

# Business Talk Series

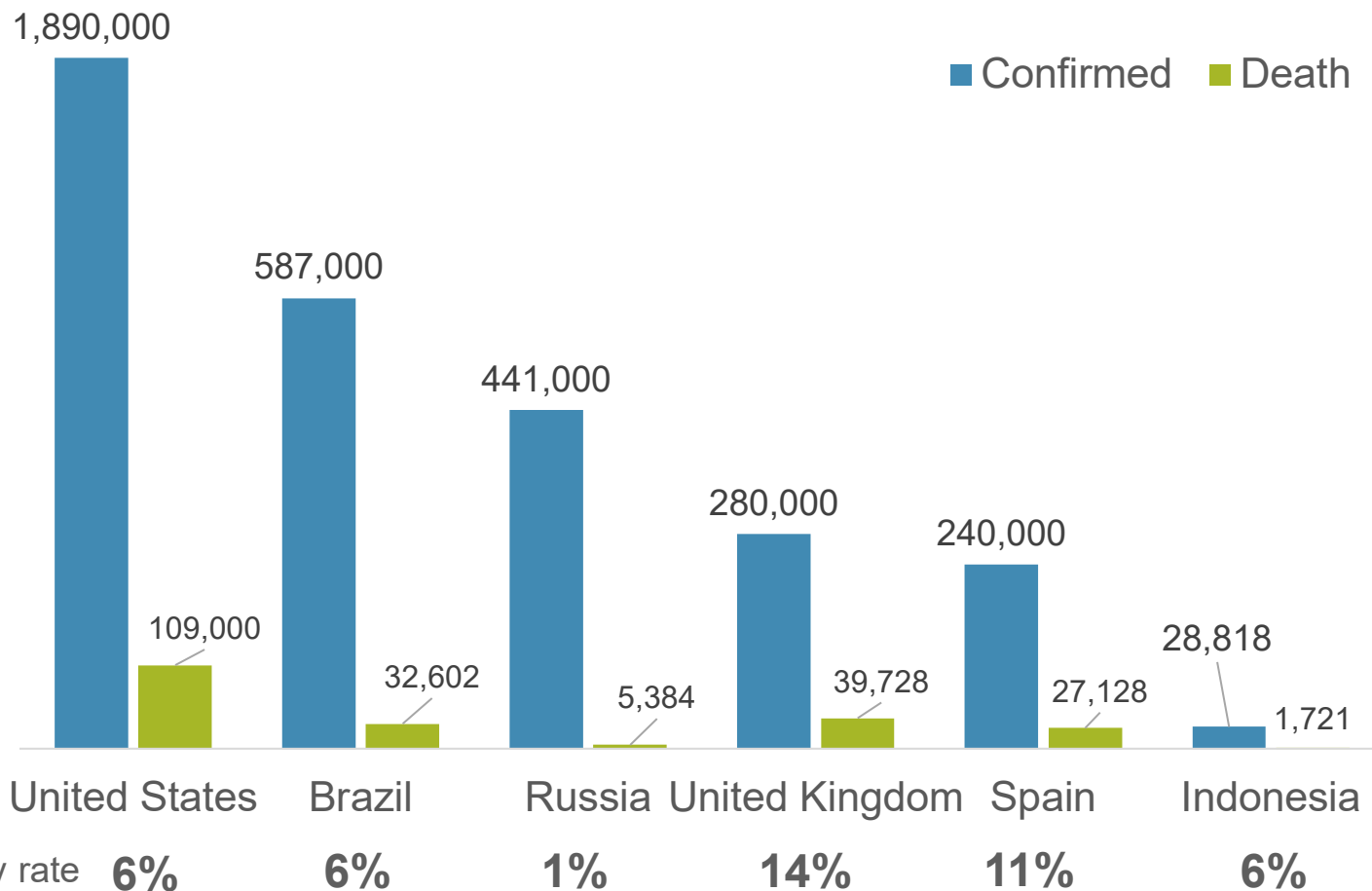
Indonesia Pasca  
Covid-19

Photo:  
Bobby  
Baneftar



# Latest updates on Covid-19

4 June 2020



## Fiscal stimulus 31 May 2020:

- United States USD 3 trill
- Japan USD 2.18 trill
- China USD 500 Bill
- Germany USD 150 bill
- **Indonesia USD 47.6 bill**
- Australia USD 470 mill

# Technology trends after Covid-19

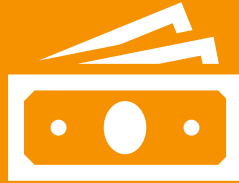
## E-Commerce



### Online shopping:

- Grocery
- Toys & games
- Sporting goods
- Electronics

## Digital payments



Cash can spread virus

### options:

- QR payment
- E-wallet

## Remote Working



### technology:

- Video conference
- Cloud solution
- E-signature
- E-collaboration

## Distance learning



### Study remotely:

- Online courses
- 3D printing
- Virtual reality

Source: World Economic forum (WEF)



# Digital readiness



There are four key areas for Indonesia to truly realize its digital ambition:

- **Building a digital infrastructure.**  
This involves developing focused government investment plans for digital development, including infrastructure building, government service delivery, and ecosystem seeding.
- **Boosting consumer awareness and trust.**  
This starts with developing a compelling national vision for Indonesia's digital future, clearly summarizing the benefits of a digital future for the nation. It also includes putting policies in place around cybersecurity and data privacy to boost consumer trust.
- **Developing a future-ready workforce.**  
Foundational national projects and policies are required in such areas as workforce and student skills development.
- **Growing the innovation ecosystem and supporting local champions.**  
A clear set of ecosystem-building priorities would help to focus national digital investment efforts. These might include setting up technology clusters or hubs that investors, universities, and start-ups can build around.

# Global megatrend in 2045

9.45 Billion



Global demography

66%



World urbanization

3.4%



International trade

\$ £ ¥ €



International finance

8.1 Billion



Middle income class

Asia & africa



Natural resources  
competition

3-3.5%



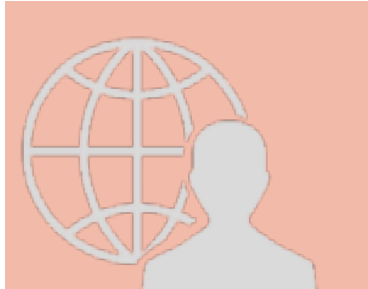
Climate change

AI, Biotech



Technology

Beijing



Geopolitical change

71%



Emerging economy  
role

# Global megatrend in 2045



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1. World population becomes 9.45 billion. Global demographic trend promotes urbanization, migration influx, and ageing population
2. 66% of world population lives in cities with 95% increase happening in emerging economies
3. Global trade grows at 3.4% annually. Developing countries become the global trade and investment axis with 6% annual growth
4. Domination of world currency shifts from US Dollars to multi currency. Emerging economies financial assets projected to exceed developed countries
5. Proportion of middle and upper-income class exceeds 84% or 8.1 billion people, dominated by Asia and Latin America
6. The increase of Asian and African population trigger competition to obtain natural resources
7. The challenge of global warming increases. Global temperatures increases 3-3.5% without initiative to reduce emission
8. Technological change trend is dominated by ICT, biotechnology and genetic engineering, wearable devices, renewable energy, automation, and AI.
9. The increase of China's role. Middle East's vulnerability
10. Total developing countries output accounts for 71% of world output with Asia as the biggest stimulant of 54%

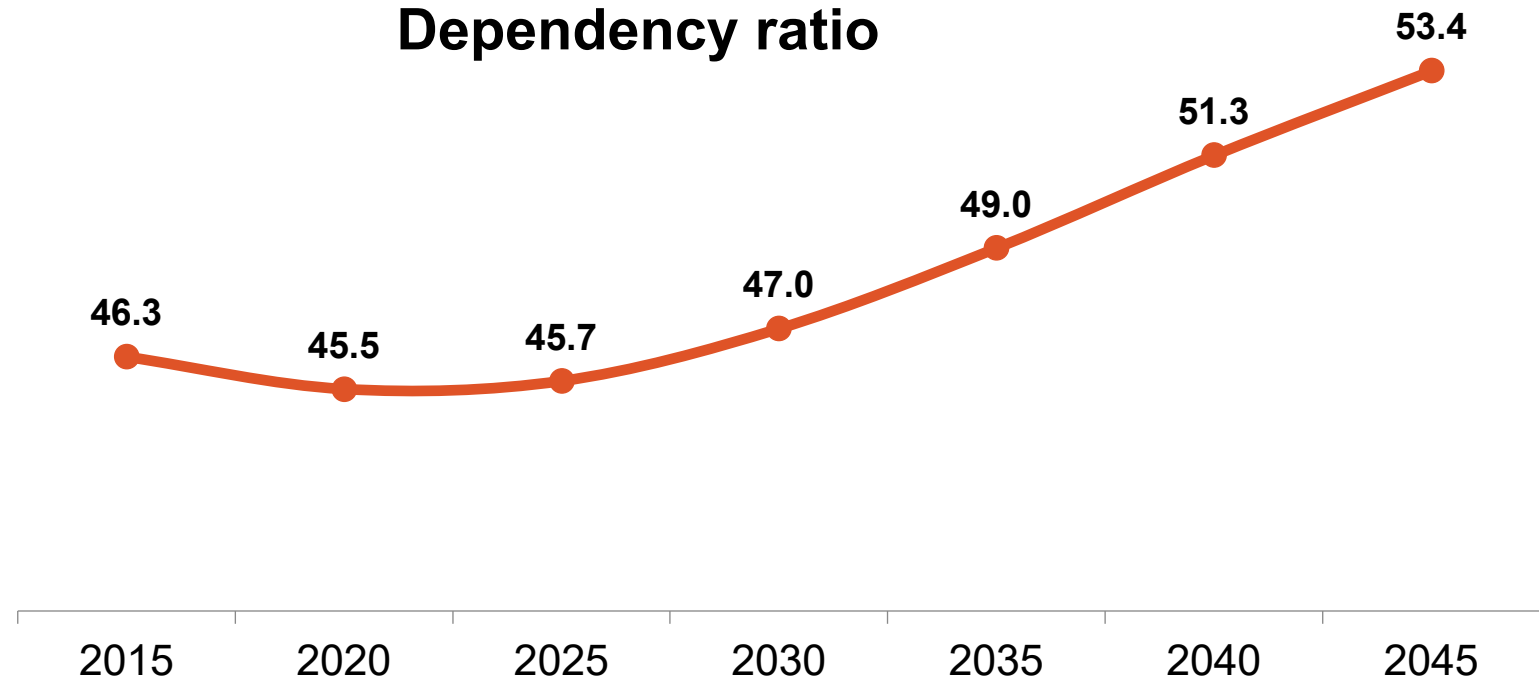
# Demography and Urbanization

**2010**

**2045**

Population	
238.5 million	318.9 million
Life Expectancy	
69.8 year	75.5 year
Senior citizen	
11.9 million	44.9 million
Urban population	
49.9%	72.8%

**Dependency ratio**



# Indonesia growth scenario



## Base Case Scenario

*Business as usual*

- **5.1 % annual GDP growth**
- **USD 19,794 GDP per capita** in 2045
- **Ranked 7<sup>th</sup>** in the world for GDP
- **Escape from Middle-income trap** in 2038
- **Investment:**
  - \*Growth: 5.4%
  - \*Share of GDP: 33.1%
- **Manufacturing:**
  - \*Growth: 5.2%
  - \*Share of GDP: 22.5%
- **Export:**
  - \*Growth: 5.6%
  - \*Openness (X+M)/GDP: 34%
- **Agriculture:**
  - \*Growth: 3%
  - Share of GDP: 7.8%



## High Scenario

- **5.7 % annual GDP growth**
- **USD 23,199 GDP per capita** in 2045
- **Ranked 5<sup>th</sup>** in the world for GDP
- **Escape from Middle-income trap** in 2036
- **Investment:**
  - \*Growth: 6.4%
  - \*Share of GDP: 38.1%
- **Manufacturing:**
  - \*Growth: 6.3%
  - \*Share of GDP: 26%
- **Agriculture:**
  - \*Growth: 3.2%
  - Share of GDP: 7.4%



## Super high Scenario

- **6.4 % annual GDP growth**
- **USD 28,934 GDP per capita** in 2045
- **Ranked 4<sup>th</sup>** in the world for GDP
- **Escape from Middle-income trap** in 2034
- **Investment:**
  - \*Growth: 7.3%
  - \*Share of GDP: 39%
- **Manufacturing:**
  - \*Growth: 7.8%
  - \*Share of GDP: 32%
- **Export:**
  - \*Growth: 7.9%
  - \*Openness (X+M)/GDP: 54%
- **Agriculture:**
  - \*Growth: 3%
  - Share of GDP: 6.5%

# GDP Rank by Market Exchange Rate

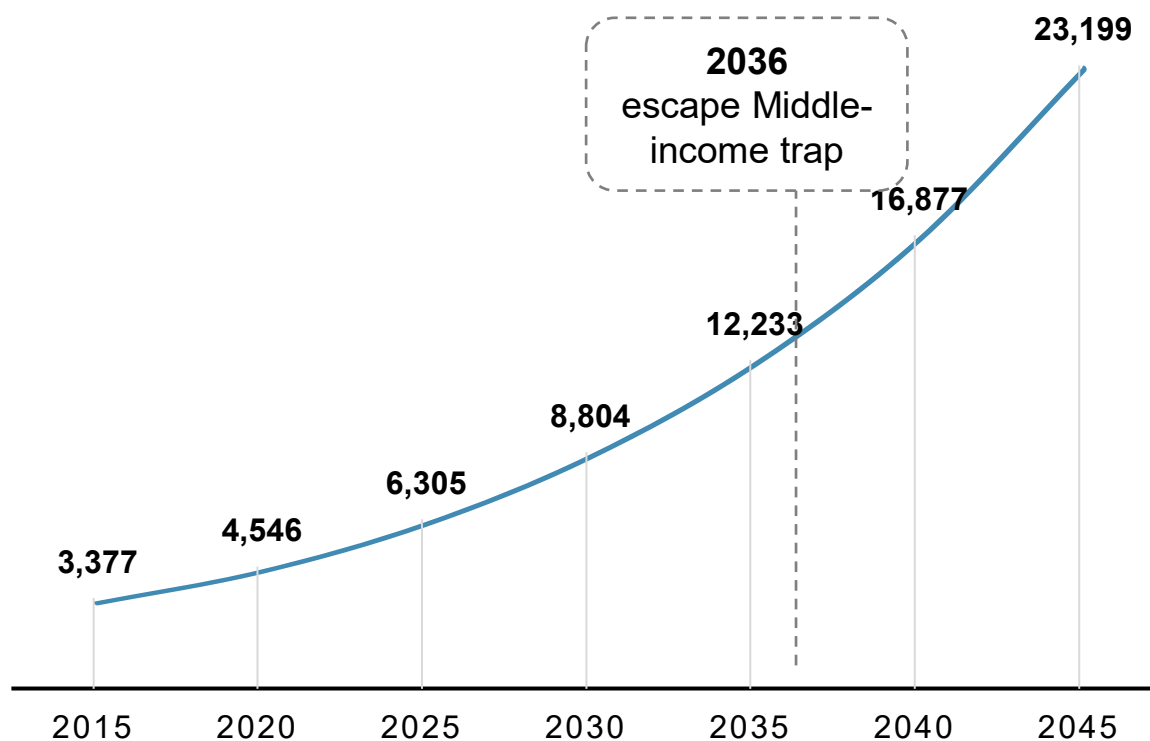
## US\$ Billion

Rank	Country	2015	Rank	Country	2030	Rank	Country	2045
1	USA	17,947	1	USA	33,514	1	China	70,907
2	China	10,866	2	China	32,987	2	USA	56,284
3	Japan	4,123	3	India	7,284	3	India	18,536
4	Germany	3,356	4	Japan	6,124	4	Indonesia	9,313
5	UK	2,849	5	Germany	5,473	5	UK	9,045
6	France	2,422	6	UK	5,284	6	Japan	8,148
7	Brazil	1,775	7	France	4,168	7	Germany	7,976
8	Italy	1,815	8	Brazil	3,219	8	France	6,532
9	India	2,074	9	Indonesia	2,880	9	Brazil	5,232
10	Russia	1,305	10	Canada	2,876	10	Australia	5,148
11	Canada	1,551	11	Italy	2,859	11	Canada	4,909
12	Australia	1,340	12	Australia	2,710	12	South Korea	4,258
13	South Korea	1,378	13	South Korea	2,588	13	Italy	3,959
14	Spain	1,199	14	Russia	2,287	14	Russia	3,589
15	Mexico	1,144	15	Spain	2,162	15	Mexico	3,260
16	Indonesia	889	16	Mexico	2,000	16	Spain	3,130

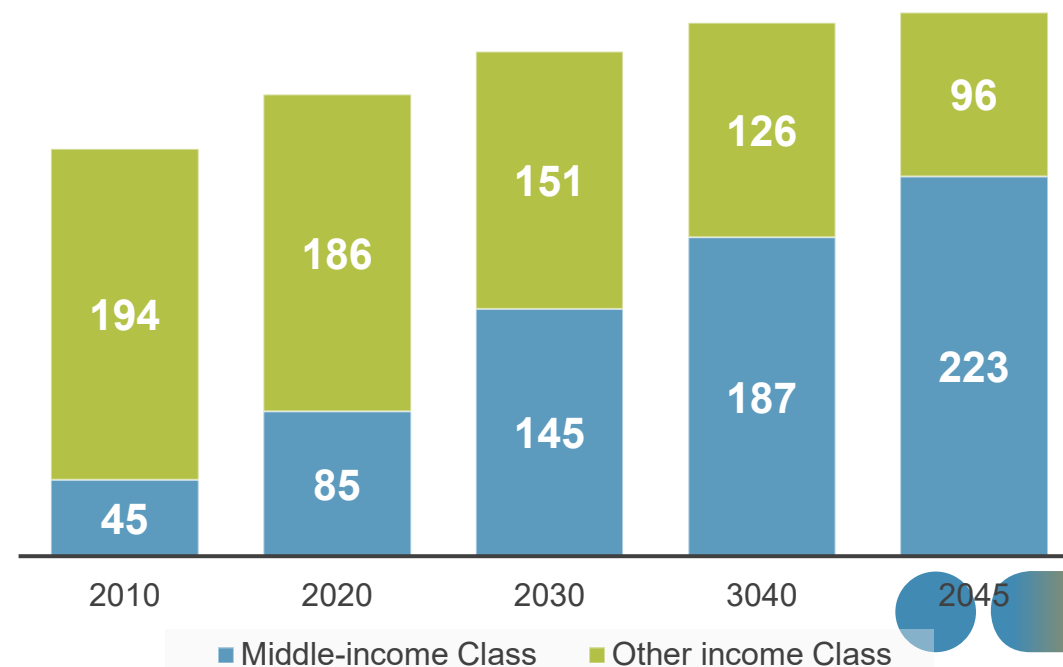
source: Bappenas – based on the latest demographic profile

# High Economic Growth Scenario

**GDP/CAPITA  
(USD)**



**Indonesia's middle-income class  
(million people)**



	2015	2016 - 2025	2026 – 2035	2036 - 2045
Years of schooling	<b>8.3</b> year	<b>9.5</b> year	<b>10.7</b> year	<b>12</b> year
Gross enrollment ratio (GER) in Tertiary education	<b>29.9%</b>	<b>35%</b>	<b>50%</b>	<b>60%</b>
Labor force with >= senior high school education	<b>39.3%</b>	<b>50%</b>	<b>70%</b>	<b>90%</b>



# Current Education profile

## Number of Schools

Senior High School  
SMA & SMK



27,205

Junior High School



38,960

Elementary



148,244

## Number of Students

Senior High School  
SMA & SMK



9,687,676

Junior High School



10,125,724

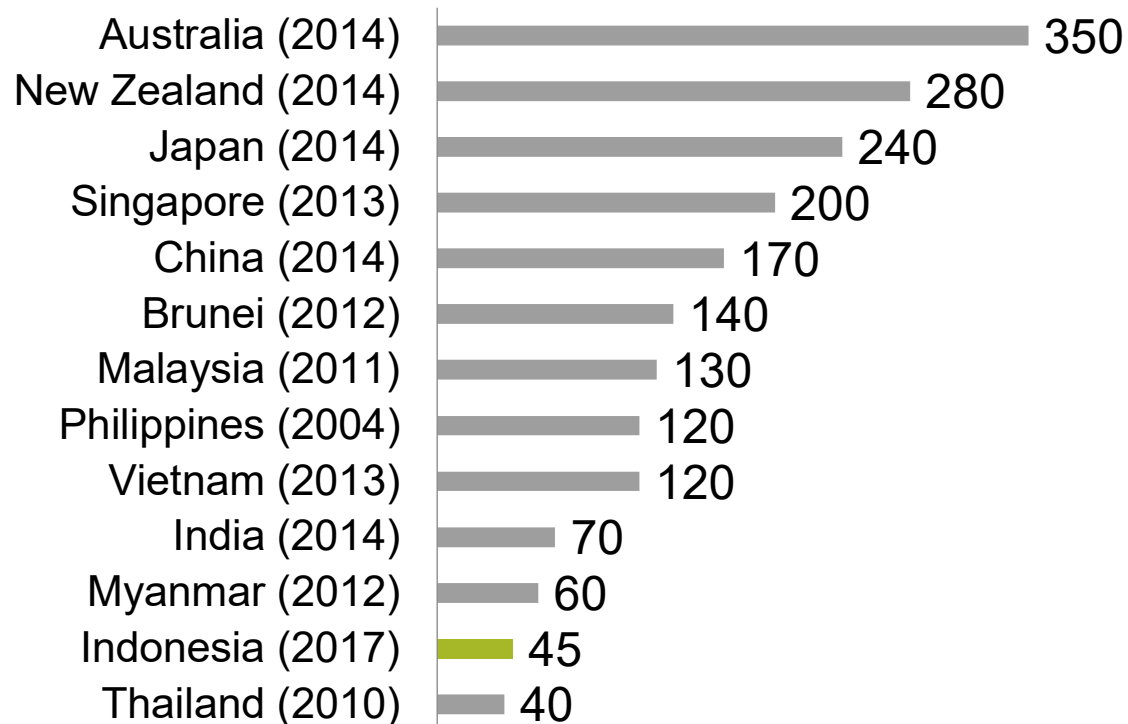
Elementary



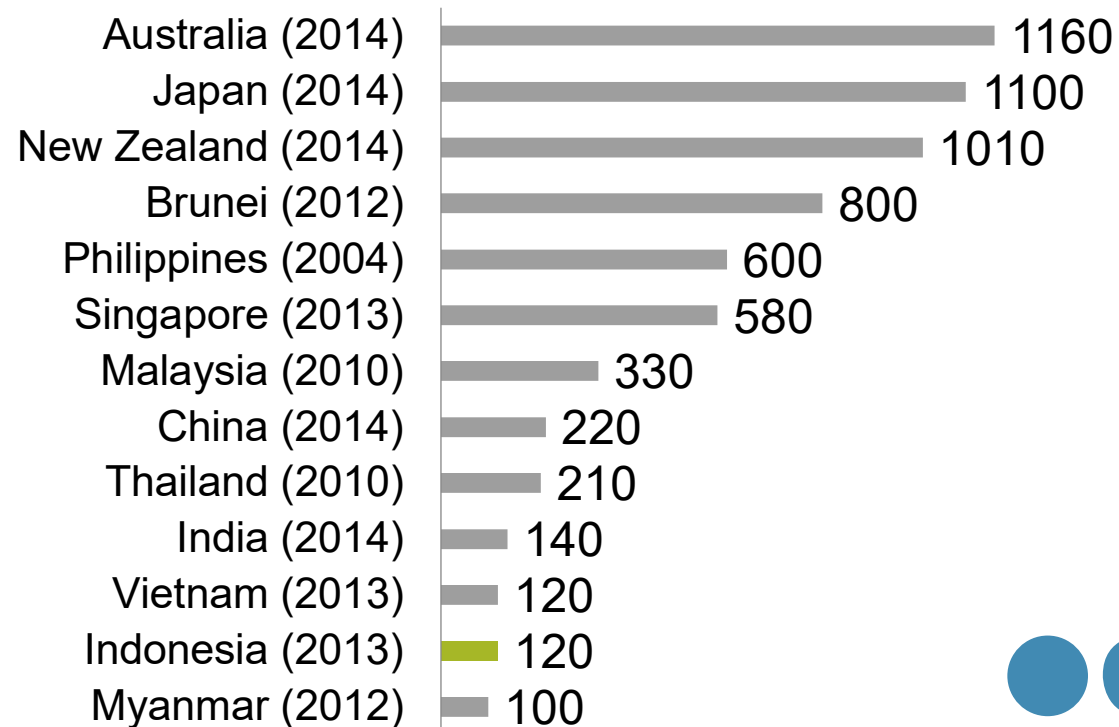
25,486,506

# Healthcare sector

## Doctors per 100,000 population (latest year available)



## Nurses per 100,000 population (latest year available)



4,8 millions

Baby



2018

12 thousands

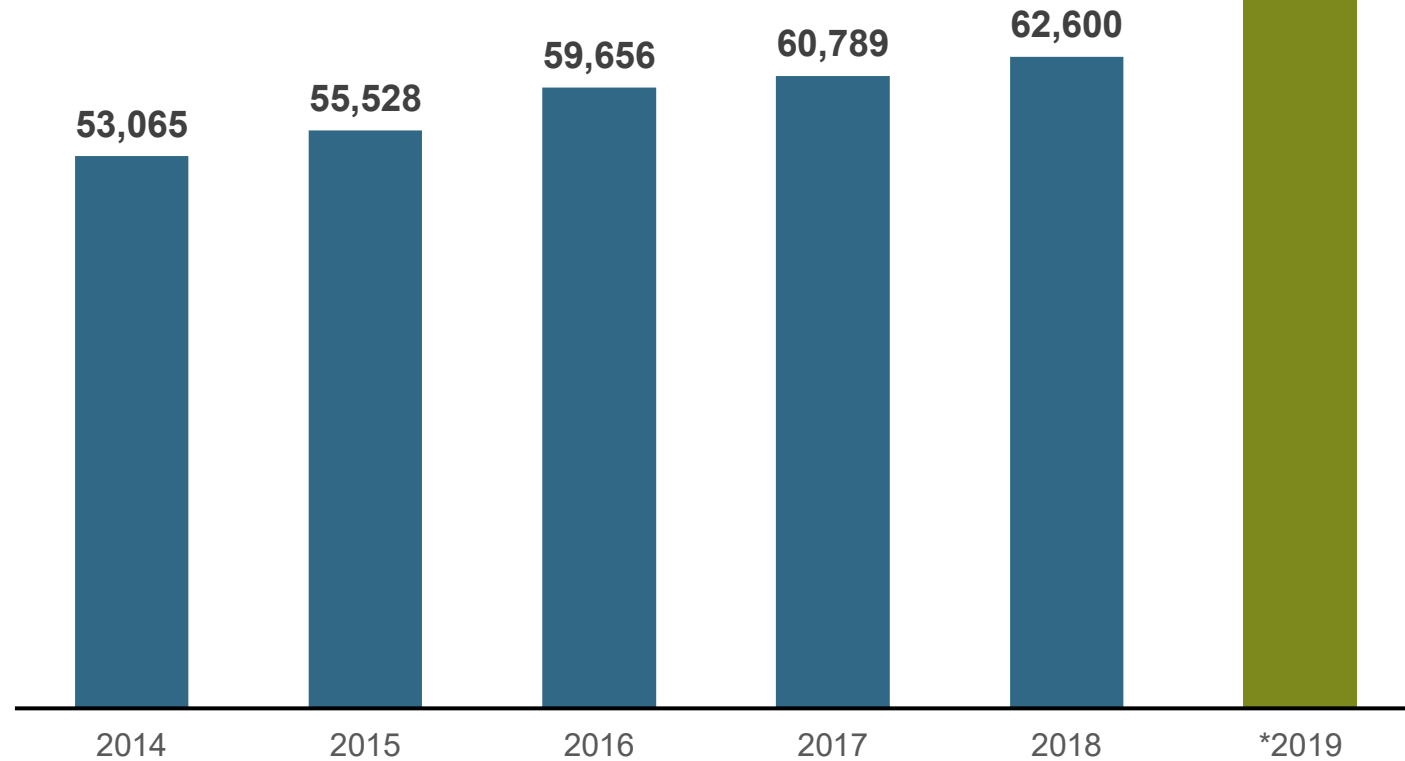
New physicians in 2018



Ratio

400 : 1

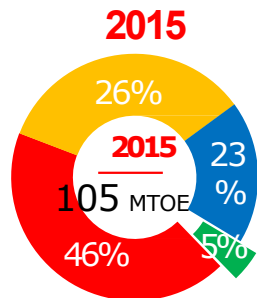
# National electricity capacity (in Mega Watt)



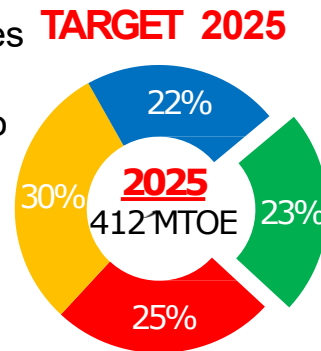
\*by end of year

# Energy mix target

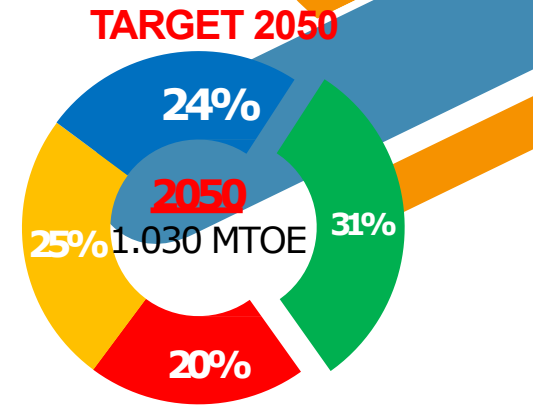
- Share of renewable energy is increased to 30% in 2045
- The possibility of using nuclear energy if other energy sources do not meet
- Electrical infrastructure development implements archipelago concept
- Fulfilment of energy needs that considers its impact on environment



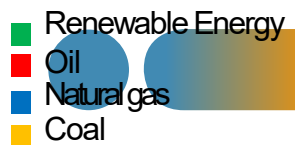
**5%** Renewable mix  
**60 GW** Power plant  
**980 kWh** Electricity/capita  
**98.05** Electrification ratio



**23%** Renewable mix  
**115 GW** Power plant  
**2,500kWh** Electricity/capita  
**100** Electrification ratio



**31%** Renewable mix  
**430 GW** Power plant  
**7,000 kWh** Electricity/capita  
**100%** Electrification ratio



# Improving investment climate

2015 - 2025

**EoDB** ranked **35**  
Investment to GDP ratio  
**34.1 %**

Enhancement of  
labour-intensive,  
export oriented, and  
high value-added  
sectors



2025 - 2035

**EoDB** ranked **20**  
Investment to GDP ratio  
**36.4 %**

Investment  
acceleration on  
advanced  
technology and  
highly innovative  
sectors



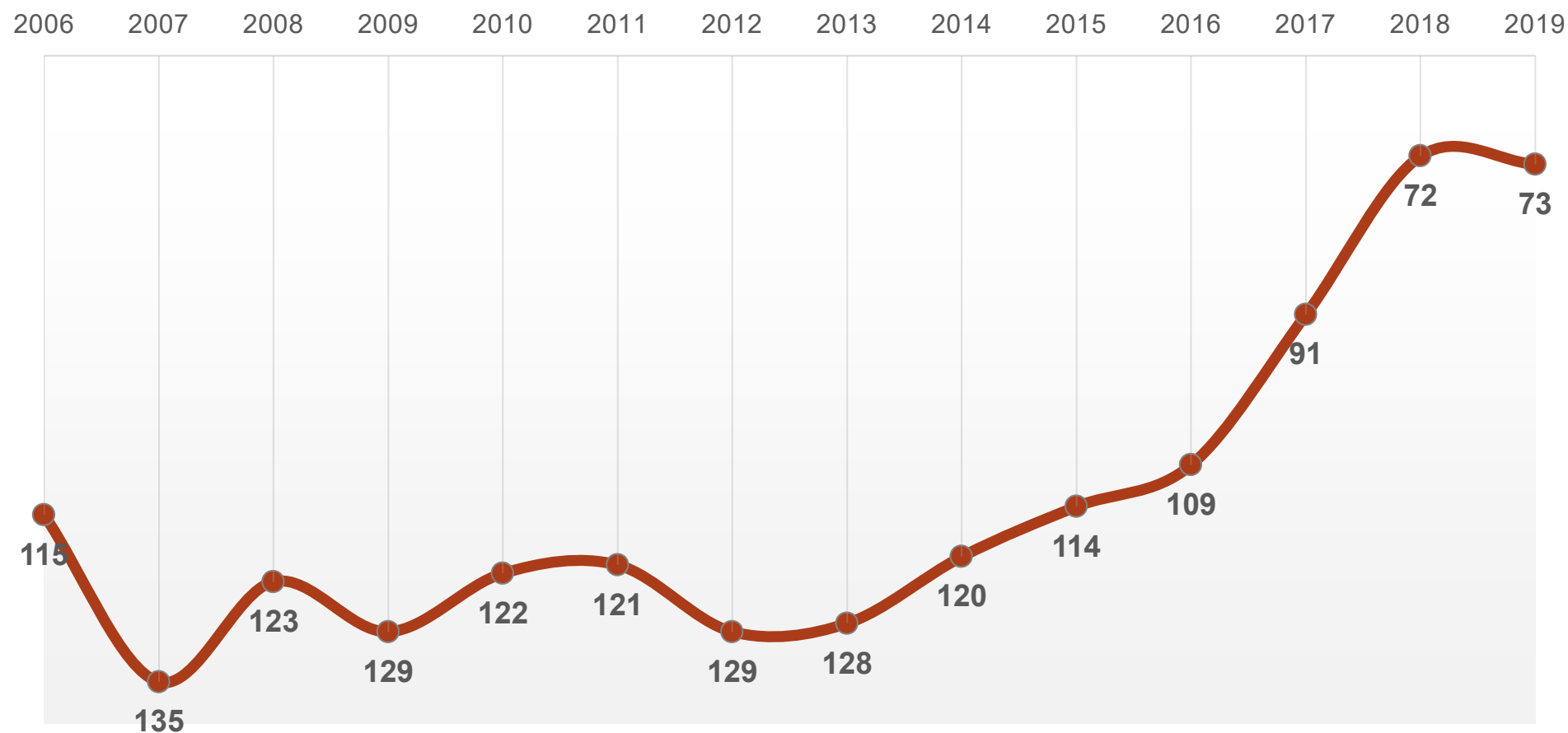
2035 - 2045

**EoDB** ranked **10**  
Investment to GDP ratio  
**38.1 %**

Sustainable  
investment and  
ensuring security  
on investment  
abroad



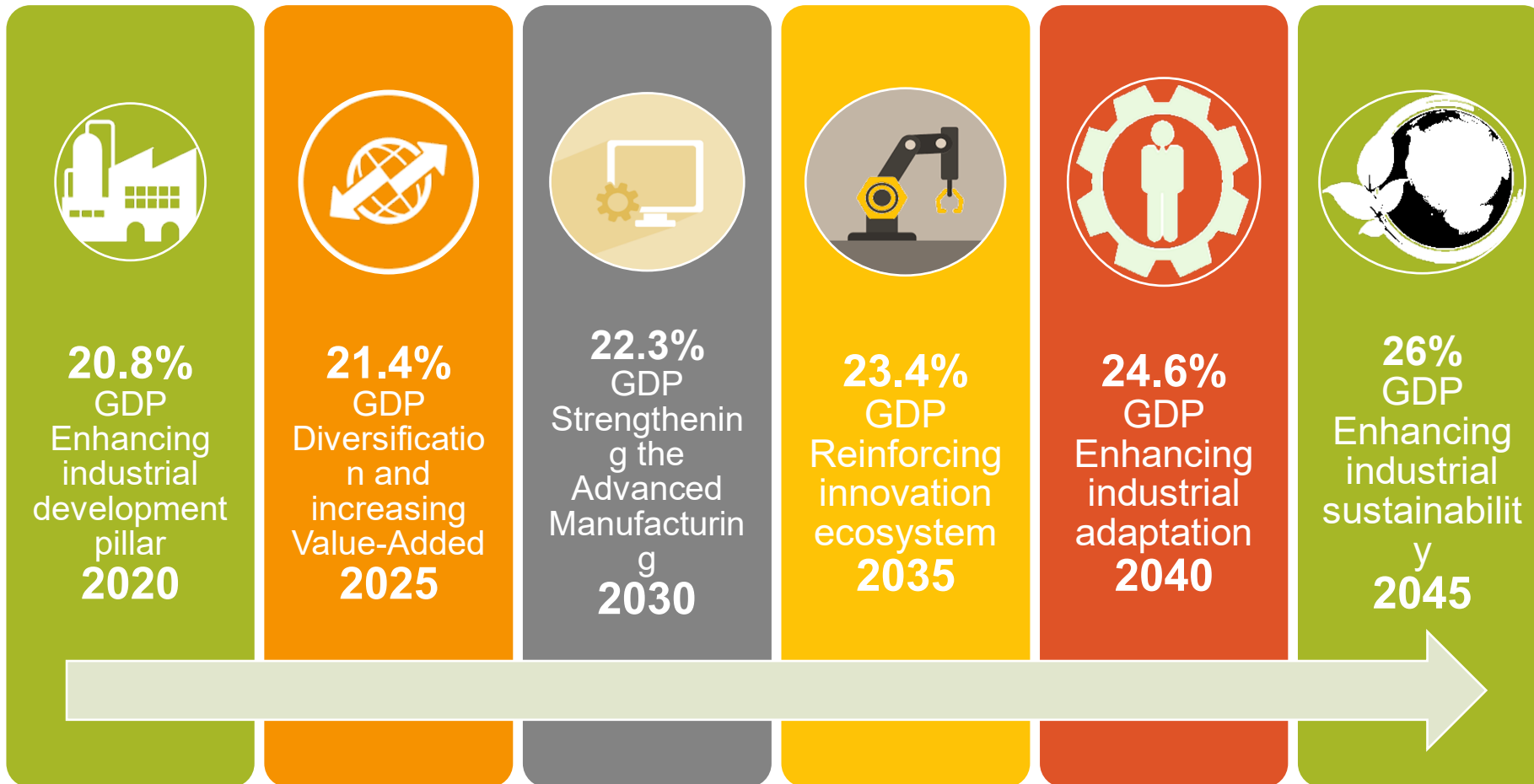
# Easy of Doing Business



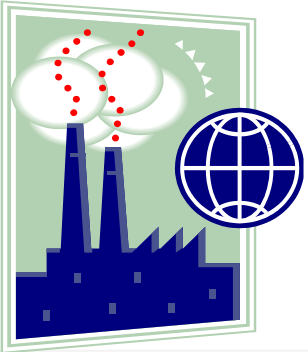
source: World Bank, Wikipedia



# Industry as the driver of economic growth



# Manufacturing contribution to GDP



- Indonesia ranked 4<sup>th</sup> as the country with the highest manufacturing contribution to GDP (20%) after Germany.
- Other ASEAN countries average less than 10% of manufacturing contribution to GDP.



**1<sup>st</sup> South Korea**  
**29%**



**2<sup>ND</sup> China**  
**27%**



**3<sup>RD</sup> Germany**  
**23%**



**4<sup>TH</sup> Indonesia**  
**20%**

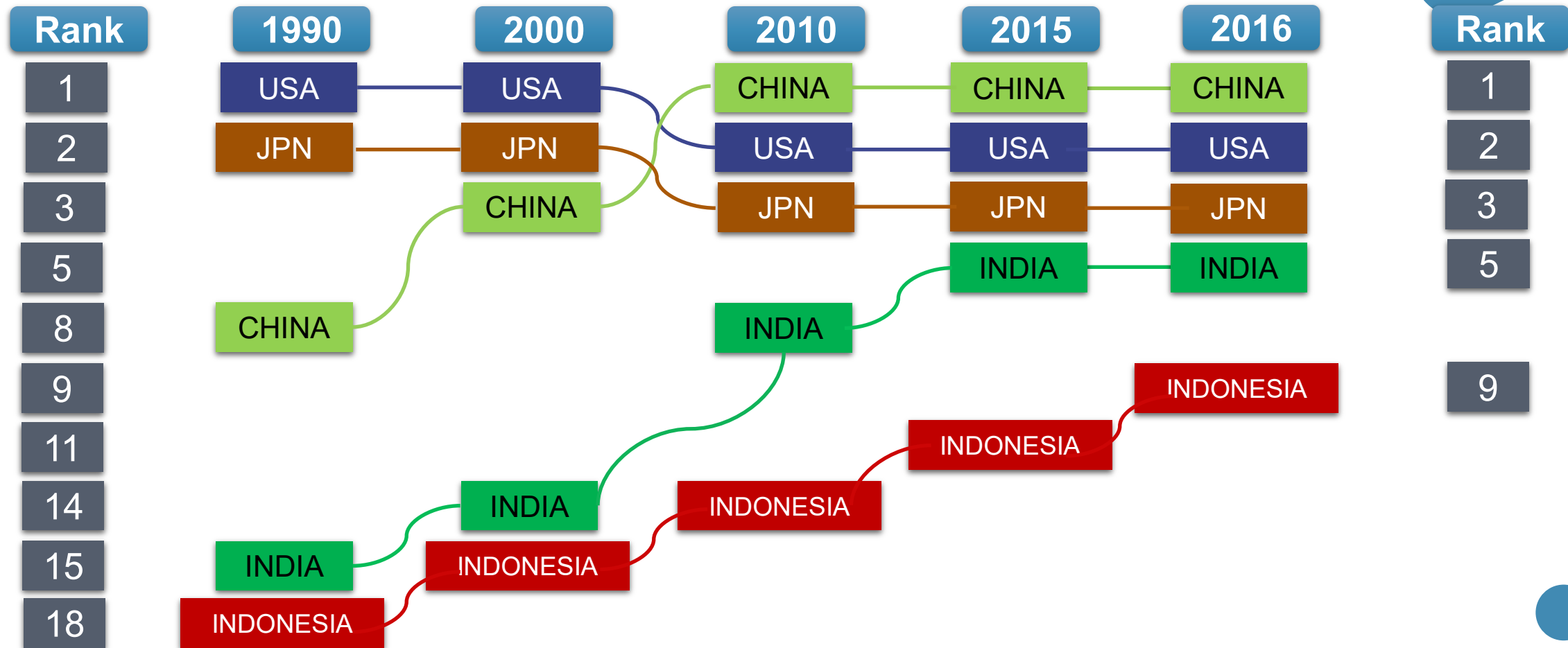


**5<sup>TH</sup> Mexico**  
**19%**



**6<sup>TH</sup> Japan**  
**19%**

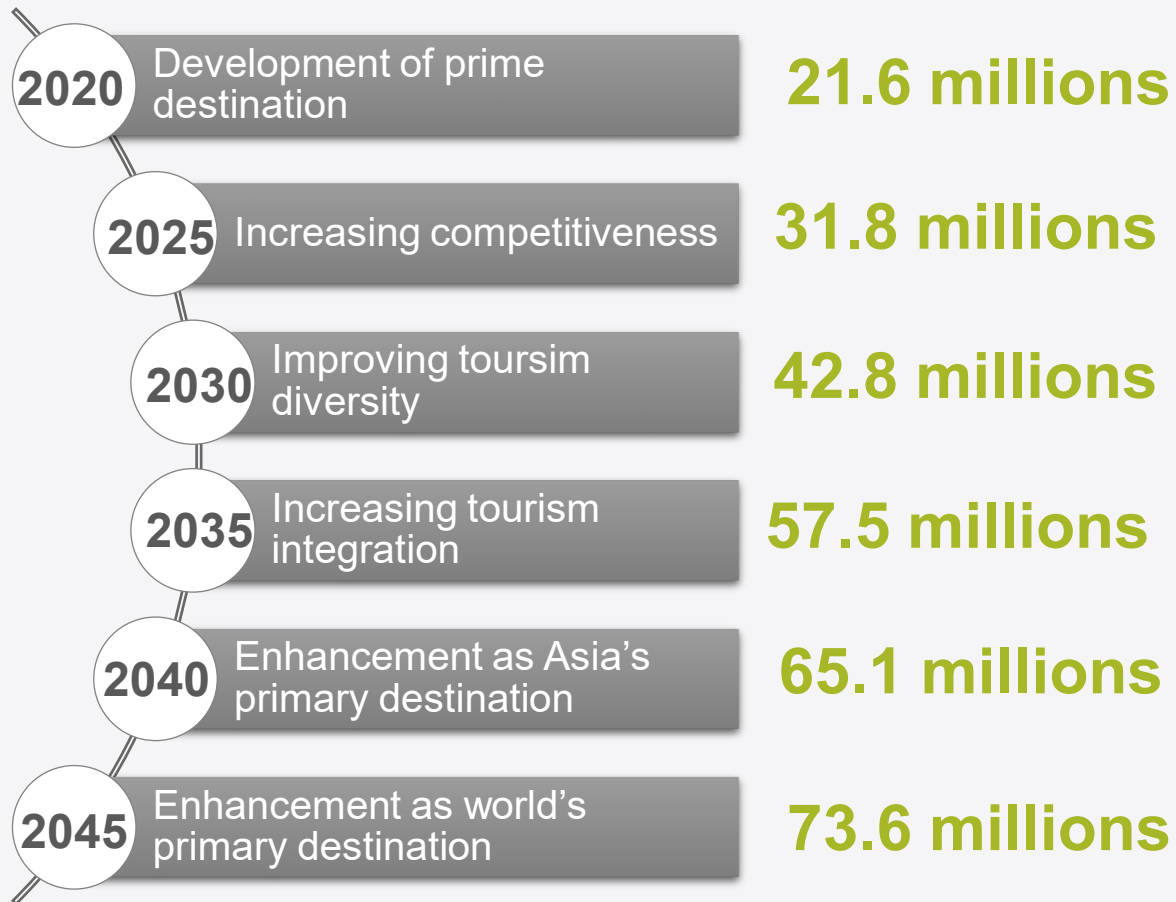
# Trend of Manufacturing value added



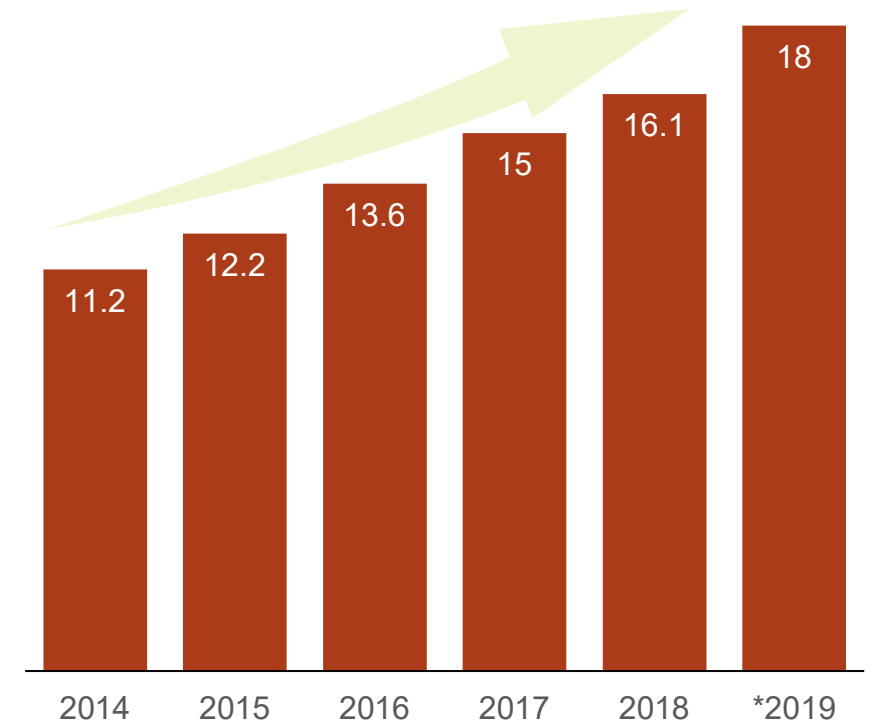
# Indonesia as primary tourism destination



## Total international tourists

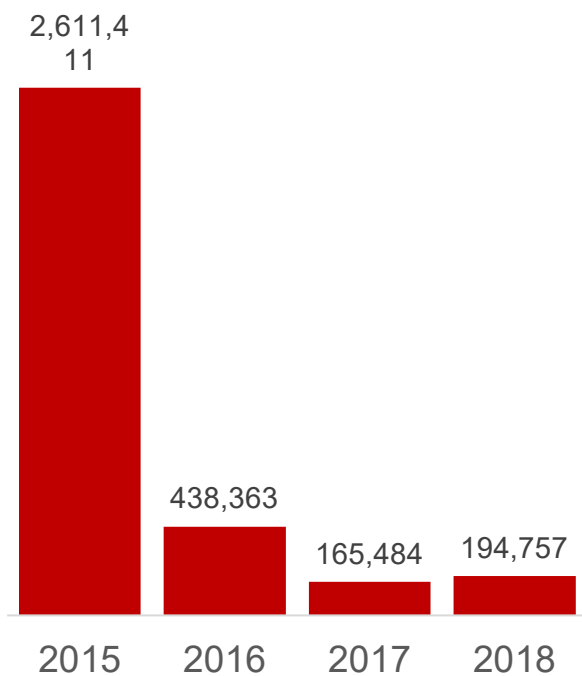


## Forex receipt from Tourism (\$billions)

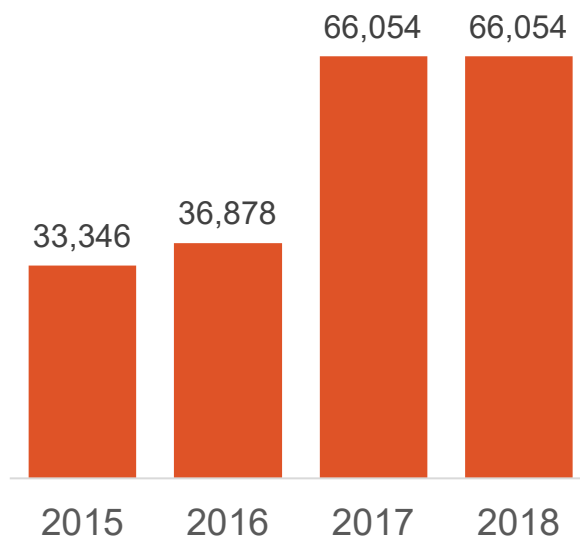


# Environment

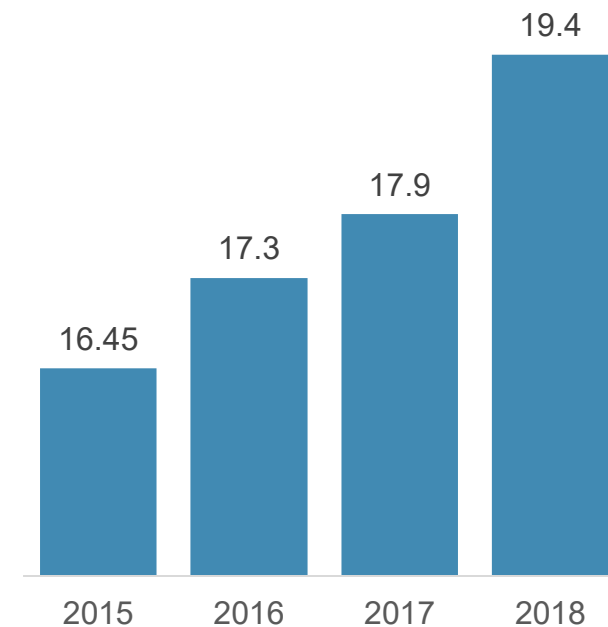
**Wildfires  
(hectares)**



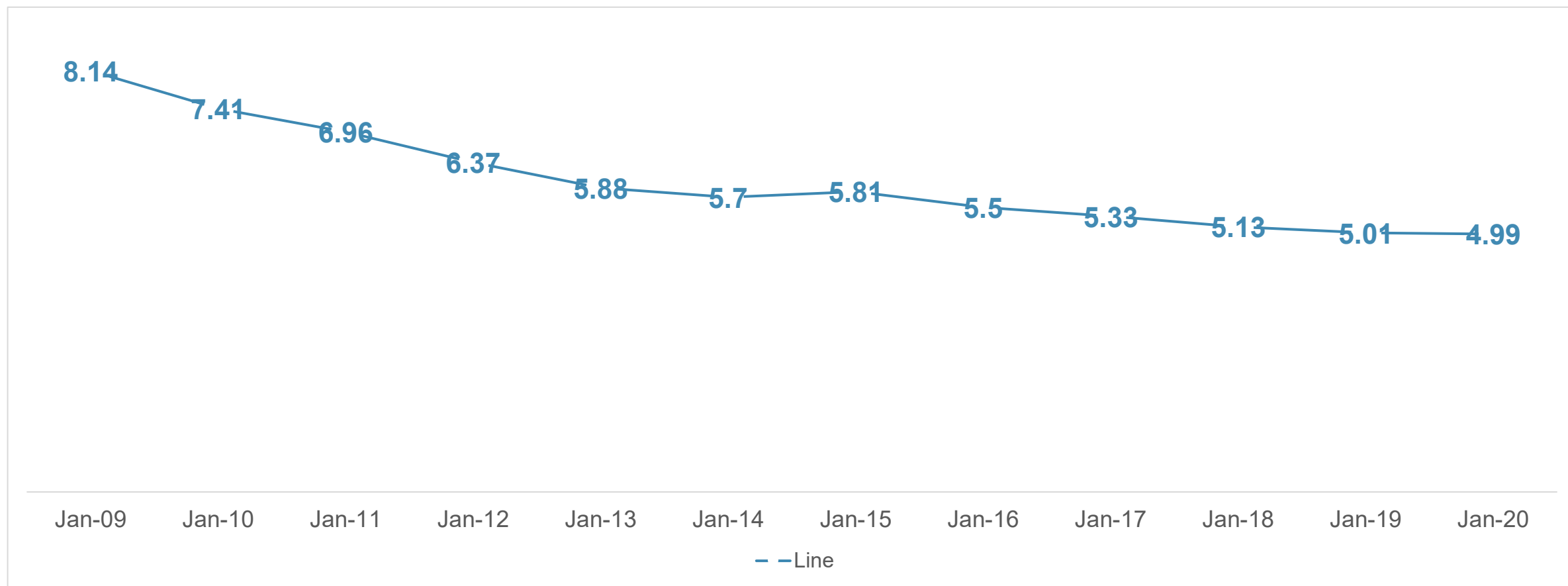
**Forest Conservation  
Program  
through community  
partnership  
(hectares)**



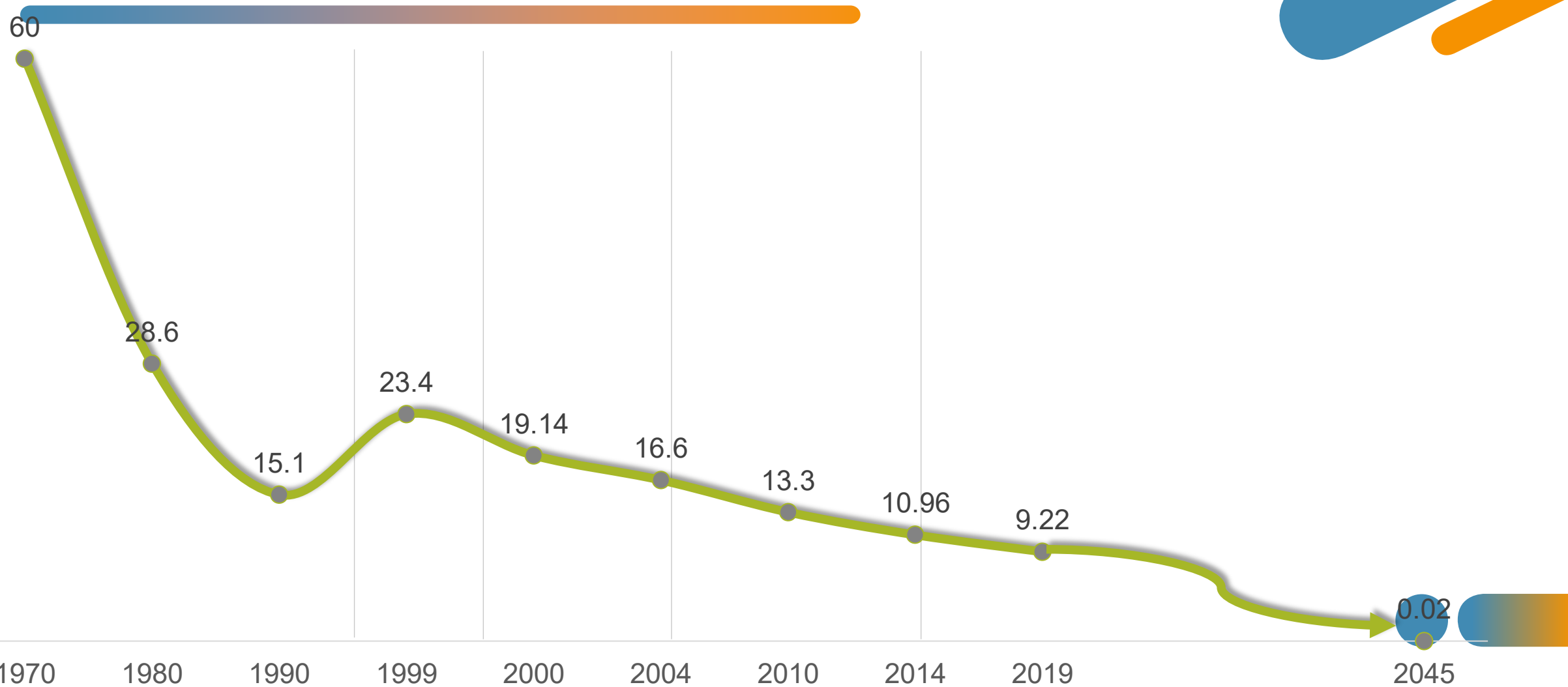
**Marine Conservation  
Program  
(million hectares)**



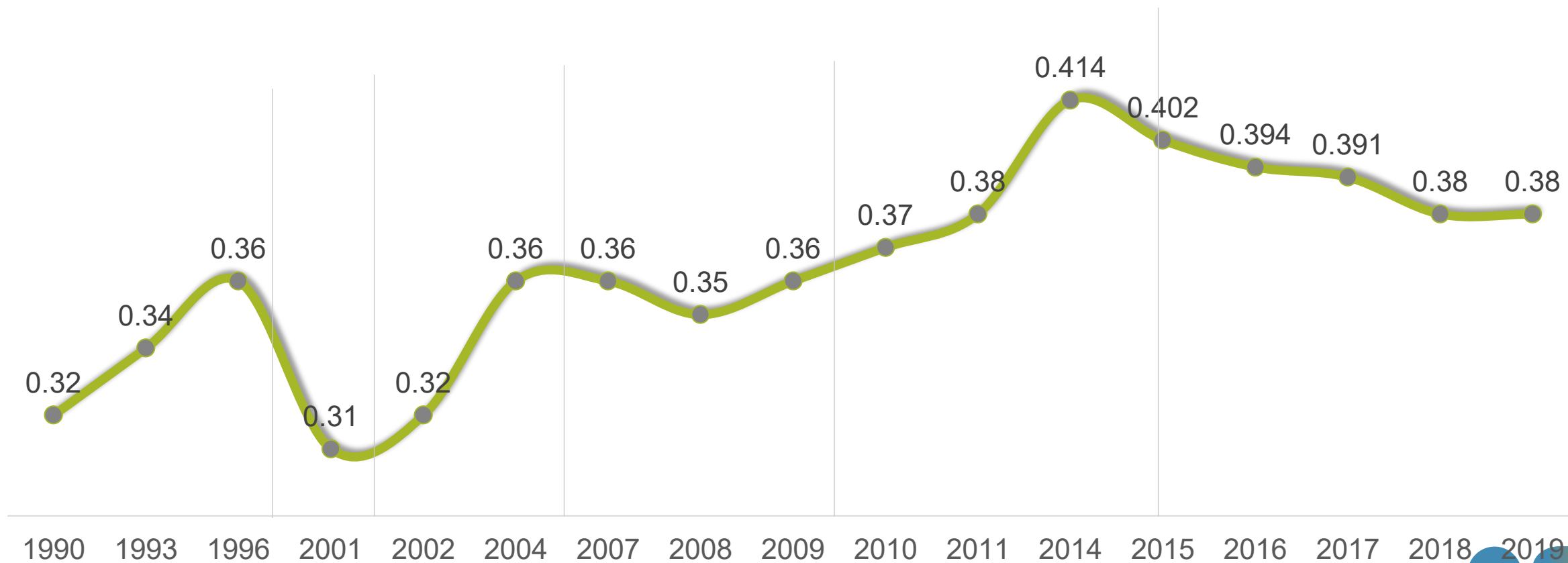
# Unemployment rate (%)



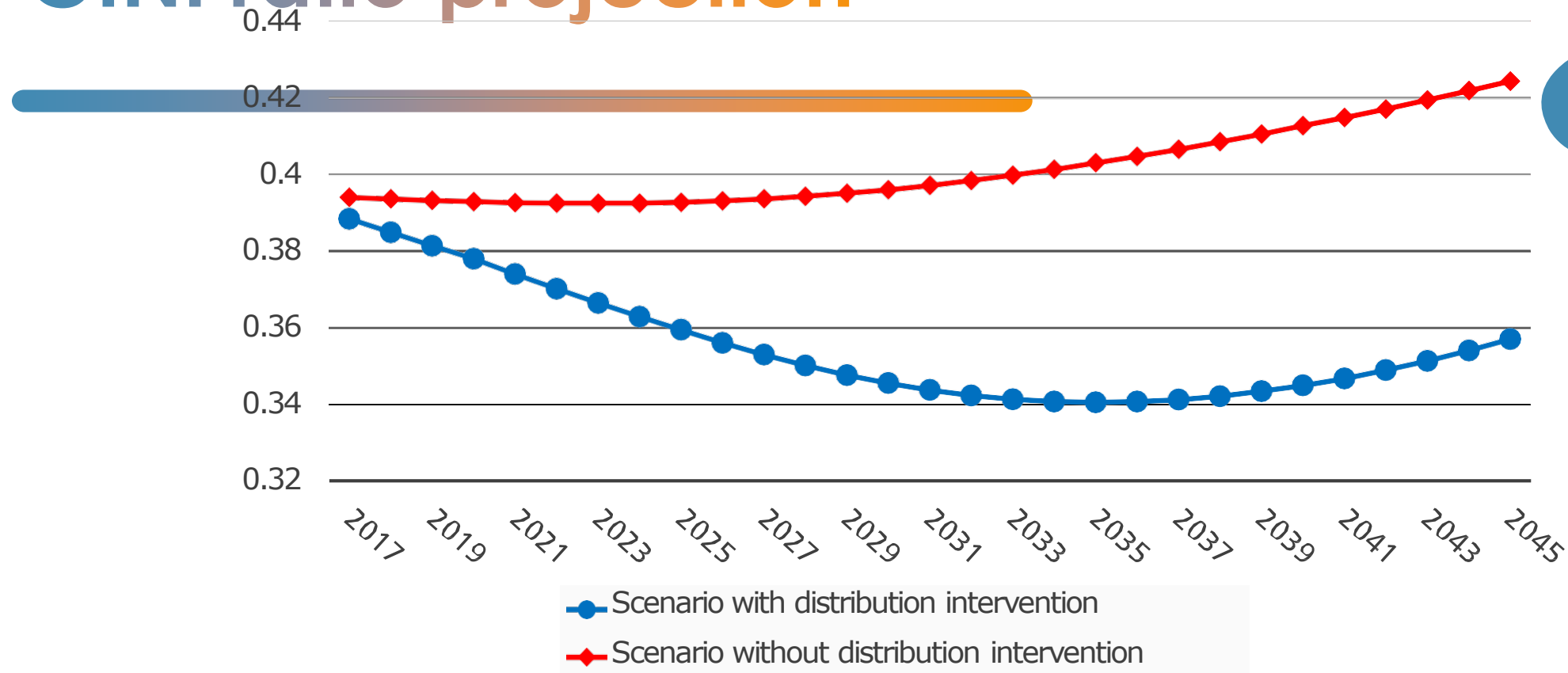
# Poverty rate (%)



# Income equality (GINI Ratio)



# GINI ratio projection



- **Income inequality falls to ideal level in 2035 and maintain at the safe level**

- **Without equal income policy, Gini ratio will increase towards 0.44 in 2045**

# THANK YOU!

