

HENDRA HALIM, INDONESIAN MINISTER COUNSELLOR, EXPLAINS

WHY INDONESIA WILL BE 5TH LARGEST ECONOMY BY 2030



www.exploreasean.ch



Jakarta City Panorama. Photo: exploreASEAN

© Indonesia is working towards transforming the country into the 5th largest economy in the world by 2030, Hendra Halim, Minister Counsellor of Indonesia, told the delegation. Halim referred to a 2015 PwC report which predicts that the Indonesian gross domestic product at Purchasing Power Parity (PPP) will climb from 9th place in 2014 to 5th place by 2030.

The minister added that along with the fast-growing economy, Indonesia's middle class is expected to increase from 74 million to almost 150 million by 2020 according to the UK government. Furthermore, the increase in human capital as well as the increment in PPP, will lead to a higher level of domestic consumption which eventually leads to market growth, Halim explained. Thus, considering these drivers, demand is expected to increase in various areas including infrastructure, manufacturing, consumer goods and information technology.

MOST IMPORTANT PARTNER IN EUROPE

The relationship between Switzerland and Indonesia has existed since 1952, and there is still much potential for Swiss investments in Indonesia. From Halim's perspective, Switzerland is the most important partner in Europe. Swiss foreign direct investment in Indonesia is at a volume of inflows which amounts to 9.48 billion and thus Switzerland was ranked at position 15 of all investing countries during the years 2011-2016, which

is another indicator for the potential for investment. The FDI portion to ASEAN in 2016 suggests that Indonesia is at 3rd place with a percentage of 17.9, following Vietnam and Malaysia.

AEC PROTECTS ASEAN MEMBERS

By having the ASEAN Economic Community (AEC), the process of facing external factors impacting ASEAN member states is made smoother. The AEC not only defends the economies from outside determinants and strengthens the economic performance within these countries, but also increases solidarity.

For Indonesia as the largest member state, the ASEAN community creates opportunities in Indonesia for local business people, which enables competition among the Indonesian population. This is especially true for the SMEs which, at this stage, are more vulnerable in the ASEAN community, as according an article from business inquirer, those SMEs are facing the challenge of surviving when expanding to neighbour countries. Therefore, AEC has been working on helping local communities and SME's to be both open and increase resilience to market fluctuations. ● MN