Doing Business in Indonesia: 2013 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Indonesia

Market Overview Return to top

Indonesia is Southeast Asia's largest economy with 248 million people and GDP growth of above 6.2% in 2012, and is projected to remain in the 5-7% range through 2017. During the difficult global conditions of the past five years, Indonesia's economy was among the top performers worldwide, due to a number of factors, including strong domestic demand and high commodity prices for its resource exports. Solid macroeconomic fundamentals, a stable government, and recent upgrades in bond ratings have made Indonesia an economy to watch in the coming decade.

- The consumer market continues to lead growth in the world's fourth-largest country. 50% of Indonesia's 248 million citizens are under the age of 30.
- GDP per capita of $3,540 ($4,900 at PPP) exceeds many of its ASEAN neighbors such the Philippines and Vietnam, and Indonesia's economy comprises nearly half of ASEAN economic output.
- Indonesia is a thriving democracy with significant regional autonomy. It is located on one of the world's major trade routes and has extensive natural resources spread over an area the size of the United States and comprising over 17,000 islands.
- It is a top-ten market for U.S. agricultural products and within the top 30 overall markets for U.S. exports.
- The number of households in Indonesia with US$5,000 to US$15,000 in annual disposable income is expected to expand from 36% of the population to more than 58% by 2020.
- More than 60 million low-income Indonesian workers are projected to join the middle class in the coming decade, significantly increasing the already strong consumer demand.
- Globally, Indonesians are the fourth largest users of Facebook, and fifth largest users of Twitter, with Jakarta ranking number one (over Tokyo) in 2012 for the total number of posted tweets.

Market Challenges Return to top

- The business environment in Indonesia is challenging, with Indonesia ranked 128 out of 185 countries in the Ease of Doing Business 2013 report by the World Bank. U.S firms often find it complex and time-consuming to enter the market and to negotiate through the regulatory and industrial landscape.
- Indonesian infrastructure and service networks have not been developed or maintained to keep pace with the booming consumer-led economy, causing multiple transaction costs and inefficiencies that hamper exporters and investors.
- Deregulation has successfully reduced some barriers by creating more transparent trade and investment regimes, but the bureaucracy can still be cumbersome. Laws are often opaque or conflicting, and some government ministries may also have conflicting regulations.
- Although anti-corruption measures have been undertaken by the Indonesian government, corruption remains a concern for many businesses looking to operate within Indonesia. Indonesia ranked 118th on Transparency International's Corruption Perceptions Index 2012. Companies are recommended to have a solid due diligence process in place and to consult with the U.S. Commercial Service prior to signing up agents and distributors.
- Although improving, significant rule-of-law issues persist. Formal dispute settlement mechanisms are not considered effective, and business and regulatory disputes—which would generally be considered administrative or civil matters in the United States—may be considered criminal cases in Indonesia.
- Competition from Singapore, China, Japan, Malaysia, Korea, and other regional players is intense, and U.S. firms often have to significantly adapt their business model and pricing scheme to compete effectively.
- The public trade statistics may understate market opportunities and American presence due to the large numbers of shipments that are recorded as U.S. exports to Singapore but which ultimately enter Indonesia, or U.S. sales in Indonesia which U.S. multinationals source in third countries.

Market Opportunities Return to top

- Significant and growing markets include: renovation and construction of regional and municipal infrastructure, military sales, safety and security systems and protection of sea-borne traffic.
- Indonesia's aviation market is growing at 20% per year and favors U.S. products. Aircraft, replacement parts and service are valuable and significant markets, as well as airport construction and development, air traffic control and airport logistics services and ground support equipment.
- A competitive and expanding banking market offers significant opportunities for IT and banking equipment, software and technology providers.
- As the Indonesian military has expanded its budget, there are opportunities for U.S. defense manufacturers to sell a broad range of military aircraft, vehicles, communications systems, spare parts, and maintenance services.
- Important opportunities outside of Jakarta remain present in energy and agribusiness equipment and services. Growth in power generation projects, including IPPs, will continue for the next decade.
- Telecommunications technology and satellites remain excellent areas for American products and services, which have a comparative advantage technologically.
- Education and professional training, medical equipment and high-quality American agricultural commodities all retain their market edge even with premium prices.

- Emerging opportunities include palm oil biofuel processing, clean energy and technology to improve local production capacity, and green building products and services.

- U.S. franchises continue to attract Indonesian demand, due to the large and growing consumer market.
- The mobile internet market, hand-held devices and next-generation cellular services offer immense opportunities for companies willing to compete for lower-middle income consumers.
- Computer ownership is low at only 9% of the total population, but sales of tablets, laptops and personal computers continue to be strong in Indonesia, particularly in major metropolitan areas.

Market Entry Strategy

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- U.S. companies must visit the Indonesian market in order to properly choose an appropriate agent or distributor. Appointment of a representative requires care, since it is difficult to terminate a bad relationship. Qualified representatives will not take U.S. principals seriously unless they make a commitment to visiting the market on a regular basis. Patience, persistence and presence are three key factors for success in Indonesia.
- Important factors affecting purchasing decisions in Indonesia are pricing, financing, technical skills, and after-sales service. Firms should be prepared to invest in training for their local staff, from entry-level personnel to experienced managers.
- Indonesian non-financial firms often depend on trade financing with nearly 50% of their financing obtained from abroad via loans, bonds, and other credit. U.S. Ex-Im Bank, OPIC, and SBA are all suitable providers of export-related trade financing for local projects, but face tough competition from the Japanese, Koreans, Chinese, and the EU.
- Although it is possible for U.S. companies to sell directly to the government and state-owned companies, local agents or distributors are often critical (and at times, required by law) for successful project development and delivery of products or services. Many government tenders are awarded based on the proven track record of providers or long-established relationships between the government agency and an agent or distributor.
- Small- and medium-sized U.S. firms entering the Indonesian market increase their likelihood of success with strong local agents or distributors. The U.S. Commercial Service Jakarta helps U.S. companies identify and qualify potential Indonesian representatives.

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COUNTRY FACT SHEET: INDONESIA

PROFILE

Population in 2012 (Millions): 244
Capital: Jakarta
Government: Republic

ECONOMY

ECONOMY	2010	2011	2012
Nominal GDP (Current Billions $U.S.)	710	846	878
Nominal GDP Per Capita (Current $US)	2,986	3,511	3,592
Real GDP Growth Rate (% change)	6.2	6.5	6.2
Real GDP Growth Rate Per Capita (% change)	4.7	5.0	4.7
Consumer Prices (% change)	5.1	5.4	4.3
Unemployment (% of labor force)	7.1	6.6	6.2

Economic Mix in 2011: 44.9% All Industries; 10.5% Manufactures; 38.3% Services; 16.9% Agriculture

FOREIGN MERCHANDISE TRADE ($US Millions)

FOREIGN MERCHANDISE TRADE ($US Millions)	2010	2011	2012
Indonesia Exports to World	157,779	203,497	190,032
Indonesia Imports from World	135,663	177,436	191,691
U.S. Exports to Indonesia	6,946	7,414	8,014
U.S. Imports from Indonesia	16,478	19,111	17,997
U.S. Trade Balance with Indonesia	-9,532	-11,697	-9,983
Position in U.S. Trade:			
Rank of Indonesia in U.S. Exports	32	35	34
Rank of Indonesia in U.S. Imports	24	25	27
Indonesia Share (%) of U.S. Exports	0.54	0.50	0.52
Indonesia Share (%) of U.S. Imports	0.86	0.87	0.79

Principal U.S. Exports to Indonesia in 2012:

1. Transportation Equipment (20.6%)
2. Agricultural Products (20.1%)
3. Chemicals (14.4%)
4. Machinery, Except Electrical (11.5%)
5. Food & Kindred Products (9.7%)

Principal U.S. Imports from Indonesia in 2012:

1. Apparel & Accessories (27.6%)
2. Forestry Products, Nesoi (11.5%)
3. Computer & Electronic Products (9%)
4. Miscellaneous Manufactured Commodities (6.4%)
5. Food & Kindred Products (5.9%)

FOREIGN DIRECT INVESTMENT

FOREIGN DIRECT INVESTMENT	2009	2010	2011
U.S. FDI in Indonesia (US $Millions)	9,573	10,604	11,591
FDI in U.S. by Indonesia (US $Millions)	248	138	155

DOING BUSINESS/ECONOMIC FREEDOM RANKINGS

World Bank Doing Business in 2012 Rank: 128 of 185
Heritage/WSJ 2012 Index of Freedom Rank: 114 of 179

Source: Created by USDOC/ITA/OTII-TPIS from many sources: FDI from USDOC, Bureau of Economic Analysis. US Trade from USDOC,Census Bureau,Foreign Trade Division. Indonesia Trade with World from United Nations where available. National Macroeconomi data from IMF/World Bank databases including World Economic Outlook and World Development Indicators. .WORLD and other country aggregates are summaries of available UN COMTRADE, IMF and other data, and coverage varies over time and by source, but typically represents greater than 85 percent of world trade and production. Note: Principal U.S. Exports and Imports Are 3-digit NAICS Categories

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Indonesia Fact Sheet.

http://www.state.gov/r/pa/ei/bgn/2748.htm

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Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

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With some exceptions, foreign companies wishing to sell their products in Indonesia are required to appoint an Indonesian agent or distributor pursuant to Ministry of Trade (MOT) Regulation No. 36/1977. The registration of an Indonesian agent or distributor with the Directorate of Business Development and Company Registration at the MOT is mandatory under MOT Regulation II/M-DAG/PER/3/2006.

Appointment of an Indonesian agent (or distributor) requires care, since it is difficult for a foreign company to annul an ineffective relationship. Indonesian law allows the severance of an agency agreement only by mutual consent or if a clause permitting the severance is contained in the original agency agreement. A trial period of at least six months is generally written into agency contracts. As in many countries, the Indonesian agent's network of contacts and influence can affect the cost and ability for a foreign business to exit an agency partnership.

An effective Indonesian agent or distributor can be vital for expanding sales in Indonesia because they understand the nuances and methods of doing business in Indonesia, which could take a foreigner years to learn. Many Indonesian importers represent multiple foreign manufacturers and product lines. Large conglomerates often establish discrete company units to specialize around a product category. Medium and smaller importers tend to specialize in a narrower range of goods, but are open to adding an unrelated product line if it appears to be profitable.

In general, a U.S. company should select an agency that handles products that complements its own to enable to the agency to tap its existing customer base. This is not a hard and fast rule, however, since some agents are adept at representing a variety of product lines. An increasing number of agents are identifying themselves as “suppliers of technical goods" which distribute a broad range of industrial machinery and equipment. These firms often have engineers on staff who can provide engineering and after-sales technical support.

In many cases, foreign companies have established close connections with Indonesian importers, allowing the two companies to function as one. The Indonesian company acts as the importer and distributor, and the foreign company promotes its products, sometimes seconding expatriate staff to its Indonesian distributor/partner. A more active role for the foreign firm can be arranged through a management contract, which can take many forms.

Foreign principals often work out a management agreement that allows the foreign company in Indonesia to play a more active role in the marketing efforts of its Indonesian agent or distributor. In many cases, a separate agreement is signed between the expatriate personnel and their foreign employer to regulate this relationship. The tax liability of the foreign firm is limited to the income of the expatriates assigned to the representative office, while any other taxes are assessed to, and borne by, the agent.

Types of management agreements include: (1) technical assistance agreements; (2) management agreements; and (3) management agreements coupled with financial agreements. The technical assistance agreement outlines the foreign firm's role in providing technical assistance to the Indonesian company. The management agreement allows the foreign firm to manage the company or a division within the company. In the management agreement coupled with a financial agreement, the foreign firm also finances the Indonesian operation, either under the name of the Indonesian company or a division thereof. Remuneration to the foreign company can be in one of the following forms: (1) fixed fee; (2) commission; or (3) profit-sharing. The basis for remuneration must be formulated clearly in the agreement and must comply with current Indonesian laws. To protect the foreign company's interests, a bona fide and comprehensive agreement should be drawn between the two parties.

Establishing an Office Return to top

The Indonesian Investment Coordinating Board (BKPM) serves as a “one-stop shop” for foreign investors. Recent reforms have reduced the paperwork process and delays in applying for the necessary government permits for foreign investments in Indonesia. A business permit issued by the appropriate government agency is required to establish an office in Indonesia. Depending on the nature of the business, several government agencies may be involved in issuing a business permit.

To open a foreign representative office in Indonesia, the firm must appoint a representative, who may be either an Indonesian national or an expatriate. A foreign representative office in Indonesia is actually more of a liaison or marketing office. Under Indonesian law, a representative office is restricted in the types of activities that it can pursue. For example, these offices are prohibited from signing sales contracts, collecting payments, conducting trade activities and sales transactions, and participating in other related business activities. Prior to opening an office, the firm must establish itself as a legal entity by registering with the proper Indonesian government authorities. The process is as follows:

A letter of intent and a letter of appointment (indicating the appointed representative) from the U.S. company headquarters on official letterhead must be sent to the Indonesian Embassy or an Indonesian Consulate in the United States for notarization. A letter of reference from the embassy or consulate is also required (See Chapter 9 for contact information).

The notarized letters, along with the resume of the appointed company representative and his or her Indonesian work permit (KIMS Card), must be submitted. If the appointed company representative is an Indonesian citizen, a copy of his/her Personal Identity Card (KTP) needs to be submitted instead. Documents are submitted to:

Ms. Nurlaila Nur Muhammad
Director
Directorate of Trade Development
Directorate General for Domestic Trade
Ministry of Industry and Trade
Jl. M.I. Ridwan Rais No. 5
Jakarta 10110
Tel: (62-21) 3858171 Ext. 1137
Fax: (62-21) 385-8188

Regional representative offices, classified as serving two or more other ASEAN nations, can also be established in Indonesia. The regional representative office is limited to more of a liaison role and is restricted from participating in many business transactions. Interested firms should contact the BKPM for registration information:

Indonesian Investment Coordinating Board (BKPM)
Jl. Jendral Gatot Subroto 44
Jakarta 12190, Indonesia
Tel: (62-21) 525-0023
Fax: (62-21) 522-7607

Franchising Return to top

Franchises facilitate the transfer of know-how and managerial expertise to the franchisee companies while simultaneously allowing the franchiser to quickly establish a presence in the country. Under a typical franchising agreement, the franchiser receives royalties and fees as stipulated in the contract. In exchange, the franchisee has the right to use and manufacture copyrighted, patented or service-marked materials identifying the enterprise. The franchiser typically provides training and organizational guidance in return for a guarantee that the franchisee will follow these operational directions.

With the release of the Government Regulation (PP) No.16 of 1997, the Indonesian franchise industry had—for the first time—a foundation in Indonesian law. Then, the Government of Indonesia (GOI) replaced PP No.16 of 1997 with PP No.42 of 2007. This regulation came into force when the implementing regulation, Ministerial Decree No. 31/2008, was issued in August 2008.

On 24 August 2012, the Ministry of Trade issued Regulation No. 53/M-DAG/PER/8/2012 on Franchise Organization. This new Regulation 53 revokes Regulation No. 31/M-DAG/PER/2008. In addition to Regulation No. 53/M-DAG/PER/8/2012, the MOT issued Regulation No. 68/M-DAG/PER/10/2012 on Franchises for Modern Store Business on 29 October 2012 and Regulation No. 07/M-DAG/PER/2/2013 on Franchises for Restaurant and Cafe Business on 11 February 2013.

The regulation prohibits franchisors from appointing franchisees with whom they already have a relationship to provide opportunities for new franchisees and to prevent one group from having a monopoly. In the event a franchise agreement is terminated unilaterally by the franchisor before the expiration of the agreement term, the franchisor cannot appoint a new franchisee for the same area until both parties reach an agreement or until there is a legally binding court verdict. The new regulation requires every franchise business to obtain a registration certificate—a STPW (Surat Tanda Pendaftaran Waralaba or Franchise Registration Certificate)—from the Ministry of Trade.

Under the new regulation, franchisors and franchisees may only engage in business activities as specified in their business licenses. The regulation requires franchise businesses to use local components for at least 80% of their raw materials, business equipment and merchandise. In certain cases, the Ministry of Trade may issue a permit to a company to use domestically-produced goods and/or services equating to less than 80% of the raw materials, business equipment and merchandise based upon a recommendation by the ministry's appointed "assessment team." The regulation also states that franchisors should select local small- and medium-sized businesses as franchisees or suppliers if they fulfill the requirements established by the franchisors. The regulation limits the number of company-owned outlets operated by franchisors to 150 outlets for modern stores" such as minimarkets, supermarkets, department stores, hypermarkets and wholesalers, and 250 outlets for restaurants and cafes. It remains to be seen whether the regulation will be enforced.

For more information on franchising regulations in Indonesia, please contact:

Directorate of Trade Development
Directorate General for Domestic Trade
Ministry of Industry and Trade
Jl. M.I. Ridwan Rais No. 5
Jakarta 10110
Tel: (62-21) 3858171 Ext. 1137
Fax: (62-21) 23528531

Direct Marketing Return to top

Direct marketing is used in Indonesia to sell many kinds of products, from insurance to sewing machines. Companies such as Amway, Herbalife and Tupperware have built up large businesses by conducting direct marketing through local distributors. Independent Indonesian companies have had success emulating these methods.

Joint Ventures/Licensing
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Since 1994, the government has removed most requirements for domestic equity in joint ventures except for restrictions on certain sectors listed on the Negative Investment List. Foreign investors who opt for 100 percent initial ownership are suggested to divest to Indonesians at least some share, even as little as one percent, after 15 years. This can be accomplished through the stock market. In 2001, the President issued a decree regulating joint ventures for small and medium-sized companies.

As a practical matter, a local joint venture partner is often essential for success in this market, for the same reason that an active Indonesian agent or distributor has advantages over a foreign trade representative office. The choice of an Indonesian joint venture partner is critical for many reasons, especially for knowledge of the local environment and contacts, which are important for successful operations in Indonesia. A few experienced firms provide background, credit-type reports on Indonesian entrepreneurs and firms (See Chapter 9 for list of Consultants and contact information).

A partnership in Indonesia is difficult to dissolve. Consequently, the first choice has to be the right choice. Business sense is as crucial to any commercial endeavor in Indonesia as it is anywhere else; "contacts" alone, while important, cannot substitute for business skills in an Indonesian partner.

Because Indonesians place great importance on personal relationships and mutual understanding, partnerships tend to be based primarily on genuine accord, with the written contract playing a less significant role. It is therefore important that any agreement be well understood by both sides. A contract over which there are conflicting interpretations is certain to cause future problems. In any case, a soundly written legal agreement is strongly encouraged, despite the weakness of the Indonesian legal system for enforcing contracts.

In some cases, licensing arrangements for products/services are more cost-effective options for U.S. companies doing business in Indonesia, but firms should apply the same cautions recommended for joint venture partners.

For more information please visit: www.bkpm.go.id

Selling to the Government
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Although it may be possible in some cases to sell directly to the government, there is good reason to use the services of an agent or distributor for the early stages of project development, delivery, installation and service needs. Traditionally, most government procurement decisions have been based on long-established relationships and may exclude those participants who are not well known in the market.

New-to-market U.S. firms need the careful advice of local representatives to avoid wasting time and money participating in a tender. U.S. firms also need to be aware of the cultural differences of communicating in Indonesia. An agent may find it difficult to share bad news with a partner or may not be completely candid about the company’s chances of winning a tender. A close relationship with one's agent is the best way to ensure open communication.

In February 2009, through Presidential Instruction (Inpres) No. 2/2009, the GOI issued new regulations which stipulate the use of 456 kinds of local products (in 21 categories such as agriculture equipment, defense equipment, chemical, EPC services for electrical, electronics and telecommunication equipment) for projects owned by the government, state-owned companies, and Production Sharing Contractors. It is planned that the list of the local products will be updated by the Ministry of Industry every six months.

The Presidential Decree No.70/2012 regulates the procurement process for government agencies, including the state-owned companies, the Indonesian military and the Indonesian Police. Indonesia is also striving to be a global provider of defense technology and value-added services, in line with the intent of last year's Defense Industry Law No. 16/2012. Although it may be possible in some cases to sell directly to the government, it is beneficial for U.S. companies to work with an agent or distributor for the early stages of project development, delivery, installation and service needs.

For other sales to the Indonesian government, U.S. firms should become familiar with the "Blue Book" and the "Green Book", which list major projects identified by the government as essential to national development priorities. The documents are published annually by the National Planning Agency (BAPPENAS) and constitute the official list of projects that are open to foreign government assistance and other sources of external financing. Most of the projects listed in these books require "soft loan" (low-interest rate) financing. While the U.S. government does not offer soft-loan financing, the U.S. Ex-Im Bank can match tied-aid offers that fall within OECD guidelines. Indonesia has rarely accepted offers that would displace other donor commitments made through the annual World Bank-sponsored Consultative Group on Indonesia (CGI). Ad-hoc soft loans offered outside the CGI may offer opportunities to use Ex-Im Bank balancing provisions.

U.S. firms should also familiarize themselves with opportunities available through the Asian Development Bank, or World Bank-funded projects. For more information, visit www.bappenas.go.id.

Distribution and Sales Channels Return to top

Indonesia's businesses are organized along classic lines, with the full spectrum of agents, distributors and other intermediaries represented in the economy. Finding a stocking distributor can be a problem due to a general unwillingness to assume the carrying charges involved with warehousing. In addition, pervasive corruption, especially among customs officials, makes the use of offshore warehouses, especially in Singapore, attractive. Traffic congestion, weak infrastructure and corruption often make it very expensive to ship product long distances within Indonesia from a central warehouse.

Selling Factors/Techniques

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Foreign companies can sell their products and services in Indonesia in the following ways.

- Through an exclusive or non-exclusive agent or distributor that has an existing network of sales offices and agents. A foreign company can also set up a representative office to assist with marketing and to establish a brand presence in Indonesia.
- By selling via a local partner through a technical assistance, joint venture or licensing agreement
- By establishing a 100 percent foreign-owned subsidiary and creating an autonomous sales network or working with a partner to help with initial sales or sales in certain parts of the country.

When selling to consumers, companies should consider the price-sensitivity of its target market. For instance, lower and middle class consumers will be more price-sensitive than their upper-class counterparts, who may be more concerned about product quality.

When selling to enterprises, foreign companies need to consider whether there is existing brand awareness of their products, which can minimize the effort that is required for the foreign company or its distributor to attract clients. In addition, foreign companies will need to ensure that they or their distributors can provide adequate after-sales services.

Electronic Commerce

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While there is the potential for electronic commerce in Indonesia to grow quickly because of public demand, growth is impeded for several reasons. Law No. 11/2008 on electronic information and transactions which was intended to promote open and fair electronic commerce has been abused to limit free speech and created investor uncertainty by failing to define key terms.

There are also rogue content providers which sell their operations via SMS (called "Premium SMS"). This practice has enabled operators to debit a subscriber's pre-paid balance directly without his or her authorization. In 2012, the Ministry of Communication and Information issued a notice that SMS broadcasts should be cost-based, reversing the previous "sender-keep-all" method. The Ministry of Communication and Information reports that this has reduced the number of "Premium SMS" cases.
A vague roadmap for the implementation of wireless broadband, which is seen as way to reduce the cost of the Internet for the benefit of e-commerce businesses, has effectively put the brakes on Wimax operators' plans to deploy networks. Under a new ICT Minister's decree, operators are free to choose which technology to deploy networks in their radio frequency bands, ending years of speculation.

E-commerce's development is a result of investments by short-term players and not through government planning or regulation. There are signs that online shopping will grow when e-commerce is linked to mobile banking services, which is perceived to be more secure for transactions because of monitoring by the Central Bank.

There is strong potential for growth in e-commerce because Indonesians, especially young people, are avid users of social media and the Internet. In addition, there is a growing number of small online businesses. Therefore, the market offers opportunities for e-commerce technology, applications, and products and services.

Trade Promotion and Advertising

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Advertising in local media and newspapers is recommended for introducing new products, particularly in areas of purchasing power concentration, such as Jakarta and West Java. In January 2013, the prices quoted for a display regular full color 184 mm x 270 mm ad ranged from $6,000 to $21,000 in five prestigious daily newspapers. In those same newspapers, the same black and white ad ranged from $4,000 to $15,000.

A listing of the major and recommended newspapers and business journals (in the Indonesian language, except where noted) follow below. Website addresses are provided when available.

Newspapers (dailies):

Bisnis Indonesia (www.bisnis.com)
Jakarta Globe (English) (www.thejakartaglobe.com)
Jakarta Post (English) (www.thejakartapost.com)
International Herald Tribune (English) (http://www.ihtinfo.com/)
Kompas (www.kompas.com)
Kontan (www.kontan.co.id)
Media Indonesia (www.mediaindonesia.com)
Republika (www.republika.co.id)
Seputar Indonesia (www.seputar-indonesia.com)
Suara Pembaruan (www.suarapembaruan.com)
Tempo (www.koran.tempo.co)
The Wall Street Journal Asia (English) (www.wsj-asia.com)

News magazines:

Gatra (Weekly) (www.gatra.com)
Tempo (Weekly) (Indonesian: http://majalah.tempo.co/)
Tempo (Weekly) (English: http://magz.tempo.co/)
Warta Ekonomi (Twice a week) (http://www.wartaekonomi.co.id/)

Business Journals:

Financial Times (Daily, English) (http://www.ft.com/home/uk)
Eksekutif (Monthly) (http://eksekutif.co.id/)
Indochemical (Monthly, English and Indonesian) (www.cic.co.id)
Indocommercial (Monthly, English and Indonesian) (www.cic.co.id)
The Economist (Weekly, English) (http://www.economist.com/)
Indonesian Commercial Newsletter (Monthly, English and Indonesian) (http://www.datacon.co.id/ICN.html)
Info Bank (Monthly) (http://www.infobanknews.com/)

Kontan (Weekly) (http://www.kontan.co.id/)
Swasembada (Monthly) (http://swa.co.id/)

www.detik.com
www.okezone.com
http://us.viva.co.id/

In most cases, direct mail advertising is efficient and effective, if the mailing lists are properly prepared and updated. Local advertising agencies can also assist in arranging films, slides, and posters and signboards for bus exteriors, bus stop shelters, and bridges.

Television has so far been the best medium for national coverage and the one that reaches the most consumers. Television advertising has grown rapidly and surpassed newspaper advertising in dollars spent since 1992. Currently, Indonesia has 300 national and local television stations (i.e. ANTV, Indosiar, Global TV, RCTI, SCTV, MNC TV, Metro TV, Trans TV, Trans 7 and TV-One) and one state-owned station (TVRI).

Spending on advertisements shot up 20 percent to Rp87.47 trillion (US$8.96 billion) in 2012 from Rp72 trillion in the previous year with television stations as the largest beneficiary, receiving 64 percent of advertisements, followed by newspapers which accounted for 36 percent of ad spending

Pricing Return to top

Given the competition that U.S. suppliers face from foreign competitors, product pricing must take into account the costs of delivery, distribution, advertising, and brand image. Since product pricing is a critical factor in determining a company's success in the Indonesian market, market research is useful for understanding both consumer preferences and competitive practices. Pricing is best developed with advice from experienced, local distributors who attuned to the price sensitivity of target market segments. U.S. companies may conduct their own market research, obtain information from the U.S. Commercial Service, or contract with private research firms.

Sales Service/Customer Support Return to top

One critical aspect of a product's successful launch and sustainability is customer support and after-sales service. Some U.S. firms face difficulties providing this support due to distance from the U.S. and the costs of maintaining product support facilities.

Although some local distributor partners may have their own sales and customer service networks, U.S. firms should be prepared to invest substantial amounts of capital and manpower into making their local partner a first-class service provider. Regardless of a company's international reputation, Indonesian consumers value a firm that can provide on-the-ground customer support. They expect to have their customer service needs addressed locally with quick turnaround times.

Protecting Your Intellectual Property Return to top

Protection of intellectual property rights (IPR) in Indonesia is hampered by inadequate enforcement of the relevant laws and regulations. Problems in IPR protection raised by industry include rampant software, audio and video disk piracies (with a software piracy rate estimated at 86 percent); pharmaceutical patent infringement; apparel trademark counterfeiting; an inconsistent and corrupt law enforcement regime; and an ineffective judicial system. The lack of effective IPR protection and enforcement serves as a considerable disincentive for foreign investment in high technology projects in Indonesia. The Indonesian court system can be frustrating and unpredictable, and effective punishment of pirates of intellectual property is rare. Foreign companies therefore must be vigilant and creative in building strategies to protect their products from infringement. Foreign rights holders often work with local law firms and security consultants to arrange for police raids on counterfeiters. Others conduct periodic seminars on the adverse effects of IPR infringement on the Indonesian economy, one of which is reduced investment by foreign companies.

Ultimately, the course taken by companies to protect their intellectual property rights will depend on their product. As an example, a U.S. company might first identify the counterfeiters of its products. They then may choose to proceed to develop them as legal licensees of its products. Some computer software companies provide free training and/or sell their software at competitive prices, while warning that copies of their product may contain damaging viruses. Also, companies with well-known trademarks seek to defend them by registering them early or seeking the cancellation of an unauthorized registration through the courts. In general, a strong local partner or agent can help in defending trademarks and intellectual property. (See also Chapter VI - "Investment Climate" - for background on Indonesian laws and regulations regarding the protection of intellectual property rights).

Protecting Your Intellectual Property in Indonesia

Several general principles are important for effective management of intellectual property ("IP") rights in Indonesia. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Indonesia than in the U.S. Third, rights must be registered and enforced in Indonesia, under local laws. Your U.S. trademark and patent registrations will not protect you in Indonesia. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Indonesian market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Indonesia. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Indonesian law. A list of local attorneys can be found on the U.S. Embassy Jakarta website at: http://jakarta.usembassy.gov/us-service/attorneys.html.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Indonesia require constant attention. Work with legal counsel familiar with Indonesian laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Indonesia- or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- Indonesia Anti-Counterfeiting Society (MIAP)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at **www.StopFakes.gov**.

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**.

- For more information about registering for copyright protection in the US, contact the U.S. Copyright Office at: **1-202-707-5959**.

- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.

- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: **http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html**

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: **www.StopFakes.gov** This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

- The U.S. Commerce Department has positioned IP attachés in key markets around the world. The IP Attaché responsible for Indonesia is: Peter N. Fowler, Regional IP Attaché – Southeast Asia, U.S. Patent and Trademark Office, American Embassy Bangkok, Thailand Tel: (662) 205-5913 Email: Peter.Fowler@trade.gov.

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In general the business sector in Indonesia operates in a somewhat opaque environment. For this reason, it is very difficult to get accurate financial and business reputation information about prospective customers or partners. U.S. Commercial Service in Jakarta offers the International Company Profile (ICP) service to assist American companies in vetting potential business associates. Note that ICP's can only be done on companies and not on individuals. Contact the U.S. Commercial Service office in Jakarta for details on price and availability, or visit our website at www.export.gov/indonesia

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The government and professional lawyers are working to improve the Indonesian legal system so that it can offer better protection for businesses. To handle their business matters in Indonesia, foreign companies should consider hiring a local attorney who understands the business environment and corresponding laws. Should a commercial dispute arise, a first step is to attempt to settle the dispute through negotiation, using a mediator acceptable to both parties if necessary. If negotiation fails, then companies may seek arbitration, which should be included as a clause in commercial contract agreements and with Indonesia as the site of arbitration. Badan Arbitrase Nasional Indonesia (BANI), is an independent agency that was formed by the government. Companies may retain BANI, ICC or UNICTRAL to conduct their arbitration proceedings. If negotiation, mediation, and arbitration fail to resolve the dispute, then litigation is the next course of action.

Currently, foreign law firms cannot operate in Indonesia unless they partner with a local law firm. Foreign lawyers may act as advisors, not as lawyers, at Indonesian law firms. It is common for an American attorneys retained by a U.S. firm to consult with a local law firm.

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The Indonesian Investment Coordinating Board (BKPM): http://www.bkpm.go.id
Ministry of Trade: http://www.kemendag.go.id
Ministry of Public Works: http://www.pu.go.id
Indonesian Ministry of Justice: http://www.kemenkumham.go.id
Indonesian Ministry of Communications and Information Technology: http://www.depkominfo.go.id
Indonesian Internet Service Provider Association: http://www.apjii.or.id
Indonesian Bureau Statistics: http://www.bps.go.id
Indonesian National Board of Arbitration: http://www.bani-arb.org
Indonesian Franchise Association: http://www.franchiseindonesia.org

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

Agricultural Sectors

Aircraft and Parts

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Unit: USD millions

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	3,483	4,585	5,258	6,009
Total Local Production	300	300	330	330
Total Exports	237	209	240	264
Total Imports	3,420	4,494	5,168	5,943
Imports from the U.S.	1,184	1,476	1,697	1,951

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Central Bureau of Statistics Indonesia, Trade Stats Express USA
Note: The above statistics are unofficial estimates.

The Indonesian aerospace industry offers excellent market prospects for U.S. products since the current aircraft fleet and defense equipment consists largely of American products. Aircraft leasing services, aircraft (commercial and military) spare-parts and maintenance services offer the best opportunities for U.S. firms.

With a population of more than 248 million, Indonesia presents itself as an enormous aviation opportunity as one of the fastest-growing domestic air traffic markets in the world. The increase in the number of airline passengers in the last three years has been quite impressive. The number of domestic passengers reached 51.77 million in 2010, 66.04 million in 2011 and 72.47 million in 2012. The Directorate General of Civil Aviation under the Ministry of Transportation predicts that the industry will grow by 15% in 2013, which equates to 83.34 million domestic airline passengers. The ASEAN Open Skies Agreement that will take effect in 2015 will further increase the demand for air travel.

On January 12, 2009, the Indonesian government enacted the new Aviation Law No. 1, 2009 that restricts the issuance of licenses to airline companies which operate at least 10 aircraft. The law also adopts the ICAO safety standards requirements. The government will impose sanctions upon the airlines and their personnel if the safety requirements are not met. The new law implements the provisions of the Cape Town Convention on International interests in mobile aircraft equipment, which assures the protection of lenders' interests. As a result, lenders such as U.S. Export-Import Bank and others are vigorously engaged in financing aircraft to sell and lease to Indonesian companies.

As required under the new law, a new government agency has been set up for managing the air traffic control and navigation systems (AirNav Indonesia) and was inaugurated in January 2013. The new law also allows private companies to manage airports and compete with the current state-owned enterprise operators, PT Angkasa Pura I and II.

The total market for aircraft and parts was estimated at $5.22 billion in 2013, with U.S. products accounting for 40% of the total market. End-users (primarily the 18 scheduled airlines, approximately 31 non-scheduled airlines, the police and the military) prefer to purchase directly from original equipment manufacturers, however, it is advisable that U.S suppliers partner with Indonesian companies. Indonesian airlines are expected to purchase additional aircraft in the next five years, including aircraft orders from Lion Air, Garuda Indonesia, Citilink, Sky Aviation, Mandala and Sriwijaya Air. With more new aircraft in operation over the next five years, it is predicted that the total market for aircraft and parts will increase by 15%, and the share of U.S. products will grow by 15% annually.

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Imports from U.S. suppliers are particularly desired in the following areas: airplanes and other aircraft, helicopters, parts, aircraft launch gear and parts, engines, engines parts, instruments and appliances for aeronautical use, and avionics. U.S. companies also have a strong presence in providing training, engine repairs, aviation safety technology, and maintenance services.

Opportunities

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In order to expand routes, additional aircraft will be needed by new and existing airlines. Although not all of these firms intend to buy new aircraft, there are excellent opportunities for U.S. aircraft leasing companies to lease their aircraft to Indonesian airlines. In addition, with more aircraft in operation in Indonesia, there will be a greater need for more aircraft spare-parts and maintenance services in the near future. Similarly, the leasing and sale of helicopters for use by mining and petroleum companies are other opportunities for U.S. companies.

There are promising business opportunities in aircraft maintenance services in Indonesia. Currently, around 70% of the total aircraft operating in Indonesia are sent for maintenance service overseas. According to the Indonesian Association of Aircraft Maintenance Companies, the potential market for Maintenance, Repair and Overhaul (MRO) is predicted to reach $65.3 million in 2020. Currently, there are 74 Approved Maintenance Organizations, including Garuda Maintenance Facility Aeroasia, Nusantara Turbine Propulsion, Merpati Maintenance Facility, Indopelita Aircraft Services, Aero Nusantara Indonesia, Lion Technic and Kalimasada. The Indonesian government is offering foreign investors the opportunity to partner with Indonesian companies to establish aircraft maintenance facilities, aircraft leasing, and training companies. By establishing these businesses in Indonesia, the government hopes to reduce the need to repair aircraft and train crews in other countries.

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Directorate General of Civil Aviation: http://hubud.dephub.go.id/
AirNav Indonesia: www.airnavindonesia.co.id

PT Garuda Indonesia: www.garuda-indonesia.com

PT Merpati Nusantara: www.merpati.co.id
PT Lion Mentari Airlines: www.lionair.co.id
PT Mandala Airlines: http://cto-mandalaair.com/
PT Citilink Airlines: www.citilink.co.id
PT Sky Aviation: www.sky-aviation.co.id
PT Sriwijaya Air: www.sriwijayaair-online.com

Garuda Maintenance Facility AeroAsia, GMF AeroAsia: www.gmf-aeroasia.co.id

Computers and Peripherals

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Unit: USD millions

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	3,840	4,134	4,493	4,809
Total Local Production	384	413	449	480
Total Exports	0	0	0	0
Total Imports	345.6	3,721	4044	4,328
Imports from the U.S.	1,152	1,240	1,348	1,443

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Business Monitor International and other industry sources

The value of Indonesian computer hardware sales including notebooks and peripherals is estimated to reach $4.5 billion in 2013, up from $4.1 billion in 2012. The sales are forecasted to grow at a CAGR of 10% for the next five years. The PC penetration rate in Indonesia is estimated at 10% currently, considerably lower than its neighboring countries. The penetration is highly uneven across the archipelago with users mainly concentrated in major cities. This represents a significant opportunity for vendors in other parts of the country. The government is investing in ICT infrastructure projects, in particular, the Palapa Ring Project which is expected to boost IT market growth in 33 provinces across Indonesia.

Small- and medium-sized enterprises and government programs to increase computer penetration in the education sector will be important drivers of increasing PC demands. The consumer segment, which represents about a quarter of the total market, is growing quickly and has attracted the attention of many vendors including large brands. Locally-assembled PCs such as Ion, Reliance, Zyrex, Mugen, Axioo, and Access account for a third of the market.

Indonesia remains the largest market for notebooks and tablets in Southeast Asia. Market research agency GfK reported that the combined shipment of units for notebooks and tablets in Indonesia grew by an impressive 37% during 2012, revealing the strong economic profile of the country. Additionally, IDC reported that notebooks accounted for a little above two-thirds of overall PC shipments in the country in 2012.

In addition to the figures listed above for U.S. imports, a considerable number of indirect imports enter Indonesia through other countries. Several U.S. manufacturers with manufacturing facilities in Asian countries ship their products through intra-Asian distribution channels.

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Lighter and slimmer notebooks, ultrabooks and tablets with more features remain strong sellers in the market. Sales are dominated by multinational brands such as Dell, HP, Acer, and Lenovo. According to Business Monitor International's research, notebooks have already surpassed sales of desktops in some segments.

Data storage products are predicted to have a 40 percent gain in the Asia-Pacific region, including Indonesia. American brands such as EMC, HP, IBM, Dell, and Netapp are leading players in the data storage market, followed by Hitachi of Japan.

Opportunities

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Indonesia's computer market offers potential for U.S. companies. PCs, laptops, servers, tablets, data storage, and networking equipment offer the best prospects.

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Indonesian State Ministry of Communication and Information: www.depkominfo.go.id
Indonesia Computer Business Association: www.apkomindo.or.id

Defense Equipment

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	121,000	228,457	274,485	328,969
Total Local Production	4,000	7,500	9,000	10,000
Total Exports	2,562	6,729	7,738	8,898
Total Imports	119,562	227,686	273,223	327,867
Imports from the U.S.	42,343	122,798	191,103	238,878

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: *Central Bureau of Statistics Indonesia, Trade Stats Express USA*
Note: The above statistics are unofficial estimates.

The Indonesian military aims to modernize and expand its operations and has been allocated a budget of $16 billion through 2014. The Ministry of Defense will use the budget to accelerate the achievement of the Minimum Essential Force (IDR 50 trillion), procurement (IDR 50 trillion), and maintenance and repair (IDR 45 trillion).

In 2011, the Indonesian military ordered 3 units of submarines and 16 KAI T-50 Golden Eagle Advanced Trainers from South Korea, 6 units of Sukhoi fighter jets from Russia, 9 units of NC-295 medium transport aircraft from Spain and 8 units of Super Tocano counter insurgency aircraft from Brazil.

In 2012, the Indonesian military had signed several procurement contracts, including for 6 units of EC-725 Combat SAR Helicopters, 2 units of CN-235, 37 units of BMP-3F tanks, an additional 8 units of Super Tocano, 104 units of Main Battle Tanks and 30 units of medium tanks, and 37 units of 155-mm self-propelled artillery systems. In addition, in 2013, the Indonesian Air Force ordered anti-aircraft missiles, 24 units of F-16 fighter jets (need to be retrofitted), and 4 units of C-130 H (need to be retrofitted). The Indonesian Navy plans to buy various auxiliary vessels, including fuel and landing ship tanks, fast patrol boats, guided missile destroyers, anti-submarine warfare helicopters, and searider rigid inflatable boats. Meanwhile, the Indonesian Army plans to buy multiple launch rocket systems, howitzers, air defense missiles, assault and attack helicopters, and Anoa armored personnel carriers.

The Indonesian military operates its own maintenance facilities for routine or simple scheduled maintenance and service. For major maintenance, repair and overhauls, they send engines to manufacturers' approved repair stations in Indonesia or abroad. Indonesian Presidential Decree No.70/2012 regulates the procurement process for government agencies, including state-owned companies, the Indonesian military and the Indonesian police force. Indonesia is also working to be a global provider of defense technology and value-added services, in line with the intent of last year's Defense Industry Law No. 16/2012. Previously, in 2010, President SBY formed a national policy of defense industry body called Defense Industry Policy Committee (KKIP). Task performed by KKIP is to develop domestic defense industry capabilities, both non-defense equipment and armaments.

There are several state-owned companies in defense industry such as PT Dirgantara Indonesia, PT PINDAD (tanks, guns and ammunitions), and PT PAL (ships). One of the major suppliers to the Indonesian Military is PT Dirgantara Indonesia. PT Indonesian Aerospace (www.indonesian-aerospace.com), previously named PT IPTN, is the only aircraft design company and manufacturer in Indonesia. The company manufactures the CN-235 (including CN235-220 MPA), CASA 212 (under license CASA Spain), NBO 105 (product under license MBB Germany), Bell 412 (under license Bell Textron), AS 330&332 SP (product under license Aerospatial France), N250 (prototype), and N219 (under development). With Airbus Military, PT DI has expanded its cooperation to manufacture CN295 in Bandung, Indonesia. In 2012, PT DI received several orders worth of IDR 9.5 trillion including 9 units of CN 295 from the Ministry of Defense, 25 units of Bell Helicopter 412 EP from the Ministry of Defense, and 6 units of EC725 from the Indonesian Air Force.

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U.S. companies are strong competitors in military aircraft and helicopters, radars, missiles, various guns, tactical gear, and tactical communication systems.

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On November 16, 2005 the Executive Branch, in accordance with the provisions of Section 599(b) of the Fiscal Year 2006 Foreign Operations, Export Financing, and Related Programs Appropriation Act, waived restrictions placed on the export of lethal defense articles and related defense services for end use by the Indonesian Armed Forces. Applications are processed on a case-by-case basis, in accordance with standard practice. Detailed information is available at: www.pmdtc.org

With U.S. government policy allowing the export of defense equipment to Indonesia, there are also opportunities for U.S. defense manufacturers to export fighter aircraft and attack/assault helicopters, including spare parts, and other defense-related equipment to the Indonesian military.

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Ministry of Defense
Website: http://www.dephan.go.id/

PT Dirgantara Indonesia, www.indonesian-aerospace.com
PT PINDAD, www.pindad.com
PT PAL, www.pal.co.id

INDODEFENSE 2014, November 5-8, 2014
The Jakarta International Expo (PRJ) Kemayoran, Jakarta
Website: www.indodefense.com

Education and Training

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	2011	2012	2013 (estimated)	2014 (estimated)
Number of University Students	5,380,000	6,000,000	6,180,000	6,365,000
Students Going Abroad	51,000	53,500	56,200	59,000
Students Going to U.S.	6,942	7,131	7,500	7,875

Indonesia has a long history of sending students to study abroad. With a population of 248 million, Indonesia offers a huge potential market for U.S. providers of secondary, tertiary, and vocational education. The number of university students is about 6 million which is about 30.2% of 19.8 million 19-23 year olds. In 2012, around 7,131 Indonesian students studied in the United States. Indonesia is the eighteenth-leading country of origin for students coming to the United States and ranked number three in Southeast Asia after Vietnam and Thailand. In 2012, student visas issuances increased about 16 percent, with 95 percent of student visa applicants being approved.

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The majority of students from Indonesia study at the undergraduate level (64.1%), followed by the graduate level (22%). Fields of interest in field studies include: technology and science, social sciences, medical and computer science.

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A recent survey conducted by a leading Indonesian newspaper shows that most students perceive academic institutions in the United States as offering the highest quality of education compared to academic institutions in other countries. The U.S. has consistently been a desired destination for Indonesian students seeking to study overseas. U.S. universities and community colleges can become more visible in the Indonesian market through participation in education fairs and/or by working with student recruitment agencies. Recruitment agencies are popular with prospective Indonesian students and their parents as they serve as “one-stop-shops” for applying to schools and provide services such as assisting with visa applications and arranging travel and accommodations.

To compete with other countries which offer lower tuition fees, universities are participating in “2+2” programs which enable students to apply credits from two years of study at a local university towards an undergraduate degree at a U.S. university.

Studying at U.S. community colleges has also become an increasingly popular option for Indonesian students. Some 40 percent of Indonesians applying for student visas to the U.S. have been accepted at a community college.

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EducationUSA - AMINEF
CIMB Niaga Plaza 3rd Floor
Jalan Jenderal Sudirman Kav 25 Jakarta 12920
Tel: 62-21-52962138/39, ext 300-304
Fax: 62-21-52962137
Website: http://www.educationusa.or.id

Directorate General of Higher Education
Ministry of National Education
Gedung D Lt.10
Jln. Raya Jend Sudirman Pintu I, Senayan Jakarta 10270
Tel: 62-21- 57946105
Email: dikti@dikti.go.id
Website: http://www.dikti.go.id; http://www.kemdiknas.go.id

The Indonesian International Education Consultants Association
(Ikatan Konsultan Pendidikan International Indonesia - IKPII)
Senayan Trade Center (STC) Lt.1
No. 97-98 Jl. Asia Afrika Jakarta 10270
Phone/Fax: 62-21-57936484
P.O. Box 1379 JKB 11013
Website: http://www.ikpii.com

U.S. Commercial Service
Wisma Metropolitan II, 3rd Fl.
Jl. Jendral Sudirman Kav. 29-31
Jakarta 12920
Tel: 62-21-5262850
Fax: 62-21-5262855
Website: http://export.gov/indonesia/
Contact: Ignatius Indriartoto

Electrical Power Systems

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Unit: USD millions

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	2,295	3,056	3,560	4,055
Total Local Production	645	750	938	1,075
Total Exports	515	600	720	864
Total Imports	2,165	2,906	3,342	3,844
Imports from the U.S.	475	750	865	995

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: *Central Bureau of Statistics Indonesia, Trade Stats Express USA*

The power industry in Indonesia has experienced a high growth in demand, averaging seven to nine percent per annum in the last five years. In 2013, the Indonesian Government predicted that electricity demand will increase by 8.6%, the electrification ratio will reach 79.3% and the ratio for village electrification will be 97.8%.

The current installed generation capacity is 43,528 MW, of which the state-owned PLN generates 31,775 MW, and the rest comes from the Independent Power Producers (IPPs). The national transmission line is 37,301 km long and the distribution line is 679,424 km long. The electrification ratio increased from 70.4% in 2011 to 75.30% in 2012.

The Indonesian government has been developing power plants through 10,000 MW "Fast Track I and II" programs. By the end of 2012, 4,450 MW had been developed under the Fast Track I program. Under the Fast Track II program, PT PLN will develop a total of 3,757 MW of power plants, while IPPs will build 6,290 MW of power plants. Recently, the government announced that additional 5,000 MW will be developed under the Fast Track II program.

In addition to the above two programs, the government also is offering the private sector the opportunity to develop power plants through its Public Private Partnership (PPP) program. The first project under this PPP program is the Central Java power plant with a capacity of 2 x 1,000 MW.

On September 23, 2009, the Indonesian government enacted Electricity Law No 30, 2009. Under the new law, PT PLN no longer will hold the monopoly on supplying and distributing to end customers. A license to provide electricity for public use may be granted to private business entities subject to a "right of first refusal" provided to state-owned companies. Recently, the government issued an implementation regulation of the Electricity Law, Government Regulation (PP) Number 12/2012, which allows private companies to participate in the transmission and distribution business. Private companies are allowed to provide electricity from their generation plants for 30 years.

It is estimated that the value of electrical power equipment from the U.S. will increase by another 20 percent in 2013. Indonesia imported $2.9 billion of electrical power equipment in 2012. U.S. products constituted 32 percent of electrical power equipment imported by Indonesia. The other major suppliers in Indonesia are from China, Singapore, Japan, France and Germany. Indonesian companies typically import U.S. products directly or through an agent/distributor in Singapore.

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U.S. companies are strong competitors in boilers, boiler parts, turbines, turbine parts, electrical generating equipment, transformers, lightning arresters, junction boxes, panel boards, and electrical conduits.

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The new National Electric Generation Plan (RUPTL) 2012-2021 predicts that electricity demand in Indonesia will grow 8.65% annually. By 2021, the electricity demand will reach 358 TWh (terrawatthours), the electrification ratio 92.3%, and 70.6 million customers.

During 2012-2021, it is estimated that the total investment needed for electricity development will reach US$ 107.1 billion. Development of power plants will require an investment of US$77.3 billion, transmission networks US$15.9 billion and distribution networks US$13.9 billion. Of the total investment, PT PLN is expected to invest US$64.9 billion with the remainder coming from IPPs.

In the same period, Indonesia will need additional power plant capacity of 57.3 GW, of which 30.1 GW will be developed by PT PLN. Coal power plants will dominate the energy mix (65.9%), followed by gas (4.4%), geothermal (11.1%), and hydro (10%).

Construction of power plants, transmission and distribution lines in Indonesia should bring significant commercial opportunities for U.S. companies that supply engineering services and equipment such as turbines, substations, transmission, transformers and distribution equipment.

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Directorate General of Electricity, Ministry of Energy and Mineral Resources
Website: http://www.djlpe.esdm.go.id/

PT Perusahaan Listrik Negara
Website: http://www.pln.co.id

Franchising

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	2011	2012	2013 (estimated)	2014 (estimated)
Total numbers of franchises	380	462	490	521
Local franchises	97	102	105	110
Foreign franchises	283	360	385	411
U.S. franchises	160	168	178	185

Data Source*: Indonesian Franchise Association*

Indonesia has strong long-term potential for franchise businesses. The local industry started with three franchises in the 1970s and grew to some 35 franchises with 308 outlets by the early 1990s. The franchise industry began to gain widespread popularity in the early 1990s when many well-known American franchises arrived in Indonesia. By August 1997, the number of franchises reached 253 with a total of more than 2,000 outlets. The industry faced a sharp downturn in 1997-1998 as a result of the Asian monetary crisis. The industry began to recover in late 1999 when 17 new foreign and nine domestic franchises entered the market.

Presently, there are approximately 360 foreign franchises, 102 local franchises and 2,000 non-franchised business opportunities operating in Indonesia covering a wide range of franchise sectors. U.S. franchises dominate the franchise industry in Indonesia. Until recently, estimated future growth in the franchise industry was considered to be around 2-3 percent per year for local franchises and 6-7 percent per year for foreign franchises.

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Most Indonesian franchise seekers are interested in well-established and innovative food and beverage business concepts such as fine-dining restaurants, Quick Service Restaurants (QSR), coffee shop chains, ice cream shops, and others. Other best prospects include education, especially children’s education, and retail or specialty convenience stores.

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Local investors are very receptive to U.S. franchises. Indonesia’s rising disposable incomes and large young population make it an attractive opportunity. Although the Indonesian franchise market is very competitive, the high demand for U.S. franchises, especially in the food and beverage sector, presents significant opportunities for U.S. franchisors. The demand for cafes, restaurants and bars continues to increase in the major Indonesian cities. Indonesia's growing middle class is earning higher incomes, and middle class communities are seeking food and after-hours venues for socializing. U.S. franchises are generally well received by Indonesian consumers and compete successfully with franchisors from other countries. Quality, brand name recognition, and innovation all play a big part in the success of U.S. franchises with Indonesian investors. In addition to product pricing, U.S. franchisors must consider adapting to local tastes to guarantee success in the Indonesian market.

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Indonesian Franchise Association (AFI)
Jl. Dharmawangsa X No. A.19, Kebayoran Baru
Jakarta Selatan 12150
Phone: +62-21-739-5577
Fax: +62-21-723-4761
Website: www.franchiseindonesia.org

Indonesian Committee for Franchises and Licenses (WALI)
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Medical Equipment and Supplies

Overview

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Unit: USD millions

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	642	762	838	880
Total Local Production	65	75	75	65
Total Exports	35	40	40	35
Total Imports	612	727	804	844
Imports from the U.S.	66	76	84	88

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Indonesian Association of Medical Device Industries, Central Bureau of Statistics
The above statistics are unofficial estimates

Indonesia is the fourth most populous country in the world and relies heavily on imported medical equipment and supplies. This sector continues to provide excellent opportunities for U.S. companies. Healthcare is a priority in the national development agenda. The central and regional governments continue to build and upgrade healthcare facilities. They plan to equip community health centers with inpatient facilities and improve their quality of services in the 33 provinces. In a bid to stem the flow of patients seeking medical services abroad, the government is preparing seven state-owned hospitals to qualify for international accreditation by 2014. The government continues to encourage private sector involvement in developing hospitals. In the next five years, the private sector plans to develop over 30 hospitals.

Currently only about 10-12 percent of the population is covered by medical insurance. The government is pushing forward to reform the country's healthcare systems by launching a universal social health insurance coverage program in January 2014.

Total imports of medical equipment grew from $612 million in 2011 to $727 million in 2012, with U.S. imports accounting for 10 percent of this market. Note: figures in "Imports from the U.S." above may be understated as many importers of U.S. products import through Singapore intermediaries.

Continued strong growth for this market is predicted over the next two years. Other countries vying for market share of medical equipment and supplies in Indonesia include Singapore, Japan, Germany, China, and Korea. Companies from China and Korea provide the greatest challenge to U.S. firms as they offer low-priced equipment. Therefore, while quality and after-sales service are essential elements, it is also important to price products competitively.

Sub-Sector Best Prospects

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ICU, ICCU, and life support equipment such as ventilators, anesthesia equipment, patient monitoring equipment, electro-medical equipment, ultrasonic scanning machines, diagnostic equipment, and disposable products.

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Given the large population and the government's plans to implement universal health insurance coverage, Indonesia is a good potential market for healthcare products. Indonesia relies heavily on the import of medical equipment and supplies and offers an excellent opportunity for U.S. manufacturers. In the next few years, private sector companies and a state-owned company plan to build more hospitals in anticipation of increased demand once the universal health insurance plan is implemented. Indonesian distributors are increasingly buying U.S. products over European products due to the favorable exchange rate of the Rupiah against the U.S. dollar.

To gain market share, U.S. companies need to pursue an aggressive strategy in the Indonesian market and compete on price, quality and after-sales service. Providing financing options to distributors and end purchasers will also assist U.S. companies to gain market access and increase their market share.

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Ministry of Health, website: www.depkes.go.id

Oil & Gas

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Unit: USD millions

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	1,370	1,491	1,531	1590
Total Local Production	364	396	407	447
Total Exports	198	216	222	244
Total Imports	1,204	1,311	1,346	1,387
Imports from the U.S.	357	389	399	438
Exchange Rate: 1 USD	8,700	9,500	9,500	9,500

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Source: *Central Bureau of Statistics*
Note: The above statistics are unofficial estimates.

In 2011 and 2012, investment in the oil and gas industry reached $14.02 billion and $19.8 billion respectively, increasing from $13.7 billion in 2010. The investment in 2013 is targeted to reach $26.2 billion. Total investment in oil & gas industry is expected to reach $55.5 billion in 2012-2014. Indonesia still has significant reserves for oil and gas but needs substantial investment for exploration. Given declining oil production, the Indonesian government has sought to further develop its gas sector for greater domestic use. This includes seeking increased investment in unconventional gas (coal bed methane, shale gas, oil sand, tight gas, and biogenic gas) and exploring ways to expand domestic gas distribution infrastructure.

Overall, the country's oil production is declining by 12% per year due to ageing oil fields and the lack of new oil field exploration. In 2012, the country's oil production was 860,000 barrels per day (bpd), lower than 2011 production of 903,000 bpd. The government estimates that 2013 production will be around 840,000 bpd. The upstream oil and gas regulator, previously known as BP Migas, was dissolved in November 2012 by the Constitutional Court (MK) and re-envisaged as SKK Migas. No longer an independent agency, SKK Migas is now under the authority of the Minister of Energy and Mineral Resources and will not have a strong legal foundation until the 2002 Law on Oil and Gas is modified to authorize its present form.. Generally, observers found oil and gas business and activities in Indonesia remained uninterrupted through the change. The market for oil and gas equipment and services in Indonesia remains stable, but faces increasingly stringent domestic content requirements.
Indonesia has some of the largest natural gas resources in the Asia Pacific region at 594.4 TSCF. The country's gas production in 2012 was 8.412 million standard cubic feet per day (MMSCFD), lower than 2010 production of 9.336 MMSCFD. Indonesia has massive potential CBM resources, estimated at 453.30 TSCF. As per August 2012, the GOI has awarded 50 Production Sharing Contracts (PSCs) for CBM. The GOI has also conducted limited assessments of shale gas potential in Indonesia, but development is

slowed by high cost and infrastructure constraints. Conventional gas development will consequently continue to dominate.

Sub-Sector Best Prospects

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U.S. companies are strong suppliers of parts for boring/sinking machinery, drill pipes for oil and gas, pumps, compressor/pump parts, and floating or submersible drilling production platforms.

Based on market observations and discussions with local agents and distributors, drilling and production equipment has the most potential for U.S. companies. With a total value of more than 60 percent of the total expenditure, this category includes drilling, machinery, mud equipment and accessories; production surface equipment; drilling tools and retrievable production tools; casing, tubing and accessories; cementing equipment and liner hanger systems; fishing and repair tools (drilling); drilling and mud control instruments; production well test and monitoring instruments; wellhead equipment and accessories; production string components and subsurface pumps; derricks and accessories; and geological and geophysical operating equipment.

Opportunities

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As per May 2013, the GOI plans to offer 21 work areas (conventional and unconventional) through regular tender, 19 oil & gas work areas with 16 through direct offer and 2 through regular tender. There are 2 CBM work area offers through direct solicitation. The GOI plans to develop three additional LNG receiving terminals (Floating Storage and Regasification Unit) in South Sumatera, North Sumatera and Central/East Java; city gas distribution networks for household in several cities (Lampung, Prabumulih, Jambi, Semarang, Sidoarjo and Cirebon), two oil refinery units @ 300 MBCD capacity; gas infrastructure for transportation (CNG, LGV and LNG); and small scale LNG receiving terminals in Samarinda, Balikpapan, Bali and Southeast Sulawesi.

Most of the oil and gas production (90%) in Indonesia comes from mature production fields, which are continuing to decline. The GOI will give the opportunity to local cooperatives and state-owned regional companies to operate old wells. In its efforts to increase oil and gas production, the GOI will optimize the existing production fields using technologies such as infill drilling and Enhanced Oil Recovery (EOR) technology.

Construction of additional oil and gas facilities in Indonesia should bring significant commercial opportunities for U.S. companies that supply engineering services and equipment such as compressors, metering systems, and pumps.

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PT. Perusahaan Gas Negara (PT PGN), website: www.pgn.co.id
PT. Pertamina, website: www.pertamina.co.id
Ministry of Energy and Mineral Resources, website: www.esdm.go.id

SKK Migas, website: www.skkmigas.co.id
Indonesian Petroleum Association, website: www.ipa.go.id

Telecommunications

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Unit: USD millions

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	7,294	7,997	9,596	10,555
Total Local Production	530	556	667	700
Total Exports	58	59	65	67
Total Imports	6,822	7,500	8,994	9788
Imports from the U.S.	635	667	734	830

Data Sources: *Indonesian Central Bureau of Statistics, Ministry of Communications and Information, and Telecommunications Operators*

Since 2002, the country's telecommunications sector has been undergoing major regulatory restructuring to liberalize the telecommunications sector. The monopoly of major operators in Indonesia - PT Telkom, PT Indosat, and PT Satelindo was dissolved. PT Telkom's exclusive right to operate domestic and long-distance fixed lines was terminated. PT Telkom, PT Indosat and PT Satelindo lost their exclusive rights to operate international services to PT Bakrie. In December 2008, Bakrie Telecom was issued a domestic long distance (DLD) license, increasing the number of DLD operators to three.

At present Indonesia has about nine million fixed-wireline connections, representing a teledensity of approximately 3.75 per 100 people. To boost the development of the country's fixed-wireline teledensity rate, PT Telkom, PT Indosat, and PT Bakrie deployed fixed-wireless technologies. Fixed-wireless offers subscribers a balance between fixed line and mobile at affordable prices and has been driving growth in the fixed-line market. The number of fixed-wireless subscribers in Indonesia is estimated at 30 million.

The Indonesian cellular market is heating up and potentially lucrative as demand for mobile phones and smart phones continues to increase. It was estimated that there were about 278 million cellular subscribers at the end of 2012, up from 264 million in 2011. It was forecasted that by the end of 2012, the number of cellular subscribers would increase to 303 million, with some Indonesians holding more than one cellular account. Prepaid subscriptions overwhelmingly reached as high as 98% of subscribers. The three largest cellular operators – Telkomsel, Indosat, and XL Axiata - accounted for 85% of the Indonesia's total number of cellular subscribers. The number of 3G subscribers is estimated at 23 million in 2012, mainly from customers with BlackBerry, high-end smartphones and tablet services.

The data from ITU indicated there were 43.6 million people using the Internet in the country at the end of 2011, equivalent to an 18% penetration rate. This was an increase from 26.2 million in 2010, representing an 11% penetration rate. Based on ITU's number, Indonesia has an estimated 2.7 million broadband subscribers, up from 2.3 million in 2010. Development of the fixed broadband infrastructure has been hampered by the country's complex geography terrain consisting of islands and rural regions. As a result, many cellular operators are offering wireless broadband services to provide affordable access to the Internet.

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Base transceiver stations, switching, ancillary and transmission equipment, and cellular handsets, content providers, broadband wireless access, 3G/UMTS base stations, Wimax and LTE equipment, value-added/data services.

Opportunities

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Indonesia's telecommunications infrastructure market has good potential for wireless equipment, services and content provider companies. The rapid expansion of the country's cellular and fixed-wireless networks has driven increased spending on the telecommunications infrastructure. The entry of international firms as investors offers opportunities for U.S. companies to improve the equipment and infrastructure in Indonesia. New options to own/operate the networks, new services, functionality (applications), and the enhancement of older technology, on top of existing infrastructure, are attractive to both operators and subscribers.

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Indonesian State Ministry of Communication and Information: www.kominfo.go.id

Agricultural Sectors

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Cotton

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The Indonesian Ministry of Industry reported that in 2012, Indonesia was the world's 10th largest textile exporter, with total textile exports valued at $12.5 billion. However, volatile international cotton prices in 2011 led to a dramatic decrease in U.S. cotton exports to Indonesia in 2012. Some smaller scale Indonesian cotton spinners are currently in the process of closing down their operations. Conversely, some larger mills are expanding. Although there is a general slowdown in demand for Indonesian textiles and textile products in the United States and Europe, 2012 Indonesian yarn exports to China increased by roughly 40 percent over 2011. As a result, FAS Jakarta estimates that in marketing year (MY) 2012/13, Indonesian cotton imports will increase to 2.1 million bales. In MY 2011/12, Brazil overtook the United States as the largest supplier of cotton to Indonesia.

Exports of U.S. Cotton to Indonesia ($US Million)

2006	2007	2008	2009	2010	2011	2012
275.8	340.5	454.6	235.4	293.8	531.2	194.1

Exports of U.S. Cotton to Indonesia (Thousand Tons)

2006	2007	2008	2009	2010	2011	2012
204.8	241.6	276	186.3	151.8	157.1	78.7

Soybeans

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Indonesia is the world's second-largest consumer of soybeans for direct human consumption. FAS Jakarta predicts that soybean consumption will continue to grow relative with the overall population growth. The annual growth of the production of tempeh and tofu – which accounts for a large majority of Indonesian soybean consumption – stands at roughly 2.5 percent. Smaller food sectors such as soymilk and soy sauce are growing at a higher rate, reportedly up to eight percent.

Tempe and tofu makers remain the largest soybean end users in Indonesia, accounting for nearly 90 percent of total domestic soybean consumption. Tempe and tofu are staple foods and consumption growth trends in parallel with population growth. FAS Jakarta expects that total soybean consumption will continue to grow, although future levels of growth will be more moderate over the 2007-2011 timeframe. FAS Jakarta expects Indonesia will consume 2.6 MMT soybeans in MY 2012/13, a 3.5 percent increase over the previous MY. Domestic consumption of soybeans will slightly increase to 2.675 MMT in MY 2013/14. Indonesian soybean imports were 1.92 MMT in MY 2011/12, a slight increase of 1.26 percent.

Tempe and tofu manufacturers continue to prefer U.S. soybeans over other suppliers, because of a preference for the texture and quality. Tempeh and tofu account for 95 percent of Indonesian domestic soybean consumption. Historically, soybean requirements for tempeh and tofu grow by two percent and three percent respectively. The remaining five percent of soybean imports are used by other food industries such as soy milk, soy powder, soy sauce, and snack food producers.

Exports of U.S. Soybeans to Indonesia ($U.S. Million)

2005	2006	2007	2008	2009	2010	2011	2012
302.2	288.3	401.5	589.7	618.1	805.8	857.6	994.2

Exports of U.S. Soybeans to Indonesia (million MT)

2005	2006	2007	2008	2009	2010	2011	2012
1.16	1.18	1.26	1.26	1.49	1.85	1.7	1.78

Consumer Ready Food Products

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The expansion of modern retail outlets in major urban areas throughout Indonesia, such as hypermarkets, supermarkets, and mini markets that have refrigeration and storage facilities provides good prospects for imported U.S. consumer-ready food products. The growth of franchise restaurants such as fast food, casual dining café's, international and family style restaurants (specializing in Western and other non-Indonesian foods), food courts, as well as four and five-star hotels catering to the tourist industry also increased demand for imported food products. The introduction of new domestically produced food products, aggressive promotional activities, growth of modern retail outlets, customer sophistication, and growing health consciousness has driven the growth of the food-processing sector. This progress provides a potential market for U.S. food and agricultural ingredients, especially dairy products.

More consumers are expected to make purchasing decisions based on health and wellness concerns. Dairy and fresh fruit products are considered healthy. Dairy products used as an ingredient for baby foods and toddler milk formulas lead this category. Snacking is a part of the Indonesian culture. With exposure to western-style foods and increases in snacking, U.S. snack food exports to Indonesia are expected to continue increasing.

Exports of U.S. Consumer Ready Food to Indonesia ($US Million)

	2006	2007	2008	2009	2010	2011	2012
Dairy products	89.4	136.3	209.2	65.8	159.4	209.5	190.2
Fresh fruit	37.4	43.2	59.6	69.5	95.5	110.4	112.3
Red meat	0	0	4.9	5.7	25.0	29.0	10.0
Processed fruit & vegetables	21.4	27.6	27.5	28.1	33.6	39.5	46.0

Snack food (excl nuts)	7.5	5.6	6.3	3.2	4.5	7.4	8.2
Tree Nuts	2.6	4.6	3.0	2.7	5.0	3.9	5.4
Total	158.3	217.3	310.5	158.1	371.1	483.4	372.1

Wheat Return to top

FAS Jakarta estimates that total Indonesian wheat imports in MY 2012/13 will increase by 6.9 percent to 6.9 million metric tons (MMT). This reflects an increase from MY 2011/12 levels which were of 6.457 MMT. Some of this predicted growth is due to new wheat millers and multinational food manufacturers that have began production and are adding to demand. While overall wheat imports to Indonesia are increasing Post predicts that in the current marketing year, wheat imports from the United States will decrease from 739,000 MT in MY 2011/12 to 660,000 MT. This decrease is primarily due to strong competition from Australian exporters, as Australia's closer proximity to Indonesia is a major advantage in their ability to supply wheat into Indonesia. However, Indonesia's imposition of temporary safeguard duties on imported wheat flour in 2012 may provide more opportunities for U.S. wheat.

Exports of U.S. Wheat to Indonesia ($US Million)

2006	2007	2008	2009	2010	2011	2012
59.7	236.1	363.9	152.7	130.0	268.4	229.5

Exports of U.S. Wheat to Indonesia (Thousand Tons)

2006	2007	2008	2009	2010	2011	2012
348.6	1,042	927.3	669.7	563.8	816.0	729.9

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Chapter 5: Trade Regulations, Customs and Standards

Import Tariffs

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In 2012, Indonesia's average most favored nation (MFN) applied tariff was 7.7 percent. Indonesia periodically changes its applied rates. In December 2011, the Ministry of Finance increased applied import duties for designated grain and oilseed products from 0 percent to 5 percent. In August 2012, the Ministry of Finance temporarily reduced import duties on soybeans from 5 percent to 0 percent through the end of 2012 to counter rising international soybean prices. In 2009, 2010, and 2011, Indonesia increased its applied tariff rates for a range of imported goods that compete with locally manufactured products, including electronic products, electrical and non-electrical milling machines, chemicals, cosmetics, medicines, iron wire and wire nails, and a range of agricultural products including milk products, animal or vegetable oils, fruit juices, coffee, and tea.

Indonesia's simple average bound tariff of 37 percent is much higher than its average applied tariff. Most Indonesian tariffs are bound at 40 percent, although bound tariff levels exceed 40 percent or remain unbound on automobiles, iron, steel, and some chemical products. In the agricultural sector, tariffs on more than 1,300 products have bindings at or above 40 percent. Tariffs on fresh potatoes, for instance, are bound at 50 percent, although the applied rate is 20 percent. The high bound tariff rates, combined with unexpected changes in applied rates, create uncertainty for foreign companies seeking to enter the Indonesian market. U.S. motorcycle exports remain severely restricted by the combined effect of a 60 percent tariff, a luxury tax of 75 percent, a 10 percent value-added tax, and the prohibition of motorcycle traffic on Indonesia's highways. In 2010, Indonesia converted its applied tariff on imported distilled spirits from 150 percent *ad valorem* to 125,000 rupiah (approximately $15) per liter.

Tariffs on almost all food and agricultural products of interest to the United States have an applied rate from 0 – 5 percent. On April 7, 2010, the Ministry of Finance issued Regulation No. 82/PMK.011/2010, imposing new import duties on alcoholic beverages containing ethyl alcohol. This regulation effectively changed the tariff from an ad valorem tariff to a specific tariff. Indonesia's applied tariff on imported spirits is a prohibitive 150 percent, which is its bound rate. U.S. companies report that the reduction or elimination of tariffs on a wide range of products including cooking appliances, cookware, and beverage systems would result in tens of millions of dollars in increased sales to Indonesia.

Indonesia imposes a progressive export tax on cocoa and palm oil exports. The cocoa export tax rate ranges from a minimum of 5 percent to a maximum of 15 percent and is calculated based on a monthly average of export prices. The minimum palm oil tax rate is 1.5 percent, and the maximum rate is 25 percent. The Indonesian government is also considering imposing export taxes on other products, including coconut, base metals, and coal.

Indonesia has extensive preferential trade relationships with other countries. Under the ASEAN Free Trade Agreement, duties on imports from ASEAN countries generally range from 0 percent to 5 percent, except for products specified on exclusion lists. Indonesia also provides preferential market access to Australia, China, Japan, Korea, India, Pakistan, and New Zealand under regional ASEAN agreements and to Japan under a bilateral agreement. In accordance with the ASEAN-China FTA, in August 2012 Indonesia increased the number of goods from China receiving duty-free access to 10,012 tariff lines. Indonesia is currently negotiating agreements with Australia and New Zealand, and the European Union, and studying potential FTAs with Chile, Turkey, South Korea, Tunisia, Mexico, South Africa, and Egypt.

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Please see the Indonesia section of the United States Trade Representative's National Trade Estimate on Foreign Trade Barriers: http://www.ustr.gov/about-us/press-office/reports-and-publications/2013/NTE-FTB

Import Requirements and Documentation Return to top

The GOI requires extensive documentation prior to allowing the importation of goods. Local customs brokers are acquainted with the procedures and required format of the documentation. At a minimum, the U.S. exporter or his agent must provide a pro-forma invoice, commercial invoice, certificate of origin, bill of lading, packing list, and insurance certificate. In addition to those documents additional certificates are often required by technical agencies with an interest in the content and conformance of the imported product such as food, pharmaceutical, seeds, or chemicals.

The process of providing the documentation includes a requirement that the importer notify the Customs Office prior to arrival of goods and submit import documents electronically through the electronic data interchange (EDI) in a standardized format placed on flash drives.

While the Indonesian National Agency of Drug and Food Control (BPOM) announced on September 1, 2010, that it would modify enforcement of its labeling policies and require that all processed food products entering Indonesia be fully labeled in the Bahasa language, this requirement has not been fully enforced. However, this requirement has the potential to seriously disrupt U.S. processed food exports to Indonesia. The Ministry of Trade (MOT) followed this announcement by issuing a press release indicating that BPOM and MOT were working together to harmonize their regulations on mandatory labeling.

As of May 2013, trade has not been interrupted as a result of the aforementioned requirements. One solution has been to allow supplementary labels to be applied post-entry to Indonesia in a facility under the importer's control, subject to BPOM approval. U.S. officials continue to engage with the Indonesia, seeking a solution that will satisfy Indonesia's objectives vis-à-vis consumer protection, as well as maintain access for U.S. suppliers.

U.S. Export Controls Return to top

On November 16, 2005 the Executive Branch, in accordance with the provisions of Section 599(b) of the Fiscal Year 2006 Foreign Operations, Export Financing, and Related Programs Appropriation Act, waived restrictions placed on the export of lethal defense articles and related defense services for end use by the Indonesian Armed Forces. Applications are processed on a case-by-case basis, in accordance with standard practice. Detailed information is available at: www.pmdtc.org

Temporary Entry Return to top

The GOI encourages foreign investors who export to locate their operations in bonded or export processing zones (EPZ). There are a number of EPZs in Indonesia, the most well-known being Batam Island, located 20 kilometers south of Singapore. There are also several bonded zones or export processing zones near Jakarta such as Tanjung Priok, Cakung and Marunda which are very close to international port and international harbor. Products can be imported into a bonded zone and re-exported without paying tariffs, unless the products are sent into Indonesian customs area. A recent Ministry of Finance Regulation stipulates that the delivery of products outside of bonded zones into the domestic market is set at a maximum of 25% (down from 50%).

Foreign and domestic investors wishing to establish projects in a bonded area near Jakarta can contact PT (Persero) Kawasan Berikat Nusantara, a State Owned Company, detailed information is available at www.kbn.co.id.

Labeling and Marking Requirements Return to top

All imported consumer goods must identify the importing agents, typically accomplished by affixing a label after goods have cleared customs. The GOI requires that information on product labels be distinctly and clearly written or printed or shown so that it can be seen easily and understood. The information on product labels should be written or printed in the Indonesian language, Arabic numbers, and Latin letters. The use of language, numbers, and letters other than the Indonesian language will only be permitted when there are no matching terms, or in the event of trading abroad.

Labeling should not contain the following: claims on the effect of the product on health, whether preventative and/or curative; incorrect or misleading information; comparisons to other products; promotion of certain similar products; and any additional information that has not yet been approved.

Prohibited and Restricted Imports

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Import Licensing

Exporters to Indonesia must comply with numerous and overlapping import licensing requirements that impede access to Indonesia's market. In 2009, the Indonesian government implemented a sweeping regulation imposing non-automatic import licensing procedures on a broad range of products, including electronics, household appliances, textiles and footwear, toys, and food and beverage products. The measure, known as Decree 56, was extended by Ministry of Trade Regulation 57/M-DAG/PER/12/2010 in December 2010, and again in December 2012 through Ministry of Trade Regulation 83/M-DAG/PER/12/2012. Regulation 83/2012 will remain in effect until December 31, 2015. The original extension expanded the scope of licensing restrictions to additional products, including cosmetics. The amended decree also retains a requirement for pre-shipment verification by designated companies (known in Indonesia as "surveyors") at the importers' expense and a restriction that limits the entry of imports to designated ports and airports. Indonesia has informally limited application of the decree to "final consumer goods." The Indonesian government also appears to be exempting select registered importers from certain requirements of this decree. Still, the approval process to qualify as a registered importer is opaque, ill-defined, and potentially discriminatory.

Ministry of Trade Regulation No. 45/M-DAG/PER/9/2009, as amended and clarified by Regulation No.17/M-DAG/PER/3/2010, introduced a requirement that companies can only import goods for further distribution or for their own manufacturing, but not for both. Under these regulations, companies are permitted only one kind of license, and those that need both kinds of licenses need to separate into manufacturing and trading businesses. Effective January 1, 2011 through Regulation No. 39/MDAG/PER/10/2010, Indonesia introduced a new type of importer license, dubbed a PI License, which permits companies to import certain finished products not used in the production process provided such imports also support the development of the company's business in Indonesia.

However, in early 2012, the Supreme Court annulled Regulation No. 39. In response, the Ministry of Trade issued Decree 27/MDAG/PER/5/2012 in May 2012 and amended it with Decree 59/MDAG/PER/9/2012 in September 2012. Under the new 2012 decrees, companies that operate under an import license for their own manufacturing are allowed to import finished products provided they are market test products or complementary goods. However, the new regulations again limit companies to only one kind of license. The decrees also require companies to demonstrate a "special relationship" with the foreign company. The "special relationship" must be authenticated by the Indonesian Embassy located in the country in which the foreign company is located. Only then may the companies import products from more than one section of the HS tariff code. The Ministry of Trade delayed full implementation of Decree 59 until March 31, 2013; until then both the old system and the new system co-existed.

Import Licensing for Agricultural Products

Import licensing requirements also apply to horticultural products. In September 2012, Indonesia adopted two ministerial regulations on the importation of horticultural products. While the two regulations were separately issued by the Ministry of Trade and the Ministry of Agriculture respectively, both were numbered 60/2012. Both the Ministry of Agriculture's Regulation 60 (replacing Regulation No 3/2012) and Ministry of Trade's Regulation 60 (amending Regulation No 30/2012) regulate the importation of horticultural products into Indonesia. All horticultural products shipped after September 28, 2012 must comply with these two regulations. Ministry of Agriculture's Regulation 60 requires Indonesian importers to obtain an Import Recommendation of Horticulture Products (RIPH) as a prerequisite for applying for an Import Permit Letter (SPI) from the Ministry of Trade. One RIPH application is valid for one HS code, one country of origin, one port of entry, one port of loading, and one supplier. The Ministry of Agriculture has discretion on whether to issue an RIPH and makes decisions based on an evaluation of multiple considerations, including its assessment of national demand analysis. After securing an RIPH from the Ministry of Agriculture, Ministry of Trade Regulation 60 requires the importer to obtain an SPI from the Ministry of Trade before horticulture products can be imported into Indonesia. In addition, the horticultural products to be imported must be verified by Indonesian surveyors and/or their authorized agents in the country of origin and Bahasa Indonesia labels must be attached to the packaging before the products enter the Indonesian customs area.

Before applying for a RIPH, an Indonesian importer must be recognized by the Ministry of Trade as a Registered Importer (IT) and/or a Producer Importer (IP). Before applying to the Ministry of Trade for recognition as an IT or IP, importers must first apply for and receive an API-U (Importer Identification Number – General) or API-P (Importer Identification Number – Producer), and must also prove they meet certain criteria. For example, IT importers (which import for retail) must prove they own "appropriate" cold storage facilities.

Indonesia imposes a similar non-automatic import licensing regime for animals and animal products imports. An importer must first receive an Import Approval Recommendation from the Ministry of Agriculture to import animals and animal products. The importer then must seek an import license from the Ministry of Trade, who grants the licenses based on domestic production and supply considerations.

These licensing regimes for horticulture and animal and animal products have significant trade restrictive effects on imports. As a result in April 2013, the United States requested the establishment of a WTO dispute settlement panel challenging the regimes consistency with obligations under the WTO.

Additional opaque, complex, and prohibitive product-specific import licensing and registration requirements apply to other agricultural products, including animal and animal products, sugar, and dairy.

Other Import Licensing Requirements

Indonesia maintains other additional non-automatic licensing requirements on textiles, clothing, and other "made-up goods" such as curtains and blankets, which limit market access for a wide range of products. Only approved local producers are authorized to import products, and these products are permitted for use only as inputs in domestic production, not for resale or transfer. Approval must be obtained for both the quantity and timing of imports. The United States continues to press Indonesia to eliminate these requirements.

New import restrictions on cell phones, handheld computers, and tablets impose burdensome licensing requirements and may prevent U.S. hardware companies from becoming importers of record. Ministry of Trade Regulation 82 and Ministry of Industry Regulation 108 went into effect in January 2013, shortly after their release in late 2012. Under Regulation 82, importers of cell phones, handheld computers, and tablets can no longer sell directly to retailers or consumers, must have at least three years of experience, and must use at least three distributors to qualify for a Ministry of Trade importer license. Under Regulation 108, importers must provide product identification numbers for each imported item in order to receive a Ministry of Industry importer license. Companies are unable to provide identification numbers months in advance and, as such, may need to apply for both licenses on a per shipment basis. The Ministry of Trade is working with U.S. companies on a case-by-case basis to explain Regulation 82 and maintain the flow of U.S. IT products into the Indonesian market.

Pharmaceutical Market Access

The United States continues to have serious concerns about barriers to Indonesia's market for pharmaceutical products. Ministry of Health Decree No. 1010/MENKES/PER/XI/2008 requires foreign pharmaceutical companies either to manufacture locally or to entrust another company that is already registered as a manufacturer in Indonesia to obtain drug approvals on its behalf. Under this policy, foreign companies can be barred from the Indonesian market even if they are market leaders in globally recognized good manufacturing and distribution practices and provide high quality pharmaceutical products to Indonesian patients. Among its requirements, Decree 1010 requires local manufacturing in Indonesia of all pharmaceutical products that are five years past patent expiration. It also contains a technology transfer requirement. A subsequent regulation, Regulation 1799 and BPOM's (Indonesian Food and Drug Regulatory Agency) updated regulation on drug registration, provided additional information about the application of the local manufacturing requirements and lays out several exceptions to local manufacturing and technology transfer requirements. In September 2012, Indonesia issued Presidential Regulation 76/2012 granting compulsory licensing for seven HIV/AIDS and Hepatitis B treatment drugs. The United States will continue to monitor the implementation of these regulations.

A bill on *halal* certification, currently under discussion in Indonesian Parliament, may require mandatory *halal* certification of pharmaceuticals as well as other products. Such a policy could have significant adverse consequences on U.S. and other foreign companies as well as Indonesian patients.

Quantitative Restrictions

Indonesia maintains quantitative restrictions, particularly on imports of agricultural products such as beef, where annual import quantities are determined by Indonesian agencies in nontransparent processes. The U.S. Government has raised its strong concerns regarding these quantitative restriction issues and will continue to press the Indonesian government to address them.

The Ministry of Agriculture sets the quantities of animals and animal products that may be imported into Indonesia, both in the aggregate and by each importer. The Ministry of Trade issues permits for the import and export of these products after receiving a recommendation approval from the Directorate General of Livestock and Animal Health Service of the Ministry of Agriculture per Ministry of Trade regulation No. 24/M-DAG/PER/9/2011 and Ministry of Agriculture regulation No. 50/PERMENTAN/OT.140/9/2011 dated September 7, 2011. Both regulations were put into effect on October 1, 2011. These regulations now effectively ban the importation of any chicken product, as well as turkey and duck parts. Importers are required to have a registered importer of animal and animal products number from Ministry of Trade before they are allowed to import animals and animal-based food products.

Ministry of Agriculture Regulation 60 also establishes a mechanism that provides Indonesia with the discretion to apply quantitative restrictions on imports of fresh and processed fruits and vegetables. According to the regulation, the quantity of imports that Indonesia will allow will be based on estimates of domestic production, availability of similar products domestically, and domestic demand, as well as harvest and production periods. The United States included these effective quota measures in its April 2013 request for a WTO dispute settlement panel. Indonesia also recently imposed an "unofficial" restriction on the importation of corn. Unofficially, only feed millers can import corn as of December 2012. They must apply for an import permit from the Ministry of Agriculture. The import permit will specify the volume of corn that can be imported. The volume will be set based on the levels of domestic feed production. A similar unofficial restriction is also being imposed on the imports of alfalfa from the United States.

Indonesia bans salt imports during the harvest season. It requires salt importers to be registered and to purchase domestic supplies as well as imports. Indonesia also maintains a seasonal ban on imports of sugar, in addition to limiting the annual quantity of sugar imports based on domestic production and consumption forecasts.

Indonesia applies quantitative limits on the importation of wines and distilled spirits. Companies seeking to import these products must apply to be designated as registered importers authorized to import alcoholic beverages with an annual company-specific quota set by the Ministry of Trade.

Mining firms operating in Indonesia may not export unprocessed ore unless they have the government's prior approval to do so via a contract of work or plans to build a smelter in Indonesia to process that ore. A 2009 mining law requires companies to process ore locally before shipping it abroad. Although scheduled to enter into force in 2014, Indonesia started implementing the law in 2012. Indonesia asserts the earlier implementation was necessary to prevent what it described as accelerated exporting of raw mineral ore to avoid the 2014 effective date. The policy is intended to support the expansion of value-added activities, including the smelting industry. A Supreme Court ruling made public in January 2013, which struck down the unprocessed ore export ban provisions of the Ministry of Energy and Mineral Resources regulation, as well as a Ministry promise to continue with the ban, have further confused the situation. Indonesia also effectively bans the export of steel scrap. In late 2011, Indonesia banned exports of raw and semi-processed rattan. This ban is still in effect.

Customs Regulations and Contact Information

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Customs Barriers
U.S. firms continue to report that Indonesian Customs relies on a schedule of reference prices to assess duties on some imports, rather than using actual transaction prices. Customs makes a valuation assessment based on the perceived risk status of the importer and the average price of a same or similar product imported during the previous 90 days.

In late 2010, Indonesian customs changed its methodology for assessing import duties on motion pictures, from import duties “per meter” to a calculation based on royalties, significantly increasing duties payable. Following a disruption in trade and as a result of bilateral consultations between the U.S. and Indonesian Governments, the Ministry of Finance adopted a new specific tariff based on a “per minute” calculation rather than royalties. The Finance Ministry also changed the application of its value-added tax on movie imports. Overall, the incidence of duties and taxes under the current system continues to be higher than it was in 2010, though trade has resumed.

In January 2012, the Ministry of Agriculture announced that, in order to comply with priorities set by the Ministry of Trade, the port of Jakarta and several other major ports would be closed to horticulture imports beginning in March 2012. More than 90 percent of Indonesian imports of U.S. fresh fruits and vegetables (more than $200 million annually) move through the port of Jakarta, Tanjung Priok, and are destined for the Jakarta market. Despite this announcement, since June 2012, U.S. horticulture exports were able to continue using Tanjung Priok port as a result of the U.S. country recognition status, approved by the Ministry of Agriculture. Australia, New Zealand, and Canada have also been allowed to continue using Tanjung Priok. In January 2013, the Ministry of Agriculture renewed the U.S. country recognition status.

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Standards Return to top

Overview

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Rapid growth of international trade has resulted in the development of product and service standardization in all industrial sectors. Products and services exported to a foreign market must meet standard requirements in order to be successful. Standards could also be used as a non-tariff barrier to protect a country's domestic economy from the flow of foreign products and services.

At present, standards are commonly used in most Indonesian industries. The Indonesian government and related industrial players have been very active in formulating standards for products and services, which are either locally manufactured or imported and exported.

Standards Organizations

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The Indonesian Standardization Agency is

The National Standardization Agency
Badan Standardisasi Nasional (BSN)
Manggala Wanabakti Blok IV, 4th Floor
Jl. Jendral Gatot Subroto, Senayan
Jakarta 10270
Tel (62-21) 574-7043, 574-7044
Fax (62-21) 574-7045
Web www.bsn.or.id

NIST Notify U.S. Service
Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: http://www.nist.gov/notifyus/

Conformity Assessment

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In line with the economic globalization and the WTO's "Standard Code" on Technical Barriers to Trade (TBT), the role of standards and conformity assessment has become very crucial. In order to successfully compete in the global market, the Indonesian government formulates its national standards with reference to regional and/or international standards.

In order to ensure that certain standards have been complied with a conformity assessment mechanism is required. Moreover, the available scheme of Mutual Recognition Arrangements (MRAs) in the area of standard and conformity assessment should be used as the basis of recognition on product certificates and/or test reports when trade transaction cross inter-country territories.

Product Certification

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At present, product certification is required. According to the Government Regulation on National Standardization, the only national standards are Indonesian National Standards (SNIs). Institutionally, BSN is responsible for the formulation of the SNIs, whereas the task on accreditation is given to the National Accreditation Committee (KAN). SNIs are formulated in accordance with the nationally agreed mechanism of standard formulation and normally aligned with similar regional or international standards whenever possible.

Accreditation

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The National Accreditation Committee (KAN) is the formal accreditation body. The main function of KAN is to establish an accreditation system in Indonesia and to grant accreditation in certain fields including testing and calibration laboratories, certification bodies and inspection bodies.

Currently, KAN has been operating an accreditation system for testing and calibration laboratories, certification bodies that consist of ISO 9000 quality system certification bodies, ISO 14000 series environmental quality system certification bodies, personnel certification bodies, product certification bodies, HACCP certification bodies, and inspection bodies.

Publication of Technical Regulations

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There are two publications issued by BSN on technical regulations, namely "Sistem Standarisasi Nasional" (National Standard System) and "Info Standarisasi" (Standardization Information). Both publications are available at the BSN Library at the following address:

Library of the National Standardization Agency
Badan Standardisasi Nasional (BSN)
Manggala Wanabakti Blok IV, 3rd Floor
Jl. Jendral Gatot Subroto, Senayan
Jakarta 10270
Tel (62-21) 574-7043, 574-7044
Fax (62-21) 574-7045
www.bsn.or.id

Labeling and Marking

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All imported consumer goods must identify the importing agents, typically accomplished by affixing a label after goods have cleared customs. The government requires that information on product labels be distinctly and clearly written or printed or shown so that it can be seen easily and understood. The information on product labels should be written or printed in the Indonesian language, Arabic numbers, and Latin letters. The use of language, numbers, and letters other than the Indonesian language will only be permitted when there are no matching terms, or in the event of trading abroad.

Labeling should not contain the following: claims on the effect of the product on health, whether preventative and/or curative; incorrect or misleading information; comparisons to other products; promotion of certain similar products; and any additional information that has not yet been approved.

Contacts

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Badan Standardisasi Nasional (BSN)
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Trade Agreements

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Indonesia is a member of the World Trade Organization (WTO) and the Association of Southeast Asian Nations Free Trade Agreement (AFTA). As a member of AFTA, Indonesia committed to reduce tariff and non-tariff barriers and investment restrictions. Under AFTA, the six original ASEAN members (Indonesia, Malaysia, Singapore, Thailand, the Philippines and Brunei) agreed to reduce import duties to five percent or less by 2010, and by 2015 for the four newer members (Vietnam, Laos, Burma and Cambodia).

The United States and Indonesia signed a Trade and Investment Framework Agreement (TIFA) in 1996, which was designed to build stronger economic ties. Indonesia signed an Economic Partnership Agreement (EPA) with Japan in July 2008. Under EPA, Indonesia will be exempted from 90 percent of Japan’s 9,275 import duties, and Japan will be exempted from 93 percent of Indonesia’s 11,163 import duties.

As a member of ASEAN, Indonesia signed trade agreements with China and South Korea. ASEAN is negotiating FTAs with the European Union, India, and Australia and New Zealand. Indonesia is also exploring the feasibility of having a trade agreement with Chile, Turkey, South Korea, Tunisia, Mexico, South Africa, and Egypt.
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Web Resources

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ASEAN Free Trade Area (AFTA): http://www.aseansec.org/19585.htm
ASEAN Tariff database: http://www.us-asean.org/asean/aftatariffs.asp
Agency for Drug and Food Control (BPOM): http://www.pom.go.id
Directorate General of Custom and Excise: http://www.beacukai.go.id

The Indonesian Standardization Agency (BSN): http://www.bsn.or.id

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Chapter 6: Investment Climate

Openness to Foreign Investment Return to top

Indonesia's growing middle class, strong domestic demand, stable political situation, and conservative macroeconomic policy paired with gross domestic product (GDP) growth of 6.5% in 2011 make Indonesia an attractive destination for Foreign Direct Investment (FDI). In 2012, Indonesian government officials welcomed increased FDI, aiming to create jobs and spur economic growth, and courted foreign investors, notably focusing on participation in a large number of public private partnerships to develop Indonesia's infrastructure. However, vague and conflicting regulations, poor existing infrastructure, rigid labor laws, and corruption continued to be significant concerns for foreign investors. U.S. firms lamented the lack of ministerial coordination but were encouraged with apparent increased accessibility to the Indonesian parliament (DPR) in 2012.

Restrictions on FDI are, for the most part, outlined in presidential decree 36/2010, commonly referred to as the Negative List. The Negative List consolidates FDI restrictions from numerous decrees and regulations to create greater certainty for foreign and domestic investors. The 2010 iteration of the Negative List, the most recent version, clarified that companies are grandfathered-in in the case of increased foreign ownership restrictions. However, exceptions remain; in the case of wholly foreign owned security service companies, their licenses were not renewed, despite grandfathering provisions. In 2010, the share of foreign ownership permitted was increased in health services, creative industries, construction services, and multilevel marketing, but decreased in cell towers, security services, and inspection services. For investment in certain sectors, such as mining and higher education, the Negative List is useful only as a starting point, as additional licenses and permits are required from individual ministries. Foreign capital investment, through the stock market, is not governed by the Negative List. Foreigners may purchase equity in state-owned firms through initial public offerings. Capital investments in publicly listed companies through the stock exchange are not subject to Indonesia's Negative List unless an investor is buying a controlling interest.

The Investment Coordinating Board (BKPM) is responsible for issuing investment licenses to foreign entities and has taken steps to simplify the application process through better coordination between various government institutions. In 2012, BKPM launched the online portal for its National Single Window for Investment which allows foreign investors to apply for and track the status of licenses and other services online. Although BKPM is meant to act as a one-stop service institution, investments in the mining, oil and gas, plantation, and other sectors require further licenses from related ministries and authorities. Likewise, certain tax and land permits, among others, typically must be obtained from local government authorities. Though Indonesian companies only require one approval at the local level, businesses report that foreign companies often must obtain both administrative and de facto legislative approval in order to establish a business.

The Coordinating Ministry of Home Affairs, Ministry of Administrative Reform and Bureaucracy Reform, and BKPM issued a circulating letter on September 15, 2010, to clarify investment that crosses provincial and regional boundaries. Investment in one regency is managed by the regency government; investment that lies in two or more regencies is managed by the provincial government; and investment that lies in two or more provinces is managed by central government, or central BKPM.

Natural Resources: Indonesia’s vast natural resource wealth has attracted significant foreign investment over the last century, and remains one of the most prospective countries in the world. But a variety of government regulations have made doing business in the resources sector increasingly difficult, and Indonesia now ranks in the bottom 10% among the world’s 90+ mining countries in the Fraser Institute’s mining Policy Potential Index. In 2012 the Government of Indonesia (GOI) banned the export of raw minerals, dramatically increased the divestment requirements for foreign mining companies, and required major mining companies to renegotiate their contracts of work with the government. The 2009 mining law devolved mining license issuing authority to local governments, who have responded by issuing more than 10,000 licenses, many of which overlap or are unclearly mapped. In the oil and gas sector, Indonesia’s Constitutional Court disbanded the upstream regulator, injecting confusion and more uncertainty into the natural resources sector.

Infrastructure: Indonesia’s Master Plan for Acceleration and Economic Development (MP3EI), launched in 2011, is an ambitious 15-year, $1 trillion infrastructure development plan that includes several public-private partnership tenders and will require almost $700 billion in private financing. Though the MP3EI is a positive development, implementation has been lacking and project groundbreakings a year after its launch represented just 10% of the total plan’s projected value.

Measure	Year	Index/Ranking
TI Corruption Index	2012	32/118 of 176

Heritage Economic Freedom	2012	56.4/115 of 179
World Bank Doing Business	2012	128 of 185
MCC Gov't Effectiveness	2013	0.20 (66%)
MCC Rule of Law	2013	-0.19 (34%)
MCC Control of Corruption	2013	-0.16 (28%)
MCC Fiscal Policy	2013	-1.3 (83%)
MCC Trade Policy	2013	75.0 (48%)
MCC Regulatory Quality	2013	0.02 (56%)
MCC Business Start Up	2013	0.927 (41%)
MCC Land Rights Access	2013	0.67 (43%)
MCC Natural Resource Protection	2013	99.8 (94%)
MCC Access to Credit	2013	29 (49%)
MCC Inflation	2013	5.4 (59%)

Conversion and Transfer Policies

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The rupiah, the local currency, is freely convertible. Currently, banks must report all foreign exchange transactions and foreign obligations to the Bank of Indonesia (BI). With respect to the physical movement of currency, any person taking cash into or out of Indonesia in the amount of Rp 100 million ($11,000) or more, or the equivalent in another currency, must report the amount to the Director General of Customs and Excise.

Banks on their own behalf or for customers may conduct derivative transactions related to derivatives of foreign currency rates, interest rates, and/or a combination thereof. BI requires borrowers to conduct their foreign currency borrowing through domestic banks registered with BI. The regulations apply to borrowing in cash, non-revolving loan agreements, and debt securities.

Under the 2007 Investment Law, the GOI gives assurance to investors relating to the transfer and repatriation of funds, in foreign currency, on capital, profit, interest, dividend and other income, funds required for (i) purchasing raw material, intermediate goods or final goods, and (ii) replacing capital goods for continuation of business operations, additional funds required for investment project, funds for debt payment, royalties, income of foreign individual working on the invested project, earnings from selling or liquidation of invested company, compensation for losses, and compensation for expropriation. U.S. firms report no difficulties in obtaining foreign exchange.

Beginning in 2012, BI will require exporters to repatriate their export earnings from offshore banks to domestic banks within three months from the date of the Export Declaration Form. Exporters will have six months from the date on the Export Declaration Form during a transition period when the regulation becomes effective on

January 2, 2012. Once repatriated, there are no restrictions on exporters from re-transferring the export earnings back to an offshore bank.

Expropriation and Compensation

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The GOI generally recognizes and upholds property rights of foreign and domestic investors, and the 2007 Investment Law opened major sectors of the economy to foreign investment while assuring investors' protection from nationalization, except where corporate crime is involved.

While there have been no overt expropriatory actions forced on investors in recent years, Indonesia's rising resource nationalism and ensuing action in the mining sector has raised concern about the Government's willingness to protect and fairly compensate foreign miners' property rights going forward. Mining companies that hold still-valid contracts of work with the central government are required to renegotiate the terms of those contracts, including higher tax and royalty rates, as well as divestment of equity to Indonesian interests. In 2012, the GOI issued a regulation requiring foreign-owned mining operations to divest majority equity to Indonesian shareholders within 10 years of operational startup. It appears the GOI plans to use cost of investment incurred, rather than market value, for purposes of divestment valuation.

A requirement to refine all ore domestically before it can be exported is another GOI priority advanced under the 2009 Mining Law that could lead to depressed domestic ore prices if enforced. In general, Indonesia's rising resource nationalism supports the idea that domestic interests should not have to pay prevailing market prices for domestic resource interests. The domestic market obligation on oil and gas producers is a longstanding example of this expectation. New investors in Indonesia's mining sector no longer have the security of a long-term contract of work with the central government, but are instead issued mining licenses by the local regent, whose term of office is five years. The security of the mining license, and what compensation the local regent is prepared to offer (if any) in the case of its cancellation, is uncertain.

The Law on Land Acquisition Procedures for Public Interest Development passed in December 2011 seeks to streamline GOI acquisition of land for much-needed infrastructure projects. The law seeks to clarify roles, impose time limits on each phase of the land acquisition process, deter land speculation, and curtail obstructionist litigation, while still ensuring safeguards for land-right holders. However, because the crucial power of revoking land rights rests with provincial governors, the new law's effectiveness – or potential misuse as a tool of expropriation – will depend in part on the inclination of respective governors.

Dispute Settlement

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Indonesia's legal system is based on civil law. The court system consists of District Courts (primary courts of original jurisdiction), High Courts (courts of appeal), and the Supreme Court (the court of last resort). Indonesia also has a Constitutional Court. The Constitutional Court has the same legal standing as the Supreme Court, and its role is to review the constitutionality of legislation. Both the Supreme and Constitutional Courts have authority to conduct judicial review.

Judicial handling of investment disputes remains mixed. Indonesia is a signatory to the Convention On The Settlement Of Investment Disputes Between States And Nationals Of Other States (ICSID) and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Thus, foreign arbitral awards are legally recognized and enforceable in the Indonesian courts, but, in practice, are not always enforced. Indonesia's legal code recognizes the right of parties to apply any rules of arbitration upon which they mutually agree. Some arbitration but not all is handled by Indonesia's domestic arbitration agency, the Indonesian National Arbitration Body. District Courts do not have authority to hear disputes where parties are bound by an arbitration agreement. In reality, some claims are still accepted by District Courts on the basis of tort or fraud, but are often reversed upon appeal. Some companies have resorted to ad hoc arbitrations in Indonesia using the UN Commission on International Trade Laws (UNCITRAL) arbitration rules. In 2012, U.S. cotton exporters saw an increase in cotton contract defaults by Indonesian companies. Though doing business in Indonesia remains challenging, there is not a clear pattern of investment disputes involving U.S. or other foreign investors.

The court system often does not provide effective recourse for resolving property and contractual disputes. Judges are not bound by precedent and many laws are open to various interpretations. A lack of clear land titles has plagued Indonesia for decades, although the land acquisition law enacted in December 2011 included legal mechanisms that may begin to resolve some past land ownership issues. Indonesia also has a poor track record on contract sanctity. Government Regulation 79 of 2010 opened the door for the GOI to remove recoverable costs from production sharing contracts. The GOI is also requiring mining companies to renegotiate their contracts of work to require higher royalties, more divestment, more local content, and domestic processing of mineral ore. Indonesia's commercial code, grounded in colonial Dutch law, has been updated to include provisions on bankruptcy, intellectual property rights, incorporation and dissolution of businesses, banking, and capital markets. Application of the commercial code, including the bankruptcy provisions, remains uneven, in large part due to corruption and training deficits for judges, prosecutors, and defense lawyers. The bankruptcy law is decidedly pro-creditor and the law makes no distinction between domestic and foreign creditors. As a result, foreign creditors have the same rights as all potential creditors in a bankruptcy case, as long as foreign claims are submitted in compliance with underlying regulations and procedures. Monetary judgments in Indonesia are made in local currency.

Performance Requirements and Incentives Return to top

The Indonesian government notified the WTO of its compliance with Trade-Related Investment Measures (TRIMS) on August 26, 1998. The 2007 Investment Law states that the GOI shall provide the same treatment to both domestic and foreign investors originating from any country pursuant to the rules of law.

In 2011, the GOI announced a tax holiday scheme to exempt certain businesses from paying corporate income taxes for up to ten years under Ministry of Finance Decree No. 130/PMK.011/2011. Businesses must have operated as a legal entity in Indonesia for at least 12 months prior to the issue of the tax holiday regulation, among other requirements. Priority is given to investment in resource extraction, resource refinement, industrial machinery, renewable resources, telecommunications equipment, or pioneer sectors. Government Regulation No. 62 of 2008 provides a tax incentive program for projects conducted in national high-priority sectors which encompass 128 different fields. Businesses may only apply for one tax incentive: either the tax holiday or the tax incentive program.

The GOI expects foreign investors to contribute to the training and development of Indonesian nationals, allowing the transfer of skills and technology required for their effective participation in the management of foreign companies. As a general rule, a company can hire foreigners only for positions that the government has deemed open to non-Indonesians. Employers must have manpower-training programs aimed at replacing foreign workers with Indonesians. If a direct investment enterprise wants to employ foreigners, the enterprise should submit an Expatriate Placement Plan to BKPM to get a Limited Stay Visa or Semi Permanent Residence Visa (VITAS/VBS). Expatriates are issued a Limited Stay Permit (KITAS) and a blue book, valid for two years and renewable for up to two extensions without leaving the country. Under Ministry of Manpower regulations, any expatriate who holds a work and residence permit must contribute $1,200 per year to a fund for local manpower training at regional manpower offices. Some U.S. firms report difficulty in renewing KITASs for their foreign executives.

With the passage of the 2012 defense law in October, the GOI plans to impose offset or local content requirements for procurements from foreign defense suppliers. Currently, U.S. defense equipment suppliers are still competing for contracts with local partners on the basis of an exception in the law that indicates that purchases may be made from non-state owned enterprise (SOE) sources if not readily available on the local market. Further clarification through additional regulation will reveal how rigid the application of the new requirements will be.

The GOI grants special preferences to encourage domestic sourcing and to maximize the use of local content in government procurement. It also instructs government departments, institutes, and corporations to utilize domestic goods and services to the maximum extent feasible. The Negative List seeks to maximize local content in procurement, use foreign components only when necessary, and delegate foreign contractors as sub-contractors to local companies. Foreign firms bidding on high value government sponsored projects report that they have been asked to purchase and export the equivalent value of selected Indonesian products if they are awarded the contract. Some businesses established as Indonesian entities report discrimination as they possess higher foreign equity.

The Ministry of Law and Human Rights’ implementation of an electronic business registration filing and notification system has dramatically reduced the number of days needed to register a company. Foreign firms are not required to disclose proprietary information to the government before investing.

At present, Indonesia does not have formal regulations granting national treatment to U.S. and other foreign firms participating in Government-financed or subsidized research and development programs. The State Ministry for Research and Technology handles applications on a case-by-case basis.

Exporters to Indonesia must comply with numerous and overlapping import licensing requirements that impede access to Indonesia's market. In 2012, Indonesia issued new regulations overseeing the importation of finished products. In recent years, the Government implemented a sweeping regulation imposing non-automatic import licensing procedures on a broad range of products, including horticultural and livestock products, electronics, household appliances, textiles and footwear, toys, and food and beverage products. This regulation also include a requirement for pre-shipment verification by designated surveyors at importers' expense and a restriction that limits entry of imports to five designated ports and airports.

In July 2012, Indonesia added to the list of goods prohibited for export. Some of the goods forbidden for export include: natural rubber, rattan and certain types of wood, some live fish, giant tiger prawns, natural sand, precious stones, and antiques.

Indonesia's average most favored nation applied tariff was 7% in 2011. Over the past several years, Indonesia has raised tariffs on a number of products. In August 2012, Indonesia raised tariffs on most metal and mineral ores (but not coal) to 20%. Indonesia also imposes a 40% tariff on unprocessed palm fruit and 20% on oil cake and tiered tariffs for crude palm oil and other oil palm derivatives. In December 2012, the Indonesian government also issued a 20% emergency safeguard tariff on wheat flour imports for 200 days. In August 2012, Indonesia temporarily removed a 5% soybean import tax through the end of 2012. In 2010, Indonesia increased applied tariffs for products including medicines, cosmetics, and energy efficient lights. Most Indonesian tariffs are bound at 40%, although bound tariff levels exceed 40% or remain "unbound" on automobiles, iron, steel, and some chemical products.

Right to Private Ownership and Establishment

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Indonesia recognizes the right to private ownership and establishment by both foreign and domestic entities. Foreign investors are restricted from establishing or acquiring businesses in certain sectors as laid out in the Negative List. Private entities have the right to dispose of interests in business enterprises under Indonesia's bankruptcy law, although it may take several years to do so. Likewise, terminating employees is associated with high costs and a lengthy process that requires bipartite negotiation, non-binding mediation, and Labor Court approval unless settled by agreement in writing at any time during the process.

To establish a business, one must: obtain the standard form of the company deed; arrange for a notary electronically; obtain clearance for the Indonesian company's name at the Ministry of Law and Human Rights; notarize company documents; obtain a certificate of company domicile from the local municipality; pay the State Treasury for the non-tax state revenue fees for legal services; apply to the Ministry of Law and Human Rights for approval of the deed of establishment; apply at the one stop service for the permanent business trading license and company registration certificate; register with the Ministry of Manpower; apply for the workers social security program; and, obtain a taxpayer registration number and a valued added tax (VAT) collector number. The process takes an average of 47 days.

Protection of Property Rights

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The Basic Agrarian Law of 1960, the predominant body of law governing land rights, recognizes the right of private ownership. Indonesia's 1945 Constitution states that all natural resources are owned by the GOI for the benefit of the people. This principle was augmented by the passage of a land acquisition bill in December 2011 that enshrined the concept of eminent domain and established mechanisms for fair market value compensation and appeals. The National Land Agency registers property under Regulation No. 24 of 1997, though the Ministry of Forestry administers all 'forest land'. Registration is sometimes complicated by local government requirements and claims as a result of decentralization. Registration is also not conclusive evidence of ownership, but rather strong evidence of such. Foreigners are not allowed to own land in Indonesia, but can acquire the rights to use, sell, lease, and mortgage land through an Indonesian entity. The Ministry of Housing has proposed foreign ownership rights for properties in the special economic zones of Batam, Bintan, and Karimun. However, these plans have been delayed due to an ongoing revision of the Agrarian Law.

Indonesia is currently on the Special 301 priority watch list for intellectual property rights (IPR) protection. Indonesia's failure to effectively protect intellectual property and enforce IPR laws has resulted in high levels of physical and online piracy. The International Intellectual Property Alliance estimates that 86% of business software is unlicensed, while retail piracy rates are likely even higher.

Indonesia's 2002 Copyright Law and 2001 Trademark Law are currently under review. While not fully adequate, both laws provide a solid foundation for enforcement efforts. However, enforcement has been insufficient. The Copyright Law requires commercial courts to try cases of alleged copyright violations and render judgments within 90 days, though it often takes much longer. Even so, criminal cases against corporate end-user piracy in Jakarta and Semarang have been successfully prosecuted. The GOI has signed and ratified the WIPO internet treaties, but further clarifications in its Copyright Law must be made to fully implement both treaties.

Transparency of Regulatory System

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Indonesia continues to bring its legal, regulatory, and accounting systems into compliance with international norms, but progress is slow. Recent successes include passage of a comprehensive anti-money laundering law in late 2010 and a land acquisition law in December 2011, both of which have positive implications for foreign investment. Although Indonesia continues to move forward with regulatory system reforms, these efforts have not yet created a level playing field for foreign investors nor does the current regulatory system establish clear and transparent rules for all actors. Certain laws and policies, including the Negative List, establish sectors that are either fully off-limits to foreign investors or are subject to substantive conditions. A proposed revision to Indonesia's 2003 labor law may establish more stringent restrictions on outsourcing, currently used by many firms to circumvent some formal-sector job benefits that tend to make the labor market rigid and uninviting to potential investors. Bureaucratic reforms have slowed, and decentralization has introduced another layer of bureaucracy for firms to navigate, resulting in costly red tape. Ineffective management and corruption are among the challenges faced by the GOI in launching bureaucratic reform. U.S. businesses cite regulatory and transparency problems as ongoing factors hindering operations. Government ministries and agencies, including the Indonesian Parliament, continue to publish many proposed laws and regulations in draft form for public comment; however, not all draft laws and regulations are made available in public fora. Laws and regulations are often vague and require substantial interpretation by the implementers, leading to business uncertainty and rent-seeking opportunities. In short, investors remain interested but wary, as Indonesia is not currently making the longer-term regulatory changes to generate substantive domestic or foreign investment.

Efficient Capital Markets and Portfolio Investment Return to top

Although there is some concern regarding the operations of the many small, family-owned banks, the banking system is generally considered sound with banks enjoying some of the widest interest rate margins in the region. The ten largest banks, with Rp 2,472 trillion ($256.6 billion) in total assets or 61.7% of the total, dominate the banking sector. Loans grew 23.0% year-on-year as of October 31, 2012, (vis-à-vis 26.0% in 2011) while gross non-performing loans stood at 2.3%, down from 3.0% a year earlier.

Foreigners may purchase up to 99% of the total shares of a domestic bank through private placement or on the stock exchange. Purchases of 25% or more require BI approval. Foreign banks may establish branches if the foreign bank is ranked in the top 200 global banks by assets. To establish a representative office, the foreign bank must be ranked in the top 300 global banks by assets. A special operating license is required from BI in order to establish a foreign branch.

BI is considering limiting bank ownership to no more than 50% by any single shareholder, applicable to foreign and domestic shareholders, and requiring foreign bank branches to become subsidiaries.

The Indonesia Stock Exchange (IDX) index closed at 4,316.69 on December 28, 2012, up 12.9% for the calendar year. As of December 28, 2012, IDX had 454 listed companies with a total capitalization Rp 4,126.99 trillion ($428.3 billion). There were 23 initial public offerings in 2012. Foreigners conducted about 43.0% of the total stock trades in 2012. In 2011, the IDX launched the Indonesian Sharia Stock Index (ISSI), its first index of sharia-compliant companies, primarily to attract greater investment from Middle East companies and investors. The ISSI is composed of 214 stocks that are already listed on IDX's Jakarta Composite Index.

Government treasury bonds are the most liquid bonds offered by the GOI. Treasury bills are less liquid due to their small issue size. Liquidity in BI-issued Sertifikat Bank Indonesia (SBI) is also limited due to the six-month required holding period. As of December 2012, the government's total gross bond sales (including international bond issuance) had reached Rp 820.7 trillion ($85.2 billion). The GOI also issued its first sukuk treasury bills as part of efforts to diversify Islamic debt instruments and increase their liquidity. Indonesia's sovereign debt was upgraded to investment grade by Fitch Ratings in December 2011 and by Moody's in January 2012.

The corporate bond market is dominated by banks and automotive financing companies. Trading in the corporate bond market by value was up 17.0% as of December 28, 2012.

For the twelve month period ending December 28, 2012, total outstanding corporate bonds rose 27.0% to Rp 189.4 trillion ($19.7 billion).

The Financial Services Supervisory Authority (OJK) will assume BI's supervisory role over commercial banks as of January 1, 2014. OJK will also oversee the capital markets and non-banking institutions as of January 1, 2013, replacing the Capital Market and Financial Institution Supervisory Board.

Foreigners have good access to the Indonesian securities market and are a major source (29.7% in government securities) of portfolio investment. Foreign ownership of Indonesian companies may be limited in certain industries as determined by the Negative List.

Competition from State Owned Enterprises

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Indonesia has 141 SOEs, 26 of which contributed more than 90% of the total SOE profit. Sixteen are listed on the Indonesian stock exchange and 14 are special purpose entities such as the Indonesian Infrastructure Guarantee Fund. SOEs are present in almost every sector including banking, tourism, agriculture, forestry, mining, construction, fishing, energy, and telecommunications. In 2012, the profits of SOE rose by 11% to Rp 128 trillion ($13.3 billion) compared to 2011. SOEs employ around 780,000 people and contribute an estimated 40% of the country's gross domestic product. Currently, SOEs command around 53% of market share in the cellular telecommunication sector in terms of number of subscribers, hold around 37% of the banking sector's total assets, 52% of the cement sector's total sales, and 50% of the total energy supply.

GOI has stated it will consolidate the number of SOEs in order to increase efficiency and benefits. The consolidation is expected to take place through mergers, privatization, establishing sectoral holding companies, or liquidation. The government expects the number of SOEs to decrease to 78 in 2014 to 25 in 2025.

Private enterprises can compete with SOEs under the same terms and conditions with respect to access to markets, credit, and other business operations. However, some sectors reported that, in reality, SOEs receive increased preference for GOI projects. SOEs publish an annual report and are audited by the Supreme Audit Agency (BPK), the Financial and Development Supervisory Agency (BPKP), and external and internal auditors.

Indonesian SOEs adopt a two-tier Board structure with a Board of Commissioners (similar to an American company's board of directors) and a Board of Directors (similar to an American company's executive management team). Depending on the type of SOE, either the President or the Minister of SOEs has the right to make appointments and to dismiss members of either the Board of Commissioners or Board of Directors. With such control, board member appointments are subject to government interference. Hence, it is not uncommon for SOEs to have ministers, high-ranking bureaucrats, military generals, or member of political parties, either retired or still active, sitting as Board members. Some SOEs suffer from poor management, which has led to several cases of graft and corruption against former Commissioners and Directors.

The GOI established the Pusat Investasi Pemerintah (PIP) to act as a special purpose investment entity and eventually as a sovereign wealth fund. To date, it has limited its investments to the domestic market in strategic sectors with the goal of stimulating national economic growth. PIP can invest in a variety of asset classes such as equity, debt, infrastructure, and direct investments. PIP is in addition to other GOI SOEs that invest in domestic markets such as PT Sarana Multi Infrastructure, PT Indonesia Infrastructure Guarantee Facility, and Indonesia Infrastructure Finance.

Corporate Social Responsibility Return to top

While international organizations like the OECD and UN envision CSR as a comprehensive management paradigm that includes concepts like human rights, employee relations, environment and science, bribery and corruption, consumer interests, and taxation, understanding of CSR in Indonesia tends to focus on community and economic development, and educational projects and programs. This is at least in part caused by the fact that such projects are often required in the environmental impact permits ("Amdal") of resource extraction companies, who undergo a good deal of domestic and international scrutiny of their operations. Because much resource extraction activity occurs in remote and rural areas where government services are limited or absent, these companies face very high community expectations to provide such services themselves. Despite significant investments – especially by large multinational firms – in CSR projects, there is limited general awareness of those projects, even among government regulators and officials.

Political Violence Return to top

As in other democracies, politically motivated demonstrations occur regularly throughout Indonesia. Such demonstrations on occasion become violent, but are not a major ongoing concern for most foreign investors. Public reaction to events in the Middle East, including anti-U.S. demonstrations, continues to be limited to sporadic protests, mostly nonviolent.

Fighting terrorism remains a top priority for the Indonesian government, and President Yudhoyono has demonstrated a continued strong commitment to combating terrorism. Since the 2009 bombings of two international hotels in Jakarta, Indonesian police and security forces have disrupted a number of terrorist cells, including some affiliated with Jemaah Islamiyah (JI), a U.S. government-designated terrorist organization that carried out several bombings at various times since 2000. In response to terrorist threats and attacks, Indonesia has effectively pursued counterterrorism efforts through legislation and law enforcement. In 2012, the Attorney General's Office handled nearly 50 terrorism related case. Violent elements in Indonesia continue to demonstrate a willingness and ability to carry out attacks with little or no warning. Although U.S. and Western-affiliated interests remain potential targets of terrorists, the focus of terrorists is increasingly on attacks against local governments and law enforcement entities, especially the police.

Foreign investors in Papua face certain unique challenges relative to those operating in other parts of Indonesia. Indonesian security forces are engaged in operations against the Free Papua Movement, an small armed separatist group. Low-intensity communal, tribal, and political conflict also exists in Papua and has caused deaths and injuries. Anti-government protests have resulted in deaths and injuries. Between 2009 and 2012, gunfire from unknown attackers on the private roads from Timika to Tembagapura caused several casualties, including deaths, of government security forces, local workers, and one expatriate

Corruption Return to top

President Yudhoyono campaigned and was re-elected in 2009 on a strong anti-corruption platform. However, corruption remains a serious problem, preventing increased FDI, according to some U.S. companies. Although the government has issued detailed directions on combating corruption in targeted ministries and agencies, there has not been a concerted government-led effort to encourage or require companies to establish internal codes of conduct, or effective internal controls, ethics, and compliance programs to detect and prevent bribery of public officials.

Indonesia’s ranking in Transparency International’s Corruption Perceptions Index in 2012 is 118 out of 183 countries. Corruption remains pervasive despite laws to combat corruption and a strong, independent Corruption Eradication Commission (KPK). The KPK’s purview in corruption cases is typically limited to law enforcement and other public officials, cases that exceed $105,000 in value and/or that represent significant loss to the state. Corruption cases are also handled by the Indonesian National Police and Attorney General’s Office, neither of which have the same organizational capacity to investigate or prosecute corruption cases. Giving or accepting a bribe is a criminal act, with possible fines ranging from $5,500 to $110,000 and imprisonment up to a maximum of 20 years, depending on the severity of the charge.

Indonesia ratified the UN Convention Against Corruption in September 2006. Indonesia has not yet acceded to the OECD Anti-Bribery Convention, but attends meetings of the OECD Anti-Corruption Working Group. Indonesia is a co-chair along with the United Kingdom of the Open Government Partnership, a multilateral platform to promote transparency, empower citizens, fight corruption, and strengthen governance. Several civil society organizations function as vocal and competent corruption watchdogs, including Transparency International Indonesia and Indonesia Corruption Watch.

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies’ acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: http://www.justice.gov/criminal/fraud/

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see http://www.oecd.org/dataoecd/59/13/40272933.pdf). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. [Insert information as to whether your country is a party to the OECD Convention.]

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see http://www.unodc.org/unodc/en/treaties/CAC/signatories.html). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see http://www.oas.org/juridico/english/Sigs/b-58.html) [Insert information as to whether your country is a party to the OAS Convention.]

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize "active bribery" of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic "passive bribery" (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: http://www.ustr.gov/trade-agreements/free-trade-agreements. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: http://www.ustr.gov/trade-agreements/free-trade-agreements.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. and Foreign Commercial Service can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas.

The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

POST INPUT: Public sector corruption, including bribery of public officials, [remains a major/minor challenge for U.S. firms operating in xxx xxx. Insert country specific corruption climate, enforcement, commitment and information about relevant anticorruption legislation.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: http://www.justice.gov/criminal/fraud/fcpa.

- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: http://www.oecd.org/dataoecd/11/40/44176910.pdf.

- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See http://www.transparency.org/publications/gcr.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/index.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: http://data.worldbank.org/data-catalog/BEEPS.

- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See http://www.weforum.org/s?s=global+enabling+trade+report.

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at http://www.state.gov/g/drl/rls/hrrpt/.

- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: http://report.globalintegrity.org/.

Bilateral Investment Agreements Return to top

Indonesia has signed investment protection agreements with 60 countries, including: Algeria, Argentina, Australia, Bangladesh, Belgium, Bulgaria, Cambodia, Chile, Croatia, Cuba, Czech Republic, Denmark, Egypt, Finland, France, Germany, Hungary, India, Iran, Italy, Jamaica, Jordan, Kyrgyzstan, Laos, Malaysia, Mauritius, Mongolia, Morocco, Mozambique, North Korea, Norway, Pakistan, People's Republic of China, Peru, Philippines, Poland, Qatar, Romania, Saudi Arabia, Singapore, Slovak Republic, South Korea, Spain, Sri Lanka, Sudan, Suriname, Syria, Sweden, Switzerland, Thailand, The

Netherlands, Tunisia, Turkey, Turkmenistan, Ukraine, United Kingdom, Uzbekistan, Vietnam, Yemen, and Zimbabwe.

Indonesia has extensive preferential trade relationships with other Asian countries. Under the ASEAN Free Trade Agreement (FTA), import duties from ASEAN countries are applied at 0% to 5%, except for products specified on an exclusion list. In addition, Indonesia accords preferential market access to Australia, China, Japan, Korea, India, and New Zealand (under ASEAN FTAs) and to Japan and Pakistan (under bilateral agreements). Implementation of the ASEAN-China FTA has been contentious, with domestic industries pressing for more time to implement tariff commitments as well as for the imposition of new non-tariff barriers to offset the reduction in tariff protection. Indonesia is currently negotiating bilateral agreements with Iran, India, Australia, New Zealand, and European Free Trade Association countries, and undertaking studies on potential FTAs with Chile, Turkey, South Korea, Tunisia, Mexico, South Africa, and Egypt.

Non double income taxation between the United States and Indonesia is granted in accordance with the Convention between the Government of the Republic of Indonesia and the Government of the United States of America for the Avoidance of Double Taxation and the Prevention of the Fiscal Evasion with Respect to Taxes on Income, signed at Jakarta July 11, 1988, and its amending Protocol, signed at Jakarta July 24, 1996.

OPIC and Other Investment Insurance Programs

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In 2010, the Overseas Private Investment Corporation (OPIC) updated its 1967 investment support agreement between the United States and Indonesia by adding OPIC products such as direct loans, coinsurance, and reinsurance to the means of OPIC support which U.S. companies may use to invest in Indonesia.

Indonesia has joined the Multilateral Investment Guarantee Agency (MIGA). MIGA, a part of the World Bank Group, is an investment guarantee agency to insure investors and lenders against losses relating to currency transfer restrictions, expropriation, war and civil disturbance, and breach of contract.

The Indonesian Rupiah may be purchased using the exchange rate provided by BI pursuant to the current rate on the date of the transaction. The BI exchange rate can be found at www.bi.go.id. In 2012, the Rupiah depreciated 6% against the USD.

Labor

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Labor became a prominent issue for foreign investors in 2012 due to significant increases in the minimum wage for many provinces, including a 44% increase in Jakarta, and significant restrictions on the use of contract workers.

Indonesian labor is relatively low cost by world standards, but the country's education system and rigid labor laws combine to make Indonesia's competitiveness lag behind other Asian competitors. Investors frequently cite high severance payments to dismissed employees, restrictions on outsourcing and contract workers, and limitations on expatriate workers as significant obstacles to new investment in Indonesia. Lack of education is especially problematic among unskilled and semi-skilled workers. Labor contracts are relatively straightforward to negotiate but are subject to renegotiation, despite the existence of written agreements. Local courts are prone to side with local citizens in labor disputes, contracts notwithstanding. On the other hand, some foreign investors view Indonesia’s labor regulatory framework, respect for freedom of association, and the right unionize as an advantage to investing in the country. The GOI established in January 2006 a new Labor Court as part of a broader labor dispute resolution system. U.S. companies expressed disappointment in the GOI’s lack of mediation between labor groups and industry during 2012 minimum wage discussions. Expert local human resources advice is essential for American companies doing business in Indonesia, even those only opening representative offices.

Indonesia's highly fractured and largely ineffective labor movement has gained strength in recent years, evidenced by significant increases in the minimum wage. Minimum wages vary throughout the country as provincial governors set an annual minimum wage floor and district heads have the authority to set a higher rate. Many provinces are expected to see large increases in 2013. The governor of Jakarta has agreed to a 2013 minimum wage of $232, a 44% increase over 2012 and an increase of 97 % since 2010. In October 2011, the Indonesian government passed a revised Social Security Law to take effect in January 2014 that will establish a national agency to support workers in the event of work accident, death, retirement, or old age.

Foreign-Trade Zones/Free Ports Return to top

The GOI offers incentives to over 1,500 foreign and domestic industrial companies that operate in bonded zones throughout Indonesia. The largest bonded zone is the free trade zone island of Batam, located just south of Singapore. Investors in bonded zones are not required to apply for additional implementation licenses (location, construction, and nuisance act permits and land titles), and foreign companies are allowed 100% ownership. These companies do not pay import duty, income tax, VAT, and sales tax on imported capital goods, equipment, and raw materials until the portion of production destined for the domestic market is "exported" to Indonesia, in which case fees are owed only on that portion. Companies operating in bonded zones may lend machinery and equipment to subcontractors located outside of the bonded zone for a maximum two-year period.

A recent Ministry of Finance Regulation No. 147/2011 stipulates that the delivery of products outside of bonded zones into the domestic market is set at a maximum of 25% (down from 50%) of export realization value of the previous year. If a bonded zone company exceeds the 25% limitation, its domestic quota for the next year will be reduced. The new regulation also restricts subcontract work and requires bonded zones less than 10,000 square meters in size to relocate to industrial estates.

As stipulated by the 2007 Investment Law, the Indonesian Legislature (DPR) passed regulations on special economic zones (SEZ) in 2009. At least 20 areas have submitted applications for SEZ status, but only two were created in 2012: Sei Mangke in North Sumatra and Tanjung Lesung in Banten.

Foreign Direct Investment Statistics

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Indonesia has two main sources for FDI statistics: BKPM, which issues permanent business licenses to domestic and foreign investors, and BI, which records international capital flows as part of balance of payments statistics. BKPM records FDI figures based on issued business licenses. Since licenses for oil and gas, mining, banking, non-bank financial institutions, insurance and leasing are issued by other government bodies, these sectors are not covered under the BKPM statistics. BKPM is expected to increase the sectoral coverage gradually while BI statistics cover all sectors.

BKPM categorizes all investments made into a foreign capital investment company as FDI, even if it is a joint venture with a local partner. This practice tends to inflate BKPM's FDI figures, which may additionally include equity contributions from domestic partners and investments financed from domestic sources. BI instead follows the standard FDI categorization of equity investment, retained earnings and other capital inflows.

Table 1. FDI by industry in USD million

	2005	2006	2007	2008	2009	2010	2011
Agriculture & Forestry	3	225	286	197	-52	286	284
Fishing	9	4	19	-25	10	52	61
Mining & Quarrying	1,226	322	1,904	3,610	1,302	1,896	3,882
Manufacturing	5,264	1,691	2,412	2,322	1,573	4,971	8,157
Electricity, Gas and Water	162	-1	-61	-56	53	204	364
Construction	130	85	195	24	7	-49	411
Wholesale & Retail	60	375	215	1,159	73	2,463	2,882
Hotel & Restaurant	0	7	-10	16	0	1	-1
Transport, Storage & Communication	384	592	919	134	1,799	2,389	2,378
Financial Intermediation	780	1,027	1,361	1,927	149	408	559
Real Estate and Business Activity	17	-14	-4	-201	-25	27	687
Others	0	599	37	212	-11	654	-353
TOTAL	8,338	4,914	6,928	9,318	4,876	13,303	19,242
% of GDP	2.9	1.3	1.6	1.8	0.9	1.9	2.2
Note: Public Administration & Defense, Education, Health, Other Community Services all recorded zero FDI							
Source: Bank Indonesia							

Table 2. FDI by Country of Origin in USD million

	2005	2006	2007	2008	2009	2010	2011
Japan	1,542	1,057	1,126	1,144	896	3,728	5,194
U.S.	3,442	-549	1,093	1,040	159	571	-301
Europe	1,581	2,017	2,622	1,966	674	279	4,489
China	300	124	117	531	358	354	226
Korea	239	317	250	186	80	342	618
ASEAN	884	1,354	1,107	3,397	1,381	5,903	8,339
Malaysia	141	278	232	1,018	313	340	-30
Singapore	741	1,077	836	2,297	1,016	5,479	8,229
Other	25	20	436	597	174	950	786
Total	8,338	4,914	6,928	9,318	4,877	13,304	19,242
Source: Bank Indonesia							

Table 3. FDI by Country of Origin in total percentage

	2005	2006	2007	2008	2009	2010	2011
Japan	18.5	21.5	16.3	12.3	18.4	28.0	27.0
U.S.	41.3	-11.2	15.8	11.2	3.3	4.3	-1.6
Europe	19.0	41.0	37.8	21.1	13.8	2.1	23.3
China	3.6	2.5	1.7	5.7	7.3	2.7	1.2
Korea	2.9	6.5	3.6	2.0	1.6	2.6	3.2
ASEAN	10.6	27.5	16.0	36.5	28.3	44.4	43.3
Malaysia	1.7	5.6	3.3	10.9	6.4	2.6	-0.2
Singapore	8.9	21.9	12.1	24.7	20.8	41.2	42.8
Other	0.3	0.4	6.3	6.4	3.6	7.1	4.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Source: Bank Indonesia							

Table 4. FDI by Type of Investment in USD million

	2005	2006	2007	2008	2009	2010	2011
Equity Capital	5,129	2,451	5,252	8,033	4,358	7,895	10,429
Reinvested Earnings	2,683	2,164	2,294	1,070	621	4,105	3,922
Other Capital	525	298	-619	215	-104	1,303	4,891
Total	8,338	4,914	6,928	9,318	4,877	13,303	19,242
Source: Bank Indonesia							

Table 5. FDI by Industry and Country of Origin in USD million

	2005	2006	2007	2008	2009	2010	2011
Agriculture, Hunting, and Forestry	2	225	286	197	-52	286	284
Japan	0	3	0	-4	1	12	20
U.S.	9	-2	5	0	0	0	0
European Union	-36	183	185	10	-157	34	15
China	4	-4	6	7	21	-24	0
ASEAN	2	-2	-8	0	-5	0	237
Other	0	-2	15	7	16	-12	12
Mining & Quarrying	1,226	322	1,904	3,610	1,302	1,896	3,882
Japan	182	83	341	546	-78	84	-101
U.S.	165	34	1,262	1,056	177	430	-435
European Union	218	37	405	617	392	404	3,593
China	239	123	170	534	357	354	150
ASEAN	32	-142	113	614	144	186	418
Other	295	277	-50	228	295	272	266
Electricity, Gas, and Water Supply	162	-1	-61	-56	53	204	364
Japan	-14	-7	16	0	0	63	253
European Union	176	-13	-76	4	9	135	60
ASEAN	0	19	-1	-66	31	4	14
Other	0	0	0	8	1	8	8
Manufacturing	5,264	1,691	2,412	2,322	1,573	4,971	8,157
Japan	182	83	341	546	-78	84	4,359
U.S.	165	34	1,262	1,056	177	430	112
European Union	647	819	1,128	991	185	-1,016	-623
China	46	0	8	-4	1	1	33
ASEAN	627	423	397	989	531	1,722	3,013
Other	-90	-49	45	-230	-49	814	500
Wholesale & Retail	60	375	215	1,159	73	2,463	2,882
Japan	25	30	-23	86	74	133	385
U.S.	9	-13	-20	-1	-8	0	0
Construction	130	85	195	24	7	-49	86
Japan	2	21	6	0	-1	10	94

U.S.	0	-14	-6	0	0	0	88
European Union	125	31	27	0	-1	0	91
China	0	0	0	0	0	2	95
ASEAN	2	35	24	14	-5	-23	97
Other	0	-14	-6	0	0	0	102
Others	301	599	37	212	-11	654	-353
Japan	354	166	-123	-13	13	61	85
U.S.	2	-3	-1	8	3	-7	-8
European Union	-32	86	183	6	-86	10	-15
China	0	-1	-62	0	0	0	0
ASEAN	-72	339	27	-4	26	122	121
Other	26	7	18	159	26	419	-619
TOTAL	8,338	4,914	6,928	9,318	4,877	13,304	19,242
Source: Bank Indonesia							

Table 6. FDI Realization by Region in Indonesia in USD Million

	2005	2006	2007	2008	2009	2010	2011
Java	7,251	4,413	8,498	13,567	9,370	11,499	12,325
Jakarta	3,272	1,468	4,669	9,928	5,511	6,429	4,824
West Java	2,567	1,619	1,328	2,552	1,934	1,692	3,839
East Java	702	384	1,691	457	422	1,769	1,312
Banten	668	512	708	478	1,412	1,544	2,172
Kalimantan	182	537	309	115	284	2,011	1,919
East Kalimantan	39	405	160	13	80	1,092	602
Sumatera	1,225	884	1,386	1,009	776	747	2,077
Riau	796	585	724	461	252	87	212.3
Sulawesi	145	14	80	65	142	859	715
Nusa Tenggara	103	110	57	96	234	503	953
Bali	97	103	51	81	227	278	482
Maluku	9	20	0	0	6	249	142
Papua	0	1	2	19	2	347	1,345
Total	8,915	5,977	10,350	14,870	10,815	16,215	19,475
% of GDP	3.1	1.6	2.4	2.9	2.0	2.3	2.3
Source: Investment Coordinating Board (BKPM)							

Web Resources

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2013 Investment Climate Statement – Indonesia:
www.state.gov/e/eb/rls/othr/ics/2013/204660.htm
www.bi.go.id
www.ekon.go.id
www.bkpm.go.id
www.dmo.or.id
www.eiu.com
www.icsid.worldbank.org

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Chapter 7: Trade and Project Financing

How Do I Get Paid (Methods of Payment)

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U.S. firms exporting to Indonesia use a variety of payment methods depending on their relationship with the purchaser. Payment options for export transactions include letters of credit (L/C), cash in advance, wire transfer, cash on delivery and open account.

Confirmed, irrevocable letters of credit, while imposing additional costs, minimize risks faced by the exporter. On June 24, 2010, the Ministry of Trade issued 27/M-DAG/PER/6/2010, cancelling regulation No.1/M-DAG/PER/1/2009, which required the use of a letter of credit through a domestic foreign exchange bank for exports of specified commodity exports, including coffee, CPO, cocoa, rubber, and mining products.

How Does the Banking System Operate

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The Indonesian banking system has consolidated significantly in the wake of the Asian financial crisis. As of end-2011, Indonesia had 120 commercial banks and 1,669 rural banks. The largest 10 banks contain almost 63.3 percent of bank assets. As ranked by assets, the following are the four largest state-owned banks: Bank Mandiri, Bank Rakyat Indonesia, Bank Negara Indonesia, and Bank Tabungan Negara. Bank Indonesia (BI), the central bank of Indonesia and an independent state institution, regulates key aspects of the banking and financial system, including bank regulation and supervision.

Indonesia is encouraging the development of Islamic banking and seeks to increase its share of total banking assets to over five percent. As of October 2011, Islamic banking institutions in Indonesia comprised about 3.5 percent of total banking system assets. In October 2008, the government raised the Deposit Insurance Corp. (LPS) guarantee on bank deposits to Rp.2 billion (about US$225,300) from Rp.100 million. Only those accounts carrying interest rates equal to or below LPS maximum guaranteed reference rates are deemed eligible for LPS deposit guarantees. As of February 15, 2012, those rates were 6.0 percent on rupiah deposits and 1.25 percent on foreign currency deposits.

The Indonesian Export Financing Agency (LPEI), which operates under the name of Indonesia Ex-Im Bank, provides competitive export financing and advisory and other exported related services. The export credit agency's goal is to help promote access to worldwide markets for Indonesia's export-related commodities, support Indonesia's international trade, and improve Indonesian exporter competitiveness in global markets. LPEI services include:

- Export Working Capital Loan Guarantees: LPEI provides Export Working Capital Loan Guarantees facility to a commercial bank on risks related to the financial default of the Exporter that has been issued the EWCL Guarantee from said Commercial Bank;

- Letters of Credit (L/C): LPEI provides L/C facility to Indonesians who import raw materials, spare-parts, and machinery for export production;

- Standby Letters of Credit: LPEI provides the Standby L/C facility to the Exporter in the form of guarantees that are issued to cover the risk faced by the Beneficiary should the Exporter fail to meet its contract/obligation that forms the basis for the issuance of the Standby L/C;

- Export Bills or Receivables Discounting: LPEI provides a financing scheme facility allowing exporters to receive immediate payment for their export-related receivables;

- Export Investment Loan: LPEI provides the Export Investment Loan facility to Exporters in order to finance investments that are undertaken to create and/or boost production capacity for exports;

- Export Working Capital Loans: The Export Working Capital Loan (EWCL) is a financing facility that provides working capital need to Exporter in connection with the export of goods and services;

- Warehouse Receipt Financing: The Warehouse Receipt Financing is a working capital financing facility that is provided by Indonesia Eximbank to Exporter, the underwriting of which is tied to the value of goods/commodities that are stored in warehouses that are operated by the Warehouse Manager;

- Trust Receipts: The Trust Receipt is part of the import financing facility provided by Indonesia Eximbank to Exporters for the purpose of retrieving imported goods (raw materials) from ships or ports to be processed, sold, and parts of the proceeds of which will be used to settle all liabilities related to the import;

- Advisory Services: in addition to providing export/import financing, LPEI also provides advisory services to exporters. These services include: trade finance training for the banking sector and exporters; provision of technical assistance in setting up trade finance systems; policy and procedures training for the banking sector and other related export players; consultations on international trade rules; and provision of international trade policy advice to policy makers.

Indonesia Eximbank is located at Gedung Bursa Efek Jakarta, Tower II 8/F, Jl. Jend. Sudirman, Kav 52-53, Jakarta. Tel: +62 21 515 4638, Fax: +62 21 515 4639.

Foreign-Exchange Controls Return to top

Indonesia maintains an open capital account, but with some transaction limitations. Only authorized banks may carry out foreign trade related exchange operations. In November 2008, BI imposed a new requirement for the submission of evidence of underlying transactions to support the purchase of a foreign currency against the rupiah through banks exceeding $100,000 per month (regulation 10/28/PBI/2008). For foreign parties (foreign citizens and foreign legal entities), this regulation governed the purchase of foreign currency against the rupiah in spot transactions. BI regulation No. 7/14/PBI/2005, dated June 14, 2005 describes prohibitions and restrictions in conducting foreign exchange transactions with foreign counterparts.

The limit on transaction amounts for commercial banks engaging in derivative transactions with foreign counterparts was lowered from $3 million to $1 million. This limit covers all types of transactions involving foreign exchange selling and purchasing against the rupiah, previously unrestricted. However, the restrictions will not apply if the derivative transactions are conducted for hedging purposes within the framework of an investment in Indonesia that will last for at least three months. The regulation also requires foreign or domestic currency lending to foreign counterparts to be conducted in the form of a syndicated loan that engages a prime bank (that is, commercial banks with a certain investment rating from a well know rating agency) as lead bank for the purpose of project financing in the real estate sector in Indonesia. The regulation fines a flat rate of 10 percent of the amount of the violating transaction.

This is more stringent than under the previous regulation, which provided a fluctuating rate. BI hopes that the regulation will reduce foreign exchange movement that is not related to a genuine underlying purpose.

In line with anti-money laundering laws, Indonesia tightened its restrictions on the amount of cash that may be carried across its borders. Carrying more than Rp100 million (approx. U.S.$11,265) in or out of Indonesia now requires prior approval from BI, and must be reported to the Director General of Customs and Excise (DGCE). A 10% fine up to Rp300 million may be applied for failure to report.

Effective January 2, 2012, exporters in Indonesia must repatriate their export earnings from offshore banks to domestic banks within 90 days from the date of the Export Declaration Form. During a transition period, exporters will be given up to 6 months from the date on the Export Declaration Form to comply with the new measure. Once repatriated to Indonesia, there are no restrictions on exporters from re-transferring their export earnings back to an offshore bank.

BI also requires borrowers to conduct their foreign currency borrowing through domestic banks registered with BI. The regulations apply to borrowing in cash, non-revolving loan agreements, and debt securities.

U.S. Banks and Local Correspondent Banks Return to top

Exporters should contact the U.S. Commercial Service in Jakarta for up-to-date information on correspondent banking relationships.

BANK OF AMERICA
Jakarta Stock Exchange Building, Tower II, 23rd Floor
Jl. Jendral Sudirman Kav.52-53

Jakarta 12190
Tel (62-21) 515-8000
Fax (62-21) 515-8088
Web www.bankofamerica.com
Contact Person: Mr. T. Taufiqurachman, Country Operation Officer

J.P. MORGAN CHASE BANK
The Energy Building
Fifth and Sixth Floors
SCBD Lot 11 A
Jl. Jendral Sudirman Kav.52-53
Jakarta 12190
Tel (62-21) 5291-8181
Fax (62-21) 5291-8111
Web www.jpmorgan.com
Contact Person: Mr. Haryanto T. Budiman, Senior Country Officer

CITI INDONESIA
Citibank Tower, 7th Floor
Jl. Jendral Sudirman Kav.54-55
Jakarta 12910
Tel (62-21) 5290-8301/8302
Fax (62-21) 5290-8303
Web www.citigroup.com; www.citibank.co.id
Contact Person: Mr. Tigor M. Siahaan, Chief Country Officer

WELLS FARGO BANK
Jakarta Representative Office
Midplaza 2, 8th Floor
Jl. Jendral Sudirman Kav.10-11
Jakarta 10220
Tel (62-21) 573-9688
Fax (62-21) 573-9687
Web www.wellsfargo.com
Contact Person: Mr. Amerta Mardjono, Director and Country Manager

Project Financing Return to top

Indonesia has prioritized infrastructure development in its medium-term development plan, or Rencana Pembangunan Jangka Menengah 2010-2014 (RPJM), and allocated increased resources to infrastructure projects in its 2010 and 2012 budgets. It is also receiving significant funding for a variety of infrastructure projects and other development priorities from multilateral development banks, primarily the World Bank and Asian Development Bank (ADB). American firms can participate in projects funded by these institutions. Information on projects and procedures is available through U.S. Commercial Service officers assigned to each multilateral development bank as well as commercial officers in individual countries. See web home pages, including http://www.ita.doc.gov/mdbo, for information on all development banks.

World Bank

The World Bank Group is a multilateral lending agency consisting of five closely related institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Center for Settlement of Investment Disputes (ICSID). The World Bank provides concessional loans to developing countries to help reduce poverty and to finance investments that contribute to economic growth. (See Chapter 9 for contact information.)

At the end of 2012, the World Bank Group approved the new Country Partnership Strategy for Indonesia. This strategy, developed in consultation with various stakeholders, is governing the World Bank Group's program from fiscal years 2013 to 2015. The new strategy is aligned with the country's Master Plan for "Acceleration and Expansion of Indonesia's Economic Development 2011-2025" and will focus on four main areas of engagement: Pro-Growth, Pro-Jobs, Pro-Poor and Pro-Green. In addition to the four main engagement areas, the World Bank Group will also engage in two cross-cutting issues, that is, gender, as well as governance and anti-corruption.

World Bank's lending portfolio in Indonesia consisted of 70 active projects as of April 2013, with a total commitment of worth $7.612 billion, and made for community empowerment, government administration, infrastructure, energy, and rural development.

--The International Bank for Reconstruction and Development (IBRD)

The IBRD provides funding for creditworthy developing countries with relatively high per capita income, as well as technical assistance and policy advice. Loans are made only to governments or to agencies that can obtain a government guarantee. The IBRD also provides partial risk or partial credit guarantees (with a counter-guarantee from their government) to private lenders on development projects. Opportunities exist for U.S. companies to supply goods and services in connection with these loans.

-- The International Development Association (IDA) provides assistance on concessional terms to the poorest developing countries that are not sufficiently creditworthy for IBRD financing. As a middle-income country, Indonesia has graduated from IDA. Its access to IDA ceased in June 2008.

-- The International Finance Corporation (IFC), a member of the World Bank Group, made investments of close to $300 million in eight projects and spent almost $7 million on advisory projects in Indonesia during fiscal year 2012 (July 2011 – June 2012), expanding access to financial services for millions of Indonesians, developing vital infrastructure, improving corporate practices, and fighting climate change. Our work has achieved tremendous results. In Indonesia, we have committed to improving access to finance for 1.6 million people and 5,000 small and medium enterprises, and to increase access to infrastructure for more than 8.5 million people. Through our work advising the Indonesian agribusiness sector, IFC helped improve the productivity of more than 11,000 smallholder farmers. This increased their yearly income by more than 9 million dollars in total – that's 800 dollars for each farm each year. IFC has an outstanding portfolio of about $1.2 billion of investments of which about $900 million are IFC's own account. U.S. companies seeking investment funds should contact the IFC directly. (See http://www.ifc.org for contact information.)

-- The Multilateral Investment Guarantee Agency (MIGA) promotes the flow of foreign direct investment among member countries by insuring investments against non-commercial (political) risk and by providing promotional and advisory services to help member countries create an attractive investment climate. Indonesia is a member of MIGA. U.S. companies seeking investment guarantees should contact MIGA. (See http://www.miga.org for further information).

Contact information for the World Bank and the U.S. Commercial Service Liaison staff at the bank is available in Chapter 9. An excellent resource for all the multilateral development banks is the Office of Multilateral Development Bank Operations at the Department of Commerce. Services offered include a newsletter, counseling center, referrals and business outreach. Contact information for the office is also available in Chapter 9.

Asian Development Bank

The Asian Development Bank, Asia's premier nonprofit, multilateral financial institution, is headquartered in Manila, Philippines. The bank's mandate is to reduce poverty in the region through sustainable economic growth, social benefits and good governance. Founded in 1966, there are now sixty seven (67) member countries, including Indonesia, a founding member. The bank's membership extends from Central Asia all the way to the Pacific Islands.

To perform its mandate, the bank provides loans, technical assistance, loan guarantees and private sector financing. In 2012, ADB operations reached $21.5 billion. The funds were channeled to the transport and ICT sector, energy, public sector management, agriculture and natural resources, water supply, finance, education, industry and trade, and health, in that order.

Indonesia has traditionally been one of the largest ADB borrowers. In 2012, Indonesia was 4th largest borrower (excluding co-financing), having received $1.2 billion for projects in polytechnic education, financial market development, public sector management and transport sector connectivity. In addition, Indonesia received $7.6 million in technical assistance grants.

ADB's focus in Indonesia is in the energy, transport, natural resource management, finance, water supply, municipal services, and education. ADB's investments are targeted toward increasing market connectivity, improving access to financial services and vocational training. However, given Indonesia's changing development priorities and borrowing preferences, ADB's lending program in Indonesia is flexible.

For 2013-2014, some $431 million in firm loans have been identified for ADB funding in Indonesia. These include projects for flood management in selected river basins; Java-Bali Power transmission; rural infrastructure; neighborhood upgrading and shelter; a connectivity program; metropolitan sanitation; and strengthening the West Kalimantan Power Grid.

ADB loans and grants generate substantial commercial opportunities in borrowing Asian developing countries for consultants, suppliers, prime contractors, subcontractors, banks and project sponsors from the bank's member countries. In 2012, American companies won over $200 million in procurement contracts under ADB projects for a wide range of equipment, supplies and services. Cumulatively, U.S. companies have won over $7 billion in procurement contracts from the bank's operations since 1966.

ADB also lends directly to the private sector where ADB funds help to mobilize further investments for projects that have a high developmental impact as well as technical, socioeconomic, financial and environmental viability. ADB anticipates increasing its private sector and non-sovereign operations In Indonesia to help catalyze private sector investment and public-private partnerships.

ADB maintains resident offices in 29 member countries including one in Jakarta. These offices include three (3) representative offices in Washington, DC, Frankfurt, and Tokyo.

The U.S. Department of Commerce maintains a Congressionally-mandated Liaison Office for the ADB located in Manila, Philippines. The Office's mission is to help American firms access the lucrative business opportunities that result from ADB lending activities. The Office provides market research (project leads and status information), counseling, advocacy, and outreach/training programs in the Asia Pacific region as well as in the continental U.S. to propagate information on ADB business opportunities.

The U.S. Commercial Liaison Office (CS ADB) cooperates with the Office of the U.S. Executive Director of the ADB and works closely with the U.S. Commercial Service network, including CS Jakarta, and U.S. Department of State posts throughout the Asia Pacific region. An American Senior Commercial Officer heads the office. CS ADB invites American firms to work with it in pursuing ADB commercial, financial service and infrastructure project development opportunities.

The Office contact information is:

Address: The U.S. Commercial Liaison Office for ADB (CS ADB)
U.S. Embassy Manila
1201 Roxas Boulevard
Ermita, Manila, 1000

U.S. mailing address:

FCS-ADB
Unit 8600 Box 1570
DPO AP 96515-1570

E-mail: Office.ManilaADB@trade.gov

Telephones: (632) 516 5093; 301-6169/2181

Fax: (632) 516 6958

Islamic Development Bank

The Islamic Development Bank (IDB) seeks to foster the economic development and social progress of member countries and Muslim communities through participation in equity capital and grant loans for projects, as well as providing other types of financial assistance. The IDB has an active program in Indonesia. (See http://www.isdb.org or Chapter 9 for additional information and contact information).

The U.S. Export-Import Bank

The mission of the Export-Import Bank of the United States (Exim) is to assist in financing the export of U.S. goods and services to international markets. Exim provides export credit insurance, loan guarantees and project and structured finance for U.S. exporters and foreign buyers of U.S. goods and services.

On January 12, 2009, the GOI enacted the new Aviation Law. The new law implements the provisions of the Cape Town Convention on International interests in mobile aircraft equipment. This treaty provides a system of registration and recovery that assures lenders protection of their interests. With the new legislation Exim will be able to proceed in financing aircraft sold and leased to Indonesian companies. In FY 2009 and 2010, Exim Bank has authorized almost $1 billion in financing to support the export of up to 30 Boeing 737-800ER aircraft to Lion Air, a private-sector airline in Indonesia.

On June 2010, Exim Bank has pre-approved 11 banks in Indonesia to receive financing as part of the banking facilities amounting to $1 billion to support U.S.exports to Indonesia. The bank facility will support U.S. exports to Indonesia on short, medium and long repayment terms. Both public-sector and private-sector borrowers are eligible. Please refer to Exim's "country limitation schedule (CLS)" for current program coverage in Indonesia. Exim programs are explained on their homepage, located at http://www.exim.gov. For more information, please send inquiries to: info@exim.gov.

Overseas Private Investment Corporation (OPIC)

The Overseas Private Investment Corporation plays an important role in helping U.S. firms reach expanding markets. OPIC assists American investors through four principal activities:

- financing of businesses through loans and loan guarantees;
- supporting private investment funds;
- insuring investments against a broad range of political risks; and
- engaging in outreach activities designed to inform the American business community of investment opportunities overseas.

Investors are urged to contact OPIC directly for up-to-date information concerning availability of OPIC services in Indonesia. (See Chapter 9 for contact information.)

Project financing is crucial in successfully capturing business in Indonesia, especially for engineering services, project management or "big-ticket" purchases. American companies often compete with third country companies offering concessionary financing through soft loans, so it is vital to offer the best financial terms commercially available. Grant assistance available through the Trade and Development Agency (see website below) can be used to offset government financing offered by the Government of Japan, European Union members, and others.

Web Resources

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Export-Import Bank of the United States: http://www.exim.gov

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: http://www.opic.gov

Trade and Development Agency: http://www.tda.gov/

SBA's Office of International Trade: http://www.sba.gov/oit/

USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

U.S. Agency for International Development: http://www.usaid.gov

World Bank: http://www.worldbank.org

Asian Development Bank: http://www.beta.adb.org

Islamic Development Bank: http://www.isdb.org

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The best time for an initial business trip is September through June, as school holidays and vacation time in the summer months can impact the availability of many business people. Visitors should check the local holiday schedule before traveling to Indonesia, and in particular should try to avoid the Muslim fasting month of Ramadhan, during which appointments are often difficult to schedule. The normal business attire is a lightweight business suit or white shirt, tie and slacks for men, and a business suit or dress for women.

Indonesia is a very diverse country, with more than 300 different ethnic groups. While some Indonesians are traditional, others may be considerably "Westernized." Many Indonesians do not conduct business transactions or make decisions in the same direct fashion Americans do, so U.S. business people should be prepared to spend a good deal of time with clients before getting down to the business transaction. Traditional Javanese culture emphasizes harmony and the word "no" is rarely used. This can make it difficult for a Westerner to ascertain exactly how a business proposal is being received. Patience and the development of personal relations is the key. Because Indonesians do business with "friends," people who they know, developing a rapport is crucial. While quality and price are important, they are often secondary to the personal interaction of the business partners.

During business meetings, tea or coffee is almost always served and should be accepted. It should not be consumed until the host invites you to do so, which may not occur until the end of the meeting. Generally speaking, it is best to use the right hand in receiving or eating. Although hand shaking is a common practice, avoid hearty handshakes and other physical contact. Do not show the soles of your shoes when seated.

Business travelers to Indonesia seeking appointments with U.S. Embassy-Jakarta officials should contact the U.S. Commercial Service in advance. The U.S. Commercial Service can be reached by telephone at (62-21) 526-2850, fax at (62-21) 526-2855 or by e-mail: office.jakarta@trade.gov

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Travelers visiting Indonesia may wish to review the State Department Country Specific Information for Indonesia at: http://travel.state.gov/travel/cis_pa_tw/cis/cis_2052.html

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U.S. citizens traveling to Indonesia are required to have a valid visa. Visas can be obtained by applying at the Indonesian Embassy in Washington or at their Consulates in New York, Los Angeles, and Chicago. Visas on arrival (30-day visa) are available at the airport in Jakarta, Surabaya, Medan, Denpasar and several other large cities for a fee of $25. All travelers to Indonesia must have a passport valid for at least six months from the date of arrival in Indonesia as well as an onward/return ticket. Indonesian authorities regularly deny entry to Americans who arrive with less than six months validity on their passports. Travelers are strongly urged to check with their airline and with the Indonesian Embassy or the Directorate General of Immigration at the following links, as requirements can change on short notice.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: http://travel.state.gov/visa/

Consular Section, U.S. Embassy Jakarta: http://jakarta.usembassy.gov/visas.html

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Telephone services vary between areas in Jakarta. They depend largely on the local telephone exchange's capacity to handle traffic. Phone service is good along the main business thoroughfares and the newer residential areas, which are served by fiber optic trunk lines. In the older residential areas, service is less reliable. Extra phone lines can be costly, and obtaining them can be time consuming. International direct dial (IDD) lines are available and will allow connection to an AT&T operator, but rates are considerably higher than calling from the United States. The cellular market is in the middle of a boom with around 278 million cellular subscribers at the end of 2012. Cellular services could easily be obtained as various operators offering GSM or CDMA technologies.

When traveling throughout Indonesia, the options for cell phones are widely used. In terms of cell phone service in Indonesia, there are eleven carriers with GSM and CDMA technologies. Out of the eleven carriers, three GSM carriers - Telkomsel, Indosat, and XL - provide solid coverage across the country. Cell service in Indonesia is easy to obtain and inexpensive by U.S. standards. It is also worth noting that pre-paid SIM cards are easily purchased at many stores and kiosks. Blackberry usage is significant in Indonesia and widespread.

Wi-fi access is widely available in restaurants and cafes in the major metropolitan and tourist areas in Indonesia.

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Airlines flying into Jakarta include Garuda (the national airline), Qantas, Singapore Airlines, Cathay Pacific, KLM, and a number of other regional carriers. Connections can be made to all major airlines, including U.S. carriers, in Singapore or Hong Kong. No U.S. airlines currently fly to Indonesia. Internal flights are readily available, but connections not involving Jakarta are often problematic. There is a rail network, but it is generally not appropriate for business travel. Caution must be taken when traveling by car, as traffic conditions are significantly worse than in the US. Taxis in Jakarta are plentiful, but it is suggested to use only taxi services available at your hotel: Silver Bird, Blue Bird, and Express are the most reliable and safest taxi services. Golden Bird cars and drivers can be hired by the day, and cost around $100 per day.

Language Return to top

The national language of Bahasa Indonesia is spoken across Indonesia, in addition to local languages. English is widely spoken and understood in Jakarta by most business people, although much less so in other cities. Most hotels have English-speaking staff, as do the shopping centers that cater to expatriates and tourists. International telephone operators also speak English. The level of English can vary widely in all situations. Indonesian firms hoping to conduct business with foreigners generally try to employ some English speakers, but it is not expected within every company.

Health Return to top

Short-term visitors to Indonesia are advised to be up-to-date on their Hepatitis A, Hepatitis B, and Typhoid vaccinations, in addition to all routine childhood immunizations before arrival. The hepatitis vaccination series takes six months to complete. Those considering travel outside the major cities (Jakarta, Surabaya, Medan, southern Bali, etc.) should take anti-malaria medication; mefloquine or doxycycline is considered adequate prevention measures against malaria. Physicians in the United States should be able to answer questions pertaining to immunizations and other health concerns.

Air pollution in the larger cities causes a number of common respiratory ailments to both visitors and long-term residents. Dehydration as a result of intestinal illnesses can be a serious, even life-threatening, condition if not treated. Persons suffering from severe diarrhea may obtain an oral re-hydration solution from a local pharmacy. If vomiting makes it impossible to adequately re-hydrate, visit a clinic immediately.

Avian Influenza – Indonesia has experienced several outbreaks of Avian Influenza (AI). Economic hardship and ignorance of modern disease control methods have combined to make Indonesia's AI control efforts somewhat ineffective. Of the 184 cases confirmed to date in Indonesia, 152 have been fatal. Americans who travel to Indonesia should obtain up to date health information before departing the U.S. The websites of the U.S.

Centers for Disease Control at http://www.cdc.gov/travel and the World Health Organization at http://www.who.int have up to date information on outbreaks of contagious and tropical diseases.

There are a few modern, well-equipped clinics and hospitals in Jakarta that are considered adequate for minor illnesses, but expatriates generally prefer to fly to Singapore or their home countries for treatment of serious illnesses and/or operations. An adequate pre-hospital emergency system, similar to the "911" system in the U.S., does not exist in any Indonesian cities. Many local hospitals operate their own ambulances, with no common standards. Response time can be prolonged. In the event of illness or emergency, the following clinics and hospitals are among those frequented by expatriates in Jakarta:

SOS Medika Klinik
(International SOS)
Jl. Puri Sakti No. 10, Cipete
Jakarta 12410
Tel: (62-21) 750-5973
Fax: (62-21) 750-6002, 750-6003
http://www.sosindonesia.com

Global Doctor Indonesia
Jl. Kemang Raya No. 87
Jakarta 12730
Tel: (62-21) 719-4565
Fax: (62-21 719-8969
http://www.globaldoctor.co.id/

Food: Exercise reasonable care in food preparation at home and menu selection while eating out because of questionable sanitation practices. Imported meats, vegetables, and packaged foods are readily available from most stores in the Carrefour, Giant, Hypermart and Hero grocery stores chain (locations throughout Jakarta), at all Sogo department stores, at Kem Chicks in the Kemang district, and Ranch Market grocery stores.

Drinking tap water anywhere in Indonesia is not advised. Use commercial bottled water from your hotel or purchase from a supermarket. "Aqua" is one of the more common brands used by expatriates. Avoid buying bottled water from street vendors if possible.

Short-term visitors to Indonesia are well advised to eat only in hotels and restaurants that cater to international tourists. Caution, however, should also be exercised in such "5-star" establishments. Do not eat from street stalls. Avoid raw, unpeeled fruits and uncooked vegetables, food that is prepared in advance and then left to stand, raw or undercooked meats, seafood, and shellfish in questionable eating venues.

Local Time, Business Hours, and Holidays Return to top

Indonesia has three time zones:

Eastern Indonesian time is 11 hours ahead of Eastern Standard Time (12 hours ahead of Eastern Daylight Time).

Central Indonesia (Java and Jakarta) time is 12 hours ahead of Eastern Standard Time (13 hours ahead of Eastern Daylight Time).

Western Indonesian time is 13 hours ahead of Eastern Standard Time (14 hours ahead of Eastern Daylight Time).

Business hours are generally:

Commerce
0900 -1700 Monday - Friday (note Friday prayers at 1200-1300)

Government
0730 – 1600 Monday – Friday

Banks
0900 – 1500 Monday – Friday

Shops
1000 – 2200 Monday – Sunday

Holiday Listing for 2013 – Local and U.S. Embassy

Tuesday, January 1	New Year's Day (U.S.)
Monday, January 21	Martin Luther King, Jr.'s Birthday (U.S.)
Thursday, January 24	Mohammed's Birthday (Indonesian)
Monday, February 18	Washington's Birthday (U.S.)
Tuesday, March 12	Nyepi (Indonesian)
Friday, March 29	Good Friday (Indonesian)
Thursday, May 9	Ascension of Christ (Indonesian)
Monday, May 27	Memorial Day (U.S.)
Thursday, June 6	Ascension of Mohammed (Indonesian)
Thursday, July 4	Independence Day (U.S.)
Thursday-Friday, August 8-9	Idul Fitri 1 Syawal 1434 (Indonesian)
Saturday, August 17	Independence Day (Indonesian)
Monday, September 2	Labor Day (U.S.)

Monday, October 14	Columbus Day (U.S.)
Tuesday, October 15	Idul Adha 1434 H (Indonesian)
Tuesday, November 5	Muslim New Year 1435 H (Indonesian)
Monday, November 11	Veterans' Day (U.S.)
Thursday, November 28	Thanksgiving Day (U.S.)
Wednesday, December 25	Christmas (U.S.)

Holiday schedule: http://jakarta.usembassy.gov/holidays.html

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The GOI encourages foreign investors who export to locate their operations in bonded or export processing zones (EPZ). There are a number of EPZs in Indonesia, the most well-known being Batam Island, located 20 kilometers south of Singapore. Indonesia also has several bonded zones or areas that are designated as entry ports for export destined production (EPTE). Companies are encouraged to locate in bonded zones or industrial estates whenever possible. Other free trade zones include a facility near Tanjung Priok, Jakarta's main port, and a bonded warehouse in Cakung, also near Jakarta.

There is a duty drawback facility (BAPEKSTA) for exports located outside the zones. Foreign and domestic investors wishing to establish projects in a bonded area must apply to the Capital Investment Coordinating Board. Expatriates relocating to Indonesia should seek the advice of a qualified international relocation firm. Indonesia is a "Right Hand Drive" country and only vehicles with right hand steering wheels can be imported, even for personal use.

Web Resources Return to top

(Insert text here)
Association of South East Asian Nations (ASEAN) - http://www.aseansec.org
Expat.or.id - http://www.expat.or.id
Department of Trade - http://www.kemendag.go.id
Indonesian Investment Coordinating Board - http://www3.bkpm.go.id
Indonesiatourism.com - http://www.indonesiatourism.com
Indo.com - http://www.indo.com
Ministry of Manpower and Transmigration - http://www.depnakertrans.go.id

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Chapter 9: Contacts, Market Research and Trade Events

- Contacts
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- Trade Events

Contacts Return to top

1. Chambers of Commerce

American Chamber of Commerce in Indonesia

Today, American Chamber of Commerce in Indonesia (AMCHAM) has more than 450 members, including leading U.S. firms with offices in Indonesia, associate members (non-U.S. companies), individuals, and special members. The Chamber prepares a number of useful guides to doing business in Indonesia, has developed position papers on key policy issues, and maintains a useful membership directory. AMCHAM assists U.S. firms in assessing business opportunities by staging briefing breakfasts at the requester's expense. Members have access to a number of active committees addressing business issues in the areas of trade and investment, banking, telecom, energy, etc. The contact information is as follows:

American Chamber of Commerce (AMCHAM)
World Trade Center, 11th Floor,
Jl. Jendral Sudirman Kav. 29 - 31
Jakarta 12920, Indonesia
Tel: (62-21) 526-2860; Fax: (62-21) 526-2861
E-mail: director@amcham.or.id
Website: http://www.amcham.or.id
Contact: Mr. Andrew White, Managing Director

American-Indonesian Chamber of Commerce
Based in New York City, the membership of the American-Indonesian Chamber of Commerce is comprised of over 150 companies and individuals doing business in Indonesia. It has an active program of monthly luncheons, featuring speakers knowledgeable about Indonesia and briefing programs for newly appointed American and Indonesian government officials. The Chamber also publishes "OUTLOOK INDONESIA," a quarterly publication containing interpretations of new Indonesian policies, sectoral reviews, summaries of recent Chamber activities, and an Executive Director's column. In addition, the American-Indonesian Chamber of Commerce provides business translations, either from English to Indonesian or Indonesian to English. Their contact information is as follows:

The American-Indonesian Chamber of Commerce

317 Madison Avenue, Suite 1619
New York, NY 10017
Tel: (212) 687-4505; Fax: (212) 687-5844
E-mail: wayne@aiccusa.org
Website: http://www.aiccusa.org
Contact: Mr. Wayne Forrest, President

U.S. Chamber of Commerce

The U.S. Chamber of Commerce is the most extensive nationwide chamber in the United States. The U.S. Chamber has expanded its overseas activities and is exploring a number of programs designed to assist SME exporters to the Asia Region.

U.S. Chamber of Commerce
1615 H Street, N.W.
Washington, D.C. 20062-2000
Tel: (202) 463-5519; Fax: (202) 822-2491
E-mail: toverby@uschamber.com
Website: http://www.uschamber.com
Contact: Ms. Tami Overby, Vice President, Asia

2. Related Business Councils and Associations in the U.S.

U.S.-ASEAN Business Council
1101 17th Street, N.W., Suite 411
Washington D.C. 20036
Tel: (202) 289-1911; Fax: (202) 289-0519
E-mail: astuart@usasean.org
Website: http://www.us-asean.org
Contact: Ms. Alexandra Stuart, Manager, Indonesia and Energy Working Group

California-Asia Business Council
525 Market St., 25th Floor
San Francisco CA 94105
Tel: 415-986-8808; Fax: 415-986-3545
E-mail: jeremy@calasia.org
Website: http://www.calasia.org
Contact: Mr. Jeremy Potash, Executive Director

Pacific Basin Economic Council
2803-04, 28/F, Harbour Centre
25 Harbour Road
Wanchai, Hong Kong
Tel: (8522815 6550 / 2815 6560; Fax: (852) 2545-0499
E-mail: info@pbec.org
Website: www.pbec.org

3. Indonesian Trade Associations

KADIN

The major trade association in Indonesia is the Indonesian Chamber of Commerce and Industry (KADIN). Members include representatives from private industry, cooperatives, public corporations, utilities, as well as state-owned enterprises. In addition, there are numerous other specialized and professional organizations that represent the interests of various other sectors and trades in the economy. Contact information for KADIN is as follows:

Indonesian Chamber of Commerce & Industry (KADIN)
Menara Kadin, 29th Floor
Jl. H.R. Rasuna Said X-5 Kav. 2-3
Jakarta 12950
Tel: (62-21) 527-4484/85; Fax: (62-21) 527-4331/32
E-mail: sekretariat@kadin-indonesia.or.id or kadin@kadin-indonesia.or.id
Website: http://www.kadin-indonesia.or.id
Contact: Mr. Suryo Bambang Sulisto, Chairman ; Mr. John Riady, Chairman of U.S.-Indonesia Committee (KIKAS)

GINSI/GPEI

Associations of importers and exporters, most of whom are organized on a commodity basis, include the Importers Association of Indonesia (GINSI) and the Indonesian Association of Exporters (GPEI). Both organizations have head offices in Jakarta. Contact information is as follows:

Importers Association of Indonesia (GINSI)
Wisma Kosgoro, 8th Floor
Jl. MH. Thamrin No.53
Jakarta 10350
Tel: (62-21) 3983-2510; Fax: (62-21) 3983-2499, 3983-2504
Contact: Mr. Yayat Priyatna, Chairman

Indonesian Exporters Association (GPEI)
ITC Cempaka Mas 7th Floor No. 6
Jl. Letjen Suprapto, Cempaka Putih
Jakarta Pusat
Tel: (62-21) 4290-0549; Fax: (62-21) 4290-0546
Contact: Mr. Benny Soetrisno, Chairman
Mr. Toto Dirgantoro, Secretary General

4. Trade and Project Financing

U.S. Trade and Development Agency
1000 Wilson Boulevard, Suite 1600
Arlington, VA 22209-3901
Tel: (703) 875-4357; Fax: (703) 875-4009
E-mail: hsteingass@ustda.gov; palexander@ustda.gov
Website: http://www.ustda.gov
Contact: Mr. Henry Steingass, Regional Director for Asia
Ms. Pinsuda Alexander, Country Manager for Indonesia

U.S. Trade and Development Agency (USTDA)
Asia Regional Office
Bangkok, Thailand
Tel: (662) 205-5090/5600 (direct); Fax: (662) 255-4366
E-mail: mdunn@ustda.gov
Website: www.ustda.gov
Contact: Mr. Mark Dunn, Regional Manager for Asia

U.S. Commercial Liaison Office to the Asian Development Bank (CS/ADB)
25th Floor Ayala Life-FGU Center
6811 Ayala Avenue,
Makati City, Metro Manila
Philippines 1226
Tel: 63-2-887-1345; Fax: 63-2-887-1164
E-mail: Office.ManilaADB@trade.gov
Website: http://export.gov/adb/
Contact: Mr. Joel Fischl, Director/Senior Commercial Officer

Overseas Private Investment Corporation (OPIC)
Information Officer, Office of External Affairs
1100 New York Avenue, NW
Washington, D.C. 20527
Tel: (202) 336-8400; Fax: (202) 336-7949
E-mail: info@opic.gov
Website: http://www.opic.gov

Export-Import Bank of the United States (Exim Bank)
811 Vermont Ave., N.W.
Washington, DC 20571
Tel: (202) 565-3946 or (800) 565-3946; Fax: (202) 565-3380
Asia hotline: (800) 565-3911/3402
Email: james.lewis@exim.gov
Website: http://www.exim.gov
Contact: James S. Lewis - Sr. Business Development Officer - Asia/Pacific

Islamic Development Bank
Head Office
P.O. Box 5925
Jeddah 21432
Kingdom of Saudi Arabia
Tel: (966-2) 636-1400 (10 lines); Fax: (966-2) 636-6871
E-mail: idbarchives@isdb.org
Website: http://www.isdb.org

Kuala Lumpur Regional Office
For Member Countries: Brunei, Malaysia and Indonesia. And for non member countries : Australia, Cambodia, China, Japan, New Zealand, Singapore, South Philippines, Thailand, and Vietnam

Level 13, Menara Bank Pembangunan
Bandar Wawasan
Jalan Sultan Ismail
50250 Kuala Lumpur Malaysia
Tel: (603) 2694 6627; Fax: (603) 2694 6626
E-mail: ROKL@isdb.org
Contact: Hon. Tan Sri Dr. Wan Abdulaziz Wan Abdullah, Executive Director for Indonesia, Brunei, Suriname, and Malaysia

U.S. Commercial Service - World Bank, Washington
U.S. Business Liaison
Office of the U.S. Executive Director
U.S. Trade Advocacy Center
MSN MC-13-1307
The World Bank 1818 H Street, N.W.
Washington, DC 20433
Tel: (202) 458-0120; Fax: (202) 477-2967
E-mail: david.fulton@trade.gov
Website: http://export.gov/worldbank
Contact: Mr. David Fulton, Advisor & Director of Business Liaison

The World Bank (Indonesia Office)
Jakarta Stock Exchange Building
Tower 2, 12th & 13th Floor
Jl. Jendral Sudirman, Kav. 52-53
Jakarta 12190, Indonesia
Tel: (62-21) 5299-3000; Fax: (62-21) 5299-3111
Website: http://www.worldbank.org/id
Contact: Mr. Stefan Koeberle, Country Director for Indonesia

5. Indonesian Government Contacts

The GOI established the National Agency for Export Development within the Ministry of Trade to promote the export of certain products. These products include handicrafts (i.e., jewelry, batik, hand-woven fabric, and wood carvings), agricultural and cottage industry products, and new manufactured products. The agency will also assist foreign buyers and importers in establishing contacts with Indonesian companies. Contact information is as follows:

Directorate General of National Agency for Export Development (DGNED)
Ministry of Trade, Main Building 4th Floor
Jl. M. I. Ridwan Rais No. 5
Jakarta Pusat 10110, Indonesia
Tel: (62-21) 2352-8640, 385-8171 ext. 37900; Fax: (62-21) 2352-8650
Website: http://djpen.kemendag.go.id/
Contact: Ms. Hesti Indah Kresnarini, Director General

Directorate General for International Trade Cooperation
Ministry of Trade
Jl. M.I. Ridwan Rais No. 5, Main Building, 8th Floor
Jakarta 10110, Indonesia
Tel: (62-21) 2352-8600, 385-8171 ext. 36900;   Fax: (62-21) 2352-8610
E-mail: djkpi@kemendag.go.id
Website: http://ditjenkpi.kemendag.go.id/
Contact: Mr. Iman Pambagyo, Director General

Directorate General for Customs and Excise
Director for Customs and Excise Information
Ministry of Finance, Building A, 1st Floor
Jl. Jend. A. Yani 108, By Pass
Jakarta 13230, Indonesia
Tel: (62-21) 489-1581;   Fax: (62-21) 489-2859
E-mail: perpen@beacukai.go.id
Website: http://www.beacukai.go.id
Contact: Mr. Susiwijono, Director

6. Coordinating Ministers/Cabinet

The following is a listing of the current GOI's cabinet. Elections are coming up and ministers can change at any time. Those who wish to get in touch with these cabinet members can contact the U.S. Commercial Service in Jakarta for up-to-date contact information.

Coordinating Ministers:

Political, Legal, and Security Affairs: Marsekal TNI (Purn) Djoko Suyanto
Economy: Ir. Hatta Rajasa
People's Welfare: Dr. H.R. Agung Laksono

Ministers:

Agriculture: Ir. H. Suswono, MMA
Defense: Prof. Dr. Ir. Purnomo Yusgiantoro
National Education: Prof. Dr. Ir. Muhammad Nuh
Energy and Mineral Resources: Ir. Jero Wacik, SE
Finance: Chatib Basri
Foreign Affairs: Dr. Raden Mohammad Marty Muliana Natalegawa, M.Phil, B.Sc
Forestry: Zulkifli Hasan, SE, MM
Health: Dr. dr. Nafsiah Mboi
Home Affairs: Gamawan Fauzi SH, MS
Industry: Ir. Mohamad Suleman Hidayat
Trade: Gita Wirjawan
Justice and Human Rights: Amir Syamsudin
Manpower and Transmigration: Drs. H. A. Muhaimin Iskandar, MSi
Maritime Affairs and Fisheries: Syarif Cicip Sutardjo
Religious Affairs: Drs. H. Suryadharma Ali
Public Works: Ir. Djoko Kirmanto, Dipl. HE

Transportation: EE Mangindaan,SIP
Social Affairs: Dr. H. Salim Segaf Al-Jufrie
Tourism and Creative Economy: Dr. Mari E. Pangestu
Information and Communications: Ir. H. Tifatul Sembiring

State Ministers:

Administrative Reform: Azwar Abubakar
Cooperatives Small, and Medium Enterprises: Dr. Syariefuddin Hasan
Environment: Balthazar Kambuaya
Research and Technology: Prof. Dr. Ir. H. Gusti Muhammad Hatta
Women and Empowerment: Linda Amalia Sari, Sip
State Enterprises: Dahlan Iskan
Disadvantaged Regions: Ir. H. Ahmad Helmy Faishal Zaini
Public Housing: Djan Faridz
Youth and Sports Affairs: Dr. Andi Alfian Mallarangeng
National Development Planning and Chairperson of the National Development Planning Agency (BAPENNAS): Prof. Dr. Armida Alisjahbana

Officials of Ministerial Rank:

State Secretary: Letjen. TNI (Purn) Sudi Silalahi
Cabinet Secretary: DR. Dipo Alam
Attorney General: Basrief Arief, S.H.

* In Indonesia, DR refers to a person with a Doctorate degree; dr. refers to a person with a medical degree; Drs. refers to a male with a bachelor degree; Dra. refers to a female with a bachelor degree; SH. refers to a person with a law degree; MSC is a person with a Master of Science; Ir. refers to a person with an engineering degree.

7. U.S. Government Contacts

U.S. Embassy Jakarta:

Mailing Address from U.S.:
American Embassy - Jakarta
Unit 8129
DPO, AP 96520-8129

International Mail:
American Embassy - Jakarta
Jl. Medan Merdeka Selatan 3-5
Jakarta 10110, Indonesia

U.S. Ambassador Scot Marciel
Aide to Ambassador Jo Villemarette

Deputy Chief of Mission Kristen Bauer
Aide to DCM Jan Cordell

Website: http://jakarta.usembassy.gov/

U.S. Commercial Service
Mr. David Gossack, Counselor for Commercial Affairs
Wisma Metropolitan II, 3rd Floor
Jl. Jendral Sudirman Kav. 29-31
Jakarta 12920, Indonesia

(From the U.S., use Embassy's DPO mailing address – see above)
Tel: (62-21) 526-2850;   Fax: (62-21) 526-2855
E-mail: office.jakarta@trade.gov

Foreign Agricultural Service (FAS)
Mr. Ali Abdi, Counselor for Agricultural Affairs
Tel: (62-21) 3435-9000 (ext. 9161);   Fax: (62-21) 3435-9920

Economic Section
Mr. James Carouso, Economic Counselor
Tel: (62-21) 3435-9000 (ext. 9073);   Fax: (62-21) 3435-9971

Administrative Section
Ms. Jacqueline Holland-Craig, Management Counselor
Tel: (62-21) 3435-9000 (ext. 9018);   Fax: (62-21) 3435-9940

Political Section
Mr. Ted Lyng, Political Counselor
Tel: (62-21) 3435-9000 (ext. 9280);   Fax: (62-21) 3435-9916

Consular Section
Mr. Thurmond H. Borden, Consul General
Tel: (62-21) 3435-9000 (ext. 9050);   Fax: (62-21) 385-7189

Regional Security Office (RSO)
Mr. James W. Schnaible, Counselor for Regional Security
Tel: (62-21) 3435-9000 (ext. 9188);   Fax: (62-21) 3435-9911

Library of Congress (LOC)
Mr. William P. Tuchrello, Field Director
Jl. HOS Cokroaminoto 65, Jakarta 10350
Tel: (62-21) 314-4944, 3193-4296, 310-2127;   Fax: (62-21) 314-4945
E-mail: jakarta@loc.gov

Public Affairs Section (PAS)
Mr. Don Q. Washington, Public Affairs Counselor
Tel: (62-21) 3435-9000 (ext. 9500);   Fax: (62-21) 381-0243

Informational Resource Center (IRC)
Ms. Oktaviane Anita Sinaga
Tel: (62-21) 350-8467;   Fax: (62-21) 350-8466
Email: ircjakarta@state.gov

U.S. Agency for International Development (USAID)
Mr. Andrew Sisson, Mission Director
Tel: (62-21) 3435-9000 (ext. 9303); Fax: (62-21) 380-6694

Defense Attaché Office (DAO)
Col. Russell N. Bailey, Defense and Army Attaché
Tel: (62-21) 3435-9000 (ext. 9186); Fax: (62-21) 3435-9921

Office of Defense Cooperation (ODC)
Michael Janser, Military Attaché for Defense Cooperation
Tel: (62-21) 3435-9000 (ext. 9600); Fax: (62-21) 384-3339

Department of Justice (DOJ) ICITAP
Mr. Gerald Heuett
Tel: (62-21) 3435-9000 (ext. 9611); Fax: (62-21) 345-9743

Department of Justice (DOJ) OPDAT
Mr. Terry Mark Kinney, Resident Legal Advisor
Wisma Metropolitan II, 3rd Floor
Jl. Jendral Sudirman Kav. 29-31
Jakarta 12920, Indonesia
Tel: (62-21) 526-2846; Fax: (62-21) 526-2849

American-Indonesia Exchange Foundation (AMINEF)
Mr. Michael E. McCoy, Executive Director
Balai Pustaka Building, 6th Floor
Jl. Gunung Sahari Raya No. 4
Jakarta 10720, Indonesia
Tel: (62-21) 345-2016; Fax: (62-21) 345-2050

Voice of America (VOA) – Jakarta News Center
Mr. Brian Padden
Jl. Lembang No. 47. Menteng
Jakarta 10350, Indonesia
Tel: (62-21) 3193-4767; Fax: (62-21) 390-0917

U.S. Consulate General – Surabaya
Mr. Joaquin Monserrate, Consul General
American Consulate General
Jl. Raya Dr. Sutomo No. 33
Surabaya 60264, Indonesia
Tel: (62-31) 295-6400; Fax: (62-31) 567-4492
E-mail: consurabaya@state.gov
Website: http://surabaya.usconsulate.gov/

American Presence Post, Medan, North Sumatra
Ms. Kathryn A. Crockart, Principal Officer
Uni Plaza Building 4th Floor, West Tower
Jl. Let. Jend. MT. Haryono A-1
Medan 20231, Indonesia
Tel: (62-61) 451-9000; Fax: (62-61) 455-9033

E-mail: sumatra@state.gov
Website: http://medan.usconsulate.gov

U.S. Consular Agency, Denpasar, Bali
Mr. Joseph Curtin, Consular Agent
Jl. Hayam Wuruk 188, Denpasar, Bali 80235, Indonesia
Tel: (62-361) 233-605;   Fax: (62-361) 222-426
E-mail: BaliConsularAgency@state.gov

8. U.S. Government – Washington D.C.

Trade Information Center
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington DC 20230
Tel: 1-800-872-8723
Fax: (202) 482-4473
Email: tic@trade.gov
Website: www.export.gov/exportbasics

Holly Vineyard
Deputy Assistant Secretary - Africa, the Middle East and South Asia
Market Access and Compliance
U.S. Department of Commerce, Room 2329
1401 Constitution Ave., NW
Washington, DC 20230
Phone: (202) 482-4651
Fax: (202) 501-0224
Website: www.trade.gov/mac

Lorraine Hariton
Special Representative for Commercial and Business Affairs
U.S. Department of State
Office of Commercial and Business Affairs (EB/CBA)
2201 C Street, NW, Room 2318
Washington, DC 20520
Phone: (202) 647-1625
Fax: (202) 647-3953
E-mail: BusinessOutreachweb@state.gov
Internet: www.state.gov

Office of Commercial and Business Affairs (EB/CBA)
Regional Commercial Coordinator
Bureau of South Asia (SA)
2201 C Street, NW, Room 5246
Washington, DC 20520
Phone: (202) 736-4254
Fax: (202) 736-4259
www.state.gov/e/eeb/cba/

Jose W. Fernandez
Assistant Secretary of State for Economic, Energy, and Business Affairs
U.S. Department of State
Office of Bureau Economic, Energy and Business Affairs (EEB)
2201 C Street, NW, Room 6828
Washington, DC 20520
Phone: (202) 647-5973
Fax: (202) 647-5713
Email: ebweb@state.gov
Website: www.state.gov

9. Indonesian Embassy and Consulates in the United States

Embassy of the Republic of Indonesia
2020 Massachusetts Avenue, N.W.
Washington, D.C. 20036
Tel: (202) 775-5200
Fax: (202) 775-5365
Email: info@kbri.org
Website: http://www.embassyofindonesia.org

Consulate General of the Republic of Indonesia - New York
5 East 68th St.
New York, NY 10065
Tel: (212) 879-0600
Fax: (212) 570-6206
Email: information@indonesianewyork.org
Website: www.indonesianewyork.org

Permanent Mission of the Republic of Indonesia to the United Nations
325 East 38th Street
New York, N.Y. 10016
Tel: (212) 972-8333
Fax: (212) 972-9780
Email: ptri@indonesiamission-ny.org
Website: www.indonesiamission-ny.org

Consulate General of the Republic of Indonesia - Los Angeles
3457 Wilshire Boulevard
Los Angeles, CA 90010
Tel: (213) 383-5126
Fax: (213) 487-3971
Email: kjri@kjri-la.net
Website: www.kjri-la.net

Consulate General of the Republic of Indonesia - Houston
10900 Richmond Avenue
Houston, TX 77042
Tel: (713) 785-1691
Fax: (713) 780-9644

Email: kjrihouston@prodigy.net
Website: www.indonesiahouston.net

Consulate General of the Republic of Indonesia - Chicago
211 West Wacker Drive 8th Floor
Chicago, Illinois 60606
Phone: (312) 920-1880
Fax: (312) 920-1881
Website: www.indonesiachicago.org

Consulate General Office-San Francisco
1111 Columbus Ave.
San Francisco, CA 94133
Tel: (415) 474-9571
Fax: (415) 441-4320
Email: sanfancisco@indonesia-sanfranciso.net
Website: www.kjrifso.net

10. Consultants and Market Research Firms

Performing market research in Indonesia is difficult because detailed statistics on production and consumption are often not available through published sources. External trade statistics, however, are fairly detailed and additional data can be obtained for a fee from the Central Bureau of Statistics (Badan Pusat Statistik or BPS).

Unrecorded trade may distort import statistics and trends. For example, BPS figures tend to understate import values, as these figures exclude duty-free imports, including duty-free imports for investment and certain other transactions. Although there are a growing number of Indonesian organizations active in market research, the number remains small and expertise varies. Branches of American banks will often conduct market surveys for their customers, and several U.S. consulting firms now have affiliates in Jakarta.

Badan Pusat Statistik Republik Indonesia
(Central Bureau of Statistics of the Republic of Indonesia)
Jl. Dr. Sutomo No.6-8
Jakarta Pusat 10710
Tel: (62-21) 384-1195, 384-2508, 381-0291
Fax: (62-21) 385-7046
E-mail: bpshq@bps.go.id , webmaster@mailhost.bps.go.id
Internet: http://www.bps.go.id
Kepala BPS : Dr. Suryamin, Msc

A growing number of foreign law firms, including some from the U.S., are also entering the Indonesian business community as business consultants. Members of INKINDO, the Association of Indonesian Consultants, are able to perform a wide range of research and consulting services. INKINDO was established by Indonesian consultants based in Jakarta. The contact information for this association is as follows:

The National Association of Indonesian Consultants (INKINDO)

Jl. Bendungan Hilir Raya, No. 29
Jakarta 10210
Tel: (62-21) 573-8577
Fax: (62-21) 573-3474
E-mail: inkindo@inkindo.org
Internet: www.inkindo.org
Contact: Mr. Bachder Djohan, Chairman

A number of Indonesia-based firms have identified themselves to the U.S. Commercial Service as offering consulting or market research services. Information regarding firms that are capable of conducting market surveys may be obtained from the Commercial Service, U.S. Embassy in Jakarta, or in the following list of consultants and market research firms.

The Nielsen Company Indonesia, PT.
Mayapada Tower, 15/F & 17/F
Jl. Jend. Sudirman Kav. 28
Jakarta 12920, Indonesia
Tel: +62 21 2939-8100
Fax: +62 21 2939-8300
E-mail: Nielsen.indonesia@nielsen.com
Internet: www.id.nielsen.com
Expertise: consumer & media measurements and insights
Contact: Ms. Catherine Eddy, Managing Director
Ms.Miladina, Head of Corporate Communications & Marketing

Business Advisory Indonesia (PT. Laksana Tata Indonesia)
Mayapada Tower, 11th Floor, Suite 1103
Jl. Jend. Sudirman Kav. 28
Jakarta 12920, Indonesia
Tel: (62-21) 522-8613
Fax: (62-21) 522-8612
E-mail: bai@prima.net.id
Expertise: Management consulting, government and corporate research, official sworn English/Indonesia language translations of documentation.
Contact: Ms. Mariana M.G. Warokka, Director

CastleAsia
Cyber 2 Tower, 6th Floor
Jl. HR Rasuna Said Blok X-5 No. 13
Jakarta 12950
Tel.: +62-21-2902-1641
Fax.: +62-21-2902-1648
E-mail: castle@castleasia.com
Internet: www.castleasia.co.id
Expertise: CastleAsia manages the Indonesia Country Program (ICP), the largest and most prestigious CEO forum in the country. With over 125 of Indonesia's largest and best corporations and institutions as its member base, the ICP provides a series of written reports and meeting opportunities designed to keep corporate leaders fully informed on the most important economic, political and regulatory issues facing business. CastleAsia also specializes in developing and implementing market entry

strategies and solutions for corporate clients. With more than 30 years of experience in Indonesia, CastleAsia is the leader in analyzing the risk and rewards of the Indonesian market and advising companies on their best possible options.
Contact: Mr. James Castle, Principal

CIC Consulting Group
Jl. Paus No. 89
Rawamangun, Jakarta Timur 10440
Tel: (62-21) 310-1081, 2948-6239
Fax: (62-21) 310-1505, 475-9155
Cable: CISIRAYA-JAKARTA
E-mail: marketing@cic.co.id ; imanurannisa@cic.co.id
Internet: www.cic.co.id
Expertise: Market and feasibility studies (including pharmaceuticals, cosmetics, medical supplies, health equipment, food and beverages, hotels, golf course, resorts, and recreation facilities), periodical/business reports, credit information services, partner seeking services, project reports, consumer research, business to business research, social research, and agricultural research.
Contact: Ms. Ima Nur Annisa, Marketing Manager

Citra Duta Artistry (CDA International)
Ratu Plaza Office Tower, 23rd floor
Jl. Jend. Sudirman Kav. 9
Jakarta 10270 Indonesia
Tel: (62-21) 7280-1308
Fax: (62-21) 7280-1309
E-mail: info@cda.co.id
Web site http://www.cda.co.id
Expertise: Architecture, interior design and office renovation.
Contact: Mr. Richard McBride AIA IIDA, President Director

Taylor Nelson Sofres (TNS)
Wisma Metropolitan II, 7th Floor
Jl. Jend. Sudirman Kav. 20-31
Jakarta 12920
Tel: (62-21) 2939-3700
Fax: (62-21) 252-6369
E-mail: Raghavan.Srinivasan@tns-global.com
Internet: www.tns-global.com
Expertise: Market research and strategic planning and consultancy
Contact: Mr. Raghavan Srinivasan, President Director

PT. Data Consult Sudhi Karsa
Komplek Sentra Niaga 3rd Floor, Block B No. 24
Jl. Raya Kali Malang
Jakarta 13620
Tel: (62-21) 4460-2439
Fax: (62-21) 2936-1534
E-mail: info@datacon.co.id

Internet: http://www.datacon.co.id
Expertise: Market research and publishes a monthly newsletter entitled "Indonesian Commercial Newsletter." The newsletter contains a sectorial survey in each issue and other market information.
Contact: Mr. D. Ganjar Sidik, Managing Director

Ganesha Aggies Jaya
Jl. Cipete Raya No.11
Jakarta 12430, Indonesia
Tel: (62-21) 766-8922
Fax: (62-21) 766-8825
E-mail: ganesha@ganesha-aggies.com or smursidi@ptghrsys.com
Internet: www.ganesha-aggies.com or www.ptghrsys.com
Expertise: Consulting - the establishment of new FDIs, corporate governance and compliance, OD, OS/OR, recruitment & outplacement, technical training (oil & gas, manufacturing), business service outsourcing & shared services, HR budgeting and cost control, employee/ industrial relation, and Indonesian Labor Law.
Construction – building construction, maintenance and renovation.
Contact: Mr. Sigit Mursidi, Director

Mazars
Jl. Sisingamangaraja No. 26
Jakarta 12120, Indonesia
Tel: (62-21) 720-2605
Fax: (62-21) 720-2606
E-mail: contact-jakarta@mazars.co.id
Internet: http://www.mazars.co.id
Expertise: Accounting and audit services, tax advice and compliance, government advisory, municipal finance, corporate recovery and reconstruction, merger and acquisition advisory, information technology, hospitality and leisure consulting, business establishment and maintenance, inbound investment services, corporate finance, valuation and business planning, employee compensation and benefit planning, human resource consulting, outsourcing and management of donor and development projects.
Contact: Mr. James S. Kallman, President Director

Penelitian Hukum Indonesia (PHI)
(PT. Terataimas Indocitra)
Graha Iskandarsyah 4-03
Jl. Iskandarsyah Raya No.66c
Jakarta 12160, Indonesia
Tel: (62-21) 270-2383
Fax: (62-21) 270-2384
E-mail: patricia@penelitianhukum.com
Internet: www.penelitianhukum.com
Expertise: CD-ROMs containing full text of Indonesian law in English and Indonesian, development of full text databases for business and industry and information systems consulting.
Contact: Ms. Patricia Soetjipto, Director

Plansearch Associates
Golden Plaza Blok G 12
Jl. Fatmawati 15, Jakarta 12430
Tel: (62-21) 759-12390/91
Fax: (62-21) 759-12392
E-mail: plans@indo.net.id , schwarze@cbn.net.id
Expertise: Corporate market research (industry, trade, services, environment), consumer market research (quantitative, qualitative surveys, market tests, marketing strategy development), intellectual property, due diligence, partner search, asset search, financial inquiries and analysis, competitive intelligence and surveillance.
Contact: Mr. Gunter Schwarze, Director, Mr. Guido Schwarze, Director

11. Law Firms and Attorneys

Ali Budiardjo, Nugroho, Reksodiputro
Graha Niaga, 24th Floor
Jl. Jendral Sudirman Kav. 58,
Jakarta 12190
Tel: (62-21) 250-5125
Fax: (62-21) 250-5392/250-5001
E-mail: info@abnrlaw.com
Website: www.abnrlaw.com
Expertise: Corporate Practice, Capital Market, Banking and Finance, Investment Law, Restructuring & Bankruptcy, Mergers and Acquisitions, Telecommunications and Information Technology, Oil and Gas, Mining and Energy, Maritime, Aviation, Labor Law, Intellectual Property, Real Estate, Environment, Project and Finance, Tourism, Forestry and Plantation, Anti Trust and International Trade, Arbitration and Alternative Dispute Resolution
Contact: Mr. Emir Nurmansyah, Partner
Mr. Nafis Adwani, Partner

Dyah Ersita & Partners
Graha Aktiva, 3rd Floor
Jalan H.R. Rasuna Said, Block X-1, Kav. 3
Jakarta 12950
Tel: (62-21) 520-3171
Fax: (62-21) 520-3279
E-mail: dep@sriro.com
Website: www.sriro.com
Expertise: Comprehensive Indonesian legal counsel in the fields of administrative, admiralty, antitrust, arbitration, aviation, banking, bankruptcy, business, civil litigation, civil rights, communications, construction, consumer protection, contracts, corporate, criminal, debtor-creditor, defamation, education, employment, energy, entertainment, family, franchise, general practice, governmental, health, immigration, infrastructure, insurance, intellectual property rights, international, labor, land use, legislative advocacy, maritime, media, mining, oil and gas, press, real estate, securities and taxation.
Contact: Mr. Andrew Ian Sriro, Attorney at Law
Mrs. Dyah Ersita, Managing Partner

FRANS WINARTA & PARTNERS (“FWP”)
WINARTA IP PRACTICE (“WIP”)

Kompleks Bukit Gading Mediterania (Florencia)
Boulevard Bukit Gading Raya Blok A 15-17,
Kelapa Gading Permai, Jakarta 14240.
Tel: (62-21) 453 2143, 4585 4839 – 40, 453-2143
Fax: (62-21) 452 0083, 451 6605
Website for FWP: www.franswinarta.com/ www.winarta-ip.com
Email for FWP: fwp@cbn.net.id
Expertise:
Commercial and criminal litigation: banking/finance, corporate matters, telecommunication,
consumer protection, class action, competition and anti-trust law, investment, aviation, shipping,
energy, oil & gas, mining, insurance, labor, intellectual property, tort, property and others, commercial arbitration, corporate & commercial law practice: banking, foreign investment, various agreements, corporate matters, project restructuring, merger and acquisition, legal due diligence, alternative dispute resolution: negotiation and mediation. Provide services registration, renewal and consultation in patents/trademarks/copyrights, and industrial design.
Contacts: Mr. Frans H. Winarta, Managing Partner
Mrs. Patricia Ann Winarta, General Manager of Winarta IP Practice
Mr. Randolph Jay Winarta, Partner
Mr. Hari Budiman, Partner
Ms. Keyne Fredela, Partner
Mr. Jonathan Mangasa Tua, Partner

George Widjojo & Partners
Advocates & Solicitors
Intellectual Properties Specialist
Jl. Kali Besar Barat No. 5
Jakarta 11230, Indonesia
P.O. Box 2102 / JKT 10021
Tel: (62-21) 691-2226, 692-4533
Fax: (62-21) 692-3648, 693-0712
E-mail: information@widjojolaw.com, gwidjojo@indosat.net.id
Website: www.widjojolaw.com
Expertise: Patents, trademarks/service marks, copyrights, litigation and industrial designs.
Contact: Mr. George Widjojo, Senior Partner

Hadiputranto, Hadinoto & Partners
The Indonesia Stock Exchange Building
Tower II, 21st floor
Jl. Jendral Sudirman Kav. 52-53
Jakarta 12190
Tel: (62-21) 5155-090/91/92/93
Fax: (62-21) 5154-840/45/50/55
Email: tuti.hadiputranto@bakernet.com
Website: www.hhp.co.id
Expertise: Corporate/Commercial (Including M&A, Foreign Investment and Joint Ventures, International Trade, Labor and Employment, IT/Telecommunications, and

Construction), Capital Markets & Securities, Commercial Litigation/Arbitration, Dispute Resolution, Finance & Projects (Including Energy, Natural Resources and Infrastructure), Intellectual Property, Tax & Trade.
Contact: Ms. Sri Indrastuti Hadiputranto, Senior Partner

KarimSyah Law Firm
Alamanda Tower 27th Floor
Jl. TB Simatupang Kav. 23 - 24
Jakarta Selatan 12430
Tel: (62-21) 2966-0001
Fax: (62-21)2966-0007
E-mail: info@karimsyah.com, kmills@cbn.net.id
Website: www.karimsyah.com
Expertise: Oil, Gas, Energy & Mining, Arbitration and Alternative Dispute Resolution, Banking and Finance (including Islamic Financing), insolvency and debt restructuring, capital market, insurance, foreign investment, merger and acquisitions, information technology, aviation, maritime, telecommunications, construction and environment, agency & distribution; medical malpractice defense; general cross-border transactions and corporate and commercial litigation.
Contact: Ms. Karen Mills, Consultant
Mr. Iswahjudi A. Karim, Founder & Partner
Mr. Firmansyah, Managing Partner
Mr. Mirza A. Karim, Partner
Mr. Ilman Rakhmat, Partner

Kusnandar & Co.
Equity Tower, 25th Floor
Komp. SCBD Lot. 9
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190, Indonesia
Tel: (62-21) 5140-2020 (Hunting) / 2903-5858
Fax: (62-21) 5140-2021
E-mail: kusnalaw@kusnandar.com
Website: http://www.kusnandar.com
Expertise: Full Fledged Service Law Firm, Intellectual Property, Litigation, Arbitration, Auction, Accounting Service, Taxation, and Translation.
Contact: Ms. Winita E. Kusnandar, Managing Partner

Law Office Lontoh & Partners
JL. H.O.S. Cokroaminoto No. 47
Jakarta 10350, Indonesia
Tel: (62 -21) 392 3355
Fax: (62-21) 392 3366
E-mail: info@lontohpartners.com, edwardlontoh@lontohpartners.com
Website: http://www.lontohpartners.com
Expertise: commercial litigation, civil law, including adoption and child custody, wills, collections, contracts, corporations, government relations, foreign claims, insurance, labor, foreign investment, trademarks/copyrights, capital market and criminal defense.
Contact : Mr. Rudhy A. Lontoh, Senior Partner
Mr. Edward N. Lontoh, Senior Partner

Lubis Ganie Surowidjojo
Menara Imperium, 30th Fl.
Jl. H.R. Rasuna Said Kav. 1
Jakarta 12980
Tel: (62-21) 831-5005, 831-5025
Fax: (62-21) 831-5015
E-mail: lgs@lgslaw.co.id
Website: http://www.lgsonline.com/ www.lgsonline.com
Expertise: Representation of foreign and Indonesian clients on commercial and corporate law matters, including acquisition, corporate reorganization, mergers, commercial litigation, capital market, corporate finance and secured transactions, energy, foreign and domestic investment, maritime and shipping, mining, arbitration, banking, construction, international trade, lease financing, intellectual proprietary rights including trademark, copyrights and patents, real estate transactions, tax, telecommunications, venture capital, agency and distributorship, insurance and labor.
Contact: Mr. Timbul Thomas Lubis, Founder & Senior Partner
Mr. Mohamed Idwan Ganie, Founder & Senior Partner
Mr. Arief Tarunakarya Surowidjojo, Founder & Senior Partner
Mr. Abdul Haris M. Rum, Partner
Mr. Harjon Sinaga, Partner
Ms. Arisia A. Pusponegoro, Partner

Makarim & Taira S
Summitmas I, 16th - 17th Fls.
Jl. Jendral Sudirman Kav. 61-62
Jakarta 12190
Tel: (62-21) 252-1272, 520-0001
Fax: (62-21) 252-2750, 252-2751
E-mail: makarim&tairas@makarim.com
Website: www.makarim.com
Expertise: International and general practice law, foreign investment, commercial, capital markets, banking & finance, constructions, energy and natural resources, intellectual property, tax, mergers and acquisitions, property development, debt and corporate restructuring, litigation and dispute resolution, general corporate, intellectual property, telecommunications, employment, aviation and mining.
Contact: Mr. Nono Anwar Makarim, Founder
Ms. Ratna Iskandar, Partner
Ms. Galinar Kartakusuma, Partner
Ms. Rahayu Ningsih Hoed, Partner
Ms. Lina Amran, Partner
Mr. Rudy Kusmanto, Partner
Mr. Teddy A. Suprijadi, Partner
Mr. Benny Bernarto, Partner
Mr. Richard Cornwallis, Senior Foreign Legal Consultant

Makes & Partner
Menara Batavia, 7th Floor
Jl. K.H. Mas Mansyur Kav. 126
Jakarta 10220, Indonesia
Tel: (62-21) 574-7181

Fax: (62-21) 574-7180
E-mail: makes@makeslaw.com
Website: www.makeslaw.com
Expertise: Capital markets, privatizations and divestments, mergers and acquisitions, corporate finance and banking, restructuring, reorganization, workouts and bankruptcy, project finance, public utilities and infrastructure, environmental, telecommunications and IT, corporate governance, foreign capital investment (incl. joint ventures), real property development, media and broadcasting, general corporate and commercial, international trade and anti-monopoly and competition.
Contact: Mr. Yozua Makes, Managing Partner
Mr. Iwan Setiawan, Senior Partner
Mr. Irfan Ghazali, Partner

Mochtar, Karuwin & Komar
Wisma Metropolitan II, 14th Floor
Jl. Jendral Sudirman, Kav 31
Jakarta 12920
Tel: (62-21) 571-1130
Fax: (62-21) 571-1162, 570-1686
E-mail: mail@mkklaw.net
Website: www.mkklaw.net
Expertise: Investment, mergers and acquisitions, banking and finance, capital markets, infrastructure development and project finance, marketing and trade regulation, oil and gas, mining and natural resources, restructuring and bankruptcy, telecommunications and IT, intellectual property, general corporate, tax law, labor law, litigation and arbitration.
Contact: Mr. Mochtar Kusuma-Atmadja, Partner
Ms. Ariani Nugraha, Partner
Mr. Emir Kusuma-Atmadja, Partner

Melanita & Partner
Wisma GKBI, 35th Floor
Jl. Jendral Sudirman No. 28
Jakarta 10210
Tel: (62-21) 574-1225
E-mail: emelanita@mplaw.co.id
Expertise: Corporate law, finance and foreign investments.
Contact: Ms. Enny Melanita, Partner

Soewito Suhardiman Eddymurthy Kardono (SSEK)
Mayapada Tower, 12 & 14th Floor
Jl. Jendral Sudirman Kav.28
Jakarta 12920
Tel: (62-21) 521-2038
Fax: (62-21) 521-2039
E-mail: ssek@ssek.com, dgaida@ssek.com
Website: http://www.ssek.com

Expertise: Corporate, commercial and financial law practice, energy and natural resources, maritime, banking, capital markets and securities law, insurance, investment, labor, franchising, real estate, construction and engineering, mergers and acquisitions, tax law, arbitration and dispute resolution, hotel and tourism development, environmental law, international trade, government contracts, immigration, oil and gas law, infrastructure development, and project finance.

Contacts: Ms. Ira Andamara Eddymurthy, Founding Partner
Ms. Dyah Soewito, Founding Partner
Ms. Retty Anwar Suhardiman, Founding Partner
Ms. Agustina Supriyani Kardono, Founding Partner
Mr. Darrell R. Johnson, Advisor
Mr. Michael D Twomey, Advisor
Mr. Johnathan M Streifer, Advisor
Mr. Michael S Carl, Advisor
Mr. Rick Emmerson, Advisor

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To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/mrktresearch/index.asp and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

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Please click on the link below for information on upcoming trade events.

http://www.export.gov/tradeevents/index.asp

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully**, **connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E).**

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