



## 印尼家具製造零配件展

# Furniture Manufacturing Components Show 2012

11-14 March 2012 Jakarta International Expo

## Overview of Indonesia

### Quick Facts

Country	Republic of Indonesia
Capital City	Jakarta
Population	2009 Estimate 229,965,000; Javanese is the largest ethnic group (42%)
Land	1,919,440 km <sup>2</sup>
GDP (PPP)	2010 Estimate USD \$907.3 billion; 6.1% growth
GDP per capita	USD \$3,975
Inflation	9.8%
Currency	Rupiah (IDR)
Official Language	Indonesian
Other info	<ul style="list-style-type: none"> <li>● Largest economy in Southeast Asia</li> <li>● Founding member of Association of Southeast Asian Nations (ASEAN)</li> <li>● Member of G-20 major economies</li> <li>● Muslim majority nation</li> </ul>

### Government & Politics

Indonesia is a republic with a presidential system. As a unitary state, power is concentrated in the central government. The first presidential election was in 2004 in which the people directly elected the president and vice president. The president may serve a maximum of two consecutive five-year terms. The current president is Susilo Bambang Yudhoyono who belongs to the Democratic Party. According to the Heritage Foundation & Wall Street Journal, economic freedoms of Indonesia improved since last year, which indicates that the Indonesian government has put effort into attracting both local and foreign investment. In addition, recent reform measures have put greater emphasis on improving the entrepreneurial environment, enhancing regional competitiveness, and creating a more vibrant private sector through decentralization. Management of public finance has improved, and tariff barriers have been lowered. As a member of the G-20, Indonesia is playing an increasingly important role in international economic policy discussions.

### Background Information on Indonesian Furniture Industry

Indonesia has one of the largest furniture export industries in the world, exporting USD \$2.65 billion in 2008. Indonesia exports 75% of furniture produced, mainly wooden furniture (65%) and rattan furniture (20%). Its



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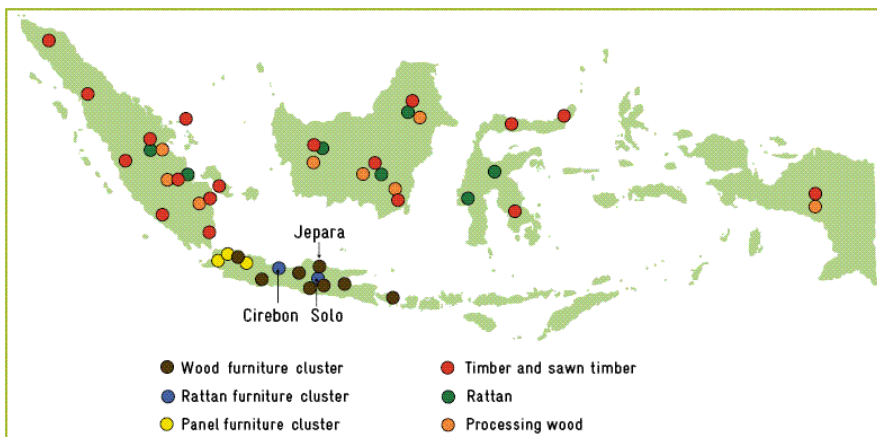
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global furniture market share was 2% in 2004, but by 2007 its market share has grown to 9%. Indonesia main export destinations are the US (28%), Japan (11%), and the Netherlands (7%); however, it is facing decline in demand in those countries. Consequently, recently it is expanding its efforts to develop markets in Europe, China, and the Middle East.

According to Indonesian Furniture & Handicraft Association (ASMINDO), it is estimated that the Indonesian furniture sector comprises more than 3500 companies and employs 4 million workers as of 2008. However, in 2009 due to the effect of global economic downturn, it is predicted that the amount of export would decrease 30-35%, resulting in closure of 100 companies. Despite this, ASMINDO announced that at least 27 EU countries confirmed their commitment to increase furniture imports from Indonesia.

Indonesian furniture industry is characterized as labour-intensive and fairly segmented with majority of small and medium enterprises (SME) comprising the industry. Wood furniture production is concentrated in Central Java, accounting for 26.5% of national furniture production while over half of the rattan furniture production is based in Cirebon.



## Outlook for 2012

Ambar Tjahyono, Chairman of ASMINDO has a very positive outlook for the Indonesian furniture industry in 2011/2012. According to him, the traditional buyers such as America, Japan, and the Netherlands have increased their demand along with the recovery of global economy. On top of that, 27 countries from EU have promised to increase furniture import from Indonesia. The Indonesian government also predicts 7% economic growth in 2012. These all show that the Indonesian furniture market is heading towards the strong end, which means furniture manufacturers and component suppliers should get ready to grasp this opportunity.



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