



# **BUSINESS OPPORTUNITIES WITH INDONESIA**

*Presentation by*

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# WHY INDONESIA ?

**Largest archipelago in the world**

**Land: 16<sup>th</sup> largest in the world**

**3<sup>rd</sup> largest democracy in the world**

**4<sup>th</sup> most populated country**

**Strategically located between Asia and Australia Continent, Pacific and Indian Oceans**

**International trade route**

**Huge market (240 million population)**

**Abundant natural resources**

**Beautiful tropical nature, exotic culture, flora & fauna, fascinating tourist destinations**

# POLITICS



Independent 17 August 1945 from Dutch colonial rule

## Presidents:



1945-1967 Soekarno

1967-1998 Gen. (Ret.) Soeharto → REFORM ERA

1998-1999 Prof. B.J. Habibie

1999-2001 Abdurrahman Wahid

2001-2004 Megawati Soekarnoputri

2004-2009 Susilo Bambang Yudhoyono

2009-2014 Susilo Bambang Yudhoyono

## **GENERAL ELECTION 2009**

9 April 2009 – Election for Member of the House of Representatives (Parliament)

44 parties, 6 local parties, 38 parties national

Democratic Party, Indonesian Democratic for Struggle Party, Functioning Group Golkar Party.

8 July 2009 – Election for President and Vice president

DR. H. Susilo Bambang Yudhoyono and Boediono

# ECONOMY



## Why Indonesia is important

- Strategic location, between 2 continents and 2 oceans
- 240 million people, combined with other ASEAN countries = 500 million
- Total international trade around US\$ 266 billion (2008)
- Competitive variety of products, excellent investment opportunity (infrastructure, energy, tourism, etc)
- Largest trade in commodities:
  - No 1 world's largest producer of Crude Palm Oil, (17 million ton, 2007)
  - Cocoa, No. 3 world's largest producer. (520 thousand ton, 2007)
  - No. 2 world's largest producer of Tin (65 thousand ton, 2007)
  - No. 4 world's largest producer of Copper (818 thousand ton, 2006)
  - No. 5 world's largest producer of Nickel (4.35 million ton, 2006)
  - No. 7 world's largest producer of Gold (89 thousand kg, 2007)

## Most prominent steam coal exporter

- In 2008, total production was 104,756.83 million tons.
- Price of Indonesia's coal is cheaper than international price USD 85,-/ton
- Government has targeted that the state revenues from coal in 2009 will be USD 10 million.

# INVESTMENT

## New Investment Law

### Features:

- Equal Treatment
- No Minimum Capital Requirement
- Free to Repatriate Investment & Profit
- Legal Guarantee
- Dispute Settlement
- Investment Services

### Pro business (as well as pro growth, pro job, and pro poor)

- “Convert red tape into red carpet” for investors
- Open up several sectors previously in the negative list
- Cutting procedures and time to start business in Indonesia

## Facilities:

### Land rights

- 95 years of cultivation rights
- 80 years of building rights
- 70 years of land usage rights

### Immigration

- For investors and foreign workers

### Fiscal incentives

- Exemption or deduction of income tax

Website of the Indonesian  
Investment Coordinating  
Board

[www.bkpm.go.id](http://www.bkpm.go.id)

## Primary investment opportunity:

- Refinery & Petrochemical
- Iron, Steel & Specialized Steel
- Primary Commodities
- Telecommunication



# Priorities in facing the impact of world economic crisis

Policies and concrete actions are based on *pro growth, pro poor and pro job* through:

- Protecting the workforce from the impact of the global economic crisis
- Controlling inflation
- Maintaining the growth of the real economy
- Safeguarding the people's purchasing power
- Protecting the poor
- Improving self sufficiency in food and energy

## Indonesia Economic outlook

\* Optimistic that the economy in the third quarter of 2009 to remain high because of the increased investments since the second quarter of 2009 of 7.6% growth compare to 3.5% in the first quater. Export in the second quarter of 2009 grew by 14.4%, compared to the first quarter which grew 12.4%.

\* Indonesia's economy is predicted to grow by 6% by considering the global economic downturns and reserving development priorities already planned in Government Action Plan 2009: inflation rate 6,2%, exchange rate Rupiah 9.400/USD, interest rate 7,5%, ICP USD 80/barrel and political compromises achieved in the form of macro-economic assumptions between the Government and Parliament.

\* Economic stimulus package of USD 5 billion, especially to address the looming impact of the current global financial crisis.

**International Monetary Fund (IMF)** praised the economic strength of Indonesia in the midst of the flaming of the global crisis owing to the strong fundamentals and good policy response.

1. Private consumption supported by a package of fiscal stimuli has already protected economic growth of Indonesia to remain positive and including the highest in Indonesia.
2. Financial sector has recovered from the impact of the flaming of the world financial market in the beginning, while the investors' sentiments have already improved for the last several months.
3. Economic growth in 2009-2014 is projected to improve and GDP will be more than 6% in 2009.
4. Under the leadership of President Susilo Bambang Yudhoyono and Vice President Boediono, the economic growth will be able to reach 9%.
5. Next 5 years, the Indonesian economic growth will be parallel with countries which have fast economic growth such as: Brazil, India, China and Russia.

## Indonesian Basic Economic Fact

	2007	2008 *
<b>GDP Growth in nominal value</b>	6.3%, USD 407.52 billion **	6.1% (revised from 6.4%) USD 444.29 billion **
<b>Purchasing Power Parity</b>	USD 1,308.27 **	USD 1,129.02 **
<b>Reserves</b>	USD 56.9 billion ***	n.a.
<b>Exchange rate of Rupiah (for USD 1)</b>	Rp. 9,125	Rp. 9,100
<b>Inflation</b>	6.6%	6%
<b>Bank Indonesia's benchmark rate</b>	8.25%	7.5%
<b>Budget deficit</b>	1.3%	1.7%
<b>Export ****</b> <b>Import ****</b>	USD 114.1 billion USD 74 billion	n.a.
<b>Investment realization</b> <b>Domestic investment</b> <b>Foreign investment</b>	USD 14.21 billion (up 72% from 2006) *** USD 3.84 billion USD 10.34 billion	n.a.

\* Source: Indonesian Finance Ministry

\*\*\* Investment Coordinating Board

\*\*\*\* Central Bureau of Statistics

\*\* International Monetary Fund

## Impact of the bomb explosions in the JW Marriot and the Ritz Carlton Hotel on 17 July 2009

1. The government will not revise the economic growth of Indonesia for 2009 and has strong economic fundamentals.
2. The development of various economic indicators a few days after the bombing showed relatively normal condition. The government guarantees the smoothness of flow of goods by raising the vigilance at the airports and the seaports as well as gives protection for the confidence of the economic doers.
3. Foreign investments in Indonesia did not receive a negative blow from the consequences of the bombing. Foreign investors think in a long term, and the bomb incident is temporary, so that the criterion for long term investments was not worsened. The bigger investments are more influenced by the macroeconomic signals.
4. Inflation in July 2009 between 0.2-0.5%, while in July 2008 was 1.37%.
5. Only a travel advice from several countries issued for being careful when visiting Indonesia.
6. No cancellation of the trips by Bulgarian citizens to Indonesia. No outflow of Bulgarian from Indonesia as a consequence of the bomb tragedy.
7. Global travel magazine *Travel and Leisure* name Bali its Best Island in the World in 2009 beating out other unique islands like the Galapagos islands in Ecuador, Kauai in Hawaii and the Maldives. The United Nations World Tourism Organization for Asia Pacific said that Indonesia's resilience in the face of tragedy was a proven value based on the figures achieved in the tourism sector. "Tourist arrivals, especially to Bali, are on the rise."

# TOURISM



- Ultimate in diversity
  - Ethnic groups: Javanese 40.6%, Sundanese 15%, Madurese 3.3%, Minangkabau 2.7%, other or unspecified 29.9% (2000 census)
  - Religions: Muslim 86.1%, Protestant 5.7%, Roman Catholic 3%, Hindu 1.8%, other or unspecified 3.4% (2000 census)
- 583 languages and dialects
- Indigenous culture + foreign influences over time = rich cultural heritage
- Varieties of culture, each ethnic group has their own unique cultural items:
  - Traditional dances
  - Traditional dress
  - Various local languages and dialects
  - Music
  - Cuisines

## UNIQUE FLORA



- Rafflesia Arnoldi  
(Largest flower in the world)
- Moon orchid
- Jasmine
- Etc.



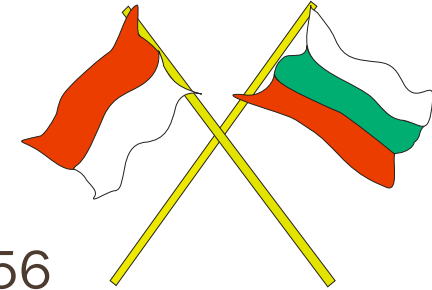
# UNIQUE FAUNA

- Orang Utan  
Found in rainforests on the islands of Kalimantan (Borneo) and Sumatera
- Cendrawasih  
Found on Eastern part of Indonesia, especially in Papua
- Tarsius  
Smallest monkey in the world
- Komodo  
Largest living lizard in the world  
Finalist in the “New 7 Wonders of Nature” competition. Open the Indonesian Embassy’s website: [www.indonesia.bg](http://www.indonesia.bg) and click vote now.





# INDONESIA AND BULGARIA



- Cordial diplomatic relations since 21 September 1956
- Indonesia sees Bulgaria as important partner:
  - Not judging by size but by significance
  - Both important players in respective region (Bulgaria member of the EU, Indonesia member of ASEAN, ASEAN-EU dialogue partnership, ASEM)
  - Both countries can facilitate each other's relations to each respective region
  - Both countries are blessed with rich cultural heritage
- Both countries are young and emerging democracies
- Both are dynamically developing countries
- President Georgi Parvanov visited Indonesia in 2003.
- Visa On Arrival Facilities given to Bulgarian citizens since 2006.
- 3 hours to obtain tourist visa at the Indonesia Embassy

# Priorities of Cooperation

## Economic cooperation:

- Trade
- Tourism
- Investment

## Other fields:

- Culture - Energy - Agriculture – Education – Health –  
Law - Defense

# TRADE

	2006	2007	2008
Export	20.55	14.67	19.78
Import	14.22	21.74	31.65
Total	34.77	36.41 (up 4.71%)	51.43 (up 41.23%)

**(In Million USD, Bulgarian National Statistic Institute)**

	2006	2007	2008
Export	19.16	37.51	71.46
Import	19.96	11.61	16.29
Total	39.12	49.12 (up 25.5%)	87.76 (up 78.66%)

**(In Million USD, BPS Indonesia)**

**TRADE BULGARIA AND INDONESIA, PERIOD JANUARY – APRIL 2009**  
(million Leva)

	Export to Indonesia			Import from Indonesia		
	2008	2009	%	2008	2009	%
January	1,6	7	+ 337,5%	4,4	3,8	- 13,6%
February	0,9	3,3	+ 266,7%	2,7	3	+ 11%
March	1,7	2,5	+ 47,06%	2,6	2,7	+ 3,8%
April	0,3	2,5	+ 733,3%	2,9	2,4	- 17,3%
<b>Total</b>	<b>4,5</b>	<b>15,3</b>	<b>+ 240%</b>	<b>12,6</b>	<b>11,9</b>	<b>- 5,6%</b>

### Indonesia's largest export to Bulgaria (by commodities)

2003: Coffee, coffee husks etc, substitutes with coffee

2004: Palm oil & its fractions, not chemically modified

2005: Palm oil & its fractions, not chemically modified

2006: Coffee, coffee husks etc, substitutes with coffee (42.01% of Bulgaria's total import)

2007: Palm oil & its fractions, not chemically modified (54.35%)

2008: Coffee, palm oil, other furniture and parts, monitors and projectors , reception apparatus for TV, prepared fish, caviar, animal or vegetable fats or oils, wood (strips and friezes) for parquet, seats

**Note :** For the first time Bulgaria bought Robusta Coffee straight from Indonesia through the Association of Exporters of Indonesian Coffee, Lampung branch. Before that Bulgaria had bought Indonesian coffee from the London commodity exchange. By direct trade, the obtained price became cheaper.

### Other main export commodities

- + Video recording and appliances
- + Margarine
- + Furniture and parts
- + Vegetable fats & oils
- + Seats (except barber, dental, etc)
- + Builder joinery and parts
- + Textile and yarn
- + Fisheries
- + Wooden products
- + Coconuts, nuts
- + Sheets and film

- **Indonesia's largest import from Bulgaria (by commodities)**
  - 2003: Carbonates, peroxocarbonates, comm amm carbonate
  - 2004: Seeds, anise, badian, fennel, coriander, cumin etc
  - 2005: Carbonates, peroxocarbonates, comm amm carbonate
  - 2006: Seeds, anise, badian, fennel, coriander, cumin etc (14.94% of Indonesia's total import)
  - 2007: Carbonates, peroxocarbonates, comm amm carbonate (21.15%)
  
- **Other main import commodities**
  - + Tobacco
  - + Machinery for metal
  - + Vegetable extract
  - + Animal feed
  - + Explosives and ammunition
  - + Paper products
  - + Ceramic goods
  - + Tire and rubber
  - + Machinery for rubber & plastic
  - + Polymer product
  - + Garment
  - + Chemical Products

# INVESTMENT

## Indonesian investment in Bulgaria 2007 – 1<sup>st</sup> Quarter 2009:

(in Euro million)

Activity breakdown	2007	2008	Q1 2009
Agriculture, hunting and forestry	0,25	0,71	
Manufacturing	0,25	0,00	
Wholesale and retail trade: repair of motor vehicles, motorcycles and personal and household goods		0,01	
Hotels and restaurants	0,01		
Other community, social and personal service activities	0,00		
<b>Total</b>	<b>0,51</b>	<b>0,72</b>	<b>0,02</b>

## BULGARIA'S INVESTMENT IN INDONESIA 2009

Field of investment	Amount of investment
<b>Resort</b>	US\$ 75,000.00
<b>Trade, export and import:</b> <ul style="list-style-type: none"> <li>- Export of wooden furniture- cupboards and chairs; bamboo handicrafts-chairs and tables;</li> <li>• Import of durable foodstuff (biscuits) and durable drinks (drink supplements)</li> </ul>	US\$ 50,000.00
<b>Business consultancy management</b>	US\$ 90,909.00
<b>Trade, export and import</b> <ul style="list-style-type: none"> <li>- Export of commodities from natural stones(marble, granite, onyx); wooden furniture(bench, table, chair, bed); batik clothes; handicrafts (wooden statues; bags; paintings);</li> <li>- Import of PVC profiles, metal components for doors and windows</li> </ul>	US\$ 250,000.00
Fertilizers distribution project in East Kalimantan	US\$ 2000.000.00
<b>Total Bulgarian Investments</b>	US\$ 2.465,909.00



## INTERNATIONAL SPRING FAIR, PLOVDIV, 2009

- Indonesia participated as Partner Country in International Spring Fair in Plovdiv 2009 was based on the invitation of the Executive Director of the International Fair Plovdiv (IFP) AD, Georgi Gergov.
- 28 Companies with products: furniture, jewellery, handicrafts, garment/textile, batik, leather (shoes and handbags).
- Indonesia's participation as a PC in the ISF 2009 was highly appreciated. As the state with the 4<sup>th</sup> biggest population in the world that has abundant natural resources, and also a member of G-20, its participation has already added important significance to ISF 2009.

# BUSINESS TOURISM TRIP (BTT)

- Annual Programme of the Embassy of the Republic of Indonesia, Sofia since 2004
- Business and leisure combined
- Five successful BTT programs since 2004
- Arranging your business and tourism trip to Indonesia
  - Attend the Trade Expo Indonesia in Jakarta;
  - Leisure on selected tourism sites in other cities in Indonesia.

## BTT 2008

- Participants : 33 Bulgarian Business People (Furniture, Car Accessories, Building Materials, Agriculture Products, Food, Handicraft, Crude Coconut Oil, Fish Products, Textile, Spa, etc)
- Programme : 19-23 October in Jakarta (received by Minister for Trade Ms. Marie Pangestu); Jakarta - Solo - Jogjakarta; and Bali.

# TRADE EXPO INDONESIA (TEI) 2008

- Trade Expo Indonesia 2008 successfully attracted more than 7,444 buyers from 119 countries.
- Total trade transactions valued at US\$ 217.29 million.
- The top 5 highest transaction products in 2008 were: Furniture; Mining Products; Automotive and Automotive Components; Crude Palm Oil (CPO); Paper Products
- Bulgaria ranked 2nd worth US\$ 12,24 million among the top five highest transaction countries with the following commodities: building material; furniture; handicrafts; multiproducts; spices; wooden products.

## BTT 2009 PROGRAM (11 DAYS)

Programm: 26 October – 6 November 2009

27 – 30 October in Jakarta (visit to 24<sup>th</sup> Trade Expo Indonesia)

30 – 31 October in Malang

31 October – 1 November in Surabaya

1 - 5 November in Bali

# TRADE EXPO INDONESIA 2009

24<sup>th</sup> Trade Expo Indonesia, 28 – 31 October 2009, Jakarta

- **Wide range of Indonesian Products:** agricultural; automotive; components; building materials; chemical; electronics & electrical equipments; leather; food and beverages; furniture; glassware; handicrafts; heavy machineries & equipments; household goods; healthcare, herbal & medicine; jewelries; paper and stationeries, rubber, sport equipments, textile and garments, wood, miscellaneous
- Deal directly with producers, manufacturers, owners or CEOs
- Satisfaction and comfort in products selection, quality and price
- Competitive prices from direct producers
- Business meeting/one-on-one meeting

See website: <http://www.tradexpoindonesia.com/>

## **JAKARTA**

- Jakarta is the capital and largest city in Indonesia (661.52 km<sup>2</sup>) with population about 9 million.
- It is the 12<sup>th</sup> largest city in the world; the metropolitan area, called Jabodetabek, is the 6<sup>th</sup> largest in the world.
- It was formerly known as Sunda Kelapa (397–1527), Jayakarta (1527–1619), Batavia (1619–1942), and Djakarta (1942–1972). A historic city
- It is the country's economic, cultural and political center.

## **SURABAYA**

- Capital of East Java Province, 2<sup>nd</sup> largest and business city after Jakarta with 3 million people.
- Second fast-growing and the hub of business activities in Eastern Indonesia.
- It is also called “Indamardi City” and has the facilities for industry, trade, navy and education.
- Cleanest city in Indonesia.

## **MALANG**

- Second largest city in East Java Province and 4<sup>th</sup> largest city in Indonesia with 3,5 million people
- During the period of Dutch colonization, it was a popular destination for European residents. People in East Java call it “Paris van East Java” or “Paris of East Java”.
- It save the historical value of the past Kingdom in Malang regency, they are among others: Singosari temple, Jago temple and Kidal temple. Other tourism objects such as: boban Rondo waterfall, Mount Kawi, Mount Bromo panorama, Karangates recreation park and the others.

## **BALI**

- Bali is an Indonesian island located between Java to the west and Lombok island to the east.
- It is home for 3,151,000 (2005) people and also to the vast majority of Indonesia's Hindu minority.
- 93.18% of Bali's population adheres to Balinese Hinduism, while most of the remainder follow Islam.
- It is the largest tourist destination in the country or even in the world and is renowned for its highly developed arts, including dance, sculpture, painting, leather, metalworking and music.

# NOTE

- Registration deadline 7 September 2009
- Deposit 50% of total price per participant on 7 September 2009
- Price Euro 1735.
- No refund after total payment is made.
- Change of travel schedule will be subject to additional cost borne by the participant.
- Full payment will be determined by the travel bureau for BTT 2009 .
- Package price does not include personal expenses, such as minibar, laundry, telephone, etc.
- Contact person:
  - Mr. Djarot P. Putro
  - Ms. Tomina Martinova
  - Indonesian Embassy in Sofia
  - Telephone +359.2.962 5240/4418
  - Fax +359.2.962 4418
  - Email: [ekonomi@indonesia.bg](mailto:ekonomi@indonesia.bg)

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БЛАГОДАРЯ

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