

Tuesday 29 December 2015

Statement from Alex Malley, chief executive of CPA Australia on Indonesia – A field of opportunity in need of some attention

The commencement of the landmark China-Australia Free Trade Agreement this month highlights the importance of China to Australia's economic prosperity. But while Australian businesses need to focus more on China to take advantage of the opportunities the FTA create, they should be careful not to overlook other markets. One market Australian businesses should pay attention to is Indonesia.

This fact is not lost on Malcolm Turnbull, who made Indonesia one of the first countries he visited as Prime Minister. Trade Minister Andrew Robb, who with Indonesia's Minister for Trade and Investment Thomas Lembong, also recently recommenced free trade talks between Australia and Indonesia.

The Government's actions serve to remind Australians of the significant opportunities that exist in Indonesia – a nation of 250 million people.

Not only is Indonesia's population more than 10 times larger than Australia's, the World Bank forecasts that Indonesia's economy will grow by more than five per cent in 2016. It is the largest member of the Association of South East Asian Nations or ASEAN, a group of ten nations from our near north, with an economy twice as large as Australia's and the seventh largest in the world.

Preliminary data from CPA Australia's recent survey of small businesses across the Asia-Pacific shows that Indonesia has a very positive economic outlook for 2016. It shows Indonesia's small business sector is incredibly vibrant and innovative and – as I have seen on my visits to the country – businesses in Indonesia have a fire in the belly that I do not see enough of in Australia. They are hungry to grow.

And they are growing. In fact, our survey results show that Indonesian small businesses had the most successful 12 months of all the Asia-Pacific markets surveyed, with 91 per cent of respondents reporting that they grew over this period, well above the survey average of 68 per cent.

Indonesian small businesses also significantly outperformed their competitors in the Asia-Pacific on the key business drivers of innovation, e-commerce and exporting.

For Australian businesses, the results reinforce the need to consider Indonesia not only as a market for their goods and services and as an attractive investment destination – but as a source for ideas.

In that sense, the completion of a free trade agreement with Indonesia cannot come soon enough.

-ENDS-

Media contact: Paul Drum +61 414 760 385 or paul.drum@cpaaustralia.com.au