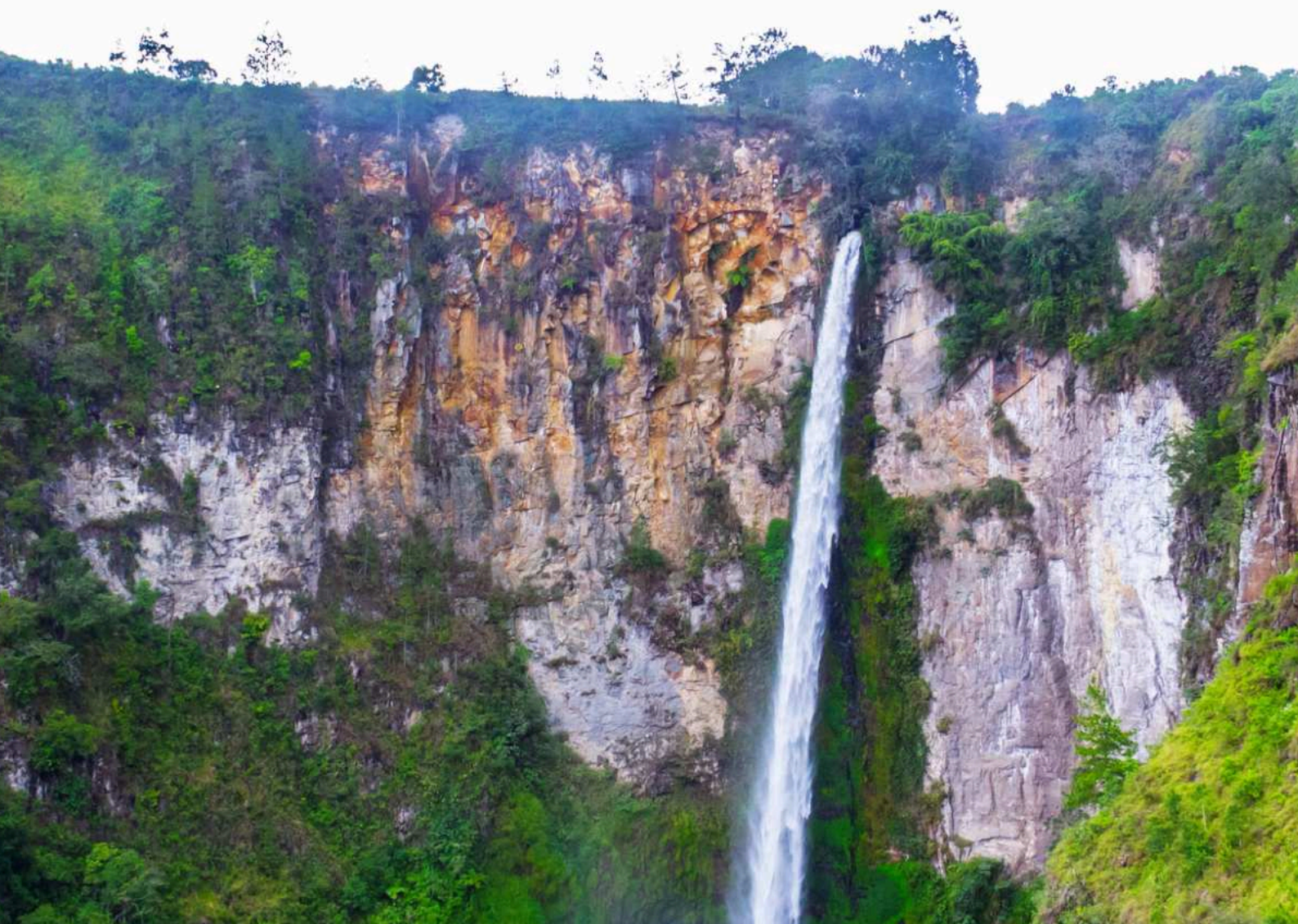
Minimum Capital Requirements

Foreign-owned companies (PT PMA) must meet these thresholds:

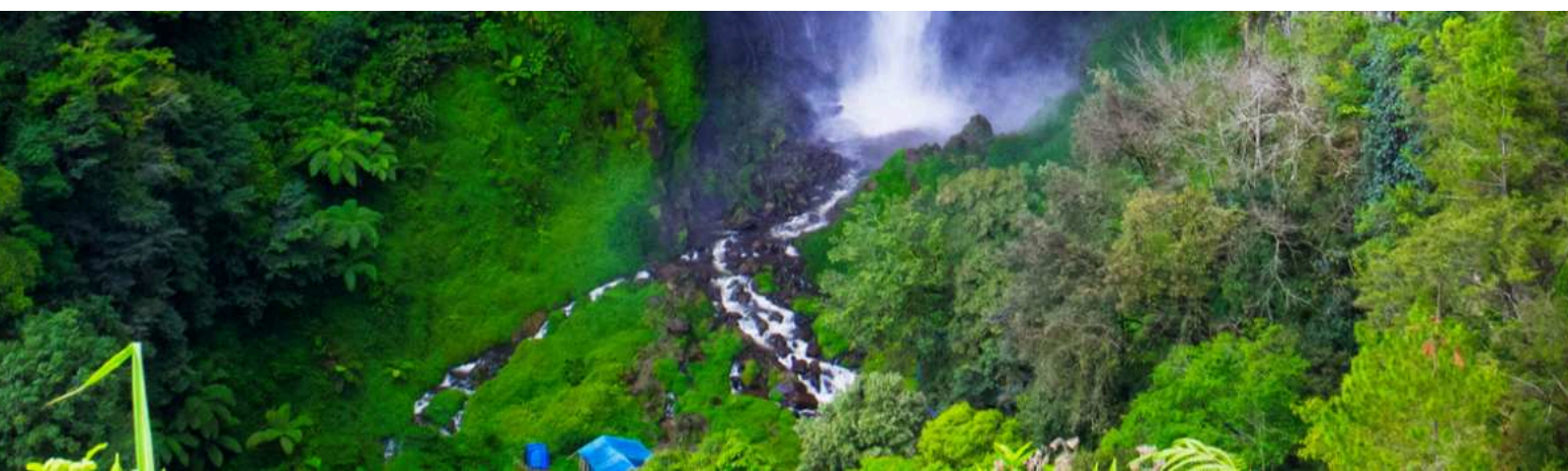
- Issued & paid-up capital: IDR 10 billion (approx. USD 650,000).
- Minimum investment per business sector: IDR 10 billion (excluding land & buildings).
- SME Restrictions: Certain small and medium enterprises are reserved for local businesses.



Quick Insights: Indonesians celebrate Ramadan with regional traditions, including singing, religious lectures, and communal meals to welcome the holy month.



Cultural Tips



Professional Culture Insights

Understanding workplace norms and business etiquette in Indonesia is essential for building trust, fostering strong relationships, and ensuring business success.

Workplace Norms and Practices

- **Hierarchy & Respect for Authority:** Indonesian workplaces are hierarchical, with seniority highly respected. Decision-making is concentrated at senior levels, and deference to titles and rank is expected.
- **Group Harmony & Consensus:** Business culture values collective decision-making and avoiding direct confrontation to maintain harmony. Personal relationships play a key role before formal discussions.
- **Time Perception:** While punctuality is valued, a flexible approach to time is common. Meetings may not always start on time, and patience is essential.

Communication Preferences

- **Indirect & Non-Verbal Communication:** Indonesians avoid direct refusals. Phrases like *"We'll see"* or *"That may be difficult"* can indicate disagreement. Reading between the lines and understanding body language is important.
- **Politeness & Formality:** Using the correct titles (Bapak/Ibu) and maintaining a respectful tone is crucial in business interactions.
- **Language Considerations:** While English is used in business, Bahasa Indonesia is the official language. Learning basic phrases or translating materials can help strengthen relationships.

Networking & Relationship-Building

- **Trust & Personal Connections (Kepercayaan):** Establishing trust takes time. Business relationships develop gradually, often requiring multiple meetings before formal negotiations. Rushing into deals without trust-building is counterproductive.
- **Social Gatherings & Business Dinners:** Business discussions frequently extend to informal settings, such as lunches or dinners, where stronger relationships are built.
- **Gift-Giving Etiquette:** Exchanging modest gifts is common as a gesture of goodwill, especially during religious holidays or after successful deals. Gifts should be presented with both hands and never opened immediately.
- **Negotiation Style:** Indonesians prefer a collaborative approach rather than aggressive bargaining. Flexibility and compromise are key to reaching agreements. Decisions may take time, as building consensus is prioritized.

Professional Culture Insights

Meetings & Negotiations

- **Respect for Seniority in Meetings:** The most senior person leads discussions, and seating arrangements reflect hierarchy.
- **Decision-Making Process:** Decisions can take time, as consensus-building is prioritised over quick, high-pressure deals.
- **Punctuality:** Arriving on time is expected, even if meetings start late.

Work-Life Norms and Holiday Practices

- **Overtime Culture:** While work-life balance is improving, overtime remains common, especially in corporate settings.
- **Religious & Public Holidays:** Indonesia observes Islamic holidays (Eid al-Fitr, Eid al-Adha) and national celebrations (Independence Day – August 17). Businesses may close or operate on reduced hours during these times.
- **Annual Leave & Work Flexibility:** Employees are entitled to paid leave, but expectations vary. Some industries discourage long vacations, while others promote flexibility.

Religious and Cultural Sensitivity

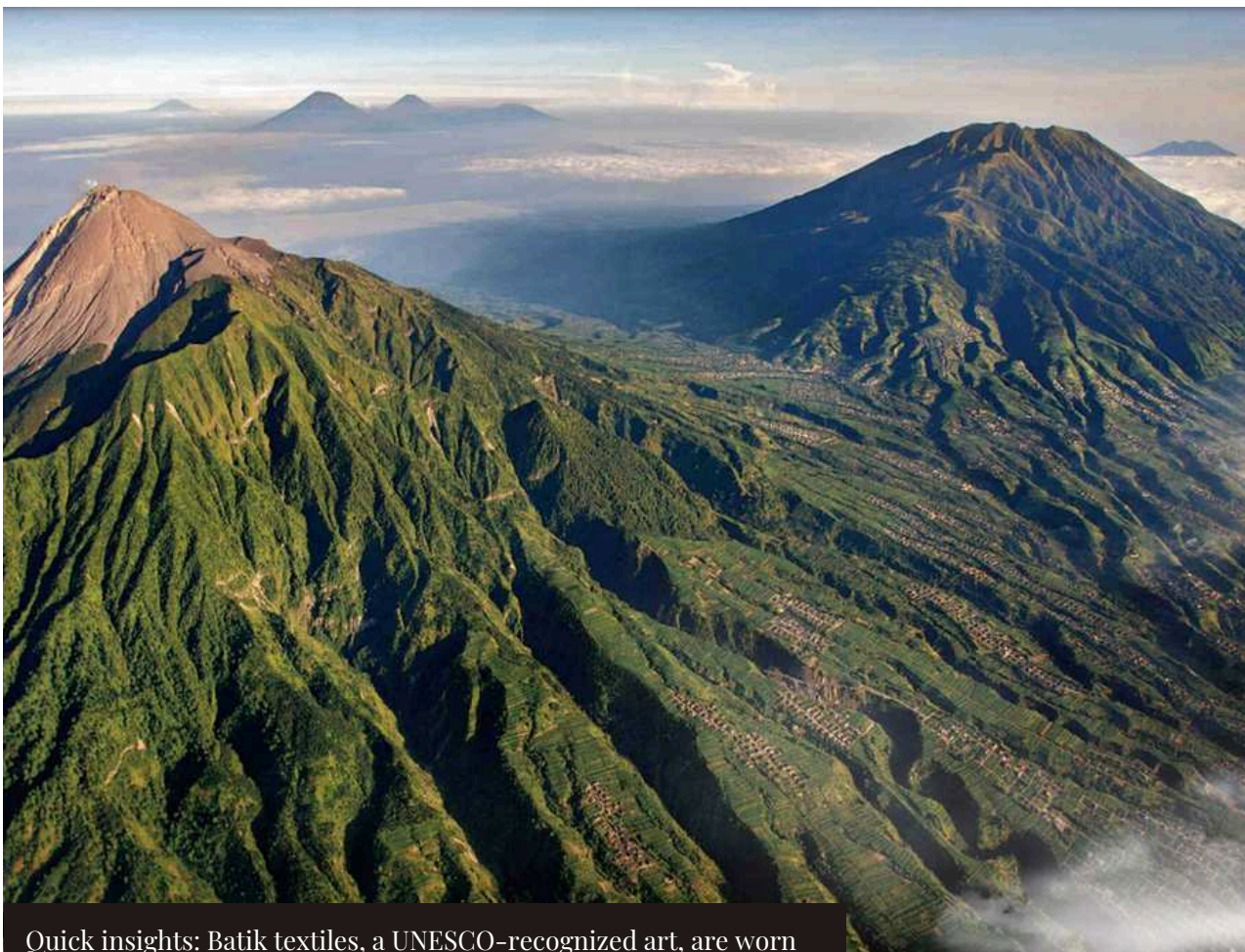
- **Islamic Practices:** With Indonesia being the world's largest Muslim-majority country, respecting prayer times, modest dress codes, and dietary restrictions (no pork or alcohol offerings) is crucial.
- **Religious Diversity:** Indonesia also has Christian, Hindu, Buddhist, and Confucian communities. Acknowledging religious holidays and customs fosters inclusivity.



Professional Culture Insights

Business Attire

- **Formal Dress Code:** Men typically wear long-sleeved shirts and ties, while women wear modest business attire. Batik shirts are widely accepted for formal occasions.
- **Regional Variations:** Dress codes in Jakarta and major business hubs tend to be more formal, while regional offices or creative industries may have more relaxed attire.



Quick insights: Batik textiles, a UNESCO-recognized art, are worn in both business and ceremonial events.

Social and Cultural Norms

Understanding Indonesia's social customs and cultural etiquette is essential for respectful and smooth interactions in both personal and business settings.

Social Etiquette

Greetings and Respect

- **Respect for Elders and Authority:** Indonesian culture places great importance on respecting elders and those in senior positions. A slight nod or bow may accompany greetings, especially in formal settings.
- **Handshakes:** A light, gentle handshake is common in business settings, often accompanied by a warm smile. For women, a polite nod or smile may be appropriate unless they extend their hand first.
- **Use of Titles:** Addressing people with "Bapak" (Mr.) or "Ibu" (Mrs./Ms.) followed by their first name is a sign of respect.

Gift-Giving

- **Common Gifts:** Gifts are often exchanged during festivals, business meetings, and visits. Suitable gifts include local delicacies, tea, high-quality stationery, or cultural souvenirs.
- **Presentation Matters:** Gifts should be neatly wrapped, and always offered and received with the right hand or both hands as a sign of respect.
- **Cultural Sensitivities:** Avoid gifting alcohol or pork products to Muslim associates. Extravagant gifts may be seen as inappropriate in professional settings.

Footwear & Home Etiquette

- **Removing Shoes Indoors:** Shoes are typically removed before entering homes, mosques, and some traditional establishments. Slippers may be provided for indoor use.

Dining Etiquette

- **Communal Dining:** Sharing meals is an important social activity in Indonesia. Wait for the host to invite you to begin eating as a sign of respect.
- **Eating with Hands:** In some regions, eating with hands is common (especially in Padang or Sundanese cuisine). If utensils are provided, use them accordingly.
- **Avoid Using the Left Hand:** When eating or handing items to others, use the right hand, as the left hand is considered impolite.
- **Gratitude & Politeness:** Thank the host after meals and express appreciation by saying "Terima kasih" (thank you).

Social and Cultural Norms

Etiquette in Public Spaces

Behaviour in Public

- **Maintaining Harmony:** Indonesians value politeness and calmness in public. Speaking too loudly or causing a scene is considered disrespectful.
- **Public Displays of Affection:** Avoid excessive public displays of affection, as they may be considered inappropriate in more conservative areas.

Religious and Cultural Sensitivities

- **Modest Dress for Religious Sites:** When visiting mosques, temples, or religious sites, dress modestly, covering shoulders and knees.
- **Respecting Religious Practices:** Indonesia has a diverse religious landscape, with Islam, Christianity, Hinduism, Buddhism, and Confucianism widely practiced. Be mindful of prayer times, fasting periods (such as Ramadan), and religious customs.
- **Mosque Etiquette:** If entering a mosque, remove shoes and dress appropriately. Non-Muslims should observe but avoid participating in prayers unless invited.

Transportation and Practical Insights

Public Transport & Traffic

- **Traffic Congestion:** Major cities like Jakarta, Surabaya, and Bandung experience heavy traffic, especially during peak hours. Using ride-hailing apps like Gojek or Grab is common.
- **Motorbike Culture:** Motorbikes are a dominant mode of transport. If renting one, ensure proper licensing and safety gear.
- **Public Transport Etiquette:** Offer seats to the elderly, pregnant women, and individuals with disabilities.

Cash and Digital Payments

- **Cash Is Common:** While digital payments are growing, cash is still widely used, especially in small shops and rural areas.
- **Mobile Payments:** E-wallets like GoPay, OVO, and ShopeePay are increasingly popular in urban centers.

Tipping Culture

- **Not Mandatory, but Appreciated:** Tipping is not expected, but a small tip (5-10%) is appreciated in restaurants, hotels, and for services like drivers or spa attendants.

Social and Cultural Norms

Festivals and Traditions

Ramadan and Eid Celebrations

- **Ramadan (Puasa):** A holy month for Muslims, during which they fast from sunrise to sunset. Many restaurants remain open, but it's polite to be mindful when eating in public during fasting hours.
- **Eid al-Fitr (Hari Raya Idul Fitri):** Marking the end of Ramadan, businesses and government offices may close for a week as families reunite for celebrations.

Nyepi (Balinese New Year)

- **Day of Silence:** Bali shuts down completely for Nyepi, including airports. Tourists and locals are required to stay indoors.

Independence Day (17 August)

- **National Celebrations:** Marked by flag-raising ceremonies, parades, and community games, including the famous Panjat Pinang (greased pole climbing).



Quick Insights: Indonesia's rich cultural heritage stems from over 300 ethnic groups, blending Islamic, Hindu, and indigenous traditions.



Opportunities



High-Growth Industries and Sectors

Indonesia presents diverse growth opportunities across key industries, fueled by strategic government policies, abundant natural resources, and rising global demand.

Renewable Energy

- **Expanding Green Energy Sector:** Indonesia is accelerating its shift towards renewables, particularly solar, hydro, and geothermal power.
- **Government Incentives:** Policies promoting carbon neutrality and investment in green technologies are driving foreign direct investment in renewables.
- **Energy Transition Goals:** Indonesia aims to generate 35% of its energy from renewables by 2030, up from previous projections, signalling long-term opportunities for clean energy investments.

Manufacturing and Industry

- **Electronics & Machinery:** Indonesia is expanding its manufacturing capabilities, attracting global giants in electronics, automotive, and machinery production.
- **Nickel & Battery Manufacturing:** The country is a global leader in nickel production, critical for electric vehicle (EV) battery manufacturing. The Morowali Industrial Park has become a key hub for EV battery investments.
- **Textiles & Apparel:** The textile industry remains a strong export sector, benefiting from competitive labour costs and government incentives.

Technology and Digital Economy

- **Rapid E-Commerce Expansion:** Indonesia's digital economy is projected to exceed USD 146 billion by 2025, fuelled by rising internet penetration and fintech adoption.
- **Startup & Innovation Growth:** The government supports tech startups in sectors like fintech, edtech, and healthtech, fostering a thriving digital ecosystem.
- **Foreign Investments in Tech:** Apple, Microsoft, and AWS have committed to multi-billion-dollar investments in Indonesia's AI, cloud computing, and digital infrastructure.

High-Growth Industries and Sectors

Infrastructure and Logistics

- **Major Infrastructure Investments:** Ongoing road, airport, seaport, and railway projects are enhancing Indonesia's connectivity and trade potential.
- **Public-Private Partnerships (PPPs):** The government encourages private sector participation in infrastructure development, offering investment incentives.
- **E-Commerce Logistics Boom:** The growth of e-commerce has increased demand for last-mile delivery services, warehousing, and supply chain solutions.

Automotive and Electric Vehicles (EVs)

- **EV Industry Growth:** Indonesia is positioning itself as an EV manufacturing hub, leveraging its nickel reserves for battery production.
- **Government Support:** Incentives, including tax breaks and infrastructure investments, are attracting automakers and battery producers to Indonesia.
- **Challenges & Opportunities:** While charging infrastructure is still developing, strong government backing and foreign partnerships are driving growth.

Agriculture and Agribusiness

- **Sustainable Farming Growth:** Indonesia remains a major producer of palm oil, coffee, rubber, and cocoa, with a growing focus on sustainable farming.
- **Aquaculture & Fisheries:** The country is a top global seafood exporter, with strong potential in shrimp, tuna, and sustainable fisheries.
- **Livestock & Cattle Farming:** Rising domestic demand and nutritional programs have increased cattle exports and meat production investments.

Healthcare and Pharmaceuticals

- **Growing Healthcare Demand:** Rising incomes and an ageing population are driving investments in hospitals, clinics, and medical technology.
- **Pharmaceutical Industry Growth:** The pharmaceutical sector is expanding, with opportunities in generic drugs, vaccines, and medical device manufacturing.
- **Digital Health & Telemedicine:** Indonesia is seeing rapid adoption of telemedicine and healthtech solutions, improving access to healthcare.

High-Growth Industries and Sectors

Tourism and Hospitality

- **Bali & Beyond:** Indonesia's rich cultural heritage and natural landscapes make it a leading global travel destination.
- **Sustainable Tourism:** The government is promoting eco-tourism and cultural preservation projects to balance tourism growth with environmental conservation.
- **Post-Pandemic Recovery:** Tourism initiatives, visa relaxations, and marketing campaigns are attracting international visitors.



Quick Insights: Indonesia is home to over 700 languages, showcasing its rich cultural diversity and making it one of the most linguistically diverse countries in the world.

Government Initiatives and Incentives

Indonesia actively promotes foreign investment and economic growth through strategic policies, incentives, and infrastructure development. These initiatives aim to enhance business opportunities, streamline regulations, and encourage innovation.

Foreign Investment Policies

- **Positive Investment List:** Under Presidential Regulation No. 10 of 2021, Indonesia has opened more sectors to 100% foreign ownership, including digital services, renewable energy, and manufacturing.
- **Investment Protection:** Indonesia participates in Bilateral Investment Treaties (BITs) and multilateral agreements to provide investor protections and dispute resolution mechanisms.
- **Special Economic Zones (SEZs):** SEZs offer simplified business licensing, tax exemptions, and customs benefits in industries such as logistics, technology, and manufacturing.

Tax Incentives

- **Corporate Income Tax (CIT) Exemptions:** Indonesia offers tax holidays of 5 to 20 years, with larger investments in priority sectors eligible for the maximum exemption. Smaller investments qualify for shorter durations based on industry and location.
- **Reduced CIT Rates:** A 50% tax reduction for five years applies to investments between IDR 100 billion and IDR 500 billion (USD 6.5 million–USD 33 million).
- **Value-Added Tax (VAT) Discounts for EVs:**
 - **January–June 2025:** 100% VAT exemption on low-emission vehicles.
 - **July–December 2025:** 50% VAT reduction, meaning a 6% VAT rate will apply due to the standard VAT increase from 11% to 12% in 2025.

Government Initiatives and Incentives

Infrastructure Development

- **Public-Private Partnerships (PPPs):** Indonesia actively promotes PPP models for transportation, energy, and telecommunications projects, providing opportunities for foreign investors.
- **Smart Cities Initiative:** Major cities, including Jakarta and Surabaya, are integrating digital infrastructure to improve urban planning, mobility, and business operations.
- **Green Energy Investment:** The government aims to generate 35% of its energy from renewables by 2030, creating long-term opportunities in solar, hydro, and geothermal energy projects.

Innovation and Digital Transformation

- **National Digital Economy Plan:** Indonesia targets a USD 146 billion digital economy by 2025, supporting e-commerce, fintech, and AI-driven industries.
- **High-Tech & R&D Incentives:** Tax benefits and grants are available for tech startups, AI research, and digital transformation initiatives.
- **Tech Investment from Global Giants:** Companies like Apple, Microsoft, and AWS have committed billions in investment for cloud computing, AI infrastructure, and software development in Indonesia.

Sustainability & Green Economy

- **Carbon Neutrality Goals:** Indonesia is investing in carbon capture technology, reforestation projects, and sustainable agriculture to support its net-zero emissions goal by 2060.
- **Eco-Friendly Manufacturing:** Industries adopting green production methods receive tax breaks and government incentives to align with sustainability targets.
- **Sustainable Tourism Initiatives:** The government promotes eco-tourism and conservation programs to balance economic growth with environmental preservation.

Workforce Development & Training

- **Vocational Training Programs:** Government-led partnerships with global educational institutions and corporations aim to upskill workers in IT, manufacturing, and renewable energy.
- **Labour Law Reforms:** Simplified hiring procedures and flexible work policies make it easier for foreign businesses to recruit and manage talent in Indonesia.

Emerging Trends and Business-Friendly Regions

Indonesia's evolving business landscape presents key trends and regional opportunities, making it a prime destination for investors and businesses.

Emerging Trends

Digital Transformation & Fintech Growth

- Indonesia's digital economy is projected to reach USD 130 billion by 2025, primarily driven by e-commerce, fintech, and AI-powered solutions.
- The Buy Now, Pay Later (BNPL) market is expanding rapidly, providing new opportunities in financial services.
- Government-backed initiatives are encouraging cashless transactions and digital banking adoption.

Sustainability & Green Growth

- Indonesia aims for 35% renewable energy by 2030, fuelling investment in solar, wind, and hydro projects.
- Businesses integrating green manufacturing and carbon-neutral solutions benefit from government incentives.
- Growing consumer demand for sustainable products and eco-friendly business models is reshaping industries.

Rising Middle Class & Consumer Market Expansion

- Indonesia's growing middle class is driving demand for premium healthcare, education, and real estate.
- Retail and lifestyle industries are adapting to shifting consumer preferences toward quality and convenience.

Emerging Trends and Business-Friendly Regions

Startup & Innovation Growth

- Jakarta, Surabaya, and Bali are emerging as startup hubs, attracting venture capital and government support.
- High-growth sectors include fintech, healthtech, AI, and digital logistics.
- Global players like Apple, Microsoft, and AWS have committed to multi-billion-dollar investments in Indonesia's tech infrastructure.

Supply Chain & Infrastructure Developments

- New seaports, airports, and logistics hubs are improving Indonesia's connectivity for international trade.
- Public-Private Partnerships (PPPs) are boosting investments in smart cities and transport networks.
- The development of electric vehicle (EV) battery supply chains is positioning Indonesia as a key player in the global EV market.



Emerging Trends and Business-Friendly Regions

Business-Friendly Regions

Jakarta (Capital & Financial Hub)

- Indonesia's economic centre, home to multinational corporations, government institutions, and major tech firms.
- A hub for banking, finance, and fintech, offering access to a skilled workforce and a dynamic business environment.

Bali (Tourism & Digital Economy)

- Beyond tourism, Bali is emerging as a hub for sustainable businesses, digital nomads, and creative industries.
- The province's economic growth exceeded 5.7% in 2023, highlighting its resilience and investment potential.

Semarang (Industrial & Logistics Hub)

- Strategically located in Central Java, Semarang offers strong infrastructure and access to domestic and international markets.
- A growing centre for manufacturing, logistics, and export-orientated industries.

Batam (Manufacturing & Tech Investment Zone)

- Located close to Singapore, Batam is a key industrial and digital economy region.
- Special Economic Zones (SEZs) in Batam offer tax incentives and simplified business licensing for tech, logistics, and manufacturing companies.

Surabaya (Commercial & Industrial Powerhouse)

- The second-largest city in Indonesia, serving as an industrial and shipping hub in East Java.
- Surabaya is home to major seaports, industrial zones, and manufacturing facilities, making it ideal for logistics and export-driven businesses.

Emerging Trends and Business-Friendly Regions

Medan (Agriculture & Trade Hub in Sumatra)

- A key agricultural and trading centre for palm oil, rubber, and agribusiness in North Sumatra.
- Medan's growing logistics infrastructure supports industries related to agriculture, food processing, and commodities exports.

Makassar (Maritime & Infrastructure Growth Area)

- The largest city in Eastern Indonesia, known for its port infrastructure and growing industrial zones.
- A strategic gateway for trade with Eastern Indonesia and the Asia-Pacific region, with investments in shipping, fisheries, and logistics.

Balikpapan & Nusantara (New Capital Region & Energy Hub)

- Balikpapan serves as the primary hub for Indonesia's oil, gas, and energy sectors, supporting mining and petroleum industries.
- Nusantara, Indonesia's new capital city, is being developed with sustainable infrastructure, smart city initiatives, and investment-friendly policies.





Resources



Expanding into Indonesia presents unique opportunities and challenges. To successfully navigate the local business landscape, companies must stay informed on regulations, market trends, and industry best practices. The following resources offer valuable insights and support to help businesses establish and grow in Indonesia.

Official Government Websites and Investment Agencies

- **Indonesia Investment Coordinating Board (BKPM):** Provides investment guidance, licensing services, and regulatory support for foreign businesses.
 - **Website:** www.bkpm.go.id
- **Ministry of Finance (MoF):** Oversees tax policies, financial regulations, and government incentives for businesses operating in Indonesia.
 - **Website:** www.kemenkeu.go.id/en/home
- **Directorate General of Taxes (DJP):** The official agency for corporate and personal tax regulations, VAT, and compliance requirements.
 - **Website:** www.pajak.go.id/en/index-tax
- **Bank Indonesia (Central Bank - BI):** Regulates monetary policy, exchange rates, and financial stability, providing essential information for foreign investors.
 - **Website:** www.bi.go.id/en/default.aspx
- **Customs and Excise Office (Bea Cukai Indonesia):** Handles import/export procedures, customs regulations, and trade policies for businesses involved in international commerce.
 - **Website:** www.beacukai.go.id/websitenewV2/index.html
- **National Single Window for Investment (NSWi):** A one-stop platform for business licensing, permits, and investment approvals, streamlining the setup process.
 - **Website:** <https://insw.go.id/>



Industry Associations and Chambers of Commerce

- **Indonesian Chamber of Commerce and Industry (KADIN):** Indonesia's largest business organisation, representing industries across trade, investment, and economic policy advocacy.
 - Website: www.kadin-indonesia.com/#
- **Indonesia Employers Association (APINDO):** Advocates for employers on labour policies, workforce management, and industrial relations.
 - Website: www.apindo.or.id
- **American Chamber of Commerce in Indonesia (AmCham Indonesia):** Supports U.S. businesses with policy advocacy, market insights, and business networking.
 - Website: www.amcham.or.id
- **European Chamber of Commerce in Indonesia (EuroCham Indonesia):** Provides regulatory updates, market intelligence, and trade facilitation for European businesses in Indonesia.
 - Website: www.eurocham.id
- **Indonesia E-Commerce Association (idEA):** Represents digital businesses, e-commerce platforms, and fintech companies, supporting policy development and industry growth.
 - Website: www.idea.or.id/home?lang=en



EOS's Service Offerings in Indonesia

EOS Global Expansion specialises in supporting businesses entering and operating in Indonesia with tailored market-entry solutions:

- **Global HR Services:** Managing HR, payroll, and benefits administration to ensure full compliance with Indonesia's labour laws and tax regulations.
- **Global PEO and EOR Services:** Simplifying HR processes through Professional Employer Organisation (PEO) and Employer of Record (EOR) services, allowing businesses to hire employees without a local entity.
- **Company Incorporation:** Guiding businesses through the company registration process, including setting up a PT PMA (Foreign-Owned Company) and navigating investment licensing and tax compliance.
- **Recruitment & Talent Acquisition:** Assisting in sourcing, hiring, and onboarding qualified talent to build a skilled workforce in Indonesia.
- **Visa & Immigration Services:** Navigating work permit (KITAS/KITAP) applications, visa sponsorship, and compliance requirements for expatriate employees.
- **Multi-Country Payroll & Accounting:** Providing streamlined payroll processing, tax deductions, and accounting solutions for businesses operating in multiple countries across Southeast Asia.
- **Ad Hoc Consulting:** Offering customised consulting services to address regulatory challenges, market entry strategies, and workforce management in Indonesia.

Partner with EOS for Success in Indonesia

Expanding into Indonesia can be complex, but [EOS Global Expansion](#) simplifies the process. From regulatory compliance and HR management to talent acquisition and company incorporation, our tailored solutions help businesses thrive in Indonesia's dynamic market. Let EOS handle the complexities while you focus on growth and expansion. [Contact us](#) today to unlock your business potential in Indonesia.



Expert Tips



Overcoming Common Challenges

Expanding into Indonesia offers significant opportunities, but success depends on understanding and adapting to the country's cultural, regulatory, and economic landscape. Below are key strategies to help businesses navigate common challenges and establish a strong presence in Indonesia.

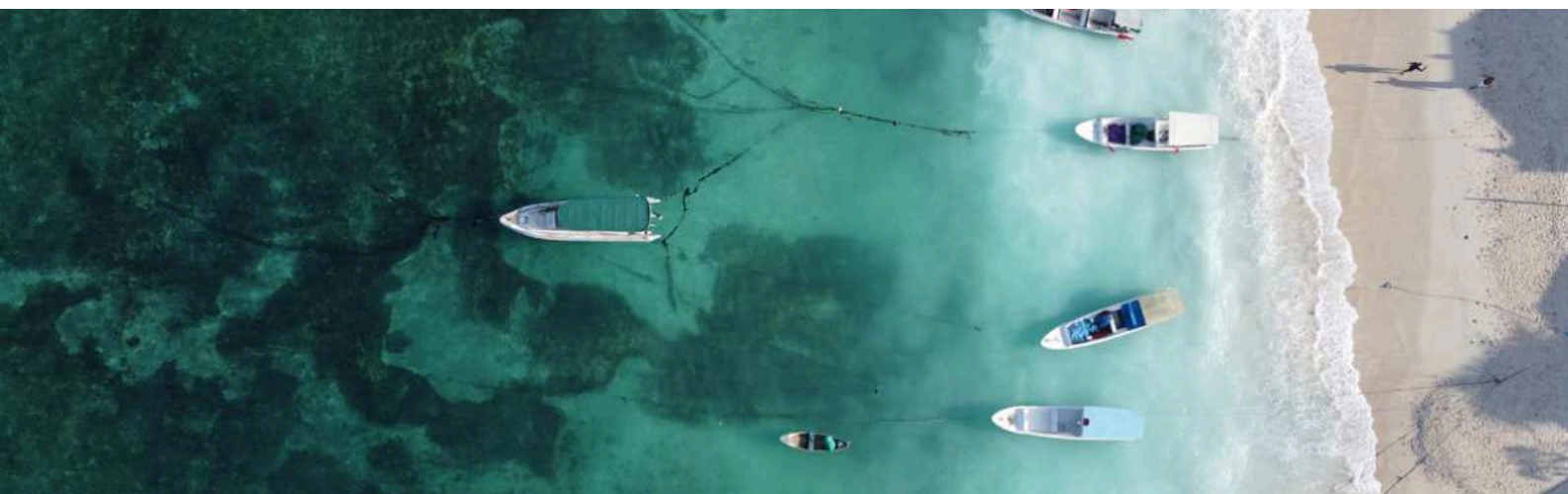
Overcoming Common Challenges

Building Relationships and Business Culture (Kepercayaan & Etika Bisnis): Trust and personal connections are key in Indonesia's business environment, where negotiations take time and decisions rely on consensus. Investing in face-to-face meetings fosters trust, while respecting hierarchy ensures smoother collaborations.

Navigating Regulatory and Legal Complexities: Indonesia's business registration and compliance processes can be bureaucratic, with evolving laws and sector-specific requirements. Engaging professionals helps ensure proper setup, licensing, and regulatory compliance.

Understanding Labour Laws and Workforce Retention: Businesses must comply with minimum wages, severance pay, and mandatory benefits. Retaining talent in competitive industries requires fair compensation, career development, and long-term incentives.

Overcoming Infrastructure and Logistics Challenges: Indonesia's geography and infrastructure gaps can impact supply chains. Choosing locations with strong transport networks and working with reliable logistics providers improves efficiency and minimises delays.



Avoiding Potential Cultural Misunderstandings

Indirect Communication (Komunikasi Tidak Langsung): Indonesians often favour a subtle and indirect communication style to maintain harmony and avoid confrontation. It's important to be attentive to non-verbal cues and read between the lines during conversations.

Non-Verbal Cues (Isyarat Non-Verbal): Gestures carry significant meaning in Indonesia. Using your right hand or both hands for exchanges is customary, as the left hand is considered impolite. Additionally, keeping feet flat on the ground and avoiding pointing feet or showing soles is respectful.

Patience in Decision-Making (Kesabaran dalam Pengambilan Keputusan): Business processes in Indonesia may progress at a slower pace, with a focus on group consensus and top-down decision-making. Demonstrating patience and allowing ample time for decisions is crucial.

Respect for Hierarchy (Menghormati Hierarki): Indonesian society places high importance on hierarchy and status. Recognising and respecting this structure in business interactions is essential for building strong relationships.



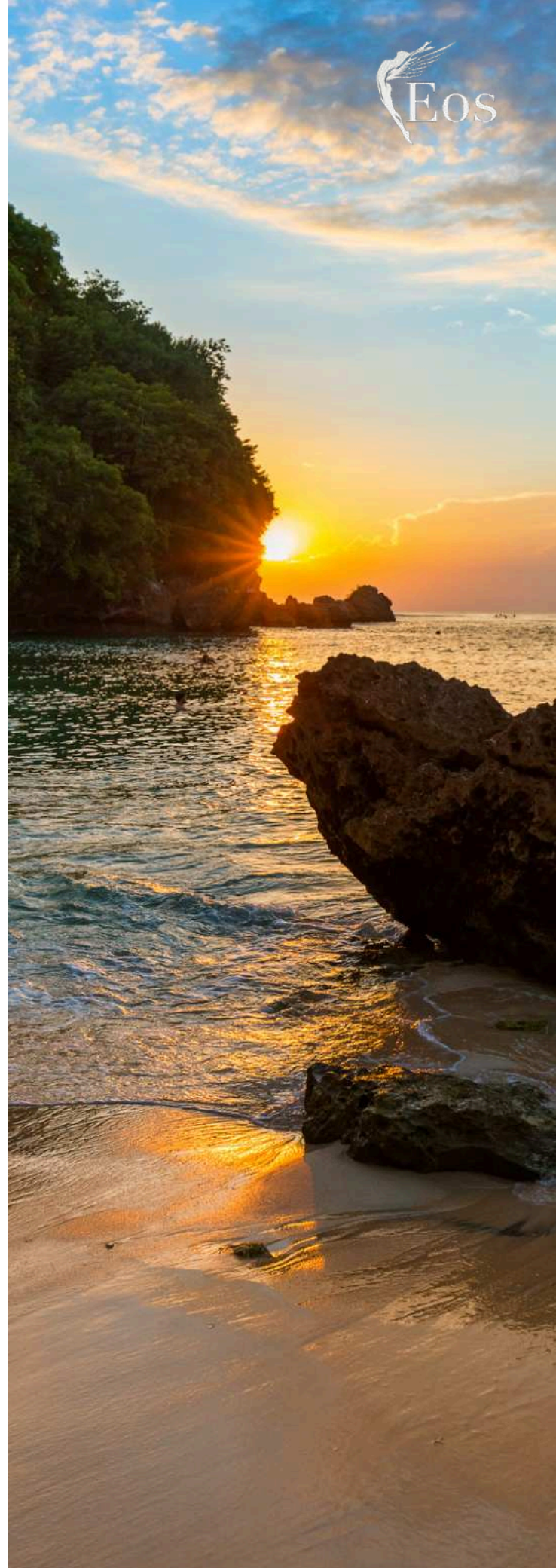
Quick Insights: Wayang Kulit, Indonesia's UNESCO-recognised shadow puppet theatre, remains an integral part of the country's performing arts and cultural heritage.

Additional Tips

Understanding Regional Business Variations: Indonesia is a vast archipelago with distinct economic strengths across its regions. Jakarta serves as the financial hub, Surabaya as an industrial centre, and Bali as a rising digital economy hub. Businesses should adapt their strategies based on local consumer behaviour, regulatory conditions, and infrastructure capabilities.

Balancing Digital and Traditional Consumer Engagement: While e-commerce and digital payments are growing rapidly, traditional consumer behaviour remains strong in many sectors. Businesses should combine digital marketing strategies with in-person networking, community engagement, and local distributor partnerships for maximum market penetration.

Localising Business Operations: While English is commonly used in business settings, most government paperwork, contracts, and legal documents are in Bahasa Indonesia. Having bilingual staff or local consultants can help ensure smooth communication and compliance.



Thank You for Exploring Indonesia!

We hope this guide helps you uncover Indonesia's business potential and rich cultural landscape. Whatever your next step, we're here to support you.



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Ready to expand into Indonesia?
Scan the QR code to connect with our
experts and unlock tailored guidance for
your Indonesia expansion.

