



# Doing Business with remarkable Indonesia

Prepared by:

Sri Kumala CHANDRA - EU Outreach Manager

Athens, 20<sup>th</sup> February 2019

## EIBN

Attracting EU businesses into Indonesia and supporting them in their market entry activities; Increasing EU Business' leverage towards the Indonesian Governments.



**SET UP A BUSINESS**

**EXPORT TO**

**WHO WE ARE**

Launched in 2013, the EU-Indonesia Business Network (EIBN) is a partnership project between five European bilateral chambers of commerce in Indonesia and two counterparts in Europe. Our aim is to promote Indonesia and ASEAN as high potential trade and investment destinations among companies from all EU28 member states – especially SMEs - and support them in their endeavors to realize the full potential in Indonesia.

**IME**  
Making Indonesia The Maritime Hub of the World  
INDONESIA MARITIME EXPO 10 - 12 OCTOBER 2017

**Upcoming Event** 10/10/2017  
**EIBN Business Lounge at IME 2017**  
Indonesia Maritime Expo is present as the preferred venue to strengthen presence and enhance visibility...

**Upcoming Event** 19/09/2017  
**EIBN Joint Gathering**  
EIBN, together with its partners EKONID, EuroCham, Britcham and IFCCI, cordially invites you to its...

**Past Event** 05/06/2017  
**EIBN Roadshow in Italy, Romania, and Sweden**  
As a part of EIBN Outreach activities in Europe, the team toured Italy, Romania, and Sweden in a ser...

**EVENTS**

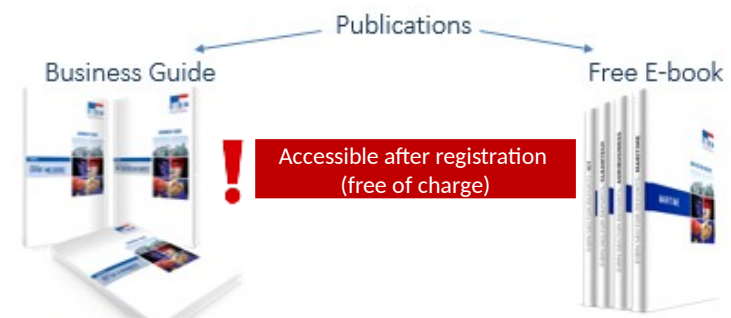
- 18 Sep 2017** EIBN Upcoming Roadshow in E... As a part of EIBN outreach activities in Europe, the team will visit Czech Republic, Estonia...
- 19 Sep 2017** EIBN Joint Gathering EIBN, together with its partners EKONID, EuroCham, Britcham and IFCCI, cordially...
- 05 Oct 2017** European Pavilion at INDEX 2017 European companies are invited to participate at an accessible fee - at INDEX Indonesia
- 10 Oct 2017** EIBN Business Lounge at IME 2... Indonesia Maritime Expo is present as the preferred venue to strengthen presence and

**EIBN COMPANY DIRECTORY 2017**  
DISCOVER THE MOST IMPORTANT EU-INDONESIA BUSINESS PLAYERS  
BROWSE FOR FREE

**NEWS**

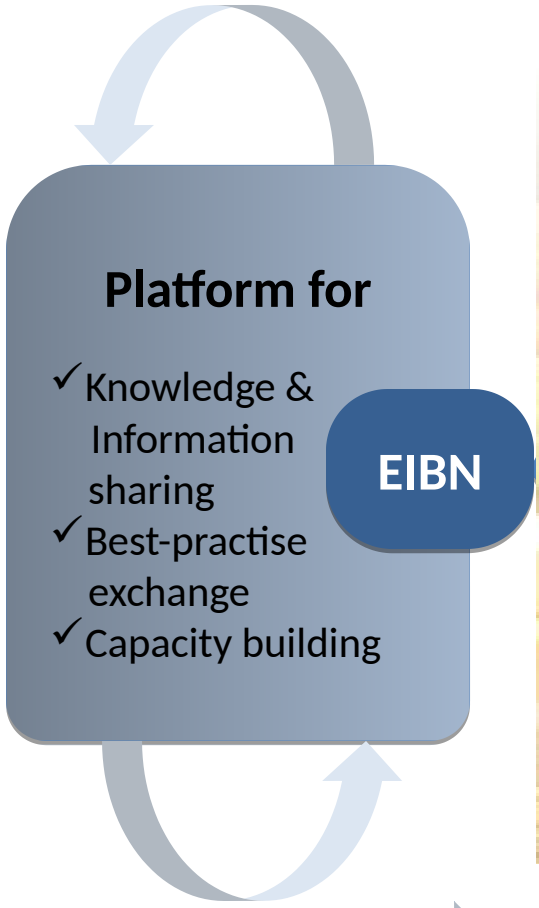
- Indonesia to have the largest ge... Source: Antara News The Ministry of Energy and Mineral Resources has projected that
- Overview of Indonesia's Health... increase is the world's fourth most populous country, with 268 million inhabitants. More than
- Indonesia's Medical Devices Ma... Indonesia's market size for medical equipment was valued at more than US\$2.2 billion in
- Government's 16th economic pa... Source: The Jakarta Post Business people have enthusiastically welcomed the latest 16th

- |                |                     |
|----------------|---------------------|
| ✓ Helpdesk     | ✓ Company Directory |
| ✓ Publications | ✓ Free E-book       |
| ✓ Events       | ✓ Newsletter        |



- Introduction to Indonesian Market
  - How to export & source
  - How to set up a business
1. Fisheries and Aquaculture
  2. Aviation
  3. Gaming Industry
  4. Chemical Industry
  5. Bakery Ingredients
  6. Cold Storage
  7. Medical Devices
  8. Packaging Machinery
  9. Agribusiness
  10. Maritime
  11. Cleantech
  12. Automotive
  13. ICT
  14. Automotive
  15. Food & Beverage
  16. Healthcare
  17. Textile and Footwear

**HOW**



**HEALTHCARE TRADE MISSION TO INDONESIA**  
 Jakarta - Indonesia  
 March 24 – 27, 2019



**At your Glance**

<b>Format:</b>	Individual business meetings, market information event, discussions with hospitals
<b>Target region:</b>	Jakarta
<b>Co-funded by:</b>	European Union
<b>Organized by:</b>	EU-Indonesia Business Network

# Indonesian Outlook & Opportunities



**4<sup>th</sup>**  
World's Most  
**Populous** Country

**265,3 million**  
Population (in 2018)

**17,508 islands**  
Biggest **Archipelagic** Nation

**G20** **3<sup>rd</sup> fastest** growing  
Member State  
after India and  
China

**10<sup>th</sup>**  
World's Largest **Economy**

**88 million**  
Age <30 years old  
3<sup>rd</sup> Largest youth population  
in the world

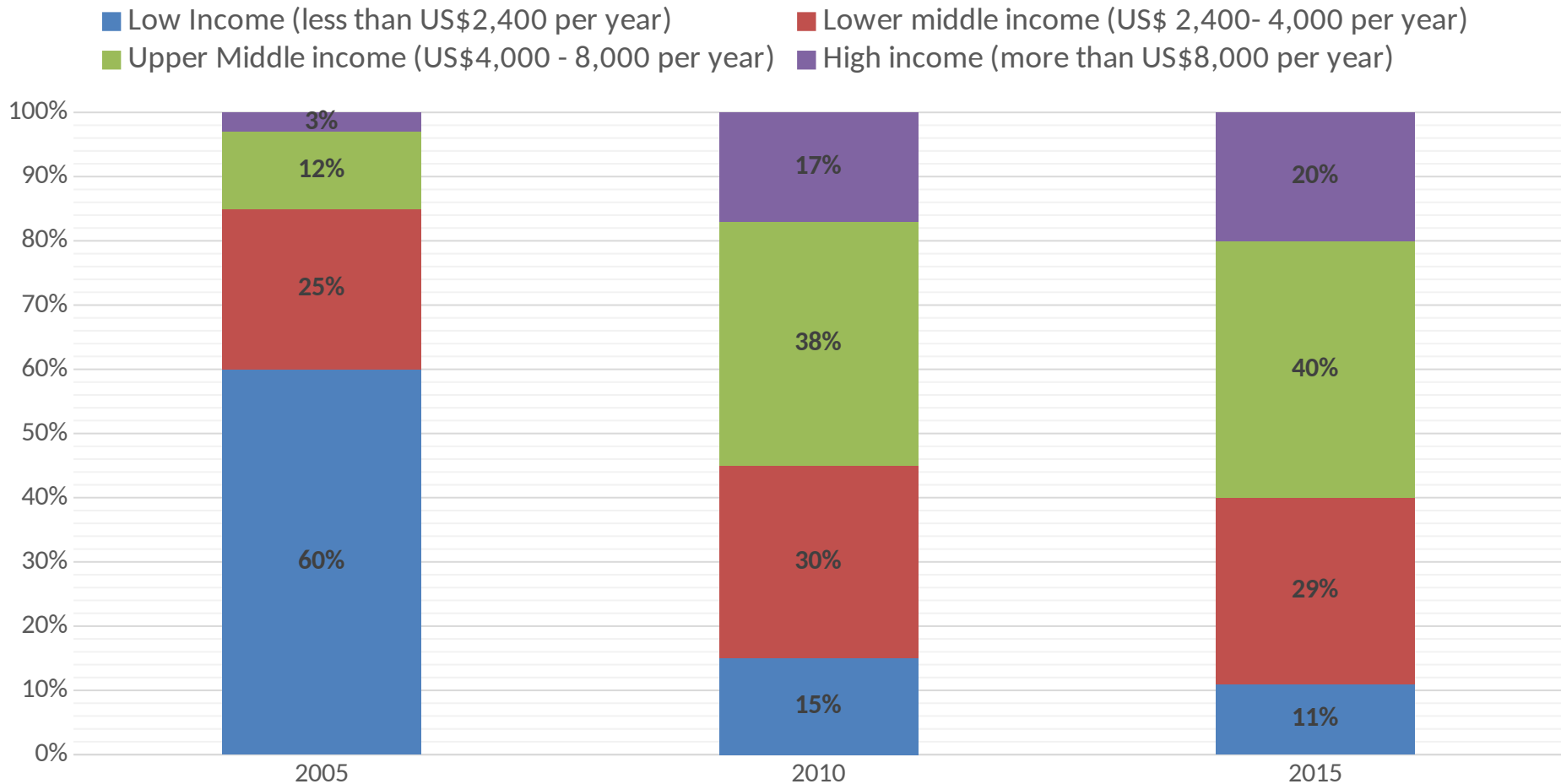
**5.17** <sup>(p)</sup>  
% **GDP Growth**  
per capita (2018)

# INDONESIA



# Rising Indonesian Middle Class

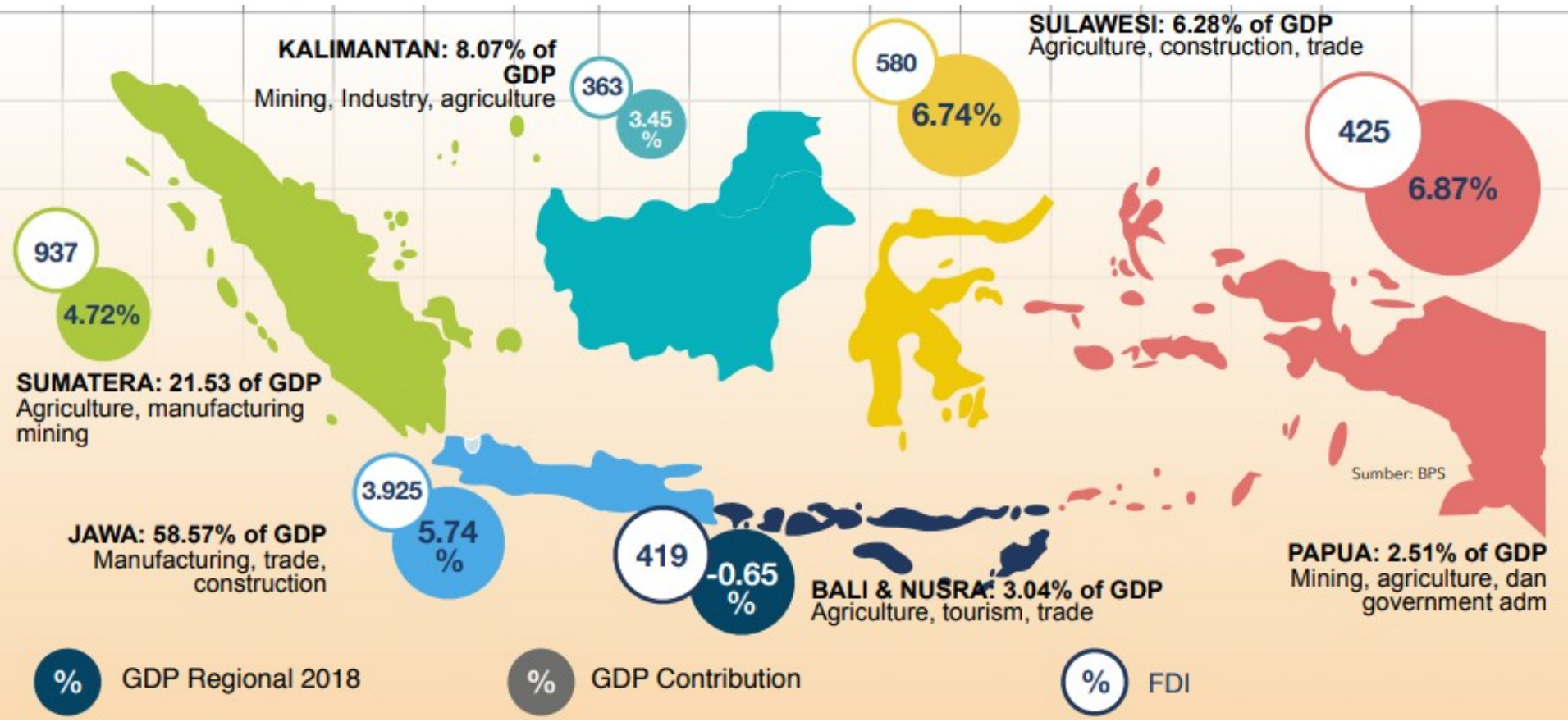
... that will grow even further



# Worlds Largest Archipelago



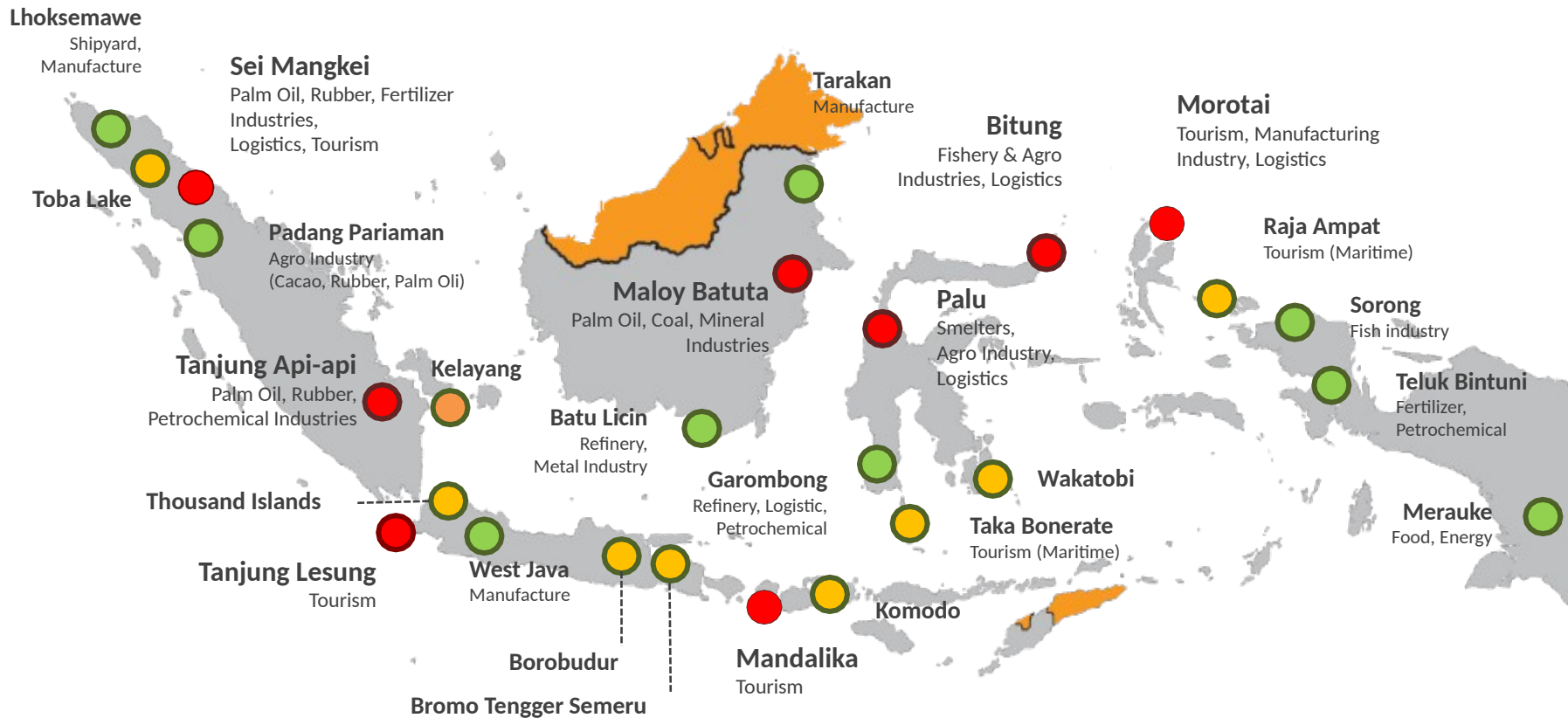
# Economic activity by region





# Special Economic Zones & Strategic Tourism Areas

- Existing SEZs
- Planned SEZs
- Strategic Tourism Areas



# Infrastructure development - RPJMN (2015 -2019)

Planned investment in Indonesia's (2015 – 2019) (in billion US\$\*)

Sector	Investment
Water supply and waste water treatment	77,7
Energy production and distribution	70,9
Streets	51,0
Maritime traffic	30,2
Public housing	14,9
Rail transport	13,3
ICT-Infrastructure	12,0
Air traffic	9,9
Public transport in cities	6,9
Total	286,6

**225** infrastructure projects as national strategic projects

**27** priority projects

**2** focus sectors:  
Water and energy

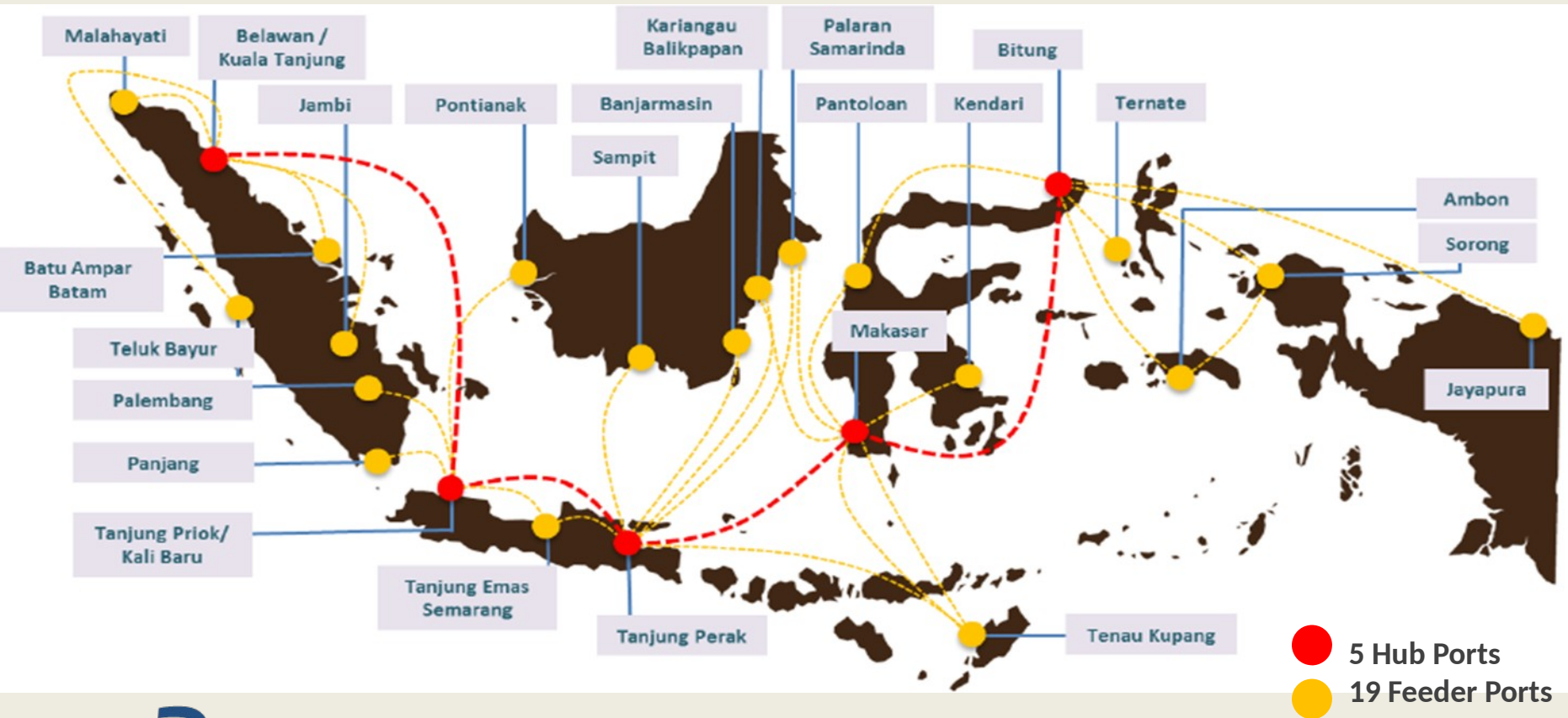
\*) Exchange rate 1 US\$ = 13.500 Rupiah (Rp)

	Project name	Investment	Explanation
Refineries	Refinery Development Master Plan	15.500	Modernization of 5 existing refineries
	Tuban Refinery	8.000	Construction of new refinery
	Bontang Refinery	5.500 - 10.400	Construction of new refinery
Energy	PLTU Batang Power Plant	2.960	2.000 MW power plant in Java
	High Voltage Direct Current	2.470	742 km electricity transmission grid
	500kV Sumatra Transmission	1.810	1.330 km electricity transmission grid
	PLTU Mulut Tambang	1.330	1.200 MW power plant in Sumatra
	Indramayu Power Plant	1.480	1.000 MW power plant in Java
	Central - West Java 500 kV Transmission	570	565 km electricity transmission grid
	Water to Energy	Not specified	4 hydro power plants with 147 MW in total
Railway	Light Rail Transit Jakarta (LRT)	2.540	Tramway in Jakarta
	Soekarno-Hatta Airport Express	1.780	Rapid transit to Jakarta Airport
	MRT Jakarta	1.850	Construction of subway section
	East Kalimantan Railway	1.850	203 km railway
	Light Rail Transit (LRT) Sumatra	530	tramway in Palembang
	Makassar-Parepare Rail	470	144 km railway in Sulawesi
	8 Section of Trans Sumatra Toll Road	6.000	8 sections of the Trans Sumatra motorway
Street	Balikpapan-Samarinda Toll Road	730	99 km motorway in Kalimantan
	Manado-Bitung Toll Road	380	39 km motorway in Sulawesi
	Serang-Panimbang Toll Road	800	84 km motorway in Banten
	Bitung International Hub Seaport	2.520	Sea port in Sulawesi
Ports	Kuala Tanjung Seaport	2.220	Sea ports in Sumatra
	Inland Waterways Sikarang-Bekasi - Java Sea	250	Canal
	National Capital Integrated Coastal Development	44.400	Construction of dam and new district in Jakarta
Water	Jakarta Sewerage System	600	Sewage network
	West Semarang Drinking Water Supply System	90	Drinking water network

(in Mio. US\$)

Source: Germany Trade and Invest

# “Sea Toll” Development Plan Indonesia’s Logistics Route



## 3 aspects of Maritime Industry

1. **Service:** Shipping, Ship Building
2. **Infrastructure/Logistics:** Seaports, Cold Storage, Storage Tanks
3. **ICT & Human Capital:** ICT for Maritime, Capacity Building

# STATE OF INDONESIAN PPP PER 2018 "UPDATED"

17 Awarded Projects, 3 Project In Operation, 11 In Construction Process

## Awarded PPP Projects

**1** Power Plant Project



**2** Water Plant Projects



**3** Telco's Projects



**11** Roads Project



**165**  
Trillion IDR

Total Project Values

**11** Project

In Construction Process

**2** Project

In Operation

**2** Project

In Land Acquisition Process

## STATE OF INDONESIAN PPP PER 2018 "UPDATED"

Total 15 Projects Under Preparation

### 2 Public Transport Project



- LRT Medan City
- Makasar-ParaPare Railway

### 5 Hospital Projects



- Sidoarjo Reg. Hospital
- Zainal Abidin Reg. Hospital
- Pringadi Hospital Medan
- Dharmais Cancer Hospital
- Sam Ratulangi Univ. Hospital

### 1 Airport Projects



- Hang Nadim Airport

### 2 Water Treatment Project



- Pekanbaru Water Supply
- Semarang Water Supply

### 2 Road Project



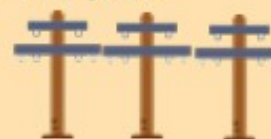
- Sumatra East Line National Road-Riau
- Sumatra East Line National Road-South Sumatra

### 1 Telecommunication Projects



- Multifunction Sattelite

### 1 Public Facility Projects

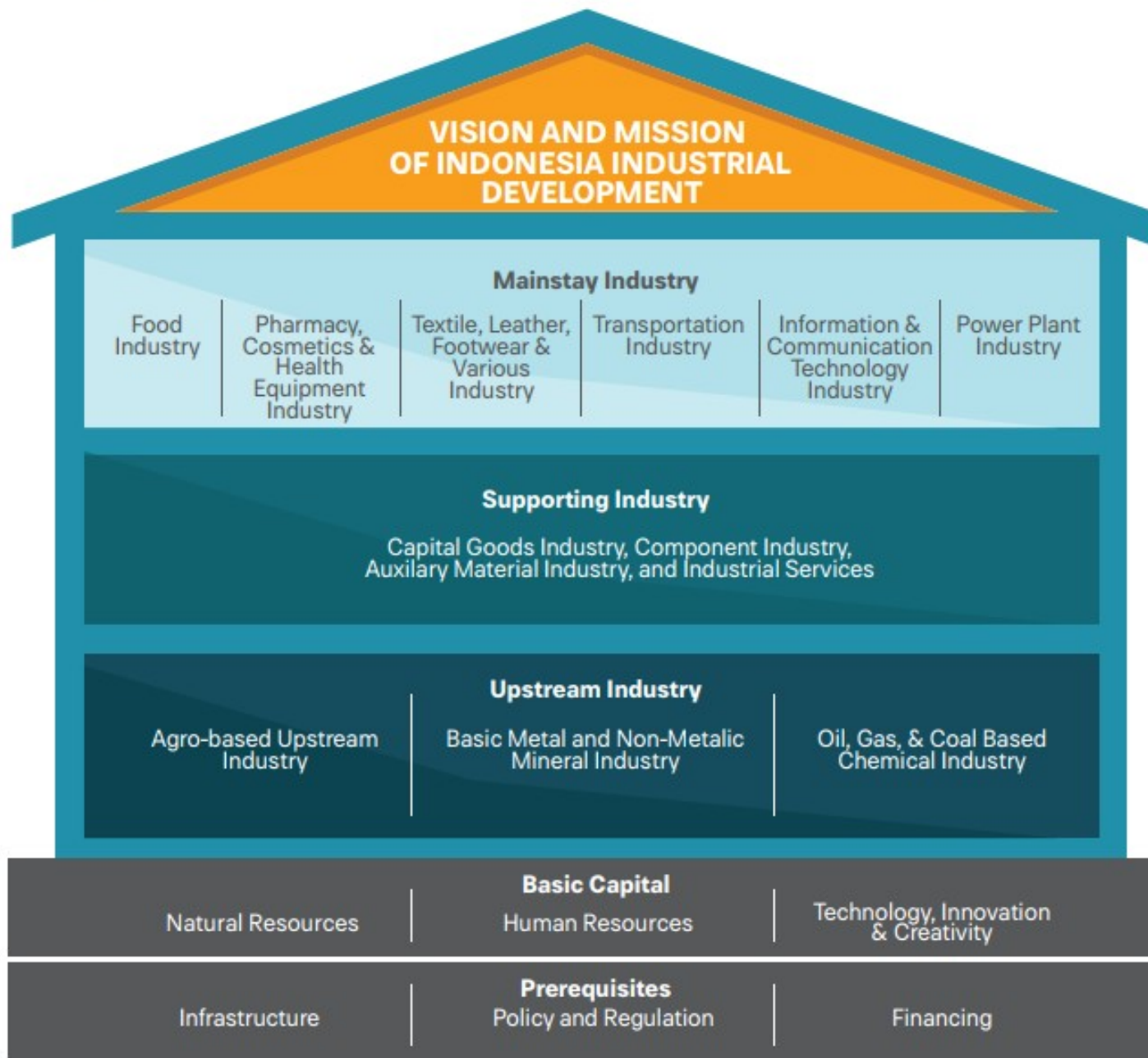


- Street Lighting Of Surakarta

### 1 Social Security System Project



- Integrated Social Security System



## EXPANSION OF INDUSTRIAL COVERAGE

**17**  
Coverage  
Pioneer Industry

**18**  
Coverage  
Pioneer Industry



upstream **metal industry:**  
steel / non-steel, without  
or with integrated  
derivatives



the refining or refining  
industry of oil and gas  
without or with its  
integrated derivatives



petroleum-based  
petrochemical industry,  
natural gas or coal without  
or with integrated  
derivatives



ibasic organic chemical  
industries sourced from  
agricultural, plantation or  
forestry products without or  
with integrated derivatives



inorganic basic chemical  
industry without or along  
with integrated derivatives



the main pharmaceutical  
raw material industry  
without or with integrated  
derivatives



industrial manufacture of  
irradiation, electromedical  
or electrotherapy  
equipment



industry for produce  
major components of  
electronic or telematics  
equipment



industry for making major  
components of electronic  
or telematics equipment



manufacturing of robotic  
components that support  
manufacturing machinery  
industries



industrial manufacture of  
main components of  
electric power generation  
machines



manufacture of motor  
vehicles and major  
components of motor  
vehicles



industrial manufacture of  
main components of ships



industrial manufacture of  
major train components



industry for manufacturing  
aircraft main components and  
aerospace industry  
supporting activities



agricultural, plantation or forestry-  
based processing industries that  
produce pulp without or along  
with their derivatives



economic infrastructure

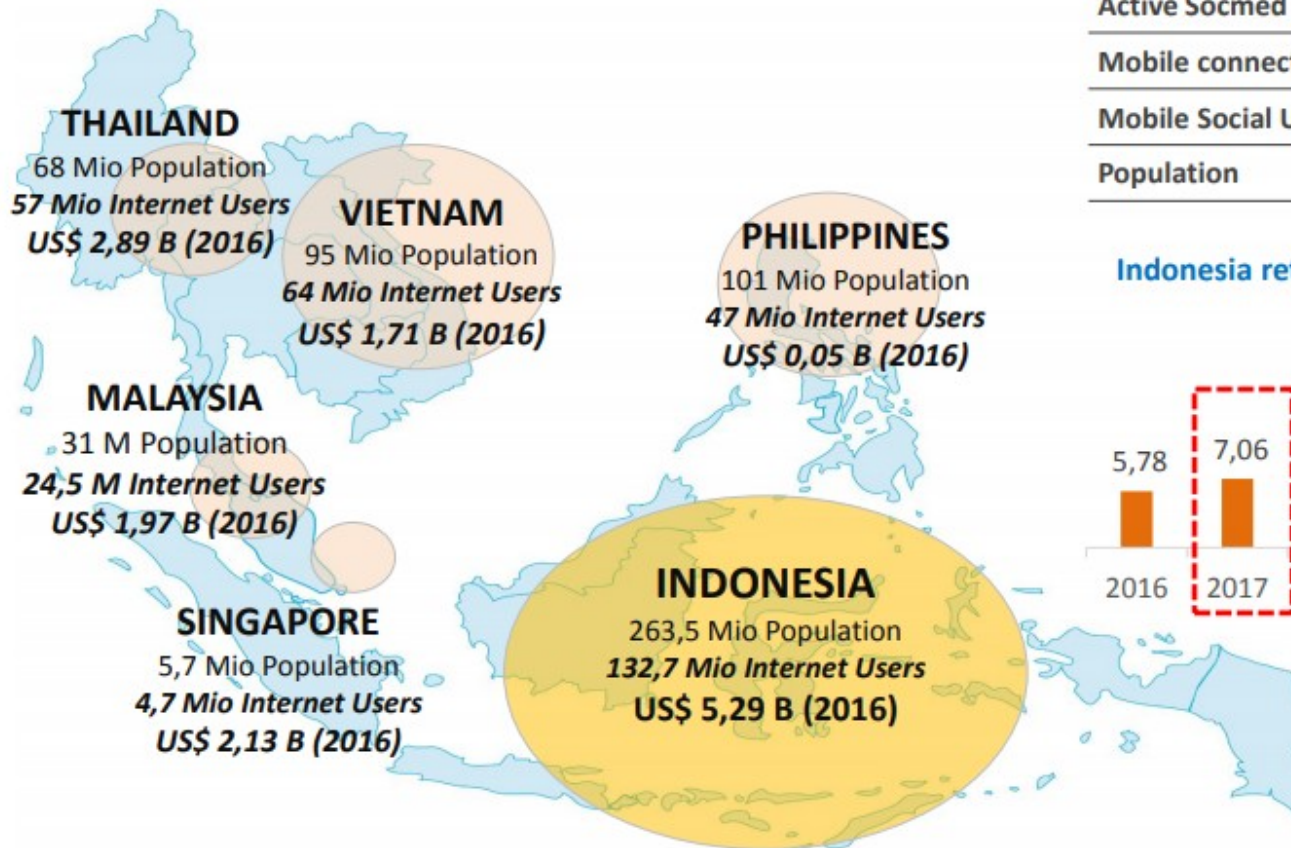


**digital economy** which  
includes data processing,  
hosting, and activities  
related to it





# Indonesia is Potentially the biggest ASEAN market for E-commerce



Digital in ASEAN (Jan, 2017)	(in Million)	Growth
Active internet users	339.2	+31%
Active Socmed users	305.9	+31%
Mobile connections	854	+8%
Mobile Social Users	272.6	+36%
Population	644.1	





**86** million  
Smartphone users\*

**\$\$8** billion  
Value of e-commerce  
in 2017\*



\* Source: McKinsey "The Digital Archipelago" (August 2018)



# FOOD & BEVERAGE

Indonesia's growing middle class and high-income group have represented an increasingly discerning and demanding consumer base, eager to try new and innovative food and beverages products

- **The F&B sector's output has contributed 7% of total GDP, as well as 32.84% of the total industrial manufacturing output .**
- The solid growth of F&B sector is supported by Indonesia's improving purchasing power amid the accelerating economy and higher commodity prices, and growing output of the nation's processed food and beverage industry.
- The turnover of the F&B industry has been **growing 8.46%** in 2016.

The Business Monitor International released an encouraging growth forecasts for Indonesia's food and beverages sector:

**Food consumption growth:**

Forecast 2017 +6.9%

**Soft drink sales value growth:**

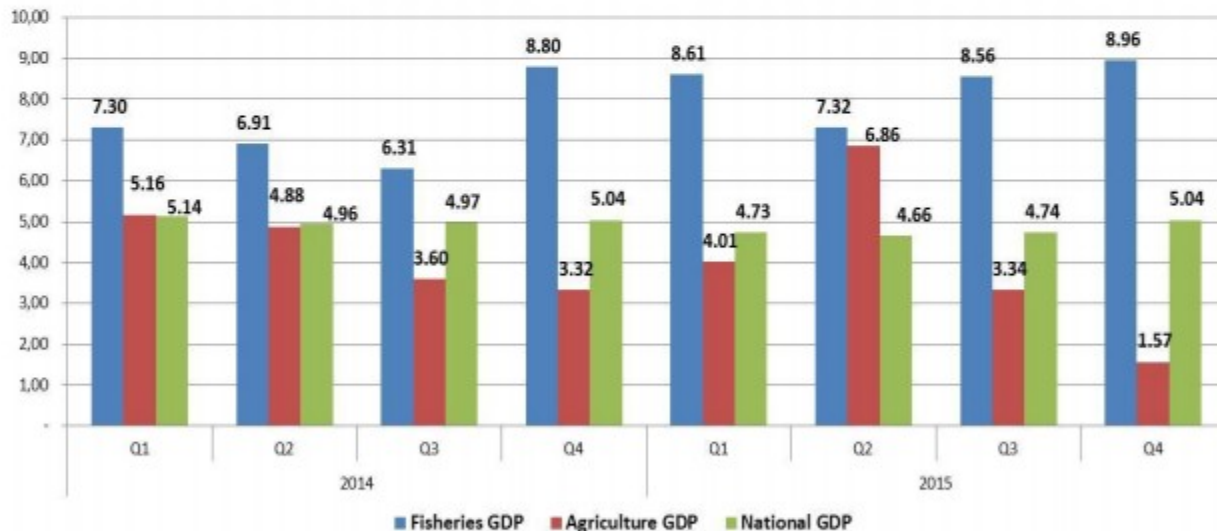
Forecast 2017: +8.8%

**Mass groceries retails sales value growth:**

Forecast 2017: +10%

Indonesia is one of the **largest producers** of, for palm oil, fish, cocoa and coffee, exporting its production surpluses abroad. On the other hand, **Indonesia relies on imports** of products that cannot be produced (either at all or in sufficient quantity) locally, such as wheat, dairy or processed food products.

# Fisheries



Indonesia possesses a rich fish resources with an estimated 6.8 million tons per year spread throughout Indonesian waters including the Exclusive Economic Zone (ZEEI)

Figure 4: Activities of the Fishery Sector in Indonesia

Fish Capture

Aquaculture

Fishery Processing

Source: Spire, Value Chain Analysis of Marine Fish Aquaculture in Indonesia, 2014, p.18

Figure 6: Main Products of Indonesian Aquaculture

947,000 metric tons  
TILAPIA



Floating cage Fresh-water ponds (78%)  
nets (24%)

623,000 metric tons  
SHRIMP



Brackish-water ponds (100%)

575,000 metric tons  
MILKFISH



Brackish-water ponds (100%)

544,000 metric tons  
CLARIAS CATFISH



Cages Fresh-water ponds (89%)  
(11%)

445,000 metric tons  
CARP



Cages Fresh-water ponds (90%)  
(10%)

411,000 metric tons  
PANGASIUS CATFISH



Cages Fresh-water ponds (89%)  
(11%)

19,000 metric tons  
GROUPEL



Cages (100%)

7,000 metric tons  
SEA BASS/SEA PERCH/  
BARRAMUNDI



Cages (100%)

Source: Gordon and Betty Moore Foundation, Menjelajahi Masa Depan Perikanan Budidaya Indonesia, p.5

# MONTHLY MIDDLE CLASS MONITORING

## MIDDLE CLASS HANG OUT ACTIVITY

### TO HANG OUT

HANGING OUT BECOMES ONE OF THE IMPORTANT ACTIVITIES FOR MIDDLE-CLASS PEOPLE IN INDONESIA, BOTH FOR REFRESHING AND SOCIALIZING. DIVERSITY IN PEOPLE'S PROFILE AND PREFERENCE (GENDER, AGE, TREND AND BEHAVIOR) HAS SHAPED THE RANGE OF THEIR PREFERRED ACTIVITIES AND THE PROVISION OF FACILITIES IN SUPPORTING THOSE ACTIVITIES AS WELL.

### MIDDLE CLASS MOST VISITED HANG OUT PLACES

(Note: Figures add up more than 100% as respondents gave multiple responses)

- A SHOPPING MALL : 85%**  
♂: 81% ♀: 90%
- B SPORTS CENTER : 33%**  
♂: 33% ♀: 27%
- C CAFÉ/RESTAURANT : 31%**  
♂: 30% ♀: 32%
- D CITY PARK : 13%**  
♂: 12% ♀: 14%
- E FRIEND'S HOUSE : 8%**  
♂: 12% ♀: 4%
- F BAR/CLUB : 10%**  
♂: 8% ♀: 12%
- G CONVENIENCE STORE : 4%**  
♂: 4% ♀: 4%

In 2013, Indonesia has around **590 shopping malls**.  
While Jakarta contribute **173 shopping malls**  
And the number increased **3.9%** per year.

The mass grocery retail value sales' **grow** at more than **10%** per year (outlet **shift** to modern markets).



The Business Monitor International released an encouraging growth forecasts for Indonesia's food and beverages sector:

**Food consumption growth:**  
Forecast 2017 +6.9%

**Soft drink sales value growth:**  
Forecast 2017: +8.8%

**Mass groceries retails sales value growth:**  
Forecast 2017: +10%

Tourism industry has raised 124% growth in Foreign Direct Investment from 2013-2016. It contributed **4.23%** of total Indonesian investment in 2015 and it is Projected to rise by **8% in 2019**.

It has become one of the trigger for the development of HORECA Business





# HEALTHCARE

- The National Health Insurance program (launched in January 2014), which trigger the healthcare spending up to 14%.

Indonesia has the faster growth rate in Asia private hospital sector, the number of private hospitals has grown by **59.92%** in the periods of January 2012 though April 2015. The number of public hospitals has increased by **14.78%**. Total **2.601 hospitals in 2017**.



## Medical Device

97% imported

- Medical & Surgical devices
- Health IT
- Health infrastructure
- Food and health supplements
- Household healthcare devices
- Islamic medicines

## Pharmaceutical

10% growth in 2017

27% demand in ASEAN

4 state owned, 178 local companies, 24 MNC

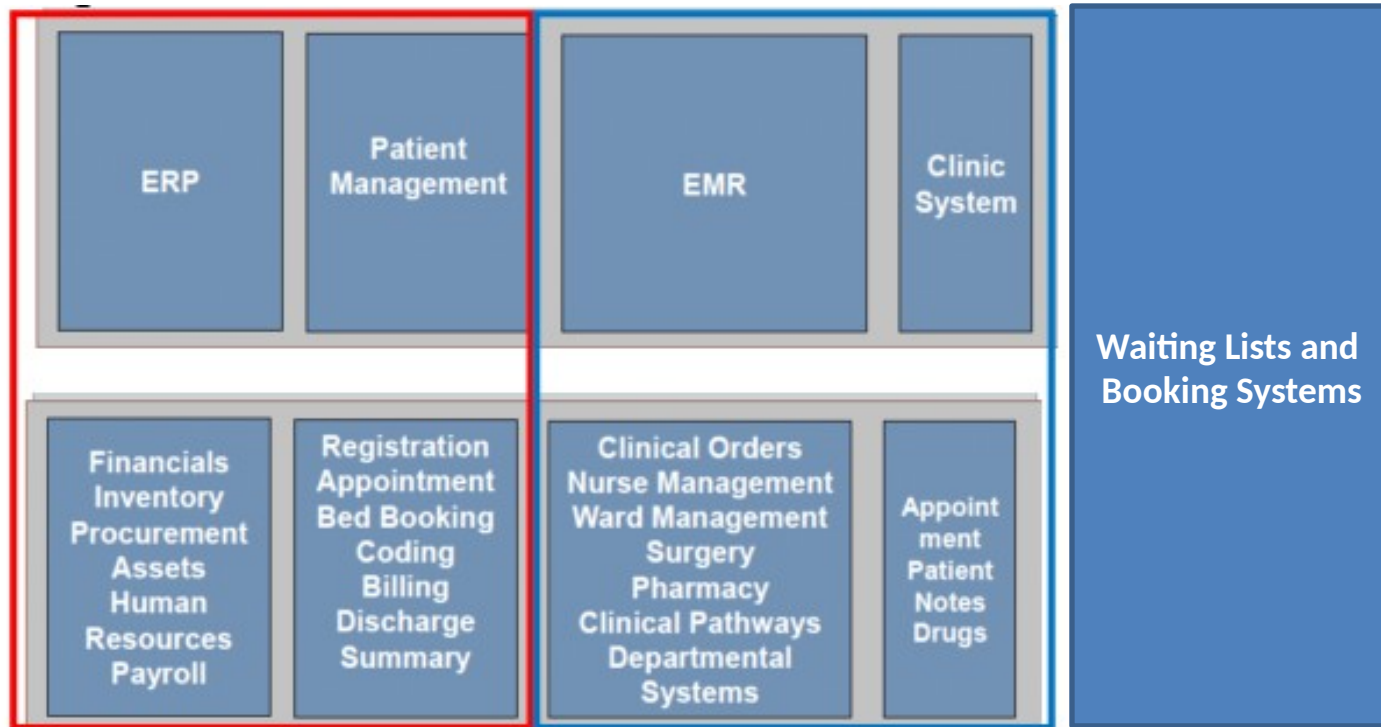
19% medicine imported, 90% raw material imported

Treatment of cancers, cardio vascular disease

# E-Health

The Minister of Health Regulation No. 1171/2011 on Hospital Information Systems,<sup>37</sup> requires all hospitals to implement a Hospital Information System (HIS) or Enterprise Resource Planning (ERP) system. However, many public hospitals and even some private-owned hospitals have until now used solely traditional systems for administration processes and management

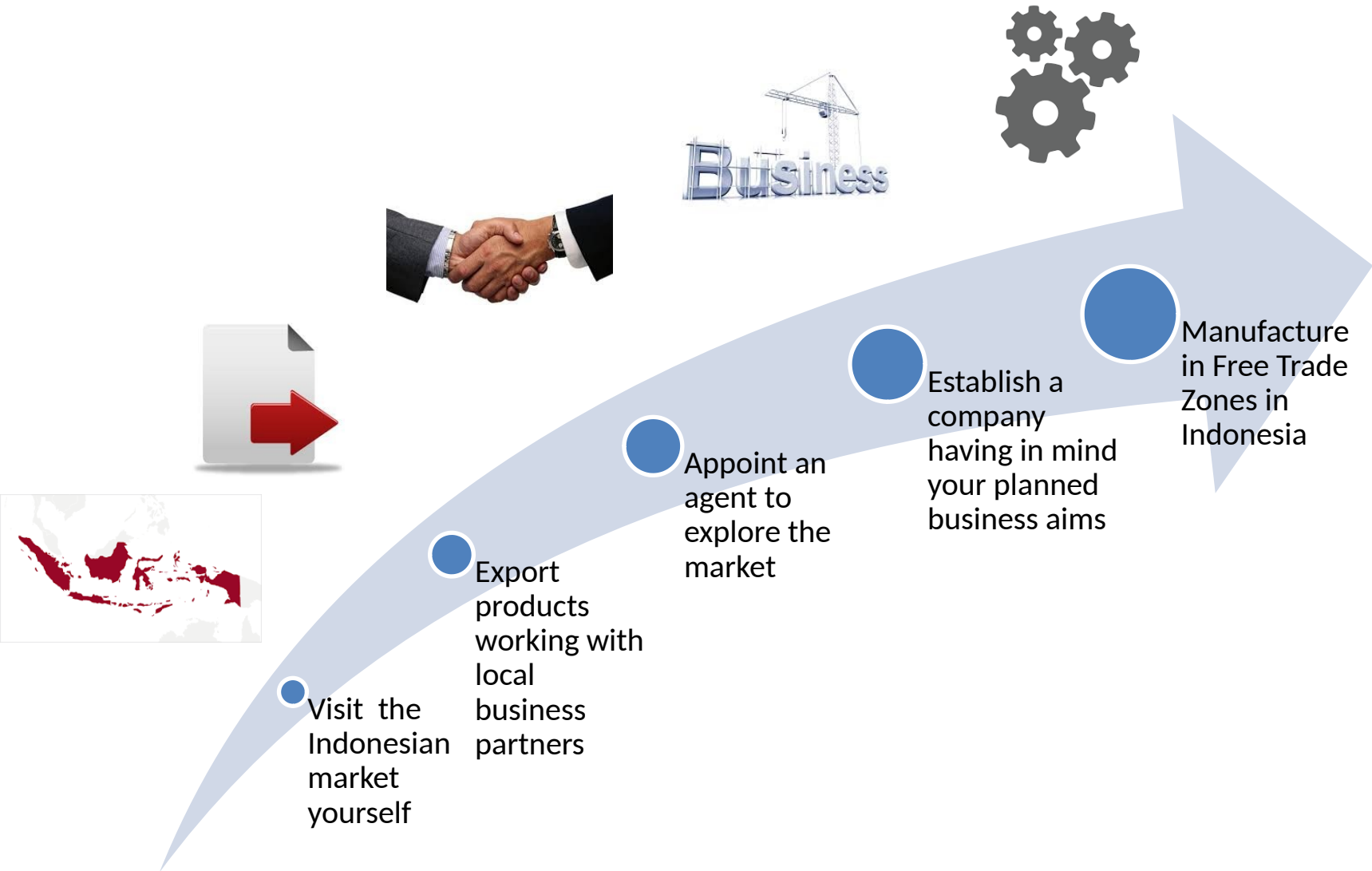
Other technology strains that are likely to gain momentum in the short-term are Mobile Health and Telehealth.



- Currently working in Indonesia
- Future focus in Indonesia



# Steps to Market Entry in Indonesia





YOUR GATEWAY TO INDONESIA



More information ?



[www.eibn.org](http://www.eibn.org)



[info@eibn.org](mailto:info@eibn.org)  
[kumala@eibn.org](mailto:kumala@eibn.org)



A project co-funded by the European Union



## Thank you for your attention!