



**ADJUSTED  
GROWTH STRATEGY:  
REPUBLIC OF INDONESIA**

## REPUBLIC OF INDONESIA'S ADJUSTED GROWTH STRATEGY, 2015

*The purpose of this document is to highlight changes and new additions to members' **growth** strategies since Brisbane:*

### **Changes to section A** (Economic Objective and Key Policy Commitments)

*Please discuss changes to the economic objectives and key policy commitments from your growth strategy, if any.*

Indonesia's economic objective remains unchanged. Under the new government, key policy commitments on structural reforms, in particular investment infrastructure programs will be put in a faster track to ensure that growth is balance, inclusive and sustainable.

*Please list the top 5 commitments from your growth strategy. These can be from either Brisbane or the current adjusted growth strategy.*

Taking into account the implementation of some key commitments has been started at the end of 2014, Indonesia's top commitments are being revised as follows:

1. To ensure growth sustainability, Indonesia improve inclusive growth strategy and increase infrastructure projects for food security and energy and connectivity with focus more on maritime sectors.
2. Enlarge fiscal space to support prioritized programs and development agendas (infrastructure investment) through tax optimization and improvement of spending quality. On the revenue side, a number of policies are being prepared (some of them have been in place) to increase tax revenue significantly both through intensification and extensification measures. Modernizing tax administration is one of critical steps to improve tax compliances. E-filing and E-facture are two examples that have been in place to improve compliances on individual income tax and VAT, respectively. Other key measures to improve tax compliances are the improvement of taxpayer's profile database through single identification system and law enforcement.
3. Improve business climate through strengthening PPP center, the Investment One Stop Service (OSS) Centre, and Financial Deepening program.
4. Improve labor productivity and standard competency through cross sector – cross regional – cross country cooperation and business partner, partnership between government and business industry (Incentive), the optimization of public vocational training and training funding pattern in order to spur innovation and technology development.
5. Improve market competition to support investment and trade activities. **(new commitment).**

### **Changes to section B** (Economic Outlook and Challenges to Growth)

*Please discuss changes to the economic outlook and challenges, highlighting any new and existing gaps remaining to be addressed. Add discussion of risk of persistent stagnation, if relevant.*

*[Addition to be finalized following detailed discussions of imbalances and inequality at May FWG meeting]. If desired or relevant, discuss trends in indicators of external and internal balance including income inequality for your country, including their drivers and implications for economic growth in both the short and long term.*

The declining import in line with of weaker economic activities along with some stabilization measures taken by the Government in coordination with Bank Indonesia,

result in external balance improvement. Current account balance is expected to more sustainable in the coming years.

Meanwhile, inflationary pressures is expected to ease and to be under-controlled within the target ranges. Historically, the administered price movement was the main cause of inflationary pressures. In 2014, inflation is recorded at 8.36% (yoy), far beyond the target. The large price adjustment of domestic fuel price was behind that such significant inflationary pressures. In 2015, since the Government undertook a bold fuel subsidy reform in which domestic fuel price partially attached to market price, administered price appears not to be the main source of the inflationary pressures. In the first semester of 2015, inflationary pressures was mainly coming from the volatile foods which closely related to the supply condition. In general, apart from the volatile food pressures, inflation rate is expected to be under control within the range of the target. In the medium term, inflationary pressures is expected to be softened so than the inflation rate could be stabilized within the target as well.

*Update table of key indicators as follows:*

#### Key Indicators

	2014***	2015	2016	2017	2018	2019
Real GDP (% yoy)	5.0	4.8 a)	5.4 b)	6.0 b)	6.2 b)	6.5 b)
Nominal GDP (% yoy)	10.7	9.7 a)	9.6 b)	10.1 b)	10.1 b)	10.2 b)
Output Gap (% of GDP)*	n.a	n.a	n.a	n.a	n.a	n.a
Inflation (% yoy)	8.4	3.6	4.1	3.5 ±1	3.5 ±1	n.a
Fiscal Balance (% of GDP)**	-2.18	-2.10	-1.90	-1.80	-1.70	n.a
Unemployment (%)	n.a	n.a	n.a	n.a	n.a	n.a
Savings (% of GDP)	29.7	30.8	30.3	31.1	31.3	31.4
Investment (% of GDP)	32.6	32.9	33.2	34.0	34.0	34.0
Current Account Balance (% of GDP)	-3.00	-2.1	-2.9	-2.9	-2.8	-2.6

**\*A positive (negative) gap indicates an economy above (below) its potential.**

**\*\*A positive (negative) balance indicates a fiscal surplus (deficit).**

**\*\*\* Indicators can be presented on a fiscal year basis, should they be unavailable for the calendar year.**

a) **Changes due to global economy condition**

b) **Initial Macroeconomic and Fiscal Policy Framework 2016 / KEM PPKF**

**Changes to section C (Policy Responses to Lift Growth)**

*Please indicate any adjustments to measures taken in Brisbane Growth Strategies as well as new high impact policy measures taken since Brisbane.*

*Please include both macroeconomic and structural policy responses.*

Indonesia has been pursuing all necessary efforts to ensure that all policy commitments in the latest Indonesia Growth Strategy are on the track. One critical thing under the New Government is that the focus of development agenda is in the *supply side* through structural reforms in many areas. Against this background, the Government has introduced six new economic policy packages to respond to the global economic development, among others through increasing public spending to more productive sector, mostly in infrastructure investment. However, maintaining economic stability through demand management is still

important as it is a necessary condition for a sustainable growth. A number of additional measures as well as adjusted measures are as follows:

#### A. Fiscal Sector

- In the fiscal sector, the Government of Indonesia's priority is to create a larger fiscal space through improvement in the state budget structure that comes from both the revenue side and the expenditure side. The Government is continuing a number of reforms on the path of fiscal consolidation, including cutting subsidies and increasing the space for public investment to support medium-term growth. The broad policy pursued on the revenue side is to continue and strengthen the currently ongoing tax reforms. While on the expenditure side, the main policy direction is to increase the spending quality largely through removing fossil fuel subsidy and reallocating more spending to productive sectors.

- **On the revenue side**, the ongoing tax reform is aimed at developing more effective tax administration function by strengthening tax office institution and human resources. This objective is pursued through (i) personal income tax extensification and compliance rate programs, and (ii) improvement in the value-added tax system by introducing electronic-invoices to prevent the VAT refund's leakages. These actions are expected to boost tax revenues to reach the ratio of around 15% and 16% in 2018 and 2019 respectively. At the same time, the Government is also taking more inclusive approaches to boost the economy from the revenue side, including through increasing the minimum threshold of taxable personal income.

- **On the expenditure side**, there are three main steps taken by the Government to strengthen fiscal policy for the acceleration of economic growth, namely (i) maintaining budget deficit no more than 3% as required by law; (ii) maintaining the Government debt to GDP ratio at a sustainable level; and (iii) refocusing the Government programs to more productive sectors, such as introducing the rural direct transfer to foster SME development and wider participation of stakeholders. This improvement in the spending quality has been successfully achieved by significantly reducing fossil fuel subsidy and relocating the spending from the subsidy reduction to infrastructure investment and social welfare and protection programs.

In its efforts to further boost infrastructure spendings (i.e. road, energy, port, etc), the Government opted three channels: (i) directly increasing capital expenditures; (ii) injecting more capital to state-owned enterprises (SOEs); and (iii) creating a new special fund called Dana Desa (the rural direct transfer). Direct increase in the capital expenditure is channelled to the transportation sector to develop seaports, toll road, airports, rail system, housing, electricity, farming, SMEs, fishing and maritime development. While the main goal of capital injection to SOEs is to strengthen their capacity in supporting the government infrastructure development priorities.

As the country starts to shift its development paradigm towards "development from the periphery", the Government is pursuing a decentralization policy where the funds transferred to regions would be larger than those allocated to line ministries. In 2015, the Government has allocated the budget for this purpose of 1.4 billion US dollars, and this amount will be doubled in the following year.

- In the social welfare and protection programs, the Government will gradually replace poor targeted subsidy to more direct and well-targeted ones. Among the programs currently pursued and financially supported by the Government are the creation of a comprehensive national social safety net (called SJSN) that covers both mandatory pension fund scheme for workers and universal healthcare system for all citizens. The Government has also pledged to build one million units of government-subsidized housings for low income and vulnerable groups.

- Lastly, the Government is also pursuing a more prudent financing policy to support the sustainability of government spending mainly through more disciplined issuance of

bonds whose aim is not only to finance the Government budget but more importantly also to maintain and further improve the governance of the economy.

## **B. Monetary Sector**

- Monetary policy will continue to be directed to maintain macroeconomic and financial stability as well as to promote economic growth through the implementation of policy mix. To guide inflation expectations and manage external pressures in light of current vulnerabilities, tight monetary policy will be maintained. On the other hand, continuous improvement on financial market deepening measures is also conducted.

- Macro-prudential policies will continue to be used as a balancing role in supporting credit growth while maintaining financial stability. In the role of maintaining economic growth momentum Bank Indonesia loosening macro-prudential policies to in the form of an increase in Loan to Value Ratio (LTV) or Financing to Value Ratio (FTV) for property loans and a decline in advances of motor vehicles loans. That policy regulated in Bank Indonesia Regulation No.17/10/PBI/2015 dated 18 June 2015.

- Meanwhile, Indonesia has deployed a set of policy actions and strengthened economic fundamentals to increase resilience to market shocks. Indonesia will continue financial market deepening measures to improve the functionality of FX and money markets and to encourage prudent hedging by corporates (including state-owned enterprises) to deal with risks associated with currency and maturity mismatch. Furthermore, the Government has held in check the fiscal deficit through energy subsidy reforms which made the budget more resilient to exchange rate shocks and financing pressures.

## **C. Investment and Infrastructure**

- Indonesia will speed up a number of strategic and tactical measures in some urgent reform nodes. This includes strengthening of physical connectivity, primarily in marine connectivity as well as integration between marine and land connectivity such as railway and digital connectivity. Improvement in these nodes will profoundly lower the logistical cost; hence it will increase the competitiveness of business sector in the global market and lead to cost efficiency across the nation.

- The fuel subsidies reduction will be reallocated to strengthen infrastructure financing. In addition, several programs will be undertaken are as follows:

- i. Indonesia will continue to provide fiscal incentives for investment with a better-targeted system. Tax incentive policies, such as tax allowance and tax holiday, will be improved continuously. The government is currently in the process of revisiting the current tax incentive policies. In addition, government will ease the eligibility requirements, expand the eligible sectors and regions, lower the minimum required investment value, and simplify the procedures.
- ii. As part of the new economic policy packages, the Government has implemented a new policy to extend the coverage of more affordable credit loans to support small businesses and household industry.
- iii. In addition, Indonesia will continue the financial deepening program to mobilize domestic savings for private and public investment financing as well as to provide a greater range of financial products. In 2015, this program will include (1) modifying regulation related to forex and IDR banking transactions with domestic and foreign parties, (2) setting a short-term benchmark interest rate through improvement on Jakarta Interbank Offered Rate regulation, (3) providing flexibility for banks by eliminating the 30 minute-Net Open Position (PDN) provision, and (4) developing sharia market through improvement on sharia repo regulation.

- Several measures to increase infrastructure projects for food security, energy sustainability, and connectivity are consists of : (i) improve land transportation efficiency

through building new roads and railways (2,650 km roads; 1,000 km toll roads; 2,159 km railways), (ii) improve electricity capacity by building 35.000 MW power plant, (iii) improve agriculture infrastructure by building 49 new dams, (iv) enhance island connectivity by building 24 new ports, and (v) build up digital connectivity by increasing broadband coverage to 100% in city areas. Those measures will be implemented in a five years horizon in accordance to our mid-term development planning (2015 – 2019).

#### **D. Employment Strategy**

- Several regulations related to certification process would be improved to boost labor productivity and enhance standard competency. The results are expected to increase the share of certified highly skilled workers from 8.4% to 14%, and the share of certified intermediate skilled workers from 30% to 42%. The performance of government training institution will also be improved, accompanied by the establishment of Indonesian National Qualifications Framework (KKNI) in educational institution. In addition, the Government has introduced several new labor policy, such as implementing fairer and more simplified mechanism for adjusting minimum labor wage standards, increasing the minimum threshold for taxable personal income.

#### **E. Competition Policies**

- Indonesia will improve market competition to support investment and trade activities. In this regards, policy action covers efforts to ensure law enforcement, enhance awareness of competition policy to government agencies, and conduct research to identify regulations that hamper market competition. The Government is continuing its reforms in investment sector, including through further simplifying administrative procedures and establishing a one national single window aimed at streamlining the procedures for business licencing issuance.

#### **F. Reducing external imbalances and address income inequality**

- **To address current account deficit**, the Indonesian Government and Bank Indonesia work in synergy to pursue a policy mix to bring economic stability back under control and maintain balance economic growth. These policy responses can be grouped into three major areas of the policy mix. The first part of the policy mix comprises fiscal policies designed to curb the current account deficit through the fuel subsidy cut and tax instruments adjustment. Working in synergy, the monetary and fiscal policy mix was then directed towards managing domestic demand in order to curb excessive imports. The second part involves a synergy between monetary policy, in this case, interest rate and exchange rate policy, and macroprudential policy, to enable policy objectives to be pursued with optimum results. The third part of the policy mix is related to structural policies, such as improvement in the investment climate and efforts to promote economic self-sufficiency.

- **To address inequality**, as stated in section C, Indonesia will focus on improvement of basic infrastructure, such as food security, energy sustainability and connectivity. Moreover, rural development priorities through community empowerment, equal minimum service standard between rural and urban, institutional development, and special attention to micro enterprices are expected to produce higher multiplier effect to inclusive growth and reduce inequality.

- Inclusive growth strategy is the key to ensure growth sustainability. One of the results of energy subsidy reform is the Government of Indonesia has more fiscal space to address poverty and inequality issues. Besides to boost infrastructure spending, the saving from the energy subsidy reform has been allocated to social welfare programs such as to strengthen social protection program, cash transfer and food program which are better targeted to poor and near poor families. Social protection programs in the form of health insurance is also set up gradually to be universal coverage.

- Indonesia's public welfare continue to improve, in line with improving welfare of middle-income countries, and in line with increasing economic growth that emphasize the important of social protections. Quality of human resources also continues to improve, indicated by the improving quality and relevance of education; improving level of health and nutritional services; improving gender equality; improving well-being and protection of children; achieving balanced population growth.
- Indonesia will continue to improving the National Social Protection System by taking appropriate measures for the National Health Protection System and National Labour Protection System.
- For the health protection, indonesia will take measures such as, 1)increasing recipient especially from the SMEs category, 2) increasing the quantity of the clinic, infirmary and hospital that will collaborate with BPJS (company that operate the National Social Protection System), 3) improving responsiveness of the health services, 4) improving collaboration between BPJS with private insurance company, 5) establish health technology assessment (HTA), 6) establish integrated monitoring and evaluation system for the National Health Protection System, 7) Maintain BPJS financial sustainability.
- For the labour protection, indonesia will take measures such as, 1) operating the BPJS for Labour and execute labour protection program i.e. woking incident protection program, pension protection program, death protection program, 2) increasing recipient including 23,5 percent from formal sector and 2,5 percent from informal sector, 3) improving framework and monitoring and evaluation system.
- In addition, Bank Indonesia and other related institution also will continue to introduce more robust policies related to financial inclusion and SMEs such as Financial Literacy and Digital Financial Services Program. These policies will have a role in promoting bank intermediation and improving bank efficiency that in turn will contribute to strengthening financial system stability and support policy in the payment system. The financial inclusion policy will provide assistance for the economic activities of medium and low income earners in a way that brings structural improvement to the economy and improves income equality.

## ANNEX 1: NEW AND ADJUSTED POLICY COMMITMENTS FOR 2015

New and Adjusted Commitments since Brisbane

*This annex is for describing new measures introduced since Brisbane or Brisbane commitments that have been adjusted or modified.*

*Please complete a table for each new or adjusted commitment put forward in 2015. We would expect each policy commitment table to be no longer than 1 page.*

• The new or adjusted policy action:	<b>Increase infrastructure projects for food security, energy sustainability, and connectivity with more focus on our maritime advantages. (adjusted Brisbane commitment)</b>	
<b>Implementation path and expected date of implementation</b>	Gradually from 2015 to 2019. In 2015, Indonesia has set 22 priorities infrastructure project. Four of those projects has started construction, such as : Toll roads in North Sumatera, Railways in South Sulawesi, Water Power Plant in Java, and Dams in Jakarta	
<b>What indicator(s) will be used to measure progress?</b>	<b>Measures</b>	<b>Implementation by 2019</b>
	Improve land transportation efficiency through building new roads and railways	2,650 kms roads 1,000 kms toll roads 2,159 km railways
	Improve electricity capacity by building new power plants	Building 35,000 MW power plants
	Improve agriculture infrastructure for food security program	Build 49 new dams for irrigation
	Enhance islands connectivity	Build 24 new ports Increase the number of large vessels (cargo, boat and ferry)
	Build up digital connectivity	Increase broadband coverage to 100% in city areas.
<b>Explanation of additionally or adjustment (where relevant)</b>	These are new measures, added in line with the new administration's work plan.	

• The new or adjusted policy action:	<b>Enlarge fiscal space to support prioritized programs and development agendas (infrastructure investment) through tax optimization and improvement of spending quality (adjusted Brisbane commitment)</b>	
<b>Implementation path and expected date of implementation</b>	Gradually from 2015 to 2019	
<b>What indicator(s) will be used to measure progress?</b>	On the revenue side, a number of policies are being prepared (some of them have been in lace) to increase tax revenue significantly both through intensification and extensification measures.	
	Modernizing tax administration is one of critical steps to improve tax compliances. E-filing and E-facture are two examples that have been in place to improve compliances on individual income tax and VAT, respectively.	
	Other key measures to improve tax compliances are the improvement	



	of taxpayer's profile database through single identification system and law enforcement.
<b>Explanation of additionality or adjustment (where relevant)</b>	

<b>The new or adjusted policy action:</b>	<b>Improve labor productivity and standard competency through cross sector – cross regional – cross country cooperation and business partner, partnership between government and business industry (Incentive), the optimization of public vocational training and training funding pattern in order to spur innovation and technology development. (adjusted Brisbane commitment)</b>
<b>Implementation path and expected date of implementation</b>	Gradually from 2015 to 2019
<b>What indicator(s) will be used to measure progress?</b>	<ul style="list-style-type: none"> <li>▪ Increase certification process for highly skilled workers from 8.4% to 14% and intermediate skilled workers from 30% to 42%.</li> <li>▪ Improve the performance of government training institution to become a competency-based training institution from 5% to 25%.</li> </ul>
<b>Explanation of additionality or adjustment (where relevant)</b>	

<b>The new or adjusted policy action:</b>	<b>Improve market competition to support investment and trade activities. (new commitment)</b>
<b>Implementation path and expected date of implementation</b>	Gradually from 2015 to 2019
<b>What indicator(s) will be used to measure progress?</b>	<ul style="list-style-type: none"> <li>• Issue policy recommendations to improve conducive business climate to support exports and technology development.</li> <li>• Conduct a number of policy research to identify regulations that hamper market competition.</li> <li>• Strengthen cooperation between Business Competition Supervisory Commission (KPPU) and other law enforcement agencies to enhance law enforcement.</li> <li>• Increase the effectiveness of anti-monopoly policy to support trade and investment activities. (the World Economic Forum calculates annually and publishes in the Global Competitiveness Report the effectiveness of anti-monopoly policy index using a scale between 1 [indicates that antitrust policy is considered lax and not effective at promoting competition] and 7 [indicates that antitrust policy is effective and promotes competition]. In 2014, the scoring for Indonesia is 4.49).</li> </ul>
<b>Explanation of additionality or adjustment (where relevant)</b>	

## ANNEX 2: PAST COMMITMENTS – ST. PETERSBURG FISCAL TEMPLATE – UPDATE

Please update as necessary. In particular, please update tables as follows:

Medium-term projections, and change since last submission (required for all members):

		Estimate Projections						
		2013-14*	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Gross Debt								
<i>ppt change</i>								
Net Debt		25.3	26.3	24.5	23.7	22.6	n.a	n.a
<i>ppt change</i>								
Deficit		-2.3	-2.2	-2.2	-2.1	-1.7	n.a	n.a
<i>ppt change</i>								
Primary Balance		-1.0	-0.8	-0.9	-0.8	-0.6	n.a	n.a
<i>ppt change</i>								
CAPB								
<i>ppt change</i>								

\* Figures can be presented on a fiscal year basis, should they be unavailable for the calendar year.

The debt-to-GDP ratio and deficit projections are contingent on the following assumptions for inflation and growth:

		Estimate Projections						
		2013-14*	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Real	GDP	5.0	5.4	5.7	6.2	6.5	n.a	
<i>growth</i>								
<i>ppt change</i>								
Nominal	GDP	10.7	11.3	12.6	11.5	11.6	n.a	
<i>growth</i>								
<i>ppt change</i>								
ST interest rate								
<i>ppt change</i>								
LT interest rate								
<i>ppt change</i>								

\* Figures can be presented on a fiscal year basis, should they be unavailable for the calendar year.

### ANNEX 3: PAST COMMITMENTS – BRISBANE COMMITMENTS

The purpose of these tables is to monitor the implementation of commitments from members' Brisbane growth strategies.

#### Key Commitments for Monitoring Purposes

The detailed table below is for the monitoring of key commitments, as identified by members. Please complete a table for each key commitment.

• The action:	policy	Improve infrastructure investment perspective by establishing infrastructure body and PPP centre		
<b>Detailed implementation path and status</b>		Interim Steps for Implementation	Deadline	Status
	Establish infrastructure body	December 2014	Completed	<p>Establishment of KPPIP as an infrastructure body in July 2014 (President Regulation No. 75 2014 – dated 21 Juli 2014).</p> <p>KPIP has started to be fully operational in April 2015. It has set 22 priority infrastructure projects in 2015. Four of those projects are being constructed, such as toll road in North Sumatera, railway in South Sulawesi, water power plant in Java and dams in Jakarta.</p>
	Establish PPP Centre	December 2014	Completed	<p>PDPPI (Directorate of Government Support on Infrastructure Financing) as a PPP Centre was established on December 2014.</p> <p>Currently, PDPPI is fully operated to formulate and to implement policy and technical standardization in the area of infrastructure financing.</p> <p>Indonesia has improved the PPP scheme in order to accelerate private sector contribution for national infrastructure development through the land fund, project development fund, government guarantee, viability gap fund, availability payment, and infrastructure fund. The prioritized projects to be conducted under the PPP Scheme are long-term profitable projects</p>

			with high risk and complexity. (Government Regulation No.38/2015 on PPP for infrastructure and Presidential Decree 82/2015 on guarantees for infrastructure financing through international financial institutions to SOEs)
<b>4.Impact of Measure</b>	<p>The establishment of infrastructure body and PPP Centre will improve coordination between the planning, prioritization and financing of infrastructure.</p> <p>This will encourage efficiency and effectiveness of the infrastructure projects and also encourage private sector involvement.</p>		

<b>• The policy action:</b>		<b>Promote SMEs through fiscal and monetary policy supporting SMEs to get financial access easier</b>		
<b>Detailed implementation path and status</b>	<b>Interim Steps for Implementation</b>	<b>Deadline</b>	<b>Status</b>	
	Issue regulation on electronic money and digital financial services	December 2014	Completed Bank Indonesia has issued regulation on Electronic Money, which also included regulation on Digital Financial Services (Bank Indonesia Regulation No. 16/8/PBI/2014 dated 8 April 2014).	
	Enhance public awareness in particular SMEs, about less cash society,	Continuous Program	<p>- Indonesia officially launched the Non-Cash National Movement in Jakarta on 14th August 2014.</p> <p>- Memorandum of Understanding (MoU) between Bank Indonesia and other government agencies (the Coordinating Ministry for the Economy, the Ministry of Finance, provincial governments and as provincial government associations throughout the Indonesian archipelago has been signed as a form of commitment to support the Non-Cash National Movement.</p>	

	Increase a number of Digital Financial Services Agents	Continuous Program Target in 2015: 10,000 agents	As of April 2015, number of DFS reached 33,056 agents (individual and legal entity agents). This achievement has exceed the target.
<b>4. Impact of Measure</b>	The digital financial services programme as part of the National Financial Inclusion will benefit the Government through greater efficiency, transparency and accountability in disbursing social assistance. In addition, this national economic model will also increase SMEs' access to the formal financial sector. Hence, it will support improvement in national economic efficiency.		

<b>• The policy action:</b>	<b>Boost foreign investment by reducing administrative burden for foreign entities to establish a business in Indonesia</b>		
<b>Detailed implementation path and status</b>	<b>Interim Steps for Implementation</b>	<b>Deadline</b>	<b>Status</b>
	Operating Online Single Window for Investment	December 2015	Completed Online Single Window for Investment has been introduced on 15th December 2014. ( <a href="https://online-spipise.bkpm.go.id/">https://online-spipise.bkpm.go.id/</a> ). Currently, this system has been fully operated and since the establishment of Online Single Windows 2015 there are more than 1,265 companies submitted online applications.
	Operating One Stop Services – OSS (PTSP).	December 2015	Completed On 26 January 2015, Indonesia has launched One Stop Services (PTSP) at BKPM office. This system combines the licence process from 22 government institutions. OSS helps to simplify business licensing process in strategic sectors including electricity, agriculture, forestry, transportation, manufacturing. For example, in electricity sector, process for license related to land use is cut from 165 days to 50 days, license for environmental impact assessment is cut from 219 days to 10 days.
<b>4. Impact of Measure</b>	Online Single Window and One Stop Services will simplify business licensing processes. This system is expected to increase investment activities both from foreign and domestic investors.		

<p>• <b>The policy action:</b></p>	<p><b>Improve job market by encouraging the private sector to provide training for those seeking jobs through tax incentives</b></p>		
<p><b>Detailed implementation path and status</b></p>	<p><b>Interim Steps for Implementation</b></p>	<p><b>Deadline</b></p>	<p><b>Status</b></p>
	<p>Issue Government regulation on Tax Incentive to private sectors whom conduct research and development program</p>	<p>December 2015</p>	<p>Completed Related regulation has been issued (Government Regulation No. 18, May 2015).</p>
<p><b>4.Impact of Measure</b></p>	<p>Government provides tax incentives to attract investors, both domestic and foreign investors to invest and build R&amp;D facilities in Indonesia.</p>		

<p>• <b>The policy action:</b></p>	<p><b>Address "behind the border" issues by implementing the WTO Trade Facilitation Agreement</b></p>		
<p><b>Detailed implementation path and status</b></p>	<p><b>Interim Steps for Implementation</b></p>	<p><b>Deadline</b></p>	<p><b>Status</b></p>
	<p>1. Commitment categorization and notification to WTO 2. Ratify WTO Trade Facilitation Agreement 3. Establish a National Trade Facilitation Committee (Komite Nasional Fasilitasi Perdagangan), in accordance with Article 23.2 WTO - TFA</p>	<p>2016</p>	<p>1. Indonesia has conveyed A category commitment in 31 July 2014. Indonesia has a national position regarding category B commitment, and will be conveyed in WTO entry into force. 2. Ministry of Trade is in the process of composing academic script will be use to ratify WTO TFA. Ratification process will be started at March 2016 (will be included in the National Legislative Process next year) 3. Establishment of National Committee of Trade Facilitation that will be coordinated by The Coordinating Ministry of Economic Affairs.</p>
<p><b>4.Impact of Measure</b></p>	<p>This trade facilitation will improve competition through increasing efficiency and reducing trade cost.</p>		

## Other Brisbane Commitments

This table is for the monitoring of other Brisbane commitments (non key commitments). Please complete a table for each commitment

### I. INVESTMENT

• The policy action:	Establishment of Regional Investment Relation Unit		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	<ul style="list-style-type: none"> <li>▪ Regional Investment Relation Unit (RIRU) is tripartite cooperation between Bank Indonesia, Provincial/Regional Government, and the Chamber of Commerce to promote investment activity, trade, and financing.</li> <li>▪ The establishment of RIRU is aimed to to enhance regional competitiveness and to accelerate regional development.</li> <li>▪ This program is expected to be launched at the end of 2015.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The establishment of RIRU in West Java at the end of 2014</li> <li>▪ The establishment of pilot project of RIRU in 3 province in 2015</li> <li>▪ The establishment of RIRU in other province in 2016-2019</li> </ul>	<p>Completed for 2014.</p> <p>West Java Incorporated (WJI) has established in December 2014.</p> <p>WJI is a forum consists of several parties related to the West Java economic development. This is to synergize each party's role in creating a conducive environment to enhance economic productivity, competitiveness, positive perceptions, regional export performance and market access for the West Java businesses and enterprises into the global economy.</p> <p><a href="http://www.westjavainc.org/west-java-inc/">http://www.westjavainc.org/west-java-inc/</a></p>
• The policy action:	Increasing Domestic Saving by “My Savings” (“TabunganKu”) Program		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	<ul style="list-style-type: none"> <li>▪ TabunganKu is a savings scheme with more affordable requirements, - no charge for administrative costs, low minimum deposit, low minimum required balance.</li> <li>▪ This program is a part of the financial inclusion prohrum that aimed to improve the culture of saving and financial planning, especially for the middle to low income society.</li> </ul>	Multi years	<ul style="list-style-type: none"> <li>▪ Until the end of May 2015, there are additional 4,034,220 of savings accounts.</li> </ul>

<b>4. Impact of Measure</b>	Increasing of private deposit from Rp3.578,22 trillion in 2013 to Rp4.106,1 trillion in March 2015. With increasing of account from 155,77 million in 2013 to 163,48 million in March 2015.
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<b>• The policy action:</b>	<b>Reduce the fuel subsidy</b>		
<b>Detailed implementation path and status</b>	<b>Interim Steps for Implementation</b>	<b>Deadline</b>	<b>Status</b>
	<ul style="list-style-type: none"> <li>▪ The government has committed to slowly reduce the subsidy over the next few years and reallocate the funds to more productive spending such as infrastructure.</li> </ul>	Multi years	Government has cut gasoline subsidy on November 2014 and will reduce other types of fuel subsidies gradually.
<b>4. Impact of Measure</b>	Indonesia will generate saving of more than IDR 200 T from implementation of gasoline subsidy cut and diesel fixed subsidy. Most of this saving will be reallocated to boost infrastructure development, support food security and rural development fund.		

<b>• The policy action:</b>	<b>Government is also supporting the development of new and renewable energy through the conversion of biofuels and gas with some programs such as development of biomass power plan which utilize corn barges as the main energy source and simplify the licensing procedure on electricity of water supply.</b>		
<b>Detailed implementation path and status</b>	<b>Interim Steps for Implementation</b>	<b>Deadline</b>	<b>Status</b>
	<ol style="list-style-type: none"> <li>1. Contribute 36% energy saving of the total energy use of electronic appliances in the household, business/commercial, and industrial sectors.</li> <li>2. Provide more fiscal policy space and more budget allocation to the other more sectors that have significant public interest.</li> <li>3. Encourages planning efforts and funding development of forest-based bioenergy energy.</li> </ol>	Increase biodiesel content in fossil fuel from 10 % in 2015 to 30% in 2025. (Regulation of Ministers of Energy and Minerals No.12, year 2015)	As of April 2015, Biodiesel content has reached 15%. This will reduce the fossil fuel (diesel) consumption hence reduce the subsidy for diesel and increase fiscal space.



## II. EMPLOYMENT

• The policy action:	Boosting Job Creation Through Infrastructure Development		
<p><b>Detailed implementation path and status</b></p>	<p><b>Interim Steps for Implementation</b></p>	<p><b>Deadline</b></p>	<p><b>Status</b></p>
	<p>Building roads, harbours/airports, telecommunication, railways, etc. in the rural and outskirts areas to help local resources create jobs and improve local economic activities.</p>	<p>2014</p>	<p>Completed</p> <p>Development in rural areas through infrastructure labor intensive program in 2014, including 149 packages in 25 provinces and 110 districts, such as:</p> <ol style="list-style-type: none"> <li>1. Building bridges (4 provinces in 5 districts)</li> <li>2. Building roads (33 provinces)</li> <li>3. Building reservoirs</li> <li>4. Establishing traditional markets</li> <li>5. Establishing drainage</li> </ol>
• The policy action:	Supporting SMEs in fostering high economic growth and employment especially labour absorption		
<p><b>Detailed implementation path and status</b></p>	<p><b>Interim Steps for Implementation</b></p>	<p><b>Deadline</b></p>	<p><b>Status</b></p>
	<p>Open market should be developed by providing facilities, incentive policies and conducive environment for private sector running its business. Indonesia supports SMEs financing as they are an important factor in fostering high economic growth and employment especially labour absorption.</p>	<p>2014-2019</p>	<p>Continuous program</p> <ul style="list-style-type: none"> <li>•Indonesia promoted conducive business climate through improving employment regulation, i.e. issuance of Government Regulation No.33 Year 2013 regarding Job Opportunity Expansion</li> <li>•Indonesia increased job market information provision through developing employment placement service in 33 provinces.</li> <li>•Ministry of Employment has conducted several activities related to improving labor's welfare, such as development of flats funded by Ministry of Public Work and Housing budget and</li> </ul>

			development of housing for labor in industrial region funded by Ministry of Public Works and Housing.
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The policy action:	Technical Assistances for SMEs		
	Interim Steps for Implementation	Deadline	Status
Detailed implementation path and status	1. Promote entrepreneurship to empower labour force to create job. This endeavour is conducted through entrepreneurs program for university graduates who have entrepreneurial passion and productivity orientation.	Continuous Program	On Progress Bank Indonesia and 13 ministries launched National Entrepreneurship Movement (Gerakan Kewirausahaan Nasional-GKN). Bank Indonesia contribution on entrepreneurship program
	2. Bank Indonesia (BI) also contributed by launching entrepreneurship program in 2012 as a part of the national Entrepreneurship Movement program to promote entrepreneurship and to increase employment.		
			<p><u>Goal on 2015 :</u></p> <ol style="list-style-type: none"> <li>1. Identification of entrepreneurship development business model by related institution</li> <li>2. Understanding and agreement about the importance of entrepreneurship ecosystem development.</li> </ol> <p><u>Progress on 2015 :</u></p> <ol style="list-style-type: none"> <li>1. Doing Coordination and Focus Group Discussion with related stakeholders in order to identify entrepreneurship business model in each institution.</li> <li>2. Recap business model/ entrepreneurship development program form all stakeholders</li> <li>3. Dissemination about mapping concept of the role and model in entrepreneurship ecosystem to all</li> </ol>

			<p>stakeholders.</p> <p>Ministry of Employment has been doing some technical assistances for SMEs, such as:</p> <ul style="list-style-type: none"> <li>•Entrepreneur training in 2014 as amount of 6,475 trainees</li> <li>•Labor training including internship in 2014 as amount of 6,780 trainees. Domestic internship target for 2015-2019 as amount of 41,650 trainees and for foreign internship as amount of 11,000 trainees</li> </ul>
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• The policy action:	Optimizing of public vocational training centres and encourage private sector to provide training		
	Interim Steps for Implementation	Deadline	Status
<p><b>Detailed implementation path and status</b></p>	<ol style="list-style-type: none"> <li>1. The empowerment and optimization of public vocational training centres,. It is aimed to improve the quality and productivity of labour force.</li> <li>2. The government will also encourage the private sector to provide training for those seeking jobs. It is expected to reduce labor mismatch.</li> <li>3. This strategy will be accomplished through tax scheme by treating cost of training spent by companies as deductible for income tax.</li> </ol>	2014-2019	<p>Continuous program</p> <p>Establishment of “KIOS 3 in 1” in public vocational center owned by government. This program includes training, certification, and placement. In order to increase the role of industry in labor training to avoid labor mismatch, Ministry of Employment has developed job-training system through both domestic and abroad internships.</p>

• The policy action:	Human capital investment		
	Interim Steps for Implementation	Deadline	Status
<p><b>Detailed implementation path and status</b></p>	<p>The government will</p> <ol style="list-style-type: none"> <li>Maintain the constitutional requirement of 20% allocation of our state budget for education.</li> <li>Provide tax incentives for companies which relocate their Research and Development process in Indonesia Provide variety of tax-related incentives such as tax incentives for labor-intensive businesses, and increase in non-taxable income.</li> </ol>	<p>Continuous program</p>	<p>There are four of 2015 MDG targets have been achieved, namely improvement of primary education, gender equality and the empowerment of women, reduction in child mortality, and to build a global partnership for development.</p>

• The policy action:	Improving Female Participation		
	Interim Steps for Implementation	Deadline	Status
<p><b>Detailed implementation path and status</b></p>	<ol style="list-style-type: none"> <li>Increase the 2014 budget for the sub-function for the empowerment of women riding around Rp192.7 billion or 2.8 percent.</li> <li>Enhance the efforts to boost female labour force in high level political system.</li> <li>Increase the number of policies / programs / activities in the field of gender responsive to Political, Social and Legal. These programs will be implemented by ministries, Institutions and Local Government. The main target is 11 line ministries and 26 provinces.</li> <li>Improving the equality of women participation in SMEs, industry, and trade</li> </ol>	<p>2014-2019</p>	<p>On Progress</p> <ol style="list-style-type: none"> <li>Empowerment of women labor through debriefing and provision of business support Increasing job opportunity for women in formal sector</li> <li>Establishment of equal employment opportunity taskforce involving related ministries and institutions in order to eliminate labor discrimination</li> <li>Provision of career guidance</li> <li>Organizing job expo</li> <li>Law enforcement in employment sector related to women labor protection</li> </ol>

	<p>activities with the main area target in 3 provinces;</p> <p>5. Increase women participation in agriculture, forestry, fisheries, marine, food security and agribusiness. This is a coordinated programs of 3 line ministries and 3 provincial governments.</p>	<p>6. Government ratification for discrimination in job and position, equal salary between men and women labor</p> <p>7. Granting awards to company supporting women participation</p>
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• The policy action:	Education Reform		
<p><b>Detailed implementation path and status</b></p>	Interim Steps for Implementation	Deadline	Status
	<p>As stipulated in the Law no. 20/2003 regarding National Education System, the Government shall allocate 20% of its annual budget to education sector through: providing scholarships to fresh graduates of senior high schools to pursue their higher education; allocate vocational training and develop school and university curriculums that support entrepreneurship.</p> <p>The measures:</p> <ol style="list-style-type: none"> <li>1. Develop employment competency standards by increasing Number of guideline administration and management development Vocational Training Institution (LPK) and Number of formulated and established Indonesia National Skill Competency Standards.</li> <li>2. Develop competency based training and apprenticeship by increasing Number of licensed Professional Certification Institutions (LSP) (1st/2nd/3rd party) ; people in the labor workforce that have competency based</li> </ol>	<p>2014-2019</p>	<p>Draft regulation regarding budget allocation to education sector for public vocational training has been initiated by Ministry of Education and Culture.</p>

	training; Number of Competency Test Assessor that have capacity improvement; and Number of trainers that have competence improvement		
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### III. COMPETITION

• The policy action:		Improvement of the human resources quality to be ready compete in the global market.	
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	Increase the ratio of Indonesia's productive age to decrease dependency rate and future purchasing power for strengthening growth.	2014-2019	Continuous program 1. Revitalizing education and vocational training through optimizing public vocational training owned by local and central government 2. Improving educational program and training through technology utilization.

• The policy action:		Improvement of Export Institutional	
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	Improve Institutional Exports through: (a) the development and strengthening of overseas marketing/representative such as: ITPC (Indonesian Trade Promotion Centre), Commercial Attaché, and Indonesia's Overseas Representatives (KDEI); 1. Improve Institutional Exports through: (b) Improving marketing agencies/management representatives through Key Performance Indicator (KPI) of each institution, service standards, standards promotion and	2014-2019	Indonesia has had 19 ITPC offices across the world (Vancouver, Los Angeles, Chicago, Mexico City, Sao Paolo, Santiago, Hamburg, Budapest, Lyon, Milan, Barcelona, Dubai, Jeddah, Lagos, Johannesburg, Chenna, Busan, Osaka, and Sydney).  Key Performance Indicator of Commercial Attaché and ITPC official was developed through integrated Employee Performance System; which comprises list of activities and

	<p>promotional materials.</p> <p>2. Strengthening consumer protection institution through facilitation of BPSK (Badan Penyelesaian Sengketa Konsumen) or Settlement Body of Consumers Dispute; Strengthening LPKSM (Lembaga Perlindungan Konsumen Swadaya Masyarakat or Institute for Consumer Self Protection; Facilitation of BPKN (Badan Perlindungan Konsumen Nasional) National Consumer Protection Agency.</p> <p>a. Development of distribution facilities through synergy market development, revitalization of traditional markets facilitation in order to improve the competitiveness of traditional market, development of distribution facilities particularly for border regions and remote areas in order to accelerate economic activities and trade growth.</p> <p>b. Improvement and diversification of export markets, destinations through: (a) improving and strengthening the prime/traditional market (European Union, United States, Japan, South Korea, and Singapore);</p> <p>c. Improvement and diversification of export markets, destinations through:] (b) Development of potential/non- traditional market, among others: the PRC and the Asian region, Africa, the Middle East, Eastern Europe, and Latin America.</p>	<p><i>achievements of trade promotion target, as well as Indonesia trade volume in country that Commercial Attaché and ITPC official are assigned to.</i></p> <p>BPSK has been established in 171 cities/municipalities. Various Technical Guidances have been conducted and the implementation will be increased to 4 times a year for all BPSK members.</p> <ul style="list-style-type: none"> <li>Indonesia has development and revitalization program for 5,000 traditional markets for 5 years, with 1,000 target each year. Some of revitalization program will be conducted in 7 integrated transboundary post, following the Presidential Instruction No. 6 of 2015 regarding Acceleration of Development in 7 Integrated Transboundary Post and Infrastructure Supporting Frontier Regions.</li> </ul> <p><b>The Indonesia-Japan Partnership</b></p> <p>Indonesia and Japan have ratified <i>Indonesia-Japan Economic Partnership Agreement (IJ-EPA)</i>, which covers several sectors: trade in goods, investment, trade in services, movement of natural persons, IPR, cooperation, competition policy, energy and mineral resources, government procurement, custom procedures, improvement of</p>
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		<p>business environment, dispute avoidance and settlement.</p> <p><b>The Indonesia-European Union Partnership</b></p> <p>According to the President's direction, Indonesia re-negotiates a Free Trade Agreement with its main export markets, through Comprehensive Economic Partnership Agreement between Indonesia and the EU.</p> <p><b>The Indonesia-United States Partnership</b></p> <p>Indonesia and the US held a <i>14<sup>th</sup> Trade and Investment Framework Agreement - Trade and Investment Council (TIFA-TIC) meeting</i> on September 18-19, 2015 in Washington, DC. The two countries discussed trade opportunities and trade barriers. Issues on trade and investment were also discussed, namely GSP, SVLK, IUU Fishing, NODA for Palm Oil. Additionally, the Ministry of Trade's deregulation and debureaucratization package was conveyed in the meeting, and appreciated by the US. The package would play an important role in enhancing trading partnership between two countries.</p> <ul style="list-style-type: none"> <li>• In order to diversify export market, Ministry of Trade is actively engaged with Plurilateral Organizations which involve the non-traditional export markets, namely Developing Eight and Organisation of Islamic</li> </ul>
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			Cooperation. Indonesia has signed a tariff reduction agreement with Asian, African, and Middle-east countries through partnership framework of <i>Preferential Trade Agreement of the D-8 (PTA D-8)</i> and <i>Trade Preferential System of the Organization of Islamic Cooperation (TPS-OIC)</i> .
<b>4.Impact of Measure</b>			

<b>• The policy action:</b>		<b>Encouraging trade openness</b>	
<b>Detailed implementation path and status</b>	<b>Interim Steps for Implementation</b>	<b>Deadline</b>	<b>Status</b>
	Commitment in ASEAN Economy Community (AEC) will be implemented from 2015 according to AEC timeline and score card. The AEC aims to bring the ASEAN countries toward ASEAN single market and production base, comprising five core elements. Those are: (i) free flow of goods; (ii) free flow of services; (iii) free flow of investment; (iv) free flow of capital; and (v) free flow of skilled labour. In addition, the single market and production base also include two important components, namely, the priority integration sectors, and food, agriculture and forestry.	2014-2019	<ul style="list-style-type: none"> <li>Implementation of AEC Blueprint is measured by AEC scorecard mechanism – the new baseline of 506 measures, of which 54 are high-priority measures (hpm). As of end-July 2015, ASEAN members have achieved implementation rate of 91.5% - 43 hpm are still pending and accomplished by the end of 2015.</li> <li>Indonesia as an individual country has implemented 93.1% of the Blueprint with pending 35 high-priority measures – of which 20 are to be completed this year. At the end of 2015, the implementation rate is expected to grow to 97.03%.</li> <li>The remaining measures which are</li> </ul>

			deemed not being able to be completed this year, will be implemented in 2016 within post-2015 AEC agenda.
<b>4.Impact of Measure</b>			

<b>• The policy action:</b>		<b>Encourage information technology in trade sector</b>		
<b>Detailed implementation path and status</b>	<b>Interim Steps for Implementation</b>	<b>Deadline</b>	<b>Status</b>	
		<ol style="list-style-type: none"> <li>1. Increasing in collection of information/data from a trade representative office, TPO (Trade Promotion Office);</li> <li>2. Systematic dissemination of updated information;</li> <li>3. Increasing inquiry services;</li> <li>4. Periodical maintaining and updating the website;</li> <li>5. Increasing the activities of public relations and publications;</li> <li>6. Increasing business consulting for SMEs.</li> </ol>	2014-2019	<p>Directorate General for National Export Development of Ministry of Trade has developed a website which provides updates on the following.</p> <ul style="list-style-type: none"> <li>• Trade expo/export forum</li> <li>• Export performance of Indonesia</li> <li>• Export regulation of Indonesia</li> <li>• Product information</li> </ul> <p>Relevant information to exporter and buyer</p> <p>At the recruitment stage for promotion program, Ministry of Trade cooperates with experts to choose the selective products. The experts give some advices to the participants on product design, material quality, market target, product packaging.</p>
<b>4.Impact of Measure</b>				

• The policy action:	Improving Investment Climate		
<p><b>Detailed implementation path and status</b></p>	Interim Steps for Implementation	Deadline	Status
	<p>1. Simplification, acceleration, and transparency of investment and business procedures, as well as providing information assurance costs;</p> <p>2. An increase in the harmonization and simplification of regulations related to investment and economic efforts to reduce the high cost and uncertainty of business;</p> <p>3. Accelerating the development and implementation of the functions of special economic zones (KEK/Kawasan Ekonomi Khusus) in the economic corridor that has been established in MP3EI;</p> <p>4. The development and improvement of license and online facilities for export and import activities as well as investment and business licenses;</p> <p>5. implementation of wage policy toward a system that can accept flexibility in order to improve the labour market efficiency</p>	2014-2019	<p>The Government has added 3 licenses into mandatory online trade licensing (submitted through INATRADE system) in 2015; namely Registered Importer of Forestry Products, Importer Producer of Forestry Products, and Import Approval of Forestry Products, according to Minister of Trade Regulation 78/M/DAG10/2014. This will result in total numbers of mandatory online licensing by the end of 2015, to be 99 licenses.</p> <p>5. Minimum wage functions as safety net and applies to labor with less than a year of service. It applies to all business variances and sectors and to all Indonesia regions.</p> <p>Giving the critics from businesses and stakeholders, Ministry of Employment is conducting a study regarding minimum wage formulation that is predictable, fair, and simple. This formula is to be accepted by all parts, labor and business.</p> <p>Wage above the minimum is determined by negotiation between business and labor.</p>
<p><b>4. Impact of Measure</b></p>	<p>.....</p>		

• The policy action:	Financial Deepening Program		
<p><b>Detailed implementation path and status</b></p>	Interim Steps for Implementation	Deadline	Status
	<p>1. Financial Deepening. FX Market : Focus will be to relax some regulation in order to support efficiency in FX transactions, increase market volume, and develop derivative transactions and instruments; this regulation is in the pipeline to be amended.</p> <p>2. Focus will be looking at the possibilities to develop instruments to provide market with alternative source of fund and liquidity instrument, looking at the possibilities to implement FX special deposit accounts, with special rate to attract export proceeds to be placed in domestic accounts.</p> <p>3. Focus will be on enriching sharia money market instruments by developing interbank repo market with coordination of national Sharia Board.</p>	2014-2019	<p>Continuous Program</p> <p>1. Amendment of PBI No. 16/16/PBI 2014 and PBI No. 16/17/PBI 2014 that regulates forex/ IDR trading within banks and domestic or foreign parties, on May 29, 2015.</p> <p>2. PBI No. 17/2/PBI about Interest-rates on Interbank deals, on March 26, 2015.</p> <p>3. Revocation PDN 30 minutes by PBI No. 17/5 / PBI on Net Open Position for Commercial Banks, on May 29, 2015.</p> <p>4. PBI No. 17/4 / PBI / 2015 dated April 27, 2015, SE No.17 / 10 / DKMP, SE 17/22 / Intern dated 27 April 2015 on the Interbank Money Market Sharia Based which regulated Sharia PUAS and Sharia Repo.</p> <p>5. The signing of the memorandum of understanding Implementation Master Repurchase Agreement (MRA) Shariah on July 2, 2015 by 18 banks.</p> <p>6. Bank Indonesia loosening macro-prudential policies to in the form of an increase in Loan to Value Ratio (LTV) or Financing to Value Ratio (FTV) for property loans and a decline in advances of motor vehicles loans. That policy regulated in Bank Indonesia Regulation No.17/10/PBI/2015 dated 18 June 2015.</p>

• The policy action:	SMEs empowerment		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	<p>Government has undertaken to promote small-medium enterprises' access to financing through Government Regulation number 46 year 2013. The purpose is to simplify the taxpayers pay their income tax both personal and company taxpayers, which have the sales turnover not more than IDR 4,8 billion (approx. USD 400,000) to comply their obligation with single tariff of 1% income tax per year. The obligation to register the business and pay income tax in single tariff will obviously encourage huge number of business to move from informal sector to formal sector.</p>	2014-2019	<p>Completed</p> <p>Simplification of tax administration for SMEs.</p> <p>SMEs inclusion in national taxation system will categorize them as formal sector. This could ease SMEs to access bank financing</p>

#### IV. TRADE

• The policy action:	Reducing tariff barrier		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	<p>1. To close the development gap both domestically and regionally, Indonesia develop concrete and realistic steps:</p> <p>2. Reducing the Tariff Measures. Indonesia has implemented a tariff system based on HS 2012 which covers 10,025 tariff lines (previously it covered 8,755 tariff lines). The implementation is based on Minister of Finance Regulation (PMK) No. 213/PMK.011/2011 and amended by Minister of Finance Regulation No.</p>	2014-2019	<p>The tariff commitments in several free trade agreements have been converted from HS 2010 to HS 2012.</p>

	133/PMK.011/2013 FMD. The tariff commitments in several free trade agreements have been converted from HS 2010 to HS 2012.		
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• The policy action:	Reducing Non-Tariff Barrier		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	Reducing Non-Tariff Measures to improve the importing process of certain products, to support the implementation of ASEAN Harmonized Tariffs Nomenclature, to provide business certainty, to create conclusive business climate and increase effective implementation of the international trade provisions, through the implementation of the Minister of Trade Regulation HS 2010 to HS 2012.	2014-2019	<ul style="list-style-type: none"> <li>- ASEAN is to publish Non-tariff Measures (NTMs) database on ASEAN Trade Repository (ATR)/National Trade Repository (MTR), and notify NTMs periodically through Coordinating Committee on ATIGA (CCA)/Senior Economic Officials Meeting (SEOM) to the Secretariate.</li> <li>- ASEAN is to eliminate Non-tariff Barriers (NTBs) and report the result to AFTA Council through SEOM after being approved by CCA, ACCSQ, ACSPS, and DG Customs.</li> <li>- ASEAN is to update Work Programme NTMs at Regional and National Level.</li> <li>- ASEAN is to optimize the website of ASEAN Solutions and Settlements for Investments, Services, and Trade (ASSIST) as a platform to solve NTMs/NTBs dispute</li> <li>- Indonesia NTMs has been published and updated regularly by relevant Ministry and Institution on Indonesia National Trade Repository</li> </ul>

		<p>website.</p> <ul style="list-style-type: none"> <li>- Solution of Indonesia NTMs: Economic Policy Package</li> <li>• Target on September 2015: to revise Minister of Trade Regulation in order to eliminate Surveyor Report on exports of timber, rice, and non-pharmaceutical precursor.</li> <li>• Target on October 2015: to revise Minister of Trade Regulation in order to eliminate Surveyor Report as a pre-clearance document for cosmetics product and eliminate Ministry of Industry recommendation on sugar import.</li> <li>• Deregulation has been conducted up to county-level regulation and licensing.</li> <li>• This package has been reinforced by Indonesia National Single Window (INSW) system.</li> <li>• The export-import licensing process will be mandatorily done by online with a digital signature in October 2015.</li> </ul> <p>Evaluation will be conducted semesterly by Trade Deregulation Team for Ministry of Trade, in coordination with The Coordinating Ministry for Economic Affairs.</p>
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• The policy action:	Establishing National Logistic System		
	Interim Steps for Implementation	Deadline	Status
<p><b>Detailed implementation path and status</b></p>	<p>Improving services sector to support logistic performance, especially for the distribution for trade, through the implementation Minister of Trade Regulation.</p>	<p>2014-2019</p>	<ul style="list-style-type: none"> <li>- National Logistic System development is based on 6 key drivers: key commodities, logistics actors and service providers, transport infrastructure, information and communication technology, human resources and management, laws and regulation.</li> <li>- According to LPI survey from World Bank, Indonesia logistics performance index improved in Global Rankings 2014, raised by 6 levels to no. 53, compared with 2012.</li> <li>- According to Frost&amp;Sullivan, the estimate of Indonesia logistics business value reached IDR 2,100 trillion in 2014, with 14,7% growth over the last 3 years. This showed great business opportunities in logistics service area.</li> <li>- Indonesia has committed distribution services to Asean Framework Agreement on Services (AFAS), ASEAN-Japan Comprehensive Economic Partnership (AJCEP), and Indonesia-Japan Economic Partnership Agreement (IJEPA).</li> <li>- While for transport services, Indonesia has committed it to all international trade negotiation forum.</li> </ul>
<p><b>4.Impact of Measure</b></p>	<p>.....</p>		



• The policy action:	Address "Across the border" issues by implementing ASEAN Economic Community		
<p><b>Detailed implementation path and status</b></p>	Interim Steps for Implementation	Deadline	Status
	<p>1. Continue working with other ASEAN countries to realize the ASEAN Economic Community by 2015 and ensure that the Community is functioning well.</p> <p>2. Promote the participation of SMEs in regional and global trade by inter alia assisting SMEs participation in trade fairs, expo and exhibitions in targeted countries.</p>	2014-2019	<p>- Across the border issues continue to be discussed in Senior Economic Officials Meeting, such as e-commerce and issuance of ASEAN Business Travel Card; both aim to support SMEs development in ASEAN.</p> <p>- The Philippines has asked for ASEAN support to co-sponsor its paper on <i>Fostering the Participation of MSMEs in Regional and Global Market</i>, which will be proposed in 10<sup>th</sup> WTO meeting. In principle, Indonesia supports the idea, considering the emerging countries' interest in integrating SMEs into the global and regional value chain.</p> <p>- ASEAN has discussed SMEs development in post-2015 agenda:</p> <ul style="list-style-type: none"> <li>• Promoting productivity, technology, and innovation;</li> <li>• Facilitating their access to finance by finance inclusion and literacy;</li> <li>• Enhancing market access and internationalisation by promoting integration of SMEs into global supply chain;</li> <li>• Enhancing SMEs policy and</li> </ul>

		<p>regulatory environment;</p> <ul style="list-style-type: none"> <li>• Promoting entrepreneurship and human capital development;</li> <li>• Regarding realization of ASEAN Economic Community by 2015, ASEAN Integration Monitoring Office (AIMO) is to monitor its economic integration rate and reports to ASEAN Economic Ministers and SEOM.</li> </ul> <p>- During 2011-2015, Ministry of Trade has facilitated 1634 businesses to participate in foreign expo, 534 in the domestic, 296 in trade mission programme to 39 countries, and 31 in buying mission programme, involving buyers from 15 countries.</p> <p>- Total promotion programmes Ministry of Trade has participated during 2011-2015 are 83 foreign expo, 46 domestic expo, 24 trade mission, and 18 buying mission.</p> <p>- Ministry of Trade will have more promotion programme for non-traditional markets in 2016. This aims to increase exports to such countries. Nevertheless, Indonesia remains to keep traditional market and Asia as their main export destination.</p>
<b>4. Impact of Measure</b>	.....	

• The policy action:	Address "at the border" issues by improving infrastructure		
<p><b>Detailed implementation path and status</b></p>	Interim Steps for Implementation	Deadline	Status
	<p>Improve the hard infrastructure, including sea and airports.</p> <p>Make effective the application of the National Single Window, including by expanding the regime to other regional ports across the archipelago.</p> <p>Expand the implementation of e-certification of origin, including its socialization amongst the SMEs.</p>	2014-2019	<ul style="list-style-type: none"> <li>- Application of Indonesia National Single Window is determined in President Regulation No. 10 of 2008, in compliance with Article 10.3 TFA: Single Window.</li> <li>- Implementation of Article 6.3 TFA: Penalty Disciplines is regulated in Government Regulation No. 28 of 2008 and Law No. 17 of 2006 concerning Amendment of Law No. 10 of 1995 on Customs.</li> <li>- Implementation of Article 7.1 TFA: Pre-arrival Processing is regulated in Article 17A Law No. 17 of 2006 concerning Amendment of Law No. 10 of 1995 on Customs, Minister of Finance Regulation No. 144/PMK.04/2007 Article 3 Paragraph (6), Customs Regulation No. P-42/BC/2008.</li> <li>- Implementation of Article 10.6 TFA: Use of Custom Brokers is regulated in Article 29 Paragraph (2) Law No. 17 of 2006 concerning Amendment of Law No. 10 of 1995 on Customs, Minister of Finance Regulation No. 65/PMK.04/2007, and DG of Customs and Excise Regulation No. 25.</li> <li>- Implementations of Risk Management using chanel system (Red, Yellow, Green) and introduction of main partner chanel are in compliance with Article 7.4 TFA.</li> </ul>

			<ul style="list-style-type: none"> <li>- Implementation of Article 9 TFA: Freedom of Transit is regulated in Article 10A Paragraph (6) and (7) Law No. 17 of 2006 concerning Amendment of Law No. 10 of 1995 on Customs.</li> <li>- Indonesia Electronic Certificate of Origin (e-COO) has been implemented in 86 issuing agencies and can be accessed by all businesses and SMEs integrated into INSW (Indonesia National Single Windows)</li> <li>- Directorate of Export and Import Facilitation for Ministry of Trade conducts technical guidance on e-COO system yearly for all issuing agencies.</li> </ul>
<b>4.Impact of Measure</b>	.....		

The policy action:	Address "behind the border" issues by promote e-commerce and SMEs empowerment		
<b>Detailed implementation path and status</b>	Interim Steps for Implementation	Deadline	Status
	<p>Promote the use of e-commerce, and in parallel putting in place the necessary measures to protect the rights of users and consumers.</p> <p>Mainstream the development of services sectors deemed to function as lubricants for other sectors to grow faster in support of Global Value Chain narratives.</p> <p>Deepen and expand work on financial inclusion, especially in support of SMEs, and women and young entrepreneurs.</p>	2014-2019	<ul style="list-style-type: none"> <li>- As of Trade Facilitation National Committee establishment process, negotiation team for trade facilitation has been formed based on Presidential Instruction No. 6 of 2013 concerning Amendment of Presidential Instruction No. 28 of 2005 concerning National Team Establishment for International Trade Facilitation, in compliance with Article 23.2 TFA.</li> <li>- Regulation on trade and trade</li> </ul>

	<p>Promote investment in infrastructure to develop and improve the domestic connectivity (to narrow price differences between regions, and open up more links between regional entry points and international markets)</p>	<p>facilitation are published on <a href="http://www.kemendag.go.id">www.kemendag.go.id</a> and <a href="http://www.beacukai.go.id">www.beacukai.go.id</a>.</p> <ul style="list-style-type: none"> <li>- To Draft E-commerce Regulation, as mandated by Law No. 7 of 2014 concerning Trade.</li> <li>- To Draft Academic Paper on Draft Government Regulation Draft of E-commerce.</li> </ul> <p>ASEAN is concerned about some issues on GVC development, among others:</p> <ul style="list-style-type: none"> <li>• Regional branding, roadshow and other joint marketing strategies;</li> <li>• Trade facilitation initiatives focusing on both import and export;</li> <li>• Harmonisation to international standards and support for standard compliance capacity building;</li> <li>• Better information sharing;</li> </ul> <p>Greater focus on connectivity, lessening the trade restrictive effect and cost of NTMs and domestic regulatory reform.</p> <ul style="list-style-type: none"> <li>- Issues on ASEAN connectivity are handled by ASEAN Connectivity Coordinating Committee (ACCC), which comprises permanent representatives from ASEAN member state.</li> <li>- ACCC continues discussing implementation of Master Plan on ASEAN Connectivity (MPAC), of which only ASEAN</li> </ul>
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			<p>Single Telecommunication Market has been agreed to be a measure on post-2015 agenda.</p> <p>- ACCC also continues discussing PPP scheme development for ASEAN connectivity. The connectivity development is supported by ASEAN partner countries, namely China, EU, India, Japan, and South Korea.</p>
<b>4. Impact of Measure</b>	.....		

#### ANNEX 4: PRE-BRISBANE COMMITMENTS

*Please include a maximum of 5 high impact structural reform commitments from Action Plans prior to Brisbane. Please also include all relevant monetary and exchange rate commitments. Fiscal commitments will be accounted for in the St. Petersburg Fiscal Template in Annex 2.*

<b>Commitment</b> <i>[State commitment]</i>	
<b>Structural reform/monetary &amp; exchange rate policies</b> <i>[Select area]</i>	<b>Action Plan</b> <i>[From which Action Plan is this commitment?]</i>
<b>Rationale for carrying forward</b>	<i>[Identify how this commitment contributes to strong, sustainable and balanced growth]</i>
<b>Update on Progress</b>	<i>[Update on progress made on original commitment, and whether revisions have been made to the original commitment. Include qualitative and quantitative measures to assess progress, where relevant.]</i>