



# The Role of Government to Facilitate Business Interaction Between Indonesia - Canada

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# Indonesia Economic Diplomacy



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# ECONOMIC DIPLOMACY



Increase  
Trade

Increase  
Investment

Image  
Building  
and Tourism



# ECONOMIC DIPLOMACY



## National Target

- ❖ Increase exports → 9% in 2016
- ❖ Increase exports by 11% overall in the next 4 years
- ❖ Reach 20 million international visitors 2019
- ❖ Investment target → \$ 72,46 billion ( increase 15%) by 2019



# Recap on Indonesia



- Population: 255 Million People
- GDP: **USD 896 billion** (16<sup>th</sup> in the world)
- GDP per capita: \$ 3,491.9\*
- Economic Growth: 5.03 %\*\*

•World Bank <http://www.worldbank.org/en/country/indonesia>

\*\* [www.kemendag.go.id](http://www.kemendag.go.id)



# Indonesia - Canada

## Indonesia Main Export to Canada

*Rubber and rubber articles; Woven clothing and apparel articles; Knitted or crocheted apparel; Electrical machinery and equipment; Nickel and nickel articles; Footwear; Boilers, mechanical appliances, etc.; Furniture and stuffed furnishings; Paper and paperboard; Cocoa and cocoa preparations.*

## Indonesia's Main Imports from Canada

*Cereals, Fertilizers; Woodpulp; paper or paperboard scraps; Aircraft and spacecraft; Boilers, mechanical appliances, etc; Electrical machinery and equipment; Ores, slag and ash; Oil seeds and misc. fruit, grain, etc; Optical, medical, scientific, technical instrumentation; Fish, crustaceans, molluscs*

	2013	2014	2015
TOTAL TRADE*	2.849.818,5	2.615.219,2	2.331.596,3
EXPORT	782.347,3	755.021,3	722.344,7
IMPORT	2.067.471,2	1.860.197,9	1.609.251,6
BALANCE OF TRADE	-1.285.123,9	-1.105.176,6	-886.906,9



# Indonesia Canada



- Canada's Investment realization in Indonesia : USD 103.5 million (2015)
- 22 projects and rank 16<sup>th</sup> largest investment (2015).
- 5 main sectors of investments in Indonesia from 2010-2015:

	Sector	Project	Realization (US\$. Million)
1	Mining Industries	42	551
2	Services	33	18,10
3	Trade	18	3,71
4	Food Industries	1	1,95
5	Hotel and Restaurants	7	1,28



- Indonesia's Rating:
  - S&P : BB+ rating
  - Moody's : Baa3 rating
  - Fitch Rating: BBB- rating
- Global Competitive Index (2015-2016): Rank  
37/144
- Ease of Doing Business (2016): 109/189





# Global Competitive Index



## 5 Most Problematic Factors for Doing Business in Indonesia:

- Corruption
- Inefficient government Bureaucracy
- Inadequate supply of Infrastructure
- Policy instability
- Access to financing



## The advantages of investing in Indonesia :

- growing middle class,
- huge market and
- dynamic and skilled work force



# Questions



- What are we doing to make it better?
- What is government doing to facilitate business interaction?



# Improving Policy

- 12 Economic Policy Packages (September 2015- April 2016)
- The 12th Economic Policy Packages (28 April 2016):
  - Deregulation
    - Reduce/consolidate number of regulation
    - Reduce processing days
    - Reduce the number of sectors on Negative List
    - Opening up E-commerce opportunity
  - **“One Stop Service”** for investment permit.



- Private Public Partnership (PPP)
  - assist Indonesia in preparing the legal and regulatory groundwork for PPP in the Infrastructure industry



## Investment potentials in Indonesia:

- **Infrastructure** → 2015-2019: 49 dams, 33 hydro powerplants, rail roads, highways, 15 airports, 9 cargo ports
- Maritime → fishing and seaports
- Manufacture → agriculture, mining, import substitution, export oriented
- Tourism



February 2016 → Indonesia announced its broadest **investment restrictions lift** in more than 10 years → revision of “Negative Investment List”



- The Commercial and Economic Dialogues
  - Commercial Dialogue → dialogue between Government and Public Sector
  - Economic Dialogue → G to G dialogue on economic policy
- Task Force on Economic Diplomacy
  - Headed by Ministry of Foreign Affairs
  - Able to assist inquiries and recommendations
  - <https://diplomasiekonomi.kemlu.go.id/en/>





- Visa Exemptions
  - 169 Countries including Canada
    - Short visit (30 days)
    - Tourist, business, as well as official visit



## **Role of Indonesian Representatives Abroad –related to business activities**

- Promoting the Indonesian economic potentials
- Market research
- Business matching
- Increase people-to-people contact



**Тиаикиои!**