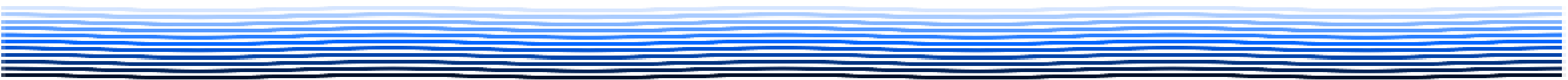


# **2<sup>nd</sup> India – Indonesia Infrastructure Forum**

**Coordinating Minister for Maritime Affairs**

**Jakarta | March 19<sup>th</sup>, 2019**



# India



# Indonesia

## 2019 marks the 70<sup>th</sup> Anniversary of India – Indonesia co-operation

- Population: 1,3 billion [2<sup>nd</sup>] [density 396.0/km<sup>2</sup>], 18% of global
- GDP [2018 est.] \$ 2.454 trillion [5<sup>th</sup>]. 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 [2<sup>nd</sup>, 2016]



- Population 262 million [7<sup>th</sup>], density: 138/km<sup>2</sup>
- GDP \$1.092 trillion [16<sup>th</sup>], 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%]

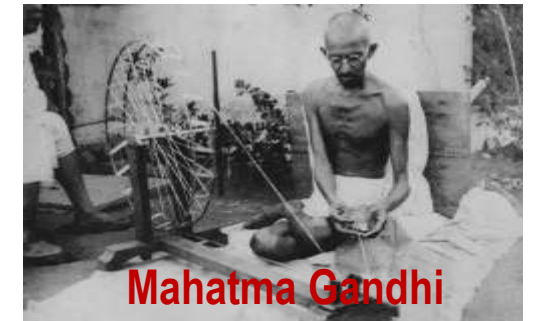


# All About India

- 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



Soekarno & Nehru



Mahatma Gandhi





# Follow up of Presidential Visits

- India is **the largest** Indonesia's trade partner in South Asia, and the **4<sup>th</sup> largest globally**
- President Joko Widodo met with PM Narendra Modi in India on January 25<sup>th</sup>, 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 Desember 13<sup>th</sup>, 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 2<sup>nd</sup> 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 co-operation 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

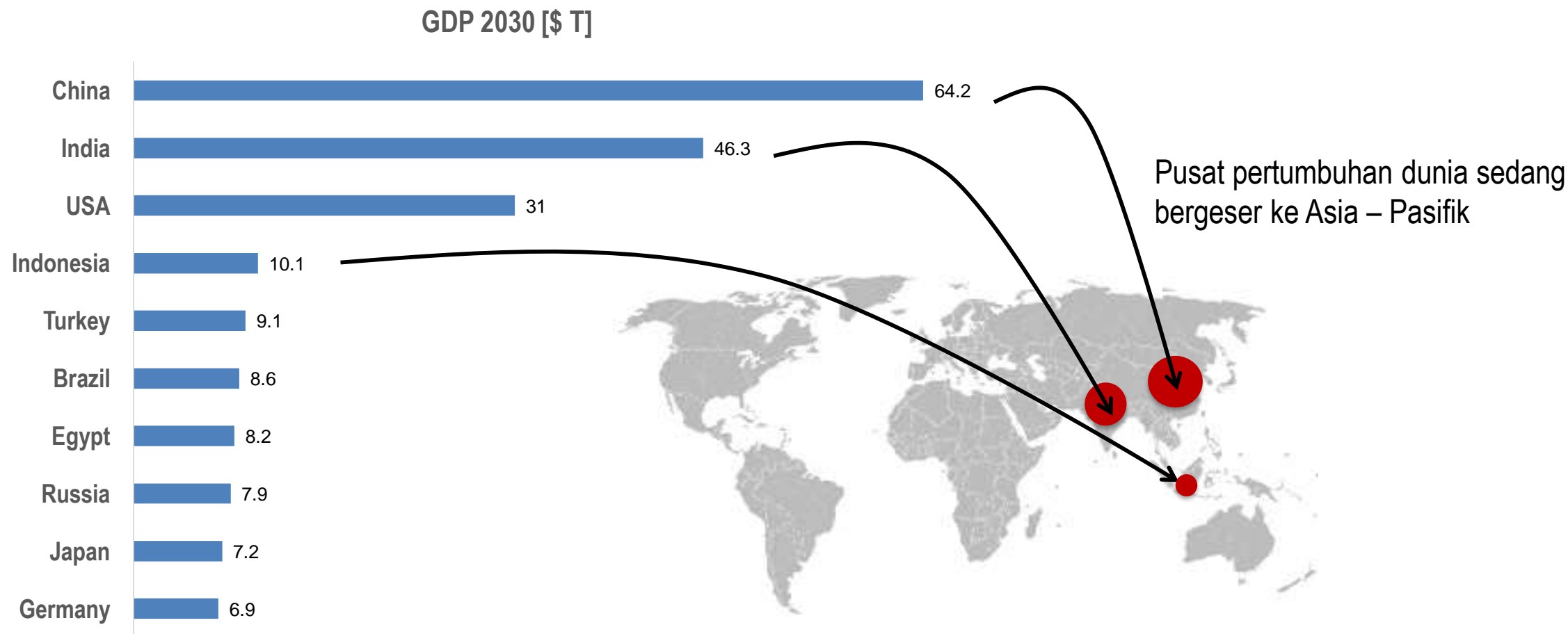


**Mr. Pradeep Kumar Rawat**





# Top 10 Countries by Nominal GDP in 2030

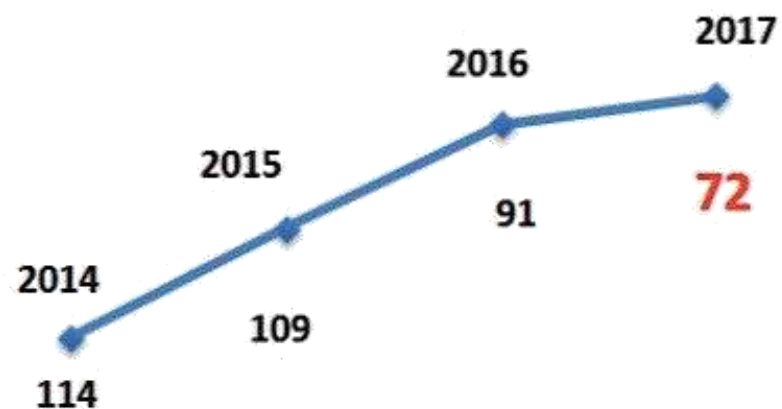


In \$ trillion, using purchasing power parity. Source: Standard Chartered



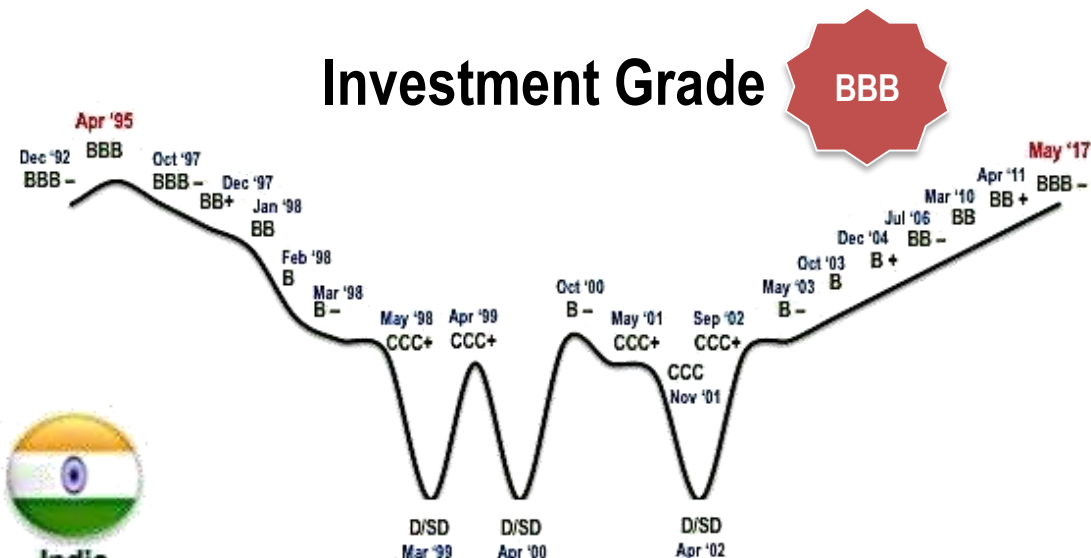
# Global Perspective about Indonesia

## Ease of Doing Business



## Most Trusted Government

## Investment Grade

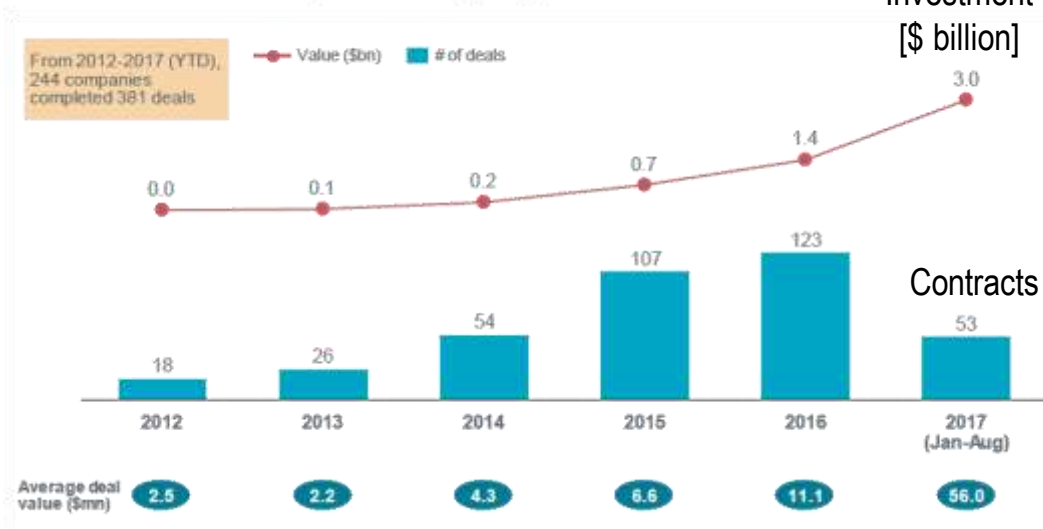




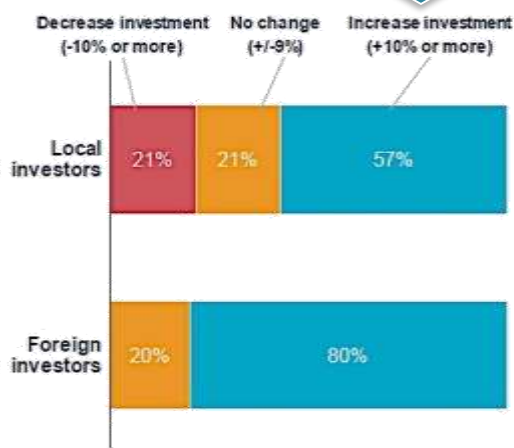
# Positive Trend of Investment in Indonesia

- 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

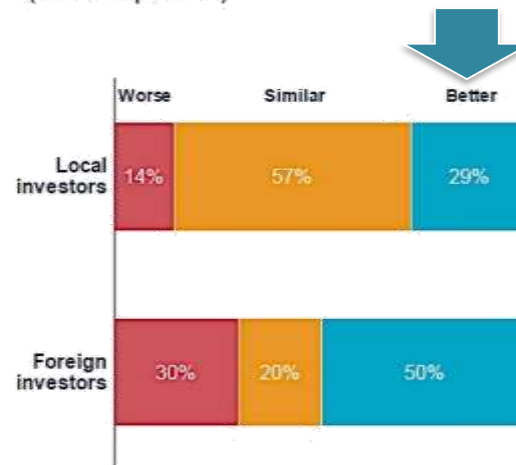
# of deals and values, Indonesia (\$bn)



“What is your investment outlook for Indonesia?”  
(% of responses)



“How does Indonesia’s outlook compare to other Asian markets?”  
(% of responses)

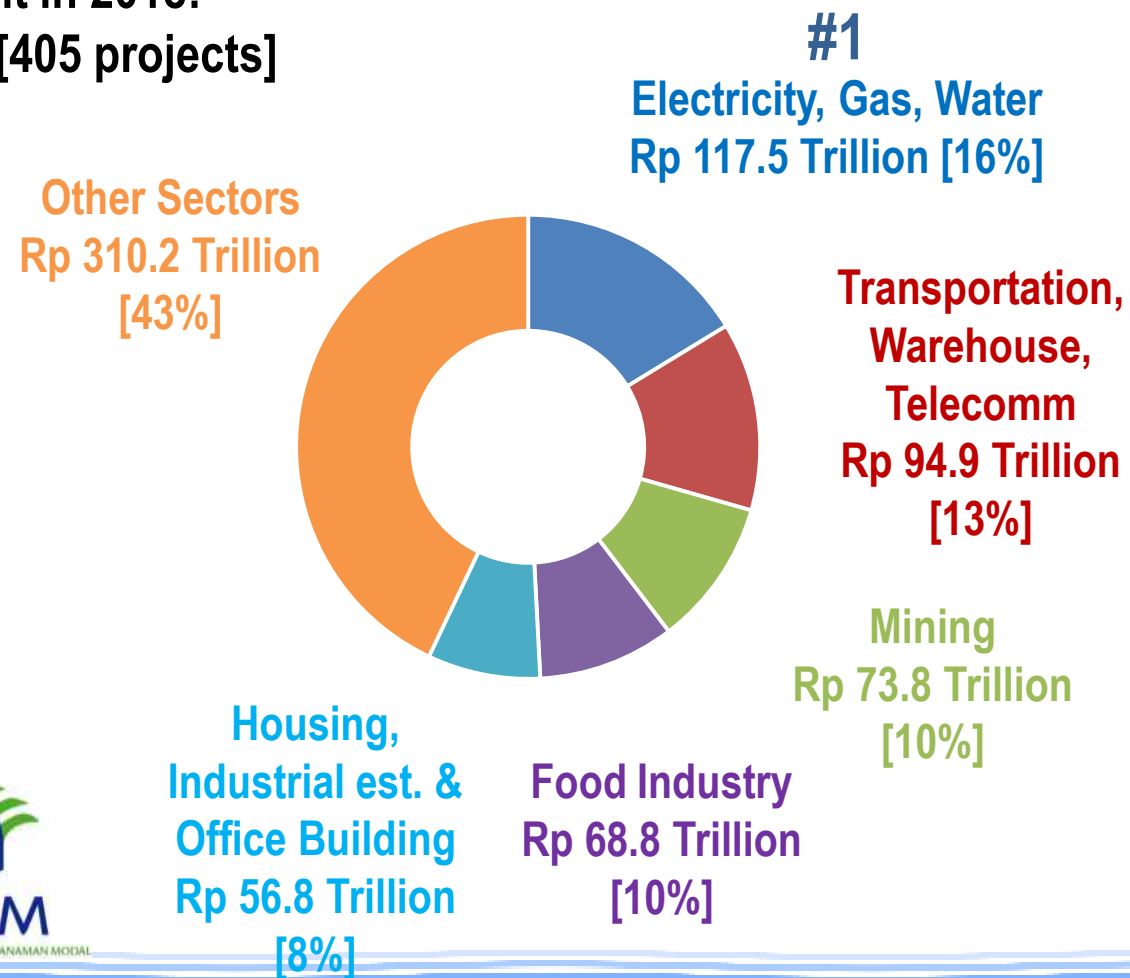
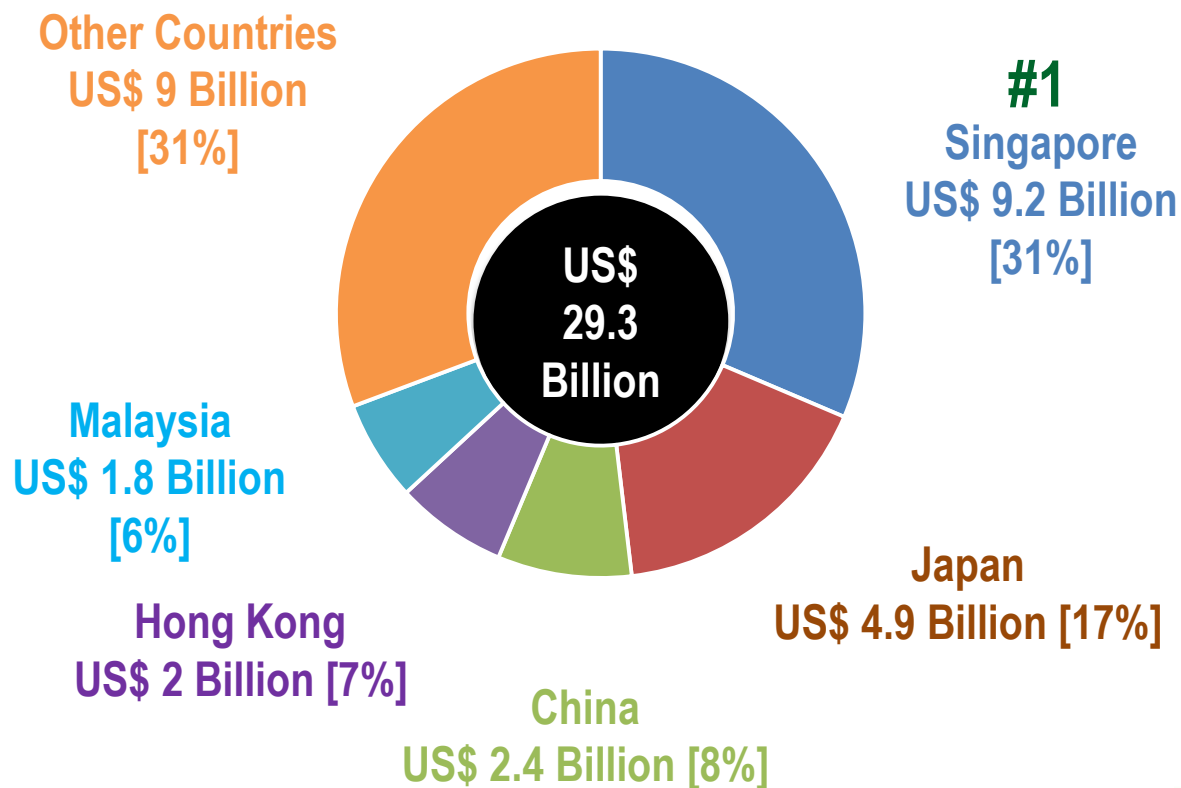






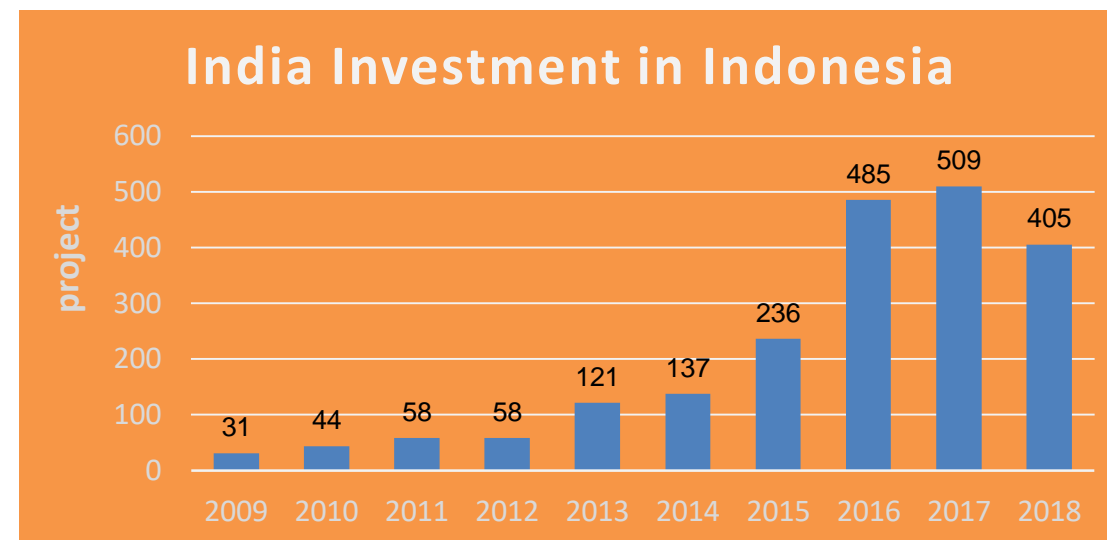
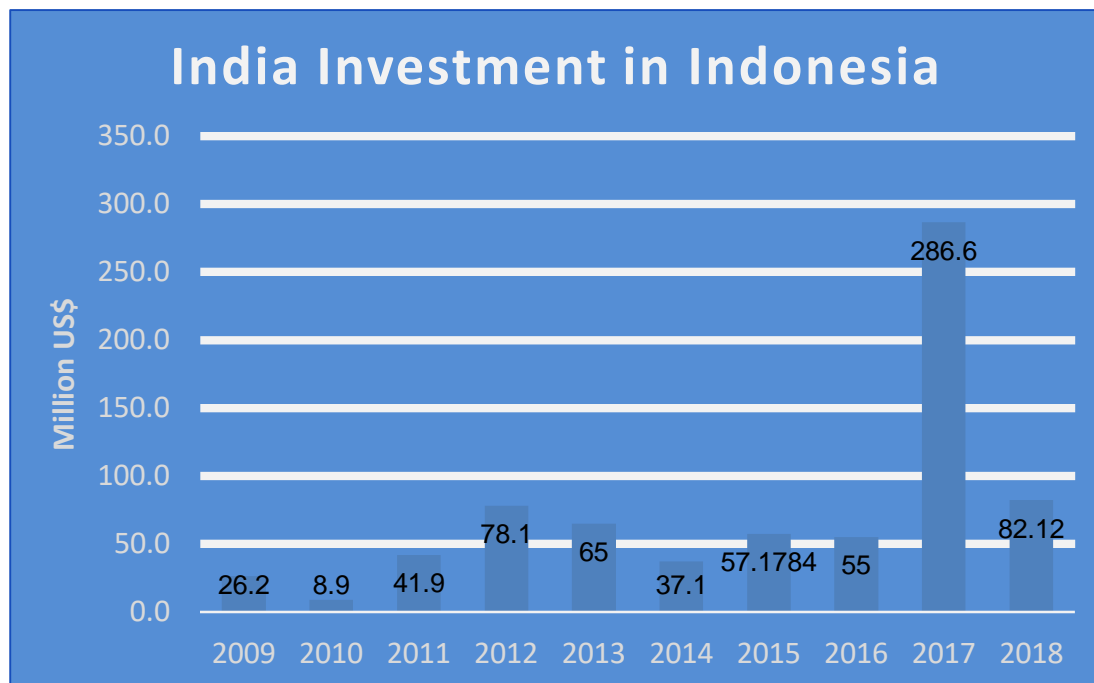
# Investment in Indonesia in 2018 by Country and by Sector

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





# India's Investment in Indonesia [2009 – 2018]



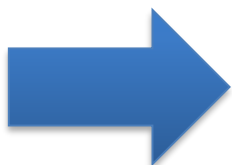


# Investment Realization in January – December 2018

## [Based on Country of Origin]

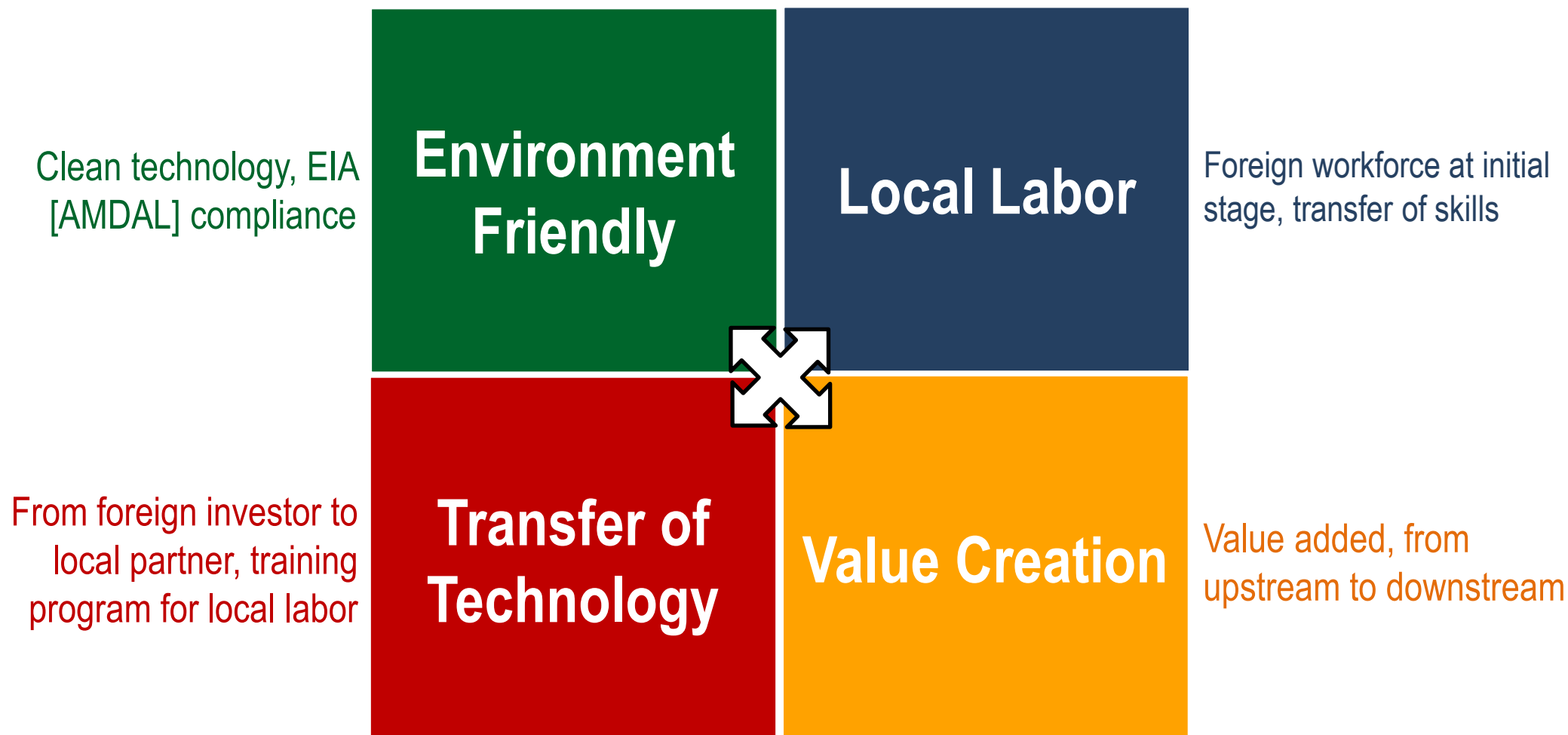
No	COUNTRY OF ORIGIN	INVESTMENT (US\$ Million)	PROJECT
1	Singapore	9,193.18	4,946
2	Japan	4,952.77	3,166
3	China	2,376.54	1,562
4	Hong Kong	2,011.42	1,072
5	Malaysia	1,774.90	1,276
6	South Korea	1,604.72	2,412
7	United States of America	1,217.62	572
8	British Virgin Islands	1,043.26	800
9	Netherlands	943.12	840
10	Australia	597.44	635
11	Thailand	396.33	187
12	Marshall Island	386.52	18
13	Germany	280.42	361
14	United Kingdom	271.13	483
15	Mauritius	267.86	127
16	Cayman Islands	250.84	106
17	Switzerland	243.28	225
18	Belgium	216.37	140
19	Taiwan	210.22	471
20	Canada	170.77	90
21	Luxembourg	134.26	134
22	Panama	100.71	23
23	Brazil	98.43	31
24	Sevchelles	95.35	89
25	India	82.12	405
26	Austria	71.41	47
27	United Arab Emirates	69.94	59

India ranks #25





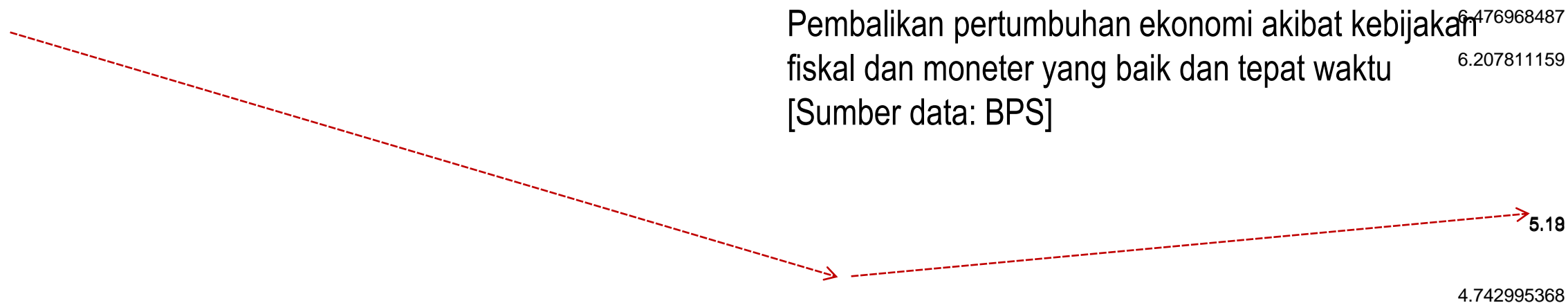
# Basic Requirements for Investment in Indonesia





# Stable Economic Growth: Quarterly Economic Growth 2011 – 2018 [YoY]

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

## Sumatera

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

## Jawa

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

## Kalimantan

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

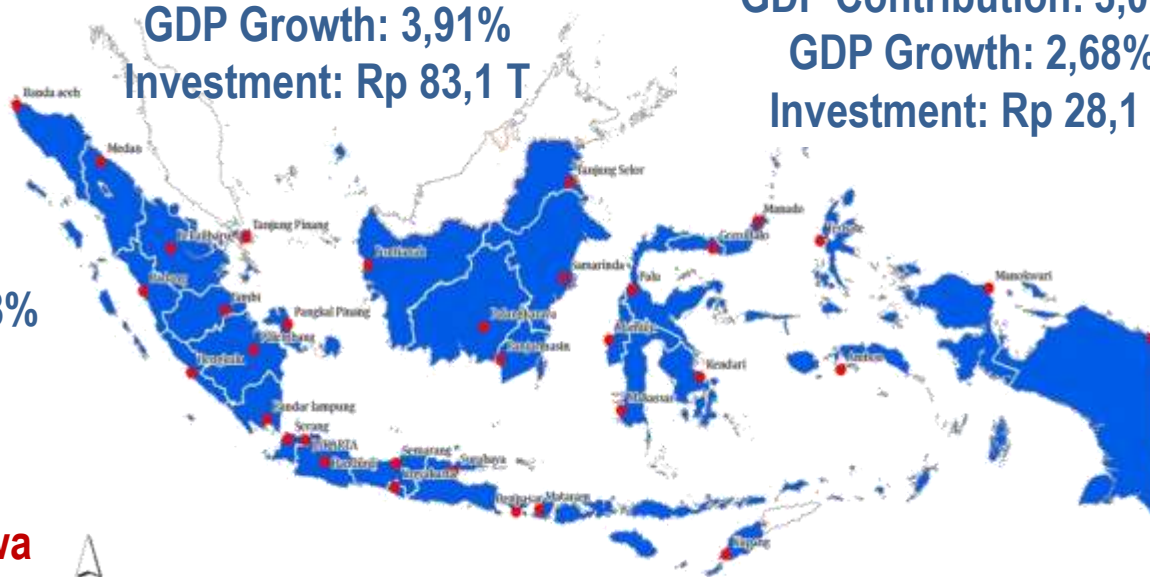
## Sulawesi

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

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





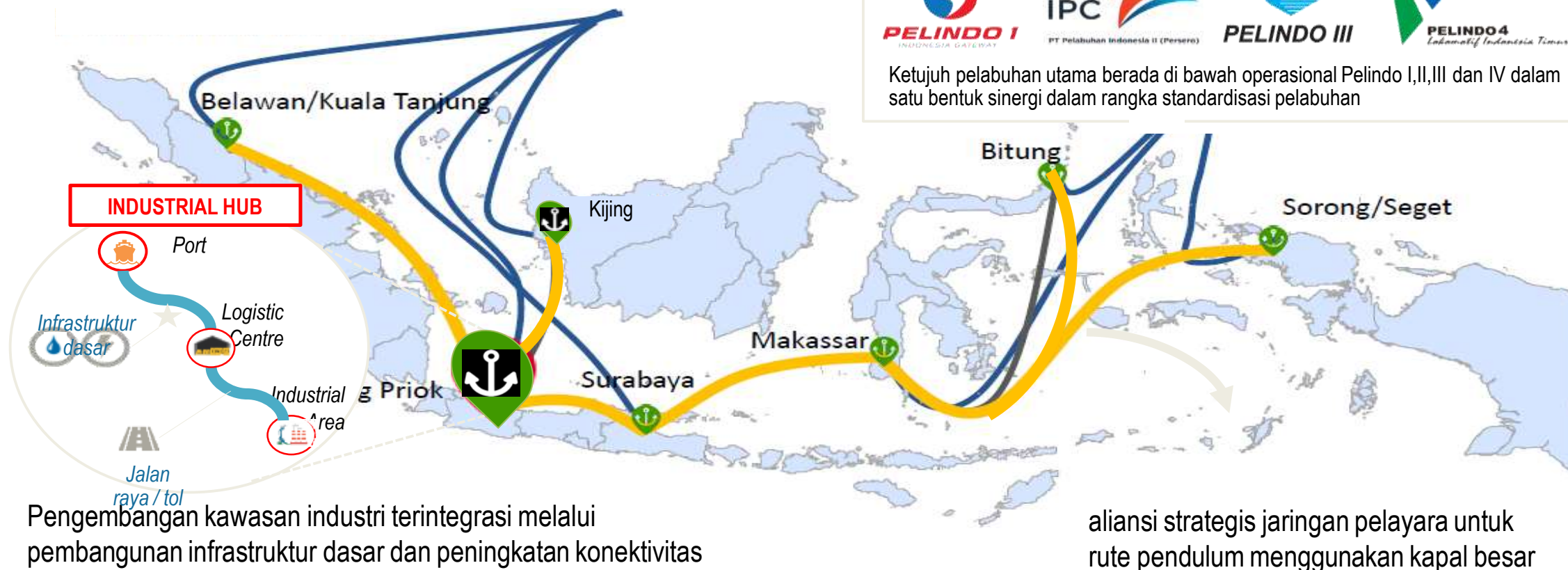
- 
- Map of Indonesia showing the proposed shipping routes for the Garuda Indonesia Express. The map highlights five hub ports: Belawan, Tanjung Priok, Surabaya, Makassar, and Bitung. Red solid arrows indicate the main shipping routes connecting these hubs. Dashed black arrows indicate feeder routes connecting various secondary ports to the hubs. The legend at the bottom identifies the red solid arrow as 'Hub Port Planning' and the dashed black arrow as 'Feeder Port Planning'.





# Integrated Port Network: A Solution to Reduce Logistic Costs

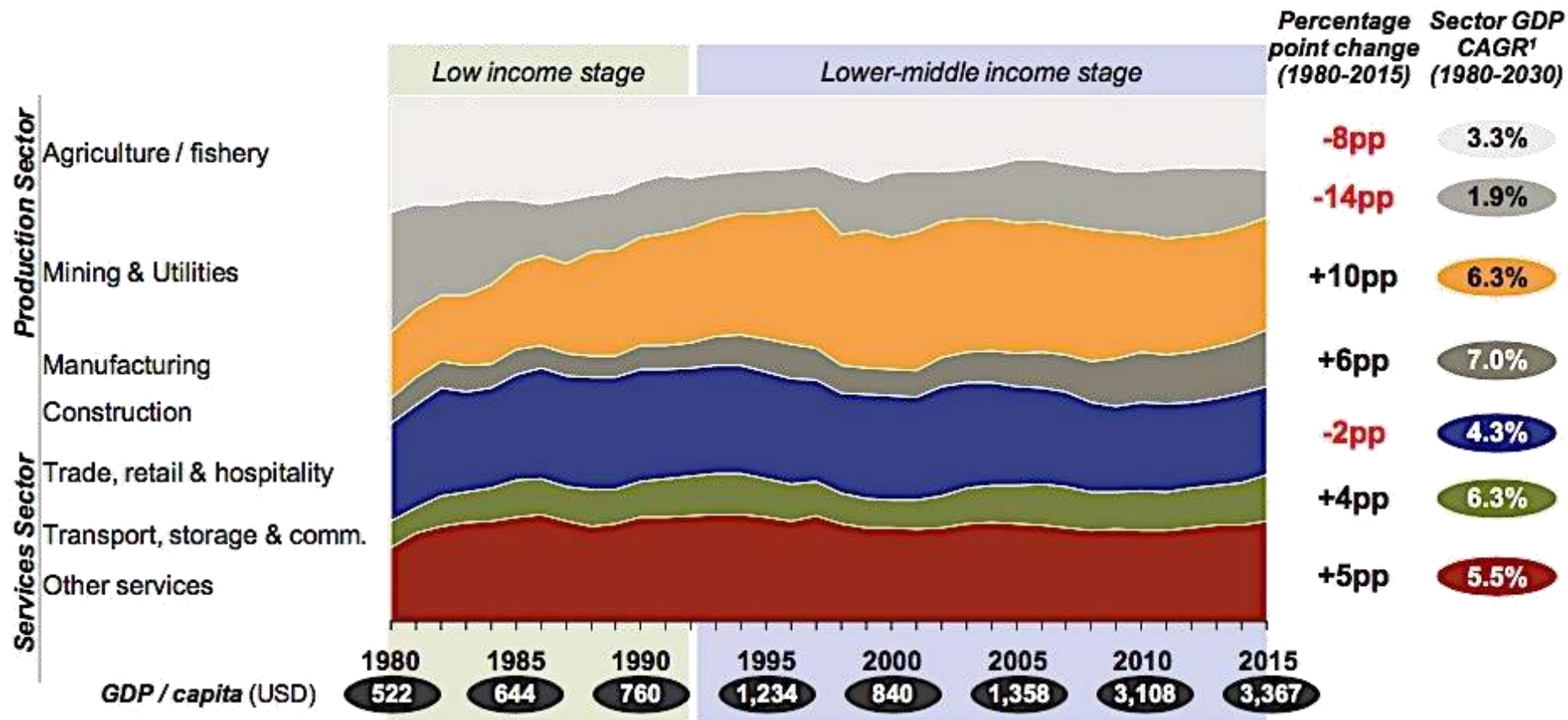
— Rute pendulum  
— Rute internasional







# Indonesian Economy has Changed from Resources-based to Value Creation



Significant improvement on Compound Annual Growth Rate [CAGR] in industry and service sectors



KEMENTERIAN PERINDUSTRIAN  
REPUBLIK INDONESIA



# 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

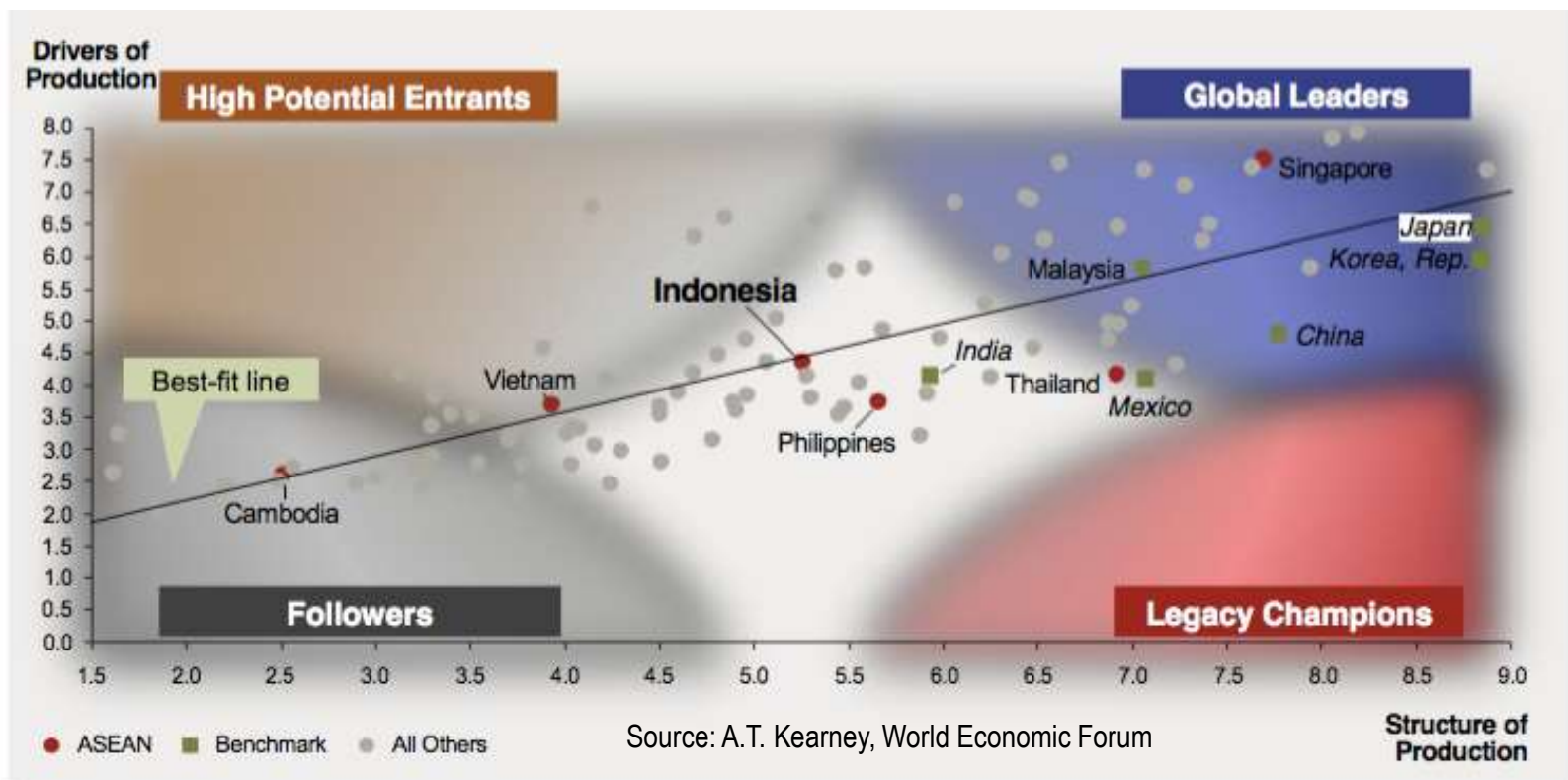
Food, medicine, textile, transportation, electronics, ICT, power plant, capital goods for services, upstream agriculture, base metal and non-metal minerals, oil-gas-coal based basic chemicals





# Industry 4.0 [4<sup>th</sup> Industrial Revolution]

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



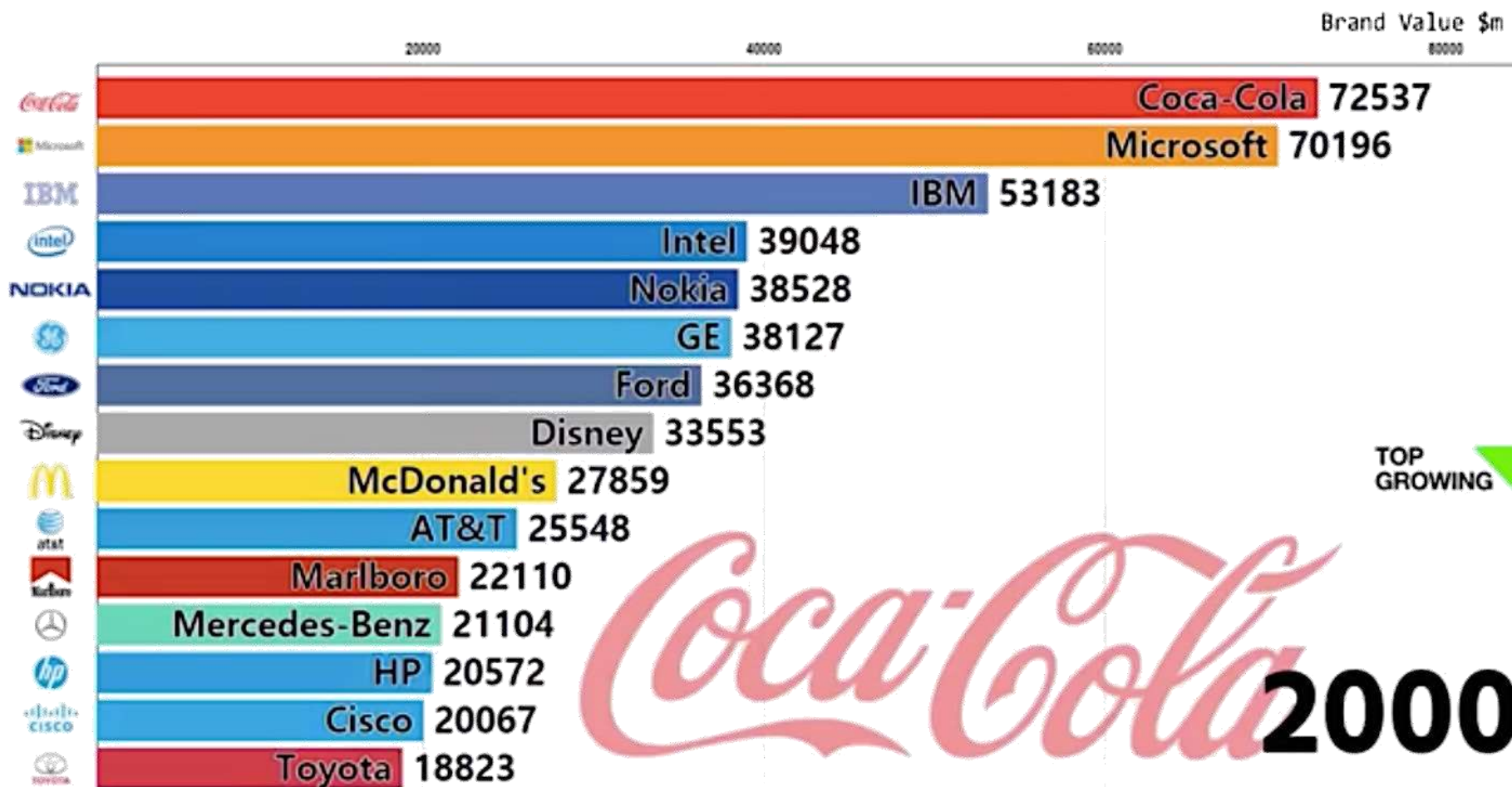
## Key Technologies

1. Artificial Intelligence
2. Internet of Things
3. Wearables
4. Advanced Robotics
5. 3D Printing

Initial Mapping on 4IR Country Readiness

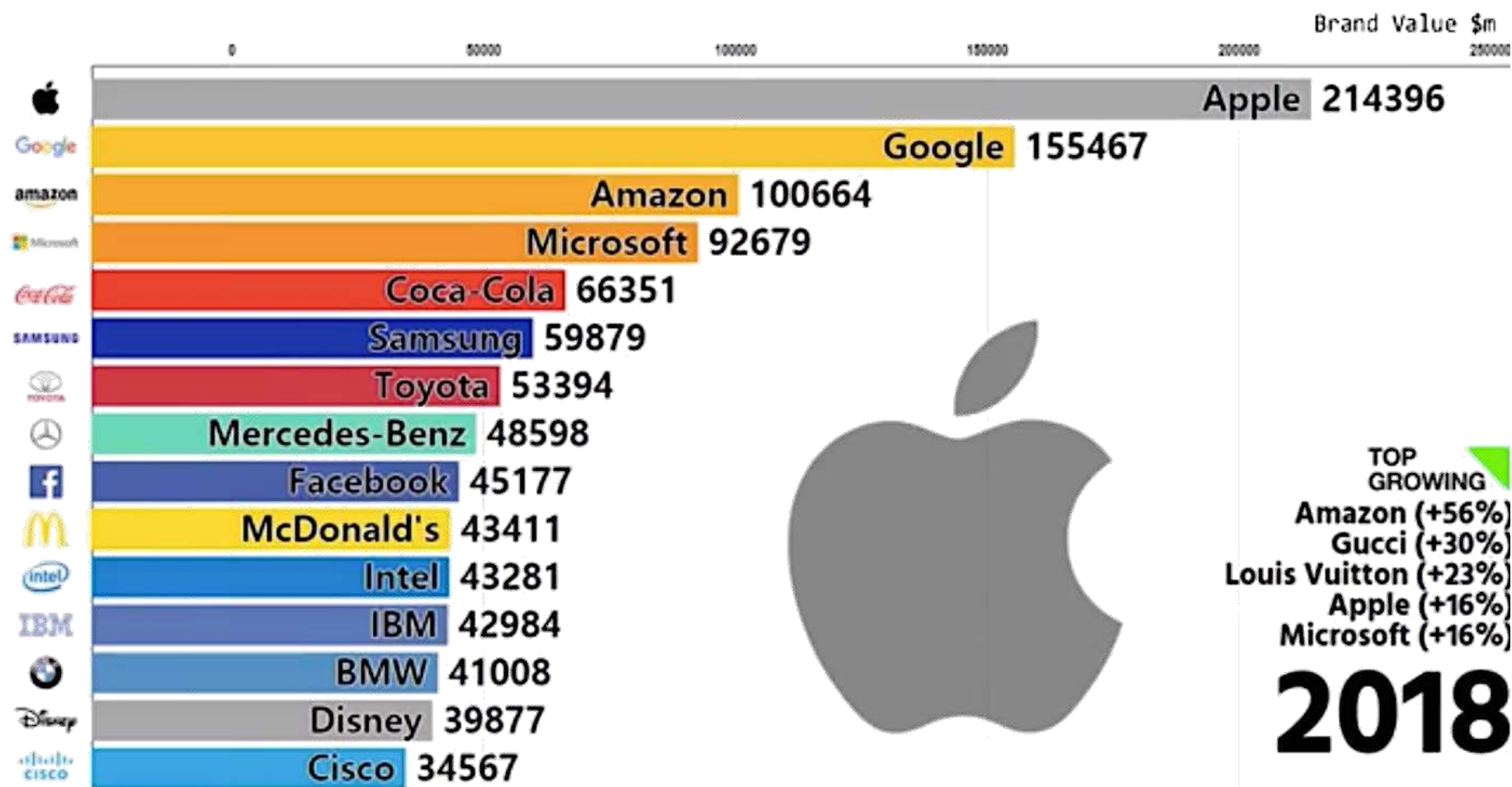


# Top 15 Global Brands 2000





# Top 15 Global Brands 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%



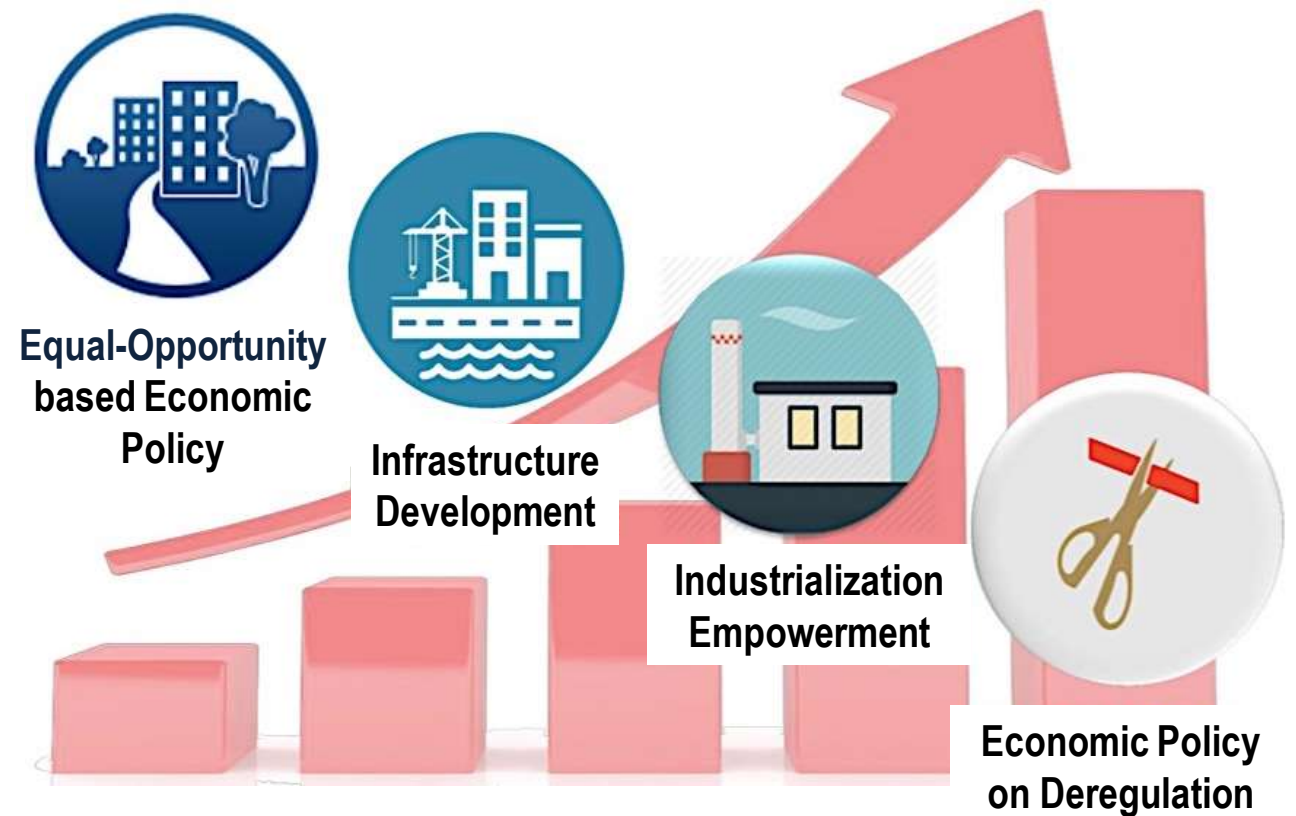
**10 Prioritized Tourist Destinations outside Bali**





# Policy to Accelerate Economic Growth

- 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.



# Government Development Program 2020: Human Resource Development for a Quality Growth





# Recent Co-operation Activities

- A visit to BVG [Bharat Vikas Group] in Pune on May 23<sup>rd</sup> - 24<sup>th</sup> 2018 **on waste to resource**
- Organic waste to compost, plastic to fuel
- IT on waste water treatment [30.000 m<sup>3</sup> 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