



Comperative Advantages of Advance KEK MBTK as a Basis for Leading Palm Oil Invesment Destination in Easter and Central Indonesia and the Commitmen of the East Kutai Regency Government to Provide the Best Service and Convenience for Enterprenuer/Investors

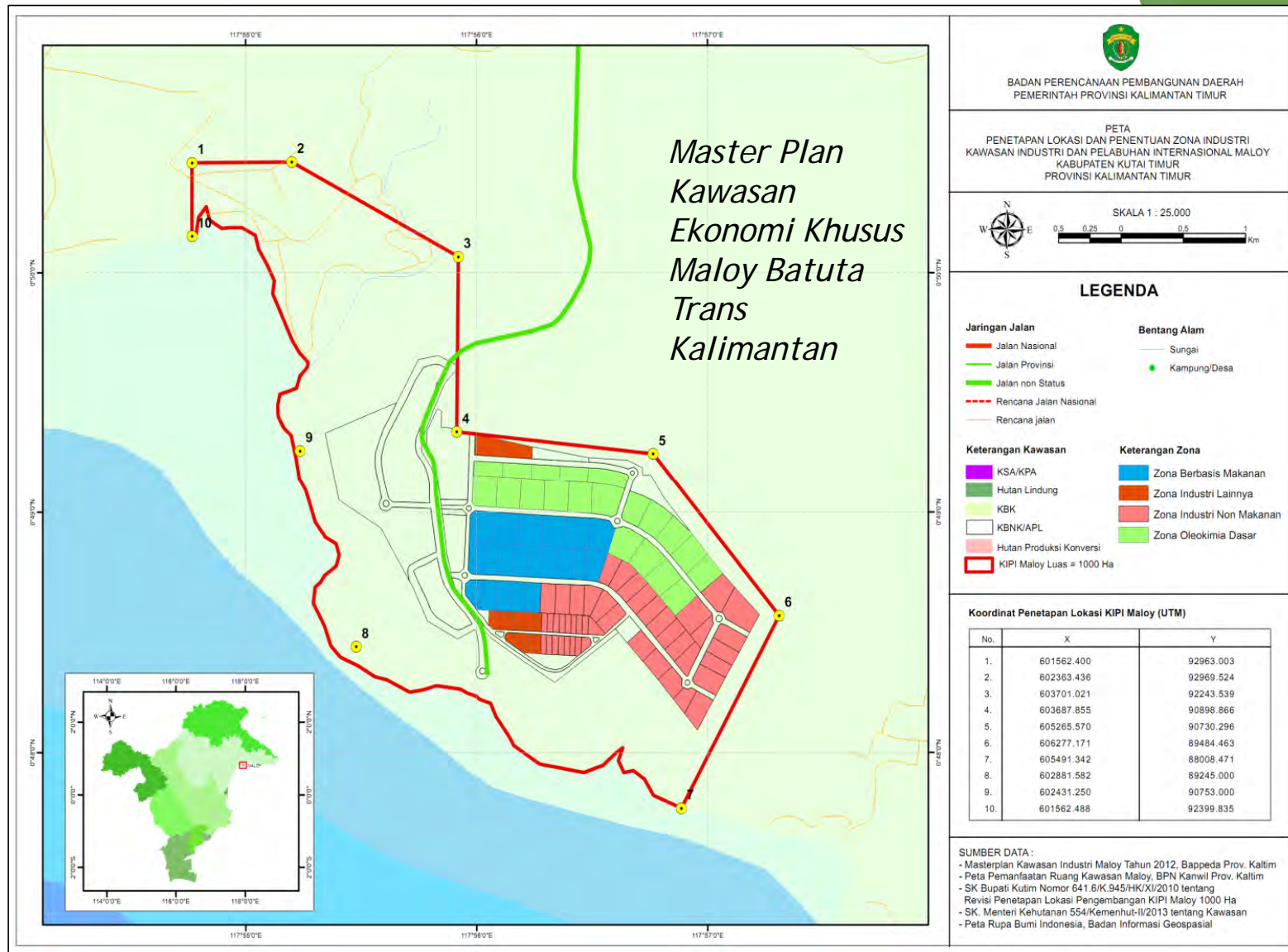
"Surga Berinvestasi di Tuah Bumi Untung Benua"

23 JUNI 2021

1. Profil KEK MBTK

| | |
|---------------------------------------|--|
| Project Name | Kawasan Ekonomi Khusus Maloy Batuta Trans Kalimantan |
| Name of Person in Charge | Dewan Kawasan KEK MBTK |
| PSN Name of Permit Holder | Bupati Kutai Timur |
| Location | Kabupaten Kutai Timur |
| Stipulation | Peraturan Pemerintah Nomor 85 Tahun 2014 tentang Kawasan Ekonomi Khusus Maloy Batuta Trans Kalimantan |
| Operational / Operational Target | Kantor Administrator dan BUPP KEK MBTK, Tahun 2019 |
| Inauguration of Operational Readiness | Readiness Inaugurated by the President of the Republic of Indonesia Bpk. Jokowi on April 1, 2019 in Manado City, North Sulawesi |
| Area | 557.34 ha (according to PP); 510.34 ha (HPL status); which has been certified covering an area of 509.49 ha |
| Proposer | PT. Maloy Batuta Trans Kalimantan (PT. MBTK) |
| Main Activities | <ol style="list-style-type: none">a. Food Based Industryb. b. Non Food Based Industryc. c. Basic Oleochemical Industryd. d. Other Industries (Logistics, Export Processing) |

| | |
|---|--|
| Zoning | <p>According to PP Number 85 of 2014 KEK MBTK, consisting of:</p> <ol style="list-style-type: none"> 1. KSA/KPA 2. Protected Forest 3. KBK 4. KBNK/APL 5. Conversion Production Forest 6. Food-Based Industrial Zone 7. Non-Food-Based Industrial Zone 8. Oleochemical Industry Zone 9. Other Industry Zone |
| Estimated Investment | Regional Development Rp. 3.4 T Investment of Business Actors Rp. 34 T to 50 T |
| Labor Absorption | Can absorb 45,000 - 55,000 Workers in the Area |
| Economic Impact | Increased MSME/UKM activities around the area which are the impact of large-scale industrial strategic economic activities within KEK MBTK area and Encourage the growth of the national Palm oil processing industry outside the island Java and accelerate global economic interconnection that is superior, competitive and competitive. |
| Post-operating Trading Transactions every year in the first 5 years is estimated at | Rp. 1 - 10 T |

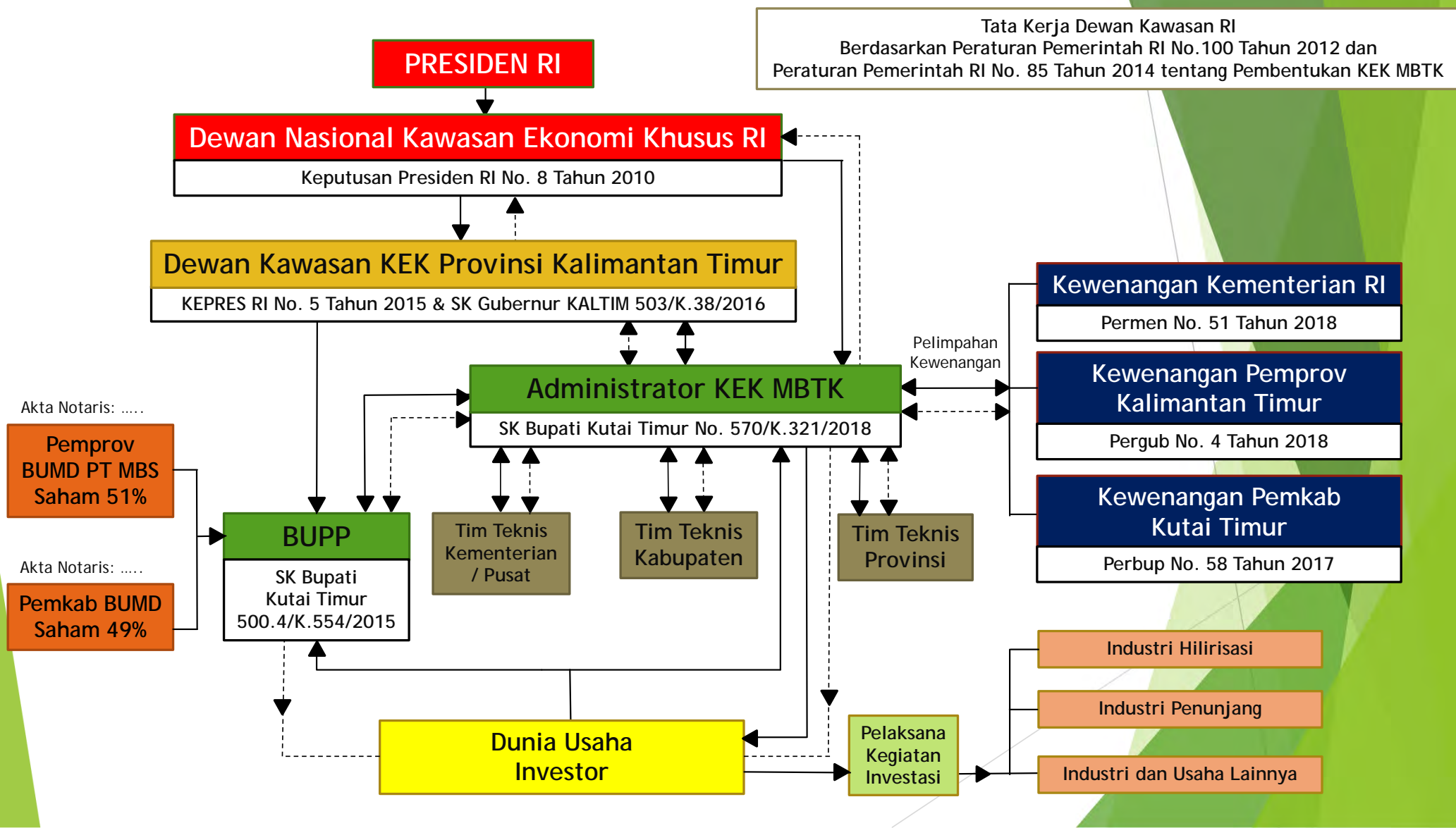




*Rencana Jalan
 Dalam KEK
 MBTK. Total
 Panjang Jalan
 Dalam Kawasan
 = 11,3 Km*

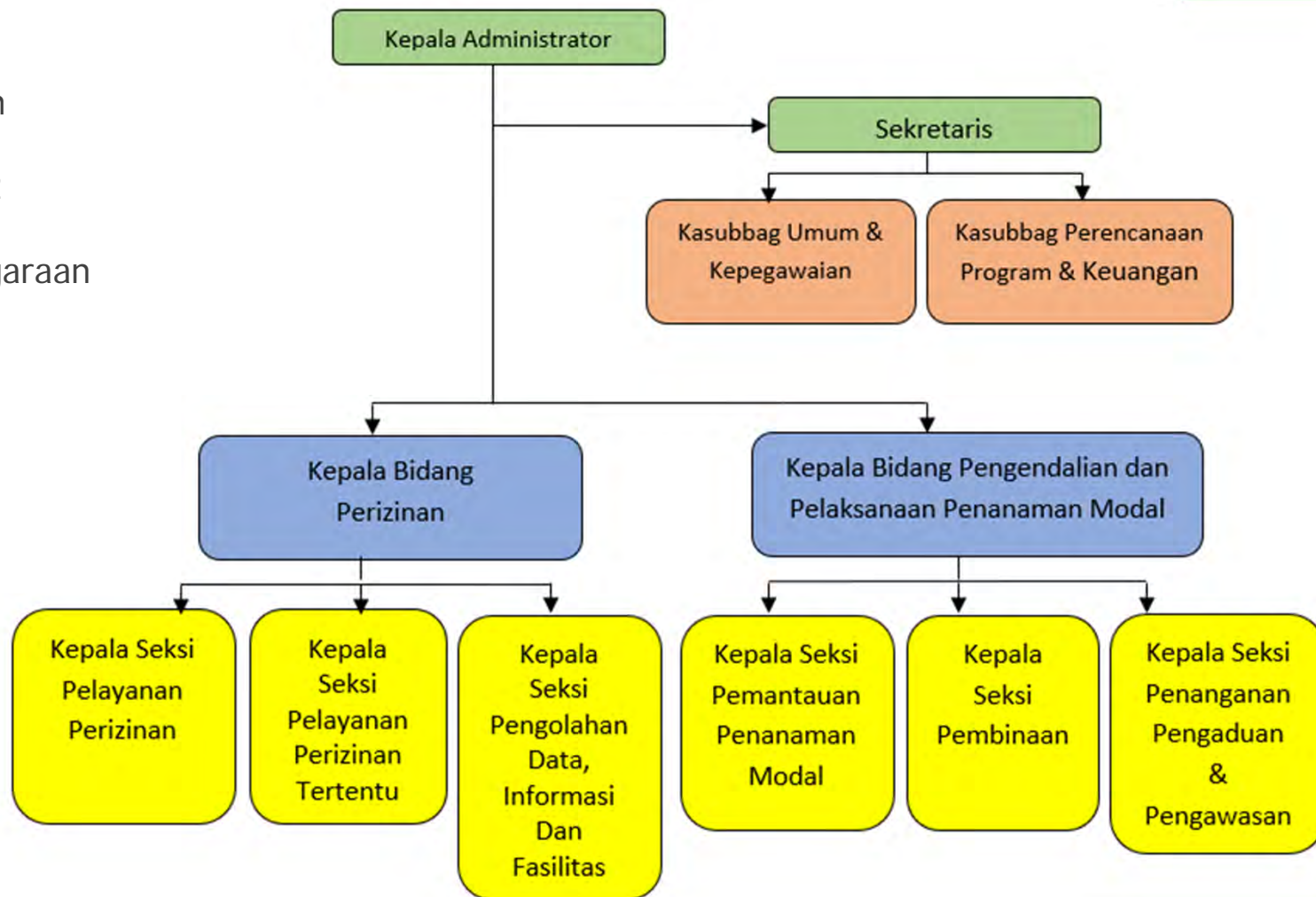


Zonasi Kawasan Industri



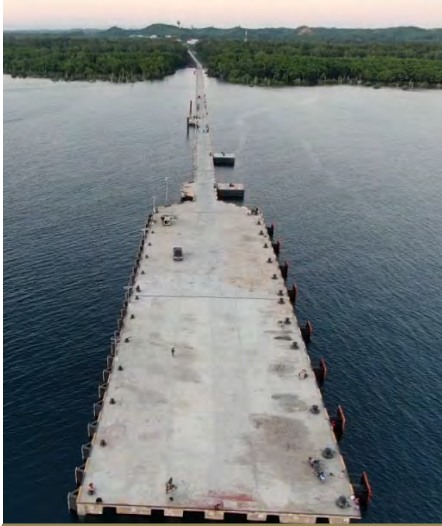
INSTITUTIONAL STRUCTURE OF KEK

- Peraturan Pemerintah Nomor 100 Tahun 2012 tentang Penyelenggaraan KEK



Eksisting KEK MBTK Saat ini





Pelabuhan Multi Purpose KEK MBTK



Sumber Bahan Baku Palm Oil dari Hinter lane 1 dan 2 KEK MBTK



Jalan menuju KEK MBTK 15 km



Menara Telekomunikasi yang di bangun oleh PT Telkom di KEK MBTK



Oil Palm Plantation
2000-2030



CPO Processing Industry
2005-2030



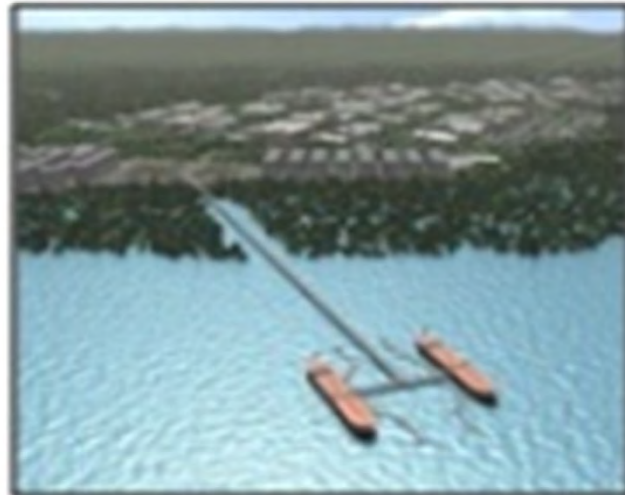
Cooking Oil Industry
2019-2035



Daily needs
2023

Scenario
Development and
Development
Palm Oil Industry

KEK MBTK in the Future 2024-2030



2. Comparative Advantage and Advance

- A. Based on UU no. 47 of 2009, East Kutai Regency has an area of 35,747.62 km² with 18 sub-districts and 139 villages and 2 sub-districts with a population of ± 450,000 people. With the geographical topography of East Kutai Regency covering sloping plains and mountains as well as a 301 Km coastline stretch and facing the Makassar Strait (ALKI II)



Sumber: - Peta Rupabumi Indonesia, BIG
- Permendagri Nomor 58 Tahun 2015

JURAGAN-POSTER.COM

Peta Provinsi Kalimantan Timur



Peta Indonesia

B. Government Regulatory Support

- UU no. 25 of 2007 concerning Special Economic Zones
- Government Regulation no. 2 of 2011 concerning the Implementation of Special Economic Zones as amended by Government Regulation no. 100 of 2012
- Government Regulation no. 85 of 2014 concerning the Establishment of KEK MBTK
- Government Regulation no. 96 of 2016 concerning Facilities and Facilities in KEK
- Presidential Regulation no. 124 of 2012 and Presidential Regulation NO. 110 concerning the National Council and the Regional KEK Council
- Presidential Decree No. 25 of 2018 concerning the Special Economic Zones Council of East Kalimantan Province
- RI Minister of Trade Regulation No. 51 of 2016 concerning Delegation of Authority for Issuing Trade Permits to the MBTK KEK Administrator
- Governor Regulation No. 4 of 2018 concerning Delegation of Licensing and Non-Licensing Authorities to MBTK KEK Administrators
- Governor's Decree No. 503 of 2019 concerning the Establishment of the Secretariat of the Regional KEK Council
- Governor's Decree No. 500 of 2017 concerning the Establishment of MBTK KEK Administrators
- Regent Regulation No. 58 of 2017 concerning Delegation of Licensing and Non-Licensing Authority in KEK MBTK
- Regent Regulation No. 49 of 2019 concerning Procedures for the Implementation of Lease of Regional Property in the Form of Land in the MBTK KEK
- Governor of East Kalimantan Province No. Year 2019 concerning Provision of Incentives and Ease of Investment in MBTK KEK
- Regional Regulation of East Kutai Regency No. 2 of 2019 concerning the Provision of Incentives and the ease of investing in the MBTK KEK
- Regional Regulation of East Kutai Regency No. 1 of 2019 concerning MBTK KEK Administrator

- C. Being at the center of growth in palm oil investment, PMA, PMDN and the East Kutai Regency Government make the Palm Oil industry a vision, mission and development strategy for East Kutai and East Kalimantan Provincial Government for the medium and long term as a guideline for the economy and sustainable development of East Kalimantan.

Vision:

- East Kutai Regency Government Vision 2000-2005 The realization of the independence of East Kutai Regency through Agribusiness and Agroindustry Development
- East Kutai Regency Government Vision 2006-2010 The realization of East Kutai Regency independence through Sustainable Agribusiness and Agroindustry Development
- East Kutai Regency Government Vision 2011-2015 The realization of the independence of East Kutai Regency through Sustainable Agribusiness and Agro-industry Development
- East Kutai Regency Government Vision for 2016-2020 Independent and Integrated Village Development Movement through the mission of sustainable Agribusiness and Agro-industry development
- East Kutai Regency Government Vision for 2021-2025 Organizing a prosperous East Kutai for all

- D. KEK MBTK is geographically located in the Indonesian archipelagic sea lane 2 ALKI and is a natural resource base with strategic economic value between regions and is located on a geographical sea lane connecting the Pacific Ocean and Indian Ocean

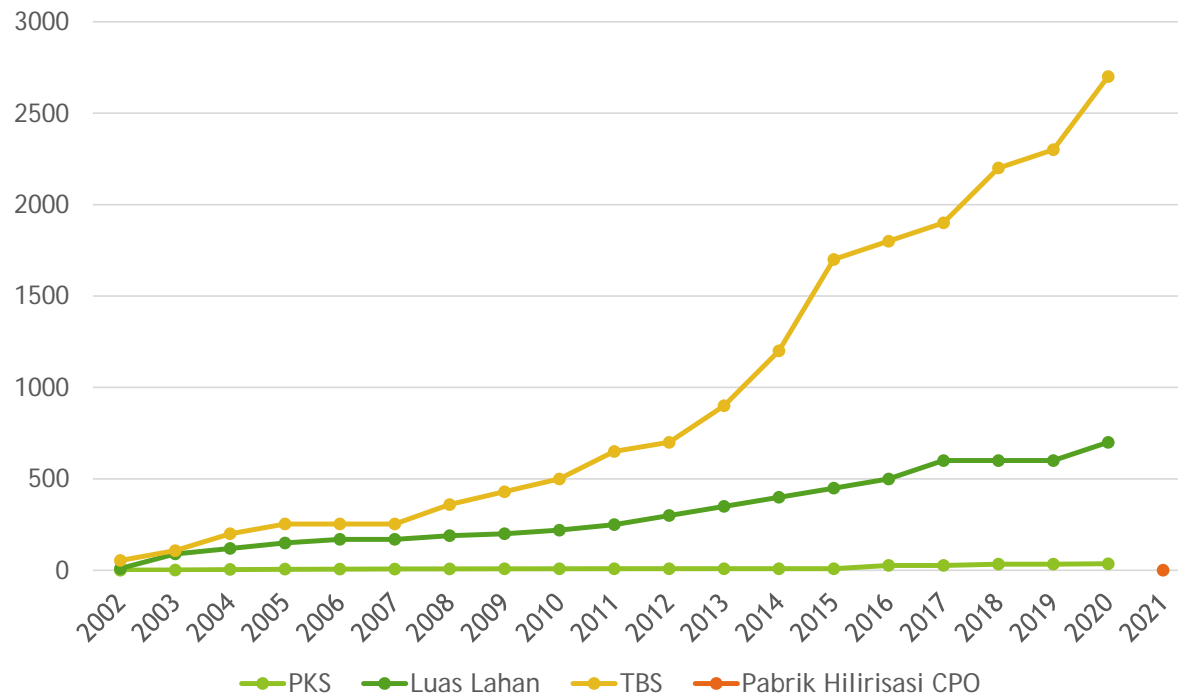


Peta Posisi Strategis KEK MBTK

- E. The existence of national road infrastructure connectivity to the KEK MBTK that connects several districts, cities and provinces which are interlane KEK MBTK and at the same time as TBS producing areas which are expected to strengthen the supply of raw Palm oil materials for the Palm Oil downstream industry within KEK MBTK
- F. PT PLN province area. East Kalimantan sets the top priority for Kab. East Kutai, especially infrastructure development towards KEK MBTK. And currently, 30 Mega watts of electricity/PLN has been installed for industrial officers in MBTK KEK. And since 2015 PLN has built SUTEM Mahakam towards KEK MBTK and progress until 2021 is 70% land acquisition and construction of SUTEM and it is estimated that 2022 SUTEM will be completed in KEK MBTK and the PLN SUTEM network will operate by the end of 2022.
- G. SPAM capacity The PDAM to the KEK MBTK has been built at 500 l/second and the construction is 100%, ready to operate as investment enters the KEK MBTK.
- H. The KEK MBTK infrastructure has provided a multi-purpose port with a capacity of 100,000 dwt and a port depth of 15-22m.
- I. KEK MBTK land has been certified on behalf of the East Kutai Regency Government covering an area of 509 Ha
- J. Social stability and investment security are very well maintained due to the positive interest of the community towards the entry of investment in palm oil plantations and the Palm Oil industry as a derivative industry into the region and the guarantee of certainty the law on the investment climate in East Kutai by the Government, especially within the KEK MBTK and outside the KEK MBTK.

K. East Kutai Regency has an area of planted area for palm oil plantations until 2021 for PMA and PMDN companies of $\pm 500,000$ Ha and an area of $\pm 250,000$ Ha for smallholder palm oil plantations with TBA production of ± 27 million tons annually with the number of PKS in East Kutai as many as 36 PKS with a capacity of 60 Tons/hour per day- 120 Tons/hour per day with annual CPO production.

Grafik Progres Pembangunan Industri Palm Oil
Kutai Timur 2021



POLICY DIRECTIONS FOR THE DEVELOPMENT OF KAWASAN EKONOMI KHUSUS MALOY BATOTA TRANS KALIMANTAN (KEK-MBTK)

- ▶ Kawasan Ekonomi Khusus Maloy Batota Trans Kalimantan (KEK-MBTK) in East Kalimantan Province, East Kutai Regency is a tactical step by the Central Government to break down industries outside Java and bring the downstream processing center closer to the upstream industry. Thus, in addition to the new growth center, the product is also more competitive and can compete with international products.



- 
- ▶ The development of KEK MBTK is expected to contribute to national development priorities, namely to develop Indonesia from the periphery by strengthening regions and villages within the framework of a unitary state, improving the quality of life of Indonesian people, increasing people's productivity and competitiveness in the international market, as well as in development priorities for realizing economic independence by mobilizing strategic sectors of the domestic economy.
 - ▶ The policy of developing the Kawasan Ekonomi Khusus Maloy Batota Trans Kalimantan (KEK-MBTK) in East Kalimantan Province, East Kutai Regency for the development of the business sector is based on optimizing the management of renewable and sustainable natural resources and broad market potential, both domestically and abroad.

Best Practice for Development of Kawasan Ekonomi Khusus Maloy Batuta Trans Kalimantan

- ▶ 1. Acceleration of economic infrastructure development that is integrated with KEK;
- ▶ 2. Accelerating the provision of regional supporting facilities and infrastructure;
- ▶ 3. Development of distribution channels and marketing logistics;
- ▶ 4. Preparation of Special Economic Zone RDTR;
- ▶ 5. Improved coordination of KEK Management Business Entities;
- ▶ 6. Promote KEK to foreign/domestic investors;
- ▶ 7. Provide vocational education facilities and skilled educators;
- ▶ 8. Prepare regulations related to one-stop integrated services.
- ▶ 9. Improving service acceleration through easy, guiding, transparent, measurable, responsible and professional services as well as legal certainty.

Challenges and Barriers to Accelerating Investment in KEK MBTK

► Challenges :

1. Regionally, the Special Economic Zone for Palm Oil products is located on the land of Datuk Negeri Kingdom of Malaysia as the Main Strategic Area for processing CPO into ready-to-consume goods. At the same time, plantation business in East Kalimantan Province and East Kutai Regency with PMA status and some with PMDN status are the owners of processing industry businesses located in the Palm Oil Industrial Estate, Datuk Land, Kingdom of Malaysia.

► Challenges :

2. The application of double standards for Indonesia's main CPO export destination countries to the environment, especially America and Europe
3. Determination of world oil prices (CPO) is determined by the market, especially the international market where competitors for this product are mostly found in Latin America for bio-diesel and vegetable oil and other dumping products which are much cheaper
4. The Indonesian Palm Oil standard has not yet become an international standard
5. The government has not made Palm Oil the main priority for driving the national economy

► Challenges in National and Regional MBTK SEZ Development (East Kalimantan)

1. KEK MBTK for development financing has not become a top priority so that the annual targets set for accelerating investment realization by the business world are relatively delayed
2. The connectivity of basic infrastructure and investment support both by land, air (airfields) and sea is very far and lagging behind both in terms of quality and capacity to ensure that investment can run efficiently and this is a very strong consideration for business actors to invest in KEK MBTK
3. Government's attention has not been maximally focused on accelerating various things to achieve targets in supporting the implementation of business investment activities in KEK MBTK
4. There are no regulations from the Provincial Government of East Kalimantan and the Government of East Kutai Regency to accompany plantation investment activities which are mushrooming as a legal umbrella to force the plantation industry to progressively limit the export of CPO raw materials out of East Kalimantan and some percentage must be managed in the form of finished materials through industry. processing built in KEK MBTK

RESISTANCE

- ▶ Land rental prices are already competitive from the point of view of business person and the government, but business person are more inclined to buy land
- ▶ Business actors prefer the option of buying land within the area rather than renting land, and this is legally subject to many obstacles because the land has become a state asset.
- ▶ The construction of PLN's Mahakam Borneo SUTM network is currently still in the development process and has not yet reached the area that will supply the processing industry within the KEK MBTK. This is a consideration for business actors when reviewing the readiness of basic infrastructure in conducting future business in the KEK MBTK
- ▶ The construction of the port and its supporting infrastructure has not been maximized and the operator has not yet prepared a work plan and detailed operations that become the standard for business person to guide when making business investment proposals to potential investors.

OPPORTUNITY AND ATTRACTION TO INVEST IN KEK MBTK

- ▶ KEK MBTK is the only one on the island of Kalimantan as a Special Economic Zone designated by the Government
- ▶ KEK MBTK as the basis for the activities of the Palm Oil processing industry on a National and International scale (PSN) in line with the programs of the East Kalimantan Provincial Government and the Provincial Governments throughout Kalimantan which establish a long-term development program through palm oil plantation activities as the main sustainable supporter of Borneo's economy.
- ▶ The land in the KEK MBTK has been certified approximately 509 hectares, with the infrastructure to start a business that can be done in the area and this is a special attraction because it has obtained certainty on the status of the land where industrial development is located.
- ▶ Basic and supporting infrastructure on the progress of procurement and construction towards the KEK MBTK so that business person can be assured that in the next few years various facilities and infrastructure can be fulfilled to fulfill business activities in line with the development activities of business actors when investing in KEK MBTK.

- ▶ The target market of the main raw material supply for MBTK KEK to supply the operation of the industry is very abundant, both in terms of area in the Regency and as a whole in East Kalimantan and Kalimantan.
- ▶ KEK MBTK competitors for the processing industry are located in Sumatra, so outside the island of Sumatra, especially the islands of Kalimantan and Sulawesi and Irian, the main processor connectivity for these products is in the KEK MBTK.
- ▶ KEK MBTK is located in an area that is low in disasters and earthquakes, tsunamis based on a decade history, then this area is located in ALKI II as the Pacific Ocean and Indian Ocean connectivity
- ▶ Indonesia's target market with a population that tends to increase continues to be an attraction to invest in the Palm Oil processing sector in the development of the plantation industry in Kalimantan.

- 
- ▶ The Central Government's policy on bio-diesel with a ratio of B30-B100 for the next few years as a stimulus for business person to increase their investment expectations
 - ▶ Business actors in the KEK MBTK hinterland, both on the East Kutai Regency scale and on the East Kalimantan Province scale, are the main person in the plantation business concessions that are currently developing and are controlling the downstream processing industry activities and supplying products for the needs of the people in Indonesia.
 - ▶ Investment activities in the KEK MBTK are investment activities that get various tax holiday and all-in-one tax breaks from the Central Government through the Ministry of Finance and the RI BKPM in the form of exemption from various export and import taxes in the KEK MBTK.
 - ▶ Investment activities in the KEK MBTK are carried out by completing licensing services for both development activities and export and import activities for business person carried out in the KEK MBTK Administrator Office.

The Strategy of the East Kutai Regency Government to Realize the Leading Processing Industry Investment in the Palm Oil business sector in Kalimantan and in Indonesia

- ▶ Carry out regular agribusiness club business with plantation business actors who are members of GAPKI to encourage interest and at the same time become part of the processing industry business players in the KEK MBTK
- ▶ Increasing national and international cooperation with developed countries as well as CPO export destination countries to carry out investment activities for the development of the processing industry in the KEK MBTK
- ▶ Increase promotion activities and offer investment proposals for processing industry in KEK MBTK to business person with various facilities and incentives provided from the Central Government and the Government of East Kutai Regency
- ▶ Encouraging the Provincial Government of East Kalimantan and the Government of East Kutai Regency to present a Regional Regulation that regulates Palm Oil production regarding the percentage limit that must be managed and exported and partly must be managed through industry in the KEK MBTK

List of Business person who carry out the process of investing in the processing industry in the KEK MBTK in 2021

| Num. | Company | Status | Business Fields | Information |
|------|--------------------------------|--------|--|-------------------------------------|
| 1. | PT PAIMA SERASIH INTERNASIONAL | PMDN | <ul style="list-style-type: none">• Industrial Bulking Station Palm Oil 2Ha• 6Ha Palm Oil Processing Industry | In Licensing Administration Process |
| 2. | PT SINAR KUTAI | PMDN | Palm Oil (Kernel) Processing Industry 5Ha | In Licensing Administration Process |

“ Since 1999, a long road has been taken, to realize the leading CPO-based processing industry in Kalimantan. As a future economic tool for East Kalimantan and Indonesia, "Sure, the business will arrive!



ttd

Administrator KEK MBTK
Presetation by Saiful Ahmad