# Interview: Rahardjo Jamtomo – Executive Director, Kadin Indonesia



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*Rahardjo Jamtomo is the executive director of Kadin Indonesia, the Indonesian Chamber of Commerce and Industry that has seen its role increasing in recent years. As the Chamber has been participating more and more in the government discussions to improve and open up business regulations in order to facilitate international trade and investments in Indonesia, Mr. Jamtomo tells us more about Kadin's strategies to help develop its country's economy.*

**Mr. Jamtomo, how are your past experiences as Ambassador of Indonesia to Germany and the UK helping you manage the chamber effectively and what is Kadin's main mission?**

For more than 20 years, my experience has been focused on economic cooperation. When I started working with the Ministry of Foreign Affairs, I was primarily dealing with international economic relation and cooperation. As international business becomes more important, the international exposure of the Indonesian Chambers of Commerce and Industry has been increasing significantly in the last ten years, therefore it seemed natural for me to use my past experiences in my position in a chamber like Kadin.

My responsibility at Kadin is conducting the day to day operation of the secretariat with the objective of supporting the implementation of the Board's policies and programs in pursuing its objectives, including, among others, strengthening economic and business cooperation with other

countries, aside from doing many other domestic things. I can say that the Chamber embracing practically all economic sectors. This is thanks to our 34 Vice-Chairmen, each of them being in charge of at least two sectors. At the Secretariat, our task is to support these various sectoral fields, maintaining communication with 450 regional offices.

**Considering all the sectors you are involved in, what are the major priorities of the Chamber?**

The focus of our chamber is in line with its name. We are an umbrella organization where both trade and industries are taking care of. The Chamber was actually established by law, even if we are overseeing the private sector, and the main mission of the chamber is to establish a conducive economic and business environment for the business and trade community.

As a partner of the government, the chamber is supporting the government's development policies and programs in various priority areas, such as infrastructure, energy, industry (manufacturing), tourism, etc. We encourage the development of both our upstream and downstream industries. The chamber supports the acceleration and diversification of industrialization in Indonesia. Most of our main industries in the past were based on natural resources so we would like to diversify our industry by developing downstream industries, producing more value-added and competitive industrial products. At the same time, we would also like to promote the upstream industries to meet the needs of our downstream industries mining and agricultural sectors.

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**What are the key areas in which the country is looking to attract more investments?**

Our country is made up of 60 percent water and 40 percent land and we have more than a thousand islands. With such a geographical structure, communication and connectivity are crucial for our national economy, therefore the government is giving its primary attentions to improving and speeding up infrastructure development. By having good infrastructure, our economy will automatically grow and be more viable in all the islands. Communication is undeniably necessary to promote exchanges among different islands. I strongly believe that having better infrastructure will have a multiplier effect on our economy.

The government is also focusing its efforts on accelerating the development of energy, including new and renewable energy and, of course, tourism. As a country with a vast ocean, we wish to see the development of maritime industries such as fisheries, ship building, marine tourism, and shipping industries, including maritime infrastructures.

To support our economic growth, since last year our government has launched 14 economic policy packages directed towards maintaining the national consumption level and improving our economic competitiveness. They are pushing for various economic structural adjustments and bringing about improvements in our investment climate. Last year, we also improved the negative list of investment. Now we have around 37 sectors of investment up to 100 percent foreign ownership.

**What are the Chamber's main activities to help companies that are trying to settle in Indonesia?**

As we want to improve the quality of the business environment, we are mainly conducting advocacy activities by establishing and maintaining a close collaboration with the government with the objective of establishing a conducive business and investment environment. As a partner of the government, the chamber is striving to make sure that the voices of our members are being heard. We are bridging the aspirations of the private sector and the government. We leave the networking activities for the projects to our members.

Moreover, more than 90 percent of our members are small and medium companies and there are around 9.7 million SMEs in the country. Kadin is highlighting the importance of their role in the Indonesia's economy by empowering them and giving them the right place in our national economy. Together with the government, we are providing them with training and counselling. We are also working on easing their access to finance, markets, innovations and technologies, as well as entrepreneurship and management.

**Indonesia is the fourth largest country in the world, population-wise. However, we can see that it is lacking talent with the required skills and experience. What is the Chamber's strategy to provide the industry with the talents they are looking for?**

If you look at the structure of our manpower industry, more than 60 percent of our workforce in industry graduated from elementary school, while 20 percent graduated from secondary school and the rest graduated from higher education. We know that there is a heavy responsibility to improve the situation. Since last year, in collaboration with the government, the chamber has been initiating and implementing programs to accelerate the improvement of the quality and productivity of labor by conducting integrated vocational education and training programs. This program is also aimed at bridging the mismatch in the qualification and skills of the supply and the demand of manpower.

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To this end, we have signed a Memorandum of Understanding between Kadin and the Ministry of Manpower to launch a program to speed up the improvement of the quality of manpower. With the President’s Declaration, the first pilot project for vocational training and apprenticeship has been launched a few months ago in Cikarang, by mobilizing industries in Cikarang to provide vocational training.

**What can be done to manage the balance between staying competitive and bringing more innovation into the country more effectively?**

Competitiveness and innovation are mutually reinforcing. We are working very closely with the universities, research institutes, especially those who have incubators, to introduce innovation to our young entrepreneurs and start-up. Our chambers have Vice-Chairman in charge of start-ups with the responsibility of guiding young entrepreneurs to information and communication technologies and doing e-commerce. The digital economy is growing very quickly in Indonesia and it has to be accompanied by creating the right and more effective regulations.

**What are your strategic objectives for the chamber for the next three to five years?**

Our objectives will remain similar to the ones that we have now. As the partner of government, our chamber will still focus on developing infrastructures, energy (renewable as well as non-renewable energy), manufacturing and tourism, as it is really part of a national medium and long-term development plan. Empowering small and medium scale enterprises (SMEs) constitutes an integral part of our national economy. We would also like to accelerate the development of our downstream industries by processing natural resources in mining and agriculture as to create higher value added. As to support those development, more foreign investment is needed to support the above mentioned development efforts. Our chamber is always striving their best to encourage government to fully implement the government’s economic policy packages, particularly the debureaucratization and deregulation processes, which are important in making our economy more competitive.

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