



# Digitalisation Opportunities

# Indonesia





Indonesia Singapore Viet Nam



# Overview

Lake Coogee Room <b>Indonesia</b>	
10.30am - 10.45	Trading with Indonesia Michael Carter
10.45am - 11am	Digitisation Opportunities Arnold Japutra
11-11.15am	Question and Answer





Indonesia Singapore Viet Nam



# Michael Carter

Head of International Trade and Investment Centre

Chamber of Commerce and Industry WA

Discussing trading with Indonesia



# Cockburn Global 2023

INDONESIA

GOING  
GLOBAL



INDONESIA  
ECONOMIC  
SNAPSHOT



BUSINESS IN  
INDONESIA



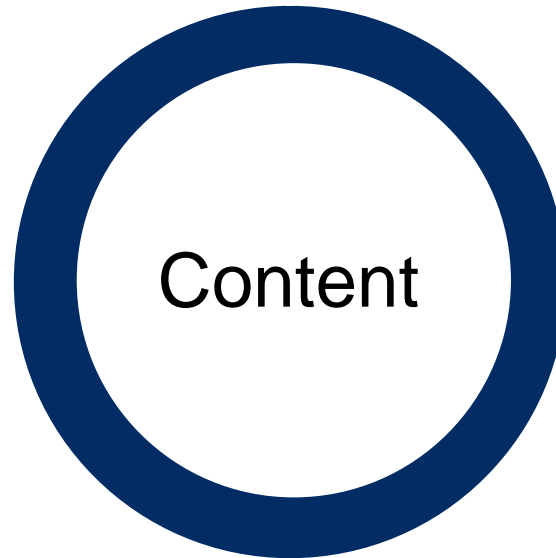
TRADE  
WA-INDONESIA



FREE TRADE  
AGREEMENTS



CONSUMER  
TRENDS



# Australia's top export markets

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# Indonesia economic

about

GDP growth ASEAN 2023

US\$ 1.1

Largest economy in  
Southeast Asia

Trillion

16th

Economy in the world

largest

268

4th most populous  
country in the world

million

Indonesia 5%

Australia 1.6%

# Indonesia economic

## sect

1 Services

2 Industry and construction

3 Agriculture

1 Services sector - biggest contributor to GDP. Including wholesale and retail; finance and banking.

2 Industry and construction sector - second biggest sector in Indonesia, which includes manufacturing.

3 Agriculture is the third largest contributor to the GDP.



# Doing business in Indonesia

- Understand the local culture and build relationships.
- Legal and regulatory requirements.
- Consider partnerships with local businesses.
- Conduct thorough market research and adapt to local preferences.
- Network actively to expand your connections.
- Be patient and flexible due to potential delays and bureaucracy.
- Maintain ethical business practices and transparency.
- Plan for logistical challenges in a country of islands.
- Manage risk through insurance and contingency planning.
- Understand local payment methods and currency.
- Explore government incentives for foreign investment.
- Invest in training and developing local talent.

# Why do business with

## Indonesia?

- 1 Rapidly growing middle class and the domestic consumption is strong.
- 2 The WA-East Java sister-state relationship boosts WA businesses in East Java with 40 million people.
- 3 99% of Australian exports enter duty free.
- 4 Labor-intensive manufacturing hub.

Energy

Education

Tourism

Mining

Primary  
industries

# WA top exports to Indonesia - AUD \$3.8 billion

## Iron ore

In 2021, Western Australia's exports to Indonesia of iron ore rose 57% to \$918 million.

## Petroleum

Indonesia is Western Australia's 6th largest export market for petroleum, and petroleum is the biggest export category from WA to Indonesia by value.

## Wheat

In 2021, wheat exports jumped from \$206 million to \$646 million which makes Indonesia Western Australia's largest export market for wheat.

## Live cattle

Indonesia was Western Australia's largest export market for live cattle in 2021. Beef is an important food in Indonesian culture and traditional cuisine.

# WA top imports from Indonesia - AUD \$0.7 billion

## Manufactured goods

Manufactured goods is the largest category of imports to WA from Indonesia.


## Non-monetary gold


This category account for 9 % of total imports from Indonesia.


## Machinery and transport equipment

Machinery and transport equipment account for 17% of Western Australia's import from Indonesia.

# Free Trade Agreements

 The Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA).

 Almost all Australian goods (by value) enter Indonesia duty-free.

 Australia and Indonesia are also members of the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA).

 Regional Comprehensive Economic Partnership Agreement (RCEP).

# Consumer

**1** Modern trade channels are the consumer preference.

**3** Shift towards greater health-consciousness.

**2** E-commerce continue to increase,

**4** Recycled, sustainable or eco-friendly materials.

Issues causing greatest impact on shopping experience

Long delivery times.

52%

Large queues in-store.

48%







# Thank you

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Head of International Trade and Investment

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# Arnold Japutra

Senior lecturer at the University of Western Australia & Digital Economy fellow at Australia-Indonesia Centre

Discussing digitalisation opportunities in Indonesia

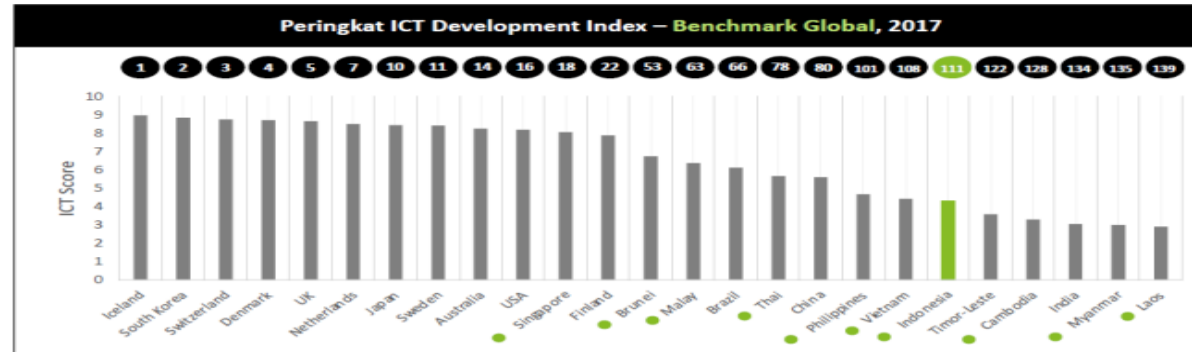


**Dr. Arnold Japutra**

**Senior Lecturer – University of Western Australia**

**Digital Economy Fellow – The Australia-Indonesia Centre**

# Indonesia Digitalization Metrics



Source: ICT Development Index 2017



2022 IMD Digital Competitiveness  
Indonesia #51 – in 2021 #53 & in 2020  
#56



KIC – Digital Literacy Status 2021

# Digitalization Parameters

## ICT Development Index

- ICT Access
- ICT Skills
- ICT Use

## IMD World Digital Competitiveness

- Knowledge
  - Talent
  - Training & Education
  - Scientific Concentration
- Technology
  - Regulatory Framework
  - Capital
  - Technological Framework
- Future Readiness
  - Adaptive attitudes
  - Business Agility
  - IT Integration

## KIC Digital Literacy Index (Based on Digital Literacy Roadmap – Ministry of Communication and Information)

- Digital skills
- Digital ethics
- Digital safety
- Digital culture

## Cyber-creation Class

### Beginner

- Ethics in the Digital World
- Digital landscape
- Data privacy
- Identifying and verifying hoax

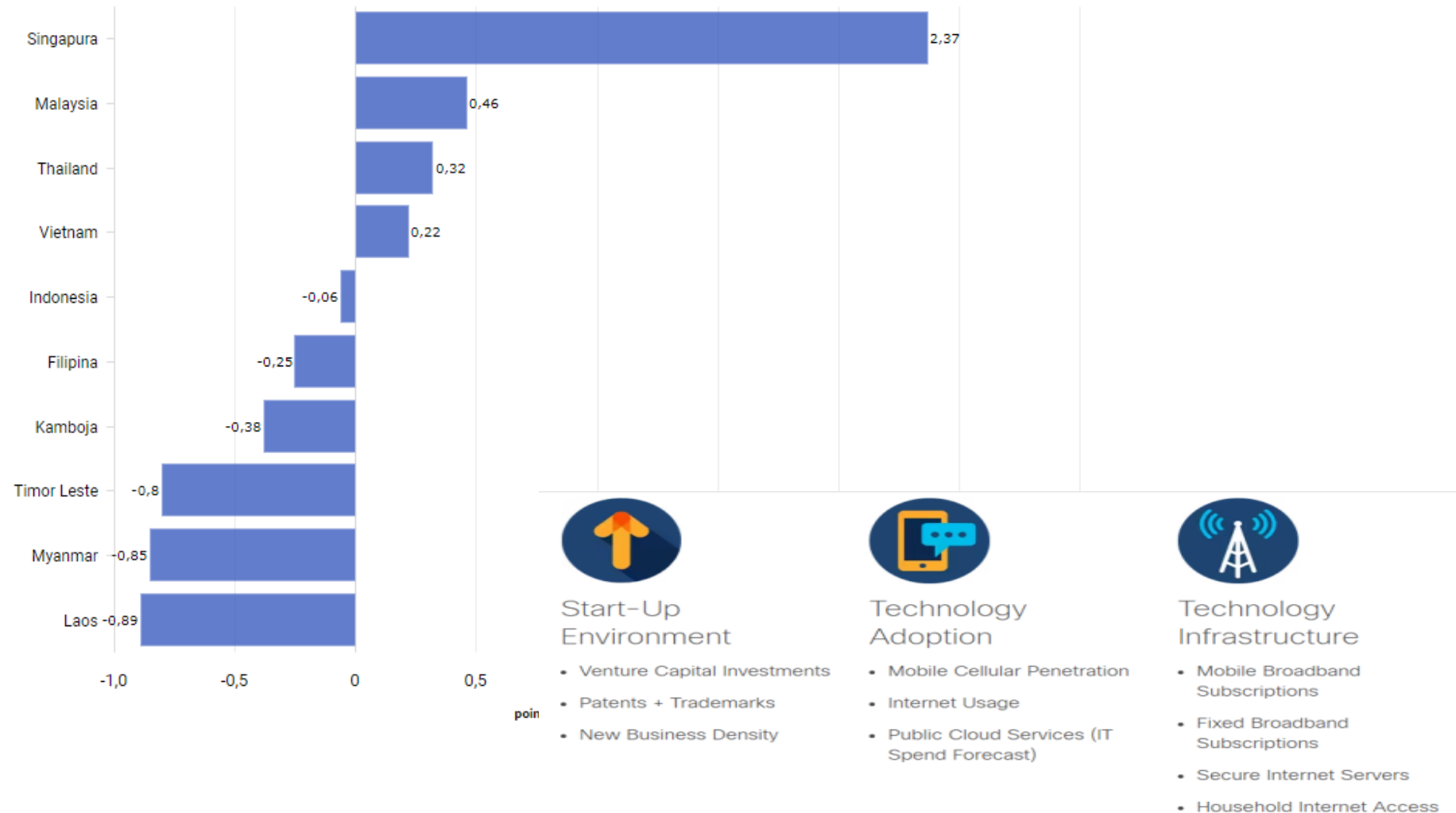
### Intermediate

- Fact check
- Digital technology and digital media
- Children online protection
- Digital resilience
- Emerging technology

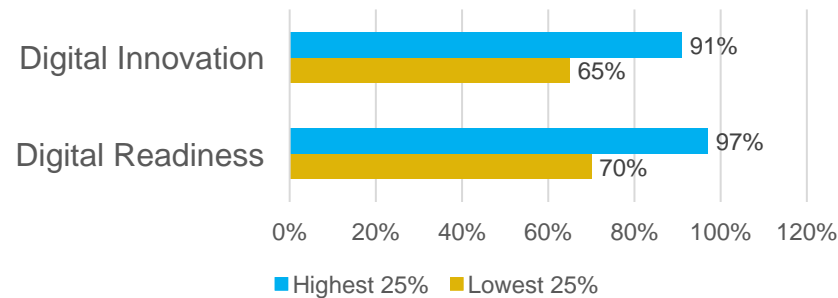
### Advanced

- Video, photography, podcast
- Blogging, copywriting
- Digital marketing
- Communication and visual design
- Internet governance

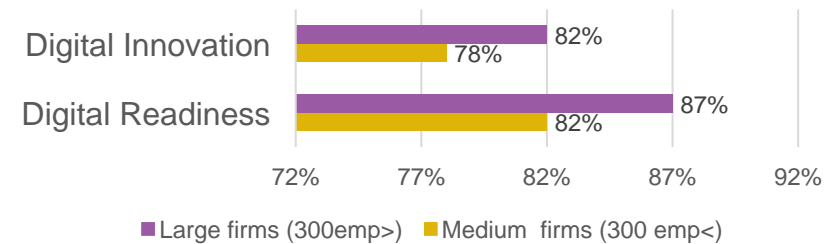
# Cisco – Digital Readiness Index



### Digital Profile of IDX Listed Firms 2020 (n=190)



### Digital Profile of IDX Listed Firms 2020 (n=190)/Firm Size



## White Paper on Digitalisation – Gernas BBI (Japutra et al., 2023)

### Challenges for MSMEs

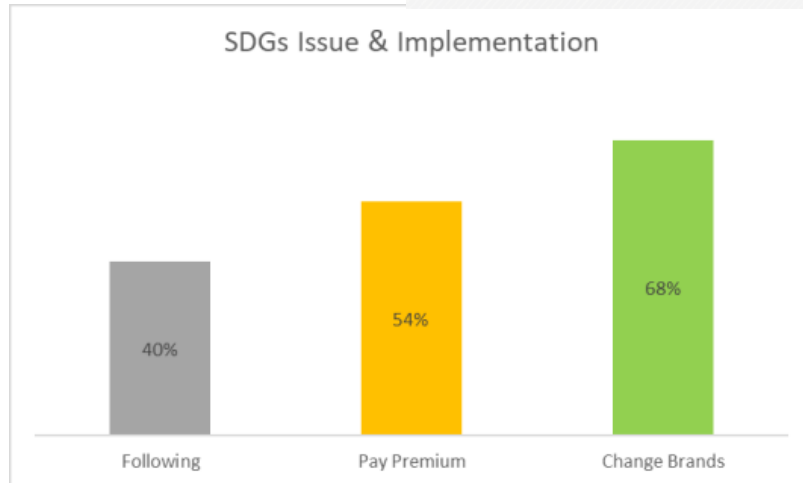
- Generic approach from government
- Narrow collaboration between MSMEs, platforms, and government
- Limited financing access
- Competitiveness gap between Java and outside Java

### Challenges for Government

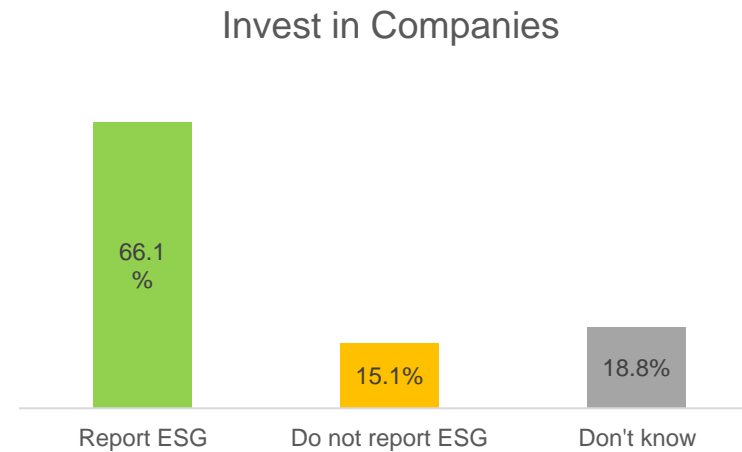
- Introduce the digital mindset to MSMEs
- Increase MSMEs awareness of the importance of digital transformation
- Induce MSMEs to invest on digital readiness
- Train novice MSMEs



# ESG Studies in Indonesia



Source: KG Media Research 2023 (n = 5,620)



Source: KIC 2022 (n = 595)

# Harmonising Digitalisation and ESG



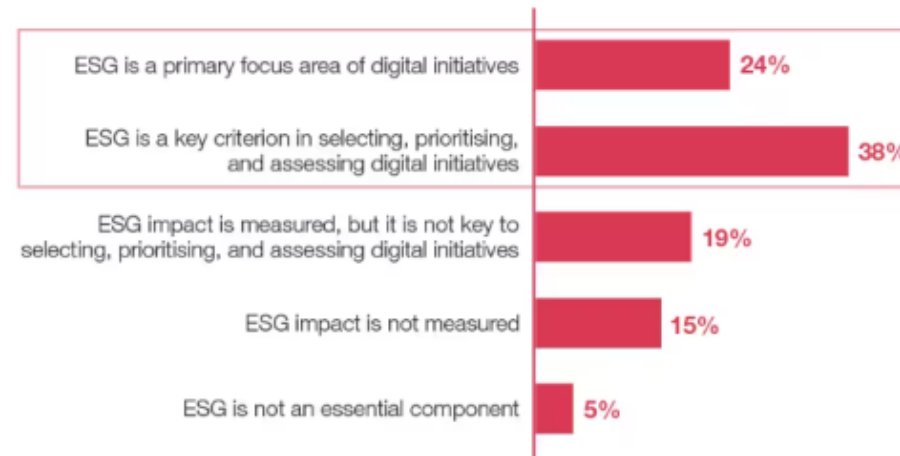
## BCG Global Transformation Survey 2021:

- Digital transformation can enable companies to focus on growth whilst sustainability can support cost reduction and growth.
- Digital transformation helps gather and analyse data, and that data can support sustainability initiatives, for example, the supply chain.
- Digital tools support decision making including in the complex area of sustainability.
- Digital transformation helps companies identify and react to risks.

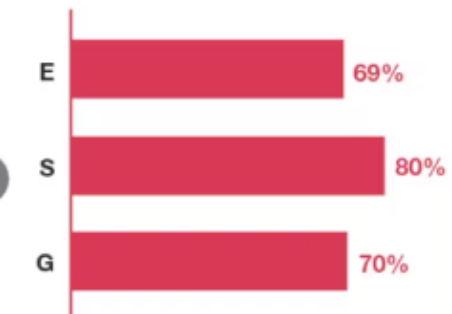
## Digital Capabilities Enable Sustainability Agendas

Companies that cited a link between digital transformations and ESG priorities (%)

When it comes to our digital transformation...



Companies that have prioritised each ESG area (%)



Source: BCG Global Transformation Survey, 2021; n= 640

IKN Project, Indonesia's new capital, applies ESG concept:

- ESG committee
- Net Zero Emission 2030 – Local Determined Commitment
- ESG Financing Instruments – Green and Blue Bonds
  - Blue bonds: finance marine and ocean-based projects
  - Green: climate and environment

# End of Session

Any Questions?



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# What's next?

11.30am-12.15pm - Breakout Session 3

