

BRITCHAM · TELKOM INDONESIA · VISINEMA

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SPECIAL ISSUE

INDONESIA'S 50 RICHEST

\$133 Billion Combined Wealth

FROM LEFT: HERMANTO TANOKO, HARY TANOESOEDIBJO, AND SRI PRAKASH LOHIA

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By Marella Putri

Photograph by Ardian Wibisono/Forbes Indonesia

Stronger Ties

Britcham is taking a long position in the UK and Indonesia relationship.

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For 2021, we have invited Christopher Wren, executive director of the British Chamber of Commerce in Indonesia (BritCham), to join the Forbes Indonesia team of guest columnists. As a precursor, we sat down with Chris to discuss the activities of BritCham and his own involvement to helping build better business connections between BritCham's members, potential British entrants to the market, the Indonesian government and the local business community.

Born in Liverpool, Chris spent the early part of his career working on projects in the Middle East before coming to Indonesia 25 years ago. Prior to joining BritCham, Chris worked across several business sectors supporting business development, corporate turnarounds and start-ups as well as holding a number of executive and nonexecutive board positions. He has also developed a strong background in educational collaborations having been involved with various institutions including the London School of Public Relations, the President University, and the President Business Institute.



During his 14 years with BritCham, in addition to its core activities, the chamber has collaborated on many roadshows to the UK promoting Indonesia as a business destination, established its Professional Women's Group, supported the new Global Indonesian Professionals' Association, cofounded the South-East Asia grouping of British Chambers, established the annual Business Confidence Index, as well as strengthening its collaboration with other business chambers based locally. Chris is a regular participant to ministerial meetings and is often invited by companies and trade development bodies to give guidance and opinions on matters relating to doing business in Indonesia.

A passionate and lifelong Liverpool fan, Chris was pleased to be a commissioner for PT The Reds Indonesia, a coordinating entity for Liverpool Football Club's tour to Indonesia in 2013 and celebrated his 50th birthday at Anfield with three generations of his family.

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What is BritCham's mission and vision?

Chris: BritCham has just celebrated its 40th year of formal incorporation and it's fair to say that, for most of those 40 years, the greater emphasis has been on the development of trade to Indonesia from the UK, but this is gradually changing as the nature of the business and trade relationships between the two countries evolves. We believe that among the various chambers of commerce, BritCham is regarded as the most active and most innovative chamber. Even in this most challenging of years, we have managed to hold over 60 events to date and during the last decade, we have introduced many different service strands for our members and contacts, most particularly in providing better market access support for British SMEs wanting to trade, invest and/or find partners in Indonesia. We have also activated special focus groups like the climate change group in the lead up to COP26 which will be held in Glasgow, Scotland next November and responded to the challenge our members have relating to the ac-

quisition, development and retention of top local talent by establishing a human capital and education center. We want to be at the forefront of all the very positive developments in just about every part of Indonesia and with that in mind, we have recently also established a smart cities member focus group as well.

What are the key services that BritCham provides to its local members and how does it help businesses enter the Indonesian market?

Chris: For several years we have been operating in two ways: looking after the value proposition for members already domiciled in Indonesia and those remaining in the UK but looking to expand their business relationships with Indonesia. In terms of the latter first, we have a business unit called the Overseas Business Network or British Business Center which has the capacity and capability to provide market access support to British businesses as they explore opportunities in Indonesia. In most cases this includes helping them with some form of partner search as finding the right partner is probably the most challenging aspect of the initial market access process.

Indonesia is not so brilliant at international public relations and the news that attracts attention in the UK press about the country is not necessarily focused on the positive things. Often it's rather more about acts of terrorism, tsunamis, or corruption cases, the negative stuff that the media naturally picks up. Over the last seven years, we have held multiple roadshows in the UK, in some cases together with Bank Indonesia, BKPM, or the Indonesian ambassador and the embassy in London, in order to balance the stories that they've heard with information on the great opportunities here.

We also maintain our position as a reliable and independent source of intelligence and information for members that have already invested in Indonesia. We know for a fact that our membership does more intra-membership business than any other chamber. That means more members are doing business with other members and the contacts made within the chamber are a valuable part of the membership proposition we offer.

Over the past year, how many of the initiatives and activities held by BritCham ended up as real investment coming into Indonesia and/or as new business between the partners?

INDONESIA TRADE WITH UK (2018)

TOP 5 EXPORTS TO UK (TOTAL \$1.92 BILLION)

EXPORT	VALUE	% TOTAL EXPORT TO UK
Nickel Mattes	\$308 million	16%
Leather Footwear	\$136 million	7.06%
Wood Carpentry	\$94.5 million	4.91%
Textile Footwear	\$91.3 million	4.74%
Plywood	\$51.8 million	2.69%

TOP 5 IMPORTS FROM UK (TOTAL \$1.06 BILLION)

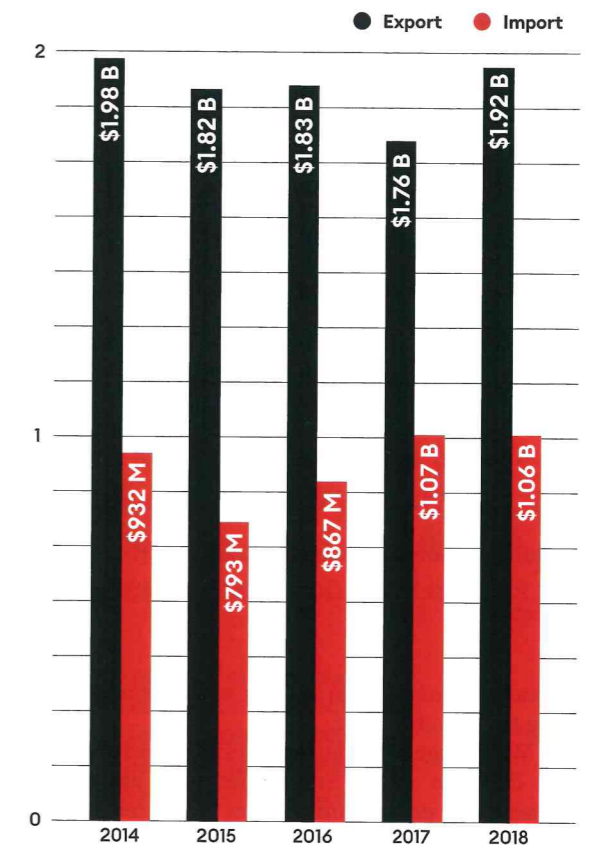
IMPORT	VALUE	% TOTAL IMPORT FROM UK
Scrap Iron	\$155 million	14.6%
Packaged Medicaments	\$58.5 million	5.49%
Delivery Trucks	\$52.6 million	4.94%
Recovered Paper	\$46.4 million	4.36%
Navigation Equipment	\$27.2 million	2.55%

SOURCE: THE OEC, INDONESIA-UK TRADE

Chris: The typical journey to do anything from scratch to starting business in Indonesia is at least 15 months. That is why there has to be the constant development of, and working on, a healthy and robust pipeline of interest. I think it's fair to say that in terms of investment, there has not been very much over the last 18 months. Most companies have been taking the view of cash is king within the context of the current uncertainties, global trade and the pandemic particularly. The UK's investment into Indonesia for the period 2019 to 2020 was relatively small at around \$262.4 million, but it represents around 1,785 projects. For example, you've got the likes of the BP's expansion in Papua, Premier Oil's expansion in Natuna and many supply chain partners to larger infrastructure projects such as the MRT.

In terms of trade, it has gone down in 2020 to around \$600 million from \$820 million in 2015. However, we've had 50 new companies doing new business with Indonesian parties over the last 12 to 15 months which is the re-

INDONESIA-UK TRADE FLOW (2014-2018)



sult of work we did 2 to 4 years ago. The top five export commodities from Indonesia to the UK: nickel in its various forms, leather textiles, wood carpentry, plywood, and palm oil. And from the UK: scrap iron, packaged medicaments, delivery trucks, recycled paper, and navigation equipment.

How does BritCham seek to engage the Indonesian government on key policy matters?

Chris: Our main counterpart here in Indonesia is Kadin. For example, at the early stages of the Omnibus Law, we were involved in discussions with Kadin and APINDO (Indonesian Employers' Association) to ensure that they got the right temperature check on international appetite and priorities. Often our engagement tends to be as a result of requests from members, and I can give an excellent example; our banking members have several lobbying outlets, including the International Bankers Association but they also wanted BritCham to engage on their behalf. As BritCham, we are regarded as inde-

COMPARISON BETWEEN INDONESIA-UK ECONOMY

YEAR	COMPARISON	INDONESIA	UK
2018	GDP	\$1.04 trillion	\$2.86 trillion
2018	Population	267.7 million	66.27 million
2018	Product Export	\$197 billion	\$464 billion
2018	Product Import	\$180 billion	\$651 billion
2017	Service Exports	\$24.8 billion	\$352 billion
2017	Service Imports	\$32.3 billion	\$211 billion

SOURCE: OEC

pendent, nonpolitical and an entity representing the private sector.

We engage with the Indonesian government in different ways. Sometimes, our embassy likes us to go to ministries as the three Britishes: British Embassy, British Council representing education and culture, and BritCham representing private sector business interests. Other times, our members may prefer not to engage through our embassy and go directly, so really it depends on the nature of and the challenge of what is being discussed. So in summary, there would be three ways we engage: BritCham on its own, BritCham with the other two Britishes, and Britcham together with Kadin and APINDO.

Could you share about the membership confidence outlook survey, and what are the key messages coming out of the latest survey?

Chris: This year, in terms of confidence, the Business Confidence Index has taken a real hit and has fallen by nearly half, but I think it's also fair to say there are some extraordinary issues that businesses are dealing with. We prefer to look at the trends that have evolved from the various questions posed and which have remained largely unchanged over the now eight years we have been doing the survey. What we are finding is that respondents increasingly be-

lieve the Indonesian government is making more pro-business and pro-investment decisions. At the same time, respondents would like to see the Indonesian government engage more with the private sector, including foreign investors, ahead of decisions.

On the Omnibus Law, 80% of respondents found it to be a positive development, however, they're still waiting for the implementing regulations. There is a fair degree of history of implementing regulations not being strong enough or not being aligned to legislation's legal content. So on the Omnibus Law, businesses do believe that if the implementing regulations support the spirit of the actual law, it will positively impact direct foreign investment.

Also, if we rule out the usual complex regulatory environment, legal uncertainty, and corruption, the next consistent obstacle raised is the human capital issue. Indonesia has a very big pool of talent, but the pool's depth in quality is what's been considered missing. This is driving our newest initiative, the Human Capital and Education Center within BritCham where we are taking a very different approach to helping how students choose which university to go to and what major they might want to do in the UK. We sit with the student and the parents and say, right, this is the list of our members, name a few of these companies that you think you might like to start your career with and let's look at what sort of qualifications they would be interested in seeing from a returning Indonesian student.

Do you see any new opportunities or challenges arising from Brexit?

Chris: There's an opportunity for the UK to shape a deal with Indonesia that reflects our strengths and provides more opportunities for trade and business development. In palm oil, for example, I think we're all very much aware that quite a conflict has developed and remains unresolved between the EU's adamancy that there will be no dilution of the terms relating to REDD 2, which specifically has elements relating to palm oil and to which Indonesia has little or no chance of complying in real terms. It does not, in any way, reflect the fact that Indonesia has been making considerable progress concerning cleaning up the sustainability issues relating to palm oil and that some of the large producers have been doing so too. Brexit may provide an opportunity for the UK to take a softer approach in certain circumstances than the EU without diluting the incentive to contin-

ue to make substantial progress towards environmental sustainability. In relation to deforestation, the UK has offered technologies that will better support the monitoring of what's happening in remote forests. Also the UK has had a significant role in the standard setting and processes used concerning the identification of timber's point of origin.

I think we also recognize that sustainability issues are a mammoth task for Indonesia as it's a country that is so dependent on fossil fuel. We are making progress in bringing British companies engaged in the clean and renewable energy sector to Indonesia and they're ones with technologies which can be very suitable for implementation in remote areas or small islands. We are talking wave energy, wind energy, solar and waste-to-energy technologies and the UK has had a hand in conversations with just about every province about these opportunities.

What do you see as the key future opportunities for British business, and how has this evolved over the last year, especially in light of COVID?

Chris: Our Business Confidence Index shows that just under 80% of all businesses have either created or modernized their digital offerings. So anything digital is big – AR, AI, big data, ecommerce and the different ways that education can be delivered. We were talking earlier about students going to the UK. There are ways now of offering them a UK academic education without them necessarily leaving Indonesia. Of course, it will not provide them with international experience and exposure to cultural influences, lifestyle, mindset development, and everything else, but the educational aspect is there.

And if you're looking for a commonality between all the companies we're talking to, they've all got newer niche technologies to apply to a traditional thing, whether it's food processing and manufacturing or whether it's efficiencies relating to shoe production, just as examples.

Beyond business engagement, are there other areas that the chamber wishes to focus on?

Chris: Among the various chambers, we remain the only chamber of commerce to have a community portfolio which is called Giving Kids a Sporting Chance; this was established when I came into this role 14 years ago. At that time, we sort to create greater empathy between the English Premier League and the wonderful appetite that Indonesians have for football. It has

now grown and developed to incorporate other British sports like rugby. We have a board position in helping Indonesia get rugby established as a national sport and it was approved by KONI (National Sports Committee of Indonesia) and KOI (National Olympic Committee) to be played at the last Asian Games. We've also done things with cricket and hockey.

What I want to see as our biggest influence going forward is our impact on the human capital and education space. I would like to see us developing BritCham scholarships for Indonesians in areas where they can come back and impact sports standards and quality. I think there are opportunities in sports science and sports

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management, where we have some brilliant universities at the top of the field working with top English Premier League clubs concerning performance, nutrition, and health rehabilitation. And also, on the other side of sport management where there is the marketing, communication, organizational and the administrative needs and opportunities.

What's the message and the outlook that the chamber has for 2021?

Chris: In the second half of next year, we will see some considerable implementation of those postponed expansion and investment plans. We also see from the Business Confidence Index that the darlings for investment choices are East Java, West Java, Bali, and Kalimantan – maybe this is because of the new capital relocation plan. We can't deep dive with the Business Confidence Index but in the coming months, we'll take some of the outputs and conduct some round tables with vested interest groups to find out more what is behind that particular sentiment or that specific number.

I should also have mentioned to you that we intend to continue to be PR proponents of Indonesia. We are also now trying to put together a roundtable of senior economists from among our larger members to pick out where Indonesia can be a winner from the RCEP agreement. 