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RI, S. Arabia form council to boost deals

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Amid staggeringly low investment from oil giant Saudi Arabia and imbalanced trade with Indonesia in recent years, businesspeople from both countries have agreed to form an Indonesia-Saudi business council to change the math.

The world's 20th biggest economy with US\$640 billion worth of gross domestic product (GDP) dripped Rp 12 billion (\$900,000) of investments into Indonesia last year, a drastic drop from \$30.4 million in 2015, Investment Coordinating Board (BKPM) data shows.

"Today we sign an agreement to start the business council of Indonesia and Saudi Arabia, so leave it to them to improve the investment. There'll be no more declines, only inclines in the future, God willing," said Shuwaimi Al Doussari, vice chairman of the Council of Saudi Chambers, after an Indonesia-Saudi Arabia business forum at the Grand Hyatt hotel on Thursday.

At the forum, attended by more than 100 Saudi Arabian and Indonesian businesspeople, four memorandums of understanding (MoU) worth around \$2.4 billion were signed, followed by one-on-one sessions between investment agencies and businesspeople looking for trade and investment opportunities.

The four MoUs included a \$2 billion commitment between state construction firm PT Wijaya Karya and Adil Makki Contracting Company (AMCO) to build 8,000 low-cost houses, as well as initiatives in other sectors like lo-



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Agreed! The chairman of Indonesia's Chamber of Commerce and Industry (Kadin), Rosan P. Roeslani (*second left*), shakes hand with the Council for Saudi Chambers of Commerce and Industry's vice chairman Shuwaimi Al Doussari (*second right*) during a meeting in Jakarta on Thursday, as Indonesia's Trade Minister Enggartiasto Lukita (*left*) and the Saudi Arabia Kingdom's General Authority for Small and Medium Enterprises' governor Ghassan Ahmed Al Sulaiman look on. Kadin met with Saudi business representatives during King Salman bin Abdulaziz Al Saud's visit to Indonesia.

cal nurse training, biomass power plants and the carrier business.

Also present for the one-on-one sessions were BKPM head Thomas Lembong, Trade Minister Enggartiasto Lukita, Saudi Arabia's General Authority for Small and Medium Enterprises governor Ghassan Ahmed Al Sulaiman and Saudi Arabian General Investment Authority (SAGIA) representatives.

"They have a lot of investors who build world-class resorts worldwide. Why not in Indonesia? We're very open to tourism and also the creative economy now. They saw Muslim fashion this morning and it should interest them," said Indonesian Chamber of Commerce and Industry (Kadin) vice chairman for

international relations, Shinta Kamdani.

Al Doussari of Saudi Chambers said the Indonesian government should first provide more flexible investment regulations, tax systems and most importantly lower exorbitant logistics costs to attract petrodollar inflow.

Business and legal consultants lauded the agreement to form a business council, but also suggested the government aim to attract more portfolio investment as Saudis tend to be keener on that type of investment.

"The real sector investment is still lacking because they may not know Indonesia well, but basically their nature is not as real sector investors but only portfolio," Giovanni Mofsol Muhammad,

a legal consultant with Hanafiah Ponggawa and Partners, told *The Jakarta Post* after the forum. "Our government can approach security firms as tools to attract Saudi investors to invest in Indonesian infrastructure projects but through mutual funds and other things," he added.

Trade-wise, Indonesia suffered a deficit. Exports and imports between the two countries stood at \$5.48 billion in 2015 with a trade deficit of \$1.36 billion for Indonesia, Trade Map data shows.

The Council of Saudi Chambers said to jack up trade, Indonesia could increase the local content of its products, as the Saudi government is planning to increase local content requirements by up to 70 percent in future.