

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

INDONESIA

Asia South East

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Jakarta	Current capital and primary financial, corporate, and political center	Finance, professional services, digital/HQ functions
Nusantara (IKN), East Kalimantan	Indonesia's new purpose-built capital, under construction and positioned as a future administrative and green-investment hub	Infrastructure, construction, government services, green technology
Batam	Free-trade and special economic zone close to Singapore, long established for electronics and light manufacturing	Electronics manufacturing, logistics, free-zone trade
Morowali (Central Sulawesi) / Weda Bay (North Maluku)	Indonesia's flagship nickel-processing industrial parks, central to the global EV battery supply chain	Nickel processing, EV battery materials, downstream metals
Surabaya (East Java)	Indonesia's second-largest city and a major manufacturing and port hub	Manufacturing, port logistics, shipbuilding
Bali	Indonesia's dominant tourism economy and a growing digital-nomad and hospitality investment destination	Tourism, hospitality, real estate
Greater Jakarta industrial belt (Bekasi/Karawang/Cikarang)	Indonesia's traditional automotive and heavy-manufacturing heartland	Automotive manufacturing, industrial parks, components

INVESTOR ENTRY ROUTES

- The Online Single Submission (OSS) system, administered by the Ministry of Investment and Downstreaming, is the primary digital gateway for business licensing and investment registration
- The Positive Investment List specifies sector-by-sector foreign ownership limits; most manufacturing sectors permit up to 100% foreign ownership, though some remain reserved for domestic SMEs or subject to caps
- Indonesia's long-standing ban on raw nickel-ore exports, and similar downstream-processing mandates for other minerals, means mining-sector investors must structure around smelting and processing requirements rather than raw-material export models
- Danantara, Indonesia's consolidated sovereign wealth fund, offers a co-investment channel for large-scale strategic projects, though its investment focus and governance are still maturing
- Special Economic Zones, including Batam, Nusantara, and nickel-processing industrial parks such as Morowali and Weda Bay, offer tax holidays and streamlined permitting for qualifying projects
- Investors should engage the Ministry of Investment and Downstreaming (the reorganized former BKPM) early to navigate sector-specific licensing and any local-partnership or divestment requirements

MARKET-ENTRY OBSERVATION

Indonesia enters October 2026 with a genuinely resilient growth story tempered by renewed political volatility. The economy has consistently outperformed forecasts through the year, growing around 5.3% year on year in the second quarter after 5.6% in the first,

keeping President Prabowo Subianto's ambitious 6% growth target within reach even if not yet achieved, with investment inflows surging past \$63.5 billion in the first half of 2026. Indonesia's downstream nickel and EV-battery strategy, anchored by its continuing ban on raw-ore exports, keeps attracting large-scale foreign commitments, including a reported \$9 billion British consortium investment and continued expansion of battery-grade processing at Morowali and Weda Bay, part of a broader roughly \$121 billion EV-battery investment push. Danantara, the sovereign wealth fund consolidating Indonesia's major state enterprises, has set out plans to invest up to \$14 billion in 2026, though its investment focus and institutional role are still being tested and have drawn some skepticism in its first full year of operation.

The main overhang is political. Large-scale anti-government protests in August 2025, driven by grievances over lawmaker perks, a shrinking middle class, weak purchasing power, and concerns over centralized power, prompted a government response combining expanded food aid and cash transfers to tens of millions of households with a security crackdown; approval rebounded sharply by late 2025 but has since eroded again, falling to roughly 38% in an August 2026 poll amid concern over the cost of Prabowo's flagship policies, chiefly the free nutritious school meals program, which had already spent over Rp88 trillion by May 2026 against a fast-growing annual budget. Protests returned to Jakarta on the one-year anniversary of the 2025 unrest in late August 2026, with rioting, arrests, and transport disruption near parliament, underscoring that the underlying grievances, including planned cuts of up to Rp270 trillion in regional fiscal transfers starting in 2026, have not been resolved. Investors should treat Indonesia's political environment as one of genuine, recurring social-pressure risk layered on top of a structurally strong growth and resource story, rather than either a settled democracy or an acute crisis.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Recurring social and political unrest	Large-scale protests in August 2025 and again in August 2026 reflect persistent grievances over inequality, centralized power, and the cost of government welfare programs, creating episodic security and reputational risk	Monitor protest-anniversary dates and polling data; build contingency plans for Jakarta-based operations around periods of heightened social tension
Fiscal pressure from flagship welfare spending	The free nutritious meals program and other welfare commitments are consuming a rapidly growing share of the state budget, alongside planned cuts to regional fiscal transfers, raising questions about medium-term fiscal sustainability	Monitor Ministry of Finance budget announcements for signals of tax or subsidy-policy change that could affect business costs
Downstream-processing mandates in mining	Indonesia's ban on raw nickel-ore exports and similar mandates for other minerals require investors to commit to local smelting and processing capacity rather than simpler extraction-and-export models	Structure mining investment around integrated processing facilities from the outset; engage the Ministry of Investment and Downstreaming on compliance requirements
Complex and evolving foreign-ownership rules	The Positive Investment List is periodically revised, and sector-specific caps, local-partnership requirements, and divestment obligations can change with limited notice	Engage experienced local legal counsel and monitor Ministry of Investment regulatory updates closely
Sovereign wealth fund governance still maturing	Danantara's investment mandate, risk controls, and strategic focus are still being established, creating some uncertainty for investors considering co-investment structures	Conduct enhanced due diligence on any Danantara co-investment opportunity and monitor its evolving governance framework
Infrastructure and connectivity gaps outside Java	Despite major projects like the new capital Nusantara, infrastructure quality and logistics connectivity remain uneven across Indonesia's vast archipelago, raising costs for investments outside the main Java corridor	Budget realistically for logistics costs in outer-island investments; prioritize locations with established port and road infrastructure
Regulatory complexity across government levels	Indonesia's decentralized governance structure means investors often must navigate both national and regional or provincial permitting requirements, which can create delays	Engage both national (Ministry of Investment) and relevant provincial investment-facilitation bodies in parallel from the outset

INVESTOR RISK NOTE

Indonesia is a democracy with regular elections and a free press, but recent years have seen recurring large-scale social unrest tied to economic grievances, inequality, and concerns over the concentration of executive power under President Prabowo Subianto. This briefing presents these developments factually: approval ratings have swung sharply, from a post-unrest rebound above 75% in late 2025 to roughly 38% by August 2026, reflecting genuine public concern over the cost and effectiveness of government policy rather

than a settled political consensus. Investors should treat Indonesia's social and political environment as a source of real, recurring, but historically contained volatility, rather than either dismissing it or treating it as an acute crisis.

MARKET ACCESS

Indonesia is Southeast Asia's largest economy and a G20 member, with membership in ASEAN and the Regional Comprehensive Economic Partnership (RCEP) providing preferential access to major regional markets. It continues to negotiate a Comprehensive Economic Partnership Agreement with the European Union and maintains bilateral trade arrangements with Japan, Australia, and other partners. Indonesia's sheer market size, with a population exceeding 280 million, and its dominant position in global nickel supply give it outsized relevance for investors targeting Southeast Asian consumer markets or critical-minerals supply chains specifically.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Ministry of Investment and Downstreaming (formerly BKPM)	Primary investment facilitation and licensing body for both domestic and foreign investment	Early engagement is essential for licensing and any downstream-processing compliance requirements
Danantara	Sovereign wealth fund consolidating Indonesia's major state enterprises, offering a co-investment channel for strategic projects	Relevant for large-scale infrastructure, resources, or strategic-sector co-investment
Ministry of Finance	Sets fiscal policy and manages the budget, including welfare-program funding and regional transfer allocations	Monitor for signals on fiscal sustainability and tax-policy direction
Bank Indonesia	Central bank responsible for monetary policy and rupiah stability	Relevant for currency-risk assessment and financing-cost planning
Coordinating Ministry for Economic Affairs	Coordinates cross-ministerial economic policy, including investment and downstreaming strategy	Useful for understanding how sector-specific policies fit into broader economic strategy
Nusantara Capital Authority (OIKN)	Oversees development of the new capital city and related investment opportunities	Key partner for infrastructure, construction, and green-technology investment tied to Nusantara
Provincial/regional investment offices (e.g., Central Sulawesi, North Maluku)	Handle local permitting and facilitation for region-specific investment, particularly nickel processing	Essential parallel engagement alongside national-level approval for outer-island projects

CURRENT INTERNATIONAL BUSINESS CHANNELS

Foreign investors commonly engage through the Indonesian Chamber of Commerce and Industry (KADIN), AmCham Indonesia, the EU-Indonesia Business Council, and sector-specific associations covering mining, automotive, and digital industries. The Ministry of Investment and Downstreaming also organizes regular investor forums and trade missions, which serve as a practical channel for new entrants scoping specific sectors or regions.

INVESTOR PROFILE BEST SUITED

Indonesia suits investors seeking exposure to Southeast Asia's largest consumer market and a dominant position in the global nickel and EV-battery supply chain, who are comfortable with a dynamic but periodically volatile political environment. It is a strong fit for critical-minerals and downstream-processing investors, large-scale infrastructure participants, and consumer-facing businesses targeting Indonesia's growing middle class despite recent setbacks. It is a weaker fit for investors requiring low headline political-risk or those highly sensitive to social-unrest-related reputational exposure for Jakarta-based consumer or retail operations.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm sector ownership rules and licensing path

Review the current Positive Investment List for the target sector and register through the Online Single Submission system via the Ministry of Investment and Downstreaming.

STEP 2: Assess downstream-processing obligations

For mining or resource-linked investment, confirm smelting, processing, or local-content requirements before finalizing project scope.

STEP 3: Engage relevant national and regional authorities in parallel

Approach both the national Ministry of Investment and the relevant provincial investment office to align permitting timelines.

STEP 4: Assess political and fiscal-policy exposure

Factor current approval-rating trends and the fiscal pressure from welfare spending and regional-transfer cuts into risk and timing assumptions.

STEP 5: Finalize structure and complete registration

Complete the chosen corporate structure, secure necessary licenses, and build in realistic contingency planning around Indonesia's social and political volatility.

WAVERLEY'S ROLE

- Independent assessment of Positive Investment List eligibility and sector-specific licensing pathways
- Coordination with the Ministry of Investment and Downstreaming, Danantara, and provincial authorities for large-scale or resource-linked investment
- Ongoing political and social-stability monitoring, including protest-cycle and approval-rating tracking relevant to investment timing
- Introductions to KADIN, sector associations, and bilateral business councils

INVESTOR CALL TO ACTION

Engage Waverley for a structured investment-licensing and sector-eligibility assessment before committing capital to Indonesia.

Contact Waverley for an independent political and social-stability briefing ahead of any Jakarta-based consumer or retail investment.

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Waverley is tracking opportunities across three tiers: (1) nickel and EV-battery downstream processing at Morowali, Weda Bay, and emerging industrial parks, within Indonesia's broader roughly \$121 billion battery-investment push; (2) infrastructure, construction, and green-technology investment tied to the new capital Nusantara; and (3) selective consumer and digital-economy opportunities in Jakarta and Surabaya for investors able to underwrite Indonesia's recurring social and political volatility.

POSITIONING

Waverley views Indonesia as a structurally important market, combining Southeast Asia's largest consumer base with a globally dominant position in nickel and EV-battery supply chains, set against a genuinely volatile political and social backdrop that has produced two rounds of significant unrest within roughly twelve months.

Waverley's approach is to help clients capture Indonesia's structural growth and resource advantages while building explicit contingency planning around social-unrest cycles and fiscal-policy shifts, rather than treating recent approval-rating recoveries as a sign that underlying grievances have been resolved.

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