



INDONESIA – ITALY BUSINESS FORUM

**Hotel Michelangelo Milano
Milan, Italy**

2 October 2019

TERMS OF REFERENCE

Introduction

Diplomatic relations between Indonesia and Italy were officially established in 1949, with Italy was one of the first European countries which recognized Indonesia's independence and sovereignty. Since then, the bilateral relations between both countries have developed and strengthened in many aspects of cooperation, such as in the fields of defence, economics, trade and investment, sociocultural, and tourism.

This year 2019, Indonesia and Italy are celebrating 70 years of diplomatic relations. To commemorate this historic occasion, both countries collaborate in various activities throughout this year on the theme of Creative Economy and Small and Medium Enterprises (SMEs), which have been agreed by both Foreign Ministers, as the main theme of this year's commemoration.

In the economic field, Italy is Indonesia's third largest trading partner in the European Union (EU). The total trade between Indonesia and Italy in 2018 amounted to USD 3.76 billion or increased 7.12% from USD 3.51 billion in 2017. The Indonesian export to Italy in 2018 reached USD 1.92 billion, with the main exports were animal or vegetable fats and oils, chemical products as well as iron and steel. While the Indonesia's import from Italy amounted to USD 1.84 billion in 2018, and mostly in the form of machinery, organic chemicals and electrical equipment and parts.

On the investment side, referring to the Indonesia Investment Coordinating Board (BKPM), Italy was the 29th largest foreign investor in Indonesia in 2018 with the total value of USD 32.09 million, consist of 187 projects. Italian companies are active in several sectors, ranging from energy and infrastructures to consumer goods, chemical, automotive and services. Major Italian investors in Indonesia among others are Eni Indonesia Ltd, Enel Green Power, PT Bozzetto Indonesia, Coeclerici Indonesia, Fiat Indonesia, Generali Indonesia and CRIF Indonesia.

With a huge population and the rise in disposable income, Indonesian telecommunication market is one of the most competitive markets in Asia. According to Statistics Indonesia, Indonesia's information and communication sector is one of the sectors that has the highest growth in the first quarter of 2019 (year on-year) at 9.03%. The annual global digital ecosystem report by We Are Social also recorded that Indonesia has 150 million internet users in 2019, which points to a penetration rate of 56% of the population. To develop domestic ICT infrastructure, the Government of Indonesia has issued the Indonesia Broadband Plan 2014-2019 which aims to

provide access to fixed and mobile broadband services in both urban and rural regions. For fixed broadband, the Government aims to connect 71% of urban households, along with 49% of households in rural areas. Additionally, the Government also targets a penetration rate of mobile broadband subscription of 100% among urban Indonesians and 52% of people in rural areas. This Indonesia Broadband Plan identified five priority sectors for broadband distribution and utilization: e-government, e-education, e-health, e-logistics and e-procurement.

On the other hand, infrastructure development has become a top priority under the President Joko Widodo Administration, and it will remain as a focus for the country in the next years ahead. According to the World Economic Forum (WEF)'s Global Competitiveness Report 2017-2018, Indonesia ranked 52nd in terms of infrastructure competitiveness, improving from 60th in the 2016 edition. The Government is well-aware about the importance to offer a more attractive investment and business climate by enhancing the nation's infrastructure. However, Indonesia still needs to invest much more in infrastructure such as boosting road and railways connectivity, building power plants, providing affordable housing, as well as constructing education and health facilities. Therefore, Italian businesses are strongly encouraged to participate in improving Indonesian infrastructure.

Objectives

The Indonesia – Italy Business Forum will be taking place in Milan, Italy on 2 October 2019. It will serve as an important platform to facilitate business relations between Indonesian and Italian business sectors by involving relevant stakeholders.

The objectives of the forum are to: 1) Provide an open and constructive dialogue among relevant stakeholders such as business society, high level government officials and institutions on the issues of trade and investment flows between Indonesia and Italy, and 2) Introduce the incredible trade, investment and business opportunities in Indonesia and to provide a platform that facilitates meetings between Indonesian and the Italian business community.

Participants

The Business Forum will be attended by 100 delegates from Indonesia, Italy and other EU delegates, who are selected business leaders, high-profile government officials, business associations as well as other relevant business sectors.

Language

The Business Forum will be in English language.

Venue

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