

Opportunities for partnership

By DR CATHERINE RAINES

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CATHERINE RAINES was appointed Chief Executive of UKTI on 7 September 2015. She was previously Minister and Director-General of UKTI China, a position she held from April 2013, after a 25-year career in both the public and private sectors, including periods spent living and working in the UK, USA, Sweden and China. At UKTI China, she led an organisational transformation that saw business wins grow ten-fold, from around £300 million to almost £4 billion in two years.

Upon becoming CEO of UKTI last September, I was immediately aware of the possibilities and potential Indonesia offers for trade and investment. It is a fascinating, diverse country with a strong, growing economy.

Indonesia's recent growth has been truly remarkable. It is the largest economy in South East Asia and the ASEAN region, and the 16th largest in the world. With an economic growth of 5-6 per cent per annum over the last 10 years, it is now predicted to become the 7th largest world economy by 2030. When you delve a little deeper, this capacity for growth should surprise no-one.

Indonesia is the fourth most populous country in the world and third biggest democracy – with 55 million skilled workers and a middle class of 45 million. 60 per cent of its population is below the age of 30; Indonesians are very tech savvy – it is Twitter's third largest market and Facebook's fourth largest. It is also nearly 40 per cent of the ASEAN economy. With the creation of the ASEAN Economic Community last year, the region will cover 10 countries with 633 million people, and is expected to grow at a continued 5 per cent per annum over the next 25 years. Indonesia is an integral part of the Community's future.

I am delighted to say that the UK too is open for business. The UK is the number one destination in Europe for FDI, receiving net inflows of £44 billion (US\$72 billion) in 2014 (representing one-third of the EU total). A study by PricewaterhouseCoopers identifies London as second only to Shanghai as the most attractive city in the world for FDI. Exports of over £500 billion in goods and services in 2014 placed the UK sixth in UNCTAD's index of top exporting countries. The United Kingdom is the second largest global online retail exporter after the US, and the largest in Europe. I hope that the Indonesian government will join me in working towards the strengthening of our already healthy trading relationship.

UKTI is playing an important role in developing this relationship. We are the UK government's trade and investment arm: helping UK companies succeed overseas through exports, as well as encouraging and supporting overseas companies to look at the UK as the best place to set up or expand their business. The UK government has set itself ambitious trade and investment targets to achieve by 2020. These include inspiring and supporting 100,000 new exporters;

helping to generate £1 trillion worth of exports; and encouraging £1.5 trillion of investment into the UK. These are stretching targets, but serve to underline our commitment to helping UK PLC fulfil its potential.

To deliver against these targets, UKTI is leading a whole of government approach to exports and investment. This brings all of government's knowledge, expertise, connections and resources together for each priority industry; it leverages business relationships, and joins up policy and operational delivery. We are also making the process of exporting quicker and more efficient. UKTI's digital offering is being updated, so businesses can access more private and government support online, in one place. Furthermore, in order to inspire more new exporters, this government has launched the Exporting is GREAT campaign – a five-year initiative aimed at supporting businesses at every stage of their export journey. At the time of writing, the campaign website (www.exportingisgreat.gov.uk) contains 10 live export opportunities in Indonesia for UK companies – from chartered accountancy needs to gas generators.

Last year, bilateral trade in goods between the UK and Indonesia increased by 4.6 per cent to £1.62 billion. Whilst being Indonesia's fifth largest investor, the UK also exports a wide range of goods including machinery, transport equipment, chemicals and crude materials to Indonesian customers. Reciprocally, the UK is a healthy market for Indonesian-produced oil and gas, electrical appliances, rubber and textiles, and charcoal.

UK companies are already flourishing in Indonesia. Examples include Jardines (the largest company by revenue in Indonesia), BP (operating in Indonesia for 45 years), Premier Oil, Shell, HSBC, Standard Chartered Bank, Prudential (now the market leader in life insurance), GlaxoSmithKline and Unilever (which employs 600,000 people locally). There is also a strong British retail presence, including Marks & Spencer, Debenhams and many others.

As Indonesia grows, we hope that UK businesses can continue to play a significant part. Going forward, UKTI has identified certain sectors where UK expertise can add even more value.

In the field of Aerospace, we have already developed strong partnerships. In March 2013, Airbus won a £16bn order from Lion Air to supply 234 single aisle jets. Last year, Rolls Royce won a £140 million initial contract to

supply Trent engines, also to Lion Air. As the number of air passengers in Indonesia is expected to grow by 200 per cent by 2025, this is a burgeoning sector.

The Indonesian government's ambitious infrastructure plans also provide potential opportunities for UK companies. During a visit to Indonesia last year, UK Prime Minister David Cameron announced that UK Export Finance (the UK's export credit agency) would offer up to £1bn to support infrastructure development in Indonesia. This will help both UK exporters and Indonesian buyers through various forms of financial support. The Indonesian government plans to spend £276bn to improve Indonesia's logistics and transport networks. With the UK being the fifth largest manufacturer of construction equipment in the world and with our railways considered the most improved in Europe, UK companies are ideally placed to take advantage of these opportunities.

Finally, the UK has an enviable worldwide reputation for organising first-class sporting events. This reached a pinnacle in the wake of the London 2012 Olympic and Paralympic Games. We have substantial experiences and expertise that we can share and I hope we can work together with our Indonesian counterparts as they prepare to host the 2018 Asian Games.


When we look at the investment opportunities in the UK, I would urge Indonesian investors to consider the strengths across all our regions. In London we have a truly global city – a financial, technological and cultural powerhouse – however, it would be a mistake to ignore the fantastic opportunities across the rest of the UK.

UKTI is engaging strongly with its partners in British central and local government, as well as with business, to shape the vision of the Northern Powerhouse, across the great industrial cities of the north of England. Our vision

is to bring these cities together, creating modern high-speed transport links between them, making sure that they have strong civic leadership, bringing investment to them, and as a result creating a North of England that is greater than the individual parts.

Scotland offers world-leading capability, products, exceptional knowledge and skills. It is the UK's most successful region for attracting inward foreign direct investment outside of London. Northern Ireland offers excellence in engineering but also clusters in a number of knowledge-based sectors. Belfast is a leading centre in Europe for software development and technical support. Advanced materials and manufacturing productivity are markedly high in Wales. There are 160 aerospace and defence companies employing 20,000 people with a combined turnover of more than £5 billion.

I am optimistic about the possibilities for trade and investment between the UK and Indonesia in the future. We have shared values and cultural tastes: we are both Island nations, with democratic, multi-faith societies. The Union flag remains the most reproduced emblem in Indonesia – mostly found on public transport, clothing and stickers. We are both huge football fans, with the top-tier English teams boasting tens of millions of Indonesian fans. We share the same creative interests: Mr Bean, Harry Potter and the Rolling Stones are household names in both countries; and here in the UK, Indonesian creativity is growing, with designers showcasing their collections in London and creating costumes for blockbuster films.

As Indonesia continues to grow in every way, from its population to its economy, let us find more opportunities for genuine partnership. I look forward to working closely with my Indonesian counterparts in the future to help both our great countries prosper. 

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Photo: Airbus SAS

Rolls Royce has won a £140m initial contract to supply Trent 700 engines to Indonesia's Lion Air