

DOING BUSINESS IN INDONESIA

An Israeli Perspective

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1. INDONESIA: AN OVERVIEW

Indonesia is the largest archipelagic country located in the South-East Asia and consists of an estimated of 17,504 islands. Divided by the equator, the Indonesian climate is mostly tropical.

The capital city of Indonesia is Jakarta located in the island of Java which also serves as the centre of commercial, financial and governmental activities. With an estimated population of 252 million, Indonesia is a diverse country consisting of a number of ethnicities, religions and languages. Although an estimated 87 percent of its residents are Muslim, Indonesia is not a ruled under Islamic law. The official language is Bahasa Indonesia however several regions still use local languages in their daily communication.

Both in 1998 and 2008, Indonesia went through a financial crisis which resulted in a sharp decline of, the Indonesian Rupiah (Rp.). From 2013 the Rupiah has been declining. This decline has accelerated in 2015 with the Rupiah depreciating into Rp. 14.000 per U.S. Dollar, the lowest level since 1998. Among efforts from the Indonesian government to strengthen the currency, the central bank has implemented regulation that enforces the mandatory usage of the rupiah for all transactions onshore¹.

Indonesia is abundant for its natural resources. Indonesia has become a leading producer and exporter for natural gas, coal, palm oil, tin, nickel and bauxite. In 2012, Indonesia has dominated 47.1% of the world palm oil market share while Malaysia has 37.4% market share making Indonesia as the world number one producer.

Indonesia was subjected to terrorist attacks linked to Islamic extremist group. Few efforts have been taken for anti-terrorism including the establishment of policies between governmental institutions, cooperation with other countries, and including the latest effort, establish a cooperation with the UK Government² on police cooperation in preventing and combating terrorism and proposed to the international Islamic Cooperation Organization (OKI)³ to agree on the establishment of a Contact Group on Joint Islamic Strategic Action (JISA) to handle terrorism and extremism.

¹Amianti, Grace D 2015, 'Businesses urge quick action to tame volatile rupiah', 28 August, *The Jakarta Post*, accessed 21 October 2015 from <http://www.thejakartapost.com/news/2015/08/28/businesses-urge-quick-action-tame-volatile-rupiah.html>

²Parlina, Ina 2015, 'Jokowi, Cameron seek closer ties' 28 July, *The Jakarta Post*, accessed 21 October 2015 from <http://www.thejakartapost.com/news/2015/07/28/jokowi-cameron-seek-closer-ties.html>

³Indonesia urges OKI to establish contact group on terrorism', 29 August 2015, *The Jakarta Post*, accessed 21 October 2015 from <http://www.thejakartapost.com/news/2015/08/29/indonesia-urges-oki-establish-contact-group-terrorism.html>

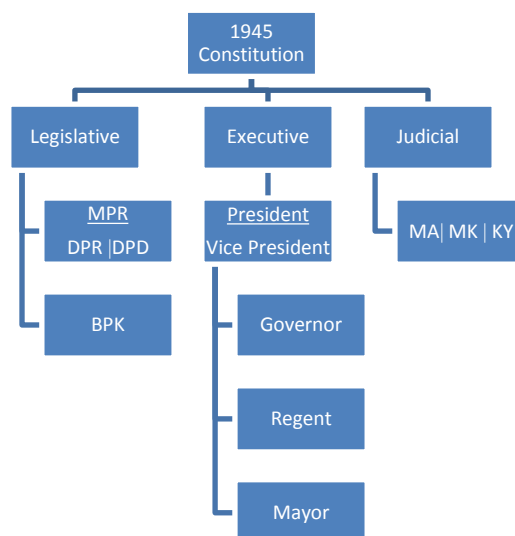
1.1 Geography

Indonesia is geographically located between the Asian continent and Australia and between two oceans, the Indian and Pacific Oceans. Indonesia has an estimated total area of 1,860,359 km², which consists of five main islands: Sumatera, Java, Sulawesi, Papua and Kalimantan and four archipelagos which are Riau, Bangka Belitung, Nusa Tenggara and Maluku.

Indonesia is also located at the meeting of three major tectonic plates namely the Eurasian, Australia and Pacific plate and passed by three volcanic circles which are Mediterranean, Australian and Pacific lines. Indonesia has a tropical wet climate with two main seasons, namely a dry season which occurs between April to October and the rainy season around October to April. Indonesia has frequent natural disasters, such as landslides, floods, earthquakes and volcano eruptions.

1.2 Government System

Indonesia is a Republic state and implements a presidential system. The Indonesian political system is based on *Trias Politica* that recognizes the separation of legislative, executive and judicial powers⁴.



Legislative: The legislative power is held by the People's Consultative assembly (*Majelis Permusyawaratan Rakyat/MPR*). MPR members consist of the Indonesian House of Representative (*Dewan Permusyawaratan Rakyat/DPR*) members reflecting political representation and the Regional Representatives Council (*Dewan Perwakilan Daerah/DPD*)

⁴Statistical Yearbook of Indonesia 2014, Statistics Indonesia, accessed 21 October 2015 from [http://www.bps.go.id/website/pdf_publicasi/watermark%20Statistik Indonesia 2014.pdf](http://www.bps.go.id/website/pdf_publicasi/watermark%20Statistik%20Indonesia%202014.pdf)

reflecting regional representation. DPR and DPD members are elected through a general election and appointed for a five-year terms. In addition to the above state institutions, there is also the Supreme Audit Agency (*Badan Pemeriksa Keuangan/BPK*), which has oversight responsibilities, particularly with regard to the financial management of the state.

Executive: The executive branch consists of the president, vice president, and ministerial cabinets. Each minister is appointed, dismissed and responsible to the President. In addition, there are also some state agencies or institutions within the executive branch including Bank Indonesia as the central bank, the State Police and the Attorney General as law enforcement officials, and the Indonesian Armed Forces as the country's defense apparatus.

Judicative: The judicative power has been run by the Supreme Court (*Mahkamah Agung/MA*), Constitutional Court (*Mahkamah Konstitusi/MK*) and Judicial Commission (*Komisi Yudisial/KY*). MA has authority to hear the appeal, examine the legislation under the laws against the laws, and have other powers provided by the legislation. KY shall be independent and authorized to propose the appointment of judges and other authorities in order to preserve and uphold the honor, dignity, and the behavior of judges. The MK has authority to examine a law against the Constitution, rule on the dispute the authority of state institutions whose authorities are granted by the Constitution, dissolution of political parties, and to decide on disputes concerning the results of general elections.

The Indonesian government system currently consists of regional autonomies where this is achieved by delegating authorities (*decentralization*) that were initially held by the central government. Indonesia consists of 34 provinces⁵, each headed by a Governor, further divided by municipalities and cities headed by a regent and a mayor respectively.

1.3 Indonesian Foreign Policies

In line with President Jokowi's vision and mission, Indonesian foreign policies shall prioritize in protecting the Indonesian sovereignty, protecting the Indonesian citizen and legal entities abroad, increase economic and maritime diplomacy and increase the role of Indonesia in the international territory⁶.

To support the nation's interest in various fields and as an effort to increase peace and security, Indonesia has been active in a number of regional forums including ASEAN, APEC, FEALAC, Asia Cooperation Dialogue (ACD), Asia Middle-East Dialogue (AMED), New Asian-African

⁶Nursalikah, Ani 2015, 'Menlu: Indonesia Punya Lima Prioritas Politik Luar Negeri' 2 February, *Republika Website*, accessed 21 October 2015 from <http://www.republika.co.id/berita/nasional/umum/15/02/02/nj4l9e-menlu-indonesia-punya-lima-prioritas-politik-luar-negeri>

Strategic Partnership (NAASP), Southwest Pacific Dialogue (SwPD), and Indian Ocean Rim Association (IORA).

The election of Indonesia as a member of the United Nations Security Council for 2011-2014, and 2015-2019 allows Indonesia to participate actively and direct the its national interest.

Indonesia has consistently voiced the rights and assists the establishment of an independent Palestine, among others in UNESCO, UNRWA (United Nations Relief and Works Agency), and OIC (Organization of The Islamic Cooperation). With cooperation with the Japanese government, Indonesia has held the second Conference on Cooperation among East Asian Countries for Palestinian Development (CEAPAD) in March 2014 and able to collect fund for Palestine from East Asian countries and international organization.

Following the 2014 Israel's Operation Protective Edge in Gaza, the Indonesian government has called on the United Nations and the international community to pressure Israel into immediately ceasing its violent actions against civilians in Gaza⁷. Foreign Minister, at the time, Marty Natalegawa, even called for nations to consider reviewing diplomatic ties with Israel and boycotting its products in solidarity with Palestine.⁸

Also at the same year and during the 2014 presidential election, then presidential candidate Jokowi voiced his support of Palestinian independence and promised that Indonesia will open an Indonesian representative office in Ramallah.⁹

1.4 Democracy

After being ruled under the Soeharto regime for more than 30 years, until 1998, Indonesia has been able to transform significantly into a democratic country. Indonesia successfully completed another round of successful legislative and presidential elections directly by the people in 2014 with the result of Joko Widodo (Jokowi) as the elected President and Jusuf Kalla as the Vice President. In addition, since 2004, the election of Governor, Regent, and Mayor are also directly elected by the people.

The improved systems and procedures in relation to the election has been one of the biggest contributors to Indonesia's democracy performance. The Economist Intelligence Unit has categorized Indonesia as flawed democracy in the 49 ranking with an overall score of 6.95

⁷Saragih, Bagus BT 2014 'RI denounces Israel's attacks on Gaza' 10 July, *The Jakarta Post Website*, accessed 21 October 2015 from <http://www.thejakartapost.com/news/2014/07/10/ri-denounces-israels-attacks-gaza.html>

⁸Ririhena, Yohana 2012, 'At UN, Marty calls for boycott of Israeli products' 29 September, *The Jakarta Post Website*, accessed 21 October 2015 from <http://www.thejakartapost.com/news/2012/09/29/at-un-marty-calls-boycott-israeli-products.html>

⁹Hasyim, Widiarto and Parlina, Ina 2015 'Jokowi to open Indonesian mission in Ramallah' 22 April, *The Jakarta Post*, accessed 21 October 2015 <http://www.thejakartapost.com/news/2015/04/22/jokowi-open-indonesian-mission-ramallah.html>

meanwhile the Indonesian Democracy Index, released by the Central Statistics Agency in August 2015, reveals that the performance of the country's democracy scored 73.04 points out of 100 in 2014, which is categorized as "fair".¹⁰

1.5 Religions and Ethnic Profiles

Indonesia is a culturally diverse country consisting of a variety of ethnics and religions throughout its archipelago. Islam is the religion most widely embraced by the Indonesian population (87.18 percent), Christian (6.96 percent), Catholic (2.91 percent), Hindu (1.69 percent), Buddhism (0.72 percent), Confucianism (0.05 percent). In general, Islam is a religion professed by more than 60 percent of the population in each province except for the province of Bali, East Nusa Tenggara, West Kalimantan, North Sulawesi, Maluku, West Papua and Papua. Javanese who came from the island of Java is the largest ethnic groups (40.2 percent) of the population of Indonesia followed by Sundanese (15.5 percent), Bataknese (3.6 percent) and other ethnic from Sulawesi (3.2 percent).

1.6 Transparency and Corporate Social Responsibility

The Transparency International Indonesia assessed that in 2009 and 2010, Indonesia received a score of 2.8 in the Corruption Perception Index; in 2011 with a score of 3.0; in 2012 and 2013, with a score of 3.2; and in 2014 it has increased to 3.4.¹¹

Corporate social responsibility has been regulated in a number of regulations among others Capital Investment Law and Limited Liability Company Law. Further, Corporate social and environmental responsibility is made as mandatory for companies that engage in the natural resources or activities related to the natural resources business as determined under Government Regulation No. 47 of 2012 on Corporate Social and Environmental Responsibility issued in 2012.

¹⁰'Democracy in RI reaches new high' 13 August 2015, *The Jakarta Post Website*, accessed 21 October 2015 from <http://www.thejakartapost.com/news/2015/08/13/democracy-ri-reaches-new-high.html>, Sulistyoningrum, Yulianisa 2015, 'Ini 3 Pencapaian Demokrasi RI Yang Dijadikan Contoh Negara Lain'. *Kabar 24 Website*, accessed 21 October 2015 from <http://kabar24.bisnis.com/read/20150827/15/466380/ini-3-pencapaian-demokrasi-ri-yang-dijadikan-contoh-negara-lain>

¹¹'Setiap Tahun Indeks Korupsi Indonesia Meningkat' 21 April 2015, *Transparency International Indonesia Website*, accessed 21 October 2015 from <http://www.ti.or.id/index.php/news/2015/04/21/setiap-tahun-indeks-korupsi-indonesia-meningkat>

1.7 Corruption

Although there are some positive indicators in the Indonesian economy outlook, but systematic and widespread corruption activities remain to be a detrimental flaw. After the fall of President Soeharto, eradication of corruption has become one of the main priorities of the Indonesian Government. Bribery, irregular fees and other corrupt practices related to obtaining licenses, permits and government contracts are among of the obstacles in running businesses in Indonesia and causing legal uncertainty. Preventive measures have been taken including, the simplification and improvement of licensing procedures from long bureaucracy into a one-stop system. However, it remains difficult in its implementation, especially regarding the inconsistency of regulations and obtaining licenses under the authority of local governments providing room for corruption activities.

Lack of law enforcement for corruption practices was evident before the downfall of President Soeharto in 1998. Subsequently, Corruption Eradication Commission (KPK) was formed in 2002 and establishment of new anti-corruption regulations to order to increase law enforcement effort related to corruption. As a result, a number of corruption cases regarding government officials and parliament members had been uncovered and were able to be brought to court. Between 2004-2011, the President has signed off on permission for corruption investigation towards at least 168 Governors and Regents/Mayors involved in corruption cases¹².

1.8 Business Climate

In the World Bank's "Doing Business 2015" report¹³, Indonesia ranked 114th out of 189 countries, up from 120th in the World Bank's "Doing Business 2014" report. According to the World Bank's "Doing Business 2015", a primary factor for Indonesia's low ranking is difficulty in establishing and starting a business against a backdrop of inefficiency and a complicated and frustrating bureaucracy. The establishment of a company and business in Indonesia needs to undertake an average of 10 different processes taking on average of around two months (52.5 days) while the Asia Pacific average is 34.4 days. Furthermore, there are requirements to go through different governmental institutions and a range of different business licenses and permits.

¹² National Strategy of Corruption Prevention & Eradication Long Term (2012-2025) and Medium Term (2012-2014) (English Translation by UNODC Indonesia), *United Nations Office on Drugs and Crime Website*, accessed 21 October 2015 from https://www.unodc.org/documents/indonesia/publication/2012/Attachment_to_Perpres_55-2012_National_Strategy_Corruption_Prevention_and_Eradication_translation_by_UNODC.pdf

¹³ World Bank. 2014. *Doing Business 2015: Going Beyond Efficiency*. Washington, DC: World Bank Group. DOI: 10.1596/978-1-4648-0351-2. License: Creative Commons Attribution CC BY 3.0 IGO, Link: <http://www.doingbusiness.org/Reports/Subnational-Reports/~media/giawb/doing%20business/documents/profiles/country/IDN.pdf>

1.9 State Owned Enterprises

Indonesian State Owned Enterprises (SOE), are an important player in the national economy, in addition to private businesses and cooperatives. Given the role, function and contribution of SOEs to state finances are very significant. Since 1998, the government of the Republic of Indonesia has changed the form of management of the SOEs into a ministry level. There has been a call for revamping the management and performance of SOEs including plan for privatization. However, constant interferences from legislators and political opponents remain among the issues hindering the reformation and development of SOEs. President Joko Widodo has appointed Rini M. Soemarno as Minister of State-Owned Enterprises for 2014-2019.

2. GENERAL ECONOMIC OVERVIEW

According to OECD¹⁴, Indonesia's growth has been strong since the 1998's Asian Crisis but slowed in recent years, as a result of weaker international demand, the fall in commodity prices and low investment growth, due in large part to heightened regulatory uncertainty and infrastructure bottlenecks. Healthy per capita growth and expanding social security programs have helped to reduce poverty significantly. But growth fell below 6% in 2013, for the first time since the financial crisis, and growth continued to soften through 2014. Nevertheless, Indonesia's economic growth has outperformed its ASEAN peers.

Entering 2015, unfavorable economic conditions starts to unravel resulting to a decline in growth as recorded at 4.67% in the second quarter of 2015, down from 4.71% in 2014. The economic slow down is caused mainly due to external factors such as the uncertainty over the anticipated FFR hike in the United States, China's exchange rate policy and weak external demand for exports. In addition, a relatively stagnant household consumption, government infrastructure spending constantly hindered by bureaucratic obstacles also contributed such decline.

The Asian Development Bank (ADB) has forecast Indonesian economy to grow only 4.9 percent for 2015, or lower than ADB's previous prediction of 5.5% due to domestic and global economic pressures. Nevertheless, Indonesian economy is forecast to grow better in 2016, reaching 5.4%, or lower than the earlier prediction of 6% due to government spending and investment caused by the recent package of the government's economic policies as a stimulus to lift the sluggish economy.¹⁵

The first package of economic policies was announced on 9 September 2015, which covers three main sectors: deregulation, permit processing simplifications, law enforcement and business certainty with focus on three areas, boosting industry competitiveness, accelerating infrastructure projects and increasing investment in the property sector.¹⁶

Indonesia has become a leading producer and exporter for natural resources. Five main sectors that contributed most to the value of exports which are coal (14.27%), palm oil (11.89 %), textiles and textile products (8.75%), electrical equipment, measuring and optical instruments (6.9 %) and basic metal products (6.28 %).

¹⁴OECD Economic Surveys INDONESIA 2015', *OECD Website*, accessed 21 October 2015 from <http://www.oecd.org/eco/surveys/Overview-Indonesia-2015.pdf>

¹⁵ADB forecasts Indonesia's economy to grow 4.9 percent in 2015', 22 September 2015, *Antara News Website*, accessed 21 October 2015 from <http://www.antaranews.com/en/news/100615/adb-forecasts-indonesias-economy-to-grow-49-percent-in-2015>

¹⁶Economic deregulation package announced' 9 September 2015', *The Jakarta Post*, accessed 21 October 2015 from <http://www.thejakartapost.com/news/2015/09/09/economic-deregulation-package-announced.html>

Meanwhile, five sectors with the largest investment throughout 2014 are the mining sector (12.28 %), electricity, gas (12.02 %), food industry (11.87 %), transportation, storage and communication (11.46 %) and chemicals and pharmaceuticals industry (8.7 %). The largest positive growth is the transportation sector, storage and communications posted at 104.84 % growth. Electricity, gas and water grew by 50.31%, food industry grew by 52.16 % and the chemical and pharmaceutical industry for 2.57 %.

The banking industry remains resilient and showing relatively stable financial markets. The Capital Adequacy Ratio is posted at 20.1% in June 2015. Meanwhile non-performing loans were low and stable at 2.6% (gross) or 1.4% (net). Credit growth was stable at 10.4% while deposit grew 12.7%.

2.1 Gross Domestic Product

Indonesia was ranked as the world's 16th largest economy in 2014 according to the World Bank with a GDP of USD 888 billion and a 5.0% economic growth in 2014, which is lower than achieved in 2013 but exceeds the average achieved by ASEAN 5 at 4.7%. Throughout 2014, the processing industry contributes greatly to Indonesian GDP of 21.02 % with food and beverages as the largest contributor sector, followed by agriculture, forestry and fisheries with a total of 13.38 %.

Information and communication sector has the highest GDP growth with the rate above 10 % in the last 4 years influenced by the demand for information by the community. Even in 2012, this business field was able to grow up to 12.28%, well above the average growth of other economic activities.

In terms of purchasing power, in 2014, the income per capita in Indonesia has increased from Rp38.3 million to Rp41.8 million, or \$3191 to \$3483 based on an exchange rate of IDR 12,000 to the USD . But contribution of the private consumption to Indonesian economy stays at the constant figure, which lies between 2.8% - 3.0% since 2011.

On the welfare side, in September 2014, the total and percentage of those in poverty tended to decrease, amounting to 27.73 million people or 11.0% of the total population, compared to 11.2% and 11.5% in March 2014 and September 2013 respectively. But the number increased in March 2015, amounting to 28.59 million people (11.22%).

2.2 Currency

The Indonesian currency, Rupiah (Rp) has gone through turbulences, particularly during the financial crisis occurred in 1998 and 2008. In 1998's Asian Crisis, it happened to be the lowest against US Dollar, reaching Rp. 17,000 per US Dollar. In the second quarter of 2015, the weakening of rupiah once again haunts the Indonesian economy mostly due to external factors, particularly due to the investors' anxiety resulting from the uncertainty with regards to the US Federal Reserve on the interest rate hike, demand for foreign currencies to service debt and disburse seasonal dividend payments, devaluation of the Chinese currency, the Yuan. The slow growth of exports also triggered the depreciation especially from the energy sector due to government policies on the limitation of raw materials in the energy and mineral resources sector. As per 28 September 2015, Rupiah has reached the lowest since 1998 crisis at Rp. 14,700 per US Dollar.

Despite the collapse of rupiah, Bank Indonesia as the Indonesian central bank remains confident to have adequate foreign exchange reserves to defend the weakening of rupiah. To help strengthen foreign exchange reserves and cover its budget deficit, Indonesia plans to borrow \$4.2 billion from the World Bank, Asian Development Bank, France's Agence Francaise de Developpement and Germany's KfW Development Bank.¹⁷

2.3 Inflation

During the past 5 years, inflation in Indonesia has fluctuated mainly influenced by the price volatility of energy commodities and food. Other factors such as disruption of production as a result of climate anomalies, natural disasters, and world oil prices also triggered the volatility. CPI inflation was recorded at 0.93% (mtm) in July 2015 or 7.26% (yoy) on an annual basis.

2.4 Stock Exchange

As of March 2015, there are 621 issuers registered at the Jakarta Stock Exchange Center (IDX). IDX noted the number of shares traded during the period 2010-2012 has decreased. Although the number of shares traded decreased in 2011, the value of transactions was increased by 4.01 % or amounted to Rp. 1,223.44 trillion compared to in 2010 which was amounted to Rp. 1,176.24 trillion. During the first quarter of 2015, the number of shares traded was 402.54 billion shares with a transaction value of Rp. 408.56 trillion. Meanwhile, the Jakarta Stock Exchange

¹⁷Setiaji, Hidayat and Suroyo, Gayatri 2015, 'Indonesia Central Bank Says Not Worried Over Falling Forex Reserves' 22 September, *The Jakarta Globe Website*, accessed 21 October 2015 from <http://jakartaglobe.beritasatu.com/business/indonesia-central-bank-says-not-worried-falling-forex-reserves/>

Composite Index (JCI) has increased during 2010-2012, but decreased in 2013, and continue to increase again in 2014 at 5,226.95 index points. In 2015, JCI continues to be under pressure.

2.5 Social Economy

Indonesia's population is projected at 252,164.8 thousand people in 2014. The unemployment rate decreased from 6.17 % in 2013 to 5.94 % in 2014, while the working population of 114.6 million saw an increase by 1.9 million people. The increase in employment mainly occurred in the construction sector, trade and industry sector. Meanwhile, the number of people in poverty per September 2014 amounted to 27.73 million people (10.96 %), less than the 0.55 million people in poverty per March 2014 that amounted to 28.28 million (11.25 %). But the number increased in March 2015, amounting to 28.59 million people (11.22%)

2.6 “BRIC” and “MINT”¹⁸

After the former Goldman Sachs economist Jim O’Neill created the term “BRIC”, as an acronym for Brazil, Russia, India and China (now commonly bracketed with South Africa to make BRICS) as emerging market economies, O’Neill has also created the term “MINT” countries. In 2013, O’Neill stated that, Mexico, Indonesia, Nigeria and Turkey have very favorable demographics for at least the next 20 years, and their economic prospects are interesting.

2.7 Infrastructure

One of the crucial issues hampering Indonesia’s economic development is its lack of sufficient infrastructure, mainly on transportation, energy and logistics. Its infrastructure quality score stands at 4.2, still below the average of ASEAN countries (4.4)¹⁹. Low infrastructure budget coupled with difficulties with land acquisition as well as coordination issues between relevant governmental departments are among the key factors delaying the development of infrastructure.

The National Medium Term Development Plan 2015-2019 states that infrastructure development in Indonesia is aimed at (i) strengthening national connectivity to achieve equitable development, (ii) develop urban mass transportation systems, (iii) to develop basic infrastructure (housing, clean water, sanitation, and electricity) (iv) increase effectiveness and efficiency in financing

¹⁸Wright, Chris 2014, ‘After The BRICS Are The MINTs, But Can You Make Any Money From Them?’ 6 January, *Forbes Website*, accessed 21 October 2015 from <http://www.forbes.com/sites/chriswright/2014/01/06/after-the-brics-the-mints-catchy-acronym-but-can-you-make-any-money-from-it/>

Boesler, Matthew 2013, ‘The Economist Who Invented The BRICs Just Invented A Whole New Group of Countries: The MINTs’ 13 November, *Business Insider Website*, accessed 21 October 2015 from <http://www.businessinsider.com/jim-oneill-presents-the-mint-economies-2013-11?IR=T&>

¹⁹ Ministry of National Development Planning/National Development Planning Agency of Republic of Indonesia ‘Public Private Partnership Infrastructure Projects Plan in Indonesia’, May 2015, *Bappenas Website*, accessed 28 November 2015 from http://bappenas.go.id/files/3514/4039/0330/ppp_book_2015.pdf

infrastructure projects. For financing infrastructure projects shall be done by leveraging the role of Public Private Partnership (PPP) or Corporate Social Responsibility. Under PPP, the Indonesian government seeks to increase the participation of enterprises and societies, considering the limitation of government spending in infrastructure.

There are 10 projects prioritized to commence in 2015²⁰, which are as follows:

1. Bontang oil refinery with a capacity of a minimum 235,000 per day;
2. Drinking Water management in Semarang, Central Java;
3. Balikpapan-Samarinda Toll Road;
4. Revitalization of 3 small-middle airports;
5. 'High Voltage Direct Current' (HVDC) Sumatra Java Interconnection;
6. Sumatera Toll roads which are Medan-Binjai, Palembang-Indralaya, Pekanbaru-Dumai, dan Bekauheni-Tebanggi Besar;
7. Power Plant project at Batang, Central Java;
8. Soekarno Hatta Airport Express Train;
9. East Kalimantan Express Train Cargo; and
10. Electricity Transmission in Sumatera with a capacity 500 Kv.

2.8 Cultural Aspects of Doing Business

Indonesia is known for its various cultures, customs, traditions, ethnic and languages. This kind of diversity establishes unique characteristics and personalities among Indonesian people. Therefore it is important to integrate businesses with the Indonesian culture, particularly in regional areas.

There is some notion that despite Indonesia having declared its independence in 1945, foreign colonialism still haunts the country as vital assets of the country are under the control of foreign parties. This issue has been reflected as there was a number wave of protests rejecting major foreign mining companies conducting their business in Indonesia in regional areas.

Despite Indonesia being a country with the largest Muslim population in the world, the state policy is not governed under Islamic law. Nevertheless, religious opinion is quite strong when comes to government policies and businesses. One of the proposed policies which came under

²⁰ 'Pemerintah Tetapkan 10 Proyek Infrastruktur Prioritas di 2015', 31 May 2015, *Metro TV News Website*, accessed 21 October 2015 from <http://ekonomi.metrotvnews.com/read/2015/05/31/131700/pemerintah-tetapkan-10-proyek-infrastruktur-prioritas-di-2015>

the spotlight is the ban of alcoholic beverages²¹ pushed by an Islamic political party which lead to concerns upon the alcoholic beverages industry and tourism industry.

Further, there are part of the Muslim community has strong negative sentiment towards Israel. However some companies and politicians are more open minded when it comes to working with Israeli companies for the sake of Indonesian economic development. It is implied that the late President Abdurrahman Wahid's mission was to support the Indonesian economy by establishing economic cooperation with Israel as a window to assist in solving the Palestine-Israel conflict.²²

2.9 Association of Southeast Asian Nations²³

Association of Southeast Asian Nations (ASEAN) was formed in 1967 as regional organization with aim to establish economic cooperation among the members. The members are Indonesia, Singapore, Malaysia, Thailand, Philippines, Brunei, Vietnam, Cambodia, Laos and Myanmar. One of the most anticipated events is the ASEAN Economic Community's (AEC) commencement at the beginning of 2016. Its aim is to create a single market and stable production base, prosperous, highly competitive and economically integrated with prevailing regulations on trade and investment, in which there is free flow of traffic of goods, services, investment, and capital as well as facilitating freedom of movement of businesses and labor.

AEC will be directed towards the establishment of a regional economic integration by reducing trade transaction costs including removing tariff barriers of tax, improve trade and business facilities, as well as improving the competitiveness of the Small Medium Enterprises sector. AEC will focus on 12 priority sectors, which consists of seven sectors of goods (agricultural, electronic equipment, automotive, fisheries, industry-based rubber, wood-based industries, and textiles) and five services sectors (air transport, health services, tourism, logistics, and information technology industries or e-ASEAN).

2.10 Financial Crisis

a. Asian Financial Crisis in 1997-1998

²¹Siregar, Hotman 2015 'PKS Attacks Alcohol Deregulation as Threat to Country's 'Morality' 22 September, *The Jakarta Globe Website*, accessed 21 October 2015 from <http://jakartaglobe.beritasatu.com/religion-news/pks-attacks-alcohol-deregulation-threat-countrys-morality/>

²²'Peran Gus Dur dalam Misi Perdamaian Israel-Palestina', 2 March 2013, *Nahdlatul Ulama Website*, accessed 21 October 2015 from <http://www.nu.or.id/a,public-m,dinamic-s,detail-ids,4-id,42801-lang,id-c,kolom-t,Peran+Gus+Dur+dalam+Misi+Perdamaian+Israel+Palestina-.php>

²³'Peluang dan Tantangan Indonesia Pada ASEAN Economic Community 2015' (2014), *Ministry of State Secretariat of the Republic of Indonesia Website*, accessed 21 October 2015 from http://www.setneg.go.id/index.php?lang=en&option=com_content&task=view&id=7911

Following the plunge of the Thai Baht in July 1997, pressure began to rise to other Asian currencies including Indonesian rupiah. The amount of foreign currency reserves was insufficient to cover a foreign loans owed by private companies which amounted to USD 20 billion which was due in 1998. This led to the rupiah going on a downward spiral from Rp 4,850 against the USD in 1997 to Rp 17,000 in 1998 or depreciated more than 80%, adding more pressure on companies with foreign debt and a staggering inflation. As a result, the Indonesian government sought financial support from International Monetary Fund (IMF) leading to political instability and reaching its climax when demonstrations put strong pressure to end President Suharto's regime after more than 30 years in power. Following the new regime by Soeharto's replacement, Bacharuddin Jusuf Habibie and a reviving asian economy, the Indonesian economy also started to improve gradually as reflected in the rising stocks and exports.

b. _____ *US Subprime Mortgage Crisis*

The financial crisis in 2007 related to the US subprime mortgage had less impact to Indonesia's economy due to lower placements by the Indonesian financial institutions in asset classes that were the major causes of the crisis.

c. _____ *Greek Crisis*

The Greek financial crisis led to fear of its contagion to developing countries. As a result, stock prices on the IDX mostly fell. The decline, however, was not as severe as other emerging countries considering that there are no trade relations with Greece to directly impact Indonesia's economy.²⁴ However there is still possibility that Indonesia's economy is affected through the weakening of global demand and a decline of global commodity price.

d. _____ *China's Devaluation of Yuan and Stockmarket Turmoil*²⁵

²⁴Lubis, Angi M and Aminarti, Grace D 2015 'Greek Crisis has little impact on Indonesia' 30 June, *The Jakarta Post Website*, accessed 21 October 2015 from <http://www.thejakartapost.com/news/2015/06/30/greek-crisis-has-little-impact-indonesia.html#sthash.MKHdPEKr.dpuf>

²⁵Sukirno 2015 'Devaluasi Yuan dan Dampak Jangka Panjang Bagi Indonesia' (2015), *Bisnis*, accessed 21 October 2015 from <http://market.bisnis.com/read/20150813/191/462279/devaluasi-yuan-dan-dampak-jangka-panjang-bagi-indonesia>

The devaluation of the yuan has an impact on global commodity prices and oil selling price. Appreciation of the US dollar will again lower purchasing power for goods commodities and of course oil. The weakening of the China markets will again give negative sentiment against JCI given the very high correlation between Indonesian GDP and China as well as the height of Indonesia's exports to China. The decrease in the yuan makes Indonesia's potential export growth to China becomes increasingly smaller. Nevertheless for the long term, the growth of the Chinese economy will continue to stimulate the Indonesian trade and economy given the need for raw materials.

3. TRADE AND PRACTICAL ISSUES

3.1 Taxation

a. Tax Residence

All organizations incorporated or running their business activities in Indonesia are subject to Indonesian taxation, including non-Indonesians who resides in Indonesia or present in Indonesia for more than 183 days in any 12-month period, or any individual present in Indonesia and intending to reside in Indonesia, a foreign company carrying out business activities through a Permanent Establishment (PE) in Indonesia and corporate organizations incorporated overseas receiving or accruing income from Indonesia.

These corporate organizations include limited liability companies, partnerships, cooperatives, foundations, pension funds and associations. Representative Offices of foreign companies are also required to register as taxpayers.

b. Income Tax

Certain businesses with a gross income of not more than IDR 4.8 billion are subject to final tax at 1% of turnover. Indonesian tax resident companies and PE are required to withhold income tax from the salaries payable to their employees on a monthly basis.

For individual income tax, taxable income earned by individual tax residents is subject to income tax at the following normal tax rates:

Taxable Annual Income	Rate
On the first IDR 50,000,000	5%
On the next IDR 200,000,000	15%
On the next IDR 250,000,000	25%
On the next amount of over IDR 500,000,000	30%

The rate above is calculated after net income is deducted with non taxable income which amount of and category of non-taxable income is determined by the Indonesian government.

Meanwhile for corporate tax income, generally, a flat rate of 25% applies. However, a company with gross turnover less than IDR 50 billion is eligible for up to a 50% reduction of the corporate tax rate based on the percentage of its taxable income which results when IDR 4.8 billion is divided by its gross annual turnover. If gross turnover is below IDR 4.8 billion, the 50% reduction applies on all taxable income. In addition a number of companies may be subject to

different corporate tax rates based on special agreements such as generation one coal contracts of work that are subject to a 45% income tax.

Year	Income Rate
2010 and onwards	25%
Limited Company which 40% of their shares are traded in stock exchange market	5% lower than normal rate
Gross turnover up to IDR 50,000,000,000	50% deduction from normal rate

c. Dividends

Dividends received from an Indonesian company by a limited liability company incorporated in Indonesia (*Perseroan Terbatas/PT*), a cooperative, or a state owned company, are subject to tax except for certain conditions as set by the Indonesian regulations. For non-resident recipients the dividends are subject to 20% (or according to tax treaty) final withholding tax.

d. Value Added Tax

The Value Added Tax (VAT) rate is generally 10%. This may be increased or decreased to 15% or 5% according to prevailing government regulations. However, VAT on the export of taxable tangible and intangible goods as well as export of services is fixed at 0%.

A vendor of taxable goods or taxable services must typically charge VAT to the buyer. Regarding import, because non-resident vendor or service provider cannot charge VAT (in other words, cannot issue tax invoices) to the Indonesian buyer/importer, the Indonesian buyer/importer has to pay the VAT for and on behalf of the non-resident vendor or service provider.

e. Customs Duties and Excise

Customs duty is calculated on Cost, Insurance and Freight Level (CIF) value of the imported item. In general, they are imposed at rates of 0% to 20% for most goods, 25% to 80% for cars, and 170% for alcoholic beverages. Anti-dumping import duty rates are applicable on certain products originating from certain countries.

Goods subject to excise are ethyl alcohol, alcoholic drinks and tobacco products. The excise rate varies based on the origin of ethyl alcohol and alcoholic drinks (from Rp. 13,000 to Rp. 139,000

per liter) and based on the classification of tobacco manufacturers for tobacco products (from Rp. 6 to Rp. 110,000 per stick or gram).

f. Luxury-goods Sales Tax

In addition to VAT, deliveries or imports of certain manufactured taxable goods may be subject to Luxury-goods Sales Tax (LST). Currently the LST rates are between 10% and 75%.

g. Stamp Duty

A stamp duty tax of either IDR 3,000 or IDR 6,000 is charged on certain legal documents.

h. Land and Building Tax

Land and building tax is a type of property tax chargeable on all land and buildings, which is due annually at 0.5% of the government-determined sales value. In land and building transfer, the acquirer must pay the duty on the acquisition of land and buildings rights at 5% of the greater of the transaction value or government-determined value.

3.2 Company Bank Account

Requirements may differ from bank to bank, in order to open a bank account in Indonesia for company. However, generally company will usually need to provide the following: Deed of Incorporation ratified by the Minister of Law and Human Rights of the Republic of Indonesia and its amendments, business permit, Taxpayer Number and Certificate of Domicile.

3.3 Visa & work permit procedures

Every foreigner who enters and intends to stay in the Indonesian territory is required to obtain the following:

- (a) A valid visa, unless those exempted the requirement to hold a visa.
- (b) Valid travel documents; and
- (c) Stay Permit, for those intends to work in Indonesia.

Expatriates are subject to restricted positions for foreign employees as specified in Ministerial Decree of Manpower and Transmigration No. 40/2012. In order for the foreign employee to work legally, the employer must obtain authorization to employ a foreigner issued by the Ministry of Manpower and Transmigration of the Republic of Indonesia.

Considering no diplomatic ties with the Indonesian government, visa application for Israeli citizens is based on Indonesia's foreign policy in which the approval of visas for Israeli citizens is given by the Indonesian Immigration Head Office in Jakarta in the form of affidavit such as through the Indonesian Embassy in Singapore or Bangkok.²⁶

Please contact the Embassy of Israel in Singapore for further information to obtain visa to Indonesia.

3.4 Exporting Goods to Indonesia

a. General Licenses for Importer

An Importer in Indonesia must possess several licenses subject to the type of goods and purpose of import, but in general an importer must possess an Importer Identification Number (*Angka Pengenal Impor/API*) and Customs Identification Number (*Nomor Identitas Kepabeanan/NIK*) including delivering goods weighted more than 100 kg for each House Airway Bill or Bill of Lading delivered via courier to Indonesia²⁷.

b. Restrictions and Prohibitions for Goods

Before distributing goods throughout Indonesia, there are mandatory registration, recommendations, labeling and standards which must be met subject to the type of goods and the Indonesian ministries governing the goods. Currently, there are 18 Indonesian ministries and institutions which have authority over the inflow and outflow process at seaports²⁸.

For example, all imported foods, beverages, cosmetics and medicines are required to be registered at National Agency for Food and Drug Control (*Badan Pengawas Obat dan*

²⁶ Information received from the Embassy of Israel in Singapore

²⁷ Directorate General Customs and Excise of the Republic of Indonesia at Soekarno-Hatta Airport Website, accessed 15 November 2015 from <http://www.bcsa.go.id/v2/page/panduan-untuk-importir-baru>

²⁸ Natahadibrata, Nadya 2015 'Importers told to help reduce Dwelling Time' 24 June, accessed 14 November 2015 from <http://www.thejakartapost.com/news/2015/06/24/importers-told-help-reduce-dwelling-time.html>

Makanan /BPOM) and obtain a certificate of import (*Surat Keterangan Import* /SKI) before entering Indonesia in addition to other permits.

In terms of product labeling, there are types of goods that must be labeled in the Indonesian language²⁹ before distribution, among others: (i) electronic household, telecommunication and information technology goods, (ii) building construction materials, (iii) motor vehicles supplies (spare parts and others), (iv) textile goods and other textile products, and (v) other goods.

Meanwhile, there are certain goods that must also comply to the Indonesian National Standard (*Standar Nasional Indonesia/SNI*). In this matter the importer must obtain Goods Registration Number (*Nomor Pendaftaran Barang/NPB*)³⁰.

For import of specific products (*Produk Tertentu*) as determined by the Government³¹ shall be verified first by registered surveyor on the loading port.

There are requirements, restrictions and prohibitions which subject to the type of goods and purpose of the importare used to release the goods for custom clearances. Of the total average dwelling time of 5.5 days, 3.6 days are spent on pre-customs clearance³² which involves multiple procedures. Therefore, please consult with Indonesian professionals on the requirements, restrictions and prohibitions before exporting goods to Indonesia.

c. General Procedures for Importing and Custom Clearance

Except for certain goods³³, prior to the arrival of the import goods, the importer must complete a Customs Declaration Form (*Pemberitahuan Impor Barang/PIB*). After the PIB is complete, the importer must settle any outstanding import duties and other related taxes.

PIB data will first be processed in the Indonesia National Single Window or INSW for validation. If everything is in order, the type of process in the release of imported goods shall be determined whether they fall under priority, green, yellow, red line, MITA Non-Priority and MITA Priority lane³⁴.

²⁹Regulation of the Minister of Trade of the Republic of Indonesia No. 73/M-DAG/PER/9/2015 concerning Mandatory Labeling of Goods in Bahasa Indonesia

³⁰ Regulation of Minister of Trade No. 14/M-DAG/PER/2/2007 on Standardization of Services in the Trade Sector and Supervision over Compulsory Indonesian National Standards of Traded Goods and Services as amended by Minister of Trade Regulation No. 72/MDAG/PER/9/2015

³¹ Regulation of Minister of Trade of the Republic of Indonesia No. 87/M-DAG/PER/10/2015 concerning Provision on Import of Specific Product

³²Natahadibrata, Nadya 2015 'Importers told to help reduce Dwelling Time' 24 June, accessed 14 November 2015 from <http://www.thejakartapost.com/news/2015/06/24/importers-told-help-reduce-dwelling-time.html>

³³Regulation of the Director General of Customs and Excise No. P-42/BC/2008 concerning Guidance to Release Imported Goods for Use as amended by Regulation of the Director General of Customs and Excise No. P-8/BC/2009

- a. Green lane: without physical inspection, except document verification after the issuance of letter of approval for the release of goods (*Surat Persetujuan Pengeluaran Barang/SPPB*).
- b. Yellow lane: without physical inspection, except document verification before the issuance of SPPB.
- c. Red lane: by conducting physical inspection and document verification before the issuance of SPPB. Usually this is determined when the importer is categorized as high risk, subject to random inspection, goods are deemed high risk or originated from a high risk country.
- d. Priority MITA lane: without physical inspection and document verification.
- e. Non-Priority MITA lane: without physical inspection and document verification except in the case of export goods re-imported, goods subject to random inspection or temporary imported goods.

If everything is in order according to the customs authorities, the SPPB shall be issued to release the goods from the custom area.

3.5 General advice for foreign investors and exporters to Indonesia

It is advisable that future foreign investors or foreign companies intending to run their business activities in Indonesia including exporting goods to Indonesia to consult further to Indonesian lawyers, tax consultant and other consultants to understand in detail manner on the regulatory restrictions, costs and barriers before entering business contracts with an Indonesian party, investing or running their business in Indonesia.

For exporters, it is strongly advisable that exporters engage reliable Indonesian counterparts/business partners that have knowledge and experience in importing goods from overseas. Collecting customs clearances can be complicated and be a time consuming processes, this is because most of goods are subject to restrictions and must go through multiple procedures with governmental authorities governing the goods. Around 43% of importers are still processing their license more than three days after the arrival of their cargo³⁵. Therefore, it is crucial both for the exporters and importers to make sure the requirements of goods to enter Indonesian custom area and release of the goods are in place, otherwise both parties may face the risks of delivery delays, high cost of storage of the goods and or to be re-exported from Indonesia.

³⁵Natahadibrata, Nadya 2015 'Importers told to help reduce Dwelling Time' 24 June, accessed 14 November 2015 from <http://www.thejakartapost.com/news/2015/06/24/importers-told-help-reduce-dwelling-time.html>

4. CHALLENGES OF DOING BUSINESS

Indonesia's emerging economy is attracting foreign investors, but challenges remain. These challenges often lead to uncertainty for businesses and often contribute unexpected costs.

a. *Permit and Licenses*

The complexity, the long processes and illegal costs of obtaining proper permit and licenses has been a challenge for companies, foreign and domestic, to run their business in Indonesia.

A number of procedures must be taken to establish a corporate entity in Indonesia and to run business legally. Foreign investors need to go through a number of governmental institutions, i.e. the Capital Investment Coordination Board, the Ministry of Law and Human Rights, the Ministry of Trade, the Ministry of Finance and the Ministry of Manpower, as well as technical departments in charge of the proposed business field such as Ministry of Energy and Mineral Resources and regional governments where the business activities is held.

The lengths of process usually take an approximately 52.5 days³⁶ but this still does not include the permits issued by the regional governments which may take between 4-5 months to obtain³⁷.

One example of other lengthy processes relates to the dwelling time in the ports, collecting numerous clearance documents from several institutions results in long delays. In order to take out imported goods from the port it usually takes an approximate of 14 days, resulting in higher costs.

President Widodo has taken some few efforts to shorten the process, for principal business permit, deed of establishment, taxpayer number and aimed to be finalized within 3 hours³⁸ while submission and dwelling time to be aimed within 4.7 days³⁹.

b. *Legal Uncertainty*

Jefriando, Maikel 2015 'Jokowi Malu: Izin Usaha di RI 52,5 Hari, di Singapura Hanya 2.5 Hari' 29 September, *Detik Website*, accessed 21 October 2015 from <http://finance.detik.com/read/2015/09/29/154140/3030916/4/jokowi-malu-izin-usaha-di-ri-525-hari-di-singapura-hanya-25-hari?f991104topnews>

³⁷Lestari, Daurina and Binekasri, Romys 2015 'Lama Perizinan di Daerah Jadi Hambatan Investasi' 5 October, *Viva Website*, accessed 21 October 2015 from <http://bisnis.news.viva.co.id/news/read/682584-lama-perizinan-di-daerah-jadi-hambatan-investasi>

Agustinus, Michael 2015 'Mau Urus Izin Investasi 3 Jam? Ini Caranya' 13 October, *Detik Website*, accessed 21 October 2015 from <http://finance.detik.com/read/2015/10/13/075627/3042849/4/mau-urus-izin-investasi-3-jam-ini-caranya>

³⁹Gera, Iris 2015, 'Perizinan Tidak Sinergi Penyebab Dwelling Time Lambat', 5 August, *VOA Indonesia*, accessed 13 November 2015 from <http://www.voaindonesia.com/content/perizinan-tidak-sinergi-penyebab-dwelling-time-lambat/2903937.html>

Indonesian regulations are often vague thus create multi-interpretations. The ambiguity has led to government officials to choose their own interpretations, which one may differ to the other and issue decisions based on their interpretations such as to grant or deny a business permit.

Due to the hierarchy of Indonesian regulations, the laws are usually followed by its implementing regulations to further clarify and supplement its upper relevant laws. These implementing regulations may take some time to be enacted and until the implementing regulations are issued, companies must refer to the existing laws and regulation despite its broad meaning. Frequent amendments and annulment to regulations is also a contributing factor to this issue. In 2011, law on currency was passed in which all transactions must be in Rupiah with a number of exceptions. However, the transactions which are exempted from the mandatory use of Rupiah were revealed in more detail manner in a regulation and circular letter issued by Bank Indonesia in 2015.

Indonesia's lack of governance is reflected by its poor law enforcement in implementing the regulations and policies. Amid the progress of the Indonesian Corruption Eradication Committee in handling corruption cases, corruption and bribery is still rampant within the government bureaucracy causing a series inconsistencies of administrative and judicial decisions.

c. Infrastructure

Lack of infrastructure has been one of the main barriers in carrying businesses Indonesia, starting from the lack of roads, ports and electricity supply. To overcome this matter, the Indonesian Government issued the National Medium Term Development Plan 2015-2019 provides plan to accelerate the provision of infrastructure. However, the progress is deemed slow due to political oppositions, land acquisition and lack of funding⁴⁰.

d. Labor

The number of skilled workers available in Indonesia still cannot meet the market demand, especially in the field of technology as a result of the lack of Indonesian educational system to improve its quality of workers. The existing high severance payment system⁴¹ and labor unrest on labor wages increase also contribute obstacles as it may affect the company's adjustment of their budgets and discourage new investment.

⁴⁰Infrastructure Development Too Slow, Official Says' 3 February 2014, *Tempo Website*, accessed 21 October 2015 from <http://en.tempo.co/read/news/2014/02/03/056550682/Infrastructure-Development-Too-Slow-Official-Says>

⁴¹Franken, Josh (Oxford Business Group) 2011 'Analysis: Indonesian Labor: Regulations in need of review' 21 March, *The Jakarta Post Website*, accessed 21 October 2015 from <http://www.thejakartapost.com/news/2011/03/21/analysis-indonesian-labor-regulations-need-review.html>

e. Sentiment towards Israeli Products

Considering the ongoing Israel-Palestine dispute, Israel is a sensitive subject in Indonesia, particularly for the Indonesian Muslim community. There have been a number of Israeli companies under the Indonesian media radar emphasizing on the Israel factor such as Amdocs on its cooperation with Telkomsel⁴², Ormat on Geothermal project⁴³ and Jasindo insurance on its cooperation with Assure Ltd⁴⁴. One particular example, on Amdocs-Telkomsel cooperation, a member of Indonesian House of Representatives even questioned the appointment of the Israeli company by Telkomsel⁴⁵. However some companies and politicians are more open minded when it comes to working with Israeli companies.

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⁴²Rini, Citra Listya 2011, 'Amdocs Masuk, Sarwoto Pastikan Keamanan Data Pelanggan' 23 June, *Republika Website*, accessed 21 October 2015 from <http://www.republika.co.id/berita/trendtek/telekomunikasi/11/06/23/ln8m75-amdocs-masuk-sarwoto-pastikan-keamanan-data-pelanggan>

⁴³Duta, DiemasKresna 2015 'Perusahaan Israel Incar Proyek Panas Bumi Indonesia' 16 September, *CNN Indonesia Website*, accessed 21 October 2015 from <http://www.cnnindonesia.com/ekonomi/20150916135452-78-79119/perusahaan-israel-incar-proyek-panas-bumi-indonesia/>

⁴⁴Assegaf, Faisal 2013 'Berjabat tangan lewat hubungan dagang' 29 May, *Merdeka Website*, accessed 21 October 2015 from <http://www.merdeka.com/khas/berjabat-tangan-lewat-hubungan-dagang-lobi-zionis-di-indonesia-2.html>

⁴⁵'DPR minta Telkomsel stop kerjasama Amdocs', 18 May 2011, *Hukumonline Website*, accessed 28 November 2015 from <http://www.hukumonline.com/berita/baca/lt4dd3eed53d98f/dpr-minta-telkomsel-stop-kerjasama-amdocs>

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