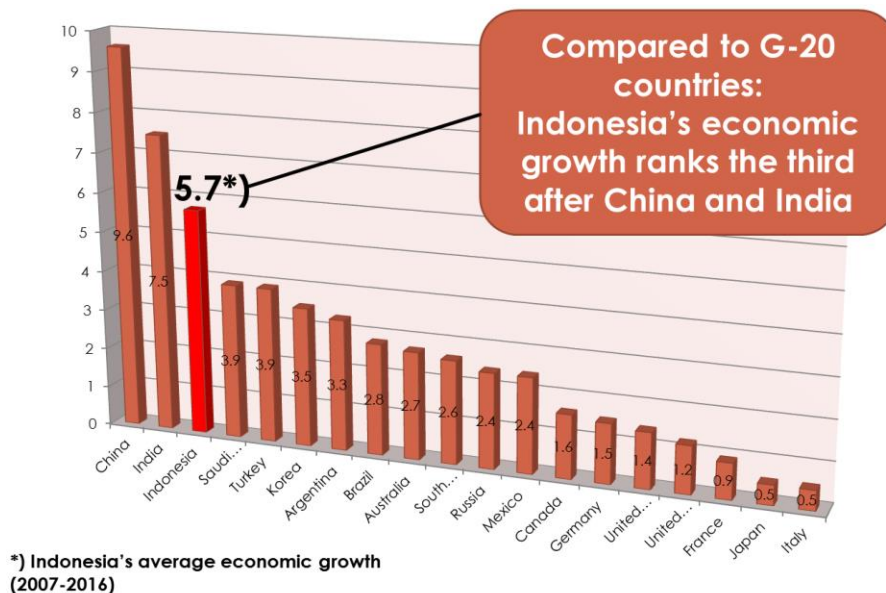


Concept Paper “Indonesia – Africa Forum” Bali, 10-11 April 2018

Relations between Indonesia and Africa have always been strong and vibrant for decades. Indonesia has a legacy as the host of the 1955 Asia-Africa Conference which was aimed to build global solidarity in opposing colonialism and seeking economic and cultural cooperation among newly independent countries. The conference shed light for the advancement of cooperation between Asian and African nations through initiatives such as the Non – Alignment Movement and the 2005 New Asian-African Strategic Partnership (NAASP). Indonesia remains consistent in its efforts to strengthen ties with Asian-African countries, as shown through the Commemoration of the 60th Anniversary of the Asian – African Conference in 2015 where delegates pledged commitments to building stronger, more inclusive and sustainable cooperation.

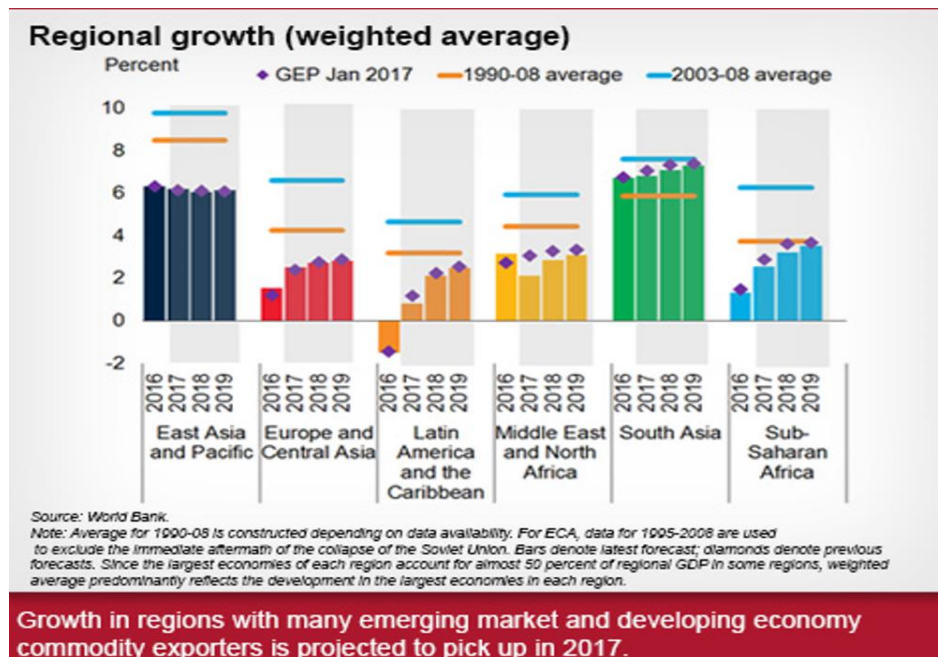
Stepping forward from these political and historical legacies, Indonesia has the ambition to seriously improve economic relations with Africa. Indonesia is the largest economy in Southeast Asia, the world’s fourth most populous nation, the world’s 10th largest economy in terms of purchasing power parity, and a member of the G-20. The average country’s economic growth from 2007 - 2016 was 5.7%, the third highest in the G20¹. Indonesia’s GDP is expected to expand continuously.



According to Asian Nikkei and PwC reports, Indonesia is on track to become the world’s fourth largest economy by 2050. To maintain its high economic growth, Indonesia has made inroads in diversifying export bases to include more complex sectors. In that context, Indonesian President Joko Widodo has repeatedly urged Indonesian business sectors to expand engagement with

¹ Minister of Finance’s presentation, Jakarta, 19 January 2017

emerging countries, such as Africa, including at the recent G20 Leaders' Retreat in Hamburg, in which the President stated Indonesia's support for the G20 Africa Partnership and the achievement of Agenda 2063 in Africa through Compact with Africa. The importance of economic partnership between African countries and Indonesia is also highlighted within IORA cooperation to achieve a sustainable and equitable growth for all.



Recent economic indicators have clearly shown Africa's potential. The economy of sub-Saharan Africa grew around 3.5% in 2016, the second highest in the world after Asia². In 2020, according to IMF, Africa is the 2nd largest continent that enjoys high growth of 4.3%³. Furthermore, in terms of population, approximately 62% of the African population is under 25 years-old, meaning that there will be an abundant work force that can help increase Africa's economic growth even higher. It is predicted that in 2034, Africa is expected to have the world's largest working-age population of 1.1 billion⁴. Currently, there is around a 330 million middle class population in Africa that has increasingly stronger purchasing power⁵. Reinforcing the positive outlook for growth is a continuing rise in infrastructure investment among African countries. Spending on infrastructure has doubled over the past decade, and now stands at 3.5% of GDP⁶.

Understanding these realities, Indonesia believes that it is a right time for Indonesia and Africa to strengthen economic cooperation. The 2016 trade exchange between Indonesia and Africa reached USD 7.66 billion⁷ and there is still a lot of room for economic potential among the two entities.

² <http://www.worldbank.org/en/publication/global-economic-prospects>

³ <https://www.weforum.org/agenda/2016/05/what-s-the-future-of-economic-growth-in-africa/>

⁴ <https://www.weforum.org/agenda/2016/05/what-s-the-future-of-economic-growth-in-africa/>

⁵ <https://www.afdb.org/en/news-and-events/africas-middle-class-triples-to-more-than-310m-over-past-30-years-due-to-economic-growth-and-rising-job-culture-reports-afdb-7986/>

⁶ <https://www.weforum.org/agenda/2016/05/what-s-the-future-of-economic-growth-in-africa/>

⁷ <http://www.kemendag.go.id/id/economic-profile/indonesia-export-import/balance-of-trade-with-trade-partner-country>

To realize all economic potential, it is important to generate possible economic cooperation through a forum that targets all relevant stakeholders, encompassing government, business and other private sectors. In this connection, we would like to organize, “**Indonesia-Africa Forum**” on 10 – 11 April 2018 in Bali Nusa Dua Convention Center, Nusa Dua, Bali, Indonesia.

Program description

The forum aims to explore various economic opportunities, to strengthen technical cooperation, and to enhance existing partnership between both sides. It intends to provide a unique opportunity for around 550 people of the business society, high level government officials and other attending stakeholders, to gather, interact and explore ways to establish concrete economic cooperation and expand business networks.

The forum will be held for two days. On the first day of this event, President of Indonesia H.E. Joko Widodo is scheduled to deliver remarks. The President will witness the signing of business and trade deals between Indonesian companies and African counterparts.

On the same day, the forum will hold panel discussions featuring prominent Indonesian, African and international policy makers under the main theme, “Developing sustainable trade and investment cooperation between Indonesia and Africa”, which will be divided into five sessions as follows:

(i) Agriculture

Agriculture is an important sector for both sides. With its vast and abundant fertile soil, Indonesia is a major global key producer of a wide variety of tropical agricultural products. Palm oil is particularly important to Indonesia, as the country is the world’s biggest producer of the commodity, providing about half of the world’s supply. For Africa, agriculture accounts for up to 60 % of all jobs on the continent and more than 50% of GDP in many African countries. In this sense, discussion on sustainable and holistic agriculture management is crucial for both sides’ economic and social benefits.

(ii) Financing facility

Understanding that financing is one of the key components in trade and investment cooperation, Indonesia continuously explores innovative ways to strengthen economic relations with African countries. One example is that since 2015, Indonesia has been implementing the National Interest Account (NIA) program to boost Indonesia’s trade and investment, particularly to untapped markets, including Africa. Under the NIA program, the government allocated Rp 1,3 trillion (approximately USD 96 million) for trade financing with Africa until 2022 and is planning to enhance the budget in the future. To date, a number of trade activities with Africa have been already funded through NIA. The Indonesian government is also considering the possibility of establishing a mechanism that can enhance Indonesian investment in African continent through sort of counter trade financing scheme.

(iii) Strategic industries and construction

Indonesia's state-owned enterprises (SOEs) recently played a critical role in boosting trade and investment in Africa. The main activities of these SOEs are especially in the field of strategic industries and construction. Currently, Indonesia's trade in these two fields are in the amount of around USD 144 million, with a potential upcoming cooperation of more than USD 320 million. The transactions are mainly dominated by the trade of Indonesia's airplanes, construction, locomotives and wagons, military vehicles, various types of ships and the development of railways.

(iv) Manufacturing and digital economy

The manufacturing sector plays an important role in Indonesia's economic relations with Africa, therefore, addressing trade and investment barriers such as high tariffs and NTBs are timely for continued cooperation. The discussions to open up both markets through trade agreements such as PTAs in addition to other mechanisms should be further explored, and it is imperative to seek creative ways in order to address the issues. There are currently 25 companies doing business with Africa and we would like to see this number grow in the future, including through Small and Medium Enterprises (SMEs) cooperation.

The inclusion of digital economy as a topic of discussion reflects the fact that both Indonesia and Africa are well positioned to benefit from rapidly accelerating technological change that can unlock growth and leapfrog the limitations of physical infrastructure. In that context, Indonesia has become one of the hottest start-up hubs in the world, pocketing around \$160.7 million in investment. The Indonesian economy is moving steadily to further digitalization, as Indonesian internet users are expected to jump from a current 92 million to 215 million in 2020. In Africa, at the same time, penetration of internet is expected to hit at least the 50% mark in 2020 from only 2% in 2010.

(v) Technical cooperation

Discussion on technical cooperation will highlight the principle that Indonesia's engagement with Africa does not merely focus on the economic benefit, but also intends to establish a true partnership for mutual progress. Since the 1980s, Indonesia indeed has delivered technical cooperation to Africa through South-South and Triangular schemes. In line with growingly robust technical cooperation activities, Indonesia supports the program of "Compact with Africa", raised in the G20 Summit to boost development and help prepare the mechanism of infrastructure financing in Africa.

In these discussions, invited participants from Indonesia and African countries will be open to share views and exchange ideas on how to better advance economic relations between the two sides, and how to overcome barriers in economic cooperation, especially in trade and investment.

On the following day, a business forum will take place to discuss thematic issues such as; agriculture (e.g. palm oil), strategic industries (e.g. infrastructure/construction, textile, oil and

energy), manufacturing and digital industry, and financing (e.g. eximbank facilities). In this forum, Vice President of Indonesia H.E. Jusuf Kalla is scheduled to deliver a keynote speech.

On the sidelines, the event will host an exhibition of Indonesian state-owned enterprises and private companies. There will be thematic business matching to enable direct interaction between business societies in various sectors, including Indonesia's investment in Africa and the profile and potential of Indonesia's strategic industries in partnering with Africa.

Outcome of the Forum

The two-day event will produce a summary report and conclude with a press statement by the Minister of Foreign Affairs, Minister of Trade and the Chairman of Indonesian Chamber of Commerce and Industry.

Jakarta, March 2018
