

JOINT MEDIA STATEMENT

Senior Minister of State Sim Ann leads 13 SMEs on IE Singapore-SBF business mission to Surabaya

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1. In continued efforts to help Small and Medium Enterprises (SMEs) seize opportunities in Indonesia, International Enterprise (IE) Singapore and Singapore Business Federation (SBF) organised a business mission to Surabaya, Indonesia from 25 – 28 May. This was done in partnership with the Association of Small and Medium Enterprises (ASME) and Singapore Malay Chamber Of Commerce & Industry (SMCCI). Ms Sim Ann, Senior Minister of State (SMS), Ministry of Culture, Community and Youth & Ministry of Finance, led the mission comprising over 20 business representatives across business services, environment services, financial and manufacturing sectors.
2. SMS Sim Ann, who oversees SME-related issues in the Committee on the Future Economy (CFE), said, "Given the limited size of Singapore's domestic market, many SME leaders are actively considering internationalisation as a means to bring their business to the next level. During the trip, I had the opportunity to meet representatives from the East Java provincial government and I am encouraged by their support for investments from Singapore. Both nations are close neighbours, and Indonesia's young population and growing middle class present good opportunities for our SMEs to tap on."

Surabaya: Gateway to East Indonesia

3. Singapore and Indonesia enjoy a strong economic relationship and bilateral exchanges between Singapore and Indonesia have been rising over the years. Indonesia is Singapore's 2nd largest trading partner amongst ASEAN member states, with total trade

at S\$59 billion in 2015. In addition, Singapore has consistently ranked amongst Indonesia's top three investors. In 2015, Singapore was Indonesia's top foreign investor, with total realised investments amounting to S\$8 billion.

4. Surabaya, the capital of East Java province and Indonesia's second largest city with a population of 3.2 million, serves as the gateway and business hub of eastern Indonesia. Surabaya's GDP growth reached 6.7% in 2014, exceeding East Java province's growth of 5.9% and the national GDP growth of 5.2%¹. In 2014, total foreign direct investment into Surabaya was at US\$45.58 million, an approximately 45% increase from 2013². Singapore has consistently been among Surabaya's top 5 foreign investors, and ranked 2nd in 2015. The city is well connected to other parts of Indonesia and has an abundance of manpower. The high potential and economic activity in the city hence makes Surabaya attractive to foreign investors.
5. Said Mr Tan Soon Kim, IE Singapore's Assistant CEO, "The Indonesian government is promoting economic development beyond West Java. Surabaya and East Java offer exciting growth opportunities especially in sectors like trading, services and manufacturing. It is also home to a number of fast growing Indonesian companies and conglomerates which can be partners or customers for Singapore companies. IE Singapore recognizes the potential in eastern Indonesia and has established an office in Surabaya since 2012, to assist Singapore companies to invest in the region."
6. The manufacturing industry continues to be a key contributor to Indonesia's economic growth, accounting for 41.3% of its GDP in 2015³. Compared to West Java, East Java's competitive land, labour and utilities costs, as well as diverse pool of talents are attractive factors for manufacturing companies seeking to set up in Indonesia.
7. SBF Chairman Mr SS Teo said, "Asia remains the region that most SBF member companies engage with amid the slowdown in the global economy. From the findings of the SBF National Business Survey 2015-16, companies with an overseas footprint generated 35% of their turnover from business activities beyond Singapore. The survey also found that Indonesia is the third most popular market after Myanmar and Vietnam for companies venturing overseas. Indonesia, as ASEAN's largest economy in terms of GDP and population, remains an attractive and compelling market for Singapore companies. The pro-business economic policies introduced by the Jokowi

¹ Surabaya City Service and Investment Coordinating Board's Presentation: Investment in Surabaya (SMF Mission to Surabaya on 28-29 March 2016)

² http://bkppm.surabaya.go.id/data_investasi/pmapmdn/

³ EIU

administration also mean it is an exciting and opportune time now to engage Indonesia for business.”

8. During the trip, SMS Sim Ann also witnessed a Memorandum of Understanding (MOU) signing between PT YCH Indonesia of YCH Group Pte Ltd and PT Pangan Lestari of Sekar Group, one of the largest Indonesian importer and distributor of food products. The partners were brought together by IE Singapore last year, given YCH's interest to further expand in Indonesia. Under the MoU, both companies will jointly develop integrated cold chain supply management to facilitate retail, catering and distribution fulfilment. This will be done through the development, expansion and use of existing facilities of both companies, as well as the development of identified sites in the appointed markets in Indonesia.

To learn more about doing business in Indonesia, please visit - www.iesingapore.gov.sg/doing_business_in_indonesia

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Note to Editor

Please use 'IE Singapore' if an acronym for 'International Enterprise Singapore' is required. Unless otherwise stated, the use of statistics cited in our media releases, website or Statlink, should be attributed to IE Singapore.

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About International Enterprise Singapore

International Enterprise (IE) Singapore is the government agency driving Singapore's external economy. We spearhead the overseas growth of Singapore-based companies and promote international trade. Our vision is a thriving business hub in Singapore with Globally Competitive Companies and leading international traders.

IE Singapore attracts global commodities traders to establish their global or Asian home base in Singapore. Today, Singapore is a thriving trading hub with a complete ecosystem for the energy, agri-commodities and metals & minerals trading clusters.

Through our Global Company Partnership and Market Readiness Assistance, we also work with Singapore-based companies in their various stages of growth towards being globally competitive.

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About Singapore Business Federation

As the apex business chamber, the Singapore Business Federation (SBF) champions the interests of the business community in Singapore in trade, investment and industrial relations. Nationally, SBF acts as the bridge between the government and businesses in Singapore to create a conducive business environment. Internationally, SBF represents the business community in bilateral, regional and multilateral fora for the purpose of trade expansion and business networking. For more information, please visit our website: www.sbf.org.sg

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