## Stimulus packages 2015-2016

<table>
<thead>
<tr>
<th>Package 1</th>
<th>134 regulations on the simplification of regulatory and bureaucratic burden, wages, gas, power distribution license, tax on transport, trade finance, financial inclusion, inland FTA, logistics.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Package 2</td>
<td>Industrial estates, interest rate for exporters, import tax for capital goods in industrial estates, aviation</td>
</tr>
<tr>
<td>Package 3</td>
<td>Fuel, electricity and gas prices</td>
</tr>
<tr>
<td>Package 4</td>
<td>Land licensing, wages (fixed formula), KUR, financial support for export-oriented SMEs</td>
</tr>
<tr>
<td>Package 5</td>
<td>Asset revaluation, eliminate double taxation of investment funds, Islamic banking</td>
</tr>
<tr>
<td>Package 6</td>
<td>Tax incentives for Special Economic Zones, Water, Fast Process (paperless) of Import Licensing for Pharmaceutical Raw Materials</td>
</tr>
<tr>
<td>Package 7</td>
<td>Waive income tax for workers in labor-intensive industries, Free leasehold certificates for street vendors</td>
</tr>
<tr>
<td>Package 8</td>
<td>One Map Policy for land utilization; incentives for Oil Refineries; Incentives for aircraft maintenance service companies</td>
</tr>
<tr>
<td>Package 9</td>
<td>Integrate INSW &amp; InaPort, Single billing system for SOE port services, IDR use for payments, postal services</td>
</tr>
<tr>
<td>Package 10</td>
<td>Relaxation of the negative investment list (DNI)</td>
</tr>
<tr>
<td>Package 11</td>
<td>Lower property tax for local REITs, harmonized customs checks in ports, loan subsidies for exporting SMEs, roadmap for the pharmaceutical industry</td>
</tr>
<tr>
<td>Package 12</td>
<td>Regulatory simplification for SMEs – procedures for start-ups (94-&gt;49), permits reduced from nine to six.</td>
</tr>
</tbody>
</table>
The reform effort should continue

- **Regulations:** There were 12,741 national regulations in 2010-15, the number of licenses is unknown. The One-Stop-Shop handles 160 of them.

- **Trade:** Non-tariff measures restrict 62% of about 10,000 products. Given multiple NTMs on a single product, the number is likely little changed after the recent reform packages.

- **DNI:** In 2014 there were 661 business fields with DNI restrictions. The 10th reform package (Feb 11, 2016) reduced that to 522.

- **Logistics:** Total logistics costs are at 22.6% of sales vs. 15% in Thailand and 13% in Malaysia. ¼ of that is inventory costs due to uncertain supply.

- **PPPs:** Infrastructure capital stock declined from 28% of total capital stock in 1995 to 18% in 2012, or from 49% of GDP to 38% over the period.
Indonesia lags behind competitors in East Asia in rankings on the ease of doing business

Starting a business: 173
(Hong Kong 4, Singapore 10, Malaysia 14)

Registering property: 131
(Singapore 17, Malaysia 38)

Enforcing contracts: 170
(Singapore 37, Malaysia 44)

Trading across borders: 105
(Singapore 41, Malaysia 49)

Protecting minority investors: 88
(Singapore 1, Malaysia 4)

*out of 189 economies surveyed globally
The reform effort should continue

- **Regulations**: There were 12,741 national regulations in 2010-15, the number of licenses is unknown. The One-Stop-Shop handles 160 of them.

- **Trade**: Non-tariff measures restrict 62% of about 10,000 products. Given multiple NTMs on a single product, the number is likely little changed after the recent reform packages.

- **DNI**: In 2014 there were 661 business fields with DNI restrictions. The 10th reform package (Feb 11, 2016) reduced that to 522.

- **Logistics**: Total logistics costs are at 22.6% of sales vs. 15% in Thailand and 13% in Malaysia. ¼ of that is inventory costs due to uncertain supply.

- **PPPs**: Infrastructure capital stock declined from 28% of total capital stock in 1995 to 18% in 2012, or from 49% of GDP to 38% over the period.
Indonesia remains an active user of restrictive trade & investment measures in South East Asia.

Number of restrictive measures on trade and investments, June 2009-to date

Source: Global Trade Alert (accessed 13/11/2015); World Bank staff calculations
The reform effort should continue

- Regulations: There were 12,741 national regulations in 2010-15, the number of licenses is unknown. The One-Stop-Shop handles 160 of them.

- Trade: Non-tariff measures restrict 62% of about 10,000 products. Given multiple NTMs on a single product, the number is likely little changed after the recent reform packages.

- DNI: In 2014 there were 661 business fields with DNI restrictions. The 10th reform package (Feb 11, 2016) reduced that to 522.

- Logistics: Total logistics costs are at 22.6% of sales vs. 15% in Thailand and 13% in Malaysia. ¼ of that is inventory costs due to uncertain supply.

- PPPs: Infrastructure capital stock declined from 28% of total capital stock in 1995 to 18% in 2012, or from 49% of GDP to 38% over the period.
The reform effort should continue

- **Regulations**: There were 12,741 national regulations in 2010-15, the number of licenses is unknown. The One-Stop-Shop handles 160 of them.

- **Trade**: Non-tariff measures restrict 62% of about 10,000 products. Given multiple NTMs on a single product, the number is likely little changed after the recent reform packages.

- **DNI**: In 2014 there were 661 business fields with DNI restrictions. The 10th reform package (Feb 11, 2016) reduced that to 522.

- **Logistics**: Total logistics costs are at 22.6% of sales vs. 15% in Thailand and 13% in Malaysia. ¼ of that is inventory costs due to uncertain supply.

- **PPPs**: Infrastructure capital stock declined from 28% of total capital stock in 1995 to 18% in 2012, or from 49% of GDP to 38% over the period.
• The value of time throughout the maritime supply chain is the largest component of the logistics costs.

• Freight cost only accounts for 1.5% to max 6% of the value of goods.

• The value of time is typically estimated at 1% per day which is applied to lead time.

• Lead time includes:
  • Shipping time
  • Time at port (unloading unstuffing)
  • Delays accounting for the frequency of calls (e.g. missing a boat)

Logistics Costs for goods shipped from the two hubs in Java (Jakarta and Surabaya)

- TERNATE
- TARAKAN
- PANJANG
- BENGKULU
- LUWUK
- PEKANBARU
- GORONTALO
- PALEMBANG
- BITUNG
- BATAM
- AMBON
- BALIKPAPAN
- MEDAN
- KENDARI
- SAMARINDA
- PADANG
- MAKASSAR
- PONTIANAK
- BENO
- BANJARMA...
The reform effort should continue

- **Regulations**: There were 12,741 national regulations in 2010-15, the number of licenses is unknown. The One-Stop-Shop handles 160 of them.

- **Trade**: Non-tariff measures restrict 62% of about 10,000 products. Given multiple NTMs on a single product, the number is likely little changed after the recent reform packages.

- **DNI**: In 2014 there were 661 business fields with DNI restrictions. The 10th reform package (Feb 11, 2016) reduced that to 522.

- **Logistics**: Total logistics costs are at 22.6% of sales vs. 15% in Thailand and 13% in Malaysia. ¼ of that is inventory costs due to uncertain supply.

- **PPPs**: Infrastructure capital stock declined from 28% of total capital stock in 1995 to 18% in 2012, or from 49% of GDP to 38% over the period.
Rising investment to GDP; but not where it matters: manufacturing and infrastructure

*(nominal investment levels as share of GDP, percent)*
Infrastructure investment to GDP has fallen with the exception of subnational government

Infrastructure investment to GDP, nominal levels as share of GDP, percent

Source: World Bank staff calculations
Low quality along all types of infrastructure

- 25% of Indonesians with no reliable power
- 16% of urban dwellers have piped water
- Transport congestion ubiquitous
- Logistics costs are at 24% of GDP