

## Indonesia Offers Ample of High-Potential Investment Opportunities in Energy, Mining, Infrastructure and Others to Private Investors

### Executive Summary:

- **Steady Economic Growth:** Since 2008, Indonesia has achieved consistent annual GDP growth of about 6%, and the Economist Intelligent Unit expects the Indonesian economy to maintain a steady growth pace in the 5-6% range through 2016. According to IMF, in 2013, the country's GDP was just above US\$ 1 trillion, placing it the 17<sup>th</sup> largest economy in the world and the largest one in the Association of Southeast Asian Nations (ASEAN). The Indonesian government has implemented a series of measures to stimulate productive investments, ease infrastructure bottlenecks, and raise the living standards and quality of human resources so as to become one of the 10 largest economies in the world by 2025.
- **Improving Investment Climate and Indonesia's Competitive Advantages:** Indonesia has become one of the favorite emerging countries for international investors, as ongoing reforms in areas such as macroeconomic framework, banking supervision, accounting standards, transparency and governance issues formulated by the government have enhanced the investment climate. Moreover, the country possesses positive fundamental elements, including the world's 4<sup>th</sup> most populous country with a relatively young population has created an enormous domestic market and a high productivity workforce, endowment of abundant natural resources, and a pool of diversified import-export markets.
- **Indonesia's Growth depends on Consumer Spending and Natural Resources:** Indonesia's huge population of 246.9 million of which 15% are classified as the middle class and low credit penetration rates are the driving forces for consumption as well as purchasing power, fueling strong consumer demand over the decades to come. With 11% of the country's 2013 GDP and 65% of its exports are linked to commodities, Indonesia has made progress in diversifying its export markets to minimize the impact from the economic slowdown of developed economies. It has also taken steps to expand the downstream processing businesses to increase the exports of higher value-added products.
- **Looking forward, we believe Indonesia presents substantial long-term growth potential.** Particularly, we believe immense investment opportunities with high potential could be found in the following areas:
  - **Agriculture:** Indonesia's agricultural sector not only plays a vital role in meeting domestic demand but also acts as a supplier to the global markets. Increasing value-added and boosting domestic production for food security are the priority targets for the government.
  - **Energy:** To meet growing energy demand and relieve the burden from fuel subsidies, the country has implemented two fast-track programs to increase electricity capacity and use more renewable energy. Hence, more investment opportunities will be available for private investors.
  - **Mining:** Rich in natural resources remains one of Indonesia's attractions to international investors, especially for metals and thermal coal. The shift in the focus to downstream operations to create higher value-added products provides unique investment opportunities.
  - **Manufacturing:** Government is keen to attract investments to develop and strengthen manufacturing operations locally so as to move up the value chain of production.
  - **Infrastructure:** Transport network development and upgrades to improve efficiency is key to drive future economic growth. The US\$401 billion MP3EI program opened to participation by private enterprises and foreign direct investors represents opportunities that would otherwise unavailable for projects on roads, railways, seaports, airports and power stations.