



# **BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN INDONESIA 2025**

A REPORT FROM TEAM SWEDEN IN INDONESIA

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## KEY CONTRIBUTORS TO THIS REPORT

**Business Sweden in Indonesia**  
Erik Odar  
Julian Rustani

# FOREWORD

Indonesia, the world's fourth most populous country, continues to stand out as a nation of immense strategic importance. With its vibrant domestic market and pivotal role in Southeast Asia, Indonesia is not only a key economic player in the region but also an essential partner for Sweden's global trade and investment ambitions. Its dynamic economy, growing middle class, and strategic location make Indonesia a market of long-term interest for Swedish companies seeking sustainable growth.

In 2025, Indonesia has entered a new chapter with the election of President Prabowo Subianto and the formation of a new government. While the administration's policy direction is still taking shape, Swedish companies are watching closely as decisions made today will shape the business environment for years to come.

Opportunities for Swedish companies remain abundant across a range of sectors, including healthcare, transportation, energy, industrial technology, and mining. Swedish innovation and sustainability expertise align strongly with Indonesia's development needs, offering solutions that can support the country's growth ambitions while contributing to global sustainability goals. At the same time, challenges persist, particularly around regulatory transparency, complex licensing processes, and corruption. These issues demand resilience, adaptability, and strategic partnerships.

This year's Business Climate Survey was conducted in the immediate aftermath of the presidential election, capturing Swedish companies' perceptions at a critical moment of transition. The results paint an intriguing picture: optimism has declined, with only 26 percent of companies viewing the business climate as good or very good, a significant drop from previous years. Regulatory hurdles and bureaucratic complexities continue to weigh on sentiment. Nevertheless, Swedish companies remain committed to Indonesia, recognizing the country's long-term potential.

At Team Sweden, we see the survey as more than just numbers; it is a valuable tool to understand the local business landscape and to shape our support for Swedish companies. Through platforms like the Sweden-Indonesia Sustainability Partnership (SISP), we continue to promote innovation, capacity building, and technology introduction, fostering collaboration that benefits both countries.

Looking ahead, Indonesia's new government presents both opportunities and uncertainties. We encourage Swedish companies to stay engaged, proactive, and adaptable in navigating the evolving regulatory and business environment. Indonesia remains a dynamic market with vast potential, and its strategic importance for Swedish companies cannot be overstated.

On behalf of Team Sweden, I extend my sincere thanks to all survey participants. Your insights are invaluable in shaping our strategies and strengthening the ties between Sweden and Indonesia. I am confident that, with collaboration and resilience, we can navigate the challenges and seize the opportunities that Indonesia offers.

**Erik Odar**

Trade Commissioner  
of Sweden to  
Indonesia





# 39 respondents in Indonesia

## Current business climate

# 26%

of Swedish companies rank the Indonesian business climate as good or very good

## Industry turnover

# 79%

of Swedish companies expect their industry turnover to increase

## Future investments

# 41%

of Swedish companies plan to increase their investments slightly or significantly in the next 12 months

## Valued success factors

1. Cost efficiency
2. Partnerships/relationships
3. Brand awareness

## Brand Sweden

# 85%

of Swedish companies abroad consider Brand Sweden beneficial for business

## Local conditions with high satisfaction

1. Distributors
2. Personal safety
3. Service providers

## Local conditions with least satisfaction

1. Licences, permits, and approvals
2. Customs
3. Labour market regulation

## Environmental considerations

# 55%

of respondents believe environmental considerations factor in their customers' purchasing decisions

## Corruption

# 14%

of respondents report encountering corruption in their interactions with public institutions this year.

## Human rights violations and labour rights abuse

# 3%

of respondents report human/labour rights violations inside their supply chain this year.

# ABOUT THE SURVEY

## Understanding how Swedish companies view the Indonesian market

The Business Climate Survey is a global initiative undertaken by Team Sweden worldwide. This tool enables Swedish companies to provide important insights into their views of each market's business climate and corresponding trends. This year, 40 companies participated in the survey, a significant increase from last year's 24 companies.

This survey marks the sixth edition of the initiative in Indonesia. Data collection was conducted from February to March 2025 through online questionnaires distributed to 70 Swedish companies operating in Indonesia. Thirty-nine companies responded, representing a response rate of 56 per cent, an increase from last year's 47 per cent.

The companies participating in the survey are Swedish firms conducting business in Indonesia, ranging from limited sales and sourcing activities to full-scale manufacturing operations. Not all have a physical presence in Indonesia – some manage their Indonesian operations from regional hubs, usually Singapore.

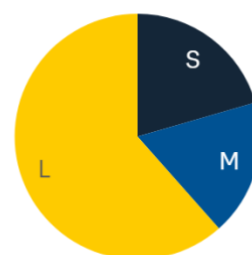
Similar to last year, the majority (62 per cent) of the participating companies are large businesses employing more than 1,000 employees globally, while medium-scale businesses (250–1,000 employees) and small-scale businesses (fewer than 250 employees) account for 18 per cent and 21 per cent, respectively. Industrial companies remain the predominant sector (66 per cent), followed by professional services (26 per cent) and consumer companies (nine per cent). Additionally, 55 per cent of the companies are mature firms with a presence in Indonesia for 21 years or more, while 39 per cent are experienced companies with five to 20 years in the Indonesian market. Only six per cent of the respondents are newcomers with less than five years of market presence.

To ensure strategic insights were obtained, online questionnaires were sent to senior management personnel within the companies, such as CEOs, country managers, or other high-ranking positions based in Indonesia. For firms without a residential office in Indonesia, equivalent positions based in regional hubs (e.g., ASEAN area sales managers based in Singapore) were contacted.

This report is divided into six sections. The first section documents the respondents' views regarding their financial performance and their expectations regarding business turnover and investment this year. This is followed by a section describing their perspectives on the Indonesian business climate and the factors influencing it. The third section discusses key factors driving their success in the Indonesian market, while the fourth section elaborates on how the companies perceive sustainability, corruption prevention, and human rights issues in Indonesia.

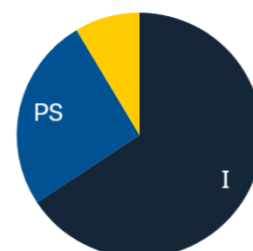
The fifth section provides a snapshot of the respondents' reactions to the Indonesian government's push for foreign companies to localise manufacturing in Indonesia and their responses to President Prabowo's ambition to rapidly increase economic growth by the end of his administration. Lastly, the sixth section details the Sweden–Indonesia Sustainability Partnership (SISP) initiatives undertaken by Team Sweden in Indonesia to support Indonesia's sustainability journey and promote Swedish solutions applicable to the Indonesian context.

### SIZE OF COMPANIES



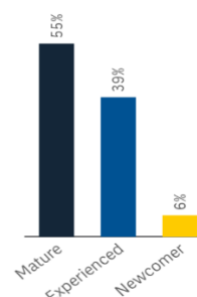
NOTE: Global Employees.  
Large (L) >1000. Medium (M) 250-1000. Small (S) 0-249

### MAIN INDUSTRY



NOTE:  
Industrial 58%  
Professional services 32%  
Consumer 10%

### AGE OF COMPANIES



NOTE:  
Mature ( >20 years)  
Experienced (5-20 years)  
Newcomer (<5 years)

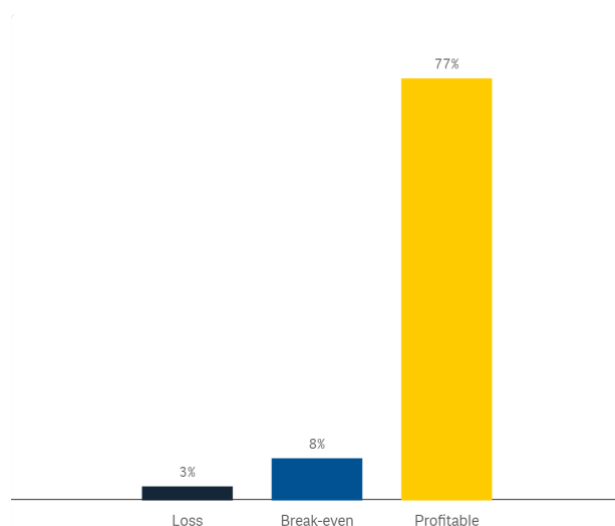
# ECONOMIC OUTLOOK

## The majority of participating companies reported profitability in 2024

The majority of companies (77 per cent) participating in our survey indicate profitable operations during the year 2024. This figure represents a positive increase over the previous year's survey result (66 per cent). The percentage of respondents reporting a loss has declined from six per cent to three per cent, while the percentage of respondents indicating a break-even operation has increased from three per cent to eight per cent.

The stable trend of companies reporting profitable operations can be understood as an indication of a positive business environment for foreign entities in Indonesia.

### HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN INDONESIA IN 2024?



NOTE: The number of respondents for this question was 39. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

## Indonesia's GDP growth is projected to slow slightly over the next three years

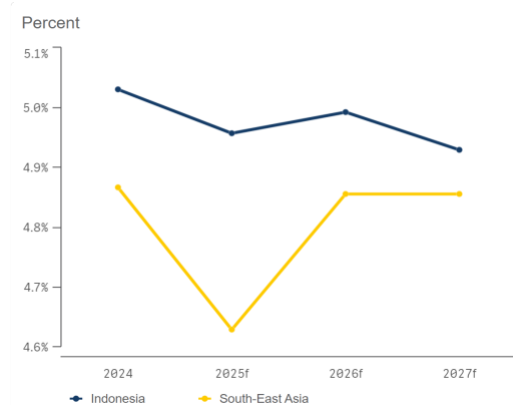
Indonesia managed to record 5.03 per cent GDP growth in 2024, which was lower than Vietnam (7.1 per cent), the Philippines (5.6 per cent), and Malaysia (5.1 per cent) but higher than Thailand (2.5 per cent). This shows a relatively stable trend against 2023's growth rate of 5.06 per cent. However, it was still lower than the government target for 2024 of 5.2 per cent.

Decelerated domestic consumption and economic slowdown in Indonesia's major trading partners contributed to the relatively sluggish pace of the Indonesian economy. Domestic consumption growth declined from 4.91 per cent in Q1 2024 to 4.85 per cent in Q4 2024<sup>1</sup>. Some sectors, such as automotive sales, experienced more significant declines. For example, car sales growth dropped from 14.82 per cent in Q3 2024 to 3.77 per cent in Q4 2024.

Large economies, which have been the main trading destinations for Indonesian exports, also experienced slowing economic growth, reducing the demand for Indonesian commodities. For instance, the USA's economy grew by only 2.8 per cent in 2024 compared to 2.9 per cent in 2023, while the Chinese economy expanded by five per cent in 2024 compared to 5.4 per cent the previous year.

Over the next three years, Indonesia is expected to experience slightly slowing economic growth, from 5.03 per cent in 2024 to slightly below five per cent in 2027. President Donald Trump's trade policy has caused the USA's effective tariff rate to reach its highest level in a century, which reduces import activities and adversely impacts global economic growth.

### PROJECTED GDP GROWTH IN INDONESIA



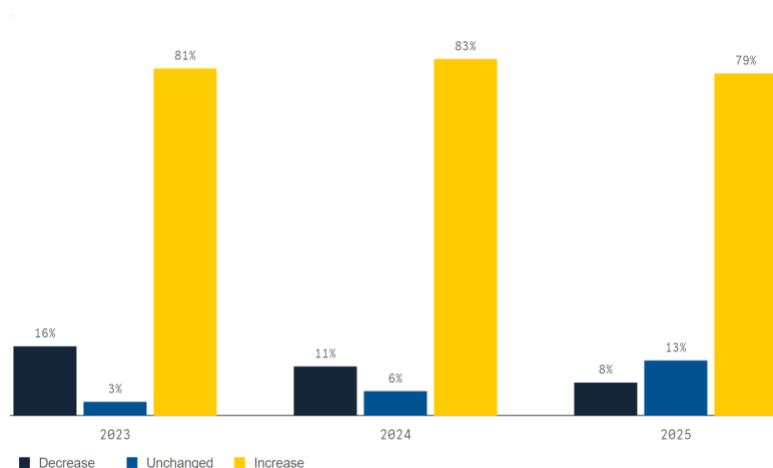
NOTE: Constant prices.

SOURCE: Oxford Economics, 2025

In general, Swedish companies seem to remain optimistic regarding increased turnover in the Indonesian market. This year, 79 per cent of the respondents expect turnover to increase, compared to 83 per cent last year. At the same time, the number of companies expecting decreased turnover declined from 11 per cent to eight per cent. This indicates that a significant majority of Swedish companies in Indonesia still expect continued business growth, even in the midst of uncertainty related to the Indonesian economy.

### COMPARED TO THE DEVELOPMENT IN THE PAST 12 MONTHS, WHAT ARE YOUR EXPECTATIONS FOR THE COMING 12 MONTHS FOR YOUR INDUSTRY IN INDONESIA REGARDING TURNOVER?

<sup>1</sup> Kristianus, A. (2025, February 05). Indonesia's GDP Growth Slows to 5.03%, Missing 2024 Target. Retrieved from Jakarta Globe: <https://jakartaglobe.id/business/indonesias-gdp-growth-slows-to-503-missing-2024-target>



NOTE: The number of respondents for this question was 39. "Don't know/Not applicable" responses are included but not shown in this figure.

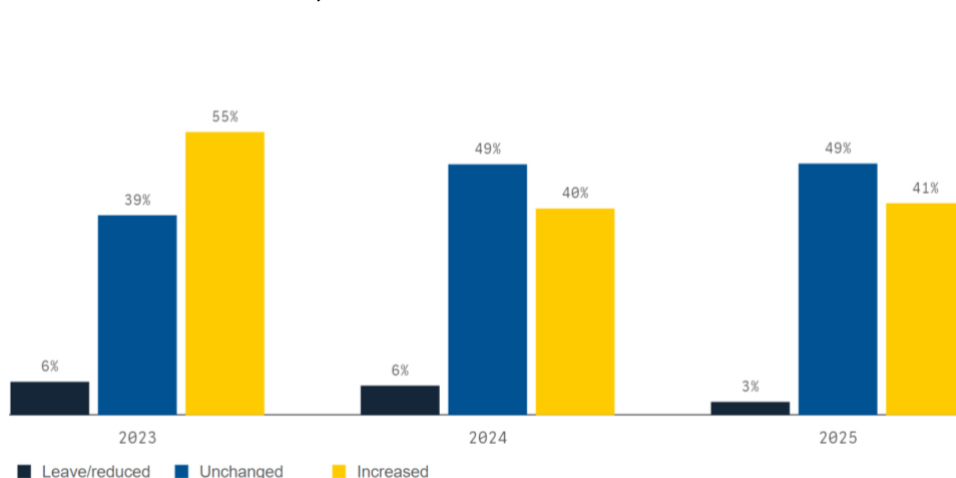
SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

## Swedish companies seem to take a cautious attitude towards investment

Similar to last year, Swedish companies tend to be careful about their investment plan in Indonesia. Forty-nine per cent of the respondents plan to maintain their investment plan, the same percentage as last year. The percentage of respondents planning to increase investment went up by one per cent, while respondents deciding to decrease it fell by three per cent.

This result showed that the Swedish business community has not been particularly confident in committing to significant expansion within the Indonesian market despite expectations of increased turnover. The USA's increased tariffs, global economic slowdown, and uncertainties regarding the Indonesian government's policy attitude contribute to the lukewarm attitude towards increased investment.

### WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN INDONESIA, COMPARED TO THE PAST 12 MONTHS?



NOTE: The number of respondents for this question was 39. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.



# THE MARKET

## Sweden's trade relationship with Indonesia experienced a decrease in 2024

Trade relations between Sweden and Indonesia saw a decrease in 2024, following a substantial increase last year. The total trade relationship between Indonesia and Sweden in 2024 was USD 840 million (SEK 8.4 billion), representing a 9.4 per cent decline from the 2023 value of USD 930 million (SEK 9.3 billion)<sup>2</sup>.

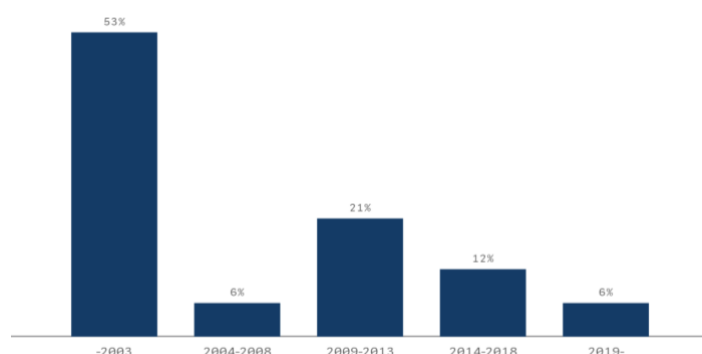
Out of the total value of USD 840 million in 2024, approximately 70 per cent (USD 590 million) corresponds to Indonesian imports from Sweden. This import value represents a 6.9 per cent decrease from the import value of USD 630 million in 2023. According to data from *Statistikmyndigheten SCB*, similar to the previous year, Swedish exports to Indonesia continued to be dominated by road vehicles, pulp and paper products (including wastepaper), and industrial machinery.

Swedish exports of road vehicles and industrial machinery to Indonesia declined in 2024 compared to the previous year. The value of road vehicle exports was USD 177 million this year, a decrease of 61 per cent compared to the previous year's value of USD 188 million, while industrial machinery exports decreased by 11.2 per cent from USD 54 million in 2023 to USD 48 million this year. On the other hand, the export of pulp and paper products (including wastepaper) increased by 3.6 per cent from USD 63 million in 2023 to USD 65 million in 2024.

The decline in Swedish exports to Indonesia may have been influenced by the slowdown in Indonesian industrial activities due to reduced demand for Indonesian export commodities, as the majority of key Swedish export commodities to Indonesia are industrial solutions. Indonesian companies tend to withhold further investment in manufacturing expansion under these conditions, thereby reducing demand for such products from Sweden.

Conversely, Swedish foreign investment in Indonesia increased significantly in 2024, reaching USD 184.4 million, a 266 per cent rise compared to the 2023 value of USD 50.4 million<sup>3</sup>.

### IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN INDONESIA?



NOTE: The number of respondents for this question was 39. "Don't know/Not applicable" responses are included but not shown in this figure.

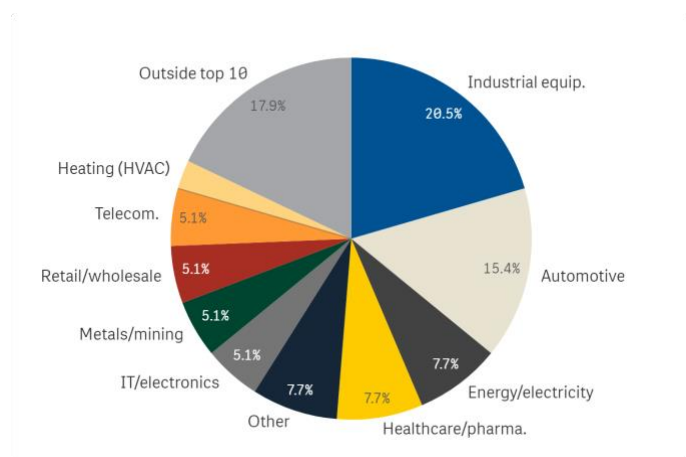
<sup>2</sup> Statistikmyndigheten SCB. (2025, May). Imports and exports of goods. Retrieved from [https://www.statistikdatabasen.scb.se/pxweb/en/ssd/START\\_\\_HA\\_\\_HA0201\\_\\_HA0201A/OImpExpLandTotAr/](https://www.statistikdatabasen.scb.se/pxweb/en/ssd/START__HA__HA0201__HA0201A/OImpExpLandTotAr/)

<sup>3</sup> National Single Window for Investment (NSWI). (2025, May). Retrieved from <https://www.bkpm.go.id/id/info/realisasi-investasi/2024>

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

A significant portion (53 per cent) of Swedish firms responding to our survey this year have been operating in Indonesia for more than 21 years – since 2003 – which indicates a long and successful Swedish business presence in the country.

### WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN INDONESIA?

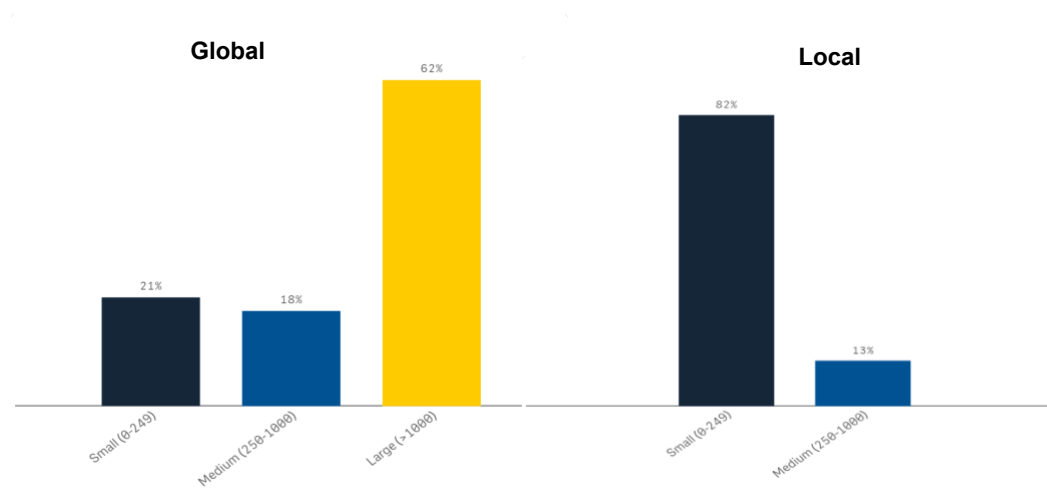


NOTE: The number of respondents for this question was [xx]. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

There is a high level of diversity in terms of the industrial sector focus of Swedish companies in our survey. Similar to last year, the most common sectors identified are still industrial equipment (21 per cent) and automotive (15 per cent). This information is consistent with trade balance data, which indicates that road vehicles and industrial equipment products are the largest Swedish exports to Indonesia in terms of value. Combined with the fact that the majority of Swedish companies in Indonesia are well-established businesses, this can be seen as an indication of the strong brand position enjoyed by Swedish solution providers in these two sectors.

### SWEDISH FIRMS' GLOBAL AND LOCAL NUMBER OF EMPLOYEES IN INDONESIA IN 2024



NOTE: The number of respondents for this question was 39. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

The majority (62 per cent) of Swedish companies in the survey are large firms with more than 1,000 employees worldwide. There are relatively few startup companies operating in the Indonesian

market, as Swedish startups usually prefer expanding to nearby European markets first or to more mature economies in Asia, like China and India. Moreover, the majority of Swedish companies operating in the Indonesian market are industrial solution companies, which tend to be capital-intensive industries with a large number of employees around the world.

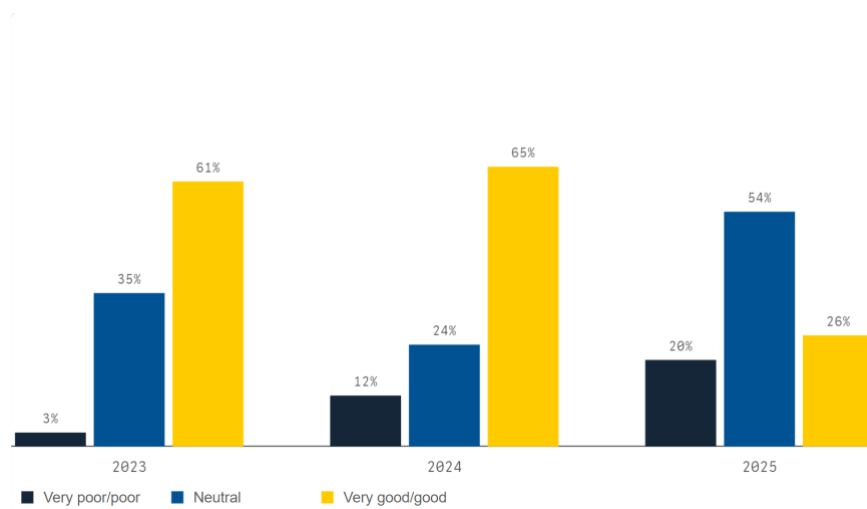
However, as most of the companies are only operating sales and after-sales support functions in Indonesia without any significant manufacturing activities, the scale of local operations tends to be limited. A vast majority of respondents (82 per cent) have fewer than 250 employees in Indonesia, while only 13 per cent operate with 250 employees or more in the country. No company employs more than 1,000 employees in Indonesia.

## Swedish companies have been significantly less optimistic about the Indonesian business climate

This year, Swedish companies have reported a significantly less upbeat outlook on the Indonesian business climate. Only 26 per cent of the respondents perceived the Indonesian business climate as good or very good, a major decrease from last year's 65 per cent. The majority (54 per cent) of the companies this year took a neutral attitude on the Indonesian economy.

Nevertheless, the percentage of respondents perceiving the Indonesian business climate as poor or very poor has grown substantially to 20 per cent from 12 per cent last year and three per cent in 2023. This is a concerning development as it provides an early indication that international businesses in Indonesia have started to lose interest in expanding their operations.

### HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN INDONESIA?



NOTE: The number of respondents for this question was 39. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

## Increasing regulatory burdens may be contributing significantly to the declining business climate

Swedish companies particularly highlight the licence, permit, and approval process as a factor that has not met their business expectations in Indonesia. This factor receives a score of 4.1 out of 10,

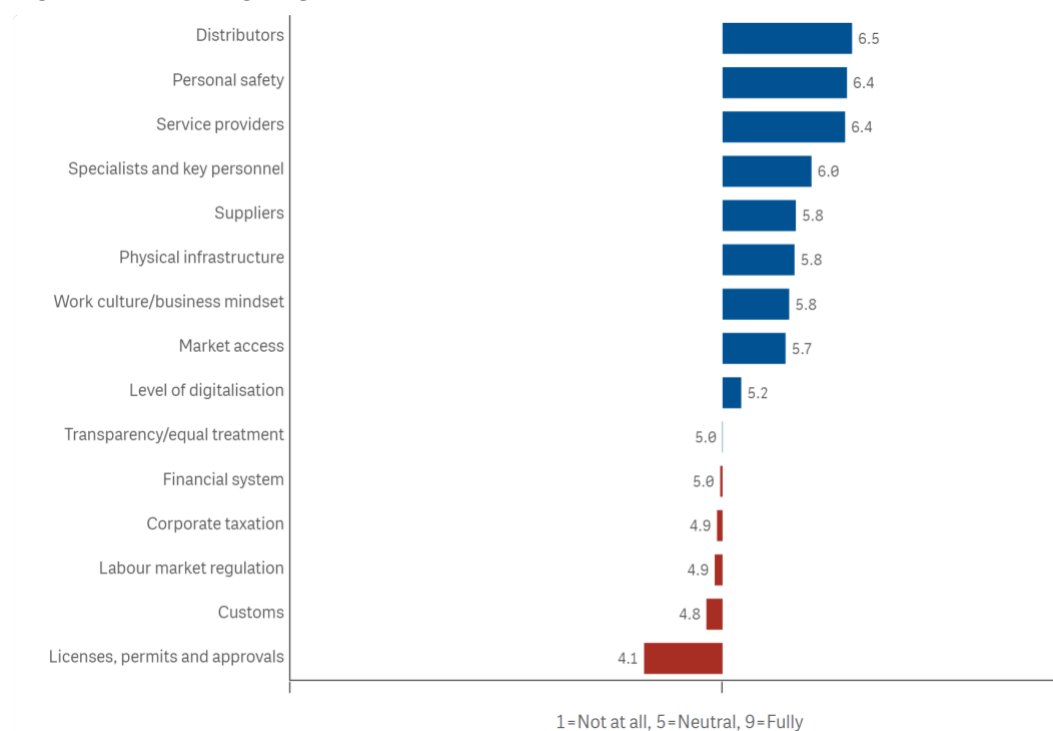
which is significantly lower than all other ranked factors. Moreover, all other factors that receive less than favourable scores (below 5.0) are related to the Indonesian government's responsibilities, such as customs, labour market regulation, and corporate taxation. All the aforementioned factors received favourable scores (above 5.0) in last year's survey.

The overall results also show a less positive outcome compared to last year's survey. This year, only four factors managed to reach a score above 6.0, compared to last year's results, where 10 factors were scored above 6.0, and no factor was scored below 5.0. Similar to the reduced optimism about the Indonesian business climate, this might also indicate waning trust in the Indonesian business ecosystem.

Consistent with last year's results, distributors remain the factor viewed most favourably by Swedish businesses, although the score has declined from 7.0 to 6.5. Service providers and specialists, as well as key personnel, remain in the top five most favourable factors, indicating that the service provided by Indonesian companies and the quality of the Indonesian educated workforce have been consistently satisfying over the last two years, at least compared to the level of service provided by Indonesian government agencies.

This is a strong indication that cumbersome government bureaucracy has been the main reason why foreign companies frequently prefer to invest in neighbouring countries such as Vietnam and Malaysia compared to Indonesia. Therefore, to accelerate the entry of foreign investment into the country, the government needs to continue focusing on streamlining the bureaucracy.

#### HOW WELL DO THE FOLLOWING CONDITIONS MEET THE NEEDS OF YOUR COMPANY IN INDONESIA?



NOTE: The number of respondents for this question was 39.

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

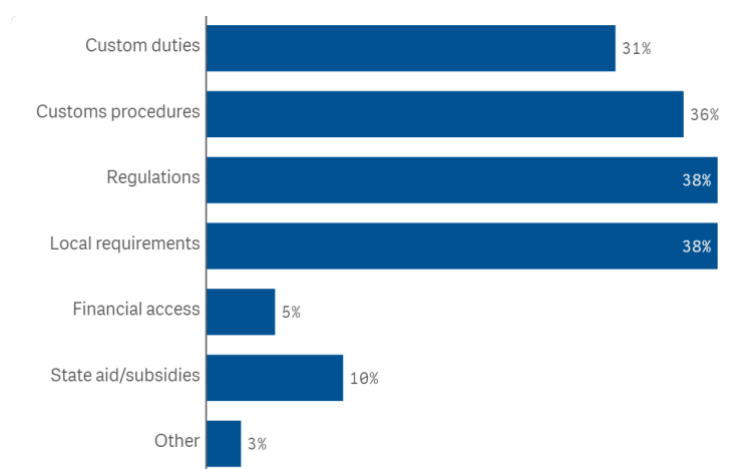
## Regulatory frameworks remain a significant challenge for most Swedish companies

In terms of trade barriers, Swedish companies continue to report challenges in terms of regulations, local manufacturing requirements, customs duties, and customs procedures. In fact, the respondents who report encountering trade barriers in these areas during this year's survey have increased. More than 30 per cent of the respondents reported such barriers in these four areas during this year's survey, as opposed to less than 30 per cent in the same areas last year.

Overall, regulations and local requirements particularly had the most notable increases in terms of respondents viewing them as challenges, from 20 per cent to 38 per cent and from 23 per cent to 38 per cent, respectively.

This worsening perception on Indonesian trade barriers is aligned with the findings from the 2025 edition of International Trade Barrier Index, published by the Tholos Foundation, an economic think tank based in the United States. According to the index, which includes both tariff and non-tariff barriers, Indonesia ranked as the country with highest trade barriers among 122 assessed countries throughout the world<sup>4</sup>.

### HAS YOUR COMPANY IN THE PAST YEAR ENCOUNTERED TRADE BARRIERS IN INDONESIA WITH A NOTICEABLY NEGATIVE IMPACT ON OPERATIONS, IN ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 39.  
SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

“We understand the concept of localisation, but currently local (component) manufacturers are not ready to fulfill certain standards (according to our requirements), hence it becomes very challenging for our business.”

**Cahyo Harbianto**  
President Director  
PT Volvo Indonesia

<sup>4</sup> Tholos Foundation. (2025). 2025 Trade Barrier Index: Indonesia. Retrieved from <https://www.tradebarrierindex.org/country/indonesia>

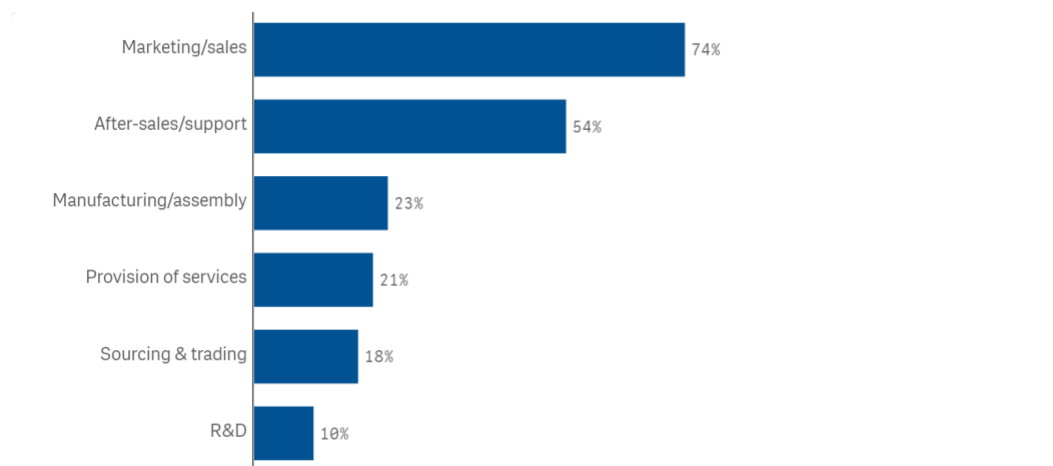


# HOW SWEDISH COMPANIES SUCCEED IN INDONESIA

## Most Swedish companies in Indonesia still focus on marketing/sales and after-sales support

The majority of Swedish companies in Indonesia still focus on sales and marketing activities (74 per cent) as well as providing after-sales support for customers in the country (54 per cent). Only 23 per cent of the responding companies also engage in manufacturing activities in the country, despite continuous government efforts to entice foreign companies to invest in domestic manufacturing in Indonesia. This is an increase of last year's result of 17 per cent. However, we suspect that this increase is due to the nature of respondents' businesses rather than actual investment in new manufacturing plants.

### OPERATIONS OF SWEDISH FIRMS IN THE MARKET



NOTE: The number of respondents for this question was 39. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

## Cost efficiency and partnerships remain key for competitiveness in the Indonesian economy

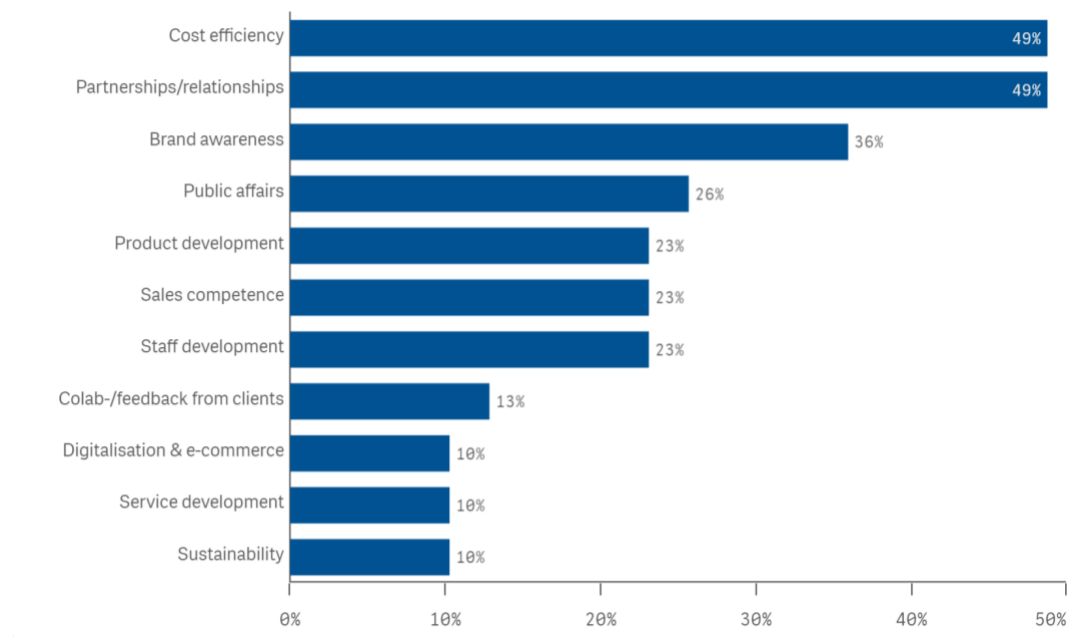
Similar to last year's survey, cost efficiency and partnerships/relationships remain the top two most important aspects influencing competitiveness in Indonesia. Both factors are selected by 49 per cent of respondents, a three per cent increase in cost efficiency from last year's result of 46 per cent and a two per cent decrease for partnerships/relationships from last year's result of 51 per cent.

The focus on cost efficiency highlights the mindset of Indonesian customers, particularly industrial ones, who place a strong emphasis on low price instead of quality and total cost of ownership. The presence of Chinese products, which usually focus on affordability, can increase the difficulty for Swedish companies to compete in the market as their prices tend to be significantly cheaper compared to Swedish brands. As a result, Swedish companies operating in Indonesia also need to emphasise cost efficiency to reduce their base costs and market their products competitively.

Partnerships and relationships, another factor considered a top priority in the Indonesian market, are also very important in the high-context Indonesian business culture. Indonesian businesses place a lot of emphasis on personal relationships, and Indonesian regulatory frameworks are often difficult to navigate without assistance from local parties who already know the market.

As a result, the success of foreign companies in the Indonesian market often depends on a strong network of local partners who already possess existing customer networks, good relationships with policymakers, and a comprehensive understanding of Indonesian market behaviour.

#### TO DATE, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN INDONESIA?

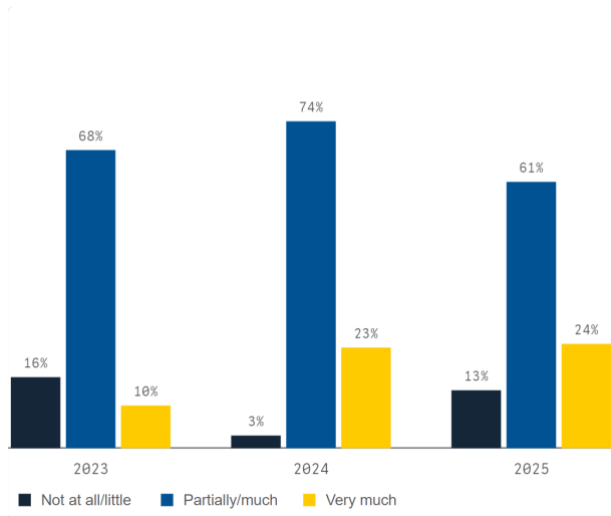


NOTE: The number of respondents for this question was 39. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

## Swedish brand reputation remains a positive influence for Swedish companies in Indonesia

Similar to last year's survey, this year, over 85 per cent of the respondents stated that Swedish brand reputation has contributed positively to their businesses in Indonesia, at least partially. This is a decline from 97 per cent in 2024. However, this result can still be considered somewhat positive, as the percentage of respondents stating that the Swedish brand reputation has a very strong positive influence on their business has been relatively stable at 24 per cent, compared to 23 per cent in 2024.

**TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE “SWEDISH BRAND” CONTRIBUTES TO YOUR BUSINESS IN INDONESIA?**

NOTE: The number of respondents for this question was 39. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

# ACTING SUSTAINABLY

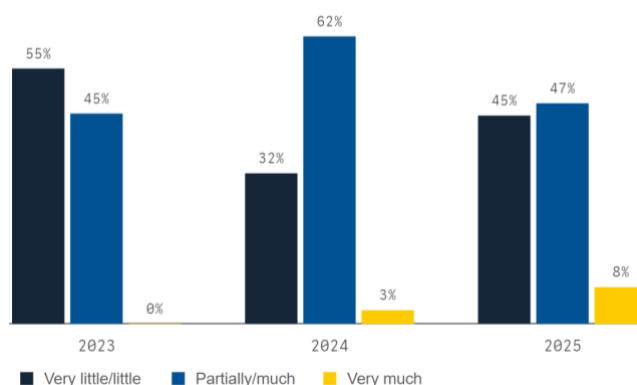
## Swedish companies believe Indonesian consumers are not becoming more environmentally conscious

This year's survey provides a relatively negative indication of Indonesian consumer awareness regarding environmental issues. Only 55 per cent of respondents indicated that their customers at least partially consider environmental issues in their purchase decisions, compared to 65 per cent last year. However, the percentage of companies believing that customers place a very strong emphasis on the issue has grown to eight per cent from three per cent last year.

Nevertheless, the result is still better than the 2023 outcome, where the majority of respondents (55 per cent) considered their customers as placing little importance on sustainability criteria.

The cost of environmentally friendly products might be a concern for some consumers, particularly in the less economically favourable business environment right now. According to a 2024 survey by Snapcart, a market research company, cost concern is the second most common reason why consumers do not purchase sustainable products after a lack of awareness<sup>5</sup>.

### TO WHAT EXTENT DO CUSTOMERS IN INDONESIA CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION?



NOTE: The number of respondents for this question was 39. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

“Environment sustainability... is considered (more) as something nice to have, rather than a requirement... What we need is stronger regulation from (the) government to impose the sustainability agenda.”

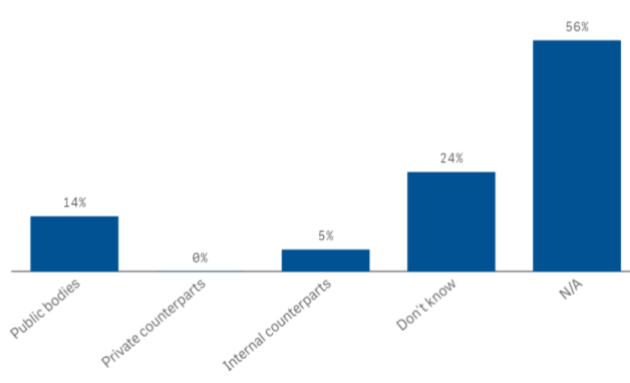
Hendra Wijaya  
Sales Director  
PT Tetra Pak Indonesia

<sup>5</sup> Snapcart. (2024). Indonesian Consumers' Interest Toward Sustainable Products: Part 2. Retrieved from <https://snapcart.global/indonesian-consumers-interest-toward-sustainable-products-part-2/>

## Despite Indonesia's improved CPI rating, Swedish companies faced increased incidents of corruption

This year's result on corruption experienced by Swedish companies is concerning compared to last year's result. Fourteen per cent of respondents reported corruption incidents when interacting with public institutions, while five per cent described experiencing corruption when working with internal counterparts. This is a significantly adverse result compared to last year's result, which does not indicate any incidence of corruption, particularly as Indonesia's rating on the Corruption Perception Index (CPI) slightly improved from 34 last year to 37 this year<sup>6</sup>.

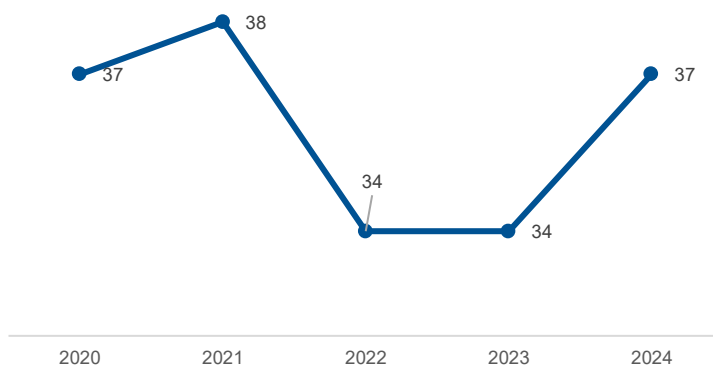
**HAS YOUR COMPANY IN INDONESIA BEEN EXPOSED TO CORRUPTION SUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?**



NOTE: The number of respondents for this question was 39. "Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2024.

### CORRUPTION PERCEPTION INDEX 2024



SOURCE: Transparency International.

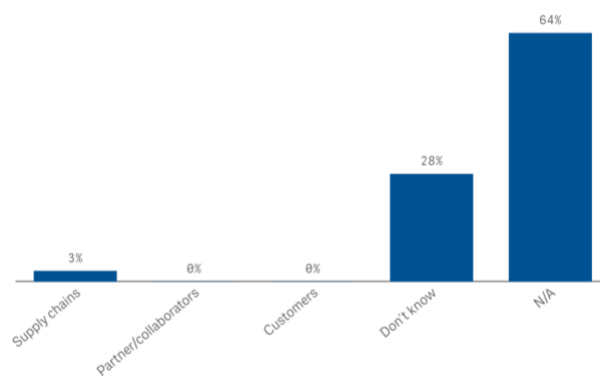
<sup>6</sup> Transparency International. Corruption Perceptions Index 2024: Indonesia. Retrieved from <https://www.transparency.org/en/cpi/2024/index/idn>



## Potential human or labour rights violations also loomed over Swedish companies in Indonesia

Similar to last year, human and/or labour rights violations have been encountered by a single respondent. Although the number seems very small, human and labour rights violations are serious issues that can have serious consequences for foreign investment interests in Indonesia. Foreign companies, including Swedish ones, generally operate with utmost accountability and transparency. Human and labour rights violations can pose a very significant reputational risk, so they will prefer to operate in countries with no such potential issues.

### HAS YOUR COMPANY IN INDONESIA ENCOUNTERED ANY FORM OF HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSE IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 39. Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

# FUTURE OUTLOOK ON INDONESIA

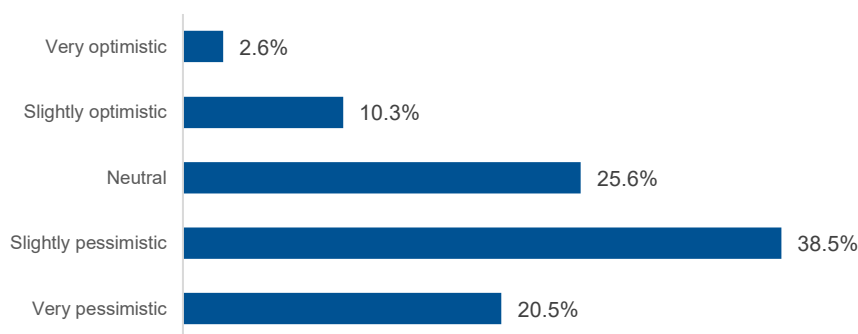
## Swedish businesses remain pessimistic about the Indonesian government's lofty target for growth and lukewarm about manufacturing in Indonesia

President Prabowo has outlined his ambitious goal to achieve an annual economic growth rate of 8 per cent by 2029, the last year of his first presidential tenure. The government aims to accelerate this rate through various means, including increasing foreign investment in the country. The government is aiming to receive USD 215 billion by 2029, more than twice the 2024 amount<sup>7</sup>.

To understand whether foreign businesses responded positively to this aim, this survey also engaged respondents on this question. However, the result is not very encouraging. The majority (59 per cent) of Swedish companies expressed pessimism that the government will achieve such an ambitious target. Less than 13 per cent of respondents are optimistic that the target will be achieved.

This view is supported by most reputable economic research agencies. The World Bank believes that the Indonesian economic growth rate will hover around five per cent for the next few years, substantially lower than the government's target. The less favourable global economic situation has been one of the main factors dampening the Indonesian economic prospects.

### **PRESIDENT PRABOWO SUBIANTO HAS STATED THAT HE BELIEVES INDONESIA WILL BE ABLE TO REACH THE ANNUAL GDP GROWTH TARGET OF 8 PER CENT IN 2028-2029. HOW OPTIMISTIC ARE YOU THAT THE TARGET WILL BE MET WITHIN THE NEXT FOUR YEARS?**



NOTE: The number of respondents for this question was 39. Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

<sup>7</sup> Presiden Prabowo Dukung Peningkatan Investasi, Target 2029 Capai Rp3.414 Triliun. (2025, February 04). Retrieved from Sekretariat Kabinet Republik Indonesia: <https://setkab.go.id/presiden-prabowo-dukung-peningkatan-investasi-target-2029-capai-rp3-414-triliun/>

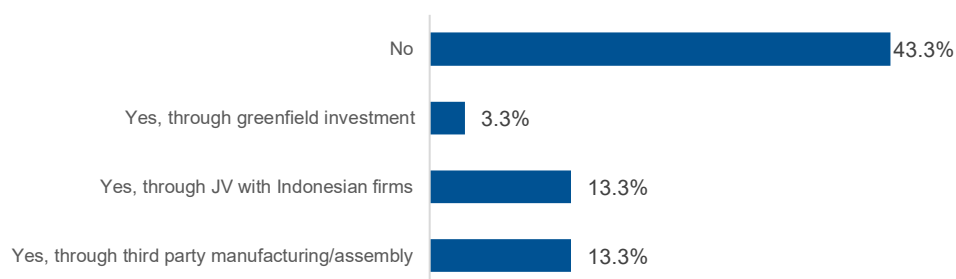
The Indonesian government continues to implement various mechanisms aimed at encouraging foreign companies to localise their manufacturing and/or assembly activities in Indonesia. All government institutions and agencies have been mandated to prioritise domestically manufactured products over foreign ones during public tenders. If there are products available in the market with sufficiently high local content (known as *Tingkat Komponen Dalam Negeri/TKDN* in Indonesian) that also meet users' requirements and quality expectations, these government bodies are required to utilise domestic products.

However, similar to last year, this year's survey results do not indicate that Swedish companies without existing manufacturing facilities in Indonesia will start establishing one in response to the government's push for localisation. Out of the 29 respondents, 43 per cent stated that they would not initiate local manufacturing/assembly as a response to the local content requirements. Thirteen per cent revealed that they will pursue local manufacturing/assembly through third-party contracts, and another 13 per cent are exploring the possibility of a joint venture with an Indonesian company. Only three per cent of respondents are considering greenfield investments.

This 30 per cent rate of companies planning localisation in Indonesia represents a similar level of interest compared to last year's percentage of 39 per cent. This indicates that the majority of Swedish businesses still prefer to wait until they manage to build an appropriate market share before deciding to establish manufacturing facilities in Indonesia.

Partnering with local Indonesian companies, either through joint ventures or contract manufacturing, is understandably still the most attractive option for Swedish companies, as these involve less risk and require less investment compared to establishing a manufacturing facility in Indonesia.

**PRESIDENT PRABOWO SUBIANTO'S ADMINISTRATION HAS OUTLINED ITS COMMITMENT TO PROMOTE DOMESTIC MANUFACTURING INDUSTRIES, INCLUDING THROUGH LOCAL CONTENT POLICIES. WITH THIS POLICY IN MIND, IS YOUR COMPANY PLANNING TO ESTABLISH DOMESTIC MANUFACTURING/ASSEMBLY IN INDONESIA?**

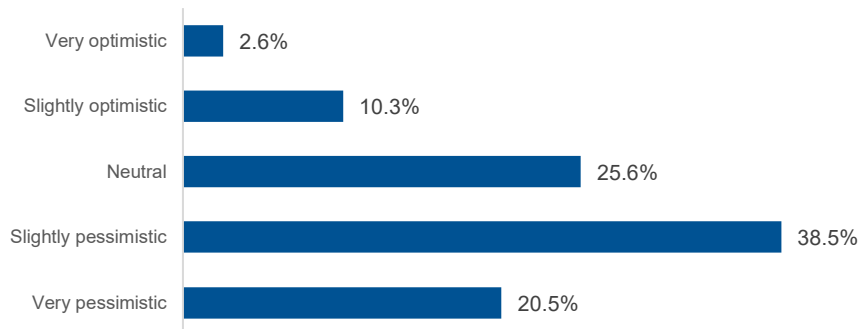


NOTE: The number of respondents for this question was 30. Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

Two-thirds of companies that already possess manufacturing capabilities in the Indonesian market, however, are interested in expanding their production capacity, although a majority of these businesses prefer to do it within a longer time frame.

**PRESIDENT PRABOWO SUBIANTO'S ADMINISTRATION HAS OUTLINED ITS COMMITMENT TO PROMOTE DOMESTIC MANUFACTURING INDUSTRIES, INCLUDING THROUGH LOCAL CONTENT POLICIES. WITH THIS POLICY IN MIND, IS YOUR COMPANY PLANNING TO EXPAND ITS DOMESTIC PRODUCTION/ASSEMBLY IN INDONESIA?**



NOTE: The number of respondents for this question was 9. Don't know/Not applicable" responses are included but not shown in this figure.

SOURCE: Business Climate Survey for Swedish companies in Indonesia 2025.

# CONTACT US

## **BUSINESS SWEDEN IN INDONESIA**

[jakarta@business-sweden.se](mailto:jakarta@business-sweden.se)

[erik.odar@business-sweden.se](mailto:erik.odar@business-sweden.se)





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