

## **Executive Summary of Pharmaceutical Sector**

Indonesia is a very attractive market for the European pharmaceutical industry and EU companies would be able to help transform the sector to become a major exporter. The EU pharmaceutical market is the world's second largest, but Indonesia only provides 0.02% of imports meaning that there is great potential to develop the bilateral trade and investment ties. Herbal medicine (jamu) is one area where Indonesia could create a competitive advantage in the EU market coupled with a well-developed industry in Indonesia and availability of resources. Indonesia also has opportunities to develop export of pharmaceuticals to the EU, but a mobilization from both business and Government is required.

Based on statistics on average spending on drugs, Indonesia currently has a very low level of spending. This is an opportunity for EU business. In addition to this, the Indonesian consumer market is growing strongly, especially the middle income market segments, and Indonesia has internal market production networks and developing FTAs with key markets that could prove to be essential to compete on the global market.

To strengthen the Europe-Indonesia trade and investment relations a number of recommendations were issued to the Governments of EU and Indonesia by the European and local pharmaceutical industry at the EIBD 2012.

