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Message From The Ambassador

Dear Readers,

In the new year of 2016, the mood in Indonesia is one of cautious optimism. Investors have begun to react positively to economic deregulation initiatives which commenced a few weeks after a cabinet reshuffle in August 2015. The announcement by President Jokowi last October in Washington DC that Indonesia intended to join the Trans Pacific Partnership signals a positive change in mindset from a narrow economic nationalism stance to a more outward looking economic strategy. The birth of the ASEAN Economic Community has added the urgency to boost efficiency and to make doing business in Indonesia easier.

This "Go-Indonesia" Economic Bulletin is the first issue of a Quarterly Journal published by the Embassy of Indonesia in Seoul to help Korean businesses with information on developments in the Indonesia economy. This bulletin includes a compilation of relevant articles from different sources. Accordingly, the views expressed in this publication do not necessarily reflect the official position of the Government of Indonesia.

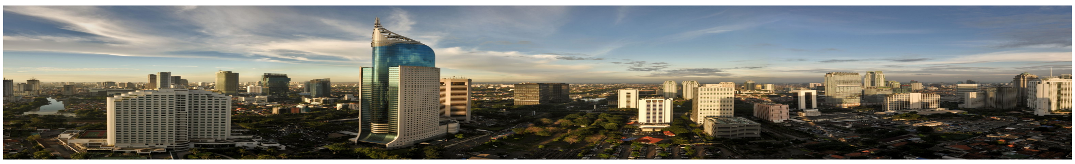
I wish you all a new year of endless opportunities and greater prosperity.

John A. Prasetio
Ambassador

2016 Brief Economic Outlook

Indonesia's economic growth in 2015 is estimated to be at 4.8%. Some analysts suggest that given the multitude of global challenges including China slowdown, weak commodity prices and the adjustment in the US Fed policy, the growth rate in Indonesia was not a complete disappointment, although with its potential, there is a sense that the economy could do better. For 2016, the consensus among experts is that the economic growth in Indonesia will pick up to around 5.3%-5.5%.

The reason for this optimism includes President's Jokowi clear determination to improve government efficiency and reduce red tape, impact of government spending on infrastructure, and that the deregulation and other reform measures will start to show their impact in 2016. In addition, the faster pace of government expenditure and the rise in consumer confidence with relatively tame inflation rates will also contribute to a stronger growth in 2016. Obviously, Indonesia economy will face significant external downside risks as the adjustments in China, US. Fed policy and Eurozone will continue.



Economic Policy Reform Packages

The Government of Indonesia announced eight economic policy packages between September and December 2015, and further reform packages are expected to be issued over 2016. These reforms go beyond regulatory simplification and fiscal stimulus. They also include structural reforms. The following table lists down the main proposed reforms:

Package	Unveiled	Main Points
1st	9 Sep	• Boost industrial competitiveness through deregulation • Curtail red tape • Enhance law enforcement & business certainty
2nd	30 Sep	• Interest rate tax cuts for exporters • Speed up investment licensing for investment in industrial estates • Relaxation of import taxes on capital goods in industrial estates & aviation
3rd	7 Oct	Reduce operational cost by cutting energy tariffs for labor-intensive industries
4th	15 Oct	• Fixed formula to determine increases in labor wages • Soft micro loans for small & medium-size business, export-oriented, and labor-intensive businesses
5th	22 Oct	• Tax incentive for asset revaluation • Scrap double taxation on real estate investment trusts • Deregulation in Islamic banking
6th	5 Nov	• Tax incentives for investment in special economic zones
7th	4 Dec	• Waive income tax for workers in the nation's labor-intensive industries • Free leasehold certificates for street vendors operating in 34 state-owned designated areas
8th	21 Dec	• Scrap Import Duty for 21 categories of airplane spare parts • Incentives for the development of oil refineries by the private sector • One-map policy to simplify the land acquisition process

Some implementing regulations which have been issued include a three hour investment licensing service by the Investment coordinating Board, simplification of import licenses of certain raw materials by the Trade Ministry, reduction of electricity and gas prices for industry. Other regulations are still work in progress.

IMF: Indonesia Outlook for 2016 Solid, Thanks to Economic Reform

by Vanesha Manuturi

Indonesia's economic outlook remains solid, with ongoing reforms by the government expected to help GDP growth rebound to 5 percent next year, the International Monetary Fund says. An IMF team that visited the country from December 7 to 17 said it found the government had demonstrated "sound monetary management and a prudent fiscal stance" in the past year to navigate through the challenging environment of weak commodity prices, global economic slowdown, and financial market volatility.

"Overall, macroeconomic performance in 2015 has been satisfactory," Luis E. Breuer, said the head of the delegation. "Economic growth has stabilized and is projected to reach 4.7 percent this year. A moderate acceleration to around 5 percent is forecast in 2016. Investment activity [will] lead the recovery, in particular, public sector spending."

While the IMF's growth forecast is lower than the government's projection of 5.3 percent, Breuer said the medium-term outlook also remained favorable, thanks to a series of stimulus measures issued by the government to streamline business and investment activity. Inflation next year should hover between 3 and 5 percent, with a moderate increase in the current-account deficit.

Breuer also called Bank Indonesia's current monetary policy stance "appropriate" in helping the economy adjust to external pressures, even as calls mount for the central bank to cut its key interest rate in help spur growth.

Cited from The Jakarta Globe

2016 Outlook

The Economy: Time To Walk The Talk

by Albert W. Nonto

After months of trepidation about the intentions of the Federal Reserve, the US central bank introduced its first rate rise for seven years on December 16, taking its guidance rate up a mere quarter of a percentage point to 0.5%.

Concerns that higher rates in the world's largest economy would suck money out of emerging markets failed to materialize. In Indonesia, the reverse was true, with both the rupiah currency and the stock market showing gains in the immediate aftermath of the Fed's decision. Much of the impact had already been factored in by the markets: the rupiah had fallen from 12,441 to the US dollar a year earlier to 14,123 the day before the Fed hike. Most importantly, the decision by the Fed created a degree of certainty: while there is talk of it possibly raising rates by a further 1.5% over the next year, for the time being the situation appears stable. For Indonesia the decision will help foreign investors to see the country's real fundamentals and prospects rather than the short-term situation. But with the trade balance moving into deficit in November for the first time in a year, with a shortfall of $346.4 million driven by strong imports of steel for construction projects, the problems faced by the Indonesian economy are far from over.

The Chinese economy continues to slow, and the tightening of its currency, the yuan, will also influence Indonesia. China is consciously moving from an export-oriented, investment-heavy economy to a greater focus on consumption. That means less demand for Indonesian commodities such as palm oil. Efforts by Beijing to reduce the country's horrific pollution will also continue to depress coal prices.

On the domestic front, consumer purchasing power remains flat. The strength of the US dollar makes imports pricy and job losses in the manufacturing sector have created a mood of caution. Automotive industry association Gaikindo said it expected 2015 car sales at just under 1 million units, down from 1.2 million units sold in 2014. Little improvement is expected this year. Electronic products with a high import content are also selling slowly. And while inflation is manageable at around 4% per year, most people are still in "wait and see" mode.

Many believe that the low inflation rate is partly caused by cautious spending on food, electricity, water and healthcare, while consumers shy away from non-essential purchases. That picture is not expected to change until at least mid-year, with the El Niño phenomenon continuing to play havoc with agricultural markets.

The government also plans to increase electricity and gas prices, further dampening consumer confidence. Bank Permata economist Joshua Pardede estimates that, overall, Indonesia's economy will improve slightly this year but will continue to be overshadowed by challenges at both the macro and micro level. The inflation rate is expected to be steady at around 5% and the weak value of the rupiah will contribute to a slow recovery in consumer spending. Products with high local content should see better sales in 2016 and beyond. At the same time, economic policy reform has had little impact so far, with the consumer confidence index still stagnant. The reforms aren't expected to start biting for at least three months, and possibly six, while tax incentives will also only create a positive boost around mid-year. The World Bank sees moderate demand from China for Indonesian products, helping lift growth to around 5.3% from about 4.7% at the end of 2015.

Hopes for government spending

The main hope is for the government to start spending. All agree that it's time to walk the talk of major injections into infrastructure. Fortunately, government cash is starting to make its way into the economy. Cement sales have been increasing since October last year, when sales jumped 10.7% on a year-on-year basis. The government is pushing to build more toll roads, airports, power stations and dams for water reservoirs to irrigate paddy fields. Up until 2019 the government plans to spend about Rp5.452 trillion to finance these and other infrastructure projects. However government capacity is only about Rp300 trillion per year, which still leaves a big gap between demand and the availability of cash.

The private sector is being asked to participate in a variety of projects such as a railway in Kalimantan, a high-speed train between Jakarta and Bandung and several power plant projects. In toll roads, the government has made a start on the 2000-km Trans-Sumatra highway, targeted to be finished by 2018. It plans to build 13 new dams immediately and start on another 49 before 2019. It has also launched its sea toll program, boosting capacity at regional ports, especially in the east of the country, to cut logistics cost for goods transport. That program aims to cut logistics costs to about 16% of GDP from 24% now. In early December, the introduction of the first cattle ship to transport cows from East Nusa Tenggara successfully reduced shipping costs from Rp2 million per animal to only about Rp450,000.

Minister for Agriculture Amran Sulaiman is optimistic about the move and plans to double the number of ships in the future. The World Bank in a year-end report also confirmed that infrastructure development was starting to move, prompting hopes that it will create a big impact on many sectors and help improve sentiment about the fundamentals of Indonesia's economy. The government has also fast-tracked the tender process for expenditure this year, holding tenders for projects starting last August, making it likely that the momentum will not be disturbed by the country's usual problem of moving money out of the Treasury. Benefits are flowing to construction companies, building materials, the logistics sector and many more. Some companies in the construction sector and cement see big spending plans this year.

The Indonesia Stock Exchange reported a 16% increase in capital expenditure (capex) in the construction sector to about Rp9.4 trillion from Rp8 trillion last year, while cement companies will add an additional 25% to their spending for expansion to about Rp12 trillion from Rp9 trillion last year. State-owned construction companies are the big winners. PT Waskita Karya will spend a big portion of its capex to increase capacity at its subsidiaries to produce building materials to meet demand from toll road construction in Sumatra and Java, where a total Rp40 trillion of construction is planned.

Cement makers have also set aside big money to increase production capacity. "It's no longer a regular increase, extraordinary growth is going on in the cement industry now," comments Semen Bosowa founder Aksa Mahmud. He points out that by mid-2016 cement makers will have had to double their production capacity and some may have to import to meet demand. Indonesia's cement association estimates that in total, in 2016 Indonesia will need capacity of about 90 million tons to supply the demand.

Consumer and property

The consumer sector is often the best way to gauge the level of economic activity of a nation. That's certainly true in Indonesia, where the sector makes up more than 50% of GDP. Retail sales have held up quite well, with 8.8% year-on-year growth in October, in contrast to the situation in the automotive industry.

Permata Bank's Joshua Pardede sees property as a bright spot this year. The need for homes is still huge and the government is pushing to provide more than 1 million houses for low-income residents. He sees that despite property prices in some areas surpassing fundamental levels, demand will continue to drive growth. "Indonesia's price-to-income ratio in the property sector is still low compared to peer countries, making this sector good business. The trend to lower interest rates will help this situation become a boom," he says. In the banking sector most analysts agree that conservative growth will prevail. Non-performing loans (NPL) are expected to continue to hurt bank profits and keep banks cautious about lending money. NPLs may come under further pressure due to the continuing gloom in sectors such as coal and palm oil.

"Credit quality in the (commodity) sector has worsened and that impacts bank liquidity. As a result the banks tend to hold on to their money although an interest rate war could occur. I estimate that sectoral growth will reach double digits, but lower than two years ago," states Joshua. Operational costs are rising while net interest margins have become smaller, he adds.

Steel Industry

A study by the Organization for Economic Cooperation and Development (OECD) in 2013 showed that the prospects for iron and steel sales in Indonesia remained high, and were expected to reach about 100 kg per capita by 2025 from only 50 kg now. That would make the country the fourth biggest consumer of the products. "Construction has been the largest driver of steel consumption as the demand for construction materials has expanded rapidly. Most of the demand for plate was to serve the construction sector while the automotive industry is also playing an important role," the report stated. With high demand in the construction sector, and imports already constituting about 60% of supply, steel imports are likely to soar over the next five years, potentially putting more pressure on the trade balance.

Meanwhile the government reports that some new companies are starting to provide more output. Extra capacity is being created both by joint ventures and expansion. Krakatau Posco, a joint venture between state-owned Krakatau Steel and Korea's Posco began operation in 2014, and with its large blast furnace, it has helped change the picture of the ASEAN iron and steel market.

In 2015, steel demand in Indonesia stood at about 13 million tons, with some 60% coming mainly from China. Coordinating Minister of Economic Affairs Darmin Nasution isn't too worried about the import bill as the high level of imports indicates the need for steel for infrastructure projects. Meanwhile Indonesia's Iron and Steel Association (IISIA) reports that domestic capacity could grow to around 80% of estimated demand over the next five years. Others doubt that prediction is realistic. The industry is growing only slowly and it may not be possible to meet the estimated level of demand of 19 million tons in 2016 and 28 million tons in 2025 without imports from China.

At the same time IISIA chairman Hidayat Triseputro is urging the government to provide protection against the dumping of Chinese product.

Apparent steel use

Country	GDP/capita (USD)		Urbanisation (%)		Population (mln)		Steel use per capita (kg)
Year	2014	2030	2015	2030	2014	2030	2014
India	1636	9489	33	40	1267	1476	59
Indonesia	*3401*	*12312*	*54*	*63*	*253*	*294*	*54*
Vietnam	2012	8096	34	43	93	102	138
Thailand	5561	14391	50	64	67	68	258
Egypt	3376	9109	43	47	83	103	122

Source: UN, Global Insight, World Steel Association

Major steel projects in Indonesia

Number	Company	Location	Facility	Capacity (mmt)	Operation date
1	Krakatau Steel	Cilegon, West Java	Blast furnace	1.2	2015
			Hot strip mill	3.5	2014
2	Krakatau POSCO	Cilegon, West Java	Blast furnace, BOF	3.0	2013
			Phase 2 of project	3.0	-
			Plate mill	1.5	2013
3	Krakatau Osaka Steel	Cilegon, West Java	Rebar/ Small section mill	0.5	2015
4	Indoferro	Cilegon, West Java	Blast furnace	0.25	2012
			Phase 2 of project	0.25	2014
5	JFE Steel Galvanizing	Bekasi, West Java	CGL	0.4	2016
6	Gunung	Bekasi, West Java	EAF	1.2	2013
7	Gunung Raja Paksi	Bekasi, West Java	Blast furnace	2.0	2015
			BOF	1.4	2015
8	Essar Indonesia	Bekasi, West Java	Cold strip mill	0.7	2014
9	Gunawan Dianjaya Steel	Surabaya, East Java	Plate mill	1.0	2015
10	Meratus Jaya Iron & Steel	Kalimantan, Tanah Bumbu, South Kalimantan	DRI	0.3	2012
11	Sermani Indonesia	Makassar, South Sulawesi	CGL	0.5	2012

Source: OECD secretariat

A study by the Industry Ministry in 2014 showed that the property and construction sectors consume about 80% of steel and iron products, followed by piping installations for the energy sector taking up another 8%, machinery 2%, manufacturing 3% and the automotive industry about 1%, with the remainder shared between a range of miscellaneous industries. “While the automotive industry will be slowing down for at least the next two years so that its absorption will shrink, demand for construction and property will be higher,” says Indra Subekti, who runs a medium-sized construction company in Bogor, West Java.

Be optimistic, says the president

President Joko Widodo’s call to the Indonesian people and in particular the business community to stay optimistic and dare to compete in international markets is seen as soundly based. The country has every reason to make this happen as it has a big middle class, a demographic ‘bonus’ with a small proportion of non-productive old people, and political stability. With estimated economic growth of 5.3% in 2016 Indonesia can still make a positive contribution on international and domestic markets.

In the year to come Indonesia has to move forward from its domestic orientation to be more outward-looking. It has taken some progressive steps to move its economy to a higher level. The seven economic policy reform packages issued since September last year provide tax and fiscal incentives, reduce production costs, simplify procedures and make doing business in Indonesia more attractive, as long as there is a positive response from the bureaucracy. The World Bank believes that quick implementation of the reforms and disbursement of the government’s budget will provide a strong impact on overall investment by the private sector.

A national transformation is key to making Indonesia more competitive. Improvements in education will produce more qualified people who will be able to create new machinery and innovations in production processes. At the same time government pressure to process raw minerals in-country will create added-value products and help Indonesia reshape basic strategic industries such as iron and steel. Indonesia will also start to produce pharmaceutical raw materials this year, helping to reduce imports and reduce the prices of products. All in all, there’s good reason for guarded optimism.

Albert W. Nonto is the Senior Editor of Globe Asia

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Category: Special Reports

A Foreign Investor's View: Will Indonesia's Economy Recover?

by James Castle

Bureaucratic micro-management, the bane of investors, must be reined in

Infrastructure development marks the growth of the Indonesian economy entered 2016

After five years of steadily deteriorating economic performance, the Indonesian economy may be in the process of turning around. After reaching a 21st-century high of 6.4 percent in 2010, the country's GDP growth rate has been lower every year since. It is unlikely to be higher than 4.7 percent this year, the lowest level since the 2009 global crisis.

There are now some signs that the slump may be ending, however, and 2016 growth may exceed five percent. What caused the last five years of decline? What is causing the fledgling recovery and what are its prospects for success?

Changing Directions

The cause of this new, albeit modest, optimism are more efficient government spending on infrastructure after a very slow start in the fiscal year and President Jokowi's clear determination to improve all government efficiency and reduce red tape. The government is also trying to provide some modest additional stimulation beyond infrastructure spending, especially through tax incentives.

After more than a decade of increasingly inward-looking legal and regulatory reforms that have steadily narrowed the space for private-sector activity, restricted economic freedom, discouraged investment and increased costs, several key government policymakers have started publicly challenging the protectionist orthodoxy of previous governments and acknowledge the need for a change in direction.

They are saying in public what only a few intrepid officials dared whisper in the past decade: Indonesia must embrace the global economy as a competitive and constructive player or it will be left behind by more dynamic emerging market countries, particularly neighboring Vietnam, but also the Philippines and India. This change in perception is very recent and very fragile.

Although easy to miss at the time, the first public signal of this new attitude came just four months ago with the August cabinet reshuffle. While the changes in economic portfolios appeared modest on the surface, it is now clear that President Jokowi is seeking to change the direction of the economy.

The appointments of veteran warhorses Darmin Nasution and Rizal Ramli to coordinating positions initially stirred little optimism because both are closely linked to some of the more restrictive economic policies of previous administrations, including currency controls and limitations on foreign investments.

But apparently the President is not primarily seeking policy advice from them. Insiders say the President has grown increasingly frustrated and angered by the behavior of many career bureaucrats who have consistently ignored his instructions and embraced regulatory complexity as a means to increase their power vis-a-vis the private citizens they are supposed to serve. Rather, what he sees in Nasution and Ramli is two tough, wily bureaucratic infighters who can help him corral obstreperous *apparatchiks* and start to bend the country's recalcitrant administrative apparatus more to his will.

The appointment of a new trade minister was equally significant. The trade ministry has traditionally adopted an inward-looking, defensive posture, and this attitude hardened significantly in the past five years, encouraging protectionist sentiments in the legislature.

The new minister, Thomas Lembong, is perhaps the most global personality in the current cabinet. He is as comfortable in New York boardrooms as he is in the backrooms of Jakarta policymaking. He does not fear foreign investors. He frequently stuns the vast platoons of Jakarta's rent-seeking legionnaires disguised as economic nationalists by bluntly saying things like it's better to have foreign hospitals, schools, doctors and teachers operating in Indonesia. It is better that they are accessible to the general Indonesian public rather than having Indonesians spending billions abroad and quality services only being available to the wealthy few.

He has called the notorious Negative Investment List (DNI) the "Import Encouragement List", arguing that discouraging foreign companies from manufacturing products locally just encourages the importation of the same products or condemns Indonesian manufacturers and consumers to pay more for lower quality products.

What Went Wrong: Denial

Indonesian policymakers have been slow to accept any responsibility for the slowdown started in 2011. For the first few years after the global crisis, the official mantra was "our policies are not to blame". Yes, growth is slowing, the leadership said, but global conditions are bad and we're still growing faster than our ASEAN neighbors and most other emerging market economies.

The denial was, in fact, just rhetoric covering increasing contractionary policies that discouraged private-sector trade and investment. As a result, Indonesia's growth now lags that of Vietnam, the Philippines and India – all countries that have historically experienced much slower growth than Indonesia, but have been undertaking significant pro-market reforms over the past several years and are now reaping the benefits.

Complacency

The first five years of the Yudhoyono administration was a period of high commodity prices and heady growth. This lulled policymakers into a sense of complacency. Growth was easy. Credit was loose. Profits were high. Incomes grew.

Even as global growth contracted sharply in the wake of the 2008 Lehman crisis that brought many of the world's largest economies to a standstill, Indonesian growth continued to accelerate, reaching its 21st-century peak of 6.4 percent in 2010.

But Indonesia's economic chalice was poisoned by the rapidly expanding role of state-owned enterprises and steadily increasing antipathy to the private sector within the bureaucracy and the legislature, as reflected by a virtual flood of economic restrictions. According to the World Bank, Indonesia instituted over 225 laws and regulations restricting trade and investment since 2009. Vietnam, by comparison promulgated about 60 and the Philippines less than 10 in the same period.

The building list of policy failures of the previous administration actually began with an ill-fated attempt to bring transparency to the government's negative investment list: the notorious DNI.

The DNI itself is a relic from the Suharto era that was originally established with good intentions. Foreign investors seeking approval via the national Investment Board (BKPM) frequently found themselves shunted from pillar to post within the bureaucracy trying to find out exactly what was allowed and what was forbidden. The first DNI was published in 1989. This was a welcome improvement at the time and served the country and potential investors well for many years, despite its unfortunate name.

But a series of short-lived, weak governments followed the fall of Suharto in 1998 resulting in frequent cabinet changes. Policy discipline vanished. In an eight-year span from 1998 to 2005, the government had six different finance ministers, five economic coordinating ministers, four trade and industry ministers and three energy ministers. Indeed, Indonesia, a country that had been led by only two presidents in its first 53 years existence, suddenly experienced four more presidents in six years from 1998 to 2004.

Given the lack of sustained leadership from the top, *de facto* economic policymaking was often left in the hands of second and third-tier bureaucrats, many of whom were repressed socialists who resented the modest, neo-liberal reforms of the Suharto era and were genuinely suspicious of, if not overtly hostile to, the private sector.

Many eagerly took advantage of the confusion at the top and more policy initiatives flowed up from careerists seeking to expand their power rather than downwards from technocrats interested in reducing bureaucratic interventions and increasing administrative efficiency.

In 2005, the government wisely decided to try bring some order to its increasingly opaque and chaotic investment regulatory process. The trade minister was tasked to collect all restrictions on foreign investment into one authoritative document that potential investors could consult quickly.

The instructions were simply for each department to report all restriction on foreign investment in their sections so they could be compiled into a single document, a comprehensive DNI. This would make restrictions on investment transparent and potential investors would not have to spend weeks canvassing relevant departments just to find out if they could invest in Indonesia.

As part of the exercise, it was stated that no changes were to be made and that the government would establish a new protocol for enacting restrictions on investment. A key change was to be a requirement that any new restrictions on foreign investment be supported by an analysis of the benefit of any proposed restrictions to Indonesia or the harm that would be done if the investment were not restricted.

In the event, the departments resisted sharing information and authority with the trade ministry and the President backed down. The result was that effort took longer than intended, new restrictions were added and the requirement to provide justification for changes was ignored.

The lack of impact analysis of regulatory changes was to become a hallmark of economic policymaking of that era and was to have its most devastating effect with the imposition of on-shore smelting requirements for virtually all mineral exports in 2014. The loss of export and tax revenue that ensued contributed greatly to the continuation of the country's growth slowdown.

Whither Indonesia?

Extreme bureaucratic intervention and strong support for a privileged public sector are deeply ingrained in the Indonesian psyche, especially the establishment elites. These attitudes have proven to be difficult to change. Unfortunately, they lead to the view that the private sector should function as a tool of public policy rather than an independent engine of growth. Much of Indonesia's leadership elite actually fears independent, undirected economic activity.

Since the turn of the century, Indonesia has increasingly reverted to the dead-end policies of autarchy. Reflected in protectionist trade policies and import substitution investment policies. These are the policies that have failed many developing countries. They failed Indonesia in the 1950s and 1960s, and they will fail Indonesia today.

As a small businessman, President Jokowi instinctively mistrusts bureaucratic micromanagement. It hurts all businesses, but it is the particular bane of small businesses everywhere. Let us hope his reform efforts succeed.

James Castle is the founder of CastleAsia. He is an honorary professorial fellow at Monash University and a member of AmCham Indonesia's board of governors.

Minister of Trade Presented the "*Primaduta Award*" for Korean Importers

During his Seoul visit last December, Trade Minister Tom Lembong presented *Primaduta Awards* to the following 4 (four) Korean companies: 1. Nobland International Inc 2. E-Max Trading 3. Dyerex International LTD and 4. Easterntex LTD. These four companies have been selected by a team of Independent Judges as loyal importers of Indonesian products in the past three years. The award giving ceremony took place on December 9, 2015 at the Indonesian Embassy.

From left: Chairman BEKRAF, Mr. Triawan Munaf, President of Nobland International, President of E-Max Trading, Trade Minister of Indonesia, H.E. Thomas T. Lembong, President of Dyerex International LTD, President of Easterntex Ltd, Indonesian Ambassador John Prasetio

The *Primaduta Award* is an initiative of the Minsitry of Trade of the Republic of Indonesia to show appreciation for Indonesia's trading partner loyalty, as well as to promote broader ties in trading and economic sector.

In his remarks, Minister Lembong said that the awards show the government's appreciation and are aimed at motivating traders and boosting exports. Furthermore, Minister Lembong hopes that bilateral trade between Indonesia and Korea will grow stronger in the coming years as the two economies are essentially complementary, and that under President Jokowi's leadership, Indonesia has introduced a series of trade deregulation measures to make export-import transactions simpler and easier.

The ROK-Indonesia Joint Commission Meeting (JCM)

From left: Foreign Minister Retno Marsudi and Foreign Minister Yun Byung-se

Foreign Minister Retno L. P. Marsudi of Indonesia and Foreign Minister Yun Byung-se of Korea held JCM in Seoul on December 18, 2015. Chairman Franky Sibarani of the Indonesia Investment Coordinating Board together with a number of senior officials from both countries joined the meeting which discussed various steps to strengthen bilateral cooperation in trade and investment, tourism, maritime, defense, and creative industry as well as ways to enhance people-to-people contact through social and cultural exchanges.

At this JCM, the two Foreign Ministers also agreed to work more closely in international multilateral fora including ASEAN Plus Three, MIKTA, and the G20, and to enhance cooperation to ensure peace and security in the region. Minister Marsudi took the opportunity to explain that Indonesia is not a party in the South China Sea dispute, and will attempt to play a bridging role to prevent the risk of miscalculation by the parties involved in the dispute. Minister Yun reiterated Korea's support to Indonesia's initiative of organising MIKTA interfaith dialogue which is intended to promote understanding across different faith and culture. Both Ministers also agreed to schedule a visit for the leaders of the two countries in the first half of 2016.

BKPM Signs Cooperation Agreement with Woori Bank to Boost Investment

From left: Senior VP Sohn Tae-seung, CEO Lee Kwang-goo, Foreign Minister Retno Marsudi, Chairman Franky Sibarani and Indonesian Ambassador John Prasetio

Indonesia's Capital Investment Coordinating Board (BKPM) has signed an initial agreement with South Korea's Woori Bank to strengthen partnership and to boost investment cooperation between the two countries. The memorandum of understanding was signed in Seoul on December 18, 2015 between BKPM Chairman Franky Sibarani and President Director and Chief Executive of Woori Bank Kwang Goo Lee after the second Indonesia Korea Joint Commission Meeting in Seoul, South Korea. Franky said in a statement issued in Jakarta on Saturday the cooperation had two strategic goals. "The first is to boost foreign direct investment by Korea in Indonesia vice versa," he said. The second is strengthen partnership between business players from the two countries, he added. Franky said the priority of FDI is in infrastructure sector including roads, schools, hospitals and industries. On the other hand Woori Bank would facilitate Indonesian investors wanting to do business in South Korea such as by opening account in Korea and Indonesia and in launching initial public offering (IPO), he said. "The government encourages Indonesian businessmen to expand operation and networks as well as market abroad while improving technological capability to be used in Indonesia later," he said. Based on data at BKPM, from 2010 to 2015 South Korea FDI in Indonesia was worth nearly US$8 billion in more than 4,000 projects in the sectors of metal, machine and plastic industries, rubber and rubber goods industries , mining , chemical and pharmaceutical industries. "In the period, the Korean investment projects provided jobs for more than 770,000 Indonesians," he said. Woori Bank, which was established in 1899 has units in various countries including in Asia, Australia, Europe and Africa. In 2014, Bank Woori Indonesia, was merged with Bank Saudara using the name of Bank Woori Saudara in 2015.

Cited From: ANTARA

Indonesia Honors Korean Army General

From left: Korean trot singer Tae Jin-ah; the spouse of former ROK Army Chief of Staff Kim Yo-han; Kim Yo-han; Indonesian Ambassador John Prasetio, and his spouse Alexandra Prasetio.

The Indonesian Embassy on Friday, December 18, 2015 awarded a former Korean military chief for his contributions to strengthening the bilateral alliance and Indonesia's defense capacity. Former ROK Army Chief of Staff Kim Yo-han was awarded the Order of Service Medal, an honor bestowed to individuals who made distinguished achievements benefiting the Indonesian government or military. The medal is conferred by Indonesian President Joko Widodo. "The Indonesian government and army express deep gratitude to Gen. Kim for conducting Special Forces joint exercises and antiterrorism training, fostering close cooperation between officers and staff, and facilitating exchange programs between military academies last year," Indonesian Ambassador John Prasetio said in a speech. Kim said in a speech: "I am the custodian of the medal today, but I credit my honor to all our army servicepersons who have diligently and devotedly worked to complete their missions and secure the safety of our country." Korean trot singer Tae Jin-ah, who received a plaque of appreciation from the embassy in late October 2015 for promoting Korean culture in Indonesia with his son, singer Iru, was present at the ceremony.

Cited from The Korea Herald, Published : 2015-12-20 19:52

Visit of Special Envoy for Korea

From left: Indonesian Ambassador John Prasetio, Korean Artists Eric Nam, Vice Chairwoman of CJ Lee Mie-kyung, Korean Singer Boram Park, Indonesian Chairman of National Creative Economy Agency Mr. Triawan Munaf

Following his additional assignment as President Jokowi's Special Envoy to help debottleneck Korea FDIs facing challenges in their implementation, Chairman Triawan Munaf of the National Creative Economy Agency (BEKRAF) visited Seoul early December 2015 to meet with a number of Korean investors, including POSCO, Samsung Electronics, CJ, etc. to gain some insight on their investment activities in Indonesia. He also met with DSME (Daewoo Shipbuilding and Marine Engineering) to discuss the progress of the development of the three submarines for Indonesia Navy. Chairman Triawan also had a visit with the President of KOCCA, Korea Creative Content Agency to discuss steps to strengthen collaboration between KOCCA and BEKRAF.

EMBASSY OF
THE REPUBLIC OF INDONESIA -SEOUL

380 Yeouidebangro, Yeongdeungpo-gu, Seoul
Phone: +82-2-7835675-7, +82-2-7835371-2
Fax: +82-2-7804280
E-mail: seoul.kbri@kemlu.go.id
http://www.kbriseoul.kr