Indonesia Shows Strongest Progress among G20 in New Competitiveness Report

8 June 2011

Desirée Mohindra, Senior Manager, Communications Department; Tel.: +62 8119108769; E-mail: dem@weforum.org

- The World Economic Forum's first ever Indonesia Competitiveness Report 2011 takes deep dive into Indonesia's competitiveness
- Indonesia's 10-position progress in the ranking is highest of all G20 countries
- Read the Executive Summary of the Report. Watch the video interview

Jakarta, Indonesia, 8 June 2011 – The World Economic Forum launched today its first ever Indonesia Competitiveness Report 2011 ahead of the 20th World Economic Forum on East Asia, taking place in Jakarta on 12-13 June. The report draws on the findings of the Global Competitiveness Index 2010-2011 (GCI) and provides a comprehensive overview of the country's current competitiveness landscape. It identifies the advantages the country can build on as well as the current threats to its robust growth.

"Indonesia's ranking has improved remarkably as cited in the report. However, we recognize the need to continue improving our competitiveness and the government has prioritized overcoming these challenges, especially infrastructure bottlenecks. We also recognize the need to improve human resources by continuously improving health, education and workers' training," said Mari Elka Pangestu, Minister of Trade of Indonesia.

Indonesia ranks 44th among 139 economies in the GCI ranking. Since 2005, the country has progressed in each of 12 categories of the index. Its 10-position improvement in the overall ranking is the highest of all G20 countries. Indonesia now compares favourably with the BRICS, with the notable exception of China. Indonesia precedes India, South Africa, Brazil and Russia and sits midway within ASEAN, well behind Singapore and Malaysia, far ahead of the Philippines and Cambodia, but at par with Thailand and Vietnam.

Among Indonesia's strengths, fast growth and sound fiscal management have put the country on a strong fiscal footing. Basic education is accessible to nearly all with recent improvement in quality. Efforts must now turn to improving access and quality of higher education. Among the factors that will become critical in the coming years, the efficiency of the goods market is relatively well assessed, thanks to a competitive tax regime and intense competition. However, bureaucracy and trade barriers still stand in the way. Another clear advantage is the large size of Indonesia's market. As one of the world's 20 largest economies, the country boasts a vast and growing middle class. One step to improve Indonesia's trade competitiveness would be to further integrate ASEAN.

Infrastructure is among the most glaring shortcomings. Ports, roads and railroads are in poor condition. Electricity supply is extremely unreliable and scarce. The uptake of information and communication technologies remains limited among businesses, as well as within the population at large. The public health situation is alarming on several accounts. The rigidity of the labour market contributes to a high degree of informal employment and precarious working conditions. Finally, Indonesia must continue strengthening its institutional framework. Corruption remains widespread, while greater transparency and predictability are needed in the policy-making process.

"From an economic standpoint, Indonesia has done remarkably well in the past decade and has proven very resilient during the global economic crisis," explained Thierry Geiger, Economist at the

World Economic Forum and lead author of the report. “These positive developments are, to a large extent, reflected in the country’s competitiveness performance. Indonesia should not be complacent, though. Many shortcomings persist and robust growth might exacerbate them.”

The report analyses Indonesia’s competitiveness from a historical perspective, as well as in an international context. A statistical appendix details Indonesia’s performance in the GCI. The GCI is a comprehensive composite indicator that comprises 110 indicators organized in 12 categories: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation.

Notes to Editors

Download the full Report here
Read the Executive Summary
Watch the video interview
Read the Global Competitiveness Index 2010-2011 (GCI)
To learn more about the World Economic Forum on East Asia, go to http://wef.ch/EAES2011
Download **photos** from the previous World Economic Forum on East Asia on **Flickr** at http://wef.ch/EA2010
Download **photos** from the 2011 World Economic Forum on East Asia at http://wef.ch/EA2011
Watch **sessions live** during the meeting at http://www.livestream.com/worldeconomicforum
Watch sessions on **YouTube** at http://wef.ch/youtube or http://wef.ch/youku
Become a fan of the Forum on **Facebook** at http://wef.ch/facebook
Follow the Forum on **Twitter** at http://wef.ch/twitter and http://wef.ch/livetweet
Check in with the Forum on **Foursquare** at http://wef.ch/foursquare
Read the **Forum Blog** at http://wef.ch/blog
Read Forum reports on **Scribd** at http://wef.ch/scribd
Follow the meeting on **iPhone** at http://wef.ch/iPhone
Upcoming Forum events at http://wef.ch/events
Subscribe to Forum news releases at http://wef.ch/news

SCTV is the Host Broadcaster of the 2011 World Economic Forum on East Asia.