

Business Opportunities in Indonesia

September/ October 2011

Embassy of India, Jakarta

Business News

BILATERAL

First Biennial Trade Minister's Forum

– Minister of Commerce and Industry of India, Shri Anand Sharma, accompanied by an official and business delegation, visited Indonesia on 3-4 October 2011 and met the Minister of Trade of Indonesia Mari Elka Pangestu. The two sides held talks on bilateral trade issues during the BTMF and also held Pre-Negotiations on Indonesia-India Comprehensive Economic Cooperation Agreement (II-CECA). It was agreed to form two Working Groups; Working Group on Trade and Investment, and Working Group on Trade Facilitation and Resolution. The two Ministers hoped that these efforts would help achieve the bilateral trade volume target of US\$25 billion by 2015. Shri Anand Sharma announced the holding of “India Show” IN Jakarta on 6-8 March 2012. A MoU between Government of East Kalimantan and National Aluminium Company Limited (NALCO) for a feasibility study on Technical Cooperation on Aluminium Smelter and Coal Power Plant in East Kalimantan was signed during the meeting. Mr. Anand Sharma also met Mr. Hatta Rajasa, Coordinating Minister for Economic Affairs.

India to Facilitate Indonesia with Rice Procurement

– Indian government will facilitate Indonesian government for procurement of rice through private exporters since the Government of India has allowed its export since September 2011. The Minister of Commerce and Industry of India, Shri Anand Sharma, confirmed that they will support The National Food Logistic Agency

(BULOG) and other Indonesian authorities to seek business partners in India.

ECONOMY

IMF: RI Economy Strongest in ASEAN

– According to the International Monetary Fund (IMF) Report, Indonesia is the strongest in terms of economic fundamentals among ASEAN member states with a gross domestic product (GDP) expected to grow by 6.4 per cent this year. The figure was the highest among ASEAN member states. According to IMF's observations, Indonesia could raise its GDP further by improving its investment climate and increasing budget spending on infrastructure development.

RI's Economic Growth to Reach 6.6 pct in Q3: Minister

– The Finance Minister Agus Martowardojo said that the Indonesian economy during the third quarter of 2011 is believed to have reached a growth rate of 6.6 per cent. He said the projection was based on growth in investment and consumption sectors which had been the biggest contributors to economic growth for some time. In annual terms, however, the Minister still holds to the revised budget assumption of 6.5 per cent in view of the unpredictable impact of the current European economic crisis.

INVESTMENT

Investment Soars as Confidence in RI's Economy Grows

– The Investment Coordinating Board (BKPM) announced

that the realized investment of both domestic and foreign entities in Indonesia jumped 15.3 per cent to Rp 65.4 trillion (US\$7.26 billion) in the July-to-September period, driving total investment in the first nine months of the year to Rp 181 trillion (US\$20.1 billion), up 20.9 per cent from the same period last year, comprising 75.4 per cent of the BKPM's full-year target of Rp 240 trillion (US\$26.6 billion). Foreign direct investment comprised Rp 46.4 trillion (US\$5.1 billion). Singaporean investors accounted for US\$1.31 billion of overall investment, about 25 per cent. Other major investors were United States, the Netherlands, South Korea and Japan. Most foreign investors increased spending in transportation, telecommunications, mining, base metals, machinery and electronics in Banten, Jakarta and West Java.

Nestle to Invest US\$200 Million - Nestle plans to build a cocoa processing plant in Indonesia at a cost of US\$200 million to benefit from growing market in the country. According to the Chief of the Indonesian Cocoa Producers Association (Askindo) Zulhefi Sikumbang, Nestle's investment plan must receive support from the government because it would create more jobs. He said the domestic cocoa market would grow significantly if more and more foreign companies invested in the cocoa industry. He said Nestle had earlier set up a cocoa plant in Malaysia but it found it difficult to grow because of small market. To expand its business the Swiss company planned to invest in Indonesia. Indonesia had so far imported Nestle products from Malaysia including chocolate and malt powder bearing Milo brand.

RI's 'Doing Business' Rank Slips on Lack of Reform – The World Bank report showed that Indonesia's index of doing business dropped three notches in 2012 to rank 129th out of 183 economies,

compared with 126th this year, although with positive notes in business start-up, construction permits, property registration and investors protection. According to the report, it takes 45 days to start up a business in the country, going through an average of eight procedures. The government recently implemented a one-stop service licensing in as fast as five hours or seven days at the latest. The report also highlighted the issue of Indonesia's high electricity costs.

BKPM Names Seven Most Investor-Friendly Provinces - The Investment Coordinating Board (BKPM) named seven provinces as the top destinations for investment out of 26 provinces evaluated. The "regional champions" are Aceh, Central Java, West Kalimantan, South Sulawesi, Central Sulawesi, North Sulawesi and West Sumatra. They were deemed the most investor friendly, based on a number of indicators related to the regions' preparedness in welcoming investors. The competition excluded last year's champions, namely Riau, South Sumatra, West Java, East Java, East Kalimantan, West Nusa Tenggara and Papua. Awards were also given to Riau's Rokan Hulu and Indragiri Hulu regencies and South Sumatra's Ogan Komering Ilir regency as best providers of "one-stop" services for investors in the municipal/regency category.

TRADE

Trade Expo Indonesia 2011 – More than 1,000 participants, including small and medium enterprises, cooperatives, state-owned firms and creative industrial players, took part in the five-day expo themed "Remarkable Indonesia" at the Jakarta International Expo on 19-23 October 2011. Speaking at the opening ceremony, newly appointed Trade Minister Gita Wirjawan said that in recent years, the expo had been expanding well in terms of numbers of buyers and transactions. During the 2004-2010 period, he said, the number of buyers grew annually by 16.8 per cent,

while transaction values surged by 22.6 per cent. Gita added that besides promoting local high-quality products and linking domestic producers and international buyers, the event was expected to open wider access to non-traditional export destinations in line with the government's move to diversify export markets. They showcased a wide range of export products; agricultural commodities, textiles and footwear products, automotive components, wooden and fishery products, processed food, medical herbs, handicrafts and jewellery.

OIL AND GAS

Govt to Exempt Oil, Gas Exploration Equipment from VAT- The Indonesian Government is considering to exempt the import of upstream oil and gas exploration equipment from value added tax. Director General of Oil and Gas at the Energy and Mineral Resources Ministry Evita Legowo said that the new rule would give certainty to oil and gas investors about the investment climate in the country. Spokesman of the Upstream Oil and Gas Executive Body (BP Migas) Gde Pradnyana said the agency hailed the plan to issue the new regulation. He said that if the import of upstream oil and gas exploration equipment is exempted from tax this will be an incentive for investors to conduct exploration.

ENERGY

British Petroleum to Explore CBM in C. Kalimantan - PT British Petroleum has planned to explore coal bed methane (CBM) in Central Kalimantan in the near future. According to the deputy governor of Central Kalimantan, the exploitation of coal bed methane in Indonesia is still not optimal and has been merely further developed after Indonesia faced the energy crisis, particularly fossil fuel due to substantial increase of crude oil prices in the market in recent years.

MINERAL

North Maluku to become Nickel Industry Center - North Maluku Governor Thaib Armayin said the province was expected to become a nickel industry center in Indonesia as two nickel plants worth Rp84 trillion would be built in Halmahera Island. The two plants will be built by consortium PT Aneka Tambang and PT Weda Bya Nike. The governor said that the plants expected to be operational before 2020, would provide a big contribution to the regional original income (PAD) in the form of royalty and other form of receipts. Thaib said that the nickel industry will also provide jobs for locals and boost the growth of other business sector in the region such as transportation and trade.

FORESTRY

Investments in Forestry Sector Reach Rp32 trillion - A total of 328 wood companies invested a total of Rp32 trillion (US\$3.6 billion) in the forestry sector in Indonesia over the past two years. According to the Secretary General of the Forestry Minister Hadi Daryanto, the forest-based wood industries absorbed a total of 237,824 workers. Production of plywood reached a volume of 11.8 million m³, veneer 2.4 million m³, sawn timber 6.2 million m³, laminated veneer lumber (LVL) 527 m³, and wood pallet energy 474,000 m³.

FISHERIES

Govt Eyes 22.39 Million Tons of Fish Production by 2015 - The Maritime Affairs and Fisheries Ministry plans to increase Indonesia's fish production to 22.39 million tons by 2015, a significant increase on the 14.87 million tons projected for 2012. This year, the ministry has predicted that fish production may reach 12.3 million tons, slightly higher than 11.2 million tons last year. Production comprises various marine products including shrimp and seaweed.



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UPCOMING EVENTS & EXHIBITIONS IN INDONESIA

Start Date	End Date	Event's Title	Products on display	Venue	Organizer
2-Nov-2011	5-Nov-2011	Indonesia Printing & Paper Expo 2011	Printing (pre-press, press, post-press) and Paper Machinery, Equipment, Supplies	Jakarta International Expo	Kristamedia Pratama
2-Nov-2011	6-Nov-2011	CRAFINA	Indonesian Crafts and Accessories	Main Lobby, Plenary & Cendrawasih Hall, Jakarta Convention Centre	Mediatama Binakreasi
3-Nov-2011	6-Nov-2011	The 3rd Indonesia Creative Industry 2011	Indonesian Creative Products and Services	Exhibition Hall Mega Mall Batam	Batam Promo Indonesia
9-Nov-2011	11-Nov-2011	Indonesia Cacao, Coffee & Tea Festival 2011	Cacao, Coffee & Tea	Balai Kartini Expo	Wahyu Promocitra
9-Nov-2011	13-Nov-2011	Indocomtech 2011	Computer and Accessories	Hall A, Hall B, Cendrawasih & Plenary Jakarta Convention Centre	Dyandra Promosindo
12-Nov-2011	20-Nov-2011	Indonesia Furniture Fair 2011	Furniture and Interior Products and Services	Hall A & B - Jakarta Convention Centre	Mediatama Binakreasi
16-Nov-2011	19-Nov-2011	Plastic & Rubber Indonesia 2011	Plastics and Rubber Products	Jakarta International Expo	Pamerindo Indonesia
16-Nov-2011	19-Nov-2011	ProPak Indonesia 2011	Processing, Packaging & End-Line Printing Industries.	Jakarta International Expo	Pamerindo Indonesia

16-Nov-2011	20-Nov-2011	2nd Craft, Fashion & Leather 2011	Indonesian Crafts and Accessories, fashion and leather products	Gramedia Expo Surabaya	Debindo Mitra Tama
16-Nov-2011	20-Nov-2011	Jakarta Motorcycle Show	Motorcycle	Jakarta Convention Centre	Dyandra Promosindo
26-Nov-2011	04-Dec-2011	Indonesia Furniture Fair 2011	Furniture and Interior Products and Services	Hall A & B, Jakarta Convention Centre	Mediatama Binakreasi
30-Nov-2011	03-Dec-2011	Industrial Automation & Logistics Indonesia 2011	Automation Technology and Materials Handling	Jakarta International Expo	Pamerindo Indonesia
30-Nov-2011	03-Dec-2011	Machine Tool Indonesia 2011	Machine Tool, Metalworking and Allied Industries	Jakarta International Expo	Pamerindo Indonesia
30-Nov-2011	03-Dec-2011	Manufacturing Indonesia 2011	Manufacturing Machinery, Equipment, Materials and Services	Jakarta International Expo	Pamerindo Indonesia
30-Nov-2011	03-Dec-2011	Tools & Hardware Indonesia 2011	Tooling & Hardware	Jakarta International Expo	Pamerindo Indonesia
30-Nov-2011	03-Dec-2011	Vehicle Manufacturing & Automotive Technology Indonesia 2011	Vehicle Manufacturing Machinery, Components, Spares, Maintenance and Forecourt Equipment	Jakarta International Expo	Pamerindo Indonesia
30-Nov-2011	04-Dec-2011	Car Techno 2011	Automotive Technology	Cendrawasih Hall, Jakarta Convention Centre	Mediatama Binakreasi
10-Dec-2011	18-Dec-2011	Grand Furniture Show	Furniture and Interior Products and		Misty Total Media

			Services		
10-Dec-2011	18-Dec-2011	Trend Home Interior 2012	Furniture and Interior Products and Services	Trans Studio Mall	Debindo Mega Promo
15-Dec-2011	18-Dec-2011	The 2nd Surabaya Education & Training Expo 2011	Education Products and Services	Gramedia Expo, Surabaya	Wahyu Promocitra