



**KEMENTERIAN PERDAGANGAN  
REPUBLIK INDONESIA**

# **Legal and Regulatory Reform to Sustain Indonesia's Improved Competitiveness**

**by :**

**Mahendra Siregar**

**Vice Minister of Trade**

**Presentation at the EIBD Conference**

***Jakarta, 29 October 2010***

# Global competitiveness index ranking

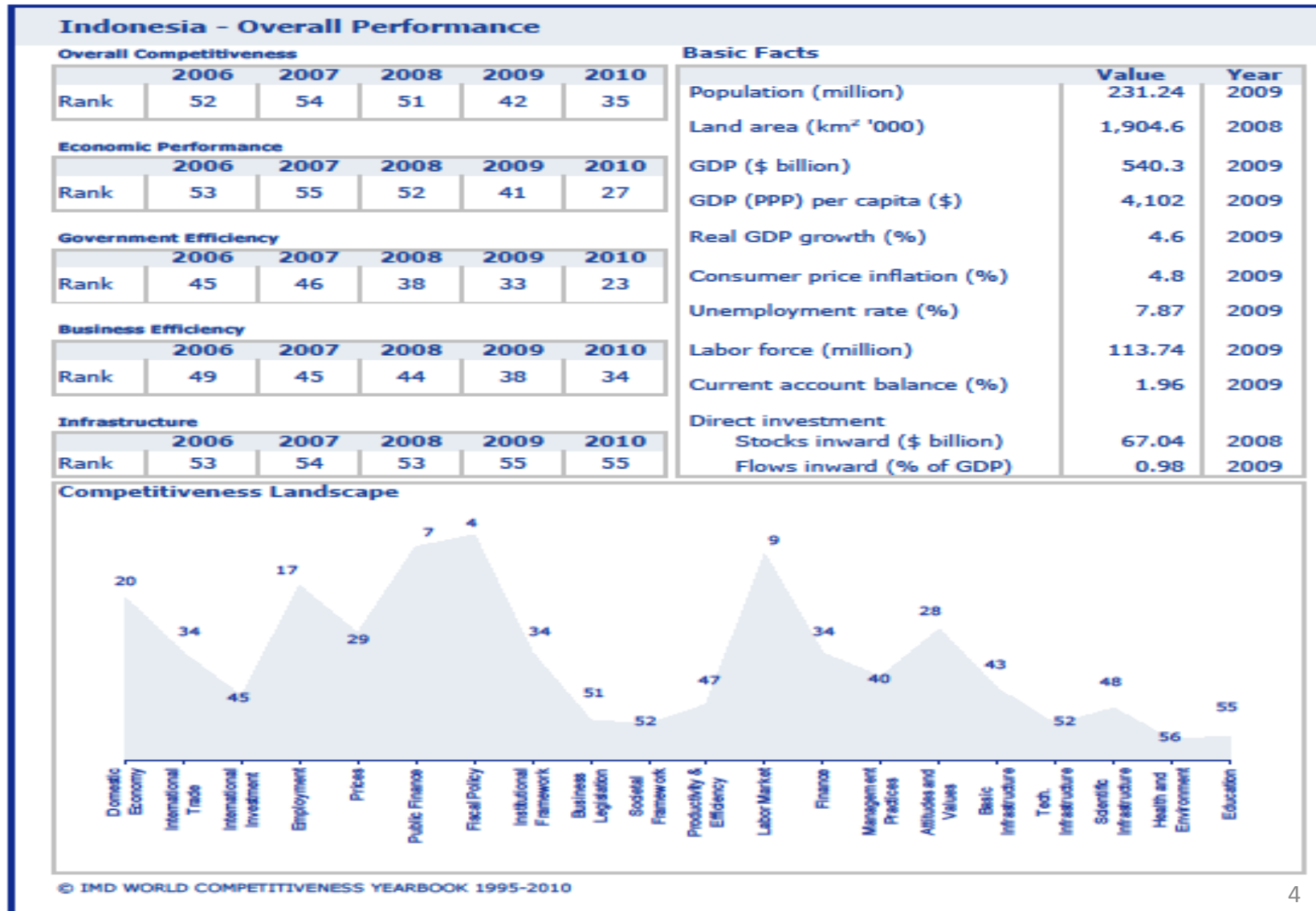
Country	2007-08	2008-09	2009-10	2010-11
USA	1	1	2	4
Singapore	7	5	3	3
Hong Kong	12	11	11	11
Switzerland	2	2	1	1
Australia	19	18	15	16
China	34	30	29	27
Taiwan	14	17	12	13
Malaysia	21	21	24	26
India	48	50	49	51
Korea	11	13	19	22
Thailand	28	34	36	38
Philippines	71	71	87	85
<b>Indonesia</b>	<b>54</b>	<b>55</b>	<b>54</b>	<b>44</b>
Vietnam	68	70	75	59
Venezuela	98	105	113	122

Source: World Economic Forum, *The Global Competitiveness Report*, various issues.

# Indonesia's Global Competitiveness Index Improves Significantly

<b>INDONESIA</b>	<b>2010-2011</b> (out of 139)	<b>2009-2010</b> (out of 133)	
<b>Global Competitiveness Index</b>	<b>44</b>	<b>54</b>	↑
<b>Basic requirements</b>	<b>60</b>	<b>70</b>	↑
1st pillar: Institutions	61	58	↓
2nd pillar: Infrastructure	82	84	↑
3rd pillar: Macroeconomic environment	34	52	↑
4th pillar: Health and primary education	62	82	↑
<b>Efficiency enhancers</b>	<b>51</b>	<b>50</b>	↓
5th pillar: Higher education and training	66	69	↑
6th pillar: Goods market efficiency	49	41	↓
7th pillar: Labor market development	84	75	↓
8th pillar: Financial market	62	61	↓
9th pillar: Technological readiness	91	88	↓
10th pillar: Market size	15	16	↑
<b>Innovation and sophistication factors</b>	<b>37</b>	<b>40</b>	↑
11th pillar: Business sophistication	37	40	↑
12th pillar: Innovation	36	39	↑

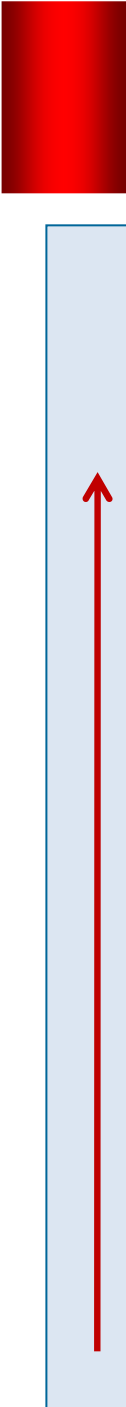
# Improved Competitiveness



# Ease of Doing Business Index: Indonesia among Middle Income Countries

Description	China	Ina	Rusia	Brazil	India
Overall	79	121	123	127	134
Starting a Business	151	155	108	128	165
Construction Permit	181	60	182	112	177
Registering Property	38	98	51	122	94
Getting Credit	65	116	89	89	32
Protecting Investors	93	44	93	74	44
Paying Taxes	114	130	105	152	164
Trading Across Border	50	47	162	114	100
Enforcing contracts	15	154	18	98	182
Closing Business	68	142	103	132	134

# Government Bonds Rating



	Rating			
	S&P	Fitch	Moody's	CRC
2010	BB	BB+	Ba2	4
2009	BB-	BB	Ba3	5
2008	BB-	BB	Ba3	5
2007	BB-	BB-	B1	5
2006	B+	BB-	B2	5
2005	B+	BB-	B2	5
2004	B+	B+	B2	6
2003	B	B+	B3	6
:	:	:	:	:
1998	BBB-	BBB-	BBB-	n/a

# Legal and Regulatory Reforms

## 1. Laws and Regulations

- Economic policy certainty is improving;
- Public consultation is becoming institutionalized;
- Procedures are being simplified.

## 2. Effective land ownership registration

- New Land Law is being deliberated;
- Concerted effort to register land;
- Leasehold of foreign investors expanded;
- Speed up in registering property.

### 3. Intellectual property rights

- Full range of IPR laws, taskforce on IPR violation was established, and switched jurisdiction over civil cases to the Commercial Court;
- Improved process of applying for IPR protection;
- Raise public awareness and build institutional capacity

### 4. Contract enforcement

- Arbitration law, set up Commercial Court (also Constitutional Court and a Judicial Commission) which brought judiciary freed from executive branch;
- Alternative dispute resolution mechanisms.



## 5. Expropriation procedures:

- Investment law and bilateral agreements.

## 6. Non-discrimination principle.

**THANK YOU**

[www.kemendag.go.i](http://www.kemendag.go.id)

d

# The global recovery will continue in 2010-11: Different speeds across regions

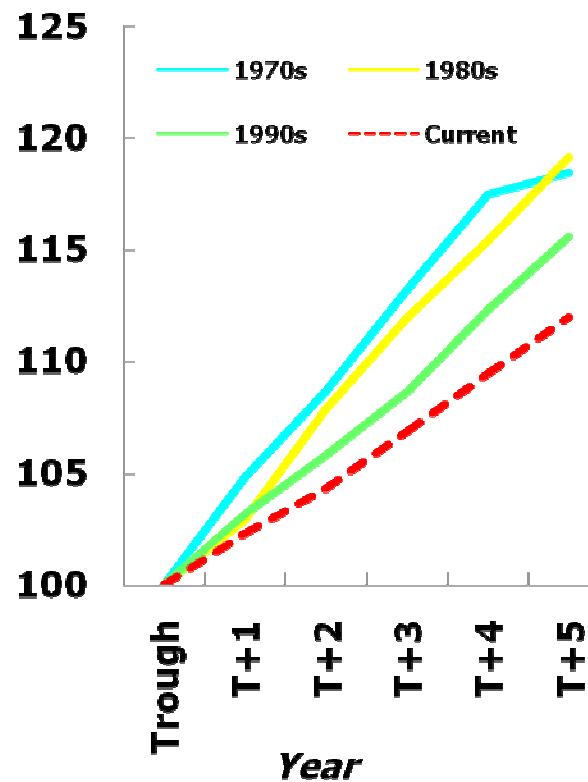
### World GDP Growth Projection

*(Year-on-year, in percent)*

	2010	2011
<b>World</b>	<b>4.8</b>	<b>4.2</b>
<b>Advanced economies</b>	<b>2.7</b>	<b>2.2</b>
<b>Emerging and Developing economies</b>	<b>7.1</b>	<b>6.4</b>
<b>Asia</b>	<b>8.0</b>	<b>6.8</b>

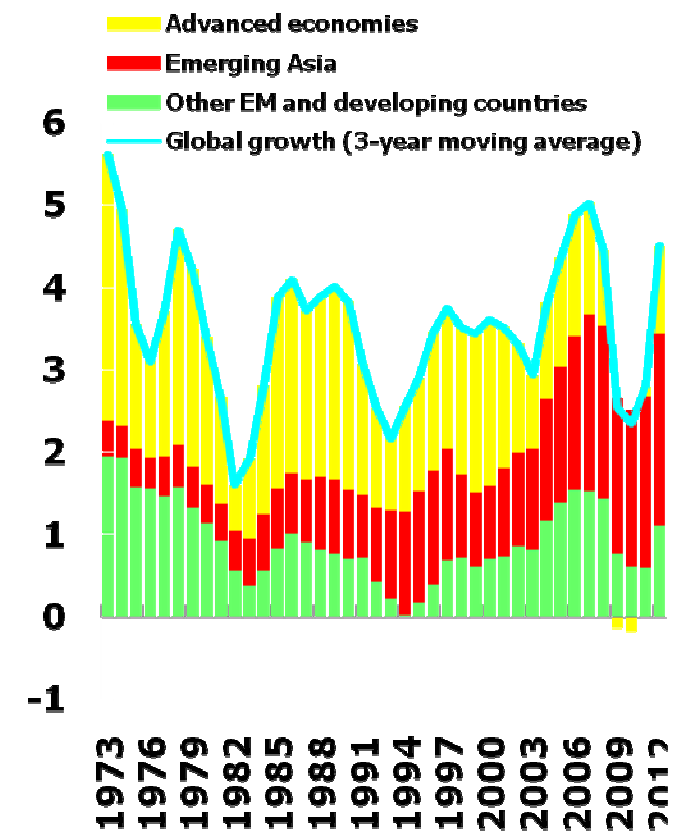
### Advanced Economy Real GDP during Global Recovery

*(trough of recessions = 100)*



### Contributions to Global Growth

*(In percentage points)*



# Growth forecasts:

## Upgraded for 2010, but downside risks remain

**Asia: Real GDP Growth**  
(Year-on-year; in percent)

	2009	2010	2011
	Latest projection		
<b>Industrial Asia</b>	-4.1	2.9	1.9
Japan	-5.2	2.8	1.5
Australia	1.2	3.0	3.5
New Zealand	-1.6	3.0	3.2
<b>Emerging Asia</b>	5.8	9.4	8.1
<b>BBEs</b>	-0.9	7.8	4.5
Hong Kong SAR	-2.8	6.0	4.7
Korea	0.2	6.1	4.5
Singapore	-1.3	15.0	4.5
Taiwan Province of China	-1.9	9.3	4.4
China	9.1	10.5	9.6
India	5.7	9.7	8.4
<b>ASEAN-5</b>	1.7	6.6	5.4
Indonesia	4.5	6.0	6.2
Malaysia	-1.7	6.7	5.3
Philippines	1.1	7.0	4.5
Thailand	-2.2	7.5	4.0
Vietnam	5.3	6.5	6.8
<b>Asia</b>	3.6	8.0	6.8

**Asia: Real GDP Growth**  
(Central forecast and selected confidence intervals; in percent)

