

USAID | Indonesia  
“Accelerating Economic Growth in Indonesia”  
Economic Growth Office Stakeholders’ Workshop  
8 – 10 July 2008

**Break-Out Session**

**TRADE & INVESTMENT**

# KEY ISSUES ON INVESTMENT

- Legal Uncertainty including local regulation (*PERDA*) which is not conducive to the investment climate.
- Labor Inflexibility.
- Land Acquisition.
- Transparency (Spreading virus of corruption).
- Poor Infrastructure.
- 5-10 years planning to direct investment on food, energy and infrastructure.
- High labor cost but comparatively low skill

# KEY ISSUES ON TRADE

- Lack of Capacity Building for SMEs
- Access to information and knowledge among medium size and big firms (market information)
- Technical Barriers for export oriented products
- Logistical Problems for agricultural products, i.e.: providing the cold storage warehouse
- Unsupportive *PERDA* on inter provinces and regencies transportation
- Public Procurement Reform
- Competitiveness of Indonesian Products

# Government of Indonesia's Plans on Trade

1. Public Service
  - 1.1. National Single Window (on-trial operation)
  - 1.2. Faster and Transparent Licensing Procedure
  - 1.3. Safeguard on eco-labeling, standardization, illegal transshipment for garment, footwear and shrimps
2. Trade & Investment Promotion
  - 2.1. Small & Medium Enterprise's products
  - 2.2. Priority for certain market
  - 2.3. Market Diversification/Expansion
  - 2.4. Trade Expo
  - 2.5. Capacity Building for SME: training and international exhibition

# Continued

3. Developing Blueprint for Creative Economy
4. Free trade among ASEAN countries and FTA with Japan, India, US, and Australia (in the pipeline)
5. Development of economic zones (Batam, Bintan and Karimun)
6. Market penetration (opening of 11 ITPC and trade promotion offices abroad)
7. Trade show with Asmindo and other associations
8. Warehouse receipt system

# Government of Indonesia's Plans on Investment

- General Guidance on Investment with focus on investment, promotion and facilities, scheduled to be finished in June 2008 and followed by Road Map at the end of this year.
- Finishing implementing regulation of Investment Law.
- Implementing regulation on one stop shopping due in 2008.
- Special Economic Zone (Batam, Bintan and Karimun ), draft law to be submitted to the Parliament on fiscal and non-fiscal. On-line system consist of Information and Licensing.
- Promotion.

# Areas for USAID to work for

- Innovative promotion plan
- Development of economic zone
- Staff capacity building for investment services
- Creation of models of incentive system for certain industry.
- Provision of legal assistance with ITAP as model approach

# CHALLENGES AHEAD FOR INDONESIA

- Drafting/Reviewing Investment Law, Labor Law and Corporate Law
- Capacity Building to Local Government and National Government on Transparency and Corruption Fighting
- Drafting of Law on Land Acquisition for Public Interest
- Developing Website to create access to information for SMEs to encourage direct export



# Continued

- Adoption of ISO components to address the problem of technical barriers for SMEs
- Drafting Law on Public Procurement to comply with WTO
- Addressing issue of alternative energy with declining resource of oil and gas (the government should focus on bio-fuel)

# THANK YOU

## TRADE & INVESTMENT Team Members

• Drs. Isman, MM	Ministry of Industry
• Langgeng Subur	Ministry of Finance
• Eva Yulita	PEPI
• Suwarno	BAPPENAS
• Abid Wahid Sasmito	BKPM
• Djasdi Darwis	Ministry of Trade
• Ernawati	Ministry of Trade
• Cena Maxfield	ASEAN Secretariat
• Tim Bulman	
• Vincent Ashcroft	
• Bismo Brevianto	Gani Djemat & Partners
• Mangara Tambunan	Center for Economic & Social Study
• Prof. Erman Rajagukguk	University of Indonesia
• Siswanda	B-Trust
• Tari Lestari	BAPPENAS
• Dini Rahim	SENADA
• James Lockett	ITAP
• Ardimas Sasdi	ITAP
• Prof. Gus Papanek	BIDE
• John Packer	USAID
• John Kim	USAID
• Anna Juliastuti	USAID
• Jonathan Allan	
• Riyanto	US Embassy
• William Garrison	BKPM
	ITAP