INDONESIA’S EXPERIENCES IN DESIGNING PRO-COMPETITION REFORM

Dr. Ferry Irawan., S.E., M.S.E.
Deputy Minister for Macroeconomic and Financial Coordination
Coordinating Ministry for Economic Affairs
The Republic of Indonesia

Paris – July 10th, 2024
Vision of Golden Indonesia 2045: Transforming Indonesia to Achieve High Economic Growth and Become a High-Income Country

- Indonesia's economic growth reached 5.11% in Q1 2024, up from 5.04% in Q4 2023, mainly driven by domestic consumption and investment.
- Indonesia must grow by an average of 6-7% per year, supported by an average rate of 6.8% investment per year over the next 20 years, to accomplish the mission: Economic transformation through policy reforms is essential.

Indonesia's GDP Growth Averaged Around 5% Pre and Post COVID-19

... and is projected to increase in 2025

<table>
<thead>
<tr>
<th>Economic Goals</th>
<th>2024f</th>
<th>2025f</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD Economic Outlook</td>
<td>5.1</td>
<td>5.2</td>
</tr>
<tr>
<td>WEO IMF</td>
<td>5</td>
<td>5.1</td>
</tr>
</tbody>
</table>

Source: Statistics Indonesia, National Long-Term Development Plan 2025-2045 and others
The implementation of the Job Creation Law has Proven Effective, as Evidenced by the Improvement in Indonesia’s PMR Indicators

- Through an omnibus law approach, Indonesia managed to revise 79 laws simultaneously with the implementation of the Job Creation Law (2021), which contains 186 articles and 15 chapters. This extensive legislation is divided into 11 clusters.
- Following the implementation of the Job Creation Law, the business climate in Indonesia has notably improved, as reflected in the enhancement of several PMR indicators.

### Indicators of Indonesia’s PMR Showing Notable Improvement

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Reform</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involvement in Business Operations</td>
<td>• Mandatory online publication and submission&lt;br&gt;• Proportional entry requirements&lt;br&gt;• Expanded foreign access and support for local products.&lt;br&gt;• Removal of certain registration requirements</td>
<td>More transparent, accessible, and efficient Public Procurement (Presidential Regulation 12/2021)</td>
</tr>
<tr>
<td>Regulations Impact Evaluation</td>
<td>• Provide public access to the regulatory database&lt;br&gt;• Standardized public consultation procedures&lt;br&gt;• Flexible regulatory impact evaluation methods (RIA, ROCCIPI, or CBA).</td>
<td>More transparent, participatory, and impact-driven design regulation (the Minister of Law and Human Rights Regulation No. 11/2021 and the Law No. 13/2022)</td>
</tr>
<tr>
<td>Barriers in Network sectors (Rail)</td>
<td>• Enable open competition in freight transport and public-private partnerships in rail projects (Jakarta-Bandung High-Speed Rail Line)&lt;br&gt;• Use state budget funds to strengthen the leading SOE consortium.</td>
<td>More competitive, market-oriented, and ensure government control with non-discriminatory access to infrastructure. (Through the 2021 reform with Presidential Regulation No. 93/2021)</td>
</tr>
<tr>
<td>Administrative &amp; Regulatory Burden</td>
<td>• Simplifying the business registration process, integrating it into the OSS RBA System&lt;br&gt;• Eliminating certain requirements</td>
<td>Significantly reduces procedures and costs, surpassing the OECD average. (Presidential Regulation No. 5/2021)</td>
</tr>
</tbody>
</table>

### 11 Clusters of the Omnibus law on Job Creations

1. Improvement of Investment Ecosystem and Business Activities
2. Business Licensing
3. Manpower
4. Research and Innovation Support
5. Land Procurement
6. Economic Zones
7. Central Government Investment and National Strategic Projects Acceleration
8. Government Administration
9. Sanctions
10. Cooperative and MSME Support
11. Ease of Doing Business
Indonesia's Accession to the OECD: Continuing Reforms, Aligning with International Best Practices, and Advancing the Golden Vision 2045

“The advantages of Indonesia being a member of the OECD are increasing policy transparency and predictability, actively contributing to global standard formation, and aspiring to become a benchmark for quality and sustainable investment.”

Accession Roadmap

OECD has decided to open accession discussions with Indonesia on 20 February 2024.

Support in the next steps – the Accession Roadmap, Technical Review, and other activities to fulfill all requirements.

High-level strategic leadership has been informed and is ready to set up the next steps, including the establishment of the OECD National Team.

During the OECD Ministerial Council Meeting opening in Paris on May 2, 2024, Indonesia accepted the OECD Accession Roadmap, signaling the ongoing progression towards Indonesia’s membership in the OECD.

Assessment with OECD Standards

Adjustment to OECD Standards/Guidelines

Multi-years process → Indonesia’s target around 3-4 years to become official member of OECD.
Thank You