



PRESS RELEASE

For immediate release

Indonesia poised to rebound from pandemic but needs stronger future proofing to attract foreign investments

Jakarta – August 25th, 2021 - Indonesia is primed to be a major beneficiary of foreign investment if it maintains a focus on growth-friendly reforms and continues to dismantle long-standing barriers to trade and entrepreneurial activity.

Around the world, a pattern of v-shaped recoveries has emerged in countries that have controlled the virus, and in Indonesia's case robust domestic consumption and resurgent global demand should amplify short-term impetus. Longer term, the nation will benefit from the new economic architecture created by reforms to areas such as labour and financial markets regulation.

"Indonesia has positioned itself well to emerge from COVID-19 and recommence its rapid economic development. But three critical issues should be addressed to ensure that companies can truly capitalise on the rebound – sustainable investment, simplify investment regulations, and digital connectivity," said **President and Director of PT. Bank HSBC Indonesia, Francois de Maricourt**.

There are a number of steps that Indonesia can take in each of these areas:

- 1. Policymakers and business should focus on ensuring that Indonesia's combination of green potential and investment yield** make it an attractive destination for global capital seeking sustainable returns. It has been estimated that almost half the world's funds under management – some US\$43 trillion – are now pledged to sustainable outcomes. Appetite is likely to increase after this month's Intergovernmental Panel on Climate Change report revealed the goals of the Paris Agreement will not be met without deep and rapid cuts to emissions.
- 2. It is imperative that government continues to create an environment that allows e-commerce and digital connectivity to flourish.** Indonesia has one of the world's highest number of internet users at some 196 million¹ but more than a quarter of the population has yet to go online, and Indonesia ranks only 56th in the world in terms of access to technology. Its efforts to upgrade both physical and regulatory infrastructure, such as the rollout of 4G connectivity to 4,000 districts and subdivisions this year, are a step in the right direction.
- 3. A continued focus on finding ways to reduce non-tariff barriers**, such as recent free trade agreements to which Indonesia is signatory, would reap benefits and provide a role model for the ASEAN region. Indeed, a 2019 IMF study estimated that if Asia could remove barriers to trade and foreign direct investment, it would boost regional growth by 15 per cent.²

¹ <https://www.thejakartapost.com/news/2020/11/11/indonesian-internet-users-hit-196-million-still-concentrated-in-java-apjii-survey.html>

² <https://www.research.hsbc.com/R/10/vRCtSnSyKWtu>



Speaking at the HSBC Summit today, **Joseph Incalcaterra, Chief Economist, ASEAN, HSBC Global Research** said, “While the ASEAN region – including Indonesia – continues to face immense challenges relating to the pandemic and global economic uncertainty, by accelerating the vaccination drive and continuing on a path of economic reform, Indonesia can pave the way for a quick recovery. We are increasingly optimistic about Indonesia’s recovery prospects compared to regional peers.”

Mr Maricourt concluded, “Indonesia has continued to overhaul its business environment to make it more investor-friendly. If it maintains that discipline, it should come more firmly into the sight of international companies.”

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