



印度尼西亚中国商会总会

China Chamber of Commerce in Indonesia

To His Excellency Prabowo Subianto, President of the Republic of Indonesia

CC: Embassy of the People's Republic of China in the Republic of Indonesia

Subject: Letter Requesting Improvement of the Business Environment

Your Excellency President Prabowo Subianto of the Republic of Indonesia,

On behalf of all Chinese-invested enterprises operating in Indonesia, we extend to Your Excellency our highest respect and sincere regards.

For a long time, the vast number of Chinese-invested enterprises in Indonesia have consistently supported the administration of the Government of Indonesia, conducted investment and business operations in strict accordance with laws and regulations, and firmly backed all policies and measures adopted by the Government under Your Excellency's leadership to advance national development. These enterprises have actively participated in development of Indonesia and made important contributions to promoting economic growth, creating employment, driving industrial upgrading, and fulfilling social responsibilities.

However, over recent periods, enterprises operating in Indonesia have generally encountered prominent issues, including excessively stringent regulation, over-enforcement, and even corruption and extortion by competent authorities. These problems have severely disrupted normal business operations, directly undermined long-term investment confidence, and caused widespread concern among Chinese-invested enterprises regarding the current business environment and their future development in Indonesia.



印度尼西亚中国商会总会

China Chamber of Commerce in Indonesia

First, substantial tax and levy increases have been imposed. Taxes and fees, including mineral resource royalties, have been raised repeatedly, accompanied by intensified tax inspections and even hefty fines amounting to tens of millions of US dollars, creating panic among enterprises.

Second, the planned mandatory foreign exchange retention requirements which caused a high uncertainty to the Natural resource exporters, who are compelled to deposit 50% of their foreign exchange earnings in Indonesian state-owned banks for at least one year, which will severely harm corporate liquidity and long-term operations.

Third, nickel ore quotas have been drastically reduced. Since this year, nickel ore mining quotas have been cut sharply, with reductions for large mines exceeding 70%, totaling a drop of 30 million tons, disrupting the development of downstream industries such as new energy and stainless steel.

Fourth, forestry law enforcement has been tightened excessively. Indonesia's Special Task Force for Forest Management has imposed a record fine of US\$180 million on Chinese-invested enterprises on the grounds of lacking valid Borrow-to-Use Forestry Permit.

Fifth, major projects have been suspended. Authorities have forcibly intervened in corporate operations, accusing large hydropower projects invested and constructed by Chinese-invested enterprises of damaging forest land and exacerbating floods, ordering work suspension and imposing penalties.



印度尼西亚中国商会总会

China Chamber of Commerce in Indonesia

Sixth, work visa scrutiny has been intensified. Work visa approval has become increasingly cumbersome, with rising costs, higher thresholds, and unreasonable restrictions such as designated work locations, hindering the mobility of technical and managerial personnel.

In addition, relevant government departments are considering further measures, including new export duties on certain products, the abolition of incentives for electric vehicles, and reductions in tax relief for special economic zones.

Most recently, the Ministry of Energy and Mineral Resources has significantly raised the official benchmark price (HPM) of nickel ore and revised its pricing rules, including cobalt, iron and other associated minerals in the calculation for the first time. The abrupt enactment of these policies has led to a 200% surge in comprehensive nickel ore costs. As the largest investors and operators in Indonesia's nickel industry, Chinese-invested enterprises now face sharply rising production costs, widening operational losses, and imbalances across the industrial chain. This will not only severely damage existing projects but also affect future investment, exports, and the employment of more than 400,000 people along the industrial chain, seriously undermining global investors' confidence in Indonesia's nickel sector.

Chinese-invested enterprises in Indonesia are key participants and promoters of China-Indonesia economic and trade cooperation. They remain optimistic about Indonesia's development potential and stand ready to further integrate into practical bilateral cooperation, supporting Indonesia's industrial upgrading and economic prosperity.



印度尼西亚中国商会总会

China Chamber of Commerce in Indonesia

Nevertheless, recent policies issued by relevant Indonesian authorities lack stability and continuity. Law enforcement standards in taxation, environmental protection, forestry and other areas are opaque and grant excessive discretionary power. Meanwhile, when enterprises encounter difficulties, normal appeal channels are blocked, relevant departments shirk responsibilities and delay responses, and some issues can only be resolved through third-party intermediaries charging exorbitant fees. These circumstances not only increase operational risks for enterprises but also severely damage Indonesia's fair, transparent and rules-based business environment and international profile.

All Chinese-invested enterprises in Indonesia earnestly request Your Excellency to attach great importance to the above issues. We sincerely hope that:

The Government of Indonesia will continue to foster a stable, fair, transparent and predictable business environment, stabilize policy expectations, standardize law enforcement standards, and protect the legitimate rights and interests of foreign-invested enterprises;

Relevant competent authorities will heed corporate appeals, promptly rectify unreasonable policies and law enforcement practices, and effectively resolve practical difficulties faced by enterprises;

The government-business communication mechanism will be further improved to unblock channels for issue resolution.

We are confident that with Your Excellency's attention and facilitation, China-Indonesia economic and trade cooperation will continue to develop steadily



印度尼西亚中国商会总会

China Chamber of Commerce in Indonesia

and soundly, and Chinese-invested enterprises will continue to contribute greater strength to Indonesia's national development and the friendly cooperation between the two countries.

Should Your Excellency wish to look into this matter, the China Chamber of Commerce in Indonesia stands ready to report to you in person.

We wish Your Excellency good health and the Republic of Indonesia prosperity and progress.

Best Regards !

All Chinese-Invested Enterprises In Indonesia
China Chamber of Commerce In Indonesia