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THE INTERNATIONAL BUSINESS CONFIDENCE INDEX 2024: BUSINESS OUTLOOK IN INDONESIA GAINING CONFIDENCE POST-PANDEMIC AND POST-ELECTION

April 23, 2024 - BritCham Indonesia unveiled the results of its ninth International Business Confidence Index (BCI) 2024. The BCI was ‘paused’ in 2020, so as not to have valuable historic trends disturbed by COVID concerns. The presentation event brought together more than a hundred senior executives representing mainly British businesses domiciled and invested in Indonesia. BritCham presented the findings to BKPM and will be used to both lobby for reform and to promote Indonesia as an investment destination.

The BCI is a series of snap-shots on the economy and government performance that reflect the overall confidence of business towards revenue, head-count, profit and future investment. BCI 2024 is the ninth annual survey designed and managed by BritCham supported by bp Indonesia, British School Jakarta (BSJ), Bumi Laut Group, CastleAsia, Institute of Chartered Accountants in England and Wales (ICAEW), Inke Maris & Associates, London School of Public Relations (LSPR), Noble Solutions, the Oval Partnership.

With the UK poised to intensify trade discussions with the Indonesia, His Majesty’s Trade Commissioner for AIPAC, Martin Kent noted that the UK has on-going profiles, or orientation: the 3Ds. This includes: (1) Digitalisation, (2) Decarbonisation and (3) Defence. Acknowledging that Indonesia has set several targets under the 3Ds scope, it is apparent for cooperation opportunities to arise. Specifically he said, “This has been the most positive outlook for the past 10 years,” followed by, “Investment in Indonesia is actually promising”

BKPM’s Deputy for Investment Cooperation, Dr. Riyatno, also put forward his substantial remarks in response to the BCI findings. His perspective of the findings was more inclined to a ‘post-covid’. He mentioned the importance of maintainly a steady growth, even after the inevitable restoration of all

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sectors in Indonesia. Moreover, from a government standpoint, he responded to the findings by assuring that the government has the capabilities to further support future investments in Indonesia. These capabilities support digital transformation, economic authorisation, and cross-sector consultations.

“We are more than happy to provide end-to-end services for investors doing business in Indonesia, and we will amend the job creation laws on several regulations and trade issues to improve legal certainty, recognise central regional policy, and overall, simplify the regulatory environment.

In presenting the BCI findings, Ian Betts of BritCham highlighted some of the key points from this year’s report, which are:

- This year marks the highest growth in business confidence compared to 2015 to 2020
- A large 52% of businesses are considering additional investment in the next two years.
- Hotspots for business expansion are mostly outside Java, including: Bali, Kalimantan, and Sumatra.
- The public sector is expected to pursue a stronger and improved behaviour in consultations, business engagements, and regulatory or policy changes.
- Businesses are advised to accelerate digital adoption and enhance digital services, considering the wide-reaching 81% positive impact from digital transformation in businesses.

On the topic of the business environment in Indonesia, Rino Donosepoetro (Donny) as the Chairman of BritCham Indonesia stated, “With the positivity around decisions being made by the government and belief in the medium-term resilience in the Indonesian economy, while few indicators may have retreated, there is enough in the results to serve and stimulate more trade and investment interest in particular from the UK”.

Moving forward, Donny affirmed that BritCham Indonesia is always ready to collaborate and cooperate with other chambers in Indonesia. This affirmation is in line to respond to Kent’s statement, “It is important for governments, chambers and businesses to work together. We (HMTTC, UK-DBT) are here to drive economic and geostrategic growth in the UK and Indonesia,” said Martin Kent.

BritCham Indonesia’s CEO, Chris Wren, said that the overall positivity in the results provide a perfect backdrop to celebrate the 75th Anniversary of UK and Indonesia trade relations. With this, BritCham firmly believes that the insights gleaned from our BCI results and presentation will equip investors and businesses with invaluable knowledge, empowering them to confidently pursue their agendas in Indonesia's dynamic market landscape.

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About Business Confidence Index (BCI)

The Business Confidence Index (BCI) is the annual survey designed and managed by the British Chamber of Commerce in Indonesia (BritCham), in partnership with other international chambers, other business groups and corporate membership organisations. In order to retain the highest levels of integrity, we are again delighted to be in partnership with Nielsen. The survey will be delivered to the Ambassador, Trade Departments and BKPM/ Ministry of Investment will be our honoured Republic Indonesia Government Representative agency. The BCI represents the views of the corporate members of participating chambers on doing business in Indonesia, towards the regulation in Indonesia in relation to potential economic reform, the investment climate and future investment plans. We also report on issues that impact on, for example, employment/headcount, regional expansion, and social and environmental factors.

About BritCham Indonesia

BritCham Indonesia has long been recognised as the most active foreign Chamber of Commerce in Indonesia. It maintains very close links to both the British Embassy, as well as collaborating closely with its Indonesian counterpart KADIN and the Ministry for Investment/ Indonesia Investment Coordinating Board (BKPM), the Ministry of Foreign Affairs of the Republic of Indonesia (MOFA), and the Ministry of Trade of the Republic of Indonesia. It is estimated that British Corporate Members are responsible for creating around 3 million jobs in the formal work sector.

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