



Indonesia @ Hannover Messe 2020



BUSINESS OPPORTUNITY IN INDONESIA

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The heart of ASEAN

- ASEAN has more than 600 million population, almost of them are Indonesian
- The ASEAN Economic Community (AEC), formed in 2015, has a combined GDP of \$2.8 trillion, and is also the 3rd fastest-growing major Indo-Pacific economy in the past decade, after China and India.
- As a critical hub for global trade, over \$3.4 trillion in global trade transits through the ASEAN region each year.



As an investment destination, Indonesia has many to offer



Indonesia is abundant
with **natural resources**

2030

The highlight of
**Demography
Bonus**

2.01

million km²
Land area
Indonesia*

3.25

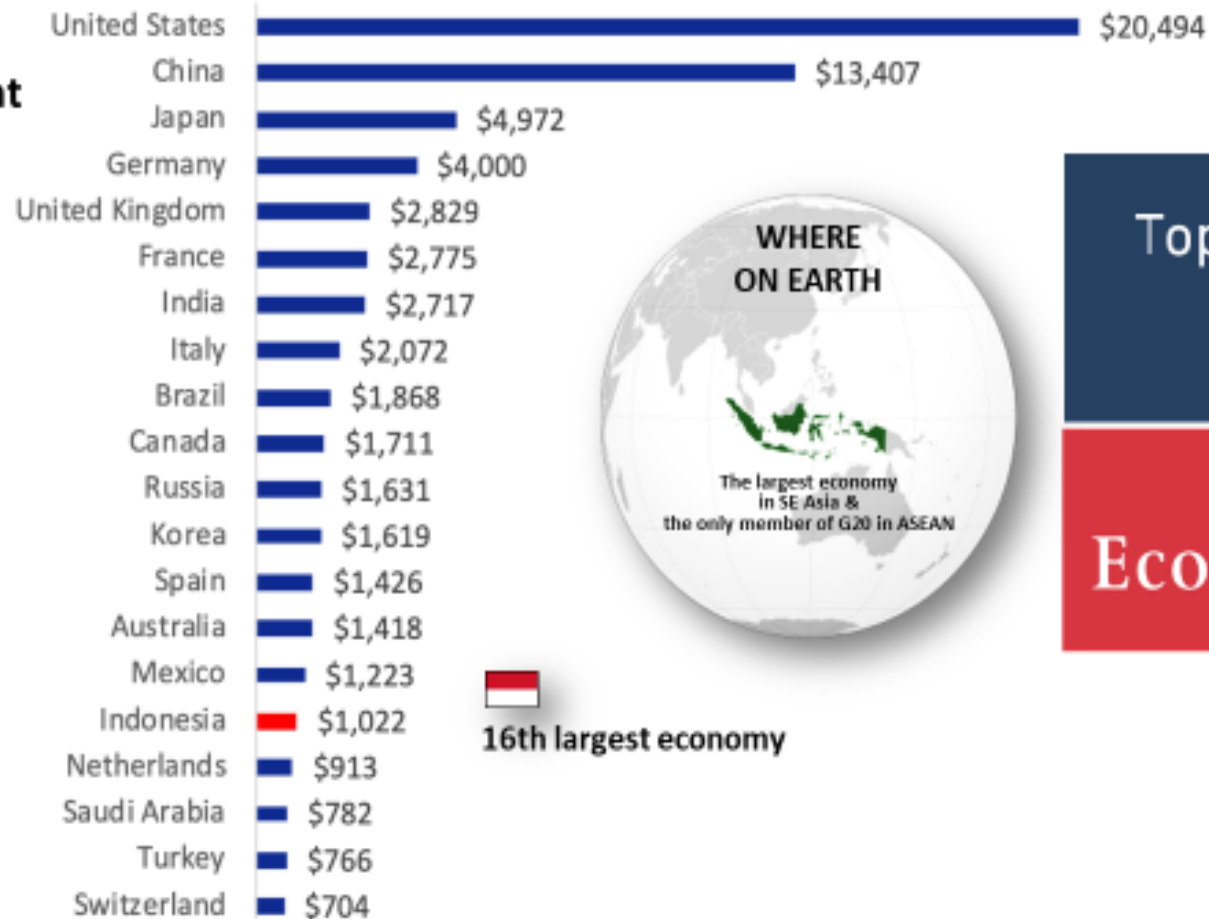
million km²
sea area
Indonesia*

99,093 km

Length of coastline in
Indonesia (2nd longest in
the world)*



Top-20 GDP Current Prices in 2018 (USD billion)



16th largest economy

Top 3

The Economist

Among Asian countries where investor look forward to increase and expand their investment to

Source: International Monetary Fund (IMF) & The Economist, 2018

Indonesia's 2045 vision

- ▶ By the time Indonesia celebrates its 100 years of independence in 2045:
 - Top five of the world economies;
 - ▶ → *total GDP of \$7 trillion;*
 - ▶ → *an annual GDP per capita of \$320 million rupiah (\$22,807).*
 - Out of the middle-income trap;
 - Near 0% of poverty.

Five Priorities of President Joko Widodo Second Term (2019-2024)

▶ 1. Human Resources Development

- ▶ → develop hardworking, dynamic, and skilled human resources;
- ▶ → optimize cooperation with industries.

▶ 2. Infrastructure Development

- ▶ → connect production regions with distribution regions;
- ▶ → provide better access to tourist destinations.

▶ 3. Economic Transformation

- ▶ → transformation from dependency on natural resources to competitive manufacturing

▶ 4. Regulation Simplification

▶ 5. Bureaucracy Simplification

6 (SIX) INVESTMENT PRIORITY SECTORS



Infrastructure

Electricity, road, railway, airport, seaport, etc.
Including:



Special Economic Zone (SEZ)



Industrial Estate (IE)



Manufacturing Industry

Labor intensive, export orientation, import substitution, and downstream industries



Maritime

Including fisheries and cold storage



Agriculture



Tourism

"10 New Bali"



Lifestyle Industry

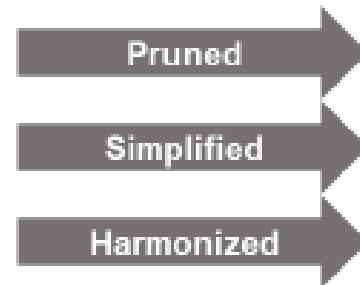
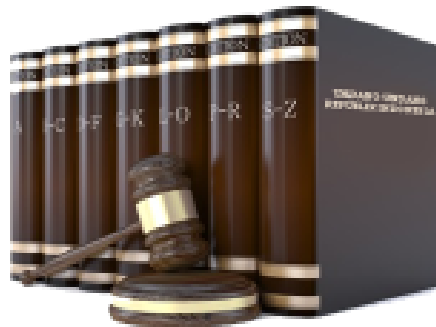
e.g. creative economy, digital industry

Digital economy and education will be the catalyst for pushing 6 (six) priority sectors towards Indonesia 4.0





Historically, the practice of implementing the **Omnibus Law** has been widely applied in various common law system countries, with the aim of improving regulations in their respective countries in order to improve the climate and investment competitiveness.



Omnibus Law is a **Regulation Reform Strategy** so that the arrangement is done at the same time against many laws and regulations

The number of laws and regulations that are disharmony with each other become a matter of regulation.

BENEFITS OF APPLYING OMNIBUS LAW

- 1 Eliminating overlaps in Each Regulation
- 2 Efficiency in Reforming/Eliminating Regulation Process
- 3 Eliminating Sectoral Ego



There are 82 Regulations and 1.194 clauses identified and will be simplified through Omnibus Law, which forming 1 (one) Regulation that revised any terms concerned by others.

In accordance with President Jokowi's direction on various occasions, to improve the investment climate and competitiveness of Indonesia, the Government will immediately submit **2 (two) Bills** to the **House of Representatives** in January 2020

- 1. RUU Omnibus Law on Job Creation**
- 2. RUU Omnibus on Taxation**



6 Pillars of Omnibus Law on Taxation

- 1) Investment Funding
- 2) Territorial System
- 3) Personal Taxpayer
- 4) Taxpayer Compliance
- 5) Business Climate Fairness
- 6) Facilities



11 Clusters of Omnibus Law on Job Creation

- 1) Simplifying Licensing,
- 2) Investment Requirements
- 3) Employment
- 4) Ease, Empowerment, and Protection of MSMEs,
- 5) Ease of Doing Business,
- 6) Research and Innovation Support,
- 7) Government administration,
- 8) Imposition of Sanctions,
- 9) The land acquisition,
- 10) Government Investment and Projects, and
- 11) Economic Zone

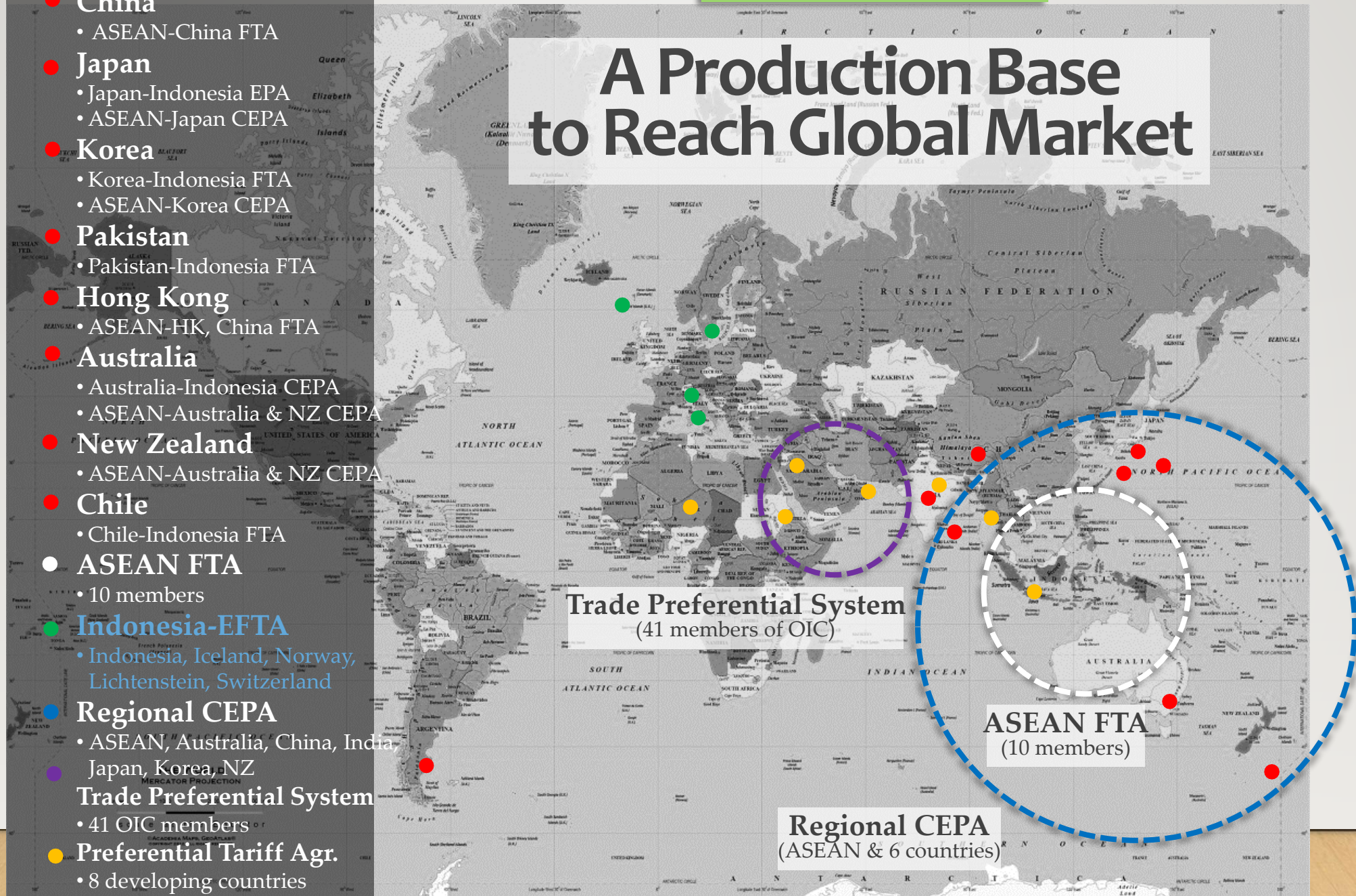
- **China**
 - ASEAN-China FTA
- **Japan**
 - Japan-Indonesia EPA
 - ASEAN-Japan CEPA
- **Korea**
 - Korea-Indonesia FTA
 - ASEAN-Korea CEPA
- **Pakistan**
 - Pakistan-Indonesia FTA
- **Hong Kong**
 - ASEAN-HK, China FTA
- **Australia**
 - Australia-Indonesia CEPA
 - ASEAN-Australia & NZ CEPA
- **New Zealand**
 - ASEAN-Australia & NZ CEPA
- **Chile**
 - Chile-Indonesia FTA
- **ASEAN FTA**
 - 10 members
- **Indonesia-EFTA**
 - Indonesia, Iceland, Norway, Lichtenstein, Switzerland
- **Regional CEPA**
 - ASEAN, Australia, China, India, Japan, Korea, NZ
- **Trade Preferential System**
 - 41 OIC members
- **Preferential Tariff Agr.**
 - 8 developing countries

A Production Base to Reach Global Market

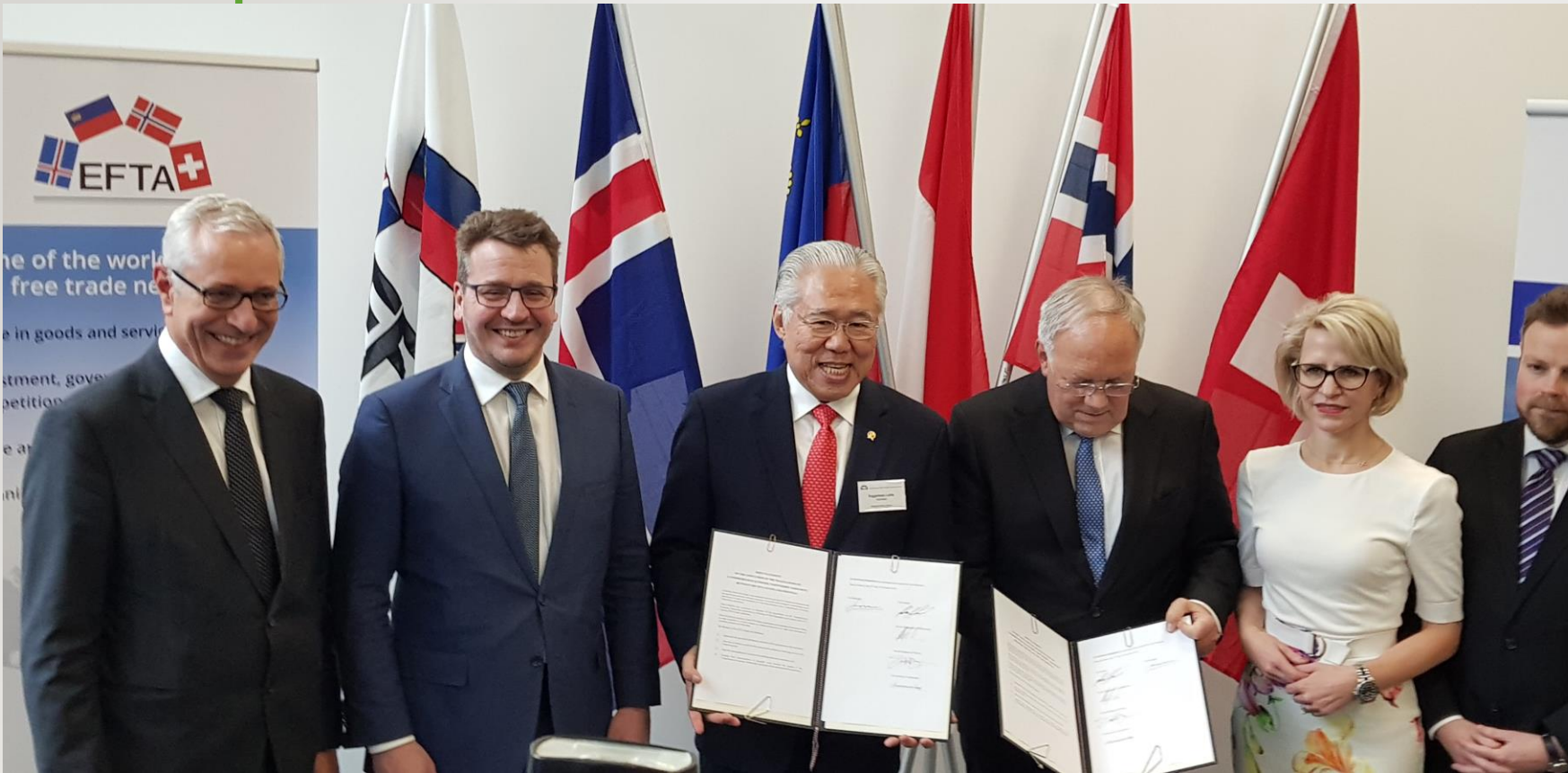
Trade Preferential System
(41 members of OIC)

ASEAN FTA
(10 members)

Regional CEPA
(ASEAN & 6 countries)



Indonesia – EFTA CEPA



- Indonesia and EFTA have signed Comprehensive Economic Partnership Agreement on 16 December 2018 in Jakarta
- Under this agreement thousands of tariff post will be deleted by both sides
- Indonesia and EFTA countries namely Switzerland, Norway, Liechtenstein and Iceland are on the process of ratification of this agreement

Benefits of IE-CEPA



Indonesia will eliminate 8,656 tariff lines or 86.46% from total tariff lines and 98.81% of import value Indonesia from EFTA States.

Switzerland will eliminate 7,042 tariff lines or 81.74% from total tariff lines and 99.65% of import value Switzerland from Indonesia.



Norway will eliminate 6,333 tariff lines or 90.97% from total tariff lines and 99.75% of import value Norway from Indonesia.

Iceland will eliminate 8,100 tariff lines or 94.28% from total tariff lines and 99.94% of import value Iceland from Indonesia.



Preferential Tariff for Indonesia products:



Palm oil



Fisheries product



Gold



Footwear



Coffee



Toys



Textiles



Furniture



Electrical appliance



Machinery



Bicycle



Tyre

Preferential Tariff for EFTA products:



Gold



Medicaments



Tanker



Textile



Watch



Chemical



Mackerel



Machinery



Juice



Parfume

Benefits of IE-CEPA



Investment and Services

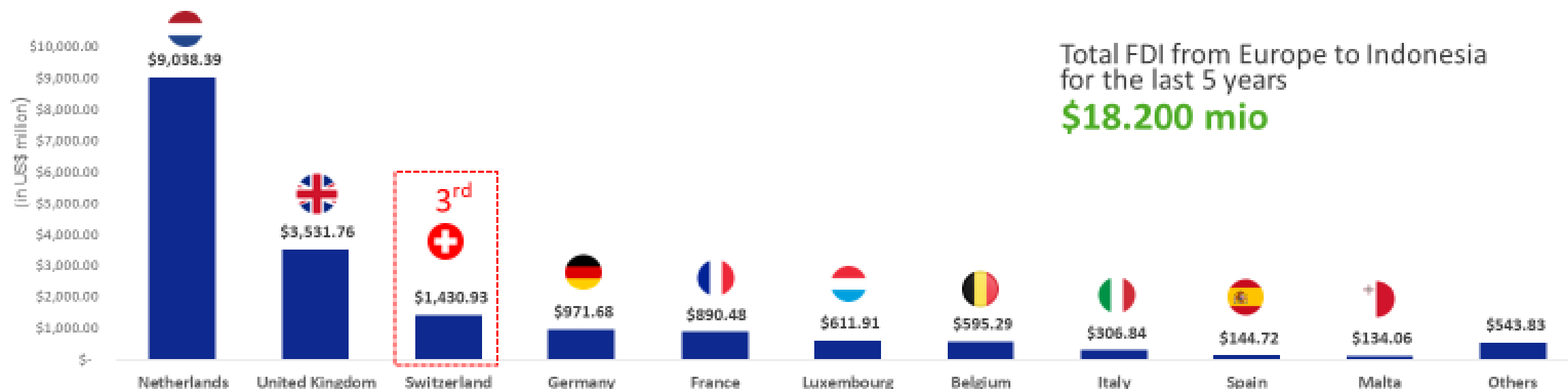
- Trade barriers in services will decrease and open the opportunities for services provider in both parties to be able to enter each other's market.
- IE-CEPA is expected to create an open, stable, predictable, and favourable business climate for investors. Therefore, investors from Swiss are expected to invest more in Indonesia.
- For Indonesia, the flow of FDI from EFTA countries can be utilized for the growth of Indonesia's priority sectors, namely infrastructure, maritime, electronics, energy (especially geothermal), textiles and marine products.



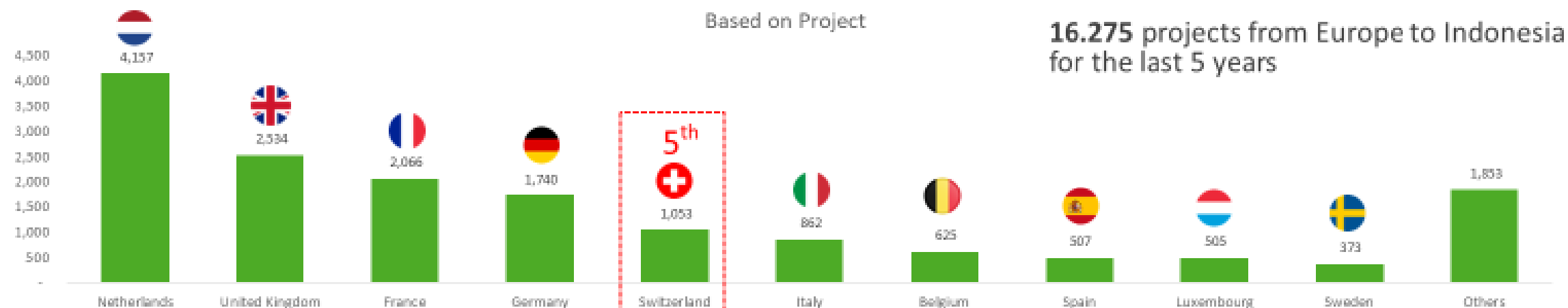
Why Switzerland should invest in Indonesia?

- Indonesia has a big market (266 million people)
- To benefit from the ASEAN Economic Community, including ASEAN Plus-One FTAs, and soon from the Regional Comprehensive Economic Partnership Agreement.
 - Potentially RCEP includes 3.4 billion people or 45% of the world's population, with a combined GDP of about 21.3 trillion USD, accounting for about 40% of world trade.
- There is some improvement in terms of "ease of doing business"
 - Indonesia is the fourth most attractive investment destination by UNCTAD survey for 2016 to 2018 period

EUROPEAN FDI TO INDONESIA 2014 – Q3 2019 (as per 30 September 2019)



Based on Project





Thank
you!!