



Investment in the Tourism Field in Indonesia

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Abstract. Traveling is the temporary act of visiting a place. It is done by individuals or groups in an attempt to find harmony or balance with the environment in its social, cultural, natural, and scientific dimensions. There are also many different types of tourism activities that are supported by various facilities and services offered by the government, business community, and local government. Ecotourism-based tourism development is a concept in tourism activities that aims to increase community participation in tourism activities and environmental preservation and improve the community's economy through the use of natural resources found in a tourist destination area. Tourism is the spearhead of the People's Economy which is being proclaimed by the Government. According to data from the Ministry of Tourism of the Republic of Indonesia, the tourism sector contributes to the National GDP of 4%, with foreign exchange earnings of Rp. 120 trillion and a total workforce of 8.7 million who are directly involved: employees of hotels, restaurants, theme parks, recreational areas, travel agencies, tourism transportation, etc. If you add workers who come from direct suppliers, it is estimated that there are 29.7 million workers involved, namely from the agricultural sector (vegetables, fruits, coffee/tea), fishermen (fish, shrimp, etc.), breeders (meat, eggs), textile/garment industry (towels, blankets, bed linen, uniforms, etc.), building maintenance industry (engineering, lighting, etc.), household appliance industry (beds, furniture). If added to the workers who are indirectly involved, the number can reach 89.1 million workers, namely coming from the creative economy sector, trade, land transportation, sea, air, construction and building materials industry, housing industry, car/motorcycle industry, etc. Investment in the tourism sector will have a positive impact on Indonesia's tourism climate so that the economy will improve, especially in the tourism sector. These conditions will bring fresh air for the availability of new jobs that are beneficial for Indonesia's economic progress. Investment in tourism requires very high costs so it becomes a big challenge and responsibility and must be driven by a strategy that is structured, measurable and sustainable.

Keywords: Ecotourism, Tourism, Sector, Economic Impact

1 INTRODUCTION

Based on ecotourism Within the framework of a nation's expanding economic growth, tourism development is one aspect of economic development that tries to enhance state revenue through tax exchange and the participation of tourist donations.

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M. Umiyati et al. (eds.), *Proceedings of the International Conference on "Changing of Law: Business Law, Local Wisdom and Tourism Industry" (ICCLB 2023)*, Advances in Social Science, Education and Humanities Research 804,

https://doi.org/10.2991/978-2-38476-180-7_10

in order to provide employment for the larger community, which will in turn boost the town's prosperity.

Traveling for tourism to places where the environment is still unspoiled is known as ecotourism. By preserving the area's natural and cultural legacy, funding conservation efforts, avoiding adverse effects, generating socioeconomic advantages, and honoring and involving the local populace.

While promoting tourism in that area, it is imperative to take into account the potential that the specific location provides. The potential of an area raises its viability. Residents in the affected area are amiable, welcoming, and have good social character. They readily embrace newcomers. In addition to having a variety of distinctive traditions that may be packaged into tourism products to be promoted, this social potential will make it simpler to develop social interactions that are more familiar and can build more harmonious human relations. Tourism items can incorporate cultural activities and historically significant artifacts found in places with a diverse range of artistic creations. Destinations with natural potential can be developed into tourism products due to their inherent qualities and advantages, as well as the variety of native animals found there. The diversity of the natural potential is a gift from God Almighty and a great asset that should be turned into a popular tourist destination.

1.1 Tourism Investment Potential

The relationship with the large potential of tourism in Indonesia and considering that Indonesia consists of tens of thousands of separate islands, has abundant biodiversity and is surrounded by two continents causes a cultural influence that is sufficient to add to the cultural richness of the archipelago in addition to the original culture of the population that is not influenced by outside cultures. The tourism trends that are most in demand by tourists to Indonesia are the natural beauty, biodiversity and cultural diversity of Indonesia.

With the natural potential that exists in Indonesia, it includes very unique flora and fauna such as Komodo dragons, corpse flowers, and other types such as orchids which are very rare. Landscapes in an area can be searched by tourists such as Raja Ampat, Bunaken, Badar Island and others.

Investment in Indonesia must be accompanied by:

Institutional and Infrastructure Improvement

Indonesia has natural wealth and biodiversity which is an attraction for investors who want to invest in Indonesia. That the failure to eradicate corruption and the bad ethics of business entities is a bad image for investment in Indonesia. Within the framework of a public private partnership (PPP) choosing investors and maintaining trust is the most important thing and the designated business entity must carry out a rigorous and scaled monitoring and evaluation process. The conditions for maintaining credibility in the public domain are transparency and accountability. Without these two things, credibility will only be a formality without a clear form. Indonesia's failure in the determinants of competitiveness makes the long-term perspective of investors towards Indonesia worse, something that is certainly not expected.

Kadin Indonesia together with tourism industry associations, especially PHRI (Indonesian Hotel and Restaurant Association) which has been established since February 1969 (46 years) with a number of members of around 9,000 hotels spread across 34 Provinces (Regional Leadership Body / BPD PHRI) and 220 Cities (PHRI Branch Management Board/BPC), INCA (Indonesian Congress and Convention Association), Asperapi (Indonesian Association of Exhibition Companies), BPPI (Indonesian Tourism Promotion Agency, GIPPI (Indonesian Tourism Industry Association), Astindo (Indonesian Travel Association), Asita (Association of Indonesian Travel Agents), Arki (Indonesian Family Recreation Association), Putri (Indonesian Recreation Park Business Association), INACA (Indonesian Air Court Association), etc. Will play an active role with the government in creating tourism policies that are conducive to achieving the target of foreign tourists (foreign tourists) of 20 million and the target of Wisnus (Archipelagic Tourists) of 240 million in 2024.

To achieve this mission, there are 9 strategic steps that must be taken, namely:

1. Increasing Tourism Destinations
2. Tourism Promotion
3. Overseas Marketing for WISMAN
4. Domestic Marketing for WISNUS
5. Removing Obstructive Regulations
6. Improving HR Quality
7. Tourism Database
8. Simplification of Tourism Business Licensing
9. Tourism Incentives

Improvement of Employment Institutions

1. Indonesia has various dimensions of employment problems, including: Indonesia has not created a sufficient number of good jobs so that workers can fully experience the benefits of sustainable economic growth.
2. Rigid labor regulations have stifled job creation and failed to protect the most vulnerable workers.
3. Attempts to reform the labor force have hit a deadlock and hampered Indonesia's ability to prepare itself to face future challenges. These labor issues will certainly make it difficult for Indonesia to achieve the common goals at the international level that have been agreed upon in the Millennium Declaration known as the Millennium Development Goals (MDGs), namely eradicating poverty and hunger (Bappenas – UNDP, 2008).

Prospects and Projections of Investment Needs

The development of an increasingly open global economy, investment satisfaction, especially related to the production of goods and services in a country. One of them is determined by the availability of market access for the production of these goods and services. The government also needs to accelerate negotiations on international cooperation. Trade cooperation benefits not only from increased export performance but

also from increased investment. LPEM FEB UI projects investment needs using an ICOR value of 5.12 (Bappenas, 2015). Investment needs continue to increase in line with increased economic growth.

Sources of investment needs related to trade cooperation are dominated by foreign direct investment (PMA) (table figure). Historically there were 4 main sources of FDI investment which in the future will become increasingly important in determining the map or structure of the world economy and trade cooperation, namely Japan, China, the United States (US) and the European Union. The investment needs of these countries are projected to increase.

Selection of Regional Partner Countries

To achieve investment targets and projections, it is important to select non-traditional partner countries. This mapping was carried out using the gravity equation approach by including the variables of real GDP per capita, population, and market potential (that is, the ratio between real GDP and geographic distance). GDP and population data were obtained by the World Bank by taking the 2013 period based on the completeness of the data. While the data distance obtained from CEPII.

Next are the potential partner country voters from each region. The regional division is carried out based on the classification of the International Telecommunication Union. Countries are grouped into 7 regions, namely Africa, Middle East, Asia and the Pacific, CIS, Europe, North America, and South/Latin America. Due to the small number of North American regional members, the North and South/Latin American regions will be unified. Then, from each of these regions, 5 potential partner countries will be selected. Apart from each region, 10 countries from all over the world were also selected which have the potential to become country partner countries based on the same indicator. The countries selected were Germany, UK, France, Italy, Canada, Spain, Australia, Russia, Mexico and Turkey. Most are countries of European origin, especially those included in the Uni Europe.

A solid policy framework is essential. The principles in formulating a good and correct government policy framework are credibility, flexibility and political legitimacy. Regulations can bring credibility if the regulation is a regulation that is widely known and understood by the public. The existence of credibility means that the policy instruments needed by economic authorities can be easily implemented to deal with economic turmoil. Credibility becomes better with a transparent and accountable framework, which in turn can strengthen political legitimacy.

Good policies can be produced if policy makers and policy-making institutions have the ability to react quickly to unexpected shocks. Policies that are full discretionary have the potential to undermine public trust in the government.

Invest in Tourism

Investment is an investment from both domestic and foreign investors. Many factors influence the development of tourism investment, including:

1. Investment policy
2. Refinement of rules and regulations

3. Preparation of investment master plan
4. Development of an investment master plan system
5. One-roof system and on-stop shop services
6. Partnership development

The investment objective is to encourage the development of tourism potentials in an area, both in terms of infrastructure and other facilities such as tourism facilities and tourist destinations.

Investment is a commitment to a certain amount of funds or goods whose interactions are being carried out now with the aim of obtaining profits in the future. The term investment relates to various activities, such as investing a real material asset (machinery, buildings, gold, land, etc.) or using financial assets (stocks, deposits, etc.). Investments are often made by many residents because they can provide benefits if they really learn to understand the contents of the investment. Jogiyanto said that investment is an activity in which the actor temporarily postpones the use of his assets for the consumption of goods, but instead uses them to increase efficient production over a certain period of time. Unlike the case according to Sukirno,

Investment is an important component in terms of increasing economic growth. Samuelson (1997) argues that investment as an effort to develop the economy has two important roles from a macroeconomic standpoint.

Investment is spending on an asset which is very large but the level of fluctuation is very high and changeable. Second, investment is an accumulation of capital which can be done by constructing buildings and buying useful equipment to help boost the economy. Investment here is able to maintain economic growth in the long term. As for the opinion of Sukirno (2000), investment is capital expenditure to buy and add capital goods or equipment to produce products with the aim that the output that occurs will increase in the economy in the future.

The opinion of Harrod and Damar (1947) that economic improvement in an area will be greatly influenced by the level of investment. That is, if the level of investment is high, economic growth will also be higher and easier to achieve. Investment will greatly affect the economic growth of a region. In an effort to encourage economic growth, domestic investment is not the only thing that must be pursued but the need for foreign investment which can affect GDP (Mankiw, 2003). The attractiveness of an area in an effort to attract investors is that the area needs to increase its capabilities in terms of improving infrastructure and local government policies towards investment. From sources of funding, investment is divided into two, namely FDI and PMDN (BKPM, 2013).

Terms of foreign investment, investment must be made in the form of a limited liability company (PT) established in the territory of the Republic of Indonesia that utilizes foreign capital or in a joint venture with domestic investors. PT PMA's investment capital requirements are a minimum of Rp. 10 billion with a minimum paid-up capital of IDR 2.5 billion. Shareholders must have shares of at least IDR 10 million. Another important indicator is the selection of the type of business sector. Because there are types of business fields that are not permitted for investors. Investment is

known as the Indonesian Negative List (DNI), whose function is to provide clarity to investors regarding the choice of business fields in Indonesia.

The government divides the DNI (Negative Investment List) into three parts, namely:

1. Fields of Open Business: fields of business carried out without conditions within the framework of Investment.
2. Closed Business Fields: certain business fields that are not allowed to be engaged in as investment activities. Field of Business
3. Open With Conditions: (Some industries that can be developed for investment activities are open to conditions; these include being reserved for partnerships, cooperatives, micro, small, and medium-sized businesses, capital ownership, specific sites, special permits, and investors from the Association of Southeast Asian Nations (ASEAN)). Investors should be aware of the Negative Indonesia List (DNI) prior to making any investments.
4. This Negative Investment List is regulated in Presidential Regulation No. 44 of 2016. Procedures for Establishing a Foreign Company in Indonesia There are several stages that must be carried out in the establishment of a PT PMA in Indonesia. The first thing that must be owned by every foreign business actor is to have a deed of establishment of a PT, a decree that legalizes the establishment of the PT PMA which has been legalized by the Ministry of Law and Human Rights, and has a company's NPWP.

Investment is one aspect that has a big role in national economic development. The higher the investment rate, the higher the development and economic growth that will be achieved. One of the factors that attract investors is Indonesia's abundant natural resources such as natural gas, oil, mining products, and others. However, before investing in Indonesia, investors must know in advance all the explanations, qualifications, procedures and requirements that investors need to fulfill to invest in Indonesia. Investment or investment has a broad meaning, namely activities to generate profits in the future. According to Article 1 paragraph (1) of Law No. 25 of 2007 concerning Investment, defines investment as all forms of investing activities, both by domestic investors and foreign investors to do business in the territory of the Republic of Indonesia. Investment or investment is divided into two, namely Domestic Investment (PMDN) and Foreign Investment (PMA). In Indonesia, a domestic investment is an investment activity that is carried out by domestic investors and fully utilizes domestic resources. On the other hand, foreign investment refers to any activity involving investments made in Indonesia by foreign investors, including joint ventures with domestic capital as well as full foreign capital usage. There are two types of investments: foreign investment (PMA) and domestic investment (PMDN). In Indonesia, a domestic investment is an investment activity that is carried out by domestic investors and utilizes only domestic capital. On the other hand, foreign investment refers to any activity involving investments made in Indonesia by foreign investors, including joint ventures with domestic capital as well as full foreign capital usage. There are two types of investments: foreign investment (PMA) and domestic investment (PMDN).

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Some of the efforts made by Indonesia are the government's efforts to improve the investment climate, including by facilitating investment licensing. This is supported by the Online Single Submission system, also known as OSS, which makes investment licensing easier, faster and more practical. Purpose of Investment Although Law 25/2007 differentiates investment into two, namely Domestic Investment (PMDN) and Foreign Investment (PMA), both have the same goal. Article 3 paragraph (2) of Law 25/2007 states that the purpose of investment is to increase national economic growth, create jobs, promote sustainable economic development, increase the competitiveness of the national business world, increase national technological capacity and capabilities, encourage people's economic development, cultivate economic potential, and improve people's welfare. The investment is also aimed at the welfare of the Indonesian people. It can be seen from Article 10 of Law 25/2007 that every investor must give priority to Indonesian workers. Companies that employ foreign workers in their companies must conduct training and transfer technology to workers who are Indonesian citizens. From the article it is clearly explained that foreign investors basically must prioritize Indonesian citizen workers, because the existence of domestic investment or foreign investment can reduce unemployment and increase the competence of Indonesian workers. It can be seen from Article 10 of Law 25/2007 that every investor must give priority to Indonesian workers. Companies that employ foreign workers in their companies must conduct training and transfer technology to workers who are Indonesian citizens. From the article it is clearly explained that foreign investors basically must prioritize Indonesian citizen workers, because the existence of domestic investment or foreign investment can reduce unemployment and increase the competence of Indonesian workers. It can be seen from Article 10 of Law 25/2007 that every investor must give priority to Indonesian workers. Companies that employ foreign workers in their companies must conduct training and transfer technology to workers who are Indonesian citizens. From the article it is clearly explained that foreign investors basically must prioritize Indonesian citizen workers, because the existence of domestic investment or foreign investment can reduce unemployment and increase the competence of Indonesian workers.

The acceleration of national economic development as a manifestation of Indonesia's political and economic sovereignty requires increased investment in managing economic potential as a real economic power by utilizing capital from within the country and from abroad. It is thought to be crucial to establish an investment climate that is favorable, encouraging, legal clarity, just, and efficient and does not conflict with national economic objectives, given the shifts in the global economy and Indonesia's participation in a number of international cooperation projects.

Based on careful consideration, the DPR and the President of the Republic of Indonesia established a Law concerning Investment, namely Law of the Republic of Indonesia Number 25 of 2007 concerning Investment The Investment Coordinating

Board (BKPM) ensured that the draft rules derived from the Job Creation Law would not have an impact on the flow investment coming into Indonesia. The government is currently compiling and gathering input from the public regarding the derivative regulations of Law (UU) 11/2020 concerning Job Creation which discusses the investment business sector. Foreign investment can only carry out business activities in large businesses with an investment value of more than IDR 10 billion. This limit on investment value does not include land and buildings for business premises.

2 CONCLUSIONS AND RECOMMENDATIONS

The directions, policies, strategies, and programs for tourism development must be in line with the national and regional directions of tourism development policies in order to realize the development and growth of sustainable tourism investment. This is necessary in order to avoid deviating from the objectives of tourism development, which are as follows:

1. Increasing the number and quality of tourist destinations;
2. Effectively, efficiently, and responsibly utilizing marketing channels to spread the word about Indonesian travel destinations.
3. Establishing a tourism sector capable of propelling the country's economy.
4. Create tourist organizations and tourism governance that can effectively and efficiently coordinate the growth of tourism destinations, tourism marketing, and the tourism sector.

We can conclude that more will be done to improve regional development, local welfare, and the execution of developed tourism development strategies. In order for it to fulfill the goal of the country's tourism development, which is to establish Indonesia as a competitive, sustainable, world-class travel destination capable of promoting both the welfare of its citizens and regional growth. Four essential components are needed to enable the implementation of tourist development, and these are as follows:

1. Adequate legal tools must be available.
2. Readiness of municipal government representatives and establishments.
3. The availability of enough money.
4. Community assistance in attaining objectives.

Advice to the government:

1. The government gives rewards to regional governments who want to make their regions Become a leading tourist destination. The rewards in question are:
 - a. Make access fast and cheap and build the necessary infrastructure
 - b. Made the location for meeting/research and development activities at the ministry level (central) and level 1 local government level (province)

- c. PPH 21 special tax treatment for tourism industry players who want to build in the area for a certain period PPH 21 tax free
- d. Assisting the promotion of foreign tourists (international) and domestic tourists (national level): Promotional activities include international/national mice events, and promotions through the media
2. The local government gives rewards to tourism actors who want to build in their area. The reward in question is: (using regional allocation funds)
 - a. Land supply,
 - b. Reduction of tourism taxes (hotels, restaurants, entertainment) for a certain period of time.
 - c. Provide low-cost funding through Regional Development Banks
 - d. Certainty of permits and convenience
 - e. Organize regional regional events on a regular basis.
3. Location of tourist destinations:
Currently the government will develop 10 new "bali" as new tourist destinations: The 10 "BALI" destinations must be integrated with other tourist objects so that regional packages of superior tourist destinations can be formed so that tourists can visit for a few days.

Each of these tourist destinations must meet 5 main requirements:

1. Must be well designed.
2. Excesses must be fast and cheap,
3. The content must be complete
4. Well managed, and
5. Promotions are always carried out so that visitors want to come.

In the field of taxation:

Tourism industry sector:

The tourism industry needs to be given a stimulus to increase tourist destinations, there are 86 million workers directly and indirectly involved.

- a. Family recreation businesses and theme parks, cinemas, spas, etc.: Currently, entertainment taxes (regional) are imposed between 10-45%. Even though the tourism sector really needs the recreation business as an important component in improving tourist destinations. The entertainment tax should follow the hotel and restaurant tax, being a 10% tourism tax.
- b. To stimulate the development of tourism destinations, tourism industry players who build new businesses (certain conditions: eg locations being developed) are given incentives free of PPH tax article 21 and regional tourism taxes (hotels, restaurants, entertainment) with various periods of time >> because The business is certain to lose in the early stages:
 1. Café/Ba restaurant/restaurant : 2 years indoor recreation family/kids : 2-3 years outdoor themepark : 2-3 years.
 2. Two-star hotel and below: 3-4 years
 3. Three star hotel and above / service apartment: 3-5 years
 4. Exhibition/convention building: 3 years: free of final rental tax

5. Office building/shopping mall/apartment (rental): 3 years > free of final tax for renting cruise ships, docks for tourism: 2-3 years

In the field of permits:

Currently, to build tourism businesses such as hotels, theme parks, dozens of permits are required. We propose simplifying permits as follows:

- a. Businesses on land that already has an RDTR: For businesses that are to be built on land that already has an RDTR or in an area that already has an Amdal (Environmental Law No. 21/2009 and PP No. 27/2012), an Amdal permit is not required, disturbance permits, environmental permits, crowd permits, UPL/UKL permits, Regent permits, another location permit, but you can proceed directly to the building permit process (IMB).
- b. Business Licenses are given one tourism business license, (TDUP) for all business activities in it, so there is no need to ask for restaurant licenses, entertainment licenses, spa licenses, parking permits, bar licenses, alcohol licenses, fitness licenses, etc.
- c. For areas that have been formed as entertainment centers, restaurants/cafes naturally, but are located in areas whose designation is still not commercial (guesthouses), then bleaching is carried out to become tourism areas/areas

In the HR field:

Currently there are 11 million workers directly involved in the tourism industry. Only a few thousand people per year can certify competencies. We propose that certification can also be carried out by education and training institutions such as schools, universities, etc.

The government provides loans for residents who want to take courses/training, these loans will be repaid in installments without interest when the residents are already working. Like the TAFE program in Australia.

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