

# Indonesia: market strength in numbers

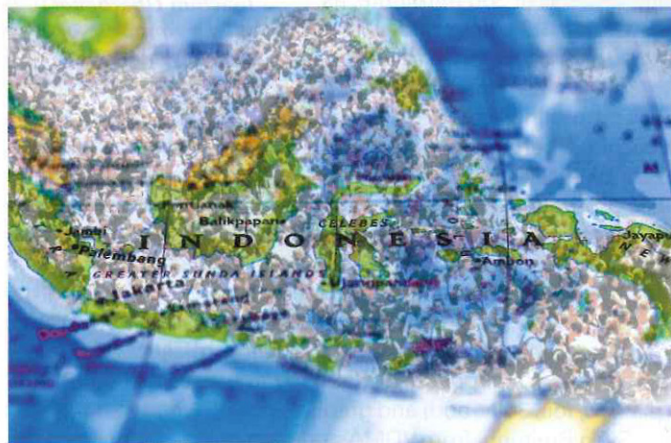
*260 million may just be a number, but for eagle eyed global investors this is the figure that makes for a lucrative market base, says Angelica Buan, in this report, after speaking to exhibitors at the recently concluded Indoplas/Indoprint show in Jakarta, Indonesia.*

## Population: an advantage point

Currently, one of the world's most populous countries, Indonesia is also trekking the road to becoming the fourth largest economy by 2050, according to the **Economist Intelligence Unit**. The country's 260-million population makes it a fertile investment ground, a common view held among exhibitors interviewed at Indoplas.

The three-day show, jointly organised by **Messe Düsseldorf Asia (MDA)** and **PT Wahana Kemalaniaga Makmur (Wakeni)**, housed 400 companies, representing 20 countries or 60% of exhibitors from the international market, with five national pavilions and groups from China, Germany, South Korea, Singapore, Taiwan, and Thailand.

According to Gernot Ringling, Managing Director of MDA, the show's huge turnout is reflective of how the exhibition is as a "model platform for industry players' business growth; as well an ideal gateway into the Southeast Asian region."



*Indonesia's 260-million population makes it a fertile investment ground*

## Packaging a top-billed sector

Of the industries demonstrating an uptrend, the Food and Beverage (F&B) sector maintains its trajectory.

**Statistic Indonesia (BPS)** cites that soft drink sales are projected to reach a 9.3% CAGR from 2014-2018. Packaged food, fresh produce and ready-to-drink beverages are just a few of the items that will spur the demand for packaging, according to consulting firm **CEKINDO**.

This year, the industry is projected to grow by 5-6% to over US\$6 billion, according to the **Indonesia Packaging Federation (IPF)**, owing to the country's market size with improving purchasing power and growing F&B industry output, among other drivers.

"Indonesia's growth market is in multi packaging," said Raymond Wong, Malaysia-based Area Sales Manager of Austrian recycling equipment firm **NGR**.

Parth N Chokshi, Senior Manager of Export Sales of India-based manufacturer of blown film and sheet extrusion lines **Rajoo Engineers**, agrees that Indonesia's market charm is anchored to its population. "Most of the plastic processing units are catering to multinational brands and that is why we think there is a good growth market here."

The 30-year old Rajoo offers not only extrusion but also thermoforming and pipe/profile machines. "Our machines are 100% made in India, but we collaborate with technical partners from the US (**Commodore**), Germany (**Hosokawa Alpine**) and Italy (**Bausano**)," Chokshi adds. Though the company supplies to over 60 countries, including Malaysia, Thailand, Vietnam, and Philippines, Chokshi relates that Rajoo has yet to firm up its presence in Indonesia.



*Parth N Chokshi of Rajoo acknowledges the benefit of firming up market presence in Indonesia*

## Neighbouring countries align with trade

Meanwhile, Thailand, which some exhibitors are also placing on a rival footing with Indonesia as a lucrative investment spot in the region, is eyeing Indonesia not as a competitor but as a growth partner.

Vichien Sriswasdi, Director of the **Thai Tool and Die Industry Association (TDIA)**, points to Indonesia's population as a positive factor. "While we look at every country as Thailand's potential market, as every country has its potentials, Indonesia's edge comes from its population, among its other assets. Thailand only has a population of 70 million."