



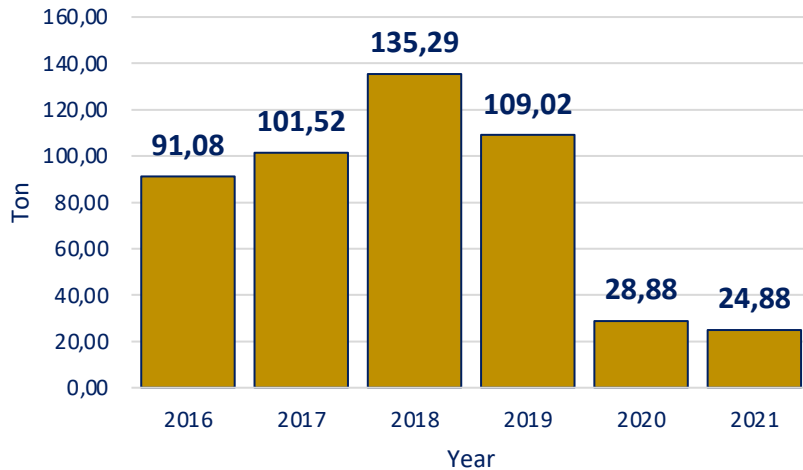
Establishing Bullion Services in Indonesia

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1

Gold Production Indonesia



- Indonesia was ranked as the **7th largest gold producer** in the world in 2019 with 109.02 tonnes and has potential gold reserves of up to 30.2 million ounces.
- Gold production decreased in 2020 due to the transition from open pit mining to underground mining at PT Freeport Indonesia (the largest copper and gold mining company)

2



Indonesia **plays at the lower end of the gold chain** despite high gold reserves and gold production, and even **still imports** USD ± 2 billion per year of gold bullion products despite it exports gold dore of USD ± 5 billion per year

3



Indonesia's per capita gold **consumption is still low** at 0.35 gram/capita (ranked 22nd in the world), so it is **necessary to increase public and industry preference for gold**. However, it is estimated that currently there are **$\pm 1,800$ tons of gold stocks** in Indonesia that **have not been monetized**.

4



Indonesia has 120 small-scale gold mining locations with a total of ± 1 million miners, also a jewelry industry (large-medium scale 83 companies, small scale 36,000 companies). **The lack of financing for gold industry players has led to a reliance on overseas bullion bank hubs/exchanges.**

What Have We Done

Tax



Re-regulating **Income Tax (PPH) and VAT (PPN)** on the sale/delivery of gold and services to **provide ease of doing business, legal certainty and simplicity, also reduced tariffs**

currently

- **PP 70/2021:** VAT exemption for granular gold
- **PP 49/2022:** VAT exemption for gold bars
- **PMK 48/2023:** Reduction of tax on gold (PPH 22) to 0.25% (previously 0.80%)

Regulation for Implementing Bullion Services



We issued new regulations through **omnibus law for the financial sector (Law Number 4/2023)** which is the legal umbrella for the implementation of bullion services in Indonesia which did not exist before

currently

- **In Article 130 defines bullion services** as business activities related to gold in the form of savings, financing, trading, vaulting, and other activities.
- **The drafting of technical regulations** is currently underway.

Hallmarking



Developing a national standardization (SNI) for gold products as a benchmark for producers, protecting consumers, and providing a reference for gold testing laboratories.

currently

- **SNI 8880:2020** refers to the International Gold Standard which regulates gold products **purity from 33.3% to 99.99%**
- SNI regulates gold purity but **does not regulate the origin of gold and sustainable business practices**

Gold Exchange



Pursuing **gold price transparency** policy to increase **market efficiency**

currently

- Indonesia **has not established a Gold Exchange.**
- Gold prices in Indonesia **lack transparency**, as domestic prices generally exceed international prices,

Financial System



Promoting **the inclusion of gold as an investment instrument** by encouraging financial institutions such as pension funds and insurance companies.

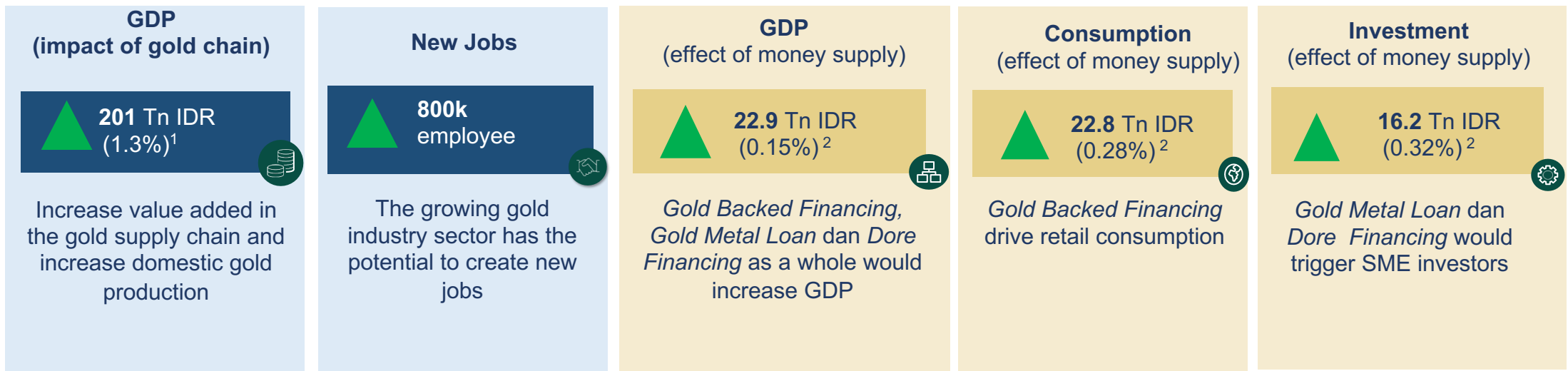
currently

- **POJK 29/2018:** Pension Fund is **prohibited** from investing in gold
- **POJK 27/2018:** Insurance can place an investment in pure gold **at a maximum of 10%** of the total investment

IMPACT OF BULLION SERVICES ON THE ECONOMY

Impact of a well-functioning of the gold ecosystem
(increased gold production)

The bullion services would increase the money supply by up to IDR 53 trillion
(±0.75%)



- Bullion services would increase GDP (+0.15%), consumption (0.28%), and investment (+0.32%)
- Gold supply chain optimization will increase GDP (+1.3%) and new jobs (+800k)
- The bullion business did not significantly impact inflation (only +0.02 to the consumer price index)

1. Including the GDP impact from money supply of the bullion services
2. Compared to GDP: IDR 15,214 Tn ; private consumption: IDR 8,261 Tn; Investment: IDR 5,063 Tn

*"Ekonomi Unggul,
Indonesia Maju"*

#UntukEkonomiIndonesia

THANK YOU

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