



Foreword by  
The Rt Hon Lord Hurd  
of Westwell CH CBE PC  
Chairman, FIRST  
Advisory Council

I have great pleasure in introducing this official FIRST report on Indonesia to mark the State Visit of President Susilo Bambang Yudhoyono to the United Kingdom. It is significant that this State Visit takes place during the Diamond Jubilee year which underlines the high regard in which Indonesia is held. We are particularly grateful to HE Teuku Mohammad Hamzah Thayeb, Indonesia's Ambassador, for all his support in the compilation of this report.

President Yudhoyono's State Visit is particularly timely and will help focus the attention of international business leaders and policy makers on the many investment and trade opportunities that exist in Indonesia. Indonesia is the world's fourth most populous country, the biggest economy in South East Asia and is predicted to be the fourth largest in the world by 2030.

As a founding member of ASEAN, Indonesia is a key player on the world stage and pivotal in the region. Indonesia enjoyed a successful Chairmanship of ASEAN in 2011 with significant progress made on a range of political and security issues. President Yudhoyono pursues a wise approach to foreign policy based on the concept of "a thousand friends and no enemies." This policy guides Indonesia's important role as a bridge builder in the OIC, UN and NAM as well as its role as a champion of the interests of developing countries in other global organisations such as the G20.

The Indonesian economy grew by 6.5 per cent in 2011 and GDP reached US\$ 1.03 trillion. It is underpinned by major industries including oil, gas, mining, forestry, fisheries, palm oil, rubber and agriculture. The economy is also benefitting from a strong programme of infrastructure development through the *Masterplan for the Acceleration and Expansion of Economic Development* which is focussed on investment in energy security, human resources and infrastructure, and involves public-private partnership schemes. According to UNCTAD, Indonesia entered

the top ten most attractive FDI destinations in the 2010-12 period with realised foreign investment rising by 30 per cent in the first quarter of 2012.

The President's State Visit comes at an important time in UK-Indonesian relations. The Prime Minister, David Cameron, visited Indonesia in April 2012 with a major delegation of business leaders. During this visit the Indonesian President and the Prime Minister announced a joint statement to relaunch the *UK-Indonesia Partnership Forum* which will focus cooperation in four areas – Foreign Policy and International Security, Trade and Investment, Climate Change and Sustainable Growth, and Education. The two leaders also agreed to hold annual bilateral trade talks at ministerial level. The British Government is raising its diplomatic engagement with Indonesia to a new level because, as David Cameron has said, "I wish to achieve a step change in trade and investment between Britain and Indonesia and also to build a frank and open partnership on the most vital global issues."

Indonesia has made remarkable progress in the areas of democratic transformation and political reform, as well as economic development. The country under President Yudhoyono's leadership has played an important role in promoting peace and cooperation in both the Southeast Asia region and more widely.

The State Visit of President Yudhoyono while providing an opportunity for more private discussions, will give us all the opportunity to study the significant developments in Indonesia and to weigh carefully the many opportunities to work together even more closely.

We at FIRST are delighted to have been asked to produce this official publication to mark the State Visit and hope that it contributes, in a small way, to its success and the further development of the bilateral relationship, especially in the trade and investment spheres.