# INDONESIAN TRADE ON AUTOMOTIVE INDUSTRY





**Presented by:**
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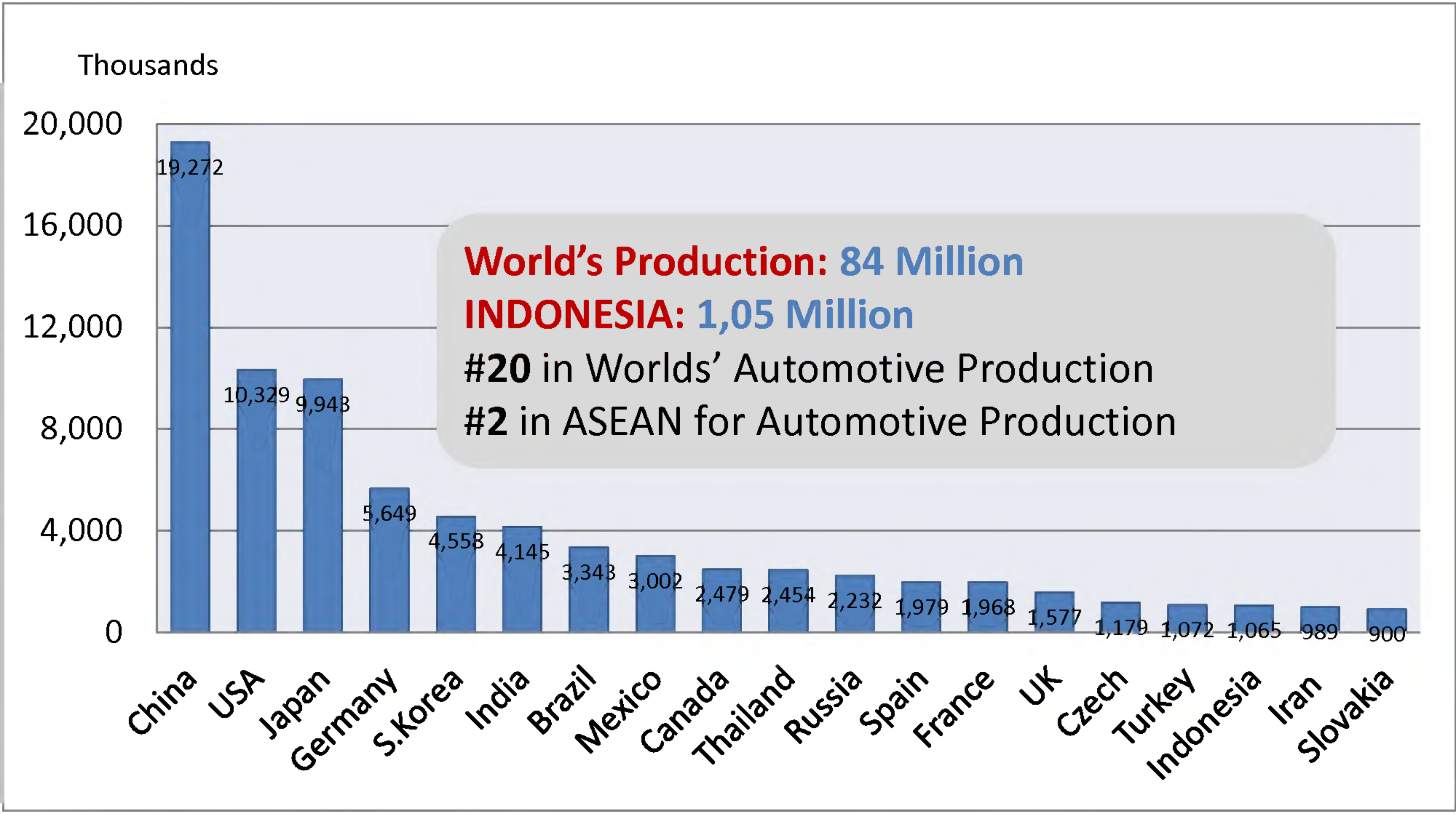
**Jakarta, 22 October 2013**

# OUTLINE

1. Global and ASEAN Automotive Sales
2. ASEAN Opportunity for Automotive Industry
3. Indonesia's Status for Automotive Industry

# Global and ASEAN Automotive Sales




Source: OICA as of Aug 1, 2013

# ASEAN Automotive Industries

**ASEAN**
Population (2012): 608.8 million
GDP (2012): US$2,338.9 billion
GDP growth rate (2012): 5.0%
Car production (2012): 4.24 million units
Car total sales (2012): 3.47 million units

Thailand
- Production (2012): 2,453,717 units
- Sales (2012): 1,436,335 unit
- Product champion: 1-ton pick up car & Eco-car

Indonesia
- Production (2012): 1,065,557 units
- Sales (2012): 1,116,230 units
- Product champion: Passenger car

Malaysia
- Production (2012): 569,620 units
- Sales (2012): 627,753 units
- Product champion: Passenger Car

Vietnam
- Production (2012): 73,673 units
- Sales (2012): 80,453 units
- Product champion: Motorcycle

**Source: Automotive Summit 2013 & ASEAN Automotive Federation as of Jun 20, 2013**

# ASEAN Opportunity for Automotive Industry

# "Great Leap of Next Decade" for ASEAN Automotive Industry

**Growth Factors of ASEAN Market**

- Relatively low penetration of vehicles
- Market expansion due to Rise of Income Growth and Rise of Middle Class
- Push to produce small cars by Low Cost Eco Car Policy (Eco Car and Low Cost Green Car Policy)
- More market competition due to liberalization under FTAs

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**Market:** 5 million cars by 2020-larger than Japanese market in 2012.
**Production:** Surpass 6 million cars through export growth by 2020.

Source: ASEAN Automotive Federation, 2013

# Indonesia: A Production Hub of ASEAN

**AUTOMOTIVE PRODUCTION BASE OF ASIA**

**International Car Policy**

**Production Base of Product Champion**

(1 Ton pickup, Eco car, High quality motorcycle)

**Competitive Auto Parts**

| 1st Strategy | 2nd Strategy | 3rd Strategy |
|---|---|---|
| Clear Direction and Opportunity Creation | Standardization and R&D | Human Resource Development |

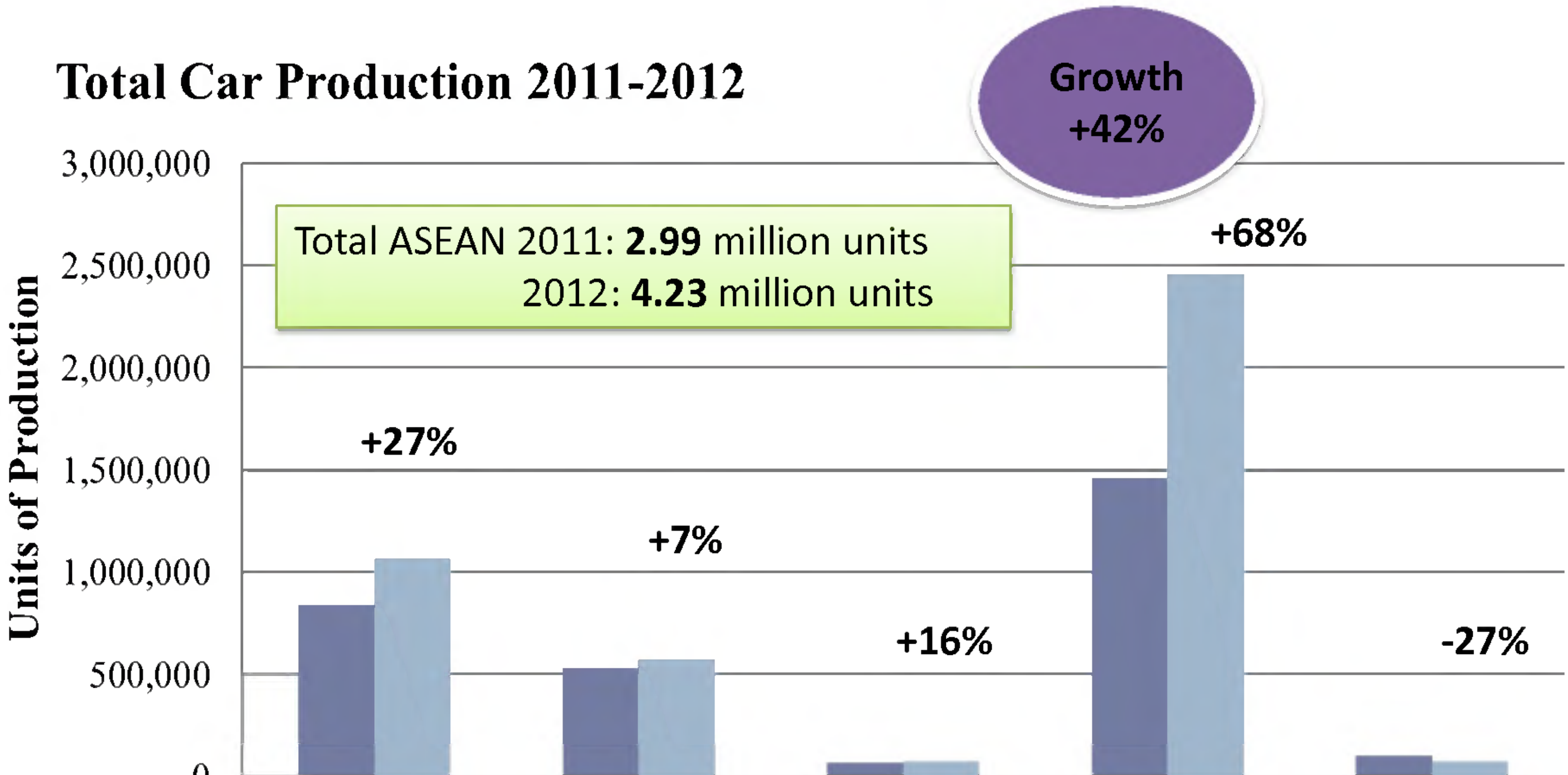
Source: Ministry of Industry, GAIKINDO

# By 2018, ASEAN will be the 6th Largest Automotive Market Globally

| Global Rank | SALE 2011 | SALE 2015F | SALE 2018F |
|---|---|---|---|
| | 17,708,634 | 29,010,852 | 33,391,276 |
| | 11,562,701 | 16,466,283 | 16,970,585 |
| | 3,524,789 | 5,788,462 | 9,039,806 |
| | 3,475,760 | 5,364,935 | 6,287,188 |
| | 3,173,634 | 4,591,476 | 4,717,218 |
| | 2,904,338 | 3,850,511 | 4,692,961 |
| | 2,593,769 | 3,499,860 | 4,025,975 |
| | 2,409,826 | 3,429,031 | 3,968,411 |
| | 2,204,229 | 2,704,451 | 2,897,909 |
| | 1,941,253 | 2,563,360 | 2,793,822 |

Source: Frost & Sullivan & ASEAN Automotive Federation

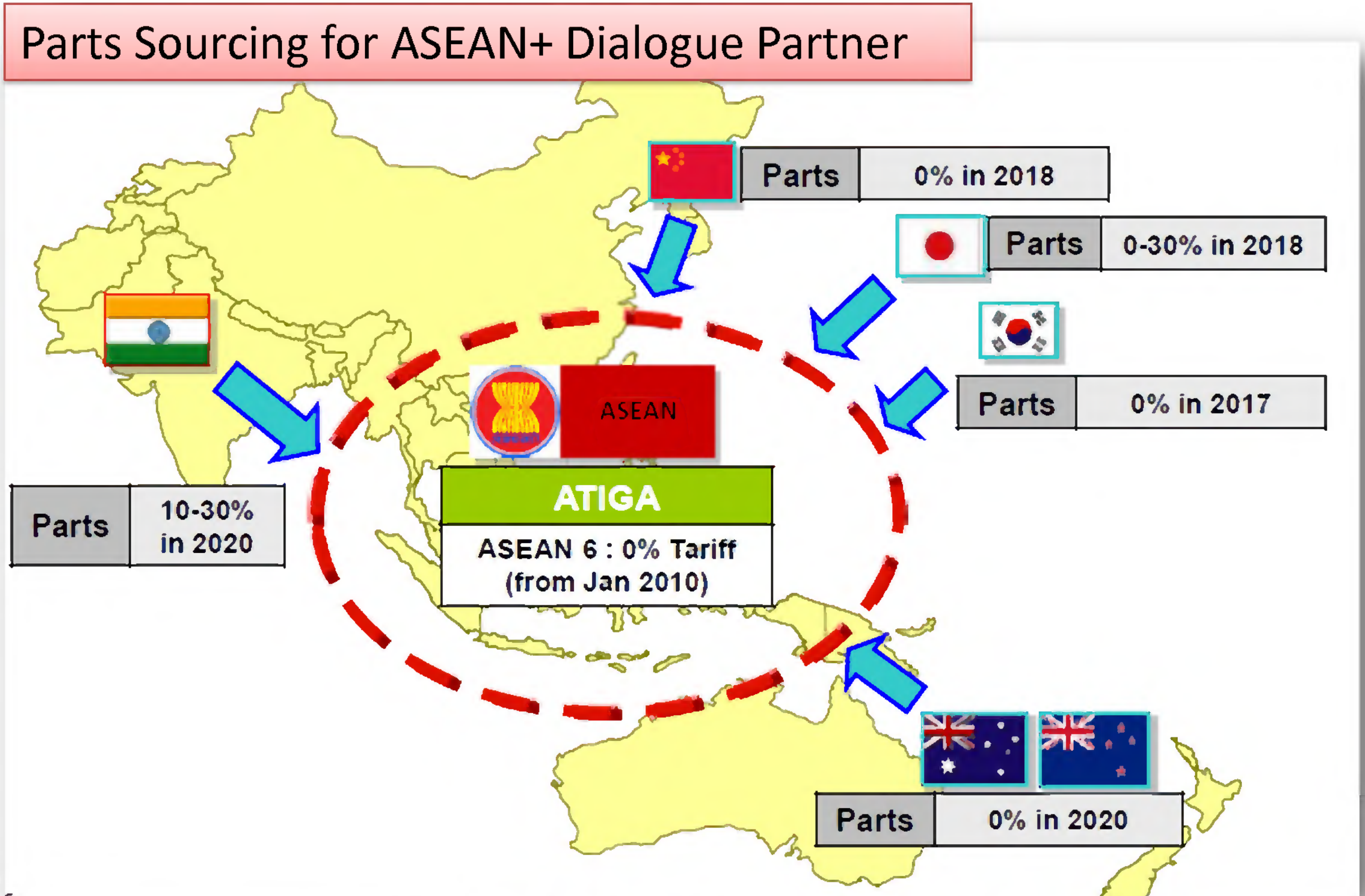
# Car Production & Share, 2012




| | Indonesia | Malaysia | Philippines | Thailand | Vietnam |
|---|---|---|---|---|---|
| 2011 | 837,948 | 533,515 | 64,906 | 1,457,795 | 100,465 |
| 2012 | 1,065,557 | 569,620 | 75,413 | 2,453,717 | 73,673 |

Source: ASEAN Automotive Federation(Automotive Summit 2013) as of June 24, 2013

# Strong Network in ASEAN and ASEAN+6




Source: ASEAN Automotive Federation(Automotive Summit 2013) as of June 24, 2013

# ASEAN is Moving Towards a Green Economy

Hub of Global Green Automotive Production

**THAILAND**

Low Cost Green Car Program

**INDONESIA**

Hub of Energy Efficient Vehicle (EEV)

**MALAYSIA**

Tax incentives to manufacturers and importer of EV& Hybrid cars

**PHILIPPINES**

Source: ASEAN Automotive Federation(Automotive Summit 2013) as of June 24, 2013

# Indonesia’s Status for Automotive Industry

# INDONESIA’S ECONOMIC STATUS

KEMENTERIAN PERDAGANGAN REPUBLIK INDONESIA
MINISTRY OF TRADE


Source: Mckinsey Report: Unleashing Indonesia’s Potential, 2012

# DEVELOPMENT OF INDONESIA'S TRADE

*Automotive Products are Divided into Three Cathegories:*
1. *Vehicles with four wheels or more*
2. *Motorcycles*
3. *Components and Accessories*

*The trade balance of the automotive products recorded a trade deficit of 7.23 billion USD in 2012*

## Export

- Indonesia's export for automotive was 4.78 billion USD in 2012 equal to 3.13 % of all non oil and gas export or equal to 2.52 % of Indonesia's export.
- The average growth between 2008-2012 was 17.87%, which was dominated by four tyres or more vehicles ( averagely US $1.29 billion ); and, motorcycles components (averagely US $261.95 million )
- In Jan-April 2013, the export of Indonesian automotive was contracted by 5.4%

## Import

- Import value of automotive products was 12.01 billion USD or increase 27,16% in 2012.
- The average growth in the period of 2008-2012 was 22,46%, dominated by components/sparepartsof four tyres vehicles (averagely US$ 3.57 billion); four tyres vehicles (averagely US$ 1.50 billion); and goods transportation (averagely US$ 1.68 billion).
- The import increase on the period of 2012, push the increase of trade deficit on automotive sector of 14,27% compare to previous year and with negative trends of 25,53%

# Indonesia Has a Relatively Low Labor Cost

| Country | Minimum wage (US$) | Increase (%) |
|---|---|---|
| Bangladesh | $37 per month for garment workers | +0 |
| Cambodia | $75 per month for garment workers | +23 |
| China | $184-257 per month | +13 |
| **Indonesia** | **$84-226 per month** | **+18** |
| Malaysia | $300 per month | +50 |
| Myanmar | $2 per day in Yangon | +0 |
| Philippines | $5-10.5 per day | +7 |
| Thailand | $10.3 per day nationwide | +65 |
| Vietnam | $79-135 per month | +17 |
| Laos | $82 per month | +78 |

**Source: Ministry of Manpower**

# DOMESTIC AND INTERNATIONAL TRADE OF INDONESIAN AUTOMOTIVE (JAN-SEP 2013)

| CATEGORY | | | MONTH | | | | | | | | | | | | SALES 2013 | SHARE % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | | |
| 1. | SEDAN TYPE | CC ≤ 1.500 (G/D) | 981 | 1.300 | 1.241 | 994 | 1.006 | 1.937 | 2.578 | 3.046 | 1.931 | - | - | - | 15.014 | 1,7% |
| | | 1.501 < CC ≤ 3.000 (G)/2.500 (D) | 1.019 | 1.509 | 1.629 | 1.602 | 1.732 | 1.459 | 1.442 | 928 | 1.008 | - | - | - | 12.328 | 1,4% |
| | | CC > 3.001 (G)/2.501 (D) | 19 | 28 | 30 | 37 | 67 | 27 | 18 | 21 | 33 | - | - | - | 280 | 0,0% |
| | SUB TOTAL | | 2.019 | 2.837 | 2.900 | 2.633 | 2.805 | 3.423 | 4.038 | 3.995 | 2.972 | - | - | - | 27.622 | 3,0% |
| 2. | 4X2 TYPE | CC < 1.500 (G/D) | 48.813 | 53.437 | 51.447 | 57.705 | 57.381 | 57.602 | 63.773 | 44.130 | 59.335 | - | - | - | 493.623 | 54,3% |
| | | 1.501 < CC ≤ 2.500 (G/D) | 14.987 | 15.456 | 14.061 | 12.282 | 11.869 | 12.306 | 13.560 | 6.459 | 11.884 | - | - | - | 112.864 | 12,4% |
| | | 2.501 < CC ≤ 3.000 (G) | 358 | 355 | 287 | 354 | 252 | 188 | 253 | 83 | 23 | - | - | - | 2.153 | 0,2% |
| | | CC > 3.001 (G)/2.501 (D) | 13 | 6 | 70 | 7 | 24 | 22 | 8 | 3 | 17 | - | - | - | 170 | 0,0% |
| | SUB TOTAL | | 64.171 | 69.254 | 65.865 | 70.348 | 69.526 | 70.118 | 77.594 | 50.675 | 71.259 | - | - | - | 608.810 | 67,0% |
| 3. | 4X4 TYPE | CC < 1.500 (G/D) | - | - | - | - | - | - | - | - | - | - | - | - | - | 0,0% |
| | | 1.501 < CC ≤ 3.000 (G)/2.500 (D) | 398 | 359 | 374 | 376 | 394 | 495 | 459 | 298 | 271 | - | - | - | 3.424 | 0,4% |
| | | CC > 3.001 (G)/2.500 (D) | 86 | 231 | 121 | 133 | 121 | 119 | 136 | 95 | 203 | - | - | - | 1.245 | 0,1% |
| | SUB TOTAL | | 484 | 590 | 495 | 509 | 515 | 614 | 595 | 393 | 474 | - | - | - | 4.669 | 0,5% |
| 4. | BUS | GVW 5 - 10 Ton (G/D) | 109 | 131 | 128 | 170 | 192 | 159 | 151 | 88 | 185 | - | - | - | 1.313 | 0,1% |
| | | GVW 10 - 24 Ton (G/D) | 176 | 284 | 307 | 166 | 148 | 202 | 175 | 147 | 41 | - | - | - | 1.646 | 0,2% |
| | | GVW > 24 Ton (G/D) | - | - | - | - | - | - | - | - | - | - | - | - | - | 0,0% |
| | SUB TOTAL | | 285 | 415 | 435 | 336 | 340 | 361 | 326 | 235 | 226 | - | - | - | 2.959 | 0,3% |
| 5. | PICK UP / TRUCK | GVW < 5 Ton (G/D) | 15.177 | 15.910 | 12.817 | 14.905 | 13.299 | 16.662 | 17.507 | 12.420 | 18.400 | - | - | - | 137.097 | 15,1% |
| | | GVW 5 - 10 Ton (G/D) | 10.272 | 10.404 | 10.148 | 9.678 | 9.072 | 8.947 | 8.059 | 6.727 | 9.628 | - | - | - | 82.935 | 9,1% |
| | | GVW 10 - 24 Ton (G/D) | 1.024 | 816 | 790 | 855 | 857 | 842 | 677 | 673 | 994 | - | - | - | 7.528 | 0,8% |
| | | GVW > 24 Ton (G/D) | 1.434 | 1.481 | 1.484 | 1.479 | 1.718 | 2.013 | 1.808 | 1.625 | 1.942 | - | - | - | 14.984 | 1,6% |
| | SUB TOTAL | | 27.907 | 28.611 | 25.239 | 26.917 | 24.946 | 28.464 | 28.051 | 21.445 | 30.964 | - | - | - | 242.544 | 26,7% |
| 6. | DOUBLE CABIN 4X2 / 4X4 | GVW < 5 Ton (G/D) | 1.852 | 1.572 | 1.075 | 1.519 | 1.553 | 1.284 | 1.568 | 1.217 | 1.526 | - | - | - | 13.166 | 1,4% |
| | | For all CC | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | SUB TOTAL | | 1.852 | 1.572 | 1.075 | 1.519 | 1.553 | 1.284 | 1.568 | 1.217 | 1.526 | - | - | - | 13.166 | 1,4% |
| 7. | AFFORDABLE ENERGY SAVING CARS 4X2 | CC ≤ 1200 (G) | - | - | - | - | - | - | 8 | 1 | 8.500 | - | - | - | 8.509 | 0,9% |
| | | CC ≤ 1500 (D) | - | - | - | - | - | - | - | - | - | - | - | - | - | 0,0% |
| | SUB TOTAL | | - | - | - | - | - | - | 8 | 1 | 8.500 | - | - | - | 8.509 | 1% |
| | MARKET TOTAL | | 96.718 | 103.279 | 96.009 | 102.262 | 99.685 | 104.264 | 112.180 | 77.961 | 115.921 | - | - | - | 908.279 | 100% |
| | CUMMULATIVE | | 96.718 | 199.997 | 296.006 | 398.268 | 497.953 | 602.217 | 714.397 | 792.358 | 908.279 | | | | | |

EXPORTS

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | SALES 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CBU (UNIT) | 14.387 | 14.319 | 14.409 | 13.914 | 14.998 | 12.438 | 13.376 | 9.614 | 17.104 | - | - | - | 124.559 |
| CKD (SET) | 6.125 | 8.231 | 9.721 | 9.708 | 8.679 | 9.204 | 9.713 | 6.034 | 11.639 | - | - | - | 79.054 |
| COMPONENTS (PIECES) | 4.319.190 | 5.085.244 | 312.786 | 278.031 | 320.612 | 326.960 | 371.080 | 221.424 | 309.559 | - | - | - | 11.545.086 |

IMPORTS

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | SALES 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CBU (UNIT) | 9.402 | 12.755 | 14.984 | 11.350 | 8.964 | 8.190 | 10.230 | 9.657 | 10.638 | - | - | - | 96.190 |

Source: Gaikindo

# DOMESTIC AND PRODUCTION
# OF INDONESIAN AUTOMOTIVE (JAN-SEP 2013)

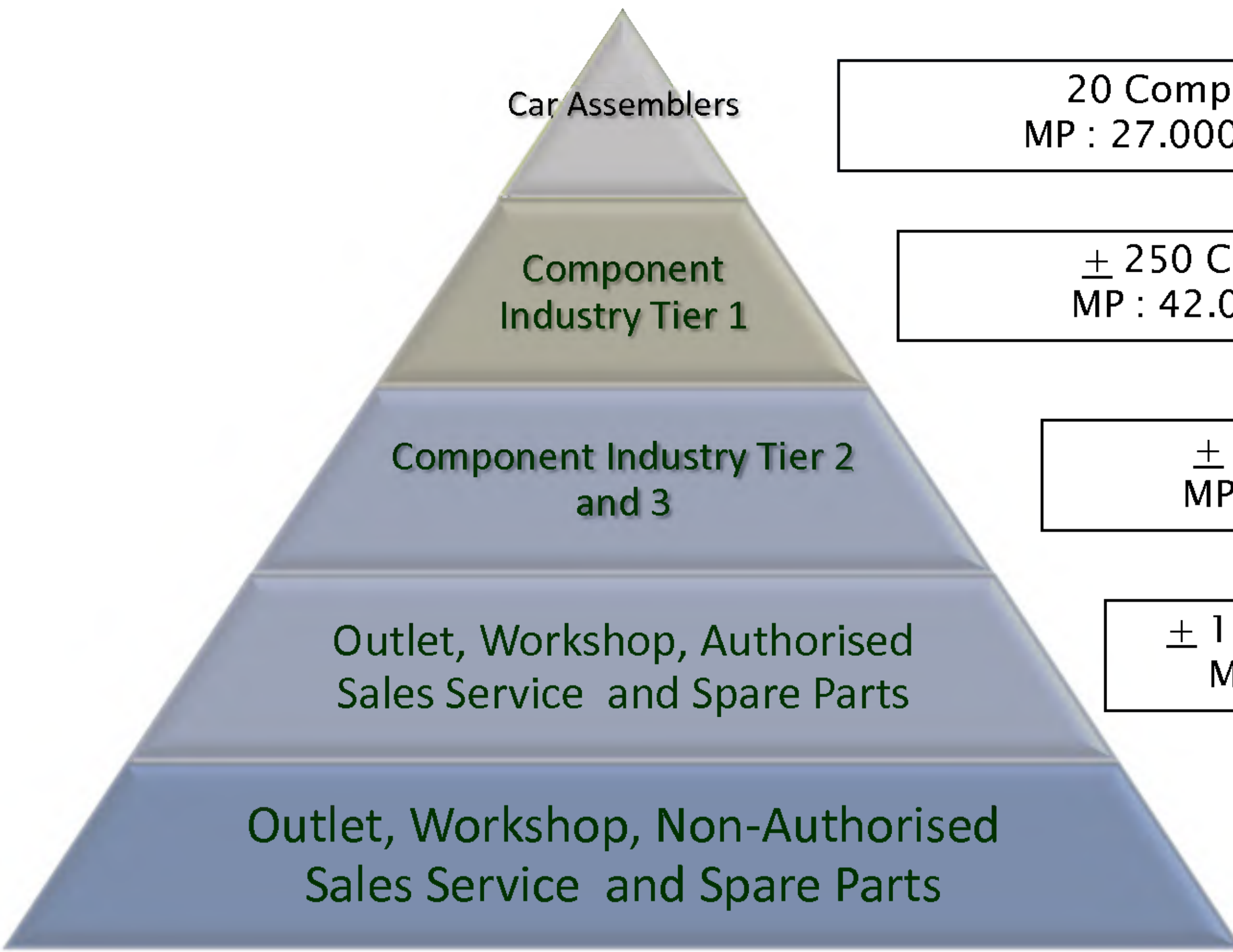
| CATEGORY | | | MONTH | | | | | | | | | | | | PROD | SHARE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | 2013 | % |
| 1. | SEDAN TYPE | CC ≤ 1.500 (G/D) | 142 | 74 | 5 | 6 | 49 | - | 60 | 23 | 5 | - | - | - | 363 | 0,0 |
| | | 1.501 < CC ≤ 3.000 (G)/2.500 (D) | 462 | 404 | 323 | 452 | 343 | 353 | 408 | 316 | 216 | - | - | - | 3.277 | 0,4 |
| | | CC > 3.001 (G)/2.500 (D) | 10 | 17 | 15 | 27 | 4 | 8 | 5 | 3 | - | - | - | - | 89 | 0,0 |
| | SUB TOTAL | | 614 | 495 | 343 | 485 | 395 | 361 | 473 | 342 | 221 | - | - | - | 3.729 | 0,4 |
| 2. | 4X2 TYPE | CC ≤ 1.500 (G/D) | 53.565 | 54.589 | 48.406 | 58.911 | 59.054 | 60.932 | 65.098 | 47.313 | 64.313 | - | - | - | 512.201 | 58,1 |
| | | 1.501 < CC ≤ 2.500 (G/D) | 14.491 | 15.026 | 12.380 | 12.052 | 11.808 | 11.300 | 12.097 | 6.797 | 12.749 | - | - | - | 108.690 | 12,3 |
| | | 2.501 < CC ≤ 3.000 (G) | 2.127 | 2.224 | 2.977 | 2.849 | 2.535 | 1.623 | 2.448 | 2.067 | 2.906 | - | - | - | 21.756 | 2,5 |
| | | CC > 3.001 (G)/2.500 (D) | - | - | - | - | - | - | - | - | - | - | - | - | - | 0,0 |
| | SUB TOTAL | | 70.203 | 71.839 | 63.763 | 73.812 | 73.397 | 73.855 | 79.633 | 56.177 | 79.968 | - | - | - | 642.647 | 72,9 |
| 3. | 4X4 TYPE | CC ≤ 1.500 (G/D) | - | - | - | - | - | - | - | - | - | - | - | - | - | 0,0 |
| | | 1.501 < CC ≤ 3.000 (G)/2.500 (D) | 1.513 | 1.400 | 1.301 | 1.774 | 1.783 | 799 | 929 | 927 | 1.678 | - | - | - | 12.104 | 1,4 |
| | | CC > 3.001 (G)/2.500 (D) | 617 | 633 | 675 | 783 | 908 | 519 | 711 | 614 | 913 | - | - | - | 6.373 | 0,7 |
| | SUB TOTAL | | 2.130 | 2.033 | 1.976 | 2.557 | 2.691 | 1.318 | 1.640 | 1.541 | 2.591 | - | - | - | 18.477 | 2,1 |
| 4. | BUS | GVW 5 - 10 Ton (G/D) | 209 | 309 | 157 | 227 | 232 | 159 | 210 | 89 | 211 | - | - | - | 1.783 | 0,2 |
| | | GVW 10 - 24 Ton (G/D) | 216 | 289 | 299 | 335 | 256 | 68 | 66 | 67 | 83 | - | - | - | 1.679 | 0,2 |
| | | GVW > 24 Ton (G/D) | - | - | - | - | - | - | - | - | - | - | - | - | - | 0,0 |
| | SUB TOTAL | | 425 | 598 | 456 | 562 | 488 | 227 | 276 | 136 | 294 | - | - | - | 3.462 | 0,4 |
| 5. | PICK UP / TRUCK | GVW < 5 Ton (G/D) | 14.495 | 14.592 | 11.827 | 13.324 | 12.262 | 13.611 | 14.562 | 10.698 | 14.065 | - | - | - | 119.456 | 13,5 |
| | | GVW 5 - 10 Ton (G/D) | 7.341 | 8.351 | 8.621 | 8.870 | 8.019 | 6.439 | 7.131 | 6.250 | 7.352 | - | - | - | 68.374 | 7,8 |
| | | GVW 10 - 24 Ton (G/D) | 1.292 | 930 | 952 | 978 | 731 | 522 | 755 | 420 | 768 | - | - | - | 7.349 | 0,8 |
| | | GVW > 24 Ton (G/D) | 1.236 | 1.521 | 1.058 | 1.194 | 1.578 | 1.845 | 1.967 | 1.746 | 1.806 | - | - | - | 13.951 | 1,6 |
| | SUB TOTAL | | 24.364 | 25.394 | 22.458 | 24.366 | 22.590 | 22.417 | 24.415 | 19.114 | 24.011 | - | - | - | 209.129 | 23,7 |
| 6. | DOUBLE CABIN | GVW < 5 Ton (G/D) | - | - | - | - | - | - | - | - | - | - | - | - | - | 0,0 |
| | | For all CC | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | SUB TOTAL | | - | - | - | - | - | - | - | - | - | - | - | - | - | 0,0 |
| 7. | AFFORDABLE ENERGY SAVING CARS 4X2 | CC ≤ 1200 (G) | - | - | - | 9 | 4 | 1 | 1 | 9 | 4.541 | - | - | - | 4.565 | 0,5 |
| | | CC ≤ 1500 (D) | - | - | - | - | - | - | - | - | - | - | - | - | - | 0,0 |
| | SUB TOTAL | | - | - | - | 9 | 4 | 1 | 1 | 9 | 4.541 | - | - | - | 4.565 | 0,5 |
| | PRODUCTION TOTAL | | 97.736 | 100.359 | 88.996 | 101.791 | 99.565 | 98.179 | 106.438 | 77.319 | 111.626 | - | - | - | 882.009 | 100% |
| | PRODUCTION CUM. TOTAL | | 97.736 | 198.095 | 287.091 | 388.882 | 488.447 | 586.626 | 693.064 | 770.383 | 882.009 | | | | | |

Source: Gaikindo

# Automotive Industry Structure

4 Wheeler Structure

**TOTAL Man Power = 646.500**



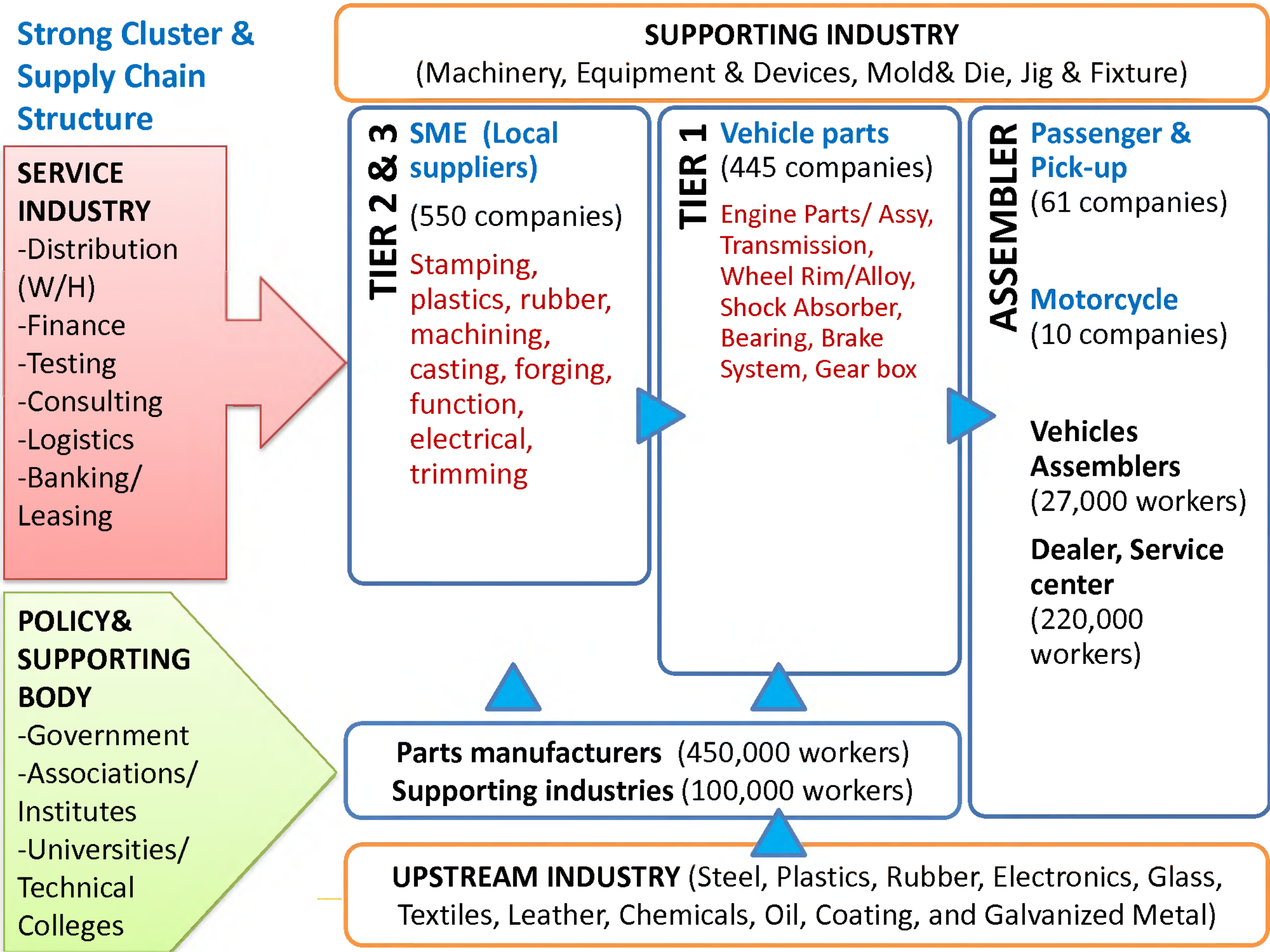

20 Companies
MP : 27.000 People

± 250 Companies
MP : 42.000 People

± 550 Companies
MP : 27.500 People

± 11.000 **Authorized Outlet**
MP : ± 220.000 People

± 33.000 **Non-Authorized Outlet**
MP : ± 330.000 People


Strong Cluster & Supply Chain Structure
SUPPORTING INDUSTRY
(Machinery, Equipment & Devices, Mold& Die, Jig & Fixture)
SERVICE INDUSTRY
-Distribution (W/H)
-Finance
-Testing
-Consulting
-Logistics
-Banking/ Leasing
TIER 2 & 3
SME (Local suppliers)
(550 companies)
Stamping, plastics, rubber, machining, casting, forging, function, electrical, trimming
TIER 1
Vehicle parts
(445 companies)
Engine Parts/ Assy, Transmission, Wheel Rim/Alloy, Shock Absorber, Bearing, Brake System, Gear box
ASSEMBLER
Passenger & Pick-up
(61 companies)
Motorcycle
(10 companies)
Vehicles Assemblers
(27,000 workers)
Dealer, Service center
(220,000 workers)
POLICY& SUPPORTING BODY
-Government
-Associations/ Institutes
-Universities/ Technical Colleges
Parts manufacturers (450,000 workers)
Supporting industries (100,000 workers)
UPSTREAM INDUSTRY (Steel, Plastics, Rubber, Electronics, Glass, Textiles, Leather, Chemicals, Oil, Coating, and Galvanized Metal)

# CONCLUSION

- Indonesia is a huge market of automotive products, components and spare parts. It is proven with the increasing number of imports overtime. At the same time, Indonesia is trying to develop its production base for the automotive products and increase its presence in global market, proven with gradual increase of export performance of automotive export from Indonesia.
- At present, Indonesia's key player for automotive industry is dominated by Japanese automakers. However, Indonesia is an open market for all kind of products.
- **According to the Projection of Mckinsey in 2012 about the Indonesia's Economy in 2030; With the same share of 2012, it is expected that the export of Indonesian Automotive will reach USD 8.42 Billion, doesn't include domestic market. Considering the market of ASEAN, the number will be much significant.**

# CONCLUSION

- It is proven that Indonesia's trade in automotive with FTA partners remain strong, due to some preferences enjoy by parties in agreement. Indonesia is a huge market with the increase of middle income class coupled with strong purchasing power. This provide more opportunities for new and existing players to continue their business in Indonesia. **Moreover, Cost of production is reasonably low compare to other Asian countries.**
- Indonesia's domestic Industry remain strong, coupled with the strong economic performance of South East Asia. In addition, Indonesian industry is looking forward to sustain its positive performance in the region. Therefore, Indonesia is inviting investors to come and enjoys this momentum by investing in Indonesia. Indonesia is ready to act as production hub in South East Asia.

KEMENTERIAN PERDAGANGAN
REPUBLIK INDONESIA
MINISTRY OF TRADE

# www.kemendag.go.id