

Investment Mission Report

1. Project Name

Outward Investment Mission to Indonesia

2. Implementation Venue, period

Jakarta, Batam, Indonesia, October 16 - 22, 2011

3. Organizers

ASEAN-Japan Centre

Investment Coordinating Board Republic of Indonesia

Embassy of the Republic of Indonesia, Tokyo



4. Observation and reports

The objective of this investment mission is to visit Jakarta and Batam to update information of its economy and investment environment in particular focusing on supporting industries and Free Trade Zone in Indonesia.

Indonesia makes steady progress toward a major consuming country. Since Indonesia plans to become more competitive destination as a production base for automobile, they would like to promote more investment of Japanese countries in supporting industries.



According to the GAIKINDO, car Sales in Indonesia is rapidly increasing. The annual production would be reached 1 million of automobiles and 10 million of motorcycles in 2013. Many manufactures promote local procurement because of the matter of cost and delivery.

Priority areas of investment are Natural Resources Based Industry, Small and Medium (SME) Industry, Capital Goods Industry, Labor Intensive Industries such as Textile, Footwear and Furniture, High Growth Industry and Specific Priority Industries such as Sugar based Downstream Industry, Fertilizer Industry and Petrochemical Industry.

Some policy changes have conducted such as reduction of tax holiday for the 5 industries, maximum 10 years. The foreign investment regulation would be amended.

Batam island is known as Free Trade Zone in Indonesia, which has 26 industrial estates and 4 international cargo ports. As its strategic location which is 20 km away from Singapore, near the Strait of Malacca, many companies have their head offices in Singapore and production bases in Batam. The fields with high growth potential are export-oriented electrical and electronics industries, shipbuilding industry, ship maintenance and oil drilling.

Indonesia sustains their economic growth. Private consumption which makes up 40 % of population in ASEAN is also growing up steady. Its huge domestic demand and economically active population are attractive for investors. Indonesia has a great potential for export base as well.