EAST JAVA LOCATION

- Distance Tokyo to Surabaya ± 5.551 km
- Distance Surabaya – Jakarta ±700 km and Surabaya – Denpasar ± 300 km
- 6 times/day flight frequencies, Tokyo-Surabaya Flight take 6-7 hours via Jakarta/Denpasar/Singapore.
- 2 hours time difference between East Java - Indonesia and Tokyo - Jepang;

EAST JAVA PROVINCIAL GOVERNMENT
Pahlawan Street 110 Surabaya
**Land Area:**
- **47,154 km²**
- Largest in Java Island

**Sea Area:**
- **100,000 km²**

**Coastal Length:**
- **1,920 km**

**Surabaya as Provincial Capital is The 2nd Biggest City in Indonesia.**

**Administration Area:**
- **29 Regencies & 9 Cities**
- Biggest # in Indonesia

**Population in 2012:**
- **38.05 million people**
The East Java Provincial Government

Indonesia

East Java

Strategic Location, Secure & Pleasant Region

High Economic Performance

Abundant Natural Resources

Pro Investment, Low I COR

Skillful Human Resources

Great Potential Market

Sufficient Energy / Electricity

Good Infrastructures

East Java Potency
Indonesia, only have 2 Main Economic Centre: DKI Jakarta & East Java

Economic Corridor is set up from this two regions with different orientation role

East Java Province is not only serving 37.78 million citizens of East Java, but also serves almost 120 million citizens of 19 Provinces in Eastern Indonesia
**Infrastructure**

Pelabuhan Internasional

35 Juta TEUS power

Pelabuhan Domestik

Bandara Internasional

Kargo = 152 juta ton

Bandara Domestik

**Arterial / Toll Road**

North Route : Tuban-Sby-Bwangi
Middle Route : Ngawi-Sby
South Route : Pacitan-Bwangi

**Train Station**

Departure Station : 29 Stations
Railroad Lenght: 895.750 km

**Seaport**

International Port:
Perak Cape, Surabaya
(35 millions TEUS)

Domestic Port:
Tembaga Cape - Probolinggo
Wangi Cape - Banyuwangi
And also 8 Commercial Port.

**Airport**

International Airport:
Juanda-Surabaya
Cargo Capacity:
152 millions ton

Domestic:
Abdurrahman Saleh – Malang
Trunojoyo – Sumenep
Minak Jinggo - Banyuwangi

**Energi**

Electricity:
+3.500 MW Year 2012
+4.245 MW Year 2013

**Industrial Estate**

Currently, East Java have a potency of 18.700 Ha
industrial area availability, as follows:

1. PIER, Pasuruan
2. Ngoro Industrial Park
3. North Mojokerto
4. Sedayu Lawas, Gresik
5. Ploso Area, Jombang
6. Wonorejo, Banyuwangi
7. Tuban Industrial Estate
8. Brondong, Lamongan
POTENTIAL NATURAL RESOURCES

MINING
- DOLOMITE & IRON SAND: 1.7 Billion ton
- MARMER & ONYX: 543 Million ton
- GOLD, SILVER & COPPER: 8 Million ton
- 193 Million ton

FISHERY
- Cakalang Fish: 5,158 Ton
- Shrimp: 1,863 Ton
- Red Snapper Fish: 1,498 Ton
- Tuna Fish: 3,337 Ton

AGRICULTURE
- Corn: 5,73 Juta Ton/Tahun
- Sugar: 385 Juta Ton/Tahun
- Coffee: 97,940 Ton/Tahun
- Chocolate: 1,211 Ton/Tahun

GEOTHERMAL
- 11 Location
- Geothermal Potential: 1.350 MW

OIL & GAS
- 489 MM ScFD
- 925 Barel / Day
* Million Metric Standard Cubic Feet per Day
Graphs of Economic Growth in East Java and the National (c to c)

**Inflation**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>3.62</td>
<td>6.96</td>
<td>4.09</td>
<td>4.50</td>
</tr>
</tbody>
</table>

The increasing economic growth followed by decreasing inflation value indicated the growth potentially increasing social welfare.

Source: BRS PEB 2013
## TRADING PERFORMANCE

<table>
<thead>
<tr>
<th>Performance</th>
<th>2010 (Million US$)</th>
<th>2011 (Million US$)</th>
<th>2012 (Million US$)</th>
<th>Growth on 2012 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export Goods &amp; Service</td>
<td>39.492,25</td>
<td>46.312,85</td>
<td>55121,96</td>
<td>11,55</td>
</tr>
<tr>
<td>▪ Foreign</td>
<td>17.834,04</td>
<td>21.105,29</td>
<td>23.386,37</td>
<td>3,53</td>
</tr>
<tr>
<td>▪ Inter-region</td>
<td>21.658,21</td>
<td>25.207,56</td>
<td>31.735,59</td>
<td>19,54</td>
</tr>
<tr>
<td>Import Goods &amp; Service</td>
<td>35.804,23</td>
<td>42.673,17</td>
<td>49.811,25</td>
<td>9,82</td>
</tr>
<tr>
<td>▪ Foreign</td>
<td>16.391,24</td>
<td>20.699,03</td>
<td>24.691,96</td>
<td>12,62</td>
</tr>
<tr>
<td>▪ Inter-region</td>
<td>19.412,99</td>
<td>21.974,14</td>
<td>25.119,29</td>
<td>7,23</td>
</tr>
<tr>
<td>Surplus/Minus</td>
<td>+3.688,02</td>
<td>+3.639,68</td>
<td>+5.310,72</td>
<td></td>
</tr>
</tbody>
</table>

Source: BPS February 2013

### Trade in Goods & Services

- **Foreign**: Export (23,39 B) – Import (24,69 B) = - 1,31 B (MINUS)
- **National**: Export (31,74 B) – Import (25,12 B) = **6,62 B** (SURPLUS)

### Import Structure

- Consumer Goods: 6.93%
- Raw Materials: 85.74%
- Capital Goods: 7.33%

1 USD = 9.500
1. INVESTMENT PERFORMANCE ON 2008-2012

**Principal License**

<table>
<thead>
<tr>
<th>Year</th>
<th>DDI</th>
<th>FDI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2.10</td>
<td>2.44</td>
<td>4.54</td>
</tr>
<tr>
<td>2009</td>
<td>2.67</td>
<td>1.48</td>
<td>4.15</td>
</tr>
<tr>
<td>2010</td>
<td>4.32</td>
<td>1.94</td>
<td>6.26</td>
</tr>
<tr>
<td>2011</td>
<td>2.76</td>
<td>4.70</td>
<td>7.46</td>
</tr>
<tr>
<td>2012</td>
<td>4.87</td>
<td>3.20</td>
<td>8.07</td>
</tr>
</tbody>
</table>

**Investment Realization**

<table>
<thead>
<tr>
<th>Year</th>
<th>Reg. Invest.</th>
<th>DDI</th>
<th>FDI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2.86</td>
<td>0.29</td>
<td>0.43</td>
<td>3.58</td>
</tr>
<tr>
<td>2009</td>
<td>4.08</td>
<td>0.45</td>
<td>0.40</td>
<td>4.93</td>
</tr>
<tr>
<td>2010</td>
<td>5.92</td>
<td>1.01</td>
<td>1.76</td>
<td>8.69</td>
</tr>
<tr>
<td>2011</td>
<td>7.37</td>
<td>2.14</td>
<td>2.11</td>
<td>11.62</td>
</tr>
<tr>
<td>2012</td>
<td>8.37</td>
<td>3.02</td>
<td>2.64</td>
<td>14.03</td>
</tr>
</tbody>
</table>

* US$ 1 = Rp. 9.500

- Trends of FDI Realization steadily increased, on 2012 increased 25.11%.
- Trends of FDI interest based on Principal License: FDI is decreased 31.91% in 2011.
2. FDI COUNTRY OF ORIGIN INTEREST in 2001 - 2012

- A: Singapore (15%)
- B: Netherland (13%)
- C: Japan (6%)
- D: Switzerland (5%)
- E: United Kingdom (4%)
- F: Australia (4%)
- G: Saudi Arabia (3%)
- H: China (3%)
- I: Malaysia (2%)
- J: USA (1%)
- K: Others (41%)

3. FDI BUSINESS LINE INTEREST in 2001 - 2012

- A: Food Processing (22%)
- B: Chemical & Pharmacy (11%)
- C: Metal, Machinery, & Electronic (6%)
- D: Transport, Logistic & Communic (5%)
- E: Construction (4%)
- F: Motor Vehicle & other Transport (4%)
- G: Non-Metal Minerals Industry (4%)
- H: Wood Ind. (2%)
- I: Textile Ind. (1%)
- J: Others (3%)
- K: Others (38%)
A. Gresik Regency : 17 %
B. Tuban Regency : 14 %
C. Surabaya City : 13 %
D. Probolinggo Reg : 11 %
E. Pasuruan Reg : 10%
F. Sidoarjo Reg : 5 %
G. Mojokerto Reg : 4 %
H. Situbondo Reg : 3 %
I. Jombang Reg : 2 %
J. Banyuwangi Reg : 2 %
K. Others : 19 %
EAST JAVA INVESTMENT CONTRIBUTION TO THE NATIONAL ON 2012

**DDI**
- Others: 42,4%
- I. East Java: 23,3%
- II. West Java: 12,3%
- III. DKI Jakarta: 9,3%
- IV. East Kalimantan: 6,4%
- V. Central Java: 6,3%

**FDI**
- Others: 37,5%
- I. West Java: 17,1%
- II. DKI Jakarta: 16,7%
- III. Banten: 11,1%
- IV. East Java: 9,4%
- V. East Kalimantan: 8,2%
**ICOR and Government Guarantee**

**CAPITAL EFFICIENCY PERFORMANCE**

<table>
<thead>
<tr>
<th>Year</th>
<th>ICOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>3.7</td>
</tr>
<tr>
<td>2010</td>
<td>3.59</td>
</tr>
<tr>
<td>2011</td>
<td>3.3</td>
</tr>
<tr>
<td>2012</td>
<td>3.09</td>
</tr>
</tbody>
</table>

Decrease: **-0.67%** (effort → Performance)

- **Data Source**: BPS East Java Province, 2012
- **Remarks**: * Corrected Figures, **) Preliminary Figures

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**GOVERNMENT GUARANTEE**

- One Stop License provide easy, quick & cheap service
- Availability of skillful, productive & democratic labour
- Facilitation of land provision
- Maintaining sufficiency of electricity capacity

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The Government of East Java Province
Investors intending to invest should go through step-by-step procedure in accordance with the prevailing laws and regulations in Indonesia. The Procedure includes legal entity establishment, licenses, recommendations and facilities. The Procedure for investing and doing business in the jurisdiction of Indonesia consist of three steps:

1. **Registration**
   - Deed of Company
   - Legal Entity Legalization by Ministry of Law and Human Right
   - Principal Licence

2. **Preparation**
   - Approval of Custom Import Duty Exemption of Machinery/Equipment
   - Tax Allowance
   - Regional License (IMB, HO, etc)
   - Technical License

3. **Construction**
   - Identified Number of Import Producer (API-P)
   - Identified Number of General Import (API-U)
   - Permit of Foreign Labour

4. **Commercial**
   - Approval of Customs Import Duty Exemption of Raw Material

Source: BKPM RI 2012
Fiscal Incentive and Facility

TAX HOLIDAY

TAX ALLOWANCE
Refers to Government Regulation No. 52 Year 2011 regarding income tax facility on investment in certain business field or certain region.

INCOME TAX
Refers to The Legislation no. 36 Year 2008

REDUCING OF INCOME TAX RATE
Refers to Government Regulation No. 81 Year 2007 regarding Income Tax Rate Reducing for Domestic Agency Taxpayer in form of Opened Company.

OTHER INCENTIVE
Refers to Government Regulation No. 45 Year 2008 regarding Guide of incentive and facility awarding on Regional Investment.

CAPITAL GOODS IMPORT
Refers to Regulation of The Financial Minister No. 76/PMK.011/2012 regarding The Regulation of Financial Minister Amendment No. 176/PMK.011/2009 regarding Allowance of Import duties of Machine, Goods and Material for industrial development in order of Investment.
EAST JAVA INVESTMENT PROSPECTS
CORN FLOUR INDUSTRY

LOCATION:
Malang (89 km*), Kediri (123 km*), Lamongan (45 km*), Bojonegoro (108 km*), Tuban (103 Km*), Probolinggo (90 km*), Situbondo (194 km*), Jember (197 km*), Blitar (167 km*), Bangkalan (28 km*), Sumenep (175 km*), Sampang (90 km*), Bondowoso (191 km*), and Tulungagung (154 km*).

SCOPE OF WORK:
To built a factory and area (1 - 2 Ha) to support the Processing of Corn into flour with Production Capacity: 1 -1,5 Tons of flour/day

INVESTMENT CONCEPT:
Renting of farmer land for Industrial location and buying cassava from local farmer.

PROJECT PURPOSE:
- To meet corn flour need;
- Increasing farmer’s income;
- Reducing import and increasing- export.

INVESTMENT COST:
$ 30,000,-
Land rent cost : $ 1000 Ha/Year
MANGGO PROCESSING INDUSTRY

LOCATION:
Pasuruan, Probolinggo and Situbondo Regency

PROJECT PURPOSE:
- Optimalized mango potency in east Java
- Giving plus value on mango production
- Labor absorption

SCOPE OF WORK:
- Mango cultivation using pantnership pola
- Developing mango manufacture of processing

INVESTMENT MODEL:
Pola of in Agriculture sector, there are some general pola, such as main plasma, vendor, trade cooperation, Organizing owner, agent, Payment contract and integrated.

VALUE OF INVESTMENT:
US $ 10.3 Million

LAND NEEDFUL:
100 Ha

INVESTMENT PROJECTS OPPORTUNITY
Investment Opportunity in East Java

INVESTMENT COST AND FINANCING:
- NPV : US $ 44,615
- Provable index : 0.83
- IRR : 22.75 %
- Payback Periode : 10 tahun
Please
Come and Invest in East Java

Thank You

EAST JAVA PROVINCIAL GOVERNMENT
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