



World Eye Reports

# Indonesia

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## The rise of a regional leader for Southeast Asia

In 2015, Indonesia celebrates its 70th anniversary as a nation with one goal: Leading Southeast Asia. The country's vast, young population (more than half of which is below 29 years of age) and its abundance of natural resources have caught the attention of investors who increasingly regard it as a secure bet.

Joko Widodo's recent election as Indonesia's president, with his government's strong commitment to education and the improvement of infrastructure across the country, points to a period of growth and development that analysts predict

will last many years.

Decades ago, one of the first countries to realize the abundance of opportunities in Indonesia was Japan. With Japanese public and private investment in the country that represents 17 percent of total inward investment, Japan is now the second-largest investor in Indonesia after Singapore.

"Japanese investment in the country has not only modernized Indonesian industry, but also improved the country's trade with Japan and the rest of the world," said the Japanese Ambassador to Indonesia, Yasuaki Tanizaki. In fact,

since a free trade agreement was signed between both countries in 2008, exports from Indonesia to Japan have increased by 46 percent.

In the coming years, the flow of

changed a lot in the last few years," said Kenichi Tomiyoshi, president and director of JETRO Jakarta. "While before the mainstream of investment consisted of autos and

and services."

One of JETRO's missions in the country is to help small and medium-sized Japanese companies invest in Indonesia.

Good relations between the two countries — and the resulting understanding between markets — have led to new partnerships and joint ventures. "Thanks to these collaborations, Japanese investors are able to understand the local market, while local entrepreneurs see their industry modernized," said Norio Yamazaki, a JICA (Japan International Cooperation Agency) expert (the Japan side

of the Indonesia investment coordinating board, BKPM). "One of JICA's tasks is to find business matches between corporate sectors so that both markets can grow together."

Meanwhile, new government policies in place in Indonesia that will facilitate the entry of foreign capital, the implementation of a more modern education system and the radical reform of the country's infrastructure network are key aspects that should speed the country to its desired status of regional leader and international reference. ♦

## 'Mareinats' foster belonging in crowded reinsurance field

With more than 35 years of experience in the insurance and reinsurance sector, Robby Loho has run PT Maskapai Reasuransi Indonesia Tbk. (Marein) since he was named its president and director in 2006. His decadeslong background in the business, together with a keen knowledge of his customers' needs, has been key to the company's robust rejuvenation over the last several years. Today, Marein is one of the best national reinsurance companies in Indonesia, and the first to be publicly listed on the Indonesia Stock Exchange.

Over the past decade, Loho has directed and implemented strict operational strategies that have served as benchmarks for employee performance and company profitability. Incentives for increased productivity through a system of corporate bonuses have led to a sense of employee ownership within the company.

"One of our keys to success has been the creation of an atmosphere of teamwork, and a sense of belonging among our people," he explained. "We call ourselves 'Mareinats.'"

The creation and maintenance of this support backbone has allowed the powerhouse reinsurer to provide the best customer service in the industry, supporting growth of the sector and increas-



**Robby Loho**, President and Director of Marein

ing corporate value for Marein's stakeholders.

The company is now prepared to face new challenges in 2015, as it revs up for a capital increase. The move will enable Marein to maintain its competitiveness in the face of new regulator policy that is pushing for mergers and acquisitions in Indonesia's reinsurance sector. In the newly redrawn map made up of a smaller number of stronger players, Marein intends to stand out.

Beyond Indonesia, in a pivotal year for ASEAN and its plans to build an economic community, Marein is also looking to get closer to its goal of becoming a preferred reinsurance company for the region. ♦

[www.marein-re.com](http://www.marein-re.com)

Japanese investment in the country has not only modernized Indonesian industry, but also improved the country's trade with Japan and the rest of the world."

— YASUAKI TANIZAKI  
Japanese Ambassador to Indonesia



... the past couple of years have seen the tendency change — with a boost in all sectors, especially agriculture, processed food and services."

— KENICHI TOMIYOSHI  
President and Director  
JETRO Jakarta



Thanks to these collaborations, Japanese investors are able to understand the local market, while local entrepreneurs see their industry modernized."

— NORIO YAMAZAKI  
Expert  
Japan International Cooperation Agency



## Country's rich natural resources help feed the world

Pupuk Indonesia (PIHC) has become the country's key player in exporting fertilizer technology to the rest of the world. From its base in Jakarta, capital of one of the world's most agriculturally intensive and innovative economies, it has solidified its high quality offerings to the global market, including Japan.

The PIHC group's restructuring in 2011 fortified its response to growing domestic and international demand for fertilizer. This brought together 10 subsidiaries: Five of them in fertilizer production (Petrokimia Gresik, Pupuk Kujang, Pupuk Sriwidjaja Palembang, Pupuk Kalimantan Timur, Pupuk Iskandar Muda) and five in other sectors (Rekayasa Industri, Mega Eltra, Pupuk Indonesia Logistik, Pupuk Indonesia Energi and Pupuk Indonesia Pangan). Having served for over 35 years across various roles in the group, Arifin Tasrif was tasked with overseeing this period as the new

entity's president and director.

"Before, we had overlaps across the business such as double investment, competition and individual financing," said Tasrif. "With a unified strategy, we streamlined the company to reduce inefficiencies to further improve the synergy and productivity of all members. This included taking advantage of joint procurement for bulk ordering and shared financial services, not to mention standardizing recruitment and training across the entire company."

"With the latest technology present in our new plants, our production capacity has increased enormously from 10.5 million tons in 2009 to 11.26 million tons in 2014, and relocating them near ports and logistics hubs has also allowed us to save on transportation costs," he added. "We have furthermore switched our main energy source from gas to coal for more savings, which also allows

Huge opportunities await, as demand is greater than our capacity. I see great potential regionally ... in addition to our existing international markets."

— ARIFIN TASRIF  
President and Director  
Pupuk Indonesia



us to use gas for the direct processing of the product. Clustering our operations into regions covering Sumatra, Kalimantan and East Java has, in turn, helped us deliver our products and services

much faster."

Today, PIHC is Southeast Asia's largest fertilizer manufacturer. "Our goal is to raise capacity from 12 million to 19 million tons per year," Tasrif said.

"By next year, we'll be halfway there."

The company's assets increased by 119 percent from 2009 to 2014. In the same period, revenue grew by 88 percent. This has resulted in the company's total equity reaching \$444 million in 2014.

Today, about 70 percent of PIHC's current production is allocated for Indonesian government requirements. The remaining 30 percent is divided about equally between the non-subsidized market and exports, and it's in these areas where growth is booming.

"Huge opportunities await, as demand is greater than our capacity," Tasrif explained. "I see great potential regionally, in countries such as the Philippines and Myanmar, in addition to our existing international markets, which include the U.S., Europe, Brazil and Australia."

Japan remains a top priority for PIHC. In fact, the company signed a memorandum of

agreement with Mitsui in 2014. "We work closely with Mitsui to develop potential projects together," he said. "We can bring together Japan's technology and financial strength with our own industry knowledge and natural resources."

"PIHC has worked with Toyo Engineering, Chiyoda and Mitsubishi Heavy Industry to build plants, with a large part of the urea fertilizer plant based on technology licensed by Toyo Engineering," Tasrif concluded. "We are also open to working with Marubeni and Sumitomo for energy sector projects. In February this year, we inaugurated a coal gasification demo plant in Cikampek under a joint partnership with IHI Corporation. The main goal of the project is to use Indonesian low-rank coal, one of our biggest natural resources, to produce syn-gas — a basic intermediate in many chemical commodities." ♦

[www.pupuk-indonesia.com](http://www.pupuk-indonesia.com)



**Michelle Tjokrosaputro**, President of Dan Liris

## Savvy management — and charm — succeed through thick and thin

The charming and affable third-generation president of one of Indonesia's textiles and garments powerhouses, Dan Liris, Michelle Tjokrosaputro credits much of her company's success to the senior managers and staff with whom she has led it back to growth after some challenging times. When she was first pushed onto center stage as a young adult, Tjokrosaputro said she depended on a strong sense of trust for her peers.

"I have a lot of respect for our directors, who helped turn the company around during a time of uncertainty," said Tjokrosaputro. "More than that, I find a lot of joy in going to our facilities and talking to our employees, who we consider to be the heart and soul of our company."

Tjokrosaputro has been at the helm of the 11,000-strong Dan Liris since 2006, weathering crashing cotton prices and global economic insecurity to help build the family owned company's stellar international reputation to what it is today.

"Our biggest customers such as Marks & Spencer have been such an integral part of our business for a very long time," she said. "Globally, Japan remains one of our top export markets, with Tokai as our biggest client in the country."

In fact, 23 percent of Dan Liris' total garment production is

now shipped to Japan as part of increasing business ties with the country. The company's exports are also progressively shifting toward regional Japanese subsidiaries throughout ASEAN.

But while regional and global aspirations are part of the company's DNA, it is the strength of its Indonesian customers that keep the company growing. In 2013, Tjokrosaputro set up a new retail brand called Bateeq, which rethinks the way traditional Indonesian batiks are marketed.

"With the growth of the Indonesian economy, we thought it was time to set up our own retail store to take advantage of the strong domestic market," said Tjokrosaputro. "In just two years we have opened 25 retail outlets throughout the country."

International expansion for Bateeq is also on her agenda. "Before going international, I want to make sure everything is tried and tested," she explained. "My goal is to ultimately bring Bateeq to Japan, as well. I hope it can be done within the next two years."

Despite overseas ambitions, Tjokrosaputro continues to return to the roots of her family's business as key catalysts for its growth — its employees.

"Through thick and thin, we want to continue taking care of one another," she said. "It's a family run business after all." ♦

[www.danliris.com](http://www.danliris.com)

**PUPUK INDONESIA**  
PUPUK INDONESIA (PERSERO)

Anak Perusahaan:

- PT PETROKIMIA GRESIK
- PT PUPUK KUJANG
- PT PUPUK KAITIM
- PT PUPUK ISKANDAR MUDA
- PT PUPUK PALEMBANG
- PT REKAYASA INDUSTRI
- PT MEGA ELTRA
- PT PUPUK INDONESIA LOGISTIK

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# Indonesia Business Report

www.worldeyereports.com

## Bridging the gap, building a nation and banking on international benchmarks

The Asian financial crisis of the 1990’s and Indonesian mining crisis of 2005 were turning points with vitally important lessons for Bank Mandiri’s transformation into Indonesia’s most-admired and progressive financial institution. Today, Bank Mandiri is Indonesia’s largest financial institution in terms of assets, loans and deposits.

“We wanted to be a more diverse bank,” said Budi Sadikin, Bank Mandiri’s group CEO. “Corporate banking can be very volatile, so we focused on retail to improve stability despite economic downturns.”

Sadikin was brought into Bank Mandiri in 2006 to lead the development of the then underdeveloped micro and retail banking division, and took the helm as CEO in 2014. The bank currently has 2,300 micro-banking branches across the country, and a diverse income and balance sheet in which revenue is split about 50-50 between corporate and retail.

“Indonesia has a very large population, and GDP per capita is increasing,” said Sadikin. “In the future, we strongly believe that retail contributions will grow dramatically.”

Only about 60 million out of a population of 250 million Indonesians hold bank accounts and have access to financial services in the country. Bank Mandiri’s goal is to bridge this gap to reach Indonesia’s young and vibrant population through mobile banking.

“There has been a dramatic change in the preferences of clients toward mobile and internet banking,” said Sadikin. “We looked at the Indonesian mobile telecommunications industry’s astonishing near-100 percent penetration rate as an inspiration.”

Last year saw the launch of Bank Mandiri’s e-cash mobile application, which allows users to easily link or create accounts, using

“We’re showing the world that we have a very clear objective: Contributing to the World Bank’s target of giving 2 billion people access to financial services within five years.”

— BUDI SADIKIN  
CEO  
Bank Mandiri



BANK MANDIRI

only their mobile number to quickly send or receive cash to their existing contacts. In fact, the Indonesian government is now using Mandiri e-cash as a means of distributing direct cash subsidies to individuals. By the end of 2015, the bank expects to attract 50 million users to the service.

By reaching more of the local population with its services, Bank Mandiri aims to do its part in Indonesia’s effort to become a strong middle-income nation. With the support of Indonesia’s Ministry of Finance, the bank has been very active in communicating this goal with the international community

through its participation in events such as the recent Asia-Africa Summit in Jakarta and the World Economic Forum.

“In these forums, we always emphasize three main topics we need to develop in the country to grow toward our middle-income goal: financial inclusion, deepening the financial market and entrepreneurship,” said Sadikin. “We’re showing the world that we have a very clear objective: Contributing to the World Bank’s target of giving 2 billion people access to financial services within five years.” ♦

www.bankmandiri.co.id

## Japanese partnership forms basis of global expansion

PT Binabusana Internusa Group (BBI) had modest beginnings in the garment industry. Its president and director, Lukas Lukman Widjaja, took the helm in 1989 and the company started supplying hospital uniforms to Japan’s Nagai in 1992. Since then, BBI’s standards for quality, sewing, hygiene and prompt delivery have seen it rise to the top of the Indonesian textiles and apparel sector.

“We have grown together over 23 years, and

**BBI Group’s vision to be a world-class company known for quality and flexibility through long-term partnerships with clients and a close relationship with its employees ...**

we are very committed to our relationship with Nagai — we are like family,” remarked Lukas LW. “We now produce around 1.7 million garments for Nagai yearly. Transparency is vital for constant improvement, so we regularly sit down together and communicate.”

Apart from its partnership with Nagai, BBI Group has also extended its business to produce uniforms, fire-fighting garments, functional wear, sportswear and fashion apparel for other customers in Europe, North America and Japan.

Its most recent venture, Apparel One Indone-

sia (AOI) produces sportswear. AOI’s new facility in Semarang in Central Java will be completed in the fourth quarter of this year, and is projected to be running 60 production lines by 2016. Thus, in consolidation with the existing facility, it will reach 110 lines, in a total area of 46,000 sq. meters.

“To date, BBI Group employs 7,500 workers and will grow to 12,000 worker in the next few years, and to develop even further we need a

strong management team,” said Lukas LW. “We therefore cultivate a management trainee program to get new blood interested in the sector and to develop expertise.”

BBI Group’s vision to be a world-class company known for quality and flexibility through long-term partnerships with clients and a close relationship with its employees goes hand-in-hand with a sense of pride in its participation in the development of Indonesia.

“I have always been proud of my country, and believed in the Indonesian garment sector’s



BBI

Lukas Lukman Widjaja, President and Director of Binabusana Internusa Group (BBI)

competitiveness and world-class potential,” concluded Lukas LW. “As a trained mechanical engineer, I didn’t expect to be in the garment sector. Now, I’m glad to be building our team and serving our buyers while contributing to the country’s development.” ♦

www.binabusana.com

## Planting seeds of trust across the planet

Selektani Horticulture does more than just produce flower seeds for growers around the world — it brings people together. Founded in 1983, the company has established four farms across Indonesia in North Sumatra, Central and East Java. Next year, its parent company, Bibit Baru, will celebrate 45 years of serving as its international partner.

As a global player, Selektani has built long-term rela-

partners for the development of technologies such as greenhouse construction and piping.

“The Japanese understand cultural diversity,” said Hendro Basuki, founder and managing director of Selektani Horticulture. “They are a great example for Indonesia, which is still developing a common national value as a young and independent nation. We have a lot to learn from the Japanese about the differences between the development of

tion, as it moves from a family business into a professional corporate organization. The new

**Selektani Horticulture aims to build strong pillars in both the international and domestic markets for continued stability.**

management team is focused on improvements toward greater prosperity to sustain the business for the years ahead.

“We have built our reputation on honesty and integrity, and we have the expertise and capability to produce world-class products,” said Basuki. “Moving forward, our most important advancement is how we relate to our customers’ needs. It is important to continue building trust as we reach out to more partners from Japan and around the world.”

In the future, Selektani Horti-

culture aims to build strong pillars in both the international and domestic markets for continued

**Selektani has built long-term relationships with clients from the Netherlands, Germany, the U.K. and the U.S. It has also formed lasting bonds with its Japanese partners ...**

tionships with clients from the Netherlands, Germany, the U.K. and the U.S. It has also formed lasting bonds with its Japanese

urban and rural settings and the modernization of agriculture.”

The company is currently in a phase of renewal and regenera-

“We have built our reputation on honesty and integrity, and we have the expertise and capability to produce world-class products.”

— HENDRO BASUKI  
Founder and Managing Director  
Selektani Horticulture



SELEKTANI HORTICULTURE

