



## JOINT PRESS RELEASE



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### **European and Indonesia business community to issue joint action plan to strengthen cooperation in the automotive industry**

Members of the EU-Indonesia Business Dialogue (EIBD) on Automotives Issues meet today (14/5) in Ramada Bintang Hotel, Bali. This meeting provides an opportunity for the business community, government and stakeholders to discuss some important topics to increase trade and investment between the European Union (EU) and Indonesia in the automotive sector. To this aim, a Joint Action Plan will be adopted by the participants and presented during the government-to-government dialogue on 15 May, namely the 3rd meeting of the EU-Indonesia Sectoral Working Group on Industry and Environment.

"The EU industry would be very keen to tap into the growing opportunities of the Indonesian automotive industry and to help shape its sustainable development", said **HE Mr Julian Wilson**, Ambassador/ Head of the EU Delegation to Indonesia, Brunei Darussalam and ASEAN. "Indeed the EU Automotive industry is generally a key industry in providing jobs, exports, R&D and innovation and plays a decisive role in the transition to sustainable growth," he added. "In 2010 and 2011, the EU automotive industry has invested around US\$ 300 million in Indonesia, and some additional new investment are being planned, However, the EU market share is still small in Indonesia and there is still a tendency to prefer neighbouring countries such as Malaysia and Thailand where the environment is regarded as more conducive.", he continued. "The present Business Dialogue aims to recommend solutions to reverse this trend and to allow EU Industry unleash its full potential in supporting the development of the Indonesian economy", he added.

"At present, the two-way trade in goods achieved US\$ 26.8 billion in 2010, and in 2011 amounted US\$ 32.75 billion or it grew approximately 22.2%. The investment relationship was also going to get little decrease in 2011, EU foreign direct investment (FDI) in Indonesia reached US\$ 2.776,5 million and in the year of 2011 reached US\$ 2.675,3 million or the decrease was around 3%. On the other hand, Indonesia's share in the EU imports was only 0.2%. Car business opportunities in Indonesia which are triggering the world auto industry will make Indonesian automotive market more prospective. Their interest has also supported by the government, including the automotive industry in the Program for Enhancing Industrial Competitiveness Priority Group 6 until 2014", said **Mr Agus Tjahajana**, Director General of International Cooperation, Ministry of Industry of the Republic of Indonesia.

The event is focused on how to tap into the investment opportunities and to strengthen industrial cooperation. Panel discussions were held on regulatory issues, investment climate and environmental standards and technology.

Key decision makers are attending the event, including from the Indonesian Coordinating Ministry for Economic Affairs, Ministry of Industry, Ministry of Trade,

Indonesian Investment Coordinating Board (BKPM), Ministry of Energy and Mineral Resources, Indonesian Chamber of Commerce and Industry (KADIN), the EU Delegation, the European Chamber of Commerce (EuroCham), the Association of Indonesian Automotive Industry (GAIKINDO), Indonesian Automotive Standard Internationalisation Forum (IASIF), National Standardisation Agency (BSN), PT Indomobil, BMW, Mercedes-Benz, Volkswagen, Audi, Michelin, Pirelli, TUV Rheinland and Bosch.

The EIBD was set up in 2009 by the EU Delegation, the Indonesian Ministry of Trade, the European chambers of commerce in Indonesia and the Indonesian Chamber of Commerce and Industry (KADIN) as a forum to promote business opportunities and to issue guidance to both governments to ensure that regulatory climate will not hamper those opportunities to translate into real business. The latest Conference of the EIBD took place in November 2010 in Jakarta. The 3rd EIBD Conference will take place from 8 to 9 November 2012 in Bali. The meeting of 14 May in Bali focuses on automotive issues as it is one of the six focus sectors of the EIBD.

In spite of the economic and financial challenges confronting Europe and other parts of the world, EU-Indonesia trade is growing apace, with an increase of 20% exports from the Indonesia to the EU in 2011. Foreign Direct Investment by EU companies in Indonesia achieved approximately € 3 billion and, with Indonesia's attractiveness as a commercial destination rapidly increasing, that figure is set to rise significantly. Over 700 EU companies have set up business in Indonesia, generating around 500,000 jobs in key industries such as automotives, pharmaceuticals, machineries and equipment, consumer goods, financial services, etc.