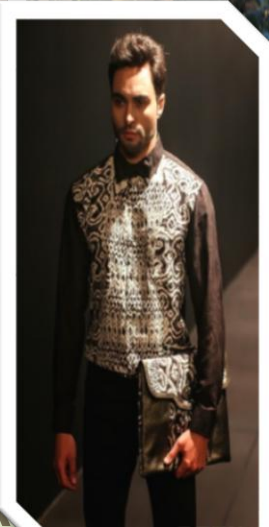


TEXTILE INDUSTRY OF INDONESIA

By
Indonesian Consul General in Mumbai





Indonesian Textile Industry – Overview

- The Ministry of Industry targets the textile industry and textile products (TPT) to grow by 6.3% this year, and contributed 2.43% to gross domestic product (GDP) National.
- In year 2015 Indonesian Textile sector contributed 1.22% to the national GDP
- Textile industry ranks third national exports and provide employment to 2.79 million people or 23.15% of the total workforce of the manufacturing industry
- The production of textile industry meet 70% of domestic clothing needs.
- Value of textile exports reached US \$ 12.28 billion, contributing 8.17% to the total value of national exports by 2015.
- In the first quarter of 2016, the textile and apparel industry had contributed 1.21% of the nominal GDP, an increase compared to the fourth quarter/ 2015 amounted to 1.18%.

Indonesian Textile Industry – Overview

- The Indonesian Ministry of Industry has committed to keeping up its support of the Indonesian textile industry through fiscal incentives to help the industry stay competitive on the global market.
- Indonesia continues to be a leading textile and apparel producer in the Association of Southeast Asian Nations (ASEAN) region. However, in contrast to several other ASEAN countries, Indonesia has not signed any trade agreements that allow for its textile exports to enter the U.S. or EU at special tariff rates, a circumstance that has affected the industry's competitiveness globally. Indonesia is pushing for a Comprehensive Economic Partnership Agreement (CEPA) with the EU that would reduce or eliminate trade barriers such as import tariffs. CEPA negotiations have not yet commenced.

Trade Partners in Textile Industry

- Indonesia stands 10th in the global textile and clothing trade.
- Its exports are majorly into clothing and man-made fibres and filament yarn while the imports consist of raw cotton, manmade filament yarn.
- Indonesia has an export market of about 12 bln US\$ and is expected to emerge as one of the largest textile and clothing manufacturing hubs in the near future.
- Indonesia's is a recent entrant into the textile and clothing trade and its T&C industry has grown at a CAGR of 4.15% for the period 2010-2013.
- Its major export markets are United States, Japan, Turkey, Germany and Korea, Rep. with a CAGR of -0.37%, 23.72%, 9.91%, 0.94% and 10.72% respectively.
- It majorly imports from China, Korea, Rep., Hong Kong, Taiwan and United States with a CAGR of 14.63%, 11.67%, 8.47%, 6.58% and 7.07% respectively.

INDONESIAN MANUFACTURING SECTOR



Indonesia Manufacturing Industry (Snapshot)

| | |
|----------------------------------|--|
| Contribution to GDP | : 18.5% (2015) |
| Sector Growth | : 4.33% (y/y, Q3 2015) |
| Number Employed in the Sector | : 16.38 million (February 2015) |
| Highest Minimum Wage by Province | : US \$260/month (DKI Jakarta) |
| Lowest Minimum Wage by Province | : US \$120/month |
| Main Areas | : Food & Beverages, Metal Products and Electronics, Automotive, Chemicals, Textile & Garment , Footwear etc |
| Main Export Markets | : USA, Japan, China, Turkey, South Korea, Germany, Singapore, Thailand, Philippines, Saudi Arabia, Malaysia |



“Indonesian Industry Ministry expects the manufacturing sector to achieve a +6 percent (y/y) growth pace in 2016 (from 5.04 percent y/y in the preceding year)”

Manufacturing Industry Indonesia Contributes 18.1% to GDP

- **Indonesia's manufacturing industry was worth approx. USD \$156 billion in 2015, contributing 18.1 percent to the country's gross domestic product (GDP), up from 17.8 percent of GDP in the preceding year.**
- **By 2035 the manufacturing industry's contribution share is targeted to have increase to 30 percent of GDP.**
- **Within Indonesia's (non-oil & gas) manufacturing industry the most important sector is the food and beverage industry. This industry accounts for 30.8 percent of the total non-oil & gas manufacturing industry of Indonesia and therefore constitutes a key engine for the overall economy.**

INDONESIA MANUFACTURING SECTOR

- *An attractive sector for foreign direct investment.*
- *The country's manufacturing sector is boosted by the large availability of cheap labour and rising consumption from the growing middle-class.*

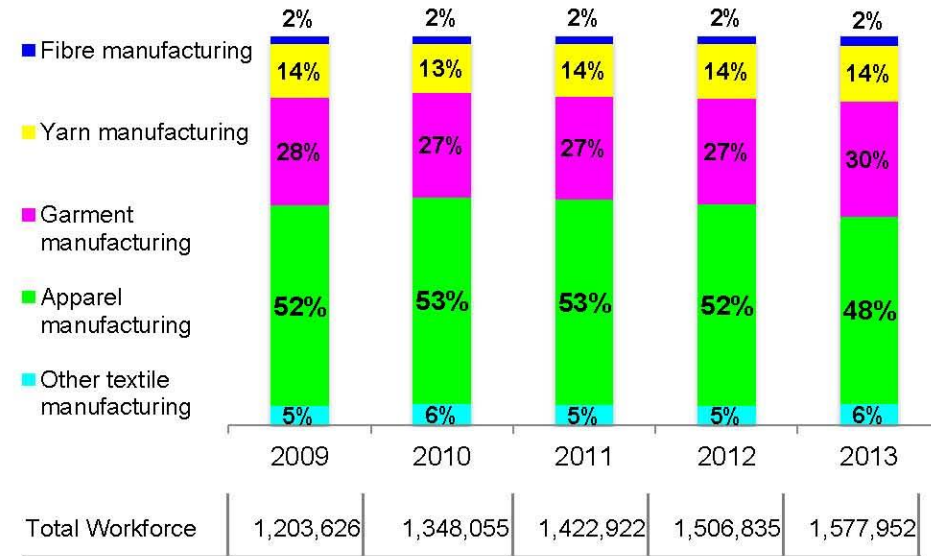
| Sector | Contribution to Manufacturing Industry |
|---|--|
| Food & Beverage | 30.84% |
| Metal Goods, Electronics & Electrical Equipment | 10.81% |
| Transport Equipment | 10.50% |
| Chemicals, Pharmaceuticals & Traditional Medicines | 9.98% |
| Textiles & Apparel | 6.65% |
| Tobacco Processing | 5.19% |
| Primary Metals | 4.31% |
| Paper Products, Printing & Reproduction of Recorded Media | 4.19% |
| Rubber, Rubber Products & Plastics | 4.10% |
| Excavation goods (non-Metals) | 3.98% |
| Wood, Wood Products | 3.71% |
| Machinery & Equipment | 1.78% |
| Leather, Leather Products & Footwear | 1.50% |
| Furniture | 1.49% |
| Others | 0.99% |



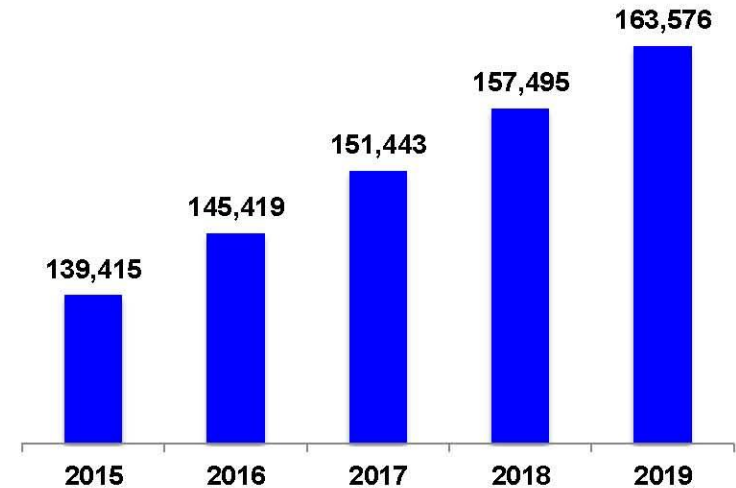
EXISTING AND FUTURE CAPABILITIES

A growing workforce in textile

Share of Number of Workforce
in Textile Manufacturing



Projected Absorption of Workforce



Source: BKPM (2015)

Between 2009 and 2013, the textile manufacturing workforce in medium and large companies has grown steadily. This is reflected through a recent increase in both foreign and domestic direct investment in Indonesia. Indonesia's labour productivity is currently lower than China but higher than India and Vietnam. Given absorption of workforce is projected to increase by 2019, more advanced manufacturing will help improve Indonesian productivity levels.

Source:

The corporate landscape

What are the investors saying?



*"I greatly appreciate the technology that has been applied by **PT Sritex Tbk** to continually develop smart textile that has a fairly high value added in the field of textile."*

Saleh Husin
Minister of Industry
on SriTex expansion
(2015)

On USD 250million investment (2015): *"To be able to compete globally, we are taking a strategic step, creating a variety of textile and garment production for military equipment and fashion... We would like to encourage and achieve an integrated garment industry from upstream to downstream"*

Iwan Setiawan
Lukminto
President Director



"Demand for fibre in Asia, including Indonesia, continues to increase. Asian markets are the main markets for our products with a share of 64.3%, followed by Europe (28%), and the rest is the US."



LEADING FIBER INNOVATION

PT. South Pacific Viscose

PT Indonesia Toray Synthetics (ITS)

Location: West Java

FDI source: Japan

Founded in 1971, PT Indonesia Toray Synthetics (ITS) produces synthetic fibers in Indonesia by using technology from Toray of Japan.

ITS commercial production began in 1973 with Nylon Filament Yarn, followed in 1974 for Polyester Staple Fiber and in 1990 for Polyester Filament Yarn. ITS is built on an area of 52 hectares in the city of Tangerang, West Java.

ITS marketed 70% of its high quality products to the domestic market and the rest is exported worldwide.

In late 1990, ITS cooperated with PT Easterntex (one of Toray Group Indonesia's companies) and San-Esu Co., Ltd. Japan to establish PT OST Fibre Industries. The company started its business only with producing colored sewing thread for sports shoes.

TORAY
Innovation by Chemistry

PT Semarang Garment (PTSG)

Location: Central Java

FDI source: South Korea

PTSG received its first Letter of Approval of Foreign Investment ('PMA') from the Embassy of the Republic of Indonesia for South Korea in Seoul in 2002, and the industrial business license from the Regional Investment Agency ('BPMD') Central Java province in 2003. It injected an investment of USD 3million.

PTSG has a production capacity of apparel (garments) 650,000 pieces destined for export markets. PTSG plans to expand **PT Kukdong International Bekasi** in Central Java, with an investment value of USD 15million, employing a total of up to 4,000 people.

PTSG supplies to international brands including:

FOREVER 21 
new balance

PT Sri Rejeki Isman Tbk (Sritex)

Location: Sukoharjo Municipality, Central Java
Origin: Indonesia

Sritex was set up in 1966 and has since employed 58,000 staff. The business had previously expanded 7 times with a total realised investment value of IDR 660billion. Its 2011 expansion in Sukoharjo absorbed 15,000 staff and the value of 2 investment projects was IDR 5.2trillion.

Sritex is also establishing its new upstream manufacturing of rayon yarn through PT Rayon Utama Makmur with investment value of USD250million.

Sritex produces military uniforms for both local and international private and government institutions including NATO. The company imports threads and garments from the US, China, Spain, Argentina and South Korea. Sritex's has supplied to over 100 internationally-recognised brands including:

H&M ZARA GUESS

PT Nagasakti Kurnia Textile Mills (Nagatex)

Location: Bandung, West Java
Origin: Indonesia

Founded in 1982, Nagatex started out as a textile weaving factory with only 150 employees. Today, the company is a vertically integrated textiles firm with over 1,000 employees and an average monthly production of more than 2 million meters.

Manufacture of uniform fabrics has long been Nagatex's area of specialty. The company is committed to investing in new machinery that allows for greater automation and increased efficiency.

Some of Nagatex international partners include:



CLARIANT 



Government provisions and support



BKPM
Indonesia Investment
Coordinating Board



Discover the Fashion Market of Indonesia
Uncover Your Future Market Growth !

Join us for the
Buyer-Seller Meet in Indonesia

— 19-20 October, 2016 at Indonesia



Contact for details

Mr. Ravish Srivastava, Sr. Manager (Fairs & Exhibition), Apparel Export Promotion Council Apparel House, Institutional Area, Sector-44, Gurgaon-122003, Haryana, (India) Tel: +91 124 2708205(D), 2708000, Mobile: +91 9818662371, Fax: +91 124 2708004 E-mail: ravish@aepecindia.com

The application form may be downloaded from our website www.aepecindia.com

TRADE X^{31st} PO Indonesia

Exhibition | Trade & Investment | Business Forum | Business Matching



trade with
**remarkable
Indonesia**

12 - 16 October 2016
Jakarta, Indonesia

TRADE X^{31st} PO Indonesia

PRODUCTS & SERVICES OF INTEREST

Manufactured Goods & Services

- ☐ Automotive Components
- ☐ Household Appliances
- ☐ Consumer Goods
- ☐ Electronics
- ☐ Glassware
- ☐ Paper and Paper Products
- ☐ Premium handicraft
- ☐ Miscellaneous
- ☐ Medical Equipment

Furniture, Furnishings, & Building Material

- ☐ Home Decoration
- ☐ Indoor Furniture
- ☐ Building Material
- ☐ Outdoor Furniture
- ☐ Flooring

Food and Beverages

- ☐ Processed Food
- ☐ Beverages
- ☐ Agricultural Products
- ☐ Coffee
- ☐ Tea
- ☐ Cacao
- ☐ Spices
- ☐ Fishery Products

Knock Down House & Garden Furniture

- ☐ Knock Down House
- ☐ Garden Furniture

Creative Industry

- ☐ Handicraft
- ☐ Animation
- ☐ Design

Fashion, Life Style, & Beauty

- ☐ Fashion and Accessories
- ☐ Premium Jewelry
- ☐ Health & Beauty Products
- ☐ Bags & Shoes
- ☐ Cosmetics
- ☐ Medical Herbs

Services & Investment

- ☐ Skilled Manpower
- ☐ Construction
- ☐ Information & Communication Technology (ICT)

Shukriya.....
Terima Kasih.....
Thank You.....
धन्यवाद

VISIT INDONESIA
every time remembered with beauty





Shukriya.....

Terima Kasih.....

Thank You.....

धन्यवाद



to Jakarta,
Indonesia







Key Regulations

Textile and manufacturing-related sectors

| Law or Regulation Number: | Concerning: |
|--|--|
| Ministry of Trade Regulation No. 52/M-DAG/PER/7/2015 | Provisions on Import of Textile and Clothing |
| Minister of Trade Regulation No. 53/M-DAG/PER/7/2015 | Terms of Textile and Clothing Imports and Batik motif |
| Ministry of Industry Regulation No. 15/M-ind/Per/2/2012 | Changes in Regulation of the Minister of Industry No. 123/M-IND/PER/11/2010 on Growth And Industry Revitalization Program through Restructuring Machinery / Equipment Textiles and Textile Products and Footwear. |
| Technical Guidelines: http://www.kemenperin.go.id/download/2476 | The Ministry of Industry has launched the Revitalisation of Industrial Machinery Program with a 2015 budget of IDR100billion. The objectives were: (1) Achieving the value of the investment made by the textile industry, footwear, and leather tanning by a minimum of IDR1trillion or USD 80 million; (2) Creating employment opportunities for at least 10,000 people for the textile industry, footwear, and leather tanning industry; (3) Increasing the efficiency of energy use and production costs and produce higher quality products and competitive. |
| Regulation of the Director General of Manufacturing Industry Base No. 03/BIM/PER/2/2012 | Industrial Revitalization Program Growth Through Restructuring Machinery / Equipment Industry Textile and Clothing and Footwear. |
| The legal basis for the Directorate General of Customs and Excise | Law of the Republic of Indonesia Number 17 Year 2006 on the Amendment of Law No. 10 of 1995 on Customs and Law No. 39 of 2007 concerning Amendment to Law Number 11 Year 1995 regarding Customs |

Further updates can be viewed through:
http://inatrade.kemendag.go.id/index.php/perijinan/get_perijinan_detail/010001

INATRADE

A wide range of incentives are available

BKPM will provide advice on which incentive is applicable for the textile and manufacturing sectors

TAX ALLOWANCE

Government
Regulation
No.18/2015

30% of investment value

Reduction of corporate net income tax for **6 years, at 5% each year.**

143 business segments, including textiles

Specific requirements are:

- Minimum amount of investment value
- Minimum number of workforce
- Specific project locations, especially outside of Java

TAX HOLIDAY

Ministry of Finance Regulation
No. 159/PMK.010/2015

A variety of sectors are covered in this Regulation.

Period of tax holiday: **5 -15 years**
(Previously it was for 10 years but it is being extended for up to 20 years).

Minimum amount of investment is:
IDR 1 Trillion

Reduction of tax holiday from
10% to 100%

IMPORT DUTY FACILITY

Ministry of Finance Regulation
No.176/PMK.011/2009









On machines and materials used for production purpose

2 years import duty exemption or 4 years for companies using locally-produced machines (min. 30%).

Industries that produce goods and/or services

Key Industry Ministries and Associations

Smart Textiles related body

| | | | |
|--|---|---|--|
| <p>Ministry of Industry</p>  <p>Kementerian Perindustrian REPUBLIK INDONESIA</p> <p>The Directorate of Textiles and Various Industry is responsible for the textile, textile products and manufacturing.</p> <p>www.kemenperin.go.id</p> | <p>Ministry of Trade Indonesia</p>  <p>KEMENTERIAN PERDAGANGAN REPUBLIK INDONESIA MINISTRY OF TRADE</p> <p>Deals with all aspects of trade, export and import, and protects the manufacturing industry.</p> <p>http://www.kemendag.go.id/</p> | <p>Ministry of Finance, Diretorate General of Customs and Excise</p>  <p>DIREKTORAT JENDERAL BEA DAN CUKAI</p> <p>Deals with the importation of goods and collects import duty and taxes for state revenue.</p> <p>www.beacukai.go.id/</p> | <p>Indonesia Footwear Association ('Aprisindo')</p>  <p>ASOSIASI PERSEPATUAN INDONESIA APRISINDO INDONESIAN FOOTWEAR ASSOCIATION</p> <p>Formed in 1988 through an assembly of shoe manufacturers by the Ministry of Industry in the Jabotabek area, West and Central Java.</p> <p>www.aprisindo.or.id/en</p> |
| <p>Indonesia Textiles Association ('API')</p>  <p>Founded in 1993, API is a independent textile and textile products organisation.</p> <p>http://apidki-jakarta.weebly.com</p> | <p>Indonesian Synthetic Fiber Producers Association ('APSyFI')</p>  <p>Founded in 1975, APSyFI's members produce Polyester Staple Fiber, Polyester Filament Yarn and Nylon Filament Yarn in Indonesia</p> <p>www.fiber-indonesia.com</p> | <p>Center of Leather, Rubber and Plastics (under Ministry of Industry)</p>  <p>BBKKP Balai Besar Kulit, Karet dan Plastik <i>Industriasi menuju kehidupan yang lebih baik</i></p> <p>(Balai Besar Kulit, Karet dan Plastik) R&D, cooperation, standardization, testing, certification, calibration, and development of competency in the industry.</p> <p>http://www.bbkkp.go.id</p> | <p>Indonesian Tanners (leather) Association ('APKI')</p>  <p>INDONESIAN TANNERS ASSOCIATION ASOSIASI PENYAMAK KULIT INDONESIA</p> <p>Established in 1965, members are leather tanners, suppliers of chemical, raw material, spare parts and machineries and other leather goods.</p> <p>www.indonesiantanners.com</p> |

Institutes and centres of excellence

A host of organisations supporting Indonesia's textiles and manufacturing sectors are growing in prominence, as are academic centres of excellence

| | | | |
|---|--|---|--|
| <p>Academy of Leather Technology</p>  <p>POLITEKNIK ATK YOGYAKARTA Kementerian Perindustrian RI</p> <p>The polytechnic specialises in the study of processing of leather, rubber and plastics materials, and is sponsored by the Ministry of Industry.</p> <p>http://atk.ac.id/index.php?offset=7</p> | <p>College of Textile Technology (or Sekolah Tinggi Teknologi Textile (STTT) Bandung</p>  <p>STT-TEKSTIL</p> <p>Established in 1922, STTT college is government-owned (co-operated between Ministry of Industry and Ministry of Education and Culture). Its graduates have contributed in the textile industry nationwide.</p> <p>http://www.politeknikstttekstil.ac.id</p> | <p>Fakultas Teknologi Industri Universitas Trisakti</p>  <p>UNIVERSITAS TRISAKTI</p> <p>Trisakti University is a private university located in west Jakarta, Indonesia. Founded in 1965, the university has more than 30,000 students. Its Faculty of Engineering includes Mechanical Engineering, Electrical Engineering, Civil Engineering, Architecture and Fine Arts.</p> <p>http://www.trisakti.ac.id</p> | <p>Fakultas Teknis Mesin dan Dirgantara Institut Teknik Bandung (ITB)</p>  <p>INSTITUT TEKNOLOGI BANDUNG 1920</p> <p>Established in 1920, ITB is one of the oldest and most reputable technical schools in Indonesia. The technical machine faculty was setup in 1941.</p> <p>http://www.ftmd.itb.ac.id/</p> |
|---|--|---|--|

The full list of Indonesian Best Universities are available through:

<http://www.ekonomi-holic.com/2014/02/daftar-universitas-terbaik-di-indonesia.html>

Areas restricted or closed for FDI

Certain types of activities are fully or partially restricted when it comes to FDI. Key areas relevant to the textile and manufacturing sectors are detailed below:

RESTRICTED FDI

PLANTATION & PLANTATION BREEDING:

TEXTILE RAW MATERIALS AND COTTON

(KBLI/ISIC 01160)

- With an area < 25 Ha, is reserved for micro, small medium business and cooperatives.
- With an area > 25 Ha, requires special licenses/permits and foreign capital ownership is limited to 95%, and is subjected to a recommendation from the Minister of Agriculture.

| Scope of investment: | Minimum Investment Requirement: | Specific location: |
|--------------------------------------|---|------------------------------------|
| GEOTEXTILE | <ul style="list-style-type: none"> Investment of > IDR100 billion Workforce absorption: <ul style="list-style-type: none"> -New investment > 100 people -Expansion > 50 people | n.a. |
| COTTON FIBER | <ul style="list-style-type: none"> Must be integrated into the plantation/cultivation business Plantation area > 500 ha | Sulawesi, Gorontalo, Nusa Tenggara |
| CARPET MANUFACTURING INDUSTRY | <ul style="list-style-type: none"> Investment of > IDR80 billion Workforce absorption: <ul style="list-style-type: none"> -New investment > 100 people -Expansion > 50 people Technology transfer benefits | Except Java island |
| NON-WOVEN INDUSTRY | <ul style="list-style-type: none"> Investment of > IDR70 billion Workforce absorption: <ul style="list-style-type: none"> -New investment > 100 people -Expansion > 50 people Technology transfer benefits | Except Java island |

CLOSED TO FDI

1. Textile Retail Trade (KBLI/ISIC 47511 and 47512)
2. Renting and leasing of textile machinery

6 good reasons to invest in Indonesia's Smart Textiles sector

Demand for **smart textile products** will be reach USD500million in Europe alone by 2020

(Grandview Research, 2015)

Realised FDI in overall textile in Indonesia reached: **USD 422.5 million in 2014** with a total number of **232 projects**

(BKPM)

Indonesia is one of ASEAN's **most competitive** locations for the manufacturing of textile products

61 Industrial Estates are available throughout the archipelago

Most competitive operating costs for manufacturing sector in ASEAN-5

(Financial Times)

Government commitment to supporting FDI in textile and manufacturing through **machinery revitalising program**

29 Maret-1 April 2016, JIExpo Kemayoran,
Jakarta

<http://www.inapa-exhibition.net/>

<http://www.palmoilexhibition.com/>

**INDONESIAN TRADE EXHIBITION CALENDAR
2016**



INTERNATIONAL 8
FURNITURE &
CRAFT FAIR
INDONESIA 2016

THE MOST COMPREHENSIVE FURNITURE EXHIBITION
12 - 15 March 2015
Jakarta - Indonesia

15,000 sqm exhibition ground
4,500 buyers from 100 countries
USD 600 M transaction
BOSCH ST ADAMS

Indonesia Convention Exhibition (ICE)

<http://www.asmino.or.id/>



JIExpo Kemayoran, Jakarta

<http://www.inapa-exhibition.net/>

JAKARTA CONVENTION CENTRE (JCC)

Visit: www.jcc.co.id



JAKARTA INTERNATIONAL EXPO (JI EXPO)

Visit: www.jiexpo.com



ASOSIASI PERUSAHAAN
PAHERAN INDONESIA /

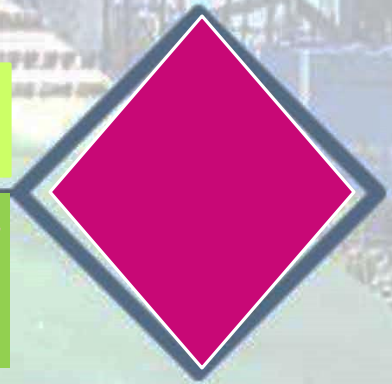
INDONESIAN EXHIBITION COMPANIES

ASSOCIATION (ASPERAPI)

Visit: www.ieca.or.id



*Wide Range of Policy Reforms to Boost
Economic Growth*



Short Run Policy Package I, II, III and IV

...to navigate through uncertain global environment and to stimulate domestic economic growth, Indonesia has launched a series of economic policy package



Stimulus Package I: 9 Sep 2015

Cut Red Tapes

- Rewriting **89 out of 154 regulations**
- Deregulation policies such as **relaxing visa requirements, gas price adjustment** for certain industries and **enhancing cooperative function**
- **Simplification to obtain business licenses** and implementation of **e-services**

Accelerate Strategic National Projects

- Simplifying **spatial license & land accommodation**
- Accelerating **goods & service procurement** for the government
- Discretion in legal issue barriers
- Strengthen the **role of regional heads to accelerate national strategic project completion**

Boost Low Income Housing

- Promoting **housing construction for low income citizens**
- Expanding opportunity for **investments in property sector**

Stimulus Package II: 29 Sep 2015

Simpler Permit Requirements

- Ease bureaucracy for investments via **3-hour permit issuance program**
- **Faster process for tax allowance and holiday** for qualified investments to 25 days and 45 days, respectively
- **Streamline permit requirements in forestry sector** from 14 to 9

Tax Incentives

- Elimination of **VAT for transport industries** (train, shipping and air transport inc. spare parts)
- **Reducing tax rate on deposits from export proceeds**. 1-month deposit tax 10%, 3-month 7.5%, 6-month 2.5% and more than 6-month 0%

Integrated Logistics Facilities

- Facility incentive on **integrated logistic center**
- Two facilities slated to be operational by end of 2015; Cikarang (Manufacturing) and Merak (Fuels)

Stimulus Package III: 7 Oct 2015

Lower Fuel and Electricity Prices

- **Lower retail fuel costs** (jet fuel, LPG and retail fuel)
- **Decrease gas price** for factories and qualified industries
- **Lower industrial electricity prices**

Land Permit Simplification for Investment Activities

- **3-hour turnaround** for land availability
- Faster approval time for **building, leasehold, use right and land permits**

Broadening of Small Business Credit Recipients

- Expanding criteria for allowed recipients to include **salaried workers**

Stimulus Package IV: 15 Oct 2015

Fair, Simplified and Projectable Wage System

- Setting **Provincial Minimum Wage regulation**
- Formula for setting minimum wage to ensure **simplified, stable and projectable yearly wage adjustments**

Ease and Affordability of Small Business Credit

- Government provides **subsidy on small business credit** to stimulate credit growth in banking sector and affordability to applicants
- Expanding **criteria for small business credit** to include:
 - Micro, Small and Medium enterprises in productive sectors (farming, fishery, manufacturing, creative business, trading and services)
 - Overseas Indonesian workers with occupation in formal sectors
 - Family members of salaried workers
 - Ex-Overseas Indonesian workers
 - Overseas Indonesian workers with terminated contract

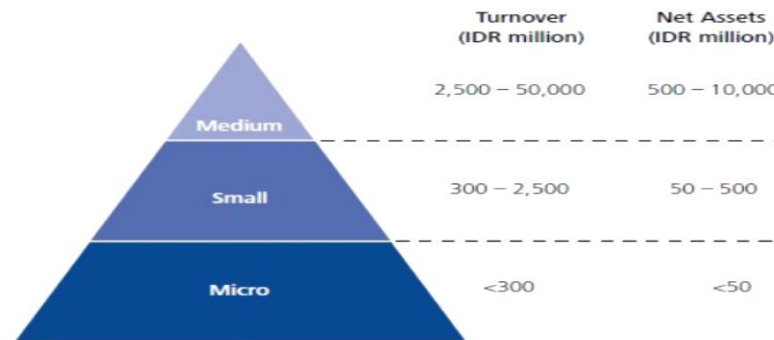
SMES IN INDONESIAN ECONOMY

Indonesia

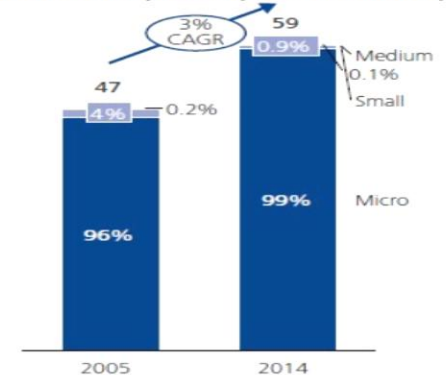
Contribution to economy

In Indonesia, SME is defined by turnover and net assets. The number of SMEs in Indonesia grew at 3% CAGR to 59 million.⁷

SME Definition



Growth of SMEs (million, no. of entities)



Source: SME Act No 20/2008; Indonesia Ministry of Cooperatives and SMEs; Deloitte Analysis

- In accordance with the Indonesia SMEs Law, micro enterprises are defined as enterprises with net assets less than IDR 50 million (land and buildings excluded) or enterprises which have less than IDR 300 million total annual sales.
- Small enterprises are enterprises with net assets from IDR 50 million to IDR 500 million (land and buildings excluded) or with total annual sales from IDR 300 million to IDR 2.5 billion.
- Medium-sized enterprises are those with net assets from IDR 500 million to IDR 10 billion (land and buildings excluded) or with total annual sales from IDR 2.5 to 50 billion.
- Besides governs the criteria of SMEs, Indonesia SMEs Law also governs about business environment, business development (production and processing, marketing, human resources, and design and technology), funding and collateral, partnership, and administrative and criminal sanction with regard to the violence of Indonesia SMEs Law.

Business Sectors and Number of Enterprises

- In Indonesia, SMEs represent approximately 57% of the country's gross domestic product (GDP) and employ more than 96% of its workforce. Women own about 23% of SMEs in Indonesia, and this figure is growing by 8% annually
- In terms of SME contribution to GDP within APEC, Indonesia and China had the two highest at 59% each. In Indonesia, SMEs also provided 92% of total employment. According to Indonesia's Ministry of Cooperatives and SMEs, the country has 57.89 million SME 'business units,' or approximately 99.99% of the total number of businesses.
- Business sectors of Indonesian SMEs: Agriculture, Animal Husbandry, Forestry and Aquaculture, Mining, Processing industries, Electricity, gas and water, Construction, Trading, hotel and restaurant, Trading, hotel and restaurant Transportation and communication Transportation and communication Finance and leasing Finance and leasing Services.
- Number of SMEs: Small Enterprises : about 99,80% of all enterprises, Medium Enterprises : about 0,14% of all enterprises
- About 56% of all SMEs have businesses in Agriculture, Animal Husbandry, Forestry and Aquaculture sectors
- To promote SMEs, the Ministry of Co-operative and SMEs established in March 2007 (SMESCO (Small and Medium Enterprises and Cooperatives) Indonesia Company). SMESCO's main goal is to promote Indonesian SMESCO sector internationally.
- *Indonesian government initiative to support the financial access to SMEs is called Kredit Usaha Rakyat (KUR).* The KUR program has created a positive impact on SMEs by supporting them with a source of finance that can be accessed easily.

INDIAN BUSINESS DELEGATION AT TRADE EXPO INDONESIA 2015

33

TRADE X PO
indonesia

KEMENTERIAN
PERDAGANGAN
REPUBLIK INDONESIA
MINISTRY OF TRADE

sourcing @
remarkable
indonesia



Total Indian Visitors : 140 nos

Indian business delegation : 50 nos

**Lead by Indonesian Embassy, New Delhi
Indonesian Consulate General, Mumbai &
Indonesian Trade Promotion Centre (ITPC), Chennai**

Total : US\$ 4632000 (Trade)

Total : US\$ 4870000 (Investment)

TRADE EXPO INDONESIA 2015 B2B MEETINGS



TRADE EXPO INDONESIA 2015 – VARIOUS MEETINGS

