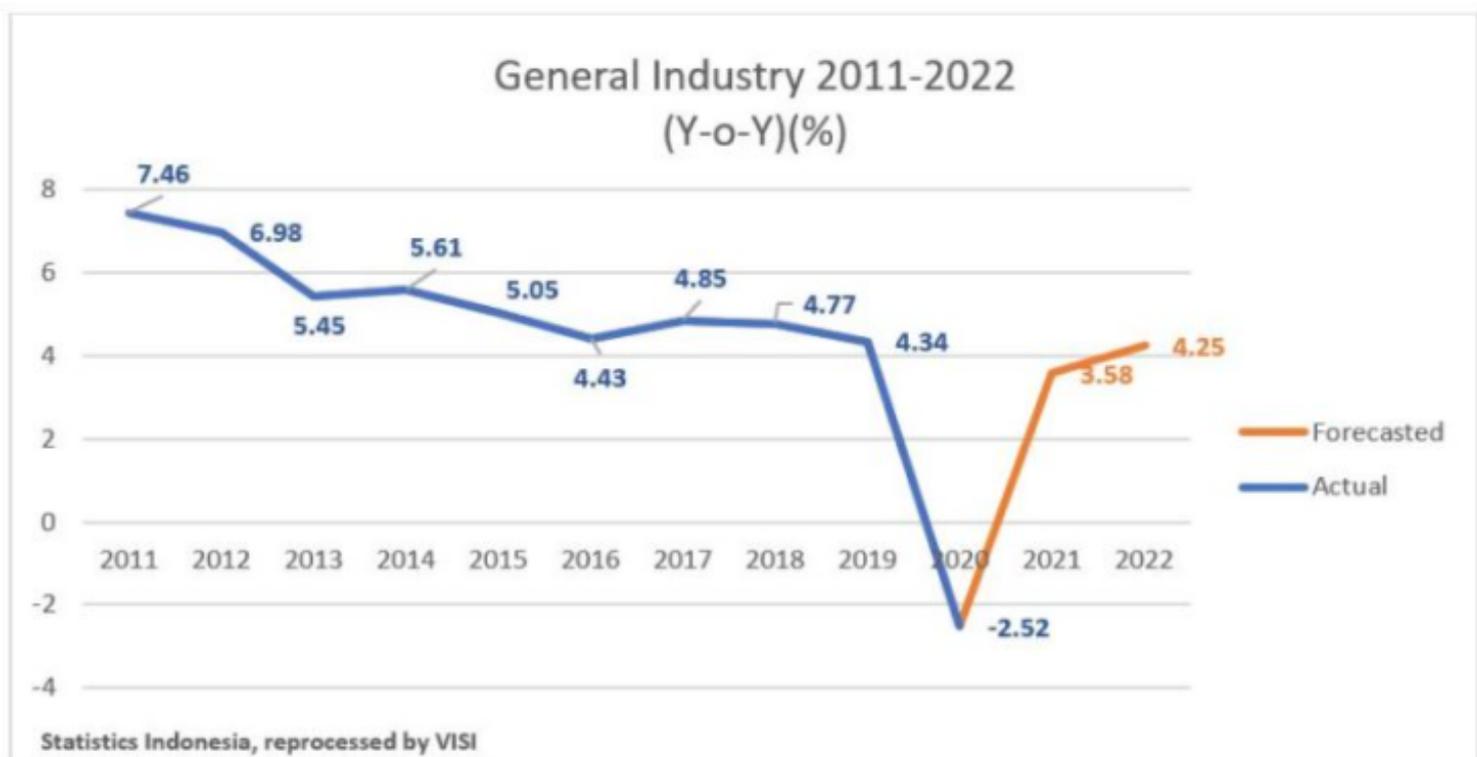


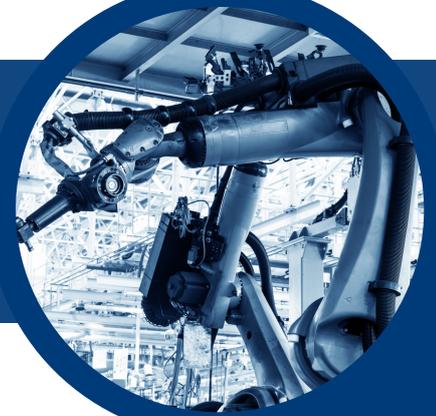
PT CRIF STUDY: THE OVERVIEW OF THE INDONESIAN MANUFACTURING INDUSTRY DEVELOPMENT IN 2021 AND PREDICTIONS IN 2022



The Covid-19 pandemic has had a significant impact on efforts to achieve national priority targets by continuing to build a manufacturing industry sector that is sovereign, independent, competitive, and inclusive. Based on data from Statistics Indonesia, the manufacturing industry sector experienced a drastic decrease in 2020, reaching -2.52% or a decrease of -6.86 points when compared to 2019. In line with the improving economy in Indonesia, the condition of the sector is expected to gradually recover or grow around 3.58% in 2021 and is predicted to grow to 4.25% in 2022.



PT CRIF STUDY: THE OVERVIEW OF THE MANUFACTURING INDUSTRY DEVELOPMENT IN 2021 AND PREDICTIONS IN 2022



Despite the turmoil and challenges caused by the pandemic, the manufacturing industry sector has consistently played an important role as the main driver and support for the national economy. In fact, the manufacturing industry sector is the main driving sector for Indonesia to get out of recession.

The Ministry of Industry said that in 2022 the manufacturing industry sector began to bounce back. This can be seen from a number of brilliant performances, including investment realization, export achievements, tax contributions, contributions to GDP, and Purchasing Managers Index (PMI) ratings.

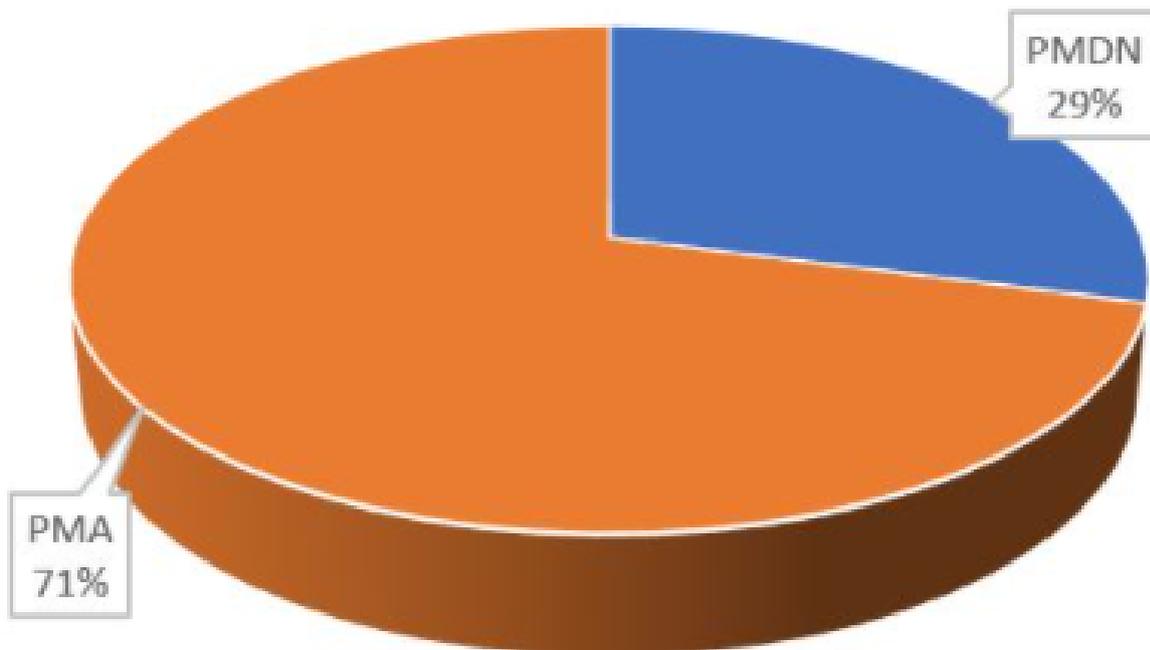
PT CRIF STUDY: THE OVERVIEW OF THE MANUFACTURING INDUSTRY DEVELOPMENT IN 2021 AND PREDICTIONS IN 2022



INVESTMENT IN THE MANUFACTURING INDUSTRY SECTOR IN 2021

Throughout 2021, investment in Indonesia's manufacturing industry reached IDR 325.4 trillion, an increase of 19% from 2020, which amounted to IDR 272.9 trillion. This figure exceeds the investment achievement target for the manufacturing industry, which has been projected by the Ministry of Industry (Kemenperin) of IDR 280 trillion to IDR 290 trillion.

Percentage of Investment Origin



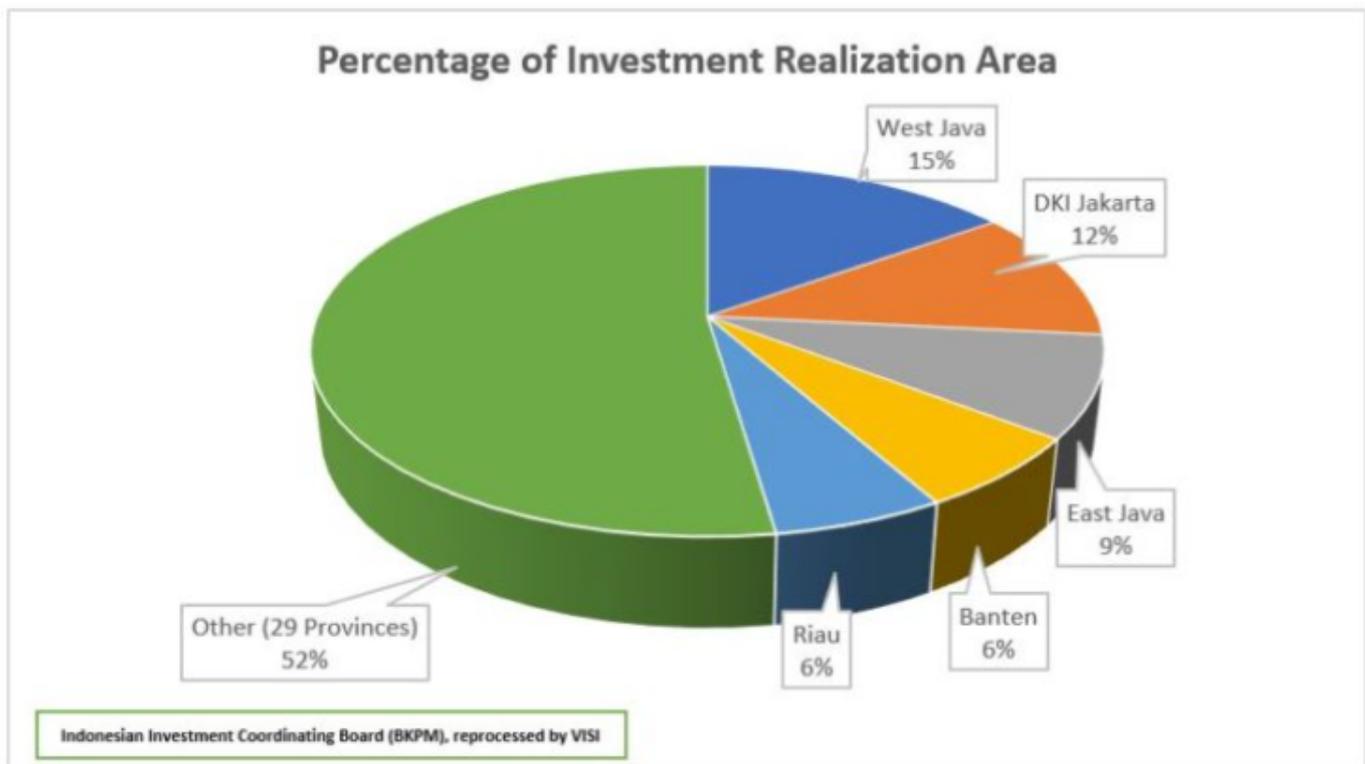
Indonesian Investment Coordinating Board (BKPM), reprocessed by VISI

PT CRIF STUDY: THE OVERVIEW OF THE MANUFACTURING INDUSTRY DEVELOPMENT IN 2021 AND PREDICTIONS IN 2022



Based on data from the Investment Coordinating Board (BKPM), the investment achievement of IDR 325.4 trillion consisted of domestic investment (PMDN) of IDR 94.7 trillion and foreign investment (PMA) of USD 15.8 billion. From this figure, the basic metal, metal goods, non-machinery, and equipment sub-sector recorded the largest investment portion of IDR 117.5 trillion or contributed 13% of the total investment throughout 2021.

Most of the investment realization was spread across five regions: West Java at 15.1%, DKI Jakarta at 11.5%, East Java at 8.8%, Banten at 6.4%, and Riau at 5.9%.



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In order not to lose this good moment, there are several programs pushed by the Ministry of Industry such as the 35% import substitution program in 2022, the program for Increasing the Use of Domestic Products (P3DN), and downstreaming of natural resources. (Source: <https://industri.kontan.co.id/>)

PT CRIF STUDY: THE OVERVIEW OF THE MANUFACTURING INDUSTRY DEVELOPMENT IN 2021 AND PREDICTIONS IN 2022



EXPORT VALUE OF THE MANUFACTURING INDUSTRY IN 2021

In terms of the achievement of export value, the contribution of the manufacturing industry continues to increase even amid the pandemic. The export value of the manufacturing industry in January-November 2021 reached USD 160 billion or contributed 76.51% of total national exports. When compared to the same period in 2020, the export performance of the manufacturing industry increased by 35.36%. The export performance of the manufacturing sector at the same time maintains the trade balance surplus that was printed since May 2020.

The activity of the manufacturing industry sector in the country was still quite stretched until the end of 2021, in line with increasing production and demand for the export market. This is reflected in the achievement of Indonesia's Manufacturing Purchasing Managers' Index (PMI) in December of 53.5 or still above the expansionary level (50), based on the results of the IHS Markit survey.

The Ministry of Industry explained that the achievements of the manufacturing industry sector in terms of investment and exports accompanied its contribution to state revenues and to the formation of national GDP which continued to increase. (Sources: The Ministry of Industry)

PT CRIF STUDY: THE OVERVIEW OF THE MANUFACTURING INDUSTRY DEVELOPMENT IN 2021 AND PREDICTIONS IN 2022



TAX CONTRIBUTION OF MANUFACTURING INDUSTRY SECTOR IN 2021

The Ministry of Finance (Kemenkeu) noted that the performance of tax revenues from the manufacturing industry sector is still under pressure due to various incentives provided to the sector.

Referring to the October 2021 edition of the Kita APBN report, the nominal GDP of the manufacturing sector in 2021 is already higher when compared to 2019. With the tax incentives given to the manufacturing sector in 2020 and 2021, the recovery of the manufacturing industry sector is not reflected in tax revenues.

For the manufacturing industry sector tax throughout 2021, on average, it contributed 29%, while the industrial sector excise revenue contributed 95% of the total national excise revenue. (Source: <https://news.ddtc.co.id/>)

PURCHASING MANAGERS INDEX (PMI) OF MANUFACTURING INDUSTRY SECTOR

The achievement of the Purchasing Managers Index (PMI) in the Indonesian manufacturing sector is quite volatile. After experiencing difficulties due to restrictions on community activities, including in the manufacturing industry sector in 2020, Indonesia's manufacturing PMI slowly rose and returned to expansionary levels.

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In December 2021, Indonesia's manufacturing purchasing managers' index (PMI) was at 53.5, down from 53.9 in the previous month. However, Indonesia's manufacturing PMI is still considered to be at an expansive level.

Information Handling Services (IHS) Markit Ltd. noted that operations in all sectors of Indonesia's manufacturing industry continued to improve last month, albeit at a slower pace from November 2021. In addition, output growth picked up slightly, but demand gains slowed for the past 2 months, although foreign demand continued to strengthen. The encouraging thing is that business confidence regarding the coming year has improved and purchasing activity has increased. However, the employment rate stagnated. Meanwhile, price pressure persists with input prices rising sharply, as order fulfillment times continue to deteriorate. (Source: www.bisnis.com)