

# MODERN INDONESIA: THE FUTURE OF INDONESIAN MARKETS

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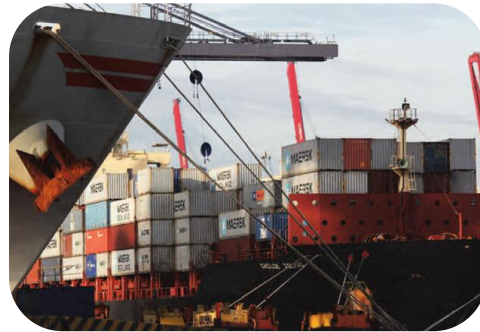


# Modern Indonesia



The largest economy in SEA with stable economic growth

- World's **16<sup>th</sup>** largest economy
- **5.05%** growth in 2023.



Strong domestic demand

- 277 million population (2023) → 141 million middle class.
- 41% of SEA's population → gateway to SEA



Young and tech-savvy population

- 212 million and 5.2% growth of internet users.
- 77% internet penetration.
- 167 million (60%) social media users.



Resource-rich country with thriving downstream industries

- Require USD545.3 billion of investment until 2040.
- 20 special economic zones, 4 free trade zones, 120+ industrial estates

# Key Sectors



## Automotive/electric vehicle

- Main auto market and producer in SEA.
- 45% of global supply of nickel in 2030



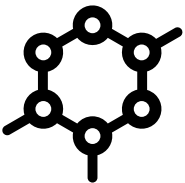
## Textile and apparel

- Highest textile consumption growth.



## Food and beverages

- 30% of F&B market in SEA.



## Chemicals

- 17.6 billion basic chemicals market.



## Electronics

- Rapid growth of consumer electronic market
- Market revenue USD21.4 billion in 2024.



## Tourism

- Tourism GDP to grow at 6.1% from 2018 to 2028 (USD35.1 billion)



## Renewable energy

- Require USD50 billion of investment for renewable energy.

# Introducing Nusantara

Nusantara offers investment opportunity into the future of Indonesia



## Vision of Nusantara:



*The World's Sustainable City*



*A Symbol of National Identity*



*Economic Driver for Indonesia's Future*

## Nusantara Highlights

### Location:

**East Kalimantan, Indonesia<sup>1</sup>**

### Total Area:

**252,660 ha**  
divided into 3 zones<sup>2</sup>

### Population<sup>3</sup>

**~4 Million**

Across the tri-city ecosystem surrounding Nusantara<sup>3</sup>

### Governance:



Nusantara Capital Authority<sup>4</sup> (NCA)

### Investment required:

**USD 32 Billion**

for infrastructure & economic drivers (technology, renewables, energy, EV, etc.)

# Nusantara: Smart Sustainable City

Out of 252,000 hectares of Indonesia's new capital city, Nusantara:

65% forest

10%  
agriculture &  
park

25% urban  
space

**Net zero by 2045**

# Investment Opportunities in Nusantara

Investment opportunities from land and property perspective, according to Government Regulations (PP) 12/2023

Business Licensing, Ease of Business, and Investment Facilities in IKN



## HGU (Cultivation Rights)

- Validity: 95 years in stages (35 + 25 + 35)
- Extension possible after 5 years of use
- Re-application 10 years before cycle end, subject to conditions like proper usage



## HGB (Building Use Rights)

- Validity: 80 years in stages (30 + 20 + 30)
- Extension after 5 years of use
- Residential properties: HGB can upgrade to ownership



## Use Rights over HPL (Management Rights)

- Validity: 80 years in stages (30 + 20 + 30)
- Extension after 5 years of use
- Foreign citizens can obtain residential rights



## General Provisions

- HAT (Land Rights) subject to 0% BPHTB for a period
- HAT transfer needs Nusantara Capital Authority approval, also at 0% BPHTB



# Green and Blue Economy

## The New Economic Paradigm:

**Green Economy** comprises of Low Carbon Terrestrial Economy and Blue Economy



### Green Economy (include Blue Economy)



Low Carbon Terrestrial Economy



Blue Economy:  
Low Carbon Coastal &  
Marine-based Economy

#### Overarching Principles:

Balancing growth with environmental benefits

Applying Circular Economy

Low Carbon emissions

Creating value-added and improving productivity

Considering carrying capacity

#### Implementation Through:



Circular Economy



Renewable Energy



Green Industry



Marine Tourism



Fishery and Shipping Industry



Coastal Management



Forest-Peatland Restoration and Conservation



Waste Management



Sustainable Agriculture



Bioeconomy Biotechnology



Renewable Energy



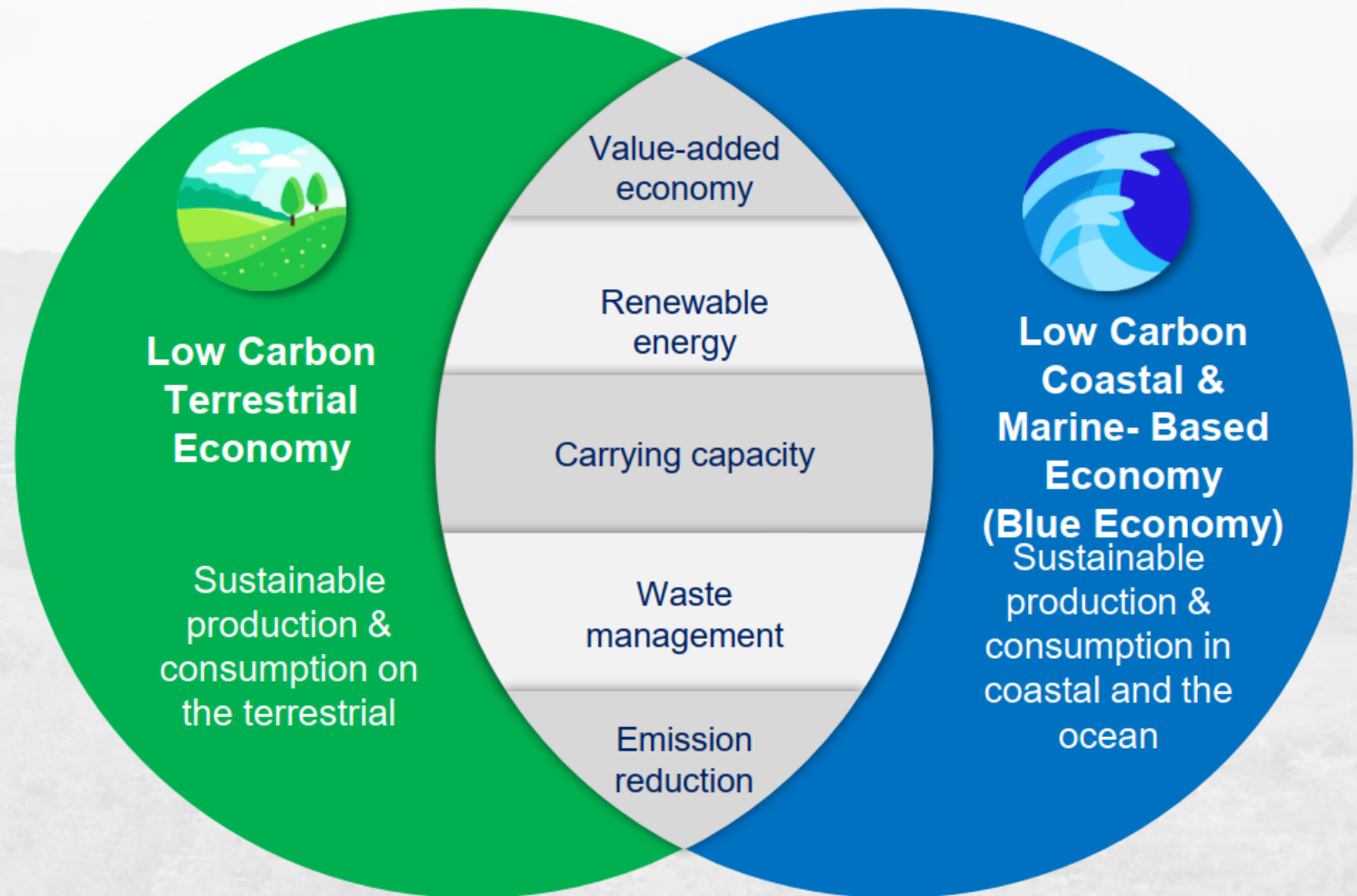
Marine litter Waste Management

Economic Transformation Based on SDGs

# The Intersection between Low Carbon Economy of Terrestrial and Coastal Marine (Blue Economy)

**“We Can’t Go Green  
Without the Blue!”**

Low carbon terrestrial and blue economy aim to promote economic growth while protecting the environment. Both incorporate strategies to perform the perfect concept of **Green Economy**, which is a **low carbon and sustainable planetary-wide economy.**





# Green Economy Strategy including Blue Economy in the Framework of Indonesia's Economic Transformation towards a Indonesia Emas 2045:

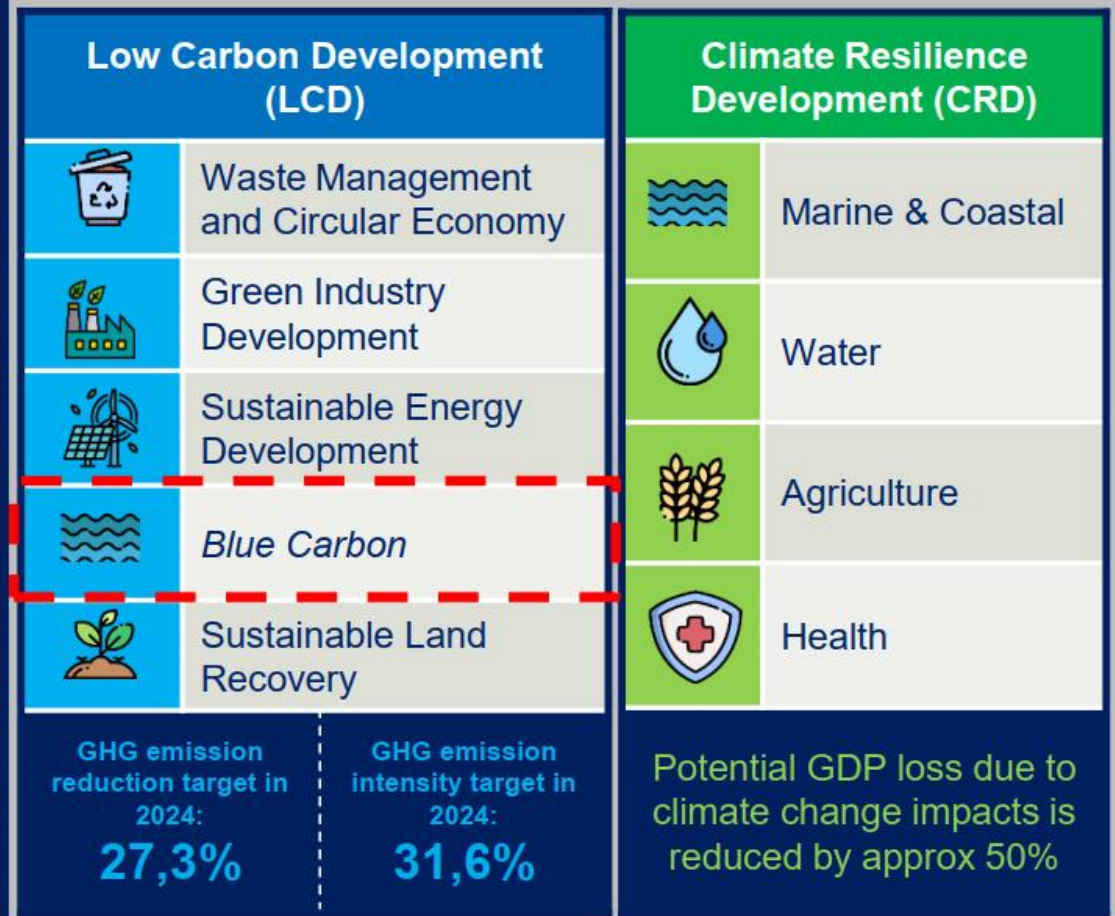
Low Carbon and Climate Resilient Development as the “backbone”

## Economic Transformation Strategy Plan



*Green Economy refers to an economic development model to support sustainable development with a focus on greener investment and capital accumulation, greener infrastructure, and green jobs, to achieve social welfare and environmental sustainability outcome.*

## The “Backbone” of Green Economy



# 2025–2045 National Long Term Development Plan (RPJPN)

Indonesia's  
Vision in  
2045

Indonesia as  
Sovereign, Developed,  
and **Sustainable**  
Nusantara Country

**17**  
Goals






**8**  
Development  
Agenda(s)

**45**  
Indicators

The realization of Indonesia's Vision in 2045 is reflected in 5 (five) Main Goals:

Development  
Goals

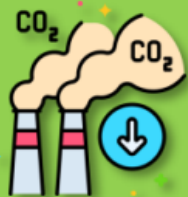
Target in  
2045

 <p>Per capita income on par with developed countries</p>	 <p>Poverty goes to 0% and inequality decreases</p>	 <p>Increased leadership and influence in the international world</p>	 <p>Increased competitiveness of human resources</p>	 <p>GHG emission intensity decreased towards Net Zero Emissions</p>
<p>GNI per capita</p> <p><b>30,300 USD</b></p>	<p>Gini Ratio (index)</p> <p><b>0.290-0.320</b></p>	<p>Global Power Index (rank)</p> <p><b>15</b></p>	<p>Human Capital Index</p> <p><b>0.73</b></p>	<p>Reduction of GHG emission intensity</p> <p><b>93.5%</b></p>

In order to realize an Indonesia that is equal to developed countries, Economic Transformation through a **Green Economy** is needed which places **Low Carbon Development and Climate Resilient Development** as the backbone.



# What benefits will Indonesia gain when **Green Economy** is achieved?



**87–96 billion**  
tonnes CO<sub>2</sub>e  
GHG emissions  
saved over 2021–  
2060



**Almost 68% reduction**  
in emission intensity by  
2045, before reaching NZE  
by 2060



**Reaching Net  
Zero Emissions  
(NZE) by 2060 or  
sooner**



**25–34%**  
higher gross  
national income  
(GNI) by 2045



**Average GDP  
growth of  
6.1–6.5%**  
per year until 2050



**1.8 million**  
additional green  
jobs in 2030  
spread across the energy  
sector, EVs, land restoration  
and waste sectors



**Mangrove extent  
increased to  
3.6 million ha**  
by 2060



**40,000 lives**  
saved in 2045  
from reduced air  
pollution



**Boost climate  
resilience  
across the  
economy**



**3.2 million ha**  
of primary forest  
protected  
by 2060



**Ecosystem restoration**  
with services valued at  
**US\$4.75 by 2060 trillion/year**



**4.1 million ha**  
of forest  
coverage added  
by 2060

# Challenge and Opportunities: Implementing Green Economy towards Indonesia's NZE

## Challenges



### High investment needs

The amount of capital needed to achieve NZE is identified as very high. This need cannot be met solely by the state budget. Alternative funding sources are strongly required e.g. private investment, fiscal policy, blended-finance, etc.



### Risk of "stranded assets"

The strategy of energy transition needs to be carefully planned, including how to manage the early retirement of the existing "brown assets" and minimize the risk of becoming stranded assets



### Technology and knowledge gap

It is necessary to accelerate technology transfer and innovation as well as to develop local green technology manufacturing in Indonesia



### Workforce migration to green jobs

The green economy transition requires the preparation of human resources that are aligned with human resource development policies and programs such as skilling-reskilling-upskilling

## Opportunities



### Green jobs creation

Achieving Green Economy could create 1.8–2.2 million additional jobs by 2060 spread across the EBT, electric vehicle (EV) sectors, energy efficiency, land, and waste management



### Decarbonization of urban areas

Implementation of green buildings, electric public transportation, use of renewable energy, restoration of urban



### Carbon pricing implementation

The carbon trading and non-trading scheme could help increasing funding for low-carbon activities



### The rising of ESG trends<sup>1</sup>

Interest in ESG among businesses has increased in recent years, which will encourage green investment, increase demand for sustainability-related regulations and reliable ESG data & reporting system

<sup>1</sup><https://www.bain.com/insights/m-and-a-opportunities-in-the-energy-transition-enr-report-2022/>

# SMEs in the National Economy

Annual, in units

Enterprise	2014	2015	2016	2017	2018	2019
A. MSMEs	57 895 721	59 262 772	61 651 176	62 922 617	64 194 057	64 194 056
Micro-enterprises	57 189393	58 521 987	60 863 578	62 106 900	63 350 222	63 955 369
Small enterprises	654 222	681 522	731 047	757 090	783 132	193 959
Medium-sized enterprises	52 106	59 263	56 551	58 627	60 702	44 728
B. Large enterprises	5 066	4 987	5 370	5 460	5 550	5 550
Total (A+B)	57 900 787	59 267 759	61 656 546	62 928 077	64 199 606	64 199 606

Source: Ministry of Cooperatives and SMEs of the Republic of Indonesia, 2019, updates processed.

Note: Based on Government Regulation (PP) Number 7 of 2021, there is a change to the classification criteria for micro, small, medium, and large enterprises in Indonesia. The new criteria are used to classify data of MSMEs in 2019 as shown in the table.

99% of total  
business  
population

96% of total  
workforce

Contribute  
60% to  
national GDP

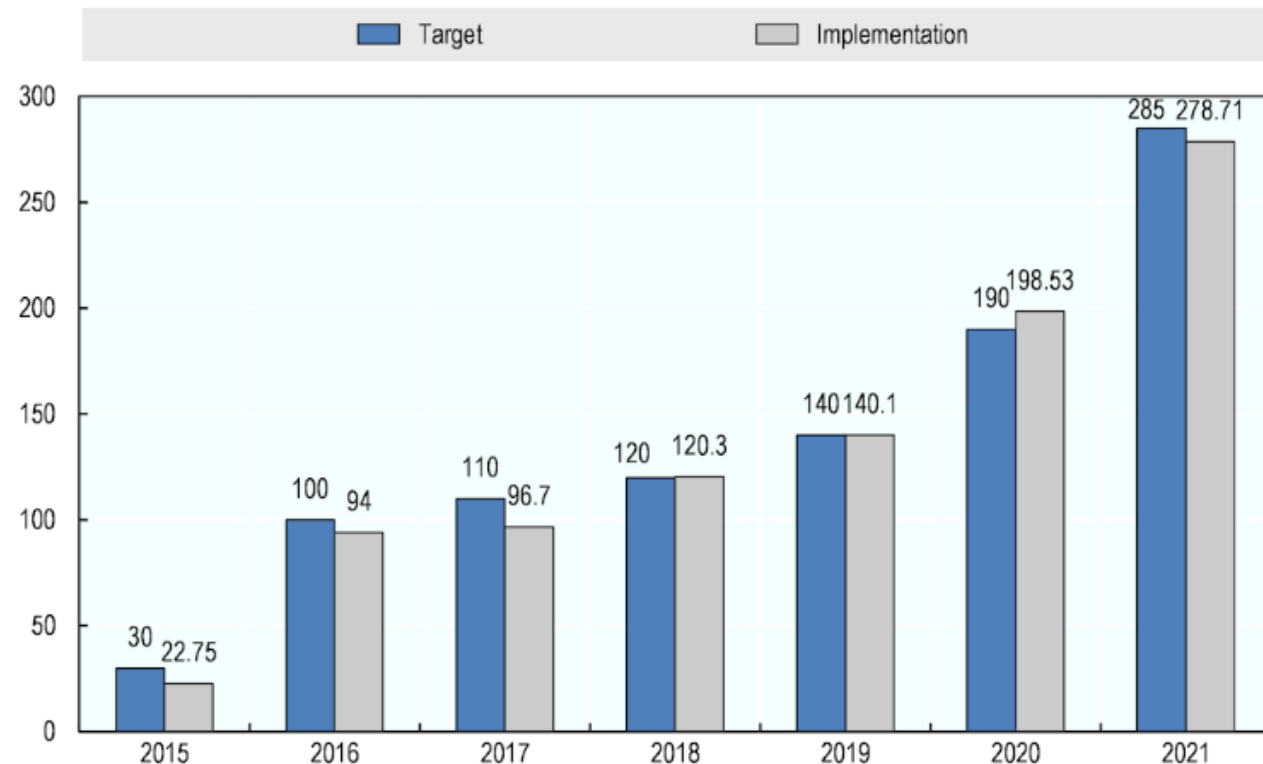


# Financing the SMEs



The implementation of KUR in 2021 has reached IDR 278.71 trillion with a growth of 40.4% (ytd) and providing IDR 7.35 million to borrowers.

Figure 19.1. Target and Implementation of KUR (IDR Trillion)



Source: Coordinating Ministry for Economic Affairs

# SMALLHOLDERS DOMINANCE IN AGRICULTURE SECTOR

>40%

of the stakeholder in palm oil agriculture industries are dominated by smallholders, making them the most important role in the business

>90%

of the stakeholder in other agriculture industries in Indonesia (rubber, coffee, and cocoa) are dominated by smallholders



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# SMALLHOLDERS DOMINANCE IN AGRICULTURE SECTOR



Smallholders are defined by the size of holding and typology, in Indonesia, the Agrarian law defines smallholders as having less than **25** hectares and Law 19/2013 stipulates **2** hectares



**Scheme smallholders** are usually formally associated with a plantation company (managed, organised, regulated)



**Independent smallholders** are farmers who are not associated with companies/mills and have the freedom to decide on the type of crop to be planted and how to manage their farm



In the case for palm oil :

Scheme smallholders : 1 million

Independent smallholders : 2.5 million – 3 million

# Future Prospects: Startup Ecosystem

## Differentiators

- US\$100 billion internet economy market by 2025 → the largest market size in SEA.
- The average Indonesian spends 4 hours per day on mobile internet → considered to be 10th among internet engagement worldwide.
- Very young population with a median age of 28.3 years.

## Outlook

- Investors will continue to be excited, but cautious, about the Indonesian dream.
- Collaboration with incumbents will increase.
- Regulations will stabilize.

# Focus Industries



E-Commerce



Fintech



Edutech



Healthtech



# Indonesian-Hellenic Business Forum

Indonesian-Hellenic Business Forum is an open forum for Indonesian and Greek businesses that facilitate the interest of all parties involved. To open new business or investment opportunity seek new opportunity in an open ended way and identify new investments opportunity from the finance, regulation and other perspectives to create new collaboration within. There will be monthly events and it's an open forum and expected to be managed by the Indonesian and Greek Businesses communities.



*"A golden moment for all of us to optimize the potentials of the **two great maritime nations**"*

Business Matching

Commodities Promotions

FGD

Verified Businesses

Collaborative Projects

New Ideas

**01** This Forum will **Initiate** new connection among the members

**02** The members with similar interests will **create a new collaboration** with the connection that has been build

**03** The Collaboration that has been build will be **cooperated** to achieve a bigger vision

# Open Forum for Members



Open Forum for Member of IHBF



Ideas



Propose



Collaborate



Projects



Next -> IHBF

**Series of Events**

**2024-2025**

# HOW IT WORKS

## Open Ended Ideas, Opportunities and Events

From anyone to everyone. In IHBF we will provide a platform for any ideas between Indonesia and Greece businesses or stakeholders. Variety of projects and ideas will be great for the continuity of IHBF

## Indonesian Embassy as the Facilitator

As independent forum, IHBF will be managed and developed by a third parties and will be overseen and assisted by Indonesian Embassy to achieve the similar interests.

## Independent Forum with Clear Vision

IHBF is open for anyone who have the interest to connect, initiate and collaborate the projects or ideas between two countries.



Initiate



Collaborate



Cooperate



Indonesian  
Business  
Communities



Greek  
Business  
Communities



IHBF

Ideas

Events

Projects

**G to G + B to B + Community**





# Economic Agreement 2019



# PLAN OF ACTION 2023

Signed by the Minister of Foreign Affairs from Both Countries



# Joint Committee

## Scope of Cooperation :

1. Bilateral Mechanism
2. Cooperation in Trade Promotion and Investment
3. Cooperation in Small and Medium Enterprise
4. Cooperation in Industry
5. Cooperation in Tourism
6. Cooperation in Infrastructure, Logistics and Transportation
7. Cooperation in Maritime and Shipbuilding



Open Forum

Series of Event  
(2023-2024).

Focus on Specific Issues



IHBF 5  
5 June 2024



# Shipping Industries



Ευχαριστώ  
Thank You!



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