2nd India – Indonesia Infrastructure Forum

Coordination Minister for Maritime Affairs
Jakarta | March 19th, 2019
India

- Population: 1.3 billion [2nd] [density 396.0/km²], 18% of global
- GDP [2018 est.] $2.454 trillion [5th]. Per capita $1,989
- Service sector: 55.6% of GDP, industrial: 26.3%, agricultural 18.1%
- Economic growth [2017]: 5.7%
- Global competitiveness: #40
- Gini Coefficient close to 0.50
- 513.7 million labor force [2nd, 2016]

Indonesia

- Population 262 million [7th], density: 138/km²
- GDP $1.092 trillion [16th], per capita $3,895
- Economic growth 5.2%
- Global competitiveness: #36
- Gini coefficient: 0.39
- Service sectors are the economy's largest [43.3% of GDP, 2016], followed by manufacturing [42.9%] and agriculture [13.7%]

2019 marks the 70th Anniversary of India – Indonesia co-operation
India is a great nation that has been an important partner for Indonesia since our independence in 1945.

We recognize India as a nation with very strong self-dependency. This is clearly expressed by His Excellency the late Mahatma Gandhi in the swadeshi principle. This principle describes that each nation must develop itself independently based on its own capacity, and on the other hand—respect other nations’ sovereignty.

Today, the world appreciates India with its “Make in India” concept that has made India as an “investment magnet”. This concept has increased investment in India very significantly.

Outside the country, India has produced a large number of international top professionals, in business and industry as well as in scientific community.
Follow up of Presidential Visits

- India is the largest Indonesia’s trade partner in South Asia, and the 4th largest globally
- President Joko Widodo met with PM Narendra Modi in India on January 25th, 2018; addressing that the two countries’ trades have grown since 2017; however the real potential is much higher
- The India – Indonesia Business Forum held prior to President Jokowi’s visit indicates that the potential trades between the two countries could reach more than US$ 2.1 billion
- On December 13th, 2016, President Jokowi met with 20 Indian CEO’s to ensure the sustainability of their businesses and investment
- President Jokowi encouraged to develop a maritime co-operation in Indo-Pacific region. This maritime cooperation is considered very important for the countries along Indian Ocean and Pacific Ocean
- The blue print covers ASEAN member states and its neighboring countries’ connectivity until 2025, and security and safety at sea
- In line with that proposal, a prosperity-based co-operation should also be developed
Strategic Regional Partnership

- Following the successful of last year forum, the 2nd India – Indonesia Infrastructure Forum, has been jointly prepared by Coordinating Ministry for Maritime Affairs and Indian Embassy in Jakarta
- We have agreed to provide a forum for government officials and business leaders from both countries to meet and discuss efforts to strengthen as well as to initiate cooperation under a strategic regional partnership
- Various potential fields have been identified, especially infrastructure, that includes transportation infrastructure such as ports, airports; energy infrastructure, IT Infrastructure, medical and health infrastructure
- Other than those, maritime observation and security, tourism, as well as higher education and Innovation are also included
Top 10 Countries by Nominal GDP in 2030

GDP 2030 [$ T]

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>64.2</td>
</tr>
<tr>
<td>India</td>
<td>46.3</td>
</tr>
<tr>
<td>USA</td>
<td>31</td>
</tr>
<tr>
<td>Indonesia</td>
<td>10.1</td>
</tr>
<tr>
<td>Turkey</td>
<td>9.1</td>
</tr>
<tr>
<td>Brazil</td>
<td>8.6</td>
</tr>
<tr>
<td>Egypt</td>
<td>8.2</td>
</tr>
<tr>
<td>Russia</td>
<td>7.9</td>
</tr>
<tr>
<td>Japan</td>
<td>7.2</td>
</tr>
<tr>
<td>Germany</td>
<td>6.9</td>
</tr>
</tbody>
</table>

In $ trillion, using purchasing power parity. Source: Standard Chartered

Pusat pertumbuhan dunia sedang bergeser ke Asia – Pasifik
Global Perspective about Indonesia

Ease of Doing Business

2014: 114
2015: 109
2016: 91
2017: 72

Investment Grade

Most Trusted Government
Positive Trend of Investment in Indonesia

- In Southeast Asia, investment in Indonesia ranks #2 after Singapore
- Total investment: $3 miliar [August 2017], double the previous year
- Between 2012 – 2017, 244 companies finalized 381 contracts
- Investors will increase >10% investment
- 50% of foreign investors consider Indonesia is more attractive compared to other Asian countries
Investment in Indonesia in 2018 by Country and by Sector

**India’s investment in 2018:**
US$ 82.1 million [405 projects]

- **Singapore**: US$ 9.2 Billion [31%]
- **Japan**: US$ 4.9 Billion [17%]
- **Malaysia**: US$ 1.8 Billion [6%]
- **Hong Kong**: US$ 2 Billion [7%]
- **China**: US$ 2.4 Billion [8%]
- **Other Countries**: US$ 9 Billion [31%]

**Other Sectors**

- **Transportation, Warehouse, Telecomm**: Rp 94.9 Trillion [13%]
- **Food Industry**: Rp 68.8 Trillion [10%]
- **Mining**: Rp 73.8 Trillion [10%]
- **Housing, Industrial est. & Office Building**: Rp 56.8 Trillion [8%]
- **Other Sectors**: Rp 310.2 Trillion [43%]

**India’s investment in 2018:**
US$ 82.1 million [405 projects]

**#1 Electricity, Gas, Water**
Rp 117.5 Trillion [16%]

**#1 Industry**

- **India’s investment in 2018**: US$ 82.1 million [405 projects]

**#1 Hong Kong**
US$ 2 Billion [7%]
Investment Realization in January – December 2018
[Based on Country of Origin]

<table>
<thead>
<tr>
<th>No</th>
<th>COUNTRY OF ORIGIN</th>
<th>INVESTMENT (US$ Million)</th>
<th>PROJECT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Singapore</td>
<td>9,193.18</td>
<td>4,946</td>
</tr>
<tr>
<td>2</td>
<td>Japan</td>
<td>4,952.77</td>
<td>3,166</td>
</tr>
<tr>
<td>3</td>
<td>China</td>
<td>2,376.54</td>
<td>1,562</td>
</tr>
<tr>
<td>4</td>
<td>Hong Kong</td>
<td>2,011.42</td>
<td>1,072</td>
</tr>
<tr>
<td>5</td>
<td>Malaysia</td>
<td>1,774.90</td>
<td>1,276</td>
</tr>
<tr>
<td>6</td>
<td>South Korea</td>
<td>1,604.72</td>
<td>2,412</td>
</tr>
<tr>
<td>7</td>
<td>United States of America</td>
<td>1,217.62</td>
<td>572</td>
</tr>
<tr>
<td>8</td>
<td>British Virgin Islands</td>
<td>1,043.26</td>
<td>800</td>
</tr>
<tr>
<td>9</td>
<td>Netherlands</td>
<td>943.12</td>
<td>840</td>
</tr>
<tr>
<td>10</td>
<td>Australia</td>
<td>597.44</td>
<td>635</td>
</tr>
<tr>
<td>11</td>
<td>Thailand</td>
<td>396.33</td>
<td>187</td>
</tr>
<tr>
<td>12</td>
<td>Marshall Island</td>
<td>386.52</td>
<td>18</td>
</tr>
<tr>
<td>13</td>
<td>Germany</td>
<td>280.42</td>
<td>361</td>
</tr>
<tr>
<td>14</td>
<td>United Kingdom</td>
<td>271.13</td>
<td>483</td>
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<tr>
<td>15</td>
<td>Mauritius</td>
<td>267.86</td>
<td>127</td>
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<tr>
<td>16</td>
<td>Cayman Islands</td>
<td>250.84</td>
<td>106</td>
</tr>
<tr>
<td>17</td>
<td>Switzerland</td>
<td>243.28</td>
<td>225</td>
</tr>
<tr>
<td>18</td>
<td>Belgium</td>
<td>216.37</td>
<td>140</td>
</tr>
<tr>
<td>19</td>
<td>Taiwan</td>
<td>210.22</td>
<td>471</td>
</tr>
<tr>
<td>20</td>
<td>Canada</td>
<td>170.77</td>
<td>90</td>
</tr>
<tr>
<td>21</td>
<td>Luxembourg</td>
<td>134.26</td>
<td>134</td>
</tr>
<tr>
<td>22</td>
<td>Panama</td>
<td>100.71</td>
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<td>23</td>
<td>Brazil</td>
<td>98.43</td>
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<td>24</td>
<td>Seychelles</td>
<td>95.35</td>
<td>89</td>
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<td>25</td>
<td>India</td>
<td>82.12</td>
<td>405</td>
</tr>
<tr>
<td>26</td>
<td>Austria</td>
<td>71.41</td>
<td>47</td>
</tr>
<tr>
<td>27</td>
<td>United Arab Emirates</td>
<td>69.94</td>
<td>59</td>
</tr>
</tbody>
</table>

India ranks #25
Basic Requirements for Investment in Indonesia

- **Environment Friendly**
  - Clean technology, EIA [AMDAL] compliance
  - From foreign investor to local partner, training program for local labor

- **Local Labor**
  - Foreign workforce at initial stage, transfer of skills

- **Transfer of Technology**
  - Value added, from upstream to downstream

- **Value Creation**
  -

Pembalikan pertumbuhan ekonomi akibat kebijakan fiskal dan moneter yang baik dan tepat waktu
[Sumber data: BPS]
GDP Contribution and Growth by Region are not Balanced and Well Distributed

Java & Sumatera Contribute 80% of GDP

Jawa
GDP Contribution: 58,48%
GDP Growth: 5,72%
Investment: Rp 405,4 T

Sumatera
GDP Contribution: 21,58%
GDP Growth: 4,54%
Investment: Rp 122,7 T

Kalimantan
GDP Contribution: 8,20%
GDP Growth: 3,91%
Investment: Rp 83,1 T

Bali & Nusa Tenggara
GDP Contribution: 6,22%
GDP Growth: 6,65%
Investment: Rp 54,6 T

Sulawesi
GDP Contribution: 3,05%
GDP Growth: 2,68%
Investment: Rp 28,1 T

Maluku & Papua
GDP Contribution: 2,47%
GDP Growth: 6,99%
Investment: Rp 27,4 T

Java & Sumatera contribute 80% of GDP.
Balancing the Development: Connecting Indonesia Archipelago and the Globe

- 5 Deep-sea ports
- 19 Feeder Ports
- 100 sub-feeder ports
- 15 new Airport
- Upgrading 25 airports at the outermost locations
- Upgrading 9 cargo airports
Integrated Port Network:
A Solution to Reduce Logistic Costs

SINERGI PELABUHAN

Ketujuh pelabuhan utama berada di bawah operasional Pelindo I, II, III dan IV dalam satu bentuk sinergi dalam rangka standardisasi pelabuhan

Pengembangan kawasan industri terintegrasi melalui pembangunan infrastruktur dasar dan peningkatan konektivitas

aliansi strategis jaringan pelayara untuk rute pendulum menggunakan kapal besar
Indonesian Economy has Changed from Resources-based to Value Creation

Significant improvement on Compound Annual Growth Rate [CAGR] in industry and service sectors
National Industrial Development Masterplan 2015 – 2035

Vision

Indonesia has a strong vision to become a globally competitive industrial country based on technology and innovation.

Strategic Targets

- Double-digit industrial growth in 2035, with 30% contribution to GDP
- Export oriented, import substitution
- Equally distributed nation wide with significant SME contributions
- Technology innovation-based, competent human resources

Priority Sectors

Food, medicine, textile, transportation, electronics, ICT, power plant, capital goods for services, upstream agriculture, base metal and non-metal minerals, oil-gas-coal based basic chemicals
Industry 4.0 [4th Industrial Revolution]

Indonesia is in a good position to cope with the current issue of 4th Industrial Revolution

Key Technologies
1. Artificial Intelligence
2. Internet of Things
3. Wearables
4. Advanced Robotics
5. 3D Printing
Top 15 Global Brands 2000

- Coca-Cola: 72,537
- Microsoft: 70,196
- IBM: 53,183
- Intel: 39,048
- Nokia: 38,528
- GE: 38,127
- Ford: 36,368
- Disney: 33,553
- McDonald's: 27,859
- AT&T: 25,548
- Marlboro: 22,110
- Mercedes-Benz: 21,104
- HP: 20,572
- Cisco: 20,067
- Toyota: 18,823
Top 15 Global Brands 2018

Brand Value $m

Apple 214396
Google 155467
Amazon 100664
Microsoft 92679
Coca-Cola 66351
Samsung 59879
Toyota 53394
Mercedes-Benz 48598
Facebook 45177
McDonald's 43411
Intel 43281
IBM 42984
BMW 41008
Disney 39877
Cisco 34567

TOP GROWING
Amazon (+56%)
Gucci (+30%)
Louis Vuitton (+23%)
Apple (+16%)
Microsoft (+16%)

2018
Tourism Industry

Number of tourists from India to Indonesia increased 30% from 2017 to 2018, the highest growth in Southeast Asia destinations; but the absolute number is still less than those to China, Singapore, Thailand, and Malaysia. Current condition: no direct flight from India.

Promote more direct flights to/from India and Indonesia

Tourist growth: Indonesia: 22%, ASEAN: 7%, Global: 6.4%

10 Prioritized Tourist Destinations outside Bali

- Lake Toba
- Borobudur Temple
- Mandalika
- Labuhan Bajo
- Tanjung Lesung
- Tanjung Keluang
- Kepulauan Seribu
- Malaka
- Bromo - Tengger - Semeru
- Mandoilka
- Lombok
The Government of Indonesia has a strong commitment to accelerate various efforts to promote a better economic growth. Including equal opportunity-based economic policy, massive infrastructure development, empowering industrialization, and deregulation on economic policy. These efforts provide a better opportunity for private sector to invest in infrastructure. So far, Indonesian Government has removed + 3,000 non-productive regulations.
Economic Cooperation

• BTMF Meeting (to be held in Indonesia) and WGTI dan WGT Forum for trade and investment between Indonesia and India.

• Indonesia proposal to India for decreasing CPO import tariff, which should be the same tariff as implemented by India to Malaysia i.e 40%. Currently RBD for Indonesia is 50% or 5% higher than Malaysia.

• Action plan in health sector, meeting among drugs regulator, health officials and pharmaceutical business in 2019

• Support the enhancement of connectivity between the two countries (i.e sea connectivity Andaman-Sabang, direct flight Indonesia-India, and plan of action MoU on Railway)

• India’s willingness to become member of CPOPC and Bilateral Investment Treaty (BIT) to secure both countries investment
Maritime Co-operation
Shared Vision on Cooperation in Indo-Pacific

- Co-operation in economy & connectivity infrastructure through Task Force on Andaman-Nicobar [2019]
- Cooperation between Indonesian Coastguard [Bakamla] and Indian Coast Guard, MoU on Maritime Security dan draft MoU on Marine and Fisheries.
- India proposal to set up India-Indonesia Maritime Cooperation Dialogue; which include: information sharing, coordinated patrol, safety on marine.

RKP 2020

- Human Resource Development & Poverty Alleviation (PN1)
- Connectivity and Equality (PN2)
- Value Addition and Job Opportunities (PN3)
- Food, Water, and Energy Resilience, and Environment (PN4)
- Defense and Security Stability (PN5)
- Gender Equality
- Management
- Disaster Resilience and Climate Change
- Socio-Cultural
- Digital Transformation
Recent Co-operation Activities

- A visit to BVG [Bharat Vikas Group] in Pune on May 23rd - 24th 2018 on waste to resource
- Organic waste to compost, plastic to fuel
- IT on waste water treatment [30,000 m³ per day]
- River clean up program
- A visit by Heads of District from North Sumatera to India
Summary

- I encourage companies from both sites to explore better opportunities to develop businesses in Indonesia. There are a lot of opportunities, especially in the field of infrastructure, energy, information technology, etc.
- Indonesian Government will facilitate the needs of Indian business community to do businesses in Indonesia
- Let's move the next step after 70 years of co-operation: people-oriented development