



**SAVE THE DATES: 23 - 24 May 2012**

# **Danish Business Delegation to Indonesia**

The delegationen will be headed by Ambassador at Large Anne Birgitte Lundholt.

Co-financed by  
Ministry of Foreign Affairs of Denmark  
The Trade Council



**Danish Business Delegation to Indonesia**  
23-24 May 2012

You are hereby invited to join the Danish business delegation that will be headed by Ambassador at Large Anne Birgitte Lundholt.

**INTRODUCTION TO INDONESIA**

Indonesia is the largest economy in South East Asia and the 18<sup>th</sup> largest economy in the world (member of G20); this is expected to change to a top ten position in the next decade. The economic growth for 2011 is expected to be 6.4%; it is estimated that the economy in 2012 will have a growth of similar size – despite some effect by the international financial crisis and downturn.

Indonesia is a middle income country with a GDP per capita of around USD 3,000. The economy is mainly driven by private consumption and investments (private and public sector) and based on a large home

market with a population of 235 million of which approximately 25 million has an income as in western countries. The government is focusing upon developing the lagging infrastructure, however with due respect to environmental concerns as per the official policy: pro poor, pro growth and pro environment.

There are over 700 EU companies in Indonesia with total investments of more than EUR 50 billion. Foreign Direct Investments from the EU in Indonesia during the first half of 2011 amounted to USD 3.5 billion. In addition to a large number of importers/distributors and agents for Danish companies around 25 Danish companies have their own operations employing around 65.000 employees. A Comprehensive Economic Partnership Agreement between the EU and Indo-

nesia is well underway designed to enhance trade and investment relations.

Indonesia is a young democracy; President Susilo Bambang Yudhoyono was elected in 2010 with a large mandate; his government has the support of 75% of the members of the Parliament representing several parties. The president was elected on a platform to improve the economy, reduce corruption and poverty. Indonesia has the world's largest Muslim community, however Islamic parties continues to play a lesser role in politics. Islam in Indonesia is moderate by nature and Indonesia is not an Islamic state.

**Business Program**

**Energy**

**Oil & Gas**

**Infrastructure**

**Food  
Technology**

**Fashion,  
Design  
& Lifestyle**

### **ENERGY (POWER GENERATION AND ENERGY EFFICIENCY)**

Due to low electrification ratio (only about 53% of the population has access to electricity) and an expected demand growth from an increasing population as well as an economic standing, Indonesia will likely continue to increase its power-generating capacity, thus attracting investments into the energy sector.

Although Indonesia generates 86% of its electricity from conventional thermal sources (coal, gas, and oil), it is still the third-largest generator of geothermal power.

The energy and utilities infrastructure industry is forecasted to grow an average of 7.2% year-on-year between 2011 and 2015 reaching 232 Twh.

The Indonesian government plans to develop 93 power plants in its second 10GW generation project as part of the country's "fast-track" programme - expected to be finished by 2014. It will also involve the construction of 3,500 km of power transmission lines. In this regard, both the state-owned electricity company PT PLN and independent power producers will be the drivers of growth through their investments in power plants, utilizing both renewables and non-renewables sources as well as investments in the transmission power grids sector.

Construction of power plants, transmission and distribution lines

in Indonesia should bring significant commercial opportunities for Danish companies that supply engineering services and equipments such as turbines, substations, transmission, and distribution equipment.

The international recognized target of Indonesia's pledge to reduce CO<sub>2</sub> emissions with 26% by 2020 gives a string of possibilities for Danish companies within energy efficiency and green production of energy. By 2025 25% of all energy production must be from renewable energy sources. This offers major business opportunities for Danish companies.

### **OIL AND GAS**

The market for oil and gas equipment in Indonesia remains attractive and has a promising long-term outlook.

Indonesia has been boosting its oil production in order to reach 1 million barrels per day for 2011 after it withdrew from OPEC end of 2008, when it became a net importer.

Though no longer a net exporter of oil, Indonesia is a leading exporter of coal and natural gas. As domestic energy needs to grow with the increasing economic performance, Indonesia is increasingly focusing on securing energy sources for the domestic market.

Most of the oil and gas production (90%) in Indonesia comes from mature fields, which are continuing to

decline. In its efforts to increase oil and gas production, the Upstream Oil and Gas Executive Agency (BP Migas) will revitalize old oil wells in addition to construction of additional oil and gas facilities, thus bringing significant commercial opportunities for Danish companies.

According to the Indonesian Ministry of Energy and Mineral Resources, investment in the oil and gas industry in 2012 is expected to grow by approximately 24% to USD 18.3 billion. Import of oil and gas equipment is estimated to reach USD 1 billion in 2011.

### **INFRASTRUCTURE**

The Indonesian government is looking into developing the infrastructure to support and sustain the growth into the future. Consistent to national planning, Indonesia is anticipating to invest more than USD 150 billion in infrastructure projects over the next five years.

In line with the development, the Government of Indonesia (GOI) has made some changes on the relevant regulations to ease private sector participation as well as to boost private investments. Sectors within infrastructure, which have been opened up for private sector participation, are: Water & Sanitation, Road and Bridges, Seaports & Shipping, Airports & Air transport, Railways and Electricity.

Having become GOI's main focus, expectedly for many years ahead,

the infrastructure sector offers abundant opportunities for Danish companies to supply their know-how and advanced technology.

There seems to be good commercial potential within the waste management sector due to the government's plan to draft a bill to make it mandatory for local governments to convert dumpsites to sanitary landfills. Currently the sector is underdeveloped providing business opportunities for Danish companies within: Sorting, Recycling, Re-use and Pre-treatment facilities.

Industrial waste water treatment also represents good potential commercial opportunities where the market is likely to reach USD 89.9 million in total value in 2016. As of today only approximately 50% of the Indonesian population has access to clean water.

### **FOOD TECHNOLOGY**

The food processing industry in Indonesia is a growing sector fuelled by increased domestic consumer spending. According to the Indonesian Bureau of Statistics (BPS) Indonesians spend half of their monthly income on food.

The Indonesian packaged food industry is considered to be fragmented with approximately 6,100 large and medium sized producers responsible for 80% of output.

The top 6 package food categories are: Bakery, Dairy, Baby Food,

Confectionary, Noodles and Sweet & Savory.

The industry has enjoyed strong growth in recent years, in 2008 the processed food and beverage industry had a remarkable growth of 25.8%. In 2009 and 2010 the total sales for the processed food and beverage industry is believed to reach USD 60-66 million.

To maintain its quality and production costs as well as produce consistent products it is foreseen that the food and beverage processing manufacturers will increase their use of more modern manufacturing methods and equipment, which will provide good opportunities for Danish companies to supply the market with Danish products, technology and know-how.

### **FASHION, DESIGN & LIFESTYLE**

International medium high-end and luxury brands within fashion, design and lifestyle are constantly emerging in Indonesia's central city areas, especially in Jakarta. This reflects the increasing buying power within the growing middle class of approximately 40 million, where 25 million people has an income level similar to western countries; in this light the prospects for Danish companies are immense.

In general international brands are very appealing to the Indonesian consumers, reflecting their wish for prestige, status and high quality. Even though Indonesians spend

half their income on food, the growing spending power implies that the consumption within non-food products is growing. In 2010 the retail market grew by 15%.

The Indonesian retail market is dominated by shopping malls. Second to New Delhi, Jakarta is the city in the world with the largest number of malls. The malls have become a lifestyle for many Jakartans, they do not only go there to shop for the latest trends and luxury status symbols, but also to see and be seen, to hold business meetings, to work out, to go clubbing and to hang-out in the weekends with family and friends.

The Indonesian retail market for fashion, design and lifestyle is dominated by 3-5 main distributors. In a market where the consumer is constantly looking for the newest western trends and designs, the distributors are continuously screening for new fashion and lifestyle concept brands.

If you are interested in the above export campaign please send us the following information per email to [lj@ees.dk](mailto:lj@ees.dk):

Company name:

Contact person:

Title:

Dir. tel.:

Dir. e-mail:

The above is a non-binding confirmation of your interest in participating in the Danish business delegation.

## IF YOU HAVE ANY QUESTIONS PLEASE DO NOT HESITATE TO CONTACT US:



### **Embassy of Denmark, Jakarta**

Karina Charlotte Mosgart · Commercial Adviser · E-mail: [karmos@um.dk](mailto:karmos@um.dk) · tel.: +62 21 576 1478



Confederation of Danish Industry

### **Confederation of Danish Industry**

Jens Holst-Nielsen · Director · E-mail: [jhn@di.dk](mailto:jhn@di.dk) · tel.: +45 3377 3017



### **Export Promotion Denmark**

Louise Jørgensen · Event Manager · E-mail: [lj@ees.dk](mailto:lj@ees.dk) · tel.: +45 2142 0711