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MEDIA RELEASE

Confidence towards the New Leadership in Indonesia Shown by British Business in Indonesia

The outlook towards the new leadership in Indonesia in relation to potential economic reform is seen positive

January 15th, 2015 – The Business Confidence Index (BCI) 2014, an expanded annual survey conducted by The British Chamber of Commerce Indonesia (BritCham), was announced in Jakarta as commissioned by the European Chamber of Commerce Indonesia (EuroCham), in partnership with the German-Indonesian Chamber of Industry and Commerce (EKONID), the Indo-French Chamber of Commerce & Industry (IFFCI), the Indonesian Netherlands Association (INA), with co-funding from the European Union (EU). The BCI 2014 presented the views of the corporate members of participating chambers on doing business in Indonesia and towards the new leadership in Indonesia in relation to potential economic reform, with the result reflecting an increase from last year's projection.

Senior Management and CEOs of 206 British and European-affiliated businesses in Indonesia drawn from 12 business sectors participated in the survey. The business sectors are Agriculture, Fishery & Forestry; Energy & Natural Resources; Infrastructure & Construction; Property; Hospitality, Travel & Tourism; Banking, Finance, & Insurance; Education; Retail/ Consumer Goods; and Services. New sectors joining the survey are Food & Beverages, Automotive, Chemicals, Pharma & Cosmetics. 6 of 9 sectors remained positive over all, whereas 3 of them were less positive.

Based on the survey, it shows that 76% of business players have a very confident outlook towards the new leadership and its commitment to economic reform. The survey outcomes also highlighted that 71% of the respondents were confident about doing their business in Indonesia. Likewise the Ease of Doing Business for 2014 increases to 62% respectively, showing positive sentiment for the newly formed government.

Overall, the outlook towards business in Indonesia is significantly increased as compared to last year from 66% to 72% with revenue and profit growth projected to increase. Across macroeconomic factors, strong improvements were also perceived particularly in the political environment and investment climate. The confidence in the political environment with the newly formed government significantly increased by 5% from 42% to 47%, followed by the increase in investment climate at 60% from 31%. Growth outlooks for 6 of 9 business sectors remained positive over all.

Commenting on the survey, Chairman of The British Chamber of Commerce Indonesia, Adrian Short, said,

“The confidence of business is higher as compared to last year. Some remaining fundamental structural issues in Indonesia are recognized. We expect the government will play an active role to ensure that these issues are mitigated. We also see that the impact of government regulation will be positive over the next 12 months, because of more consultation with business, coordination with other ministries, and pro-business decisions.” added Adrian.



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The outlook towards the attitude of government with respect to business and business regulation in Indonesia are seen as improving, implying that the new government recognizes the role of international business in Indonesia. Nearly half of businesses are willing to expand to cities outside greater Jakarta. Even though the engagement with regional governments is still low, business owners believe that government will be more supportive toward business expansion.

53% of the total respondents have not yet engaged with the regional governments in the targeted expansion areas. There is a prevailing sense of lack of support from regional government. Surabaya, Bali, Kalimantan, and Sumatera are stated as targeted cities for expansion. 52% of the total respondents are not considering expansion to other provinces/cities/regions within Indonesia in the next 12 months.

Moving forward in 2015, ASEAN Economic Community (AEC) integration, service liberalization, and ASEAN agreements with key trade partners are seen as the three main opportunities for Indonesia to grow regionally and internationally.

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About Britcham and the BCI

The BritCham Business Confidence Index reflects the views of senior executives of British and European-affiliated companies based in Indonesia many of whom are members of the British Chamber of Commerce in Indonesia. BritCham is renowned as the most active foreign Chamber and with a large membership base of nearly 1,000 (one thousand) nominees. For over 30 years, BritCham is proud to have engaged positively with the Indonesian Government and remains very pro-active both in the UK and throughout South East Asia in promoting business opportunities in Indonesia. The presentation of this annual Business Confidence Index (now expanded) is an additional initiative to consolidate the very strong ties that prevail between British business and Indonesia.



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