

# The One-Belt-and One-Road Initiative from a Global Perspective: Indonesia

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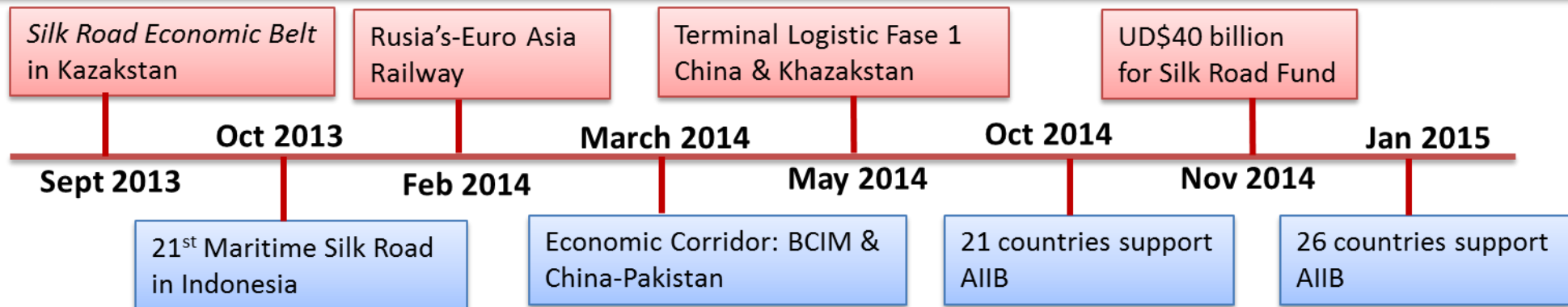
- Indonesia in brief
- One Belt One Road (OBOR) milestone
- Indonesia-China partnership
- OBOR : challenges
- OBOR : opportunities
- OBOR: the way forward

# INDONESIA in BRIEF

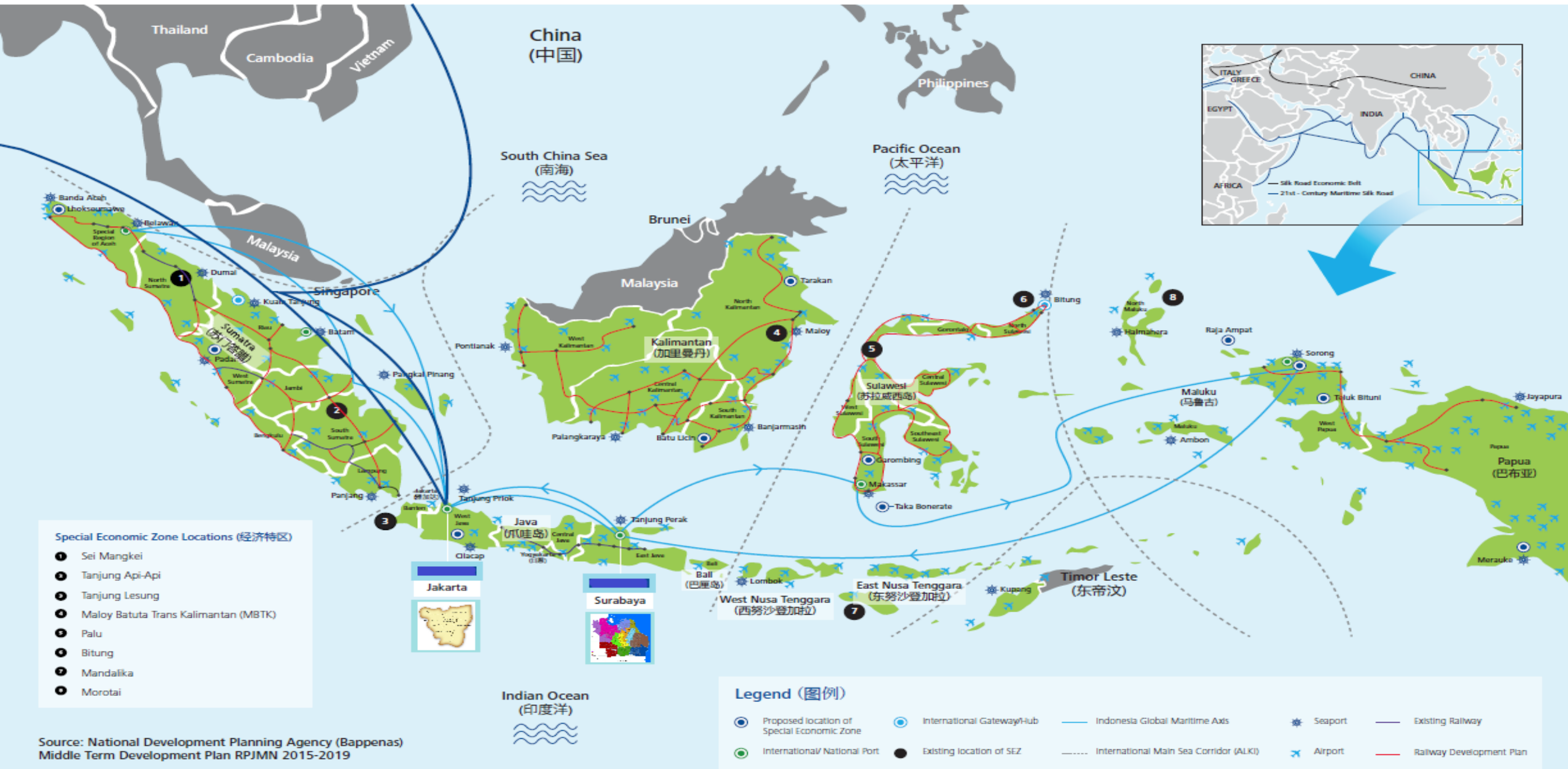


- Indonesia is the largest economy in Southeast Asia,
- The world's 10th largest economy in terms of PPP
- The only Southeast Asian member of the G-20
- Population: 252 million (the world's 4th most populous nation)
- GNI/capita: \$560 (2000) to \$3,630 (2014)
- GDP (million of US\$): 861,934 (2015) , the world 16<sup>th</sup> largest
- Annual GDP Growth (%): 4.79 (2015) to 5.11 (2016)
- Islands : 17,508 ; Ethnic Groups: >more than 300
- Life expectancy: 68.9 (2014)

# One Belt One Road Initiative



# Indonesia Connectivity to One Belt One Road Map (印度尼西亚连接到一带一路)



# Middle Term Development Plan RPJMN 2015-2019




Sea toll concept - the world maritime axis:

- Develop 24 new strategic ports
- Add vessels (pioneer cargo, transport vessel, pioneer crossing vessel)
- Develop 60 crossing ports




- Develop 15 new airports
- Develop air cargo facilities in 10 airport through PPP
- Increase number of pioneer airplanes by 20 units



Road

- 2,650 km new roads
- 1,000 km of new Toll Road
- Rehabilitate 46,770 km existing road




Power

- Develop 42 GW Electricity Power Plant (7GW + 35,000MW program)



Urban transport:

- Develop Bus Rapid Transit (BRT) in 29 cities
- Develop Mass Rapid Transit (MRT) in 6 metropolis and 17 large cities



New railway tracks in Java, Sumatera, Kalimantan and Sulawesi:

- 2,159 km inter-urban railways
- 1,099 km urban railways

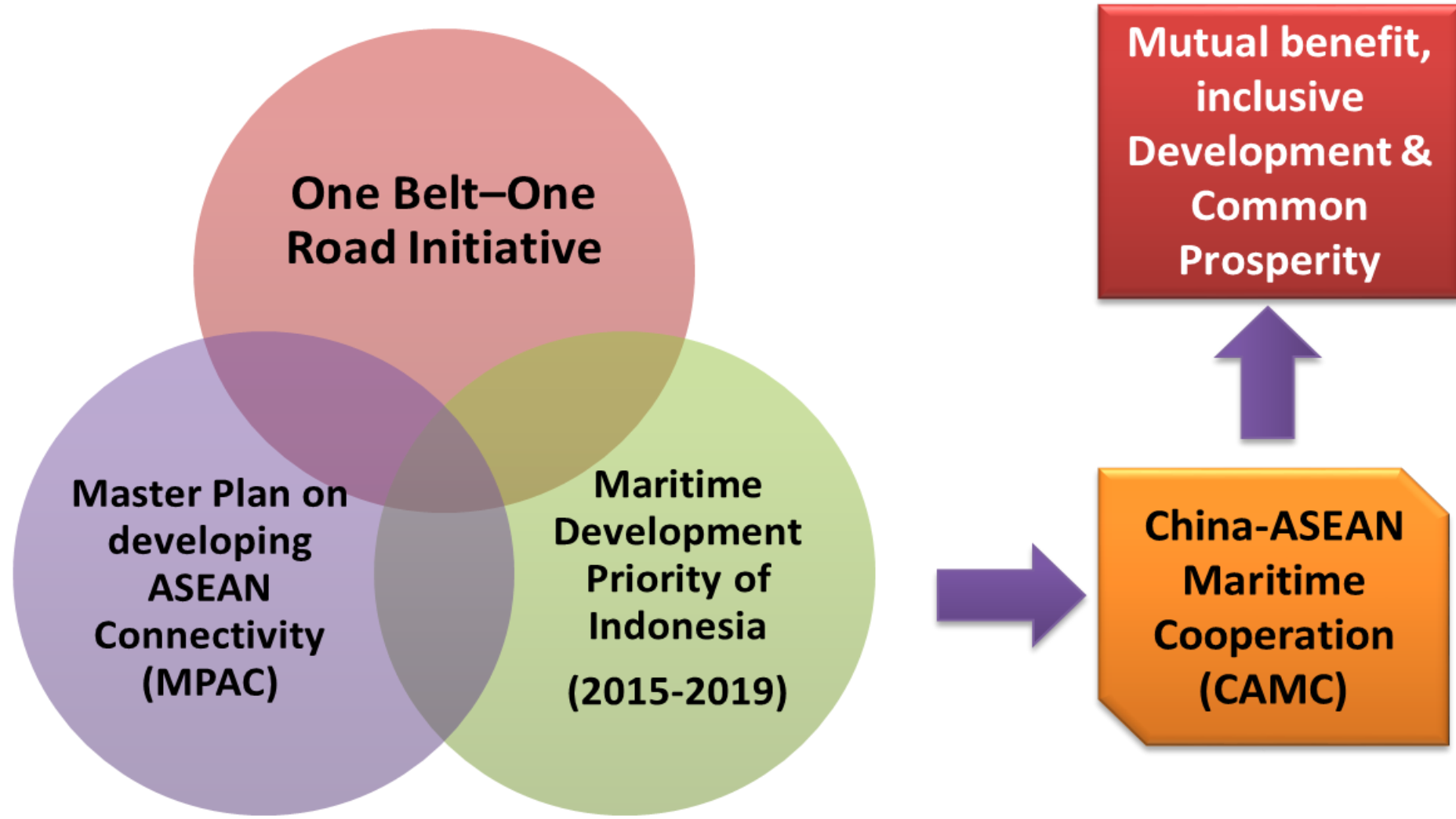
Source: National Development Planning Agency (Bappenas)

# One Belt-One Road (OBOR) Rationale



Source: Economic Research Center-LIPI, 2015

# Synergy Indonesia's National Development Agenda





# National Development Agenda (*NAWACITA*)

- Indonesia's National Medium-Term Development Plan 2015- 2019 (RPJMN) is part of the country's National Long-Term Plan 2005-2025 and sets out the Government's vision and priorities for the country (BAPPENAS, 2015).
- **The nine priority areas :**
  1. State existence to protect and provide safety for the citizen
  2. Government existence in developing clean, effective, democratic and trusted governance
  3. Develop country from the frontier and strengthening regions and village in Indonesia unity
  4. Strong state role in reforming into a free corruption, dignity and trusted of system and law enforcement
  5. Increasing people's productivity and competitiveness in international market
  6. Improving better human quality of life
  7. Achieve economic independence by mobilizing strategic sector on domestic economy
  8. **Strengthening national identity as a maritime nation**
  9. Strengthening unity in diversity and social restoration

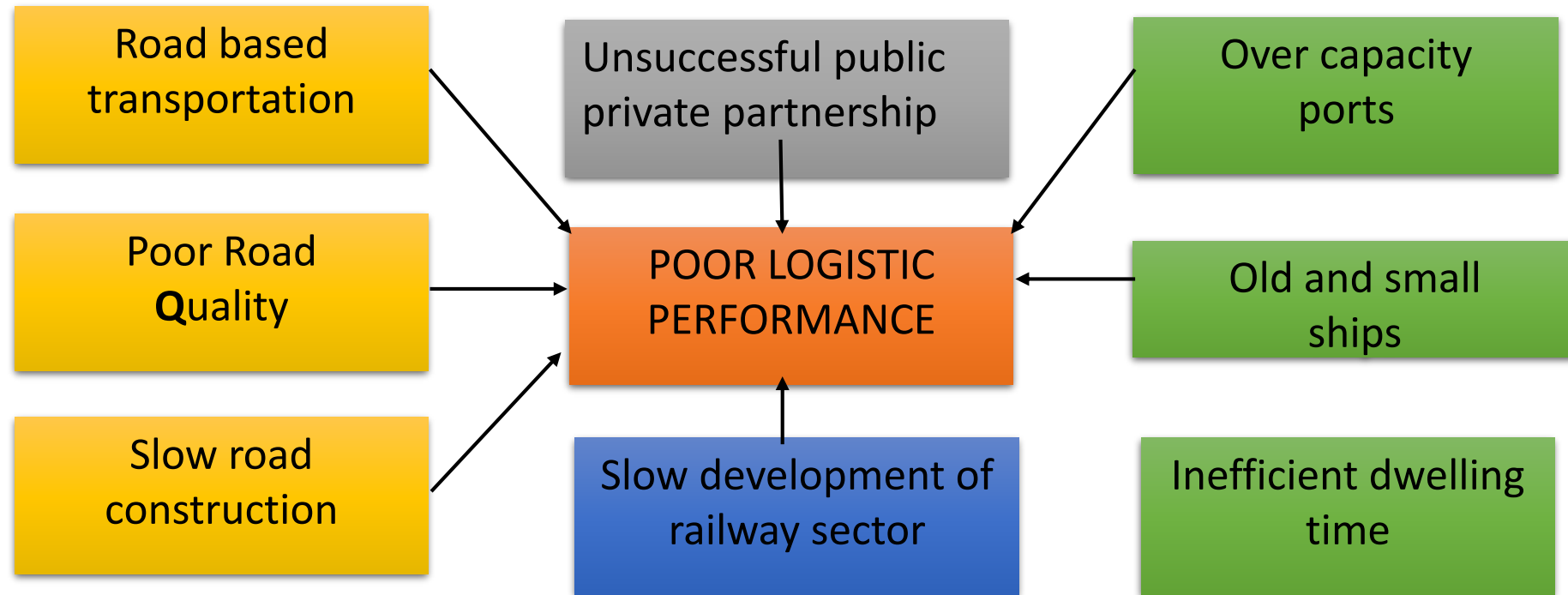
# Indonesia-China Bilateral Partnership

- China is trade partner #1 for Indonesia
- China is #1 export destination country for Indonesia (No 2 and 3 respectively: Japan and USA)
- Trade volume between both countries reached 48.23 Billion US\$ (2014)
- Total contract value from China for Indonesian infrastructure project reached 43.24 billion US\$, with total revenue reached 27,95 billion US\$
- Total FDI from China increased to 800 million US\$ (501 project) in 2016 ,from 296.9 million US\$ (411 projects) in 2013
- China is the 8<sup>th</sup> biggest Investor in Indonesia
- Partnership includes economic, maritime, defence and cultural cooperation
- Education sector → number of Indonesian students in China: 13,689 people
- Tourism sector: Chinese Tourist visit Indonesia: 883,725 people (2014)

# Comparative Global Competitiveness Index of Indonesia with Other ASEAN Countries

Indicator	2013 - 2014					2014 - 2015				
	IDN	MYS	THA	VNM	PHL	IDN	MYS	THA	VNM	PHL
Infrastructure	<b>82</b>	25	61	110	98	<b>72</b>	20	76	112	95
Road	<b>78</b>	23	42	102	87	<b>72</b>	19	50	104	87
Railway	<b>44</b>	18	72	58	89	<b>41</b>	12	74	52	80
Port	<b>89</b>	24	56	98	116	<b>77</b>	19	54	88	101
Airport	<b>68</b>	20	34	92	113	<b>64</b>	19	37	87	108

# Root causes of poor logistics



Source: economic Research Center-LIPI, 2014

# Logistics Performance Index (LPI)

Country	LPI	Custom	Infra structure	International Shipment	Logistics quality & competence	Tracking & Tracing	timelines
Singapore	5	3	2	6	8	11	9
Malaysia	25	27	26	10	32	23	31
Thailand	35	36	30	39	38	33	29
Vietnam	48	61	44	42	49	48	56
<b>Indonesia</b>	<b>53</b>	<b>56</b>	<b>56</b>	<b>74</b>	<b>41</b>	<b>58</b>	<b>50</b>
Philippine	57	47	75	35	61	64	90
Cambodia	83	71	79	78	89	71	129
Lao PDR	131	100	128	120	129	146	137
Myanmar	146	150	137	151	156	130	117
<b>China</b>	<b>28</b>	<b>38</b>	<b>23</b>	<b>22</b>	<b>35</b>	<b>29</b>	<b>36</b>

Source: World Bank, 2015

# One Belt One Road: Opportunity for Indonesia

- Investment Potential from China:
- FDI source (textile, bioenergy, petrochemical, agriculture industry, etc)
- Infrastructure funding (infrastructure spending of China 8.5% GDP 1992-2011, BRICS Bank, AIIB, Silk Road Fund, China Indonesia Maritime Cooperation Fund, etc)
- Global production and marketing chain through various Free Trade Agreement between China and the world (China-Euro Asia Cooperation, China Europe Corridor, China Arab State Cooperation, China Africa, BRICS, Greater Mekong Sub-region/CMS, CAREC, etc)
- Transfer technology in infrastructure development (railway, highway, deepwater port, free trade zone, renewable energy)

# The way forward

- **Economic cooperation reform between Indonesia and China to increase the more qualified trade and investment pattern**
- **Holistic studies about maritime connectivity in the context of One Belt One Road (OBOR)** , about institution, logistic performance, business potential, energy resources, human resources, social economic impact , biodiversity.
- **Increase the frequency of dialogue between Indonesia and China stakeholders:** businessmen, government and researcher
- **Increase the FDI from China to Indonesia** especially in social development and community empowerment, mainly in coastal areas.

Thank You

谢谢

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