A PARTNER FOR GROWTH

HOW SWEDEN CAN SUPPORT A COMPETITIVE INDONESIAN ECONOMY
55% of Swedish companies in Indonesia are global industry leaders with more than 550 MUSD turnover (global).

Sweden spends twice as much as the world average on education.

Sweden is the 2nd most innovative country in the world.

An unanimously positive outlook on the Indonesian market reveals the long-term intentions of Swedish companies in Indonesia.

Corruption, bureaucracy, infrastructure, and access to white collar labour are areas that must be improved for Indonesia to reach internationally competitive standards.

There is a billion-dollar investment opportunity for Swedish companies in Indonesia.

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Sweden is the largest R&D spender globally.

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x20 is the average multiple of additional indirect jobs created by Swedish companies in Indonesia throughout the value chain.

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INTRODUCTION ........................................................................................................5

SWEDEN AS AN ENABLER TO A MORE COMPETITIVE INDONESIA ........ 7
  The Swedish value proposition
  Swedish footprint and growth opportunities
  Paving the way to growth

SUPPORTING THE INDONESIAN GROWTH JOURNEY ...............................20

THE WAY FORWARD TO STRENGTHEN TIES ..............................................29

ABOUT THE REPORT .........................................................................................30
As part of the deepening relations and partnership between Indonesia and Sweden, we are proud to launch this “A Partner for Growth” study showcasing the Swedish footprint, investment plans and value proposition in Indonesia. Indonesia is at the heart of the world’s most dynamic economic region and by far the largest economy in Southeast Asia. With a growing economy and progressive economic reform agenda, Indonesia is set to strengthen its position in the region and as a force in the world economy. Sweden and Swedish companies are proud to contribute to this development.

Sweden is at the forefront of innovation and ease of doing business, and is constantly ranked as one of the world’s most competitive nations worldwide. The Swedish value proposition to Indonesia comprises cutting-edge technology, globally leading expertise, and a business-friendly culture. This is what Swedish companies carry on to Indonesian counterparts when acting on the Indonesian market. When partnering with Sweden, Indonesia can access the support and eco-system needed to reach international standards and achieve global competitiveness.

The Swedish footprint in Indonesia is already substantial, with many global, industry-leading companies present across the country, spanning a wide range of industry sectors. These companies contribute to the Indonesian economy in many ways and directly and indirectly employ hundreds of thousands of people. Still, the investment potential of Swedish companies in the market is still largely untapped and there is a unanimously positive outlook for future growth and expansion on the Indonesian market. However, for these investment plans to be realised and for Indonesia to keep growing and become more attractive to foreign investors there are still some structural challenges that needs to be overcome. The ongoing government efforts to improve ease of doing business and limit bureaucracy and corruption are important steps towards a more competitive and attractive Indonesia. Sweden and Swedish companies are well positioned to play a key supporting role in this development.

We look forward to continue the work to unleash the full potential of the Swedish – Indonesian partnership.

Johanna Brismar Skoog
Ambassador of Sweden to Indonesia

Anders Wickberg
Trade Commissioner and Country Manager
Business Sweden in Indonesia
USING SWEDISH PROGRESS TO REACH GLOBAL COMPETITIVENESS

Sweden is one of the world’s most innovative countries …

- #2 Sweden in the Global Ranking of Most Innovative Countries
- #88 Indonesia

… and is in the forefront in terms of ease-of-doing business …

- #9 Sweden in the Global Ranking of Ease-of-Doing Business
- #91 Indonesia

… which has paved the way for the globally competitive Sweden of today.

- #3 in the World Economic Forum’s Networked Readiness Index
- 4th Least Corrupt Country in the World
- 45% of GDP comes from exports
- 4th Most Gender Equal Country in the World
- 6th Most Competitive Country in the World

Sources: World Intellectual Property Organization; Transparency International; The World Bank; Statistics Sweden
SWEDEN AS AN ENABLER TO A MORE COMPETITIVE INDONESIA

THE SWEDISH VALUE PROPOSITION

Sweden’s value proposition to Indonesia comprise cutting-edge technology, globally leading expertise and a business friendly culture. When partnering with Sweden, Indonesia can use Swedish progress to reach global competitiveness.

Sweden has experienced a remarkable growth journey in the last 50+ years. Investments in technology development and research took Sweden from the poor and fragmented country that it was, to being one of the most prominent industrial nations globally. Today, Sweden is at the forefront of innovation and ease of doing business, two fundamental factors in creating one of the most competitive nations worldwide. To Sweden, Indonesia is a top prioritised emerging market. There is a strong will to strengthen the Swedish-Indonesian business ties, and to build a close collaboration between the two countries that will last for many years to come.

INNOVATION AT THE CORE

As an advanced industrial nation, innovation is key. The close connection between the

To Sweden, Indonesia is a top prioritised emerging market. We look at all partnership initiatives with enthusiasm, and hope to support Indonesia with our eco-system in the near and long-term future.

Swedish academia, private sector and government, often referred to as the Triple Helix Model, generates an impressive R&D output. Sweden ranks as the second most innovative country worldwide. Within the European Union, Sweden ranks first. Sweden spends more than 3 percent of GDP on R&D, ranking us fourth in the world in terms of R&D spending. According to the Financial Times, Stockholm is the second most prolific tech hub globally, with 6,3 billion-dollar companies per million people. Silicon Valley ranks first at 6,9 billion-dollar companies per million people. Spotify, Skype, Klarna and King are examples of globally leading Swedish start-ups in the last decade. Together with well-known brands such as Saab, Ericsson, IKEA, Volvo and Atlas Copco, Swedish companies stand out as innovative and world-leading across industries.

The exceptional R&D culture that characterises Sweden stems from years of solid government commitment to create a productive country, not least in terms of infrastructure and education. Long-term, extensive infrastructure investments have created a solid ground where both physical goods, services and knowledge can be exchanged and flow smoothly. It allows for companies to streamline their value chains, and creates a highly productive industry and society. Extensive public investments in education has created a top class learning system. Sweden has the second highest amount of trained engineers per capita. Public spending on education is at 8 percent of GDP, which is twice as much as the world average.
Continuous improvement and innovation investments are fundamental to any long-term successful organisation. Swedish companies are highly innovative and competitive, not only in terms of their products but also in the way they operate. By partnering with Swedish companies, Indonesia can access this deep-rooted R&D culture, and create world-class business processes.

OPEN AND BUSINESS FRIENDLY
Sweden is characterised by its openness and liberal approach to trade. Sweden’s global business environment fosters a modern and business friendly mind-set with high receptivity to international partnerships. Almost half of the national GDP derives from exports, consisting largely of manufactured and high-technology goods such as vehicles, machinery, pharmaceuticals, telecommunications and forest industry products. Emerging Asia is an increasingly important export market for Sweden looking at both trade and investment flows.

This open and business friendly business environment would not have been possible without a transparent strategy to minimize bureaucracy and corruption. Sweden is one of the least corrupt countries in the world, ranking as number four globally. A recent study on corruption showed that Sweden’s 20 largest companies perform better than their international counterparts.

Strong international relations and knowledge sharing across national borders create a solid foundation for world class business, with transparency at the core. Sweden can transfer this transparent and open way of doing business to Indonesia, and support the country within the industries that our companies dominate.

A WELFARE ROLE MODEL
Strong public finances, sound banking systems and political stability combined with freedom of expression, gender equality and social security systems put Sweden at the forefront of economic and societal development. Sweden ranks as the fourth most gender equal country in the world, and 17 percent of the population was born in another country. Sweden is recognised for its outstanding welfare model, which is an inspiration to nations world-wide.

Also, responsible and sustainable business practices are at the core of the Swedish society and the Swedish companies’ values. Swedish firms are at the forefront integrating a sustainable approach to business in both strategies, policies and daily management. To most Swedish companies, sustainable business practice is about not risking the ability to fulfil the needs of future generations. It comprehends aspects such as respect for human rights, labour regulations, anticorruption, gender equality, diversity, business ethics and environment. Swedish companies are leading the development of corporate social responsibility (CSR) globally, which by most is considered fundamental for achieving business goals. Sweden is also a main force when it comes to advancement of environmental friendly technologies and sustainable system solutions.

When acting on the Indonesian market, Swedish companies bring these fundamental core values, permeating everything they do. Swedish companies can support Indonesia in creating a socially, ethically, and environmentally sustainable business environment and society.

Sweden can transfer this transparent and open way of doing business to Indonesia, and support the country within the industries that our companies dominate.
RISE illustrates how the Swedish academia, private sector and government come together to create significant and essential value for Swedish competitive industry and innovation.
The Swedish footprint in Indonesia is substantial and Swedish companies are part of driving economic growth. However, compared to other countries investments are still low. This shows large potential for raised investments, which is just in line with what the companies are planning for.

A SUBSTANTIAL SWEDISH FOOTPRINT
The demographics of Swedish companies currently present in Indonesia illustrate the deep-rooted and wide-spread footprint of Swedish business in Indonesia. All in all, more than 80 Swedish companies are currently present, with operations across the whole country. Global industry leaders like Volvo and Scania have warehouses and after service centers in Balikpapan, H&M stores can be found from Medan to Bali, Sandvik supports the mining industry in Timika, Atlas Copco have sales, services and logistics operations in Sangatta, and Gunnebo has factories in Citibung – just to mention a few.

The long-established diplomatic relations between Sweden and Indonesia have laid ground for the profound business relationship of today. The two countries’ diplomatic relations go back 65 years, and the first Swedish company established in Indonesia, Ericsson, arrived already in 1907. The long history of Swedish-Indonesian business is illustrated by the long-term presence of the current Swedish companies in Indonesia, of which 40 percent have been present for more than 20 years. 60 percent of the Swedish companies in Indonesia have been around for more than 10 years.

Predominantly, the Swedish presence in Indonesia consist of large size companies. The majority has a global turnover of more than 550 million USD, and more than half has a turnover in Indonesia above 11 million USD (10 MEUR). These companies are, in other words, large players that are active on the global arena. Predominant sectors comprise the industrial equipment, ICT and defence industries. Other important sectors are transportation, health care and life sciences, energy and environment, retail and business services. The most important customer group are other businesses, with more than half of the companies primarily serving other companies. 14 percent mainly serve the government, and about 8 percent has consumers as the main customer. 30 percent cater to multiple customer types including both other companies, the government and consumers.

All figures on Swedish companies’ current footprint and expansion plans are based on a survey with Swedish companies present in Indonesia, conducted in June-August 2016.
**GLOBAL TURNOVER (MUSD)**

- > 5500: 33%
- 550-5500: 21%
- 50-550: 12%
- 10-50: 21%
- 5-10: 6%
- 1-5: 6%
- < 1: 6%

55% of Swedish companies in Indonesia are large global industry leaders with more than 550 MUSD turnover (global).

**KEY INDUSTRIES FOR SWEDISH COMPANIES IN INDONESIA**

- Industrial Equipment: 19%
- Defence & Security: 14%
- ICT: 14%
- Health Care & Life Sciences: 8%
- Transportation: 8%
- Energy & Environment: 8%
- Retail Trade: 6%
- Business Services: 6%
- Discrete Manufacturing: 3%
- Other: 17%

60% of Swedish companies have been in Indonesia more than 10 years.

48% of Swedish companies have more than 11 MUSD (10 MEUR) turnover in Indonesia.

**PRIMARY CUSTOMER GROUPS FOR SWEDISH COMPANIES IN INDONESIA**

- B2B: 50%
- B2G: 14%
- B2C: 8%
- MIX: 29%
So, what is the impact of Swedish companies on the Indonesian economy? First, as discussed, Swedish companies bring cutting-edge innovations, efficient business processes, and relevant expertise to the Indonesian market. Another fundamental aspect of Swedish companies in Indonesia is the value they bring in terms of job creation. Today, Swedish companies directly employ more than 20,000 people in Indonesia. In addition to the directly employed individuals, the companies also create a substantial amount of indirect jobs through local partners. Also, some major Swedish companies have outsourced production and other value chain activities such as sales, after sales and service in Indonesia, making indirect job creation significant. For every direct employee at Swedish companies in Indonesia, another 20 jobs are created throughout the value chain. This illustrates the high-quality, long term investments that Swedish companies bring to Indonesia.

Further, the number of Indonesians studying in Sweden has increased steadily the last few years, along with research and university to university collaboration. Sweden has a world-class higher education system and a solid tradition of education and research. A degree from a Swedish university stands strong in the global arena. Currently, about 300 Indonesians study in Sweden and the number has more than tripled in the last few years. If this growth rate is to continue, which Swedish universities aim for, the number of Indonesian students in Sweden will boom in the near future. Both individual universities and the Swedish Institute offer scholarships for talents, and many Indonesian students come to Sweden on LPDP scholarships. So far six Swedish universities have collaboration agreements with LPDP and discussions are ongoing with others. Swedish universities regularly participate in the yearly EU Higher Education Fair in Indonesia. Also, there are many well-established joint-research projects in prioritised development areas. Currently, there are on-going projects in areas such as public health, railway engineering, waste management and communication systems, just to name a few.

There are many well-established joint research projects in areas such as public health, railway engineering, waste management and communication systems.
**THE BILLION-DOLLAR OPPORTUNITY**

**SWEDISH FDI 2005–2015 NOMINAL VALUES (%)**

- Other ASEAN-6: 91%
- Indonesia: 9%

**SWEDISH FDI 2005–2015 AS SHARE OF COUNTRIES’ GDP(‰)**

- Average ASEAN-6: 1.6%
- India: 3.8‰
- Vietnam: 3.8‰
- Singapore: 2.4‰
- Thailand: 2.0‰
- Philippines: 0.6‰
- Indonesia: 0.3‰

**SWEDISH FDI 2005–2015 (MUSD)**

- India: 8530 MUSD
- Vietnam: 770 MUSD
- Singapore: 710 MUSD
- Thailand: 800 MUSD
- Malaysia: 360 MUSD
- Philippines: 180 MUSD
- Indonesia: 260 MUSD

**Note:** Non-exhaustive data and does not include acquisitions. Figures should be regarded as indicative. Sources: FDI Markets, IMF.
CLOSING THE GAP

Though Swedish companies bring substantial value to the Indonesian economy, we still see a considerable gap when looking at Swedish presence and investments in other, comparable markets.

Globally, Sweden ranks as a large foreign investor. The value of Swedish foreign direct investment (FDI) amounts to 68 percent of GDP, placing Sweden as number 10 on the list of countries with the largest foreign ownership in relation to GDP. This can be compared to countries such as the United States with 29 percent of GDP as foreign investments, and China and Japan with 10 and 3 percent each. In other words, Sweden is an important foreign investor and should be able to invest heavily in Indonesia.

Still, Swedish investments in Indonesia are modest in relation to peer markets. Looking at the time period 2005 to 2015 Swedish FDI to Indonesia amounted to 262 million USD, which is no more than 9 percent of the total Swedish FDI to the ASEAN-6 countries. The investments in Indonesia amounts to only 3 percent of those to India during the same time. This means that during the last decade, Swedish companies have invested far less in Indonesia than in its peer markets. And this does not correlate to economic growth numbers. As is well known, Indonesia has experienced an impressive growth journey during the last decade in line with the other ASEAN-6 countries, meaning that Swedish companies should be inclined to invest just as much.

In fact, when putting the numbers in relation to the economies’ size the opportunity for Swedish FDI to Indonesia becomes even more evident. During 2005 to 2015, Swedish FDI to Indonesia as share of Indonesia’s GDP in 2015 amounted to 0.3 per mille. This is significantly lower than all its ASEAN-6 neighbouring countries, with average ASEAN-6 reaching 1.6 per mille. Most Swedish FDI, in relation to GDP, ended up in Vietnam at 3.8 per mille. India shows the same number as Vietnam at 3.8 per mille of total GDP. This means that Swedish FDI to Indonesia lags behind its benchmark countries, also in relation to economy size.

If, during the last decade, Swedish FDI would have reached the same level as average ASEAN-6 in comparison to GDP, another 1.3 billion USD would have flowed into Indonesia. If it instead would have stretched to the same level as Vietnam or India, which by no means would have been remarkable given the size and development of the Indonesian economy, another 3.3 billion USD would have been realised. In other words, Swedish companies have far from reached their business potential in Indonesia. To Indonesia, this demonstrates major opportunities to attract further investments from Swedish companies, starting with the 3.3 billion USD backlog from the last decade.

When putting the numbers in relation to the economies’ size the lack of Swedish FDI to Indonesia becomes even more evident. Swedish FDI to Indonesia as share of GDP is significantly lower than all its ASEAN-6 neighbouring countries.
GETTING READY TO EXPAND

When talking to Swedish companies, there is an exceptionally strong belief in Indonesia’s business potential. No less than 95 percent of the currently present companies plan for long-term expansion within the country, and the remaining part look to maintain their business. This, of course, are great news to any stakeholder eager to strengthen the Indonesian economy further.

The high market expectations are further demonstrated when looking at mid-term plans. Close to 70 percent of companies expect to grow their turnover by more than 20 percent in the coming three years. In fact, a fifth of the companies expect the same number to be more than 50 percent. Also, 9 out of 10 Swedish companies are planning to increase investments in Indonesia in the coming three years.

The primary area for investment is production. Today, almost half of the manufacturing companies already have local production in the market, both serving the domestic and export market. Still, 80 percent of the companies plan for additional production investments. This number is fuelled by the government investments in infrastructure as well as relatively attractive wages and unit labour costs in Indonesia.

“Openness and stability in direction toward free trade is required for attracting investment in export oriented manufacturing. Great potential to develop social sustainable production with freedom of association to differentiate from other manufacturing countries”

Besides production, important investment areas are new staff and competence development of existing staff, facilities and technology. Despite the relative growth slowdown in the Indonesian economy, half of the Swedish companies increased staff during the last three years. 30 percent of the companies maintained staff levels during the same period. Looking at the coming three years, three out of four Swedish companies plan to hire more staff, with almost half planning to increase staff by more than 20 percent.

This unanimously positive outlook on the Indonesian market reveals the long-term intentions of Swedish companies in Indonesia. It shows that Swedish companies are here to stay, and that they are preparing to further accelerate and advance their business in Indonesia.

“With its population, with its ambition, we feel it is important to strengthen even further our commitment in Indonesia”

This unanimously positive outlook on the Indonesian market reveals the long-term intentions of Swedish companies in Indonesia. It shows that Swedish companies are here to stay, and that they are preparing to further enhance their business in Indonesia.
69% of Swedish companies expect to grow turnover over 20% in the coming 3 years.

83% of manufacturing companies plan investments in local production in the coming 3 years.

88% of Swedish companies plan general investments in Indonesia in the coming 3 years.

95% of Swedish companies plans for long-term expansion in Indonesia.

74% of Swedish companies plans to increase staff in the coming 3 years.
Swedish companies are aware of the substantial potential of the Indonesian market. In spite of some structural challenges for growth, the future expectations are positive.

OVERCOMING CHALLENGES
Swedish companies see great potential in contribution to Indonesia’s growth. The Indonesian market is considered highly interesting, primarily because of the large market size in terms of sales. Swedish companies are prepared to expand their business relations with Indonesia, and to be part of the continued journey towards further economic growth. Together with Indonesian counterparts, Sweden can support Indonesia in advancing the economy further.

Even though Swedish companies clearly are optimistic about the Indonesian market’s continued growth and business potential, they still identify a number of obstacles hampering business establishment and expansion. The typical issues for business in emerging markets are perceived as key obstacles for growth also in Indonesia, such as infrastructure constraints, access to skilled white collar labour, customer know-how, access to finance, trade barriers price levels and foreign competition.

However, the main challenges for growth perceived in Indonesia – bureaucracy and corruption – are considered significantly worse than in many other markets. In fact, 30 percent of the Swedish companies in Indonesia have encountered corruption and criminal behaviour such as bribery and fraud in their operations in the year of 2015.
HIGH EXPECTATIONS FOR THE FUTURE

Despite the challenges in the Indonesian market, the overall future outlook remains positive. Looking at a 5 to 10 years’ horizon, the companies cite the Indonesian market size growth as significantly higher than its emerging markets counterparts. Also, company growth potential is perceived better than the average emerging market.

Indonesia is still perceived as lagging behind in ease of doing business, as reflected in common obstacles for growth. However, measures are currently being taken by the government to improve this. In the global comparison of ease of doing business Indonesia was among the top ten improvers for the 2017 year’s ranking, moving up 15 places.

Also, Indonesia moved up 19 places in the corruption perception index 2014 to 2015. Indonesia is still, however, in the bottom half of the lists.

In terms of intensified competition and investment attractiveness, the companies rank Indonesia the same as other emerging markets. Indonesia should score higher than average in investment attractiveness given the growth potential, and the lower score probably reflect a hesitance towards current reforms implementation.

“The new leadership has progressive views on developing the economy and free trade”

SWEDISH COMPANIES’ FUTURE OUTLOOK (5–10 YEARS) ON INDONESIA COMPARED TO OTHER EMERGING MARKETS

6 = Significantly better
1 = Significantly worse
SUPPORTING THE INDONESIAN GROWTH JOURNEY

Swedish companies are well-positioned to play a role in the development towards Nawacita. Already, Swedish companies are part of the journey, and they are ready to expand the cooperation.

Sweden is impressed with the Indonesian government’s progressive growth agenda and the wide range of structural reform packages carried out in the last few years. Still, the road to realise the ambitious Nawacita plan is long. Corruption, bureaucracy and access to white collar labour are areas that must be improved for Indonesia to reach internationally competitive standards.

Swedish companies fully support the continued development towards a more competitive Indonesia. The important value added to the economy by Swedish companies, combined with their determination to keep expanding in the country, place Swedish companies in an excellent position for continued strong business relations with Indonesia.

The case studies that follow in this chapter showcase a few examples of how Swedish companies are currently supporting the Nawacita vision. The examples are a selected collection of measures that Swedish companies have already taken, and should be seen as a glimpse of the wide array of ways in which Swedish companies can support Indonesian growth.

NINE PRIORITIES OF NAWACITA

- Returning the state to its task of protecting all citizens and providing a safe environment
- Developing clean, effective, trusted and democratic governance
- Developing Indonesia’s rural areas
- Reforming law enforcement agencies
- Improving quality of life
- Increasing productivity and competitiveness
- Promoting economic independence by developing domestic strategic sector
- Overhauling the character of the nation
- Strengthening the spirit of “unity in diversity” and social reform

*The priority agenda directed by the Indonesian government.
Creating more safe and effective port areas

One of the leading companies for innovation in the world, the Swedish company Saab, is known for a great range of world leading products, services and solutions from military solutions to civil security. In this last field Saab has, within one year, established a Vessel Traffic Management Information Services (VTMIS) system in Tanjung Priok, a port north of Jakarta.

Tanjung Priok is the largest container port in Indonesia and is currently expanding. To make this port more safe, effective and in line with other larger ports around the globe, Indonesian Port Corporation (IPC) II (or Pelindo II) awarded Saab with a contract to supply a complete turn-key VTMIS system. Saab is well established in this business and has supplied similar systems to other world leading ports like Hong Kong, Shanghai and Rotterdam.

The project consisted of the construction of two sensor masts of which one had to be constructed in the water in the harbor entrance, five smaller masts for CCTV, loud hailers, communication equipment, and reconstruction of the operations and equipment rooms in the office building in the port. Other supplied equipment included two meteorological stations, one VHF direction finder, a SCADA system and a complete V3000 VTMIS system. In addition, the system connects to one existing radar mast in the port, belonging to a different organization. The system is ready for future expansion and integration with other surveillance systems.

Despite some initial setbacks in project execution, logistic challenges and cultural differences, Saab and its (local) subcontractors were able to complete the project within the agreed time. The project was completed at the end of 2016 and is currently under warranty. The project will be followed by a ten-year maintenance contract. We hope this reference will lead to more business in Indonesia, which is a key growth area in Asia Pacific in particular for maritime surveillance.

“The system is ready for future expansion and integration with other surveillance systems.”
Ericsson, a World Leading ICT company, has been present in Indonesia since 1907 and has played an instrumental role in the development of the country’s telecommunications industry, providing networks, solutions and services.

Together with key telecom operators, Ericsson built coverage in the cities but also rural areas including off-grid villages. For example, in 2006 Ericsson technology was deployed in off-grid, rural areas in Riau, Sumatera.

In 2004, Ericsson introduced 3G, preparing Indonesia for the Digital Economy. And in 2014, Ericsson introduced 4G to address the increasing usage of mobile data and the digital economy that continues to grow quickly in Indonesia.

The latest Ericsson Mobility Report shows that Indonesia has the highest number of smartphone subscriptions in South East Asia and Oceania with more than 100 million subscriptions in the market today, predicted to grow beyond 250 million by the end of 2021. Other studies show that for every 10% growth in broadband subscriptions GDP grows by 1%; every 1,000 broadband users increases employment by 80 people; and broadband access provides efficiency across all sectors of the economy by 0.5–1.5%. These are all indicators that Indonesia is on track to take advantage of the upcoming mobile technology advances.

Beyond mobile networks and telecommunications, Ericsson is taking a leading role in the Digital Transformation of industries and society in Indonesia. For example, Ericsson is working with a leading Indonesian shipping company to optimize their ICT infrastructure, operations, and reduce cost and to provide a better customer experience.

Looking ahead, 5G is the next big step in mobile communication. It will realize the vision of essentially unlimited access to information and sharing of data anywhere and anytime for anyone and anything.

At Ericsson we believe that everything that benefits from being connected will be connected. We enable the Networked Society.
SCANIA
Providing Safe Urban Transportation to Jakarta

After Johannesburg, Mexico City and Singapore, the turn came to Jakarta to integrate Scania buses in its public transportation system.

Scania continues to reinforce its position in the Indonesian bus market. In order to provide people with reliable, comfortable, and sustainable public transportation in the capital city, Transjakarta has placed an order of 150 lower entry buses. These buses will enable disabled people to access the public transportation service. Further, Mayasari has ordered 110 3-axle buses. Scania’s sole distributor, United Tractors, has delivered 57 articulated Euro 6 Scania gas buses this year, in addition to the 51 buses already in operation since 2015.

The buses are greatly appreciated among both passengers and drivers. Parulian and Hasannudin were both experienced bus drivers before joining the Transjakarta team. They know how to tell one bus from another and driving millions of kilometres has taught them the strengths and weaknesses of many different types of buses. “So far, Scania buses are the best we’ve ever driven,” both Parulian and Hasannudin confirm. “Not only are they safe, they are also the most comfortable to drive. “The drivers are also very positive about the maintenance and training package provided by United Tractors in cooperation with Scania. “We also get specific driving training and training in detecting mechanical problems, a unique opportunity for us to grow in our roles as drivers,” says Parulian.
Providing clean drinking water

“Water for All”, provides clean drinking water and sanitation systems to villages is need. So far, clean drinking water has been successfully carried out to Grandaria and Pasar Minggu in South Jakarta, and to Cisalam-Serang Banten in West Java.

Today, there are local “Water for All” organisations in more than 50 countries, all managed by Atlas Copco people. “Water for All” has helped to provide more than one million people with clean drinking water, achieved through an average contribution of less than five euro per month per employee. The contributions are made on a voluntary basis and the Atlas Copco Group double each employee donation.

“Water for All” is run by Atlas Copco employees. It is the members who decide how to raise money and where to spend it. “Water for All” cooperates with non-political aid organization who run the projects.

Access to clean water in the village areas not only means a reduction in diseases. It also enables development of the whole village since women and children can now focus on other tasks.

The most recent project was finalised in December 2016. Infrastructure for five villages at Cisalam - Serang Banten in West Java was built, providing them with clean water. In total, more than 1000 villagers will benefit from the new water. Also, in cooperation with local NGOs, Atlas Copco educated the villagers on how to handle the new water systems.

“Our goal is to establish minimum one facility with clean drinking water and sanitation block each year. We, the employees at Atlas Copco, are committed to the support of local communities and believe these programs are good examples of Corporate Responsibility that improve life for the coming generations.”

Atlas Copco is a world-leading provider of sustainable productivity solutions such as compressors, vacuum solutions and air treatment systems, construction and mining equipment, power tools and assembly systems. Atlas Copco develops products and services focused on productivity, energy efficiency, safety and ergonomics. The company was founded in 1873, is based in Stockholm, Sweden, and has a global reach spanning more than 180 countries. In 2015, Atlas Copco had revenues of 11 billion EUR and more than 43,000 employees. Learn more at www.atlascopco.co.id or www.water4all.org.

“Corporate Responsibility is mandatory under Indonesia Law no. 40 year 2007 and we take our responsibility seriously.”

EMPLOYEE AT PT. ATLAS COPCO INDONESIA
ABB will support the Indonesian state-owned utility Perusahaan Listrik Negara (PLN) to strengthen reliability and enhance the efficiency of its Java-Bali transmission and distribution networks and meet the growing demand for power in Java.

Power shortages are expected to increase with Indonesia’s economic growth and as the country’s middle class expands. PLN is targeting a country electrification rate of over 95 percent by 2020.

ABB will design, engineer, supply and install the substation extensions, including switchgear, transformers, state-of-the-art control and protection systems as well as ancillary equipment. The product scope will include 11 units of 60 megavolt-ampere (MVA) transformers, high-voltage air-insulated switchgear for eight substations, high-voltage gas-insulated switchgear for one substation as well as the replacement works and control systems for uprating the transformers in three other substations. The project is financed by the Asian Development Bank, and is scheduled to be completed in 2017.

“We are pleased to support PLN in their efforts to strengthen the power infrastructure in Indonesia and enhance electricity supplies. ABB’s proven track record for managing complex projects and our leading-edge technologies will help us to deliver customer value,” said Claudio Facchin, president of ABB’s Power Grids division. “This project supports our Next Level strategy focus on growing and emerging economies like Indonesia where we have a long standing presence including manufacturing.”
IKEA
Made in Indonesia products available worldwide

Indonesia has been part of IKEA for more than 20 years, long before the IKEA Store Alam Sutera store was opened. Also, many Indonesian-made products are sold in IKEA stores all over the world, becoming part of everyday life.

There are currently 14 different manufacturers across the nation. Indonesian-made products that are sold at IKEA stores are mostly made out of natural fibres and textiles. FAMNIG HJARTA, the iconic IKEA soft toy in the form of a heart, has been produced in Indonesia since 2004. These and other Indonesian-made products are exported to 48 countries and sold in 389 IKEA stores.

Before the first IKEA Indonesia store was opened in Alam Sutera in October 15th, 2014, IKEA Indonesia conducted a batik design competition for the co-worker uniform. The winning design was locally printed and manufactured, and chosen to be the official Friday Batik shirt of IKEA Indonesia. IKEA Indonesia became the only IKEA store in the world to have batik uniform for its co-workers.

In addition to batik uniform, IKEA Indonesia is also the only IKEA store that serve coffee from local plantations in West Java. The coffee served in the IKEA Co-worker and customer restaurants are UTZ certified, in which you can track and trace the coffee from the shelf to the farmer.

To further support made in Indonesia products, IKEA will ensure that Indonesian products continue to be part of IKEA. Not only for the Indonesian market, but also IKEA stores all over the world; creating a better everyday life for people.

“This and other Indonesian-made products are exported to 48 countries and sold in 389 IKEA stores”
SKF
Sustainability at the core

A main strategic driver for SKF is sustainability, defined as SKF Care. It is about care for the business, the environment, the employees and the communities.

SKF was established in Indonesia already in 1922. Today, they employ more than 500 people working towards both the industrial market and the automotive industry.

SKF Care comprises various programs and initiatives. The Employee Care Programme is built upon SKF’s values (empowerment, high ethics, openness, teamwork and sustainability) and beliefs. It provides reliable insurance policy as well as professional training for employees and customers aligned to SKF’s commitment to developing people skills and knowledge.

In the environmental aspect, SKF has been involved in the SHELL Eco-Marathon Asia to promote less emission as well as sponsored a forest in east Java as an SKF forest. SKF’s environmental approach is based on the implementation and integration of environmental life cycle management into their core business processes.

SKF’s approach to Community Care is straightforward – it is planned and executed by local people at the community level. Some of the community activity that SKF had done are; a youth talent competition between street children in Jakarta hosted by the street shelters in Jakarta, a conflict resolution among street children program and the HOPE program. The HOPE program is a program where SKF and Rumah Kita foundation consult street children to educate and encourage them to return back to their own families, in the hope to reduce children on the streets.

SKF believes that the communities they operate in represent their future market and workforce. When a society grows, SKF grows with it.

“It is about care for the business, the environment, our employees and the communities”
The Volvo Group’s trucks, buses and construction equipment provide quality transport solutions all across Indonesia.

Volvo can be found all over the Indonesian archipelago. In Sumatra, Volvo equipment supports the construction of the famous Trans-Sumatra highway network. In Java and in Papua, Volvo asphalt pavers help to pave airport runways.

A key project in improving the public transportation in Jakarta is the Mass Rapid Transport (MRT) system. It is being built, oftentimes underground or raised above the ground to minimize space utilization. Big pieces of the fly-over structure are being built off-site outside the city and are transported into the city with Volvo trucks, before being hoisted into place.

Volvo customer Muhammad Teguh, managing director of PT Baniah Rahmat Utama explains why Volvo is the best choice: “We need reliable equipment that helps us to meet our deadlines. Volvo equipment is high in quality and offers lower fuel consumption than other brands. For this reason, we envisage buying more Volvo equipment as our workload continues to expand.”

Public transportation systems and busways are currently being upgraded throughout Indonesia, with increasing needs on additional capacity, comfort and reliability. Volvo Buses is looking forward to partnering with Indonesian cities with its efficient BRT (Bus Rapid Transit) solutions that bring quality to urban mobility.

Volvo has been in Indonesia for 40 years. A network of over 30 branches, more than 100 on-site support points and 1000 technical professionals are placed all around the country making sure customer are supported any place at any time.

“We need reliable equipment that helps us to meet our deadlines. A Volvo is high in quality and offers lower fuel consumption than other brands. For this reason, we envisage buying more Volvos as our workload continues to expand.”

MUHAMMAD TEGUH, MANAGING DIRECTOR
PT BANIAH RAHMAT UTAMA
THE WAY FORWARD TO STRENGTHEN TIES

This report highlights the value of Swedish business to the Indonesian economy. It is evident that Sweden can play an instrumental part in shaping the future competitive Indonesia. This is true not only in terms of Sweden transferring world-leading innovations and globally leading expertise to Indonesian counterparts when doing business in Indonesia. It is also evident in the high-quality investments that Swedish companies keep making in the country. Each directly employed individual generates another 20 job opportunities throughout the value chain, and Swedish companies and universities pair up with Indonesian actors in joint research projects and skill development.

Still, it is also evident that Swedish companies have been investing far less in Indonesia than in its neighbouring countries, indicating a large opportunity to increase their presence in the market. Altogether, there are large opportunities for a close Swedish-Indonesian business partnership. But, how do we get there?

We propose three concrete steps towards a stronger Swedish-Indonesian partnership. First, engaging the private sector in infrastructure development. Swedish companies are world-leading in developing sustainable solutions for energy, transportation, communications systems, machinery and much more, and are ready to create substantial value for Indonesia. This would leverage the existing memorandums of understanding and letters of intent where both the Swedish and Indonesian governments and companies commit to long-term investments.

Second, accelerating skill development. Enhancing existing joint research projects and strengthen collaboration between universities, private companies and the government to create a powerful environment for talent building and development. This also includes directly supporting the Indonesian ambitions to build strong innovation centres with supporting eco-systems.

Finally, we propose a Swedish-Indonesian Business Council. Once a year, we will gather Swedish and Indonesian business leaders and key government representatives to participate in discussions on how to further strengthen collaborations. The topics will center around Indonesian growth priorities, and will result in tangible joint projects.

It is our strong belief that even though there is already a substantial business collaboration between Sweden and Indonesia, the lion’s share is still remaining. Now, let’s leverage our deepening relations and partnership to accelerate Indonesian growth and competitiveness into a bright future.

There are large opportunities for a close Swedish-Indonesian business partnership, for which we propose three concrete steps.
ABOUT THE REPORT

Indonesia is a prioritised market for Sweden. Today, more than 80 Swedish companies are active in Indonesia, spanning across various industries. Swedish companies employ, directly and indirectly, thousands of people all around Indonesia and contribute significantly to the economic and societal development of the country.

Business Sweden and the Embassy of Sweden has conducted an analysis of Swedish companies’ presence in Indonesia, looking at both current footprint, major projects and future investment plans. The aim of the analysis is to describe the effect of Swedish companies on the Indonesian economy, as well as how they can contribute to future growth aligned with the Indonesian government’s on-going reform plans.

The analysis is based on a survey with Swedish companies currently present in Indonesia, focusing on the operations in the country and perceived market situation. There were 39 respondents in total, of which the majority was large size companies spanning across all industry sectors. In addition, in-depth interviews and discussions were conducted with 10 of the companies. Besides the conducted survey and in-depth interviews, data from various internationally established data research institutes have been used.
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