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Solid relationship builds strong base for 21st Century development

The global spotlight continues to shine brightly on Indonesia in 2014, when few countries have come close to this country's impressive economic growth (estimated at 5.8 percent). A South-east Asian powerhouse that has been showing resilience and adaptability despite volatile economic conditions in past years, Indonesia continues to live up to its solid reputation of being one of the world's fastest growing and stable economies.

Iman Pambagyo, the director general for international cooperation for Indonesia's Ministry of Trade, is optimistic about the country's capabilities and long-term potential as Asia's prime investment destination: "Indonesia is politically stable. Geographically, we are in the heart of the region experiencing the most growth.

And there are multiple avenues for growth, particularly due to our growing domestic market and middle class. The government has also taken key steps to improve infrastructure and education; which it sees as keys to Indonesia's continuous success."

Primarily because of these factors, Indonesia's economy has expanded constantly over the last 10 years, and much more aggressively in the last five. This fast-paced growth may also be linked to an external factor: its ever-growing and strengthening partnership with Japan — the country's second-largest trading partner.

The year 2007 marked the signing of the Foreign Trade Agreement between both countries. By the following year, the 6th Economic Partnership Agreement between Indonesia

and Japan had been signed.

In 2008, celebrations were held in both Jakarta and Tokyo for the 50th anniversary of diplomatic ties. Business links surged accordingly. In fact, 2011 records show that the number of Japanese business visitors to the JETRO Jakarta office went up from 1,000 to almost 3,000 that year. This number jumped in 2012 to 4,500.

"The majority of visitors to our office aim to invest in Indonesia, and this number should increase because of the country's highly attractive, solid and steady growth, as well as its large domestic market," explains JETRO Jakarta's president director, Kenichi Tomiyoshi.

Last year marked the 55th anniversary of diplomatic relations between the two coun-

tries, as both reconfirmed their commitment to each other with plans to further strengthen diplomatic and business ties.

"For our 55th anniversary, we would like to continue our economic and business relations," notes the Japanese Ambassador to Indonesia, Yoshinori Katori. "Japan has identified 45 new projects in Indonesia covering airports, ports, roads, power plants, water supply and sewage systems. We want to cooperate with the Indonesian government on these projects, and we believe that local government welcomes this trend because we have had a very good relationship with Indonesia for decades."

As for private industry, Japanese investment has been most active in Indonesia's automotive and auto parts sector. "We have taken many steps to make

business in general easier in Indonesia," says Irwan Hutasoit, vice chairman for investment, domestic and foreign trade at the Jakarta Chamber of Commerce. "Interestingly, the Japanese seem to have mastered the technique already. They know the market very well because of our long relationship, and they understand the long-term potential of this growing market."

Edwin Ridwan, chairman of the permanent committee for investment at the Jakarta Chamber of Commerce, believes that the next avenue for growth will be in knowledge-based industries and services, saying, "There is huge potential in the market, particularly for early Japanese investors, and we want Japanese business to be even more aggressive in Indonesia."

Dr. Setyanto Santosa, presi-

dent and director of the Indonesian association of ICT (information and communications technology) companies, Mastel, sees potential in this sector in particular. "Indonesia's ICT infrastructure is still lacking compared to its Asian counterparts, but the country's increasing reliance on the digital environment presents a lucrative long-term opportunity for companies that can develop the sector and infrastructure further."

Analysts have said for years that Japan's investment in Indonesia has had a multiplier effect on the speed of the development of this Southeast Asian nation. "While Indonesia offers Japan a young and increasingly educated workforce, Japanese companies can establish multitermed businesses and provide knowledge-based development that ben-

efits Indonesia as a whole," explains Agus Tjahjana, director general for international industrial cooperation at Indonesia's Ministry of Industry. "This, and a continuous bilateral exchange of knowledge, is the key to growth for both countries."

The business relationship between Indonesia and Japan has grown to become an ideal partnership. It is showing the world what belief in each other, openness in collaboration and mutual dedication can bring about: a solid base for success in the 21st Century. ♦

FAST FACTS		INDONESIA
Area:	1,904,569 sq. km	
Population:	251,160,124 (July 2013 est.)	
Currency:	Indonesian Rupiah (IDR)	
Avg. exchange rate:	\$1= IDR 10,394.65 (2013 bid average)	
Real GDP:	\$866.7 billion (2012 est.)	
GDP growth:	6.2% (2012 est.)	
GDP per capita:	\$4,900 (2012 est.)	
Inflation:	4.3% (2012 est.)	
Unemployment:	6.1% (2012 est.)	
Main industries: Petroleum and natural gas, textiles, automotive, electrical appliances, apparel, footwear, mining, cement, medical instruments and appliances, handicrafts, chemical fertilizers, plywood, rubber, processed food, jewelry and tourism		
Total exports:	\$187.3 billion (2012 est.)	
Total imports:	\$178.7 billion (2012 est.)	
Major export goods: Oil and gas, electrical appliances, plywood, textiles, rubber		
Major import goods: Machinery and equipment, chemicals, fuels, foodstuffs		
Main export markets (% share): Japan 15.9%, China 11.4%, Singapore 9%, South Korea 7.9%, US 7.8%, India 6.6%, Malaysia 5.9% (2012 est.)		
Main import markets (% share): China 15.3%, Singapore 13.6%, Japan 11.9%, Malaysia 6.4%, South Korea 6.2%, US 6.1%, Thailand 6% (2012)		

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President
JETRO Jakarta



Insuring success through the ideal partnership

Insurance is not yet as common as it should be in Indonesia. In fact, life insurance companies' penetration rate is still relatively low at about 2 percent of the Indonesian market so far. This may be seen as a problem for some, but at the same time, it offers huge opportunity for insurance companies looking to expand in the country. With a potential market of over 250 million people, there is immense room to grow in the Indonesian insurance sector, but there is also growing and increasingly aggressive competition.

"Education about insurance and building trust will be the keys to expanding in the long term," says Hideki Wake, Deputy President Director of Sinarmas MSIG Life, a joint venture between two giant insurance companies in Asia, PT. Asuransi Jiwa Sinarmas, a subsidiary of Sinarmas Group and Japan's Mitsui Sumitomo Insurance. "There is massive potential in the market, especially due to the expanding middle class. So for us, our priority is to build corporate brand awareness and consistently create products and offer plans to address each stage of life cycle, be it single, newly-wed, married with children, near retirement or retired."

Wake's view is backed by his company's accolades and strong numbers. Sinarmas MSIG Life is recognized by the Investor magazine as the 2nd Best in Insurance



Hideki Wake, deputy president director; Johnson Chai, president director; Hirofumi Koyanagi, director

Companies in the category of assets value over 5 trillion Indonesian Rupiah (IDR). As of 2012, Sinarmas MSIG Life has over IDR 24 trillion in total assets and by the end of Q2/2013, the company has served more than 500,000 customers through 8,000 agents and 118 sales offices nationwide. The numbers are expected to grow exponentially in the coming years as the market develops and the company focuses on the selling of regular-premium unit-linked plans in 2014.

"For Sinarmas MSIG Life, the main advantage is in the joint venture itself," says Hirofumi Koyanagi, one of its directors. "Sinarmas has a tremendous advantage in terms of reaching the local domestic market and educating them about insurance in general. On the other hand, MSIG brings its international experi-

ence and technological knowhow to help the joint venture expand further in the market."

For investors and clients alike, Sinarmas MSIG Life positions itself as a safe investment and reliable partner in Indonesia. "Integrity is a key aspect of our company," continues Wake. "We understand the hesitations of the market, so we are continuously working towards building an image of trust and support. We want people to understand the benefits of insurance and how they are in safe hands with Sinarmas MSIG Life."

As growing numbers of Indonesians become more familiar with the benefits of insurance, both men are optimistic that the name "Sinarmas MSIG Life" will become similarly well-known as a brand to trust. ♦

www.sinarmasmsiglfe.co.id

Proudly Indonesian, with elite personnel to take on global markets

Astra Otoparts is Indonesia's foremost automotive component company — producing and distributing spare parts for both two- and four-wheeled vehicles. The history of the company began with the establishment of Alfa Delta Motor in 1976, which was engaged in auto manufacture and machinery assembly. The company is now composed of six business units and 33 subsidiaries, and affiliated companies with nearly 36,000 employees.

Automotive spare parts produced by the company are divided into two segments: original equipment for manufacturers (OEM) and replacement equipment market (REM). The OEM segment mostly caters to Japanese clients, while the REM products are distributed all over Indonesia,

through Astra Otoparts' 70 distribution networks nationwide.

Astra Otoparts follows the management philosophy that says it is imperative to achieve operational excellence in business. "In our production, we use first-class machinery that allows us to manufacture in a better and more efficient way," says Hamdhani Salim, president and director of the company. "This is crucial for our future growth. We also have an R&D facility to create new products. We are excited to introduce new versions of our products that we have engineered."

Today, the company's products not only have a leading position in the Indonesian domestic market but are also distributed to over 40 countries on five continents around the world.

In the last five years, the com-

pany has achieved solid financial performance. Its annual sales growth, despite the challenging economic conditions in the automotive industry, has reached a figure of more than \$33.8 billion in the past three years — indicating a consistent and continuous improvement in performance.

"With our healthy financial profile and varied business portfolio, Astra Otoparts will keep on growing on its way to becoming a world-class automotive components supplier," Salim predicts.

In its drive to achieve this goal, Astra Otoparts also emphasizes the importance of high-caliber human resources as a factor in its success. From the start, it has been a firm believer that it cannot achieve this without its elite team of professionals. ♦

www.component.astra.co.id



Automotive parts produced by Astra Otoparts are used by original equipment for manufacturers (OEM) and in the replacement equipment market (REM) for two- and four-wheeled vehicles.



“With our healthy financial profile and varied business portfolio, Astra Otoparts will keep on growing on its way to becoming a world-class automotive components supplier.”

— HAMDHANI SALIM
President and Director of Astra Otoparts

The Largest Group of Automotive Parts Manufacturing and Distributing Companies in Indonesia

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