



Embassy of the Republic of Indonesia
Rome

BUSINESS OPPORTUNITIES IN INDONESIA

by: Des Alwi
Deputy Chief of Mission / Minister

Bologna, 29 April 2015
Confindustria Emilia-Romagna, in collaboration
with BNL – Gruppo BNP Paribas

INDONESIA: THE LARGEST ARCHIPELAGIC STATE



Total area : 5.180.053 sq km

(land: 1.922.570 sq km; waters: 3.257.483 sq km)

3 time zones (GMT +7 / +8 / +9)

Population : 242 million people (4th in the world)

GDP (PPP) : USD 1,212 trillion

GDP (per capita) : USD 5000

Multi-ethnic (More than 300 ethnic groups)

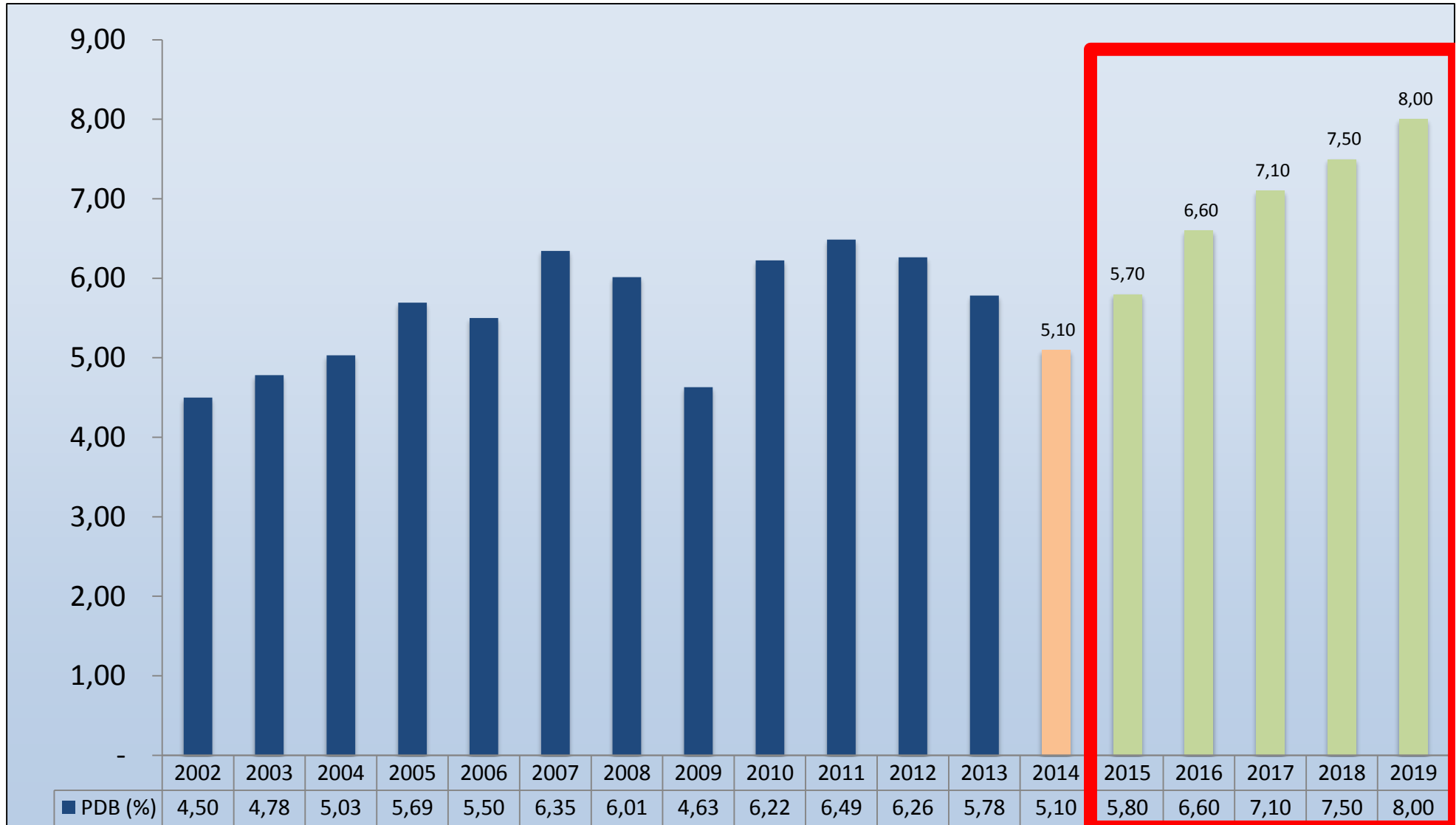
17.508 islands

Capital City : Jakarta (Population >10 million)



“Unity in Diversity”

Indonesia Economic Growth of 2015-2019



INDONESIA's ECONOMY IS GROWING!

	2009	2010	2011	2012	2013
Economic Growth	4,5%	6,2%	6,5%	6,3%	5,8%
GDP (PPP)	USD 994,8 billion	USD 1,056 trillion	USD 1,209 trillion	USD 1,212 trillion	1,285 trillion
GDP per capita	USD 4.200	USD 4.400	USD 4.944	USD 5.000	USD 5.200
Public debt	29% of GDP	27,4% of GDP	25% of GDP	24,8% of GDP	24,2%
Budget deficit	-1,8%	-1,5%	-1,6%	-1,7%	
Total export	USD 116,5 billion	USD 157,7 billion	USD 203,4 billion	USD 190 billion	USD 182,5 billion
Total import	USD 96,8 billion	USD 135,6 billion	USD 177,4 billion	USD 191,7 billion	USD 186,6 billion
Total trade balance	Surplus 19,6 billion	Surplus USD 22,1 billion	Surplus USD 26 billion	Deficit USD -1,6 billion	Deficit USD -4 billion
Total FDI	USD 10,7 billion	USD 15,5 billion	USD 19,3 billion	USD 23 billion	USD 28,6 billion

FUTURE INDONESIAN ECONOMY

IMF: Indonesia's Economy will be the 6th Largest in the World by 2030

Table 1: Ten largest economies by decade

USD trn

	1990	USD trn	2000	USD trn	2010	USD trn	2020	USD trn	2030	USD trn
1	US	5.8	US	10.0	US	14.6	China	24.6	China	73.5
2	Japan	3.0	Japan	4.7	China	5.7	US	23.3	US	38.2
3	Germany	1.5	Germany	1.9	Japan	5.4	India	9.6	India	30.3
4	France	1.2	UK	1.5	Germany	3.3	Japan	6.3	Brazil	11.9
5	Italy	1.1	France	1.3	France	2.6	Germany	5.0	Japan	9.4
6	UK	1.0	China	1.2	UK	2.3	Brazil	4.9	Indonesia	9.0
7	Canada	0.6	Italy	1.1	Italy	2.0	France	3.9	Germany	8.2
8	Spain	0.5	Canada	0.7	Brazil	2.0	Russia	3.5	Mexico	6.6
9	Brazil	0.5	Brazil	0.6	Canada	1.6	UK	3.4	France	6.4
10	China	0.4	Mexico	0.6	Russia	1.5	Indonesia	3.2	UK	5.6

Sources: IMF, Standard Chartered Research

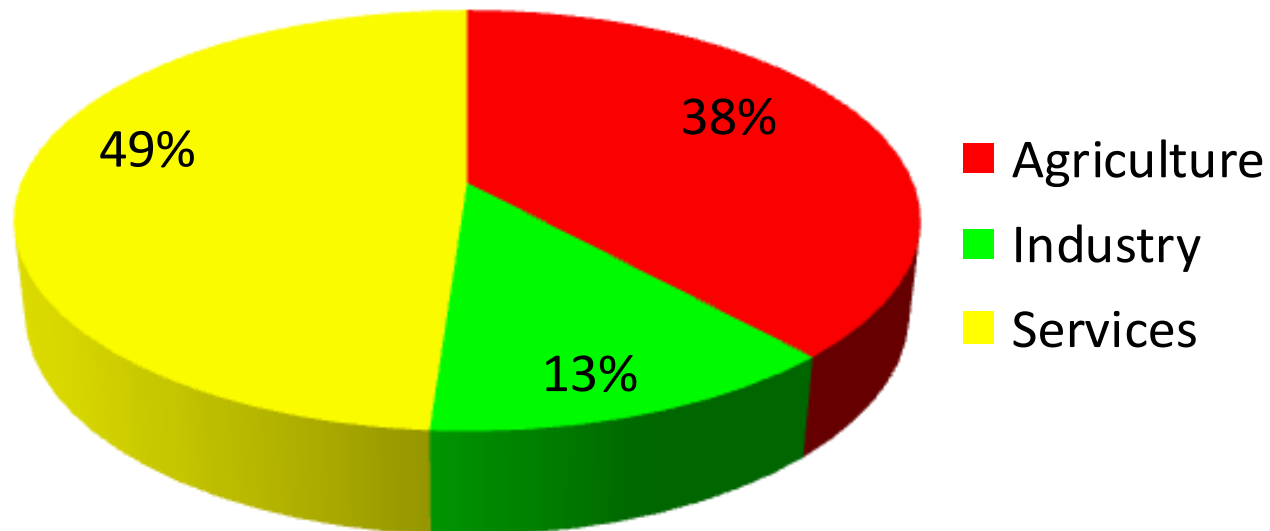
New Middle Class

- ✓ *Indonesia is the largest market in Southeast Asia*
- ✓ *Rising population of middle class (37,7% in 2003 → 60,9% in 2011)*
An increase of ±7 million every year, and currently there are around 74 million middle class consumers in Indonesia
- ✓ *Rising middle class in Indonesia helps transform the country's consumer market*
- ✓ *Over 50% of the population is under 29 years old, with the same percentage living in urban areas and adopting a modern lifestyle.*



LABOUR

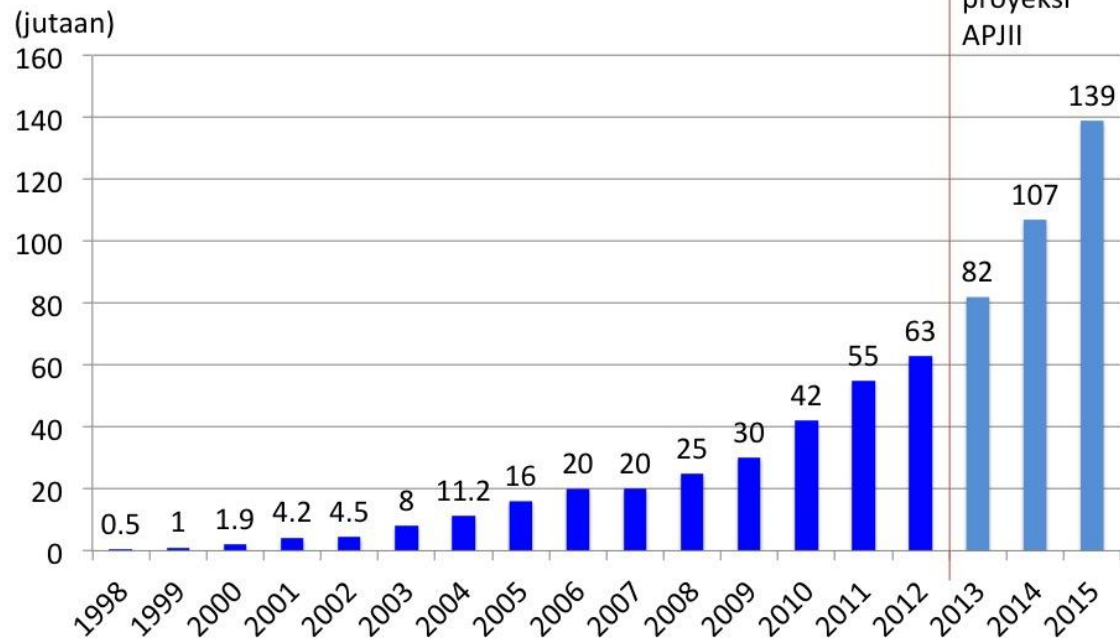
Labour Force - by Occupation 119,5 million workforce (2012)



2011: 240 million cellular subscribers in Indonesia

Source: Indonesian Cellular Telecommunications Association

Indonesia Internet Users



INDONESIA'S TOP AGRICULTURE PRODUCTS



	2010	2011	2012
Crude Palm Oil	14,038,148	14,632,406	14,788,270
Palm Kernel	3,183,066	3,317,813	3,352,851
Sugar Cane	2,288,735	2,126,669	2,318,069
Dry Rubber	541,491	602,404	612,120
Tea	100,066	96,559	96,725
Cocoa	65,147	44,821	66,390
Coffee	29,012	23,704	28,931
Tobacco	3,369	2,863	3,730
Cinchona Bark	719	426	466


Source: Indonesia Statistic Agency (BPS)

*In Metric Tons

TRADE



10 MAIN EXPORT COMMODITIES OF INDONESIA

	Commodities		Top 5 Destinations
1		Textile and Textile Products	(1) United States, (2) Japan, (3) Germany, (4) Turkey, (5) Republic of Korea ITALY → 12th
2		Electronics	(1) Singapore, (2) United States, (3) Japan, (4) Hong Kong, (5) China ITALY → 20 th
3		Rubber	(1) United States, (2) Japan, (3) China, (4) Republic of Korea, (5) Singapore ITALY → 14th
4		Palm Oil	(1) India, (2) China, (3) Malaysia, (4) Bangladesh, (5) Netherlands ITALY → 8 th
5		Forest Products	(1) Japan, (2) China, (3) United States, (4) Republic of Korea, (5) Australia ITALY → 17th

MAIN EXPORT COMMODITIES OF INDONESIA (Continue)

6		Footwear	(1) United States, (2) Belgium, (3) Germany (4) UK, (5) Netherlands ITALY → 6 th
7		Automotive	(1) Thailand, (2) Japan, (3) Saudi Arabia, (4) Philippines, (5) Malaysia ITALY → not in top 20
8		Shrimp	(1) United States, (2) Japan, (3) China, (4) UK, (5) Belgium ITALY → 16 th
9		Cocoa	(1) Malaysia, (2) China, (3) United States, (4) Singapore, (5) Thailand ITALY → not in top 20
10		Coffee	(1) United States, (2) Japan, (3) Malaysia, (4) ITALY , (5) Malaysia



10 POTENTIAL EXPORT COMMODITIES OF INDONESIA






	Commodities		Top 5 Destinations
1		Leather & Leather Products	(1) Hong Kong, (2) India, (3) Viet Nam, (4) China, (5) Germany ITALY → 8th
2		Medical Instrument And Appliances	(1) Singapore, (2) Germany, (3), Japan (4) United States, (5) India ITALY → not in top 20
3		Medicinal Herb	(1) India, (2) Malaysia, (3) US, (4) Taiwan, (5) Japan ITALY → not in top 20
4		Processed Food	(1) US, (2) Malaysia, (3) Philippines, (4) Singapore, (5) Japan ITALY → not in top 20
5		Essential Oil	(1) United States, (2) Singapore, (3) France, (4) India, (5) Switzerland ITALY → 14 th



10 POTENTIAL EXPORT COMMODITIES OF INDONESIA

(CONTINUE)



6		Fish & Fish Products	(1) Japan, (2) United States, (3) Thailand, (4) Viet Nam, (5) China ITALY → 8 th
7		Handicraft	(1) United States, (2) Japan, (3) United Kingdom, (4) Germany, (5) Australia ITALY → 11 th
8		Jewellery	(1) Singapore, (2) Hong Kong, (3) South Africa, (4) Australia, (5) United States ITALY → 8 th
9		Spices	(1) United States, (2) Viet Nam, (3) India, (4) Netherlands, (5) Singapore ITALY → 8 th
10		Stationery Non Paper	(1) United States, (2) Malaysia, (3) Australia, (4) Saudi Arabia, (5) Mexico ITALY → not in top 20

Top 10 Indonesian Import (Commodity/Non Oil and Gas)

Source: Indonesian Ministry of Trade

- 1. Machinery**
- 2. Electrical Equipments**
- 3. Iron and Steel**
- 4. Vehicles**
- 5. Plastic**
- 6. Organic Chemical**
- 7. Articles of Iron of Steel**
- 8. Aircraft and Spacecraft**
- 9. Cereals**
- 10. Rubber and Rubber Articles**





BILATERAL COOPERATION TRADE



	2010	2011	2012	2013	2014
TOTAL TRADE	3.279,7	4.391,1	3.800,8	3.824,1	4.009,7
EXPORT TO ITALY	2.369,9	3.168,3	2.277,0	2.128,6	2.286,8
IMPORT FROM ITALY	909,7	1.222,8	1.523,8	1.695,5	1.722,9

**In million USD*

Source: Ministry of Trade, Republic of Indonesia



Top 10 Export to Italy:

1. Palm Oil
2. Coal
3. Polyacetals
4. Footwear
5. Natural rubber
6. Coffee
7. Molluscs
8. Yarn
9. Trunks, suitcases, briefcases
10. Unwrought tin

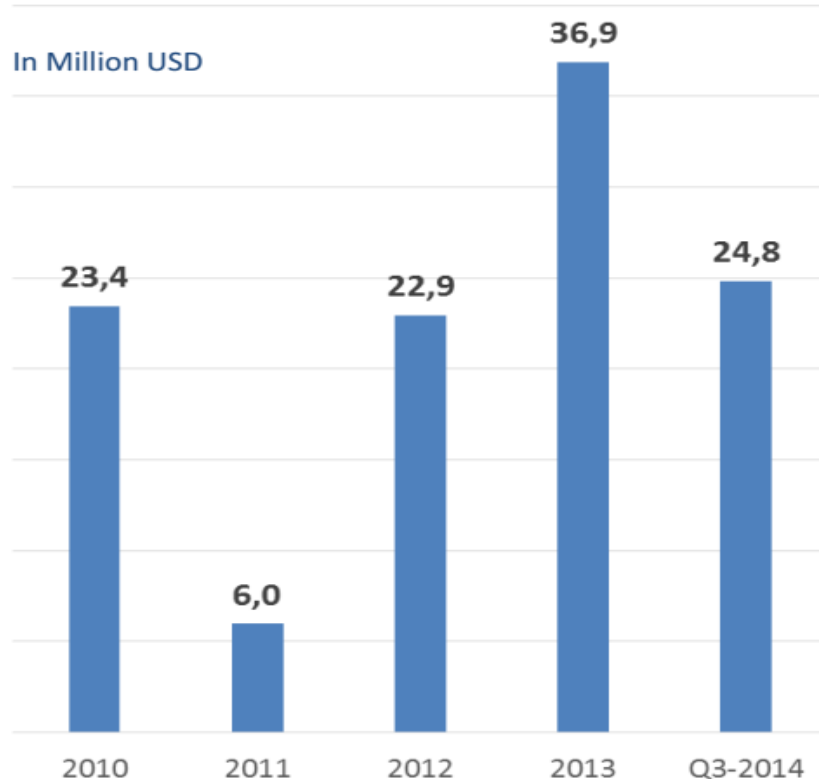


Top 10 Import from Italy:

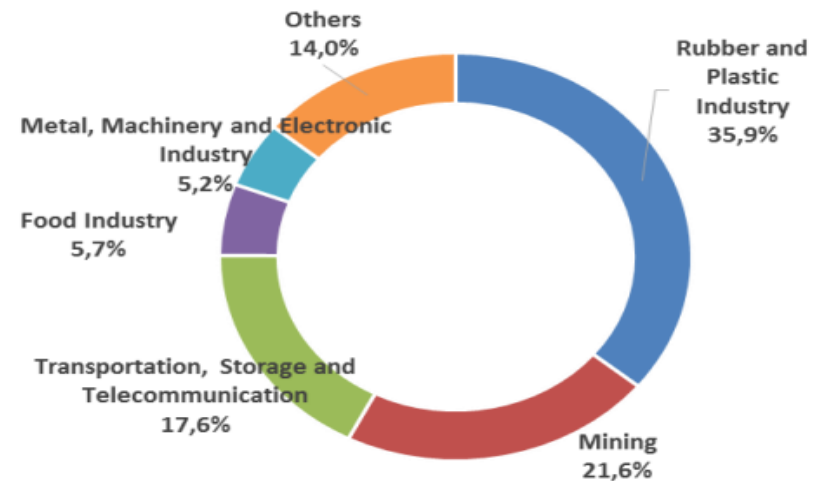
1. Dishwashing machines
2. Taps, valves
3. Steam turbines
4. Tubes, pipes
5. Machinery
6. Machines/mechanicals appliances
7. Compression-ignition
8. Spark-ignition
9. Machinery, plant or laboratory eqpt
10. Machinery for rubber or plastics

ITALIAN FDI IN INDONESIA

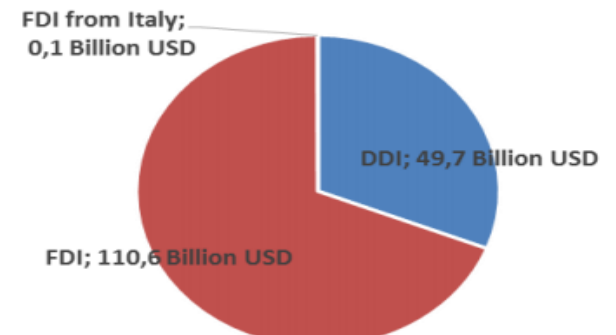
Total Italy investment to Indonesia in the last 5 years: US\$ 114.1 Million with 131 projects



Main Sector (Italy Investment)



Meanwhile total Investment realization (FDI and DDI) in Indonesia: USD 160.3 Billion (2010-Q3/2014)



Investment Realization in January-December 2014: Based on Country of Origin

NO	COUNTRY OF ORIGIN	INVESTMENT (US\$ Million)	PROJECT
1	Singapore	5,832.1	1,302
2	Japan	2,705.1	1,010
3	Malaysia	1,776.3	448
4	Netherlands	1,726.3	181
5	United Kingdom	1,588.0	182
6	United States of America	1,299.5	179
7	South Korea	1,126.6	1,054
8	China	800.0	501
9	Hong Kong	657.3	197
10	Australia	647.3	226
11	British Virgin Islands	624.0	240
12	Mauritius	540.7	45
13	Thailand	317.7	55
14	France	200.2	115
15	Canada	164.2	34
16	Switzerland	150.8	56
17	Seychelles	118.8	15
18	Taiwan	114.7	150
19	Luxembourg	85.8	23
20	Turkey	64.1	25
21	Italy	63.0	51
22	Germany	50.2	115
23	Afghanistan	42.3	6
24	India	37.1	137
25	Cayman Islands	28.5	23

Italy is currently the 21st biggest investor in Indonesia with 51 projects valued about USD 63 million



MAJOR ITALIAN COMPANIES IN INDONESIA

- ENEL
- Il Ponte di Archimede
- ENI
- Saipem (gas)
- Perfetti
- OCRIM
- IVECO
- FIAT
- Piaggio
- Pirelli
- Coeclerici
- Fincantieri
- Finmeccanica
- Trevi (submarine)
- Mastrotto



In 2012, Pirelli pledged to invest in establishing a motorcycle tyre factory in Indonesia worth **USD 130 million** - production start **mid 2015**

WHY DOING BUSINESS IN INDONESIA ?

POLITICAL STABILITY

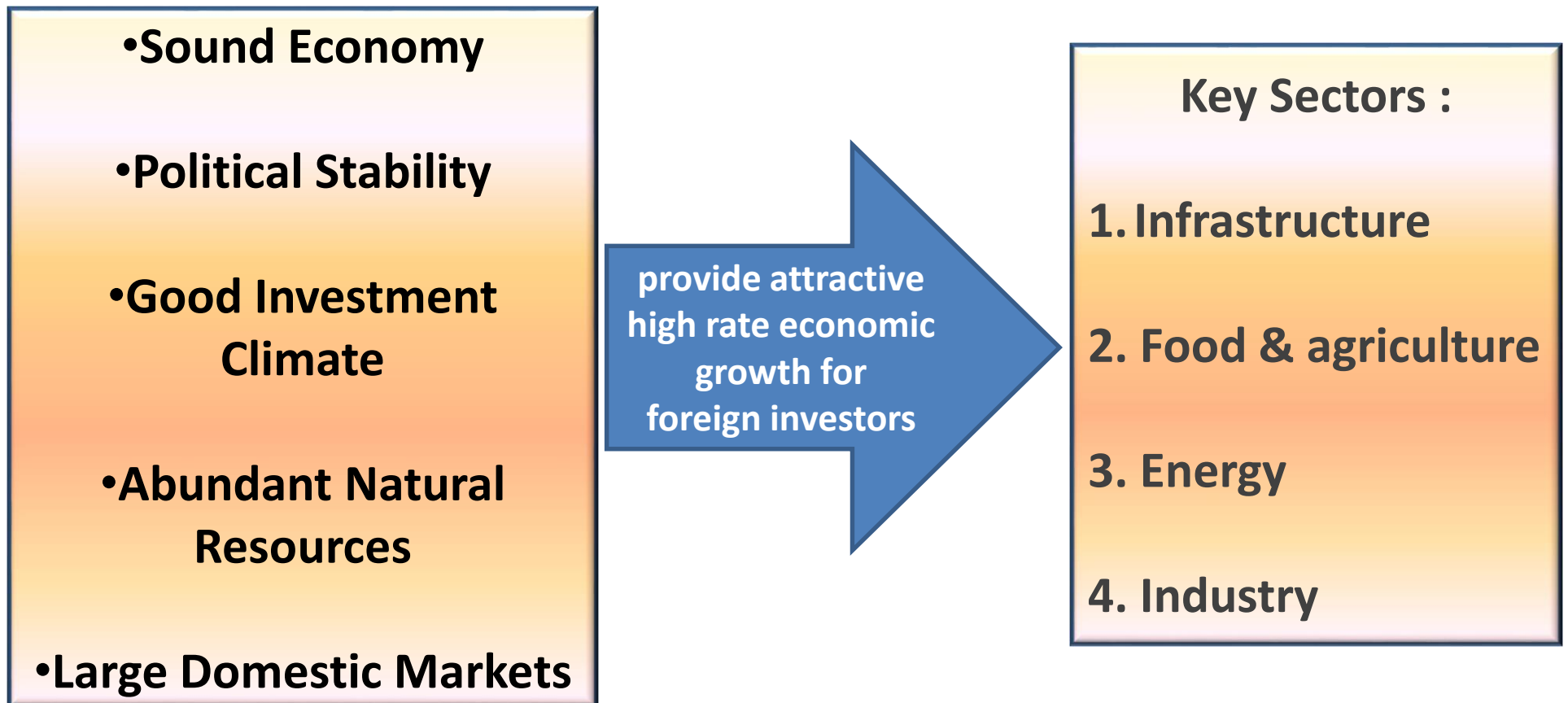
- ☐ Democracy
- ☐ Good Governance
- ☐ New Elected - MPs and President



*"One of Asia Pacific's **most vibrant democracies** that has maintained political stability..."*
(The World Bank, 2013)

HOW TO COOPERATE WITH INDONESIA?

INVESTMENT



PPP BOOK 2015

- Prepared by National Planning Agency (BAPPENAS), together with Government Contracting Agency (PJPK)
- Total: 26 PROJECTS

POTENTIAL*)

PROSPECTIVE
**)

READY TO
OFFER ***)

READY TO OFFER PROJECTS: 7 Projects

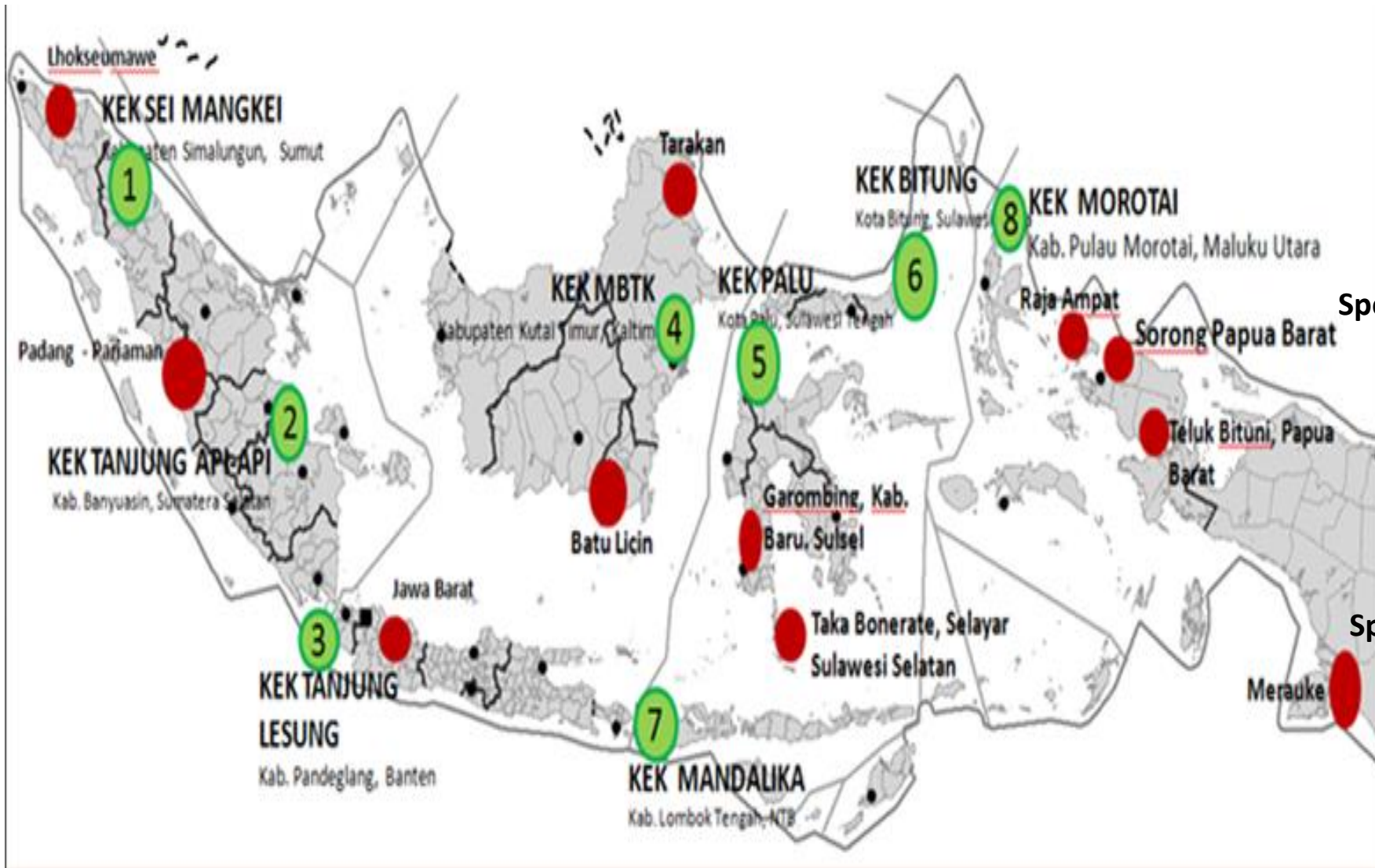
1. Tanjung Enim – Tanjung Api-Api Coal Railway, South Sumatera
2. Bandung Monorail, West Java
3. Soekarno Hatta International Airport – Halim Railway
4. West Semarang Water Supply
5. Pondok Gede Water Supply, West Java
6. Pekanbaru Water Supply, Riau
7. Solid Waste Treatment and Final Disposal – Bogor and Depok Area, West Java

*) Background study and preliminary study

**) Project preparation document and project's summary sheet

***) Pre-FS doc, Pre-FS summary sheet, Approval Letter on VGF and/or Government Guarantee (if needed)

Indonesian Special Economic Zones



Special Economic Zones until 2014

Special Economic Zones 2014 - 2019

Industrial Estate Development Project Plan

**KUALA
TANJUNG**

Alumina,
Palm Oil

LANDAK

Natural Rubber
Palm Oil

**BATULIC
IN**

IRON/STEEL

PALU

Rattan
Cacao

**MOROW
ALI**

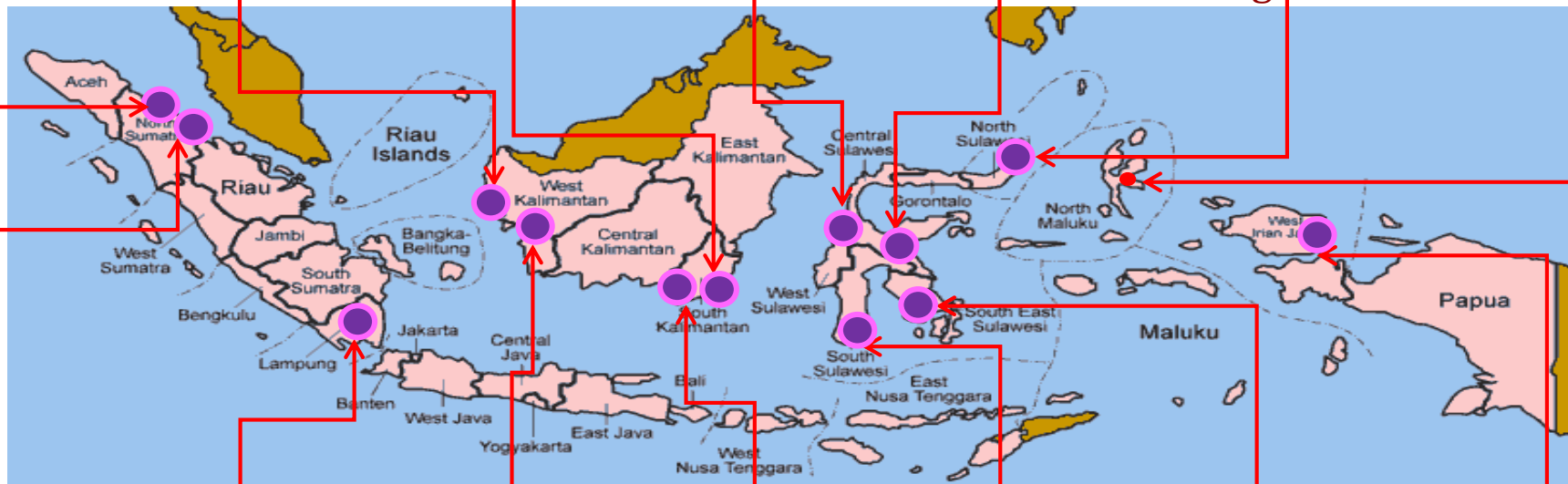
Ferro
Nickel

**TELUK
BITUNG**

Agro Industri
Logistics

BULI

Ferro
Nickel



**SEI
MANGKE**

Palm Oil

**TANGGAM
US**

Marine
Logistics

**KETAPA
NG**

Alumina

**JORON
G**

Alumina,
Palm Oil

**BANTAE
NG**

Ferro -
Nickel

KONAWE

Ferro-
Nickel

**TELUK
BINTUNI**

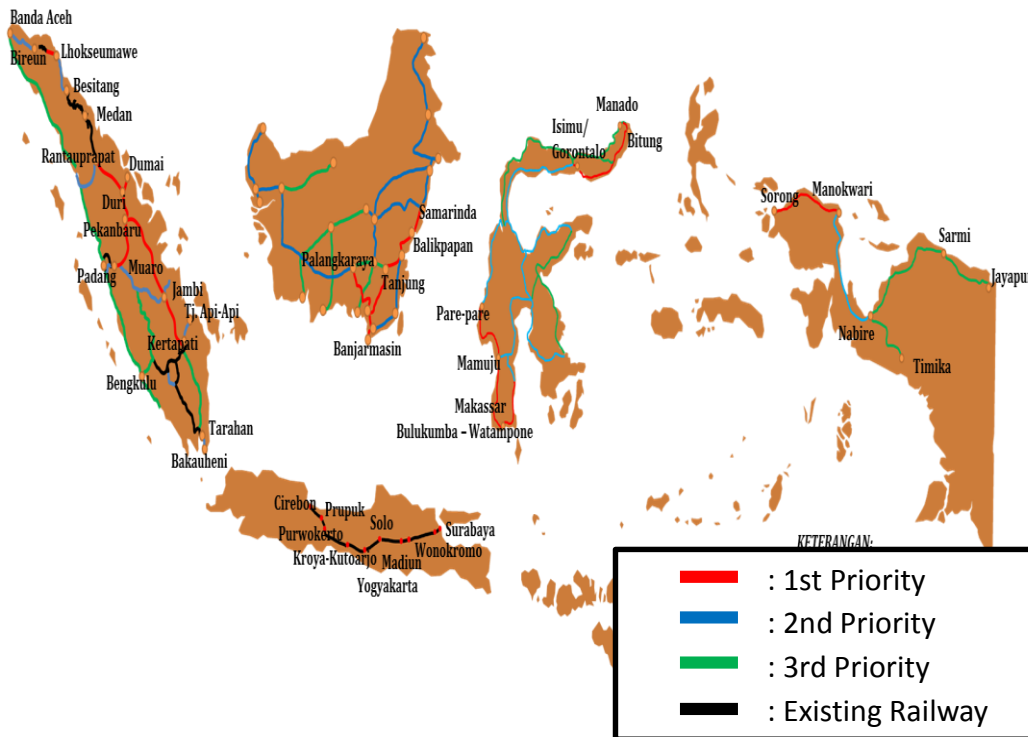
Oil and Gas
Petrochemicals

Highway Development Project Plan



No	Projects	Length (km)	Project Cost (USD Million)
1	Medan-Kualanamu-Lubuk Pakam-Tebing Tinggi	61,8	483
2	Medan Binjai	15,8	177
3	Pekanbaru-Kandis-Dumai	135,0	1.334
4	Palembang-Indralaya	22,0	178
5	Kayuagung-Palembang-Betung	111,7	1.023
6	Bakaheuni-Terbanggi Besar	150,0	1.338
7	Serpong-Balaraja	30,0	398
8	Pasirkoja-Soreang	10,6	137
9	Cileunyi-Sumedang-Dawuan	58,5	772
10	Pandan-Malang	37,6	228
11	Manado-Bitung	39,0	167

Railway Development Project Plan



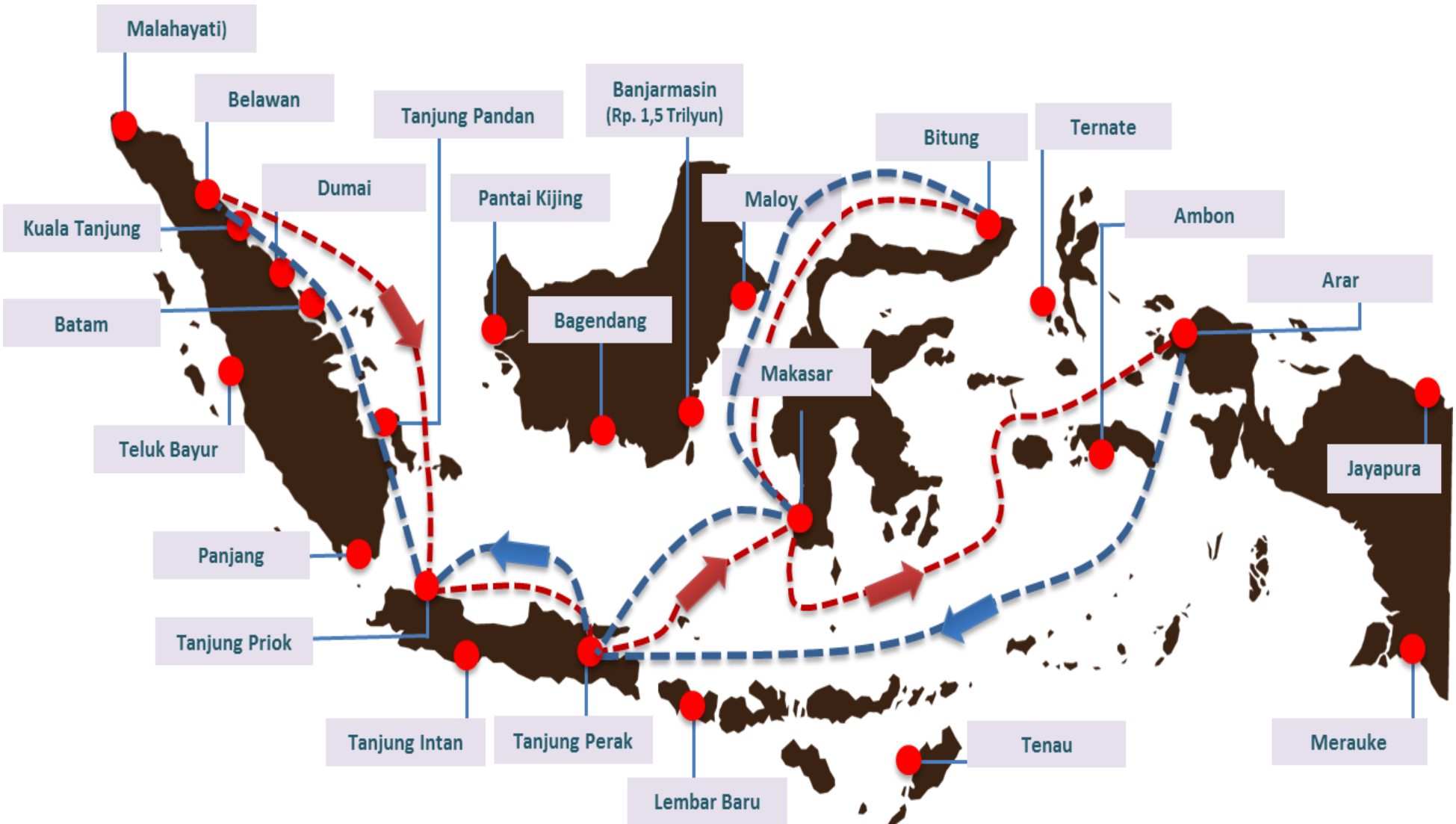
* to be determined

NO	PROJECTS	OUTPUT (KM)	PROJECT COST (USD Million)
1	Cross Sumatra (connected with Sumatra highway)	2.600	9.015 (single track)
2	Double Track Railway Line Cross South Java	348	1.869
3	Cross Kalimantan (connected with Kalimantan highway)	3.350	18.000
4	Cross Sulawesi (connected with Sulawesi highway)	2.000	10.308
5	Cross Papua- West Papua	1.500	9.231
6	Gedebage Integrated Railway Station	*	131
7	Soekarno Hatta-Halim Railway	*	1.915
8	Muara Enim-Pulau Baai	*	2.877
9	MRT East Jakarta – West Jakarta	*	*

Seaport Development Project Plan

NO	PROJECTS	PROJECT COST (USD Million)	NO	PROJECTS	PROJECT COST (IDR Trillion)
1	Kuala Tanjung (Phase I) – Sumatera Utara: (new port development)	846-1.000	13	Batanjung, Teluk Segitung, Kumai (Central Kalimantan)	3.077 – 4.085
2	Bitung (Phase I) – North Sulawesi (new port development)	846-1.000	14	Banjarmasin (South Kalimantan)	
3	Malahayati (Aceh)	3.077 – 4.085	15	Balikpapan-Kariangau (East Kalimantan)	
4	Belawan (North Sumatera)		16	Samarinda (East Kalimantan)	
5	Batu Ampar (Batam)		17	Maloy (East Kalimantan)	
6	Teluk Bayur (West Sumatera)		18	Kupang –Tenau (NTT)	
7	Palembang (South Sumatera)		19	Pantoloan Palu (Centarl Sulawesi)	
8	Jambi (Jambi)		20	Kendari (Southeast Sulawesi)	
9	Panjang (Lampung)		21	Makassar (South Sulawesi)	
10	Tanjung Priok (Jakarta)		22	Ternate (North Maluku)	
11	Tanjung Emas (Central Java) Tanjung Perak (East Java)		23	Ambon (Maluku)	
12	Pontianak (West Kalimantan)		24	Sorong (West Papua)	

Sea Toll Development Project Plan





Investment Opportunities: Indonesia Economic Corridors Masterplan

Investment value required for MP3EI

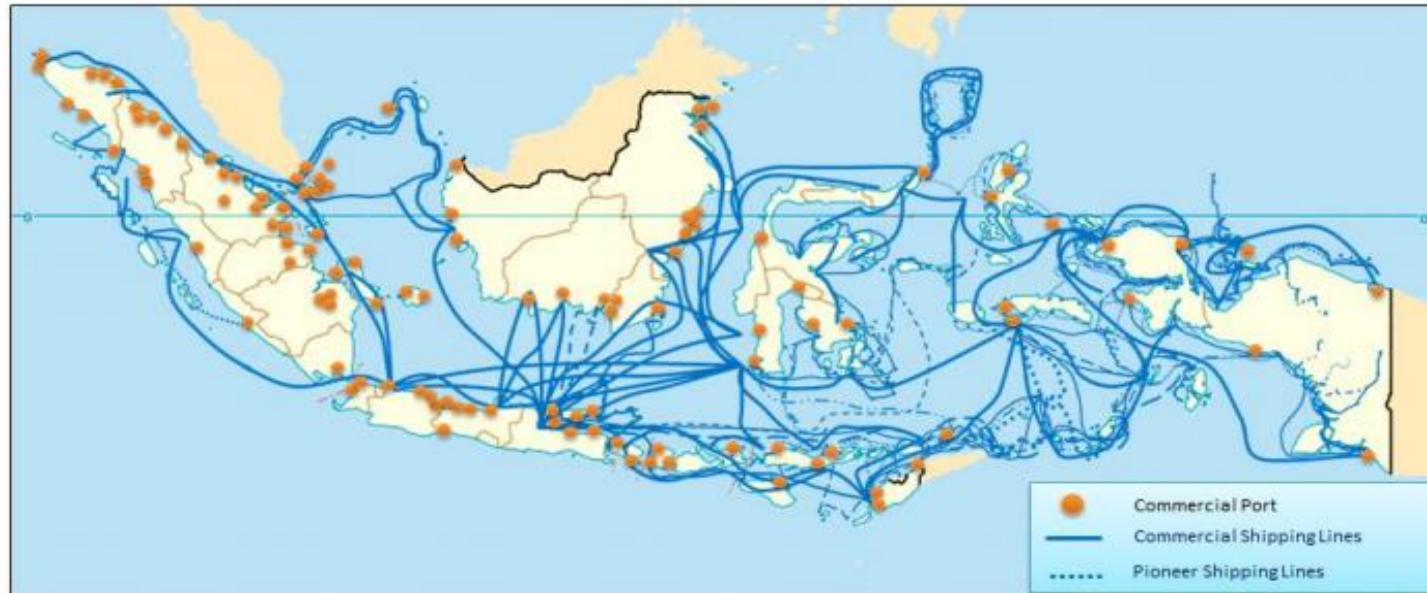
Corridors	Infrastructure				22 Economic Activities	
	Short Term (2011 – 2014)		Long Term (2011 – 2025)		(2011 – 2025)	
	IDR (Billion)	USD (Billion)	IDR (Billion)	USD (Billion)	IDR (Trillion)	USD (Billion)
1. Sumatera	134,260	14.92	472,966	52.55	245.34	27.26
2. Java	269,600	29.96	798,235	88.69	667.39	74.15
3. Kalimantan	13,400	1.49	127,257	14.14	549.21	61.02
4. Sulawesi	43,088	4.79	63,282	7.03	189.7	21.07
5. Bali – Nusa Tenggara	7,706	0.86	43,210	4.80	57.07	6.34
6. Papua - Maluku	45,731	5.08	148,654	16.52	490.89	54.54
Total	513,785	57.1	1,653,604	183.73	2,199.6	244.38

US\$ 1 = IDR 9,000

Resource : MP3EI Book

The Investment Coordinating Board of the Republic of Indonesia

Infrastructure Current Condition and Outlook: Sea Transportation



Indicators of Logistic Cost

Country	% of GDP	% of Sales/Production Cost
AS	9,9%	9,4%
Japan	10,6%	5,9%
South Korea	16,3%	12,5%
Indonesia	27,02%	14,08 %

Commercial Port : 111 Ports
 Non Commercial Port : 1129 Ports
 Private Port/Terminal : 914 Special Terminals
TOTAL : 2154 PORTS

Number of Island : 13.466

Land area : 1,9 juta km²

Sea area : 5,8 juta km²

Indonesia has 95 181 km of coastline, so in average, there is 1 port for each ± 40 km of coastline.

TRADE **X**PO Indonesia

October 21 - 25, 2015
Jakarta International Expo
Kemayoran - Jakarta, Indonesia

PRODUCTS ON DISPLAY

Agricultural Products & Manufactured Goods

Processed Food and Beverages - Cocoa - Tea - Coffee - Essential Oil - Crude Palm Oil Products - Tropical Fruits - Household Appliances - Automotive Components - Electronic Products - Medical Equipment - Glassware - Rubber & Rubber Products - Leather & Leather Products - Paper & Paper Products - Textile & Textile Products

Fashion, Lifestyle and Creative Products

Fashion & Accessories - Premium Jewelry - Premium Art & Craft - Health & Beauty Products - Cosmetics - Medical Herbs

Home Decoration & Building Materials

Ceramic items - Flooring - Stones & marble - Lighting

Service and Investment

Skilled Manpower - Construction - Information & Communication Technology (ICT) - Services Incidental to Mining

Furniture

Home Decoration - Bamboo Furniture - Wooden Furniture - Rattan Furniture - Knock Down Houses - Garden Furniture - Outdoor Furniture



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