

TRADE LIBERALIZATION EFFORTS

A Private Sector's Perspective



INDONESIA

EXPERIENCE

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Indonesian Chamber of Commerce & Industry Committee for International Trade

KAMAR DAGANG & INDUSTRI (KADIN) INDONESIA

Indonesian Chamber of Commerce & Industry

- Indonesian Chamber of Commerce & Industry (KADIN) is the sole business organization in Indonesia, formed in 1967 and established by the Indonesian Law No.1/1987



KADIN at provincial level

34

KADIN at district level

451

MEMBERS

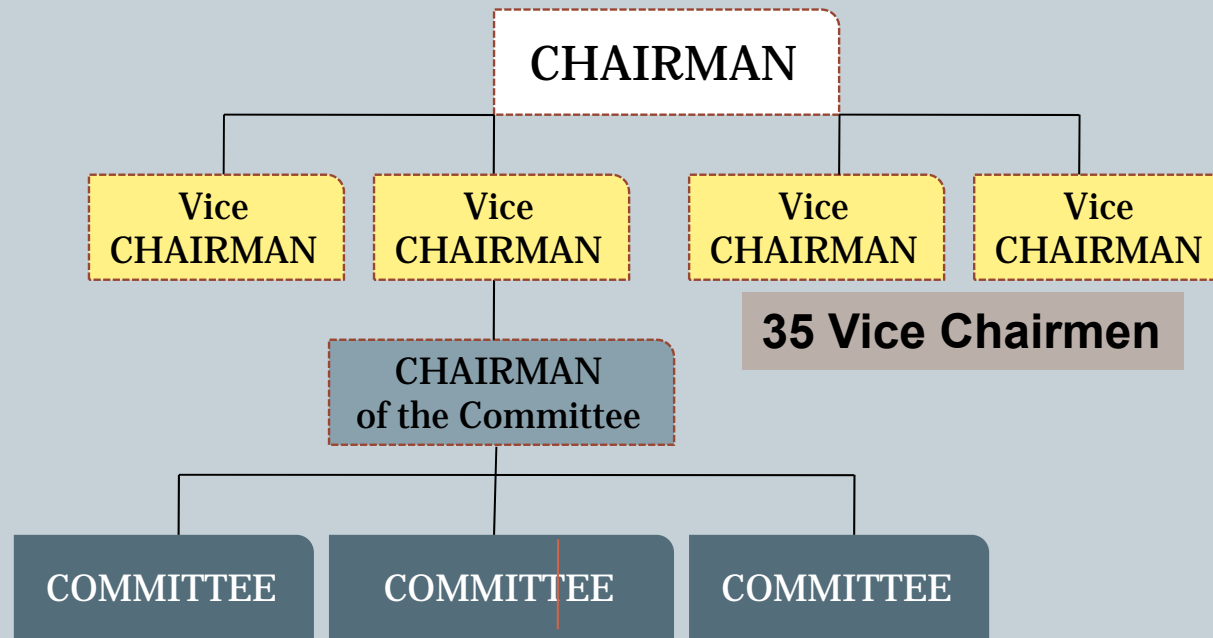
- PRIVATE BUSINESSES
- *PRIVATE COMPANIES*
- STATE OWNED COMPANIES
- *BUSINESS ASSOCIATIONS (189)*
- FOREIGN CHAMBER of COMMERCE



KAMAR DAGANG & INDUSTRI (KADIN) INDONESIA

Indonesian Chamber of Commerce & Industry

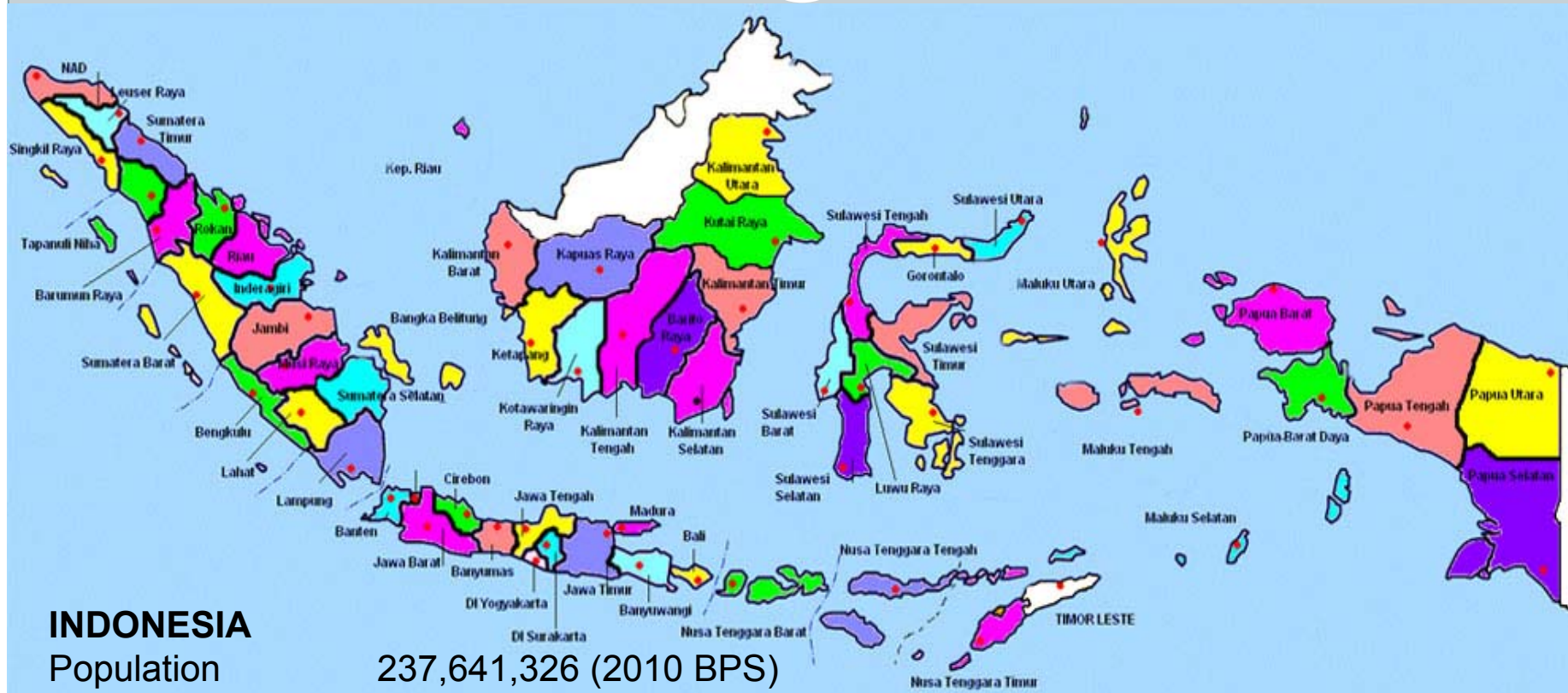
• KADIN – ORGANIZATION CHART



- VC Trade & International Relations
- Committee for International Trade



Republic of INDONESIA



INDONESIA

Population	237,641,326 (2010 BPS)
Island	13,466 (registered)
Province	34
Land	1,922,053 km ²
Ocean	3,257,483 km ²



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MY PRESENTATION TODAY

- Reasons for entering into liberalization efforts
- Indonesia-Pakistan PTA
- Indonesia and the FTA
- Challenges and Opportunities
- Conclusion



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REASONS FOR ENTERING

- a. Surging flow of goods, services, capital and work force among countries
- b. More and more global attention, effort and focus on international trade
- c. Extremely rapid and vast ICT enhancement to support trade and investment liberalization
- d. Potential increase of people's income and reduce poverty to create better standards of living

**TRADE
LIBERALIZATION
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PTA INDONESIA- PAKISTAN



- 2005 - 2011, Pakistan and Indonesia completed round of negotiations for a comprehensive economic partnership agreement.
- The PTA came in effect September 1, 2013
- Both countries hoped total trade in 2014 will reach 2 billion USD.
- Bilateral trade grown to 1.65 billion USD in 2012, up 15.61 % from 994.28 million USD in 2008
- 2012- Indonesia export 1.38 billion USD and imported 273.22 million USD from Pakistan
- Pakistani to reduce import duties for Indonesia palm oil and Indonesian reduce import duties on kinnow oranges



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INDONESIA & THE FTA / 1



ASEAN – 11 nations

- Indonesia as ASEAN signed the regional free trade area agreement AFTA – ASEAN Free Trade Agreement, in 1992 (market of 500 million population)

Objectives :

1. Become a competitive production base for global market
 2. Attracts more Foreign Direct Investment (FDI) to the member countries.
 3. Multiply ASEAN intra-trade
- ACFTA FTA was signed between China and the ASEAN in 2004 to be enforced by 2010 and 2015



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INDONESIA & THE FTA / 2



Some Impact of ACFTA:

- Some of domestic industries, such as textile and shoes are strongly affected
- The reduced role of primary businesses and political power
- The Gol's review strategy to safe domestic industries
- Moment to change



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- FTA Benefits :

INDONESIA & THE FTA / 3

- a. Free entrance and create creativity
- b. Stimulate the county's economic growth, people's income distribution and national economic stability
- c. Increase the state income from import duty and other import-export expenses
- d. Encourage the absorption of science and technology
- e. Fulfilling the people's need via importation
- f. Creating jobs and work opportunity
- g. Enhance brotherhood and cooperation among the nations



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CHALLENGES

As part of AFTA and the coming AEC, Indonesia must work hard to benefit and stay within the competitive edge amongst the participating nations. However, limited time is always the excuse for meeting the readiness.

- HIGH EXPECTATION
- LANGUAGE & WORK RULE
- LEVEL of EXPECTATION
- ICT & NATURAL RESOURCES

CONCLUSION

Pros and cons on globalization and free trade will remain and will not end.

The list can go long and longer but the controversy will never end.

OPPORTUNITIES

Apart from those practiced in the day to day trading, Indonesia with its unique and specific geography, nature, people and its custom, Indonesia can still explore and develop the tourism industry, creative economic industry, art and cultural related industries and the maritime industry. All that were never been groomed holistically and professionally.





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THANK YOU