

Australia Indonesia Business Council

Doing Business in Indonesia

24 August 2011

Leith Doody

Regional Senior Trade and Investment Commissioner – ASEAN
Minister Commercial to Indonesia



Australian Government
Australian Trade Commission

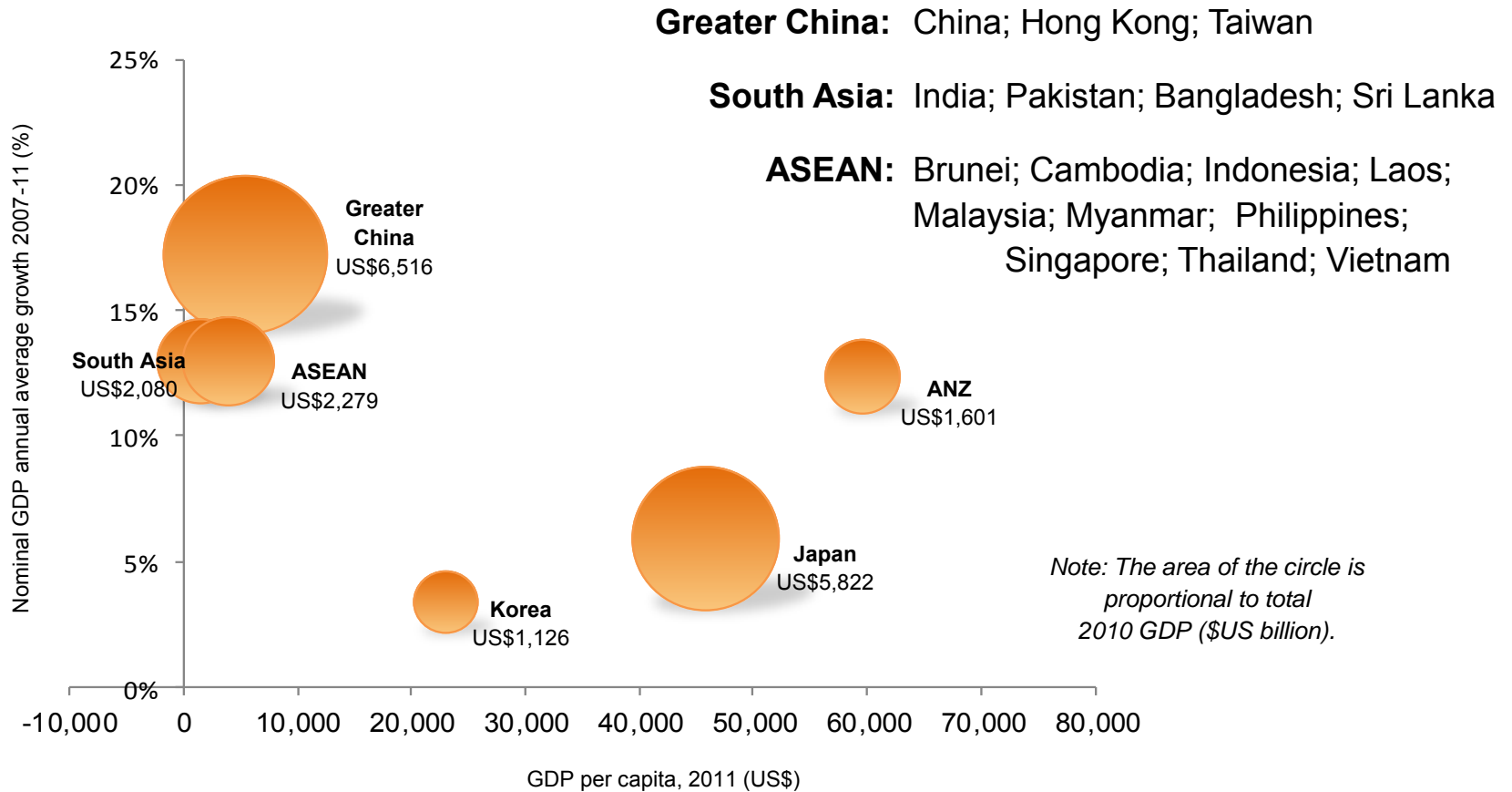


ASEAN



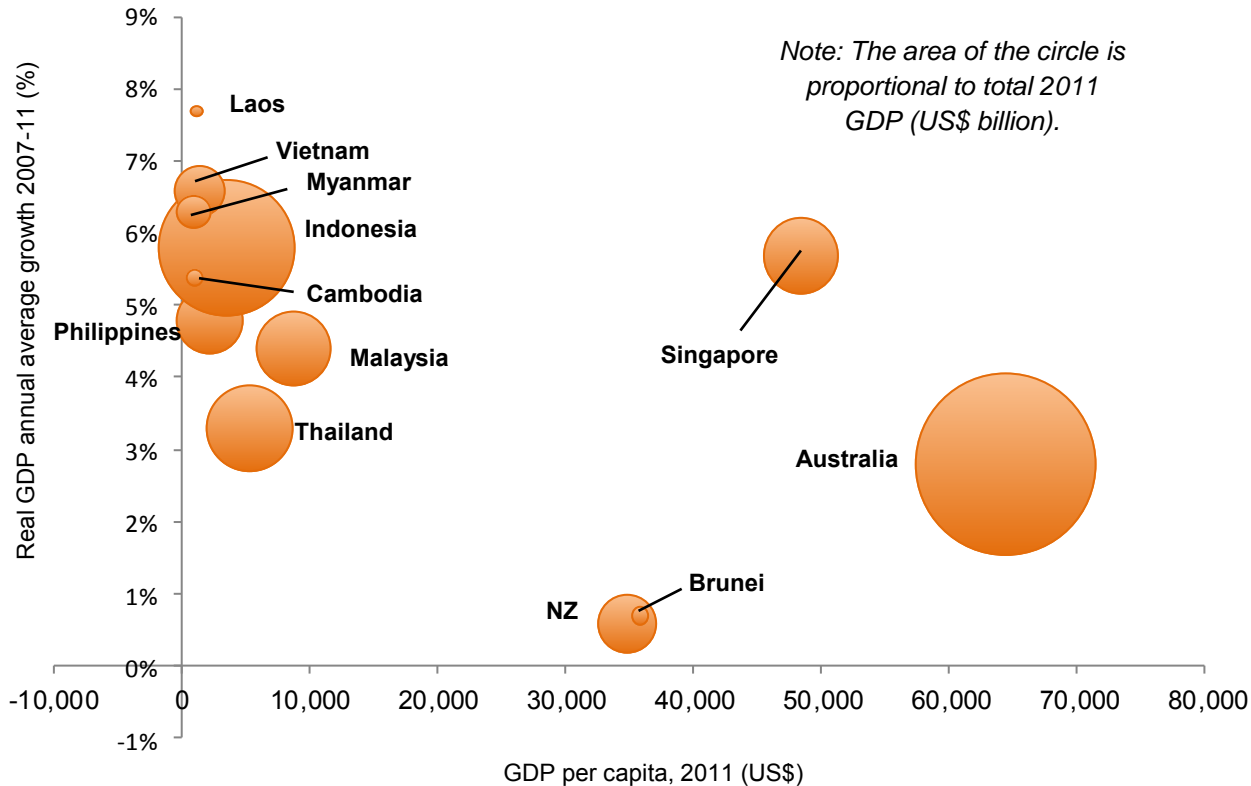
ASEAN represents a population of some 600 million and combined GDP of nearly US\$2 trillion (2011e)

In terms of GDP, Australia-New Zealand combined is roughly 70 per cent the size of ASEAN



Source: EIU, Asian Development Bank, Intercedent IMA Asia

Australia's economy still dominates Indonesia's, but things are changing



Asia's Share of Global GDP

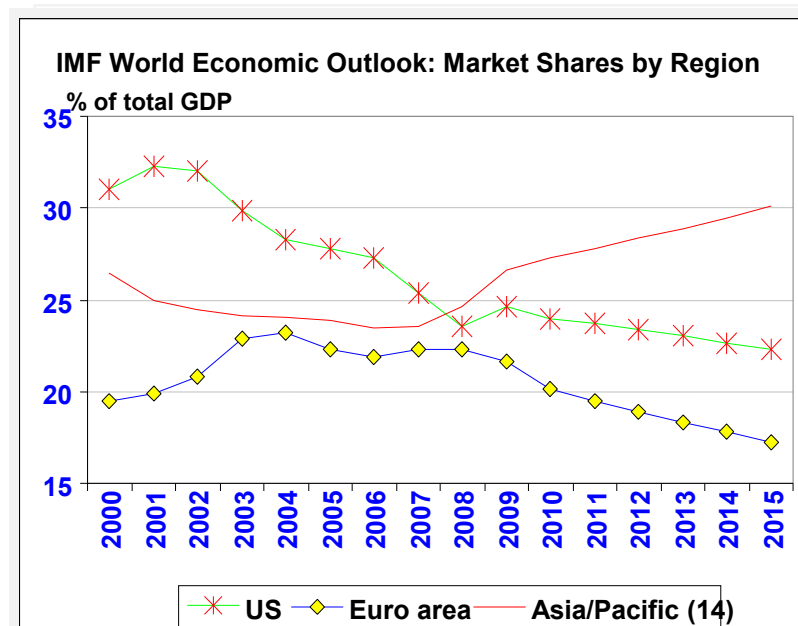
	1990	2000	2010	2015
Japan	13.3	14.5	7.9	5.4
China	1.7	3.7	9.3	15.6
HK	0.3	0.5	0.4	0.4
Taiwan	0.7	1.0	0.7	0.7
Korea	1.2	1.7	1.6	2.2
Indonesia	0.6	0.5	1.1	1.8
Malaysia	0.2	0.3	0.3	0.4
Philippines	0.2	0.2	0.3	0.4
Singapore	0.2	0.3	0.3	0.4
Thailand	0.4	0.4	0.5	0.6
Vietnam	0.0	0.1	0.2	0.2
India	1.4	1.4	2.3	3.5
Australia	1.4	1.2	1.8	1.9
NZ	0.2	0.2	0.1	0.1
ASEAN6	1.5	1.8	2.7	3.8
A/P 14	21.7	26.1	26.9	33.6

Source: EIU, Asian Development Bank, Intercedent IMA Asia

The Global Context: Rapid realignment in global market share over 2010-15 driven by “rebalancing” of demand (a major part of which is higher consumption and lower savings in Asia and lower consumption and higher savings in the US).

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Source: IMF, Sept 2010

BRICS replaced by CIVITS

Table 1.1. Asia: Real GDP Growth
(Year-on-year; in percent)

	2009	2010	2011
		Latest projection	
Industrial Asia	-4.1	2.9	1.9
Japan	-5.2	2.8	1.5
Australia	1.2	3.0	3.5
New Zealand	-1.6	3.0	3.2
Emerging Asia	5.8	9.4	8.1
<i>NIEs</i>	-0.9	7.8	4.5
Hong Kong SAR	-2.8	6.0	4.7
Korea	0.2	6.1	4.5
Singapore	-1.3	15.0	4.5
Taiwan Province of China	-1.9	9.3	4.4
China	9.1	10.5	9.6
India	5.7	9.7	8.4
<i>ASEAN-5</i>	1.7	6.6	5.4
Indonesia	4.5	6.0	6.2
Malaysia	-1.7	6.7	5.3
Philippines	1.1	7.0	4.5
Thailand	-2.2	7.5	4.0
Vietnam	5.3	6.5	6.8
Emerging Asia excl. China	2.5	8.2	6.4
Emerging Asia excl. China and India	0.4	7.2	4.9
Asia	3.6	8.0	6.8

Source: IMF staff projections.

Business Environment

Business Obstacles: Summary April 2011

1. **Difficult to Find Good Management Staff 679**
2. **Government Regulation 666**
3. **Corruption 665**
4. **Difficult to Find Good Technical Staff 631**
5. **Inconsistent Application of Regulations 629**
6. **Difficult to Find Local Technical/Engineering Staff 591**
7. **Infra - Poor Infrastructure in general 571**
8. **Weak Legal Protection 569**
9. **Infra - Poor Roads 561**
10. **Customs Clearance Issues 556**
11. **Currency Fluctuations 545**
12. **Weak Contract Enforcement 544**
13. **Poor Quality of Legislation 521**
14. **Infra - Poor Ports 512**
15. **Rigid Employment Regulations 511**

2011 vs 2010

√ Difficult to find good Mgmt staff replace govt regulation as #1 issue. Was 4th last year.

√ Corruption #3 vs #4

√ Difficult to find technical staff moves to 4th from 7th.

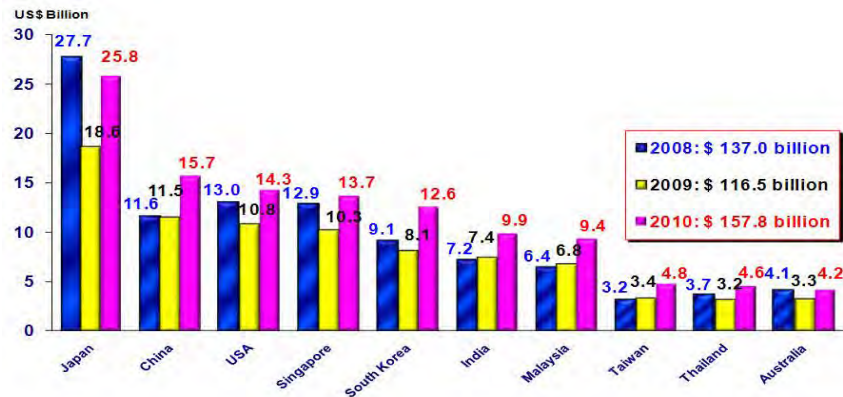
√ Rigid Employment conditions drops from 3rd to 15th.

√ Poor infrastructure is 7th vs 2nd last year

Source: Castle Asia

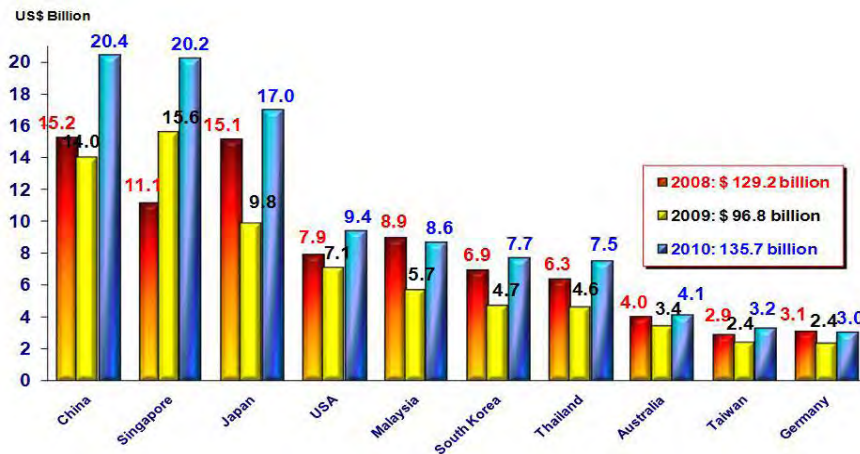
Foreign Trade Relations - Indonesia

- Major Export destination



Major Export: Japan, China, USA, Singapore, South Korea, India, Malaysia, Taiwan, Thailand, Australia

- Major Import source



Major Import: China, Singapore, Japan, USA, Malaysia, South Korea, Thailand, Australia, Taiwan, Germany

Source: Castle Asia

Nothing is quite like what it seems to be

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