

KADIN Business Support Desk

Indonesian Chamber of Commerce and Industry

BSD Bulletin

Indonesia Trade & Investment News 10/12

INDONESIA AND THE REGION

[AEC Symposium: ASEAN urges private sector to play active role in AEC](#)

ASEAN Deputy-Secretary General for ASEAN Economic Community Lim Hong Hin urged the private sector to engage actively in realizing the ASEAN Economy Community, in what he called as a “market-driven process.”

Hong Hin made the remarks as government officials, business communities and academics gathered in Jakarta for a full-day symposium examining the progress of ASEAN economic integration. “To the extent that the implementation of the AEC requires the understanding and participation of the private sector, an active involvement of this sector is crucial,” Hong Hin said. “Since the AEC is a market-driven process, we have to make sure that the markets are well informed and consulted of our initiatives.”

Since the AEC goal was first announced by the ASEAN Leaders in 2003, countries in the region have been implementing measures to create a single market and competitive region. Measures to underpin the AEC in such areas as ASEAN single window, single aviation market, integrated investment area, and integration of financial markets have so far increased the attractiveness of ASEAN. However, as discussed in the Symposium, there are still challenges that need to be addressed. “The challenge now is to make the AEC happen by addressing those measures that impact the markets most,” said Iman Pambagyo, Director-General of International Trade Cooperation, Indonesian Ministry of Trade, who also spoke in the Symposium.



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Events & Imprint

Datuk Noharuddin Nordin, the CEO of Malaysia's MIDA even went a step further: he called on governments to listen and actively support private sector-driven initiatives in the region. Subsequently the participants of the symposium had the opportunity to share the vivid discussion of some global company representatives with a sound track-record in ASEAN. According to Datuk Noharuddin Nordin, This expertise is needed to make investing in ASEAN more exiting, to 'make it more sexy', so the MIDA representative.

The AEC Symposium is a first of a series of symposiums that will be organized starting this year, in the run-up to the establishment of the AEC by 2015.
Source: ASEAN Secretariat; own contributions.

INDUSTRY NEWS

[Shortcomings Are Not Left Unnoticed by WEF](#)

Indonesia slipped four places in the World Economic Forum's (WEF) new Global Competitiveness Index (GCI), particularly due to inefficient government bureaucracy and corruption, inadequate infrastructure, poor ethics in its national labor force and restrictive labor regulations.

The 2012–2013 report, published on Sept 5, showed that Indonesia's competitiveness ranking fell to 50th out of 144 countries surveyed, a further decline after last year's slide of two places. However, "Indonesia remains one of the best-performing countries within the developing Asia region", ahead of the Philippines, Vietnam, and all South Asian nations, while still trailing Malaysia, China, and Thailand. "The institutional framework [ranked 72nd] is undermined by concerns about corruption and bribery, unethical behavior within the private sector and the cost to business of crime and violence," the report says. The report also pointed out Indonesian infrastructure, ranked 78th remained "largely underdeveloped".

On the positive side, the country's macroeconomic environment continued to be stable which is "reflected in the improving, [...],country credit rating." The report continues mentioning Indonesia's entering of the efficiency-driven stage of development. Therefore "its competitiveness increasingly depends on more complex elements." In this context the "many rigidities [...] and inefficiencies of the labor market" should be tackled.

Trade Minister Gita Wirjawan said the drop in the competitiveness ranking would be the government's job to improve. "We're moving in a fluid world, in which

other countries may have worked harder than us. This [decline] is a kind of push for us to work even harder," he said on the sidelines of APEC-related meetings in Vladivostok, Russia. However, Gita argued that another indicator to measure economic performance was investment, which currently showed an upward trend in the country.

Further information: www.weforum.org/issues/global-competitiveness

Source: The Jakarta Post, Jakarta September 06 2012; own contributions.

[Indonesia—The Official Partner Country of ITB Berlin 2013](#)

ITB Berlin is the leading B2B-Platform of all tourism industry offers. It also provides unique opportunities to benefit from the leading think tanks of the global tourism industry. All levels of the value added chain are present: tour operators, booking engines, destinations, airlines, and hotels right through to car rental companies. ITB Berlin 2013 will be held on March 6-10.

In 2013 Indonesia will be the official partner country of ITB Berlin. Dr. Sapta Nirwandar, Vice Minister of Ministry of Tourism and Creative Economy of the Republic of Indonesia and Dr. Martin Buck, Vice President of the Competence Center Travel & Logistics, signed a preliminary agreement on behalf of the world's leading travel trade show and the future partner country of ITB Berlin. "In recent years Indonesia has experienced huge economic growth. As one of the heavyweights in South-east Asia, Indonesia also offers great potential for Germany, its foremost trading partner in the European Union. Our participation in ITB Berlin 2013 will give a long term boost to our popularity on the German and international market, and with our wide range of tourism products we will be sending out a positive signal to both trade vistors and the general public. Indonesia is rich with long history, cultures and heritages." said Dr. Sapta Nirwandar.



“Indonesia is growing much faster than China and as the Official Partner Country of ITB Berlin 2013 Indonesia will take the fullest advantage of this unique opportunity to showcase the new wonderful experiences that Indonesia offers and to get the widest publicity possible from the strong media presence during the ITB for the brand ‘Wonderful Indonesia’ which underpins Indonesia’s wonders of sights, tastes, culture and attractions, and represents a bold step in destination marketing; and it invites visitors to immerse themselves in the adventure of discovering the wonders of Indonesia.”, said Raimund Hosch, Messe Berlin CEO.

Source: Own contribution

IMF’s ECONOMIC HEALTH CHECK - Indonesian Domestic Demand Likely to Sustain Robust Growth

Prudent macroeconomic policy and structural reforms over the last decade, on top of solid fundamentals, have placed Indonesia in a strong position to deal with the continuing uncertainty in the global environment, say IMF economists in their regular assessment of one of Asia’s largest economies.

“Corporate and financial sector balance sheets are healthy, and the sharp reduction in the public sector debt burden has provided the authorities with room to respond with further stimulus if needed,” said the IMF’s mission chief for Indonesia, Sanjaya Panth.

Growth eases

In their annual health check of the country’s economy, also known as the Article IV report, the IMF’s economists said Indonesia’s growth is expected to ease to 6% in 2012 from 6.5% in 2011, with weaker external conditions likely to be offset by moderate fiscal stimulus. The country’s growth rate is then projected to recover to 6.3% next year and, with the right policies, is expected to rise further over the medium term, provided global economic conditions remain broadly favorable.

But the report predicts that strong domestic demand, underpinned by robust credit growth, will likely push inflation to 5% by year end, and the current account is expected to shift to deficit this year due to weak global demand. Over the medium term, it is likely to remain in deficit because of high levels of capital goods imports financed by foreign direct investment. “The projected current account deficit is not due to any fundamental weakness in the Indonesian economy, but is to be expected given the authorities’ welcome plans to boost investment over the medium term, and to strengthen social protection schemes,” said Panth.

Risk perceptions remain elevated

But Panth also warned that risk perceptions remain elevated, contributing to a decline in international reserves in the past year, and underscoring the importance of addressing policy uncertainties. “To a large extent, global factors lie behind recent weaknesses but domestic policies have also played their part,” he said.

Easier monetary conditions may have contributed to inflation momentum, say the IMF economists, who urged Bank Indonesia to continue to move back to a more neutral policy stance by steering money market rates toward to their announced policy rate. They welcomed the recent introduction of stricter prudential controls, such as tighter limits on car and mortgage lending as steps to safeguard financial stability, but said they could not substitute for traditional monetary policy tools in addressing macroeconomic risks.

More investment, business reforms

Indonesia is reaping the benefits of a young and growing population, and a sustained recovery in investment levels. But achieving higher and more equitable growth will require further measures, says the report, which points to the possibility of increasing public infrastructure investment, identified by numerous business surveys as a major constraint in Indonesia.

More generally, maintaining the momentum of structural reforms will be critical for sustained, inclusive growth. Financial deepening will be key to mobilizing domestic savings to fund both private and public investment, as well as providing a greater range of financial products.

Reforming Indonesia’s labor laws, which are relatively rigid in international comparison, would help create greater formal and youth employment. Improved public spending on infrastructure, health, and education would also better equip the young for the formal labor market and lead to more equitable growth.

An open foreign trade and investment regime, along with improvements to the business climate, would also bolster Indonesia’s attractiveness to both domestic and foreign investors. Employment, incomes, and productivity should all rise on a sustained basis as public investment and structural reforms improved the comparative advantages of the Indonesian economy outside the resources sector.

Source: [IMF, September 25, 2012](#)



FOREIGN INVESTOR COLUMN

[The ASEAN Business Outlook Survey 2012/2013](#)

Each year AmCham Singapore coordinates the study of the eight ASEAN AmCham's (Cambodia, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam - Ho Chi Minh City and Vietnam - Hanoi) to survey senior members from U.S. companies to gather insights about business conditions and sentiment in the region.

This year's survey, released on 30 August, 2012, found that U.S. companies are very optimistic about business prospects in ASEAN. In a poll of 356 senior executives from U.S. companies across the region, 90% of survey respondents expect their company's level of trade and investment in the ASEAN region to increase over the next five years, and 27% expect the level to increase significantly. While U.S. businesses view the business outlook in ASEAN very favorably, the survey found substantial concern regarding corruption, which was the top issue for respondents in all countries except Singapore.

In 2012, the outlook for the ASEAN region was very positive, with 92% of respondents indicating a positive or very positive outlook on the ASEAN region as an investment opportunity for their companies. In addition, 69% of respondents expect ASEAN importance to increase in the next two years. Further, 70% of companies in ASEAN are planning to expand due to the desire to increase market share. This year, a majority of respondents (60%) predict that there will be a total workforce expansion.

ASEAN continues to grow in importance for businesses in the region. The majority (67%) cited that ASEAN grew in importance during the past two years, and even more respondents expect that ASEAN's importance to their business will increase over the next two years, as mentioned above. The majority of respondents (65%) believe that ASEAN integration is important to their company for doing business in the region.

There have been several ASEAN integration programs put in place. The ASEAN Framework Agreement received the highest positive response rate (64%). Of the ASEAN Free Trade Agreements, the agreement with China can be utilized by the most respondents (47%). The agreement with China received the most positive importance rating (78%), followed close by Japan (77%) and India (76%).

The large majority of companies (70%) plan to expand their business in ASEAN, while only 2% plan to contract. Of those companies that will expand, most (57%) of those have plans to do so in Vietnam. Thailand is the second most popular location for expansion at 11%. In the coming year, 70% of respondents believe that their

company will see profit increases in ASEAN. However, companies in ASEAN still face challenges, including corruption.

Corruption continues to be the most significant major concern across the region. In addition, housing costs emerged as a new major concern this year. This concern is most prominent in Singapore, where 77% of respondents suffer from crippling housing costs. This year, countries across the region have enjoyed a positive sentiment towards the U.S., high personal security, and improved political stability and infrastructure. Singaporean respondents overall have the highest rates of satisfaction with local business factors. Despite certain concerns, almost all of respondents (96%) state that expatriate employees are generally happy with their assignment, and most attempt to extend their time in the response location.

Southeast Asia remains a region of new opportunities, and businesses continue to grow and flourish in ASEAN countries. Respondents find that most countries provide a comfortable environment for foreign companies. Although corruption continues to be a major concern in the region, the majority of companies are still expecting profit increases and expansion in the near future.

To read the complete report please go to:
www.amcham.or.id

Source: [AmCham Indonesia](#)

REFORM AND POLICY UPDATES

[The New Regulation in Franchising](#)

The Trade Ministry has announced a regulation limiting the operations of global franchises in Indonesia in what is seen as a government effort to protect local businesses and improve their ability to compete with international players. The 2008 regulation on franchises will be revised to provide local business owners more opportunities and sell 80% of the domestic products. It also set the maximum amount of retail that allowed in one area.

According to Amir Karamoy, Head of the Permanent Committee for Franchise and License of the Indonesian Chamber of Commerce, the duty of foreign franchisor is to embrace the local entrepreneurs. He predicts there will be 100 foreign franchisors coming to Indonesia this year. Macroeconomic stability and strong purchasing power are the main reasons of rapid development. Until year 2011, there were 400 foreign franchises operating

already in Indonesia. The franchisor are from South Korea, Australia, United States, and Malaysia. Total turnover of the franchise industry last year estimated IDR at 114 trillion, with a share of 60% is being held by the foreign franchisor.

Source: KADIN Indonesia, own contribution

CHAIRMAN'S COLUMN

Keeping Social Score: Towards Healthy Competition

By now it has become a familiar refrain that Indonesia is steadily developing into an economic powerhouse, resilient to external shocks because of robust domestic consumer demand and appealing to longer-term investment because of its youthful demographics and stable politics.

There is perhaps a sense of euphoria enveloping this talk of Indonesia's economic progress because for many years businessmen had been hoping that Southeast Asia's largest economy would claw its way out of the region's debilitating 1997-1998 financial crisis faster. With much of the global economy slowing due to excessive debt burdens and collapsed confidence in the market, Indonesia's strong economy has become a matter to rejoice.

Standard aggregate economic indicators are reinforcing this sunny disposition. The second quarter of 2012 saw an expansion in Indonesia's economy, with GDP growth rising to 6.4%. This figure beat the analysts' forecast of 6.1% GDP growth. This also quieted some voices expecting a slowdown in Indonesia in response to a string of policies that seem protectionist, including requirements to build smelters and a 20% tax on coal exports.

Forgotten facet of growth

If you peel back a layer or two from this aggregate portrait and examine Indonesia's realities on a more human scale, what you find is not as comforting or celebratory. Indonesia's economic performance and progress have not trickled down evenly. In fact, the gap between the haves and the have-nots has been growing since the financial crisis in 1997-1998.



The share of income of the bottom 40% of households has fallen from 22% in 1999 to 17% in 2011, while that of the middle 40% has remained stagnant over this period. By contrast, the share of income of the top 20% of households increased from 41% in 1999 to 48% in 2011. This suggests that Indonesia's affluent have benefited disproportionately from the gains of the present economic renaissance.

This fact has largely eluded critical discourse because the metric used to measure social inequality, the Gini coefficient, relies on household expenditures. This masks the severity of the matter because Indonesia's national household surveys (Susenas) primarily account for basic expenses of rural households and fail to observe non-food expenses of wealthy urban households, such as communication devices, health care, automobiles and education.

It's telling that the cause cited for Indonesia's higher-than-expected GDP growth during the second quarter of 2012, despite a historic trade deficit, is urban discretionary spending. For example, auto makers notched up a record month in July, selling more than 100,000 cars as consumers snapped up vehicles ahead of the Islamic Idul Fitri holiday, when millions of Indonesians return to their hometowns and flaunt modern accoutrements.

[...]

Competing for change

One reason for the widening chasm between rich and poor in Indonesia is that our nation is losing its competitive fire. Competition is a powerful motivational force and typically brings out the best in people and organizations. Were it promoted and refereed properly, gains from Indonesia's economic resurgence could be more evenly distributed.

It's not as if Indonesia has never turned to competitive forces to create structural change. In its telecommunications sector, PT Telkom had a monopoly over domestic services while PT Indosat controlled international services for decades. Restructuring brought competition to all business segments and, now with nine wireless operators and 63% unique subscriber penetration, Indonesian consumers are benefiting from lower tariffs and better service.

In the airlines business, national flag carrier Garuda Airlines was no different than other government-owned airlines, avoided wherever possible due to dismal

service and hazards to safety. With the rise of low-cost carriers and adoption of Open Skies on the near horizon, it was compelled to clean up its act.

[...]

Even closer to Indonesian consumers, the positive effects of competition can be seen at the gas pump following the entry of Total, Petronas and later Shell into the downstream sector, and in the upscale supermarket sector after Sogo, Ranch Market and even Hero's upgrades of product selection. In both cases, they became beneficiaries to vast service improvements from once-ensconced businesses that grew complacent in their unchallenged positions.

Leadership and opportunity

To tap the transformative power of competition, Indonesia must display focused, problem-solving leadership to eliminate market distortions and a sense of inclusiveness to promote myriad talents and opportunities in the outlying regions. On both ends, however, Indonesia is falling pitifully short.

Take the recent uproar over soybean imports for example. A drought in the US, Indonesia's main trading partner for soybeans, coupled with alleged cartel-like behavior by importers forced prices for this staple to skyrocket. The administration responded to this controversy by suspending a 5% import duty on the commodity.

Instead of seeking temporary relief, the administration should solve this issue once and for all because it is an area where Indonesia is in the grips of avoidable food insecurity. Twenty-five years ago Indonesia had 1.6 million hectares of soybean production but now there are only 600,000 hectares of plantations. Alternative land use considerations accounted for the shrinkage but plenty of land still remains available for immediate cultivation.

If our leadership were serious about security of supply in this staple, Indonesia also has the climatic conditions, available financing and legions of experts to achieve self-sufficiency in soybeans within a year. All this administration would need to do is provide a clear mandate to the technical ministries so that they can produce a roadmap and give a single agency the authority to monitor, enforce and evaluate benchmarks wedded to a feasible schedule.

A small extension of this no-nonsense approach to ending market distortions could provide immense opportunities for regional development, to balance the

distribution of wealth. For example, killing Indonesia's outrageous fuel subsidy, of which 60% goes to people who can otherwise afford to pay market price, and providing means for public transportation would be a screamingly obvious application of focused problem-solving leadership.

Redistributing the savings from the dead fuel subsidy, which costs more than USD 50 million per day, to Indonesia's outlying regions for social development programs in infrastructure, education, health care and poverty alleviation would demonstrate a sense of inclusiveness that can generate marginal gains needed to sustain long-run economic performance. Higher productivity from outlying regions that results from curtailing market distortions would be a one-two policy punch.

Greater stock in both leadership and inclusiveness therefore could lift barriers respectively to an efficient deployment of capital and upward social mobility and thereby enable healthy competition. But there is a sluggishness to undertake these clear-cut prescriptions because Indonesia today appears content with misleadingly glowing aggregate economic indicators.

As evident from the experiences of other countries within the region, it's just a matter of time until Indonesia is forced to pay heed to the growing inequality gap. History shows that any society where a sliver of the population enjoys enormous benefits relative to the multitude is inherently unstable. To prevent decay and decline, Indonesia must encourage competition as a force of change and renewal.

While Indonesia may be given dispensation for basking in the limelight of international attention, it must move sooner rather than later towards leveraging that renewed interest into reforms that create a better business environment and deepen the extent of social impact.

To read the complete version please go to:

www.thejakartaglobe.com/globeasia

Source: *Globe Asia's September 2012*

IBCSD'S COLUMN

[The Indonesia Business Council for Sustainable Development \(IBCSD\)](#)

The Indonesia Business Council for Sustainable Development (IBCSD) is a CEO-led association of companies operating in Indonesia, who share a commitment to promoting sustainable development through sustainable economic growth, ecological balance and social progress. The launch of this business council in April 2011 constitutes a new regional chapter of the World Business Council for Sustainable Development (WBCSD). IBCSD is also the outcome of a joint effort between WBCSD and KADIN Indonesia. In the initial, KADIN Indonesia has been instrumental in bringing founding members, raising funds and assisting in establishing the permanent IBCSD secretariat.

The association is providing a platform for businesses to share and promote best practice in tackling risks and taking advantage of opportunities related to sustainable development. Government and civil society are the key partners to providing business input and solutions for Indonesian policies on sustainability issues. For these reasons, IBCSD has been developing its programs since early 2012 to facilitate the needs of the private sector to be involved in the design of Indonesia sustainable future through capacity building program, to form a registry under the greenhouse gas protocol, the establishment of business visionary agenda named Indonesia Vision 2050, and the development of inclusive business model that will support the agenda for a green economy.



Capacity Building Initiatives

IBCSD's comprehensive work program is covering main aspects of a sustainable development for Indonesia business characteristics. One of IBCSD programs is initiating and promoting capacity building activities such as trainings, workshops and seminars, to accelerate the integration of sustainable development into business practices. The capacity building programs is generally aimed to train corporate leaders on sustainability challenges but also addressed to all company

member's employee as defined specifically by particular program. Together with National Center for Sustainability Reporting (NCSR), IBCSD initiates collaboration using the parties's individual background and network to promote sustainable development through capacity building activities. The overall capacity building program consists of 3 major parts :

- Develop and improve corporate awareness
- Developing Sustainable Business Strategies and Road to Sustainability
- Preparing a Sustainability Reports

Greenhouse Gas Protocol Initiatives

The Greenhouse Gas Protocol (GHG Protocol) is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions. The GHG Protocol, a decade-long partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), is working with businesses, governments, and environmental groups around the world to build a new generation of credible and effective programs for tackling climate change.

WRI and WBCSD and IBCSD, through the GHG Protocol Initiative will work with Indonesia governments, local industry associations, NGOs, businesses, and other organizations in Indonesia to build credible, effective, and robust GHG accounting and reporting platforms that serve as a foundation to address climate change.

Inclusive Business

Inclusive Business is a business model that creates shared values by integrates the low income segments in a company's core business activity as part of the value chain. In this focus area, IBCSD intends to developing a suitable model for local businesses that is applicable in an early implementation stage. Pro-poor growth needs inclusive business models from the private sector. The underlying ideas is how to encourage the business sector to implement the inclusive business by providing easy implementing models. Indonesia has started the inti plasma since the 80's especially for the agriculture industry. Nowadays, the inti plasma model has evolved as an Inclusive Business Model that mostly grow from CSR initiatives, and find more profitable way while doing a good thing to the low income segment. The growing CSR will include the Base of the Pyramid as part of company's value chain such as consumer, supplier,

distributor or employees. Together with ADB, SNV (an international not-for-profit development organization) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), we hope IBCSD can contribute significant value in the implementation of inclusive business in Indonesia.

Vision 2050

Vision 2050 is a Reporting Paper initiated by WBCSD and its 29 member companies. This report addresses three questions: How does a sustainable business look like? How can we realize it? What is the role business can play in ensuring more rapid progress toward that world? Indonesia plays an important role in contributing to economic sustainable growth in the world and its region. IBCSD as part of WBCSD thinks that it is necessary to have its own vision 2050 which would be more focus in thread, challenge, and opportunities in Indonesia.

Indonesia Vision 2050 is a collaborative effort of PricewaterhouseCoopers (PWC), IBCSD and its member of companies through working with each other, with hundreds of representatives from business, government and civil society. The Indonesia Vision 2050 provides a basis for interaction with other enterprises, civil society, and government about how sustainable future in Indonesia can be realized. We hope to challenge companies to rethink their products, services and strategies, envisioning new opportunities that put sustainability in the center, to communicate with and motivate employees and their boards, and to develop leadership position in the wider world. We invite government to consider the policies and regulations needed to guide and organize society and give markets incentives to move forward sustainability, and people to make a difference in their daily lives.

Source: Tiur Rumondang, IBCSD

KADIN INDONESIA

[Indonesia and Mongolia Increase Economic Cooperation](#)

Indonesia and Mongolia agree to boost cooperation in trade, investment, mining, agriculture, livestock and infrastructure. Beyond the economy, the two countries also strengthen cooperation in the fields of democracy, rule of law and the military.

In a two-day state visit in Ulan Bator, Mongolia, President Susilo Bambang Yudhoyono met Prime Minis-

ter Mongolia Norovyn Altankhuyag and businessmen. The President was accompanied by Minister of Industry MS Hidayat, Minister of Foreign Affairs Marty Natalegawa, Minister of Tourism and Creative Industries Mari Pangestu, Head of BKPM Chatib Basri, KADIN Indonesia's Chairman Suryo Bambang Sulisto, Chairman of National Economic Committee (KEN) Chairul Tanjung, and Chairman of HIPMI, Raja Sapta Okto.

The trade volume between Indonesia and Mongolia in 2010 amounted to USD 7.7 million, up from USD 3.7 million in 2009. Like Indonesia, Mongolia is a producer of dairy products, agriculture and mining. Mongolia's richness in natural resources means that a bilateral partnership would be beneficial for Indonesia's energy sector.

The Chairman of KADIN Indonesia Suryo Bambang Sulisto said, "The potential for economic growth of Mongolia is hampered by the role People's of Republic China (PRC). China pressed Mongolia to sell coal only to them at a price far below the market price."

Mongolia is the centre of coal production for the biggest steel industries in the world. The price of coal for steel is much higher than coal for energy.

The People of Republic China (PRC) has big influence on the economy of Mongolia because Mongolia is using the ports of PRC for imports and exports.

Source: KADIN Indonesia, own contribution

[KADIN Indonesia Hosts a Presentation by Prof. Dr. Rodria Laline](#)

KADIN Indonesia hosted a presentation by Prof. Dr. Rodria Laline, entitled 'Maximizing Effectiveness in Closing the Governance Gap'. The presentation focused on increasing effectiveness of the companies' boards to improve the corporate governance.

Prof. Laline pointed out several things that should be done to increase the effectiveness of the board, one of them is recognizing the behavior characteristics of the people in the board to create a functional board that works well together.



She also emphasized the need for a good working relationship between the board and the management that handles the daily operation of the company.

Professor Laline is an assistant professor at the University of Amsterdam and a professional board advisor for Intrabond Capital. She was born in Indonesia but moved to the Netherlands when she was six years old.

Source: Own contribution

[APEC CEO Summit 2012](#)

On September 7th to 9th Chairman Suryo Bambang Sulisto, accompanied President Susilo Bambang Yudhoyono to Vladivostok for the APEC CEO Summit 2012 with scores of items in the agenda, including plans for bilateral meetings with China, Russia, Mexico, Peru and Chile.

Important achievements were reached in the APEC CEO Summit 2012 including the United States' Environmental Protection Agency's agreement to consider easing restrictions on Indonesia's crude palm oil. The meeting was also important because it was the last CEO Summit before the APEC mantle was handed over to Indonesia. KADIN Indonesia is actively engaged with the planning and organization of next year's CEO Summit to be held in October 2013 in Bali.

Source: Own contribution

[Indonesia - Argentina Tighten Relationship](#)

In honoring the visit of Argentinean Foreign Minister Hector Marcos Timerman, KADIN Indonesia held a luncheon on Sept 11th, in the Ritz Carlton Hotel Jakarta.

Argentina wanted to establish a strategic economic partnership with its fourth biggest trading partner in Asia, Indonesia, and forge close cooperation in various areas.

"With Indonesia, we have a special relationship. Both Indonesia and Argentina are members of the G20 and have more important roles in global politics and economics," said Argentinean Foreign Minister Hector Marcos Timerman.

Economic and trade relations between Indonesia and Argentina began since the Trade and Economic Cooperation Agreement between the two countries on October 13, 1993 at the Ministry of Foreign Affairs of Argentina. The two-way trade between Indonesia and Argentina surged to almost USD 2 billion in 2011, a huge jump from USD 632.47 million in 2007. Trade between Indonesia and Argentina does not reflect the full potentials of both countries, but the volume of trade between the two countries increased in the last five years with the surplus for Argentina. Indonesia buys more than USD 1 billion worth of soya bean oil cakes and other residues each year from Argentina.

Source: Own contribution

[Indonesia Strengthens Trade Ties with Australia](#)

On July 2012 KADIN Indonesia's Chairman Suryo Sulisto visited the Northern Territory capital Darwin with President Susilo Bambang Yudhoyono. Indonesia

and Australia have abundant opportunities to increase their bilateral economic and business cooperation, said President Susilo Bambang Yudhoyono

"The trade relationship could be significant, but at the moment there are obstacles. For instance, infrastructure, and this has become one of the priority programs for the government. There are certain bureaucracy problems that we have to address, some corruption, these are the sort of things we need to do to get our act together," Suryo said

Suryo also said, "The Indonesian private sector is delighted to have this opportunity to support stronger alliances between the two countries by creating new opportunities for our businesses to work together. Indeed, President Yudhoyono has charged me with the responsibility of pursuing international business opportunities on behalf of the Indonesian private sector with the goal of boosting our economy. I have undertaken this responsibility willingly and have in turn passed on this instruction to KADIN Indonesia's members across all 33 provinces of Indonesia."

"If we consider our proximity and the complementarity of our countries, trade between Indonesia and Australia is low, at about USD 11 billion in 2011 compared to about USD 17 billion between Thailand and Australia. The reality is that we have barely scratched the surface of the potential. Government-to-government relations are strong between our two countries, and the President has opened the door to unprecedented opportunities for businesses to partner in ways that bring mutual prosperity while at the same time ensuring long-term sustainability," Suryo added.

He said, "Now it is time for the private sector to walk through that door, using our innovation and entrepreneurial spirit to achieve higher levels of growth, to build on the strengths of our small and medium sized enterprises, finding new ways for them to develop more business cooperation and time for us to find creative approaches for financial inclusion that will in turn open that door for all sectors, all people and in all locations. I believe there are many such opportunities – especially right on Darwin's doorstep: we need look no further than Eastern Indonesia. Let's look at healthcare and education; agriculture and fisheries; tourism and infrastructure. Together our companies can search out so many untapped potentials."

Please go to <http://www.abc.net.au/news/2012-07-04/an-indonesia-australia-ties-improve/4109550>

Source: Own contribution

[The Netherlands as Gateway to Europe](#)

In a joint effort to strengthen bilateral relations, the Dutch Embassy and INA (Indonesia Netherlands Association) jointly organized a seminar entitled 'Doing Business with the Netherlands'. The half-day event was supported by KPMG and KADIN Indonesia.

The Dutch Ambassador, H. E. Tjeerd de Zwaan underlined in his welcome remarks that The Netherlands are the world's 5th largest investor and the 8th largest recipient of FDIs. Being labeled with the famous AAA rating the country prides itself on being a key gateway to the European markets. In his opening speech KADIN Indonesia Chairman Suryo Bambang Sulisto stressed that the bilateral trade relations have been hardly affected by the current crisis in the Eurozone. Even when trade saw "zero growth" in the first half of 2012, 2011 featured an all-time high of the bilateral exchange in goods. Even sweeter, the Dutch-Indonesian trade contributes significantly to the huge and growing trade

surplus of over USD 8 billion with the European Union. According to Suryo that's the reason why "my Chamber is in favor of a fast start of the negotiations" of the designed Comprehensive Economic Partnership Agreement between Indonesia and EU-27.



Source: Own contribution

EVENTS

| Date | Event | More Information |
|----------------------|---|--|
| October 10-11, 2012 | Asia Pacific Mining Conference Indonesia (APMCI) | www.asiapacificminingconference.com |
| October 16, 2012 | 2 nd Annual Indonesia Trade & Commodity Finance Conference | www.exportagroup.com |
| October 10-12, 2012 | Asia Pacific Mining Conference Indonesia (APMCI) | www.asiapacificminingconference.com |
| October 17-19, 2012 | Mining & Engineering Indonesia | www.miningandengineeringindo.com |
| October 17-21, 2012 | Trade Expo 2012 | www.tradexpoindonesia.com |
| October 19-24, 2012 | 9 th China-ASEAN Expo (CAEXPO) | www.eng.caexpo.org |
| November 8-9, 2012 | 3 rd EU-Indonesia Business Dialogue (EIBD) | www.eibd-conference.com |
| November 16-18, 2012 | ASEAN Business and Investment Summit | www.asean-bis.com |

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About KADIN BSD

KADIN Business Support Desk is the service unit of the national Indonesian Chamber of Commerce and Industry (KADIN) in the Kadin Secretariat. Its major goal is to help foreign parties to settle in Indonesia and to support Indonesian companies on their way to international markets. BSD also works as research partner on emerging issues in investment and trade. It draws on a network of Indonesian and international institutions.