

CHAPTER II OVERVIEW OF RESEARCH SETTING

2.1 General Overview of Jakarta

2.1.1 Geographical and Administrative Location

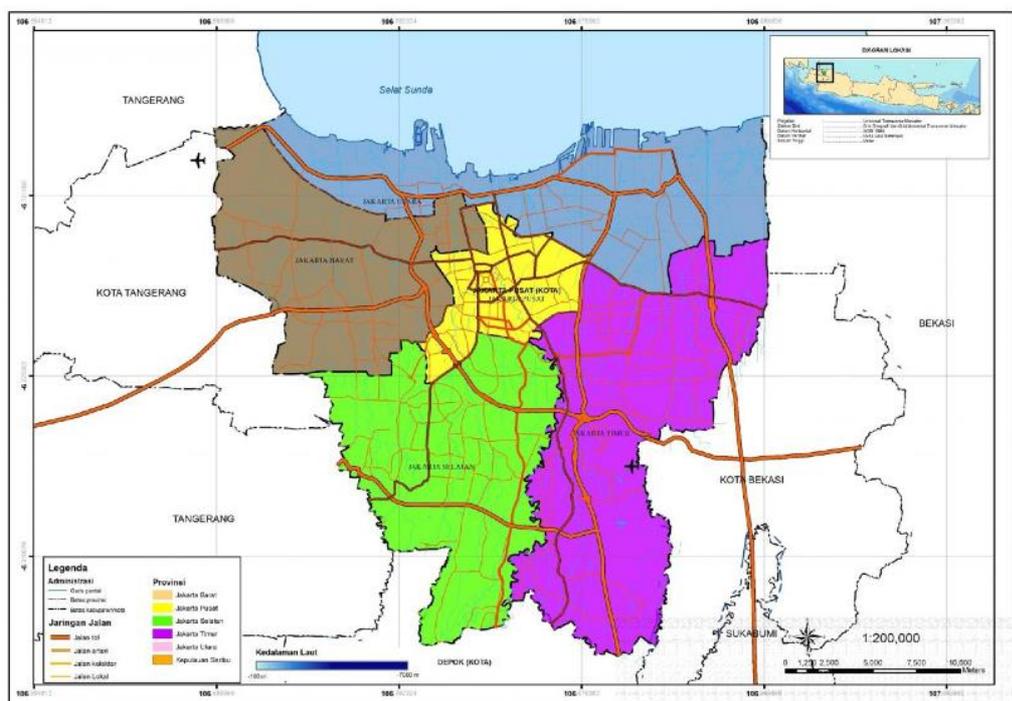


Figure 2.1 Administrative Map of Jakarta

Source: Ministry of Home Affairs of the Republic of Indonesia

The Special Region of Jakarta is Indonesia's former capital and largest metropolis. It is the only city in Indonesia having provincial status. Jakarta is located on the northwestern shore of Java Island. It has been referred to by numerous names throughout history, including Batavia, Jayakarta, and Sunda Kelapa. Jakarta is the only city in Indonesia that is classified at the provincial level.

The city of Jakarta has existed since June 22, 1527. The area of Jakarta is 660,98 km². To the north, the city borders the Java Sea and Tangerang Regency, Banten Province and has a coastline of about 120 km. To the west, Jakarta is bordered by Tangerang City and South Tangerang City, Banten Province, to the south by Depok City, West Java Province, and to the east by Bekasi Regency and Bekasi City, West Java Province.

Jakarta's goal and mission, according to the Regional Long Term Development Plan (RPJPD) 2005-2025, are: Motto: "Jakarta: The Capital of the Republic of Indonesia that is Safe, Sustainable, Productive, Prosperous, Comfortable, and Globally Competitive". The following is Semarang City's Mission for the period 2005-2025:

1. Improve the Capacity and Quality of Regional Infrastructure and Facilities is to build, improve and develop advanced and adequate regional infrastructure and facilities in order to support economic growth, increase global competitiveness, expand inter-regional connectivity, and support the fulfillment of the needs of economic, social and cultural activities of the community.
2. Improving a Strong and Quality Economy is to develop, build and strengthen the regional economic sector, including a reliable, advanced, and globally competitive financial sector and improve the investment climate to support economic growth and equitable distribution of community welfare.

3. Building Social and Cultural Resilience is to improve, build and develop the ability to shape multicultural socio-cultural life in accordance with cultural values and local wisdom, and realize a faithful, pious, quality, advanced and prosperous Jakarta community.
4. Improving Environmental Support, Capacity and Efficiency of Natural Resources Utilization is to ensure and balance the preservation of the environment and the sustainability of human life by taking into account the interests of future generations.
5. Improving the Capacity and Quality of Government is to build, improve and develop the capacity, capability and professionalism of Jakarta Province government officials and institutions to realize good governance.
6. Strengthening Regional Innovation and Creativity is to improve and develop the ability of the citizens of Jakarta in building institutions / management in producing products that have higher social, cultural and economic added value with the aim of supporting the performance of the City of Jakarta.

Geographically, it is located at the coordinates of 6°12' South latitude and 106°48' East longitude. The air temperature ranges from 26-34 Degrees Celsius with air humidity between 51-85 percent. Meanwhile, Jakarta has an altitude of around 8 meters above sea level. Due to its strategic geographical location, Jakarta has become an important

development base. With seaports, airports, railways and highways, the city plays a vital role in developing transportation infrastructure.

Table 2.1 Area of Jakarta Administrative City in 2023

No.	Administrative Cities	Area (km ²)	Percentage (%)
1.	Kepulauan Seribu	10.73	2.08
2.	South Jakarta	144.94	28.21
3.	East Jakarta	185.54	36.11
4.	Central Jakarta	47.56	9.26
5.	West Jakarta	125	24.33
6.	South Jakarta	147.21	28.65

Source: Jakarta Provincial Statistics Agency (BPS) in 2023

Based on **Table 2.1**, it could be seen that the total area of Jakarta is 660.98 km². Jakarta City has the largest administrative cities, namely East Jakarta with an area of 185.54 km² and South Jakarta with an area of 144.94 km², on the other hand, the smallest administrative city areas in Jakarta City are the Thousand Islands with an area of 10.73 km² and Central Jakarta with an area of 47.56 km².

2.1.2 Demographic Condition of Jakarta

Jakarta's demographic picture is reflected in its population growth. According to data available at the Jakarta Provincial Statistics Agency for the period of 2023, the population of Jakarta is as follows:

Table 2.2 Population by City in DKI Jakarta Province 2022-2023

No.	Administrative Cities	Total Population in 2022 (Thousand)	Total Population in 2023 (Thousand)	Population Density in 2023 Per (km ²)
1.	Kepulauan Seribu	28.262	28.523	2.658,25
2.	South Jakarta	2.234.262	2.235.606	15.424,35
3.	East Jakarta	3.066.074	3.079.618	16.598,14
4.	Central Jakarta	1.053.482	1.049.314	22.062,95
5.	West Jakarta	2.458.707	2.470.054	19.760,43
6.	South Jakarta	1.799.220	1.808.985	12.288,46
	Jakarta City	10.640.007	10.672.100	88.792,58

Source: Jakarta Provincial Statistics Agency (BPS) in 2023

Based on the data above, the population of Jakarta City in 2023 will reach 10,672,100 citizens. In the data, it could be seen that there is an increase in the population of Jakarta in 2023 which previously amounted to 10,640,007 citizens. This increase in population coincides with an increase of 32,093 citizens per km². East Jakarta is the area with the highest population density, namely 22,062.95 citizens per km², while the Seribu Islands have the lowest population density, namely 2,658.25 citizens per km².

2.2 Overview of Electric Vehicle Policy in Jakarta

This section presents an overview of Jakarta's electric vehicle policy. This is a follow-up to Presidential Regulation Number 79 of 2023, which modifies Presidential Regulation Number 55 of 2019 to speed up the adoption of battery-powered electric motor vehicles. This overview will explain two policies that have been stipulated as laws and regulations, namely Jakarta

Governor Regulation Number 38 Year 2023, Regulation of the Ministry of Finance Number 8 Year 2024, Regulation of the Ministry of Finance Number 9 Year 2024, Regulation of the Governor of Jakarta Number 88 Year 2019, Republic of Indonesia Police Regulation Number 7 Year 2021 Article 45 paragraph 2, Regulation of the Ministry of Energy and Mineral Resources Number 1 Year.

2.2.1 Jakarta Governor Regulation Number 38 Year 2023

The Jakarta Provincial Government has imposed limits and provided incentives to encourage the use of electric cars. Jakarta Governor Regulation Number 38 of 2023 addresses the Basis for Imposing Motor Vehicle Tax and Transfer Fees in 2023, with a particular emphasis on the tax policy for electric cars or battery-powered motor vehicles (KBLBB).

This law offers several substantial incentives for electric vehicle owners, particularly with the Motor Vehicle Transfer Fee (BBN KB) and Motor Vehicle Tax (PKB), explicitly outlined in Article 10, namely:

1. The imposition of Battery-Based EV Motor Vehicle Tax for citizens or goods is set at 0% (zero percent) of the Motor Vehicle Tax base.
2. The imposition of Battery-Based EV Motor Vehicle Tax for public transportation for citizens is set at 0% (zero percent) of the Motor Vehicle Tax base.
3. The imposition of Battery-Based EV Motor Vehicle Tax for public transportation for goods is set at 0% (zero percent) of the PKB base.

4. The imposition of Battery-Based EV Motor Vehicle Tax as referred to in paragraph (1) to paragraph (3), does not include vehicles converted from fossil fuels to battery-based vehicles.
5. Ownership of the second and subsequent Battery-Based EVs is given an incentive not to be subject to progressive tax rates.
6. Transferring ownership of Battery-Based EVs is exempt from the Motor Vehicle Transfer Fee (BBN KB) when done in compliance with laws and regulations.

This Governor's Regulation establishes a 0% Motor Vehicle Tax for Battery-Based Electric Vehicles, applied to the Motor Vehicle Tax base. Consequently, electric vehicles possessed by citizens or corporations are exempt from Motor Vehicle Tax entirely. This pertains to both private and public vehicles.

Alongside the abolition of the Motor Vehicle Tax, incentives are offered by removing progressive tax rates for proprietors of second and subsequent Battery-Based Electric Vehicles. Typically, progressive taxes are levied according to the quantity of cars possessed by a citizen or company. This approach ensures that electric vehicle owners are not concerned about rising tax rates as their number of electric vehicles increases.

In addition to the Motor Vehicle Tax, the transfer of ownership of Battery-Based Motor Vehicles is incentivized by the abolition of BBN KB. This indicates that no BBN KB fee will be imposed during the sale,

acquisition, or transfer of ownership of an electric car. This legislation undoubtedly enhances the appeal and affordability of electric car ownership for the residents of Jakarta.

It is essential to highlight that this regulation excludes automobiles converted from fossil fuels to battery-powered vehicles. Converted vehicles remain liable for Motor Vehicle Tax per standard motor vehicles' regulations.

Governor Regulation Number 38 Year 2023 demonstrates the regional government's steadfast commitment to facilitating the transition to clean energy and sustainable mobility. This advantageous tax policy aims to enhance public interest in electric car adoption, positioning Jakarta as a leader in environmentally sustainable technology in Indonesia.

2.2.2 Regulation of the Ministry of Finance Number 8 Year 2024

The government is reinstating tax incentives for electric vehicles through Minister of Finance Regulation No. 8 of 2024, which covers the Value Added Tax (VAT) on the delivery of eligible four-wheeled battery-powered electric vehicles and certain government-subsidized battery-powered electric buses (DTP) for the 2024 fiscal year.

According to Article 4 paragraph (2) of the Ministry of Finance Regulation Number 8 of 2024, the Government will bear VAT on the delivery of certain four-wheeled battery EVs and/or certain bus battery-based EVs that meet the TKDN (Domestic Content Level) value criteria

of 10% of the Selling Price. The government will subsidize 10% of the existing 11% VAT rate, resulting in customers paying only a 1% electric car tax on the selling price.

According to Article 3, paragraph (2), one condition for the TKDN value required to qualify for electric car tax benefits is a minimum TKDN value of 40% for particular four-wheeled battery-electric cars.

2.2.3 Regulation of the Ministry of Finance Number 9 Year 2024

Electric vehicles (EVs) provide a way to mitigate air pollution and reduce reliance on fossil fuels. By Regulation of the Minister of Finance Number 9 of 2024, the Indonesian Government has implemented a program offering fiscal incentives for electric vehicles in Jakarta to promote the shift towards environmentally friendly transportation. This rule seeks to promote the electric vehicle industry, diminish carbon emissions, and enhance air quality in the capital city.

Minister of Finance Regulation Number 9 of 2024 governs the allocation of benefits by exempting electric cars from luxury goods sales tax (PPnBM), which was formerly levied higher. This exemption applies to electric automobiles and motorcycles, and is expected to cut market prices for electric vehicles, making them more affordable to the general population. This policy makes automobile registration easier and improves charging infrastructure, which is critical for the widespread use of electric vehicles.

This strategy is consistent with the government's objective to minimize reliance on fossil fuels and speed the accomplishment of national carbon emission reduction targets. Jakarta, a city with severe levels of air pollution, is projected to pioneer the use of electric vehicles in Indonesia. Although numerous problems remain, such as insufficient charging infrastructure and still expensive electric car pricing, this legislation demonstrates the government's commitment to building a cleaner, more sustainable environment. Minister of Finance Regulation Number 9 of 2024 is an important step in boosting the use of electric cars in Jakarta, which is projected to benefit the environment and the national economy.

2.2.4 Regulation of The Governor of Jakarta Number 88 Year 2019

Jakarta Governor Regulation Number 88 of 2019 is one of the important policies issued to address the increasing air pollution problem in Jakarta. This regulation focuses on controlling air quality, with the primary objective of improving public health and reducing the negative impact of air pollution on the environment. This regulation sets out several strategic steps, including limiting motor vehicle emissions, one of Jakarta's main sources of air pollution. One of the critical points in this regulation is the obligation for motor vehicles to meet stricter exhaust emission standards, which are regulated through periodic inspections. This initiative aims to ensure that vehicles operating in Jakarta do not pollute the air with hazardous emissions, such as carbon monoxide and nitrogen oxide.

In addition, Governor Regulation Number 88 of 2019 also regulates efforts to reduce emissions from the industrial and power generation sectors. Every company operating in Jakarta is required to comply with the established emission standards, and to report the results of emission measurements periodically to the local government. This regulation is part of the government's attempts to limit the detrimental influence that industrial operations have on air quality. Not only that, this regulation also regulates the increase in green open spaces (RTH) in Jakarta. The provincial government plans to increase green areas in the city, which serve to absorb air pollution and provide space for citizens to do outdoor activities. Increasing the number of green open spaces is expected to help reduce the concentration of pollutants in the air.

2.2.5 Republic of Indonesia Police Regulation Number 7 Year 2021

The Indonesian National Police Regulation Number 7 of 2021 on Motor Vehicle Registration and Identification offers a fundamental legislative framework for regulating electric cars in Indonesia. This regulation covers the procedures for registration and identification that apply to all types of motor vehicles, including electric vehicles. This regulation contains guidelines for managing Vehicle Registration Certificates (STNK), Motor Vehicle Ownership Certificates (BPKB), and electric vehicle license plates, which have special provisions in their administrative processes.

One of the main points in the Republic of Indonesia Police Regulation Number 7 of 2021 is the application of blue license plates on electric vehicles. This differentiation is essential to facilitate the recognition of electric vehicles on the highway, especially when related to specific incentives, such as parking fee relief and exemption from odd-even rules imposed in several large cities. This special identification aims to encourage citizens to switch to electric vehicles by providing convenience and benefits for their owners.

In addition, this regulation helps facilitate supervision and law enforcement of the increasing number of electric vehicles in Indonesia. With clear registration standards and procedures, data on the electric vehicle population can be better monitored, thus supporting infrastructure development such as public electric charging stations (SPKLU) and other supporting networks. In the long term, implementing the Republic of Indonesia Police Regulation Number 7 of 2021 plays a vital role in integrating electric vehicles into a more environmentally friendly and efficient national transportation system.

2.2.6 Regulation of The Ministry of Energy and Mineral Resources Number 1 Year 2023

The Regulation of the Minister of Energy and Mineral Resources (ESDM) Number 1 of 2023 about the Governance of Provision and Utilization of Battery-Based Electric Motor Vehicles (KBLBB)

significantly enhances the growth of the electric car ecosystem in Indonesia. This rule encompasses technical policies pertaining to the provision of electric charging infrastructure, utilization procedures, and management of electric vehicle batteries. This initiative seeks to expedite the adoption of electric vehicles in alignment with Indonesia's goal to decreasing carbon emissions and enhancing environmental quality. One of the critical points in this ESDM Ministerial Regulation is the establishment of standards and guidelines for Public Electric Vehicle Charging Stations (SPKLU). With SPKLU spread across various cities, electric vehicle users can access charging services more easily.

In addition, this regulation regulates incentives in the form of electricity tariff relief for charging stations, which is expected to encourage private sector participation in providing adequate charging infrastructure. This regulation also emphasizes managing and recycling electric vehicle batteries, the main components with potential environmental impacts. With a recycling policy, hazardous battery waste can be handled more responsibly, thereby minimizing the risk of environmental pollution. Implementing ESDM Ministerial Regulation No. 1 Year 2023 is expected to accelerate the transition to electric vehicles, increase investment in the renewable energy sector, and reduce dependence on fossil fuels. In the long term, this regulation is vital in creating a more environmentally friendly and sustainable transportation system in Indonesia.

2.2.7 Circular Letter of the Ministry of Trade No. 3 of 2023

Circular Letter Number 3 of 2023, issued by the Ministry of Trade, is a key initiative aimed at fostering the growth and adoption of electric vehicles in Indonesia. It provides guidelines and directions to local governments, institutions, and businesses on utilizing electric cars as operational vehicles. This policy plays a crucial role in the government's commitment to supporting the shift toward more sustainable energy, reducing carbon emissions, and reaching carbon neutrality by 2060.

This circular emphasizes the progress of the battery electric vehicle initiative for road transportation, including the development of public electric vehicle charging stations and the allocation of designated parking spaces for electric vehicles in shopping malls. These measures are expected to accelerate and expand the adoption of electric vehicles in Indonesia.

Circular Letter Number 3 of 2023 encourages the development of infrastructure, such as Public Electric Vehicle Charging Stations (SPKLU), which are vital for reinforcing the electric vehicle ecosystem. The presence of SPKLU in key locations is essential for ensuring that people feel secure and confident in using electric vehicles. This Circular Letter provides a roadmap for promoting greener, more sustainable transportation in Indonesia. The initiative is expected to boost electric vehicle adoption, positively impact the environment, and contribute to the national economy.