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MEDIA RELEASE

BCI 2015: GLOBAL FACTORS DRIVE INDEX DOWN, BUT KEY INDICATORS ARE POSITIVE *Encouraging news for new jobs and international investment, concerns remain*

February, 3, 2016 - Chairman of BritCham, Adrian Short unveiled the results of the 4th Joint European Business Confidence Index 2015 (BCI) to BKPM Deputy Chairman For Investment & Promotion, Pak Himawan Hariyoga, The British & Swiss Ambassadors, Boards of the European Chambers, and an audience of eighty executives mostly representing European investors domiciled in Indonesia.

In his opening, British Ambassador Moazzam Malik referred to a refreshing new era of productive collaboration between the European Chambers and their Indonesian counterparts. He also advocated that speeding up EU-CEPA talks would pave the way for exponential growth in trade between Europe and Indonesia.

Adrian Short began by outlining why we should not be surprised that the Index has fallen from the survey period of last year when everyone in Indonesia was highly aspirational following President Jokowi's election.

"Last year was exceptionally positive for quite obvious reasons. This year we report that the index has fallen quite significantly. But, as we shall see, this fall can be attributed to the global situation and the prevailing macro-economic indicators. The world is almost at a standstill; China is experiencing a huge downturn; natural resource prices have crashed, Indonesian GDP growth continues to slip; there is pressure on domestic inflation and consumer confidence is challenged – of course confidence is down from a high point in 2014! But this is a survey that has many encouraging outputs. International business does want to be here under-scored by these statistics: 66% of businesses expect to see revenues increase in 2016; 51 % of businesses expect to see profits increase; ; 46% of firms hope to make major investments in Indonesia in the next two years and that has to be very good for the creation of new jobs. In fact, only 16% of businesses have a negative outlook for 2016."

The BCI findings also threw out some specific and encouraging statistics - concern over a lack of skilled labour, poor infrastructure, corruption, political and social stability have eased by between 14 and 21 percentage points.

"Business certainly welcomes the much-needed physical improvements to infrastructure and the availability of skilled labour" added Short. "However, the top three issues from last year remain the issues from this survey - bureaucracy, policy and regulation. There is a sense that the intention of government is sound however a more coordinated focus on implementation remains pivotal to driving up the ease of doing business, vital to heading off competition from SEA neighbours."



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Ulf Backlund, EuroCham Chairman summed up the key survey findings by saying that there must be lots right with the Indonesian business environment if one out of two European businesses are positive in their outlook and plan to invest further. But, that means there are also one in two businesses that need to be convinced by evidence that the business environment is maturing sufficiently to invest further. “As Chambers, we welcome all opportunities to work with agencies and stakeholders to further improve the attractiveness of Indonesia,” added Backlund.

The Chambers are pleased to note that 27% of respondents plan to invest further outside Greater Jakarta- the top 2 quoted destinations being Sumatra and Sulawesi.

BritCham Executive Director Chris Wren said “Overall, these improvements are good news and represent a very welcomed story to tell as European nations promote investment opportunities from across the whole of Indonesia.”

End

About BCI

The Business Confidence Index was conceived by BritCham in 2012 as a B2B survey of British investors domiciled in Indonesia. In 2014, it was expanded to include European businesses from among the members of BritCham, EKONID, INA, IFCCI and EuroCham. The BCI 2015 invited responses from The European Indonesia Business Network (EIBN) database which all European businesses can sign up to. The BCI 2015 was created and managed by BritCham, commissioned by EuroCham, with co-funding from the EU Commission.

The BCI 2015 international market research partner is Nielsen

Long-term Corporate Partners:



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