

INDONESIA

Business Guide

Compiled by: Tendency Gunawan

Swiss Business Hub ASEAN, Indonesia

Jakarta, March 2015

ARRIVAL AND DEPARTURE

Visa

On arrival Swiss citizens can obtain a 30 day visa for a fee of US\$35, extendable for 30 days.

Entry requirements

For entry into Indonesian territory one must have a goods declaration form and an entry form which together shortly before arrival have to be completed to pass customs followed by baggage screening. Import of local currency without declaration is allowed up to maximum amount of IDR 100 million.

Exit

The stamped part of the entry form must be retained until departure and presented at passport control. An airport tax on exit is payable in cash in the amount of IDR 150,000.

LANGUAGES USED FOR BUSINESS

Bahasa Indonesia and English.

PUBLIC HOLIDAYS

2015

1 January	New Year's Day
3 January	Maulidur Rasul (Birth of Prophet)
19 February	Chinese New Year
21 March	Nyepi (Hindu New Year, Day of Silence)
3 April	Good Friday

1 May	Labor Day
14 May	Ascension Day (40 days after Easter)
16 May	Isra (Ascension of the Prophet)
29 May	Ascension Day
2 June	Waisak Day (Buddha's Birthday)
17 - 18 July	Eid al-Fitr (End of Ramadhan month)
17 August	Independence Day
24 September	Eid al-Adha (Feast of the Sacrifice)
14 October	Islamic New Year
25 December	Christmas

HEALTH AND INOCULATIONS

Travelers entering Indonesia from a yellow fever contaminated area must produce a vaccination certificate. There is risk of malaria throughout the year in all regions, except in cities and recreational areas on Java and Bali island. A malaria prophylaxis for travel in high risk areas is recommended.

TIME ZONES

West Indonesian time: GMT + 7 hours for Sumatra, Java and provinces of West and Central Kalimantan

Central Indonesian time: GMT + 8 hours for the provinces in the East and South Kalimantan, Sulawesi, Bali and Nusa Tenggara

Eastern Indonesian time: GMT + 9 hours for the Moluccas and Papua provinces.

TIME DIFFERENCE BETWEEN SWITZERLAND AND INDONESIA

5 hours, except during day light saving period in Europe, 6 hours.

ELECTRICITY SUPPLY

220 Volts, 50 Hz

METHODS OF PAYMENT

The local currency is the Indonesian Rupiah (IDR, Rp abbreviated). Banknotes come in 1'000, 2'000, 5'000, 10'000, 20'000, 50'000 and 100'000 amounts. There are coins for 50, 100, 200, 500 and 1,000 Rupiah.

Credit cards (VISA, MasterCard) are widely accepted in formal establishments (hotel, restaurant, shopping malls)

TRANSPORTATION

BY AIR

Air transport is the most efficient and effective mode of transportations between the major cities throughout the country. Budget airlines are getting more popular and affordable for most Indonesians.

BY ROAD

Taxis or rental car with chauffeur for hire is readily available in the cities. Public transport is inexpensive. Tickets are paid on bus trips within the city. For long overland journeys, there are ticket sales at bus terminals.

BY RAIL

An extensive network of trains for passenger transport currently exists only in Java island. The comfort level in the first class cabin is good.

BY SEA

State-operated shipping lines ensure regular internal traffic between the main islands of the archipelago.

HOTELS

Hotels and overnight accommodations are available in all price categories, ranging from comfortable luxury 5-star hotels to cheap hostels in and outside the city. Budget business hotels are getting more popular, with decent price and quality. Business centers are available in 4 and 5-star hotels, and budget business hotels.

COMMUNICATION

Foreign GSM mobile phones are compatible with the Indonesian telecommunications network. International phone cards are accepted also at public phone kiosks.

Internet connections are widely available in the cities. Fees for the public use of Internet are cheap.

CELL PHONES

SIM Card from various operators is available throughout Indonesia at small mobile phone kiosks and shopping centers. Price is cheap, ranging from USD 3 to USD 10.

BUSINESS HOURS

Business hours in Indonesia are generally from 9:00a.m. to 5:00p.m. from Monday to Friday. Businesses which have Fridays as full workdays allow Muslim employees to take at least an hour off

to attend Friday prayers in the afternoon. There are also businesses which have additional working hours on Saturday morning but they usually end at 1:00 p.m.

ADDRESSES AND OPENING HOURS OF THE EMBASSY OF INDONESIA IN SWITZERLAND

Embassy of the Republic of Indonesia in Bern, Switzerland
Elfenauweg 51,
3006 Bern
Switzerland
Phone: +41-31-352 0983/84
Fax: +41-31-351 6765
E-mail: info@indonesia-bern.org
Internet: http://www.indonesia-bern.org/blog/?page_id=83

Operating Hours: Monday-Friday, 09:00-12:00

ADDRESSES OF THE SWISS EMBASSY AND CONSULATES

Embassy of Switzerland
Jl. H.R. Rasuna Said Blok X 3/2, Kuningan
Jakarta 12950
Indonesia
Tel +62-21-525 60 61
Fax +62-21-520 22 89
E-mail : jak.vertretung@eda.admin.ch
Internet: <http://www.eda.admin.ch/jakarta>

Operating Hours: Monday-Friday, 09:00-12:00

Honorary Consulate in Bali
Honorary Consulate of Switzerland
Jalan Ganetri 9D, Gatsu Timur
Denpasar 80235
Indonesia
Tel +62 361 878 43 43
Fax +62 361 878 44 66
E-mail : bali@honrep.ch
Internet: <http://www.eda.admin.ch/jakarta>

Operating Hours: Monday-Friday, 09:00-13:00

TIPS FOR INITIATING BUSINESS CONTACTS

Foreign businessmen are expected to extend due respect to the Indonesian population and authorities. During first contact, appearance is often more important than the message itself, in addition to the strong emphasis in local culture for the maintenance of harmony and conflict prevention. Locals attach great importance to formal exchange of pleasantries.

Indonesians are addressed by first names. When social rank and age are considered, the title prefixes Bapak (father, Mr) and Ibu (mother, Mrs/Ms) are used. It is considered rude to address senior and elderly individuals without preceding their names with these prefixes.

Formal welcome is expressed by a light handshake. Expression of emotions in public is out of place.

To effectively develop business relationships, it is important to recognize what is the ranking order of business contacts. Networking and targeted leverage of the useful knowledge of other persons and maintaining contact with interest groups could eventually lead to the initiation of business contacts with decision makers which may generate business opportunities.

Variables including age, gender, educational and marital status, also affect how easily personal and commercial relationships are formed. Western firms may find it more productive to send older, more mature executives rather than young personnel to negotiate or work in Indonesia. Men especially are not considered mature until they are 40 years old, and younger people can be excluded from decision making processes. In all spheres, younger people defer in language and attitude to older people, even if the age difference is negligible

BUSINESS PRACTICES

In the Indonesian business world, personal contact is key to the beginning of a successful business operation. First contacts must continuously be maintained to further build relationship of mutual trust.

Once the first phase of acquiring knowledge is completed, the next step is concrete development of business. This includes negotiations with decision-makers. Completion of a business contract marks only the beginning of a business relationship.

Key to successful negotiations is the ability to formulate common interests in the business and to convince all parties. Of course, the profit principle with a long-term aim of cooperation for mutual benefit has to be worked out clearly in the negotiations. During negotiations the Indonesian side may propose alternative solutions which may not be immediately appealing. A degree of flexibility on the foreign businessman's part is required.

If all parties agree to the outcome, business is sealed with a contract. The contract alone is not sufficient but needs to be followed-up with good relationship between contact persons. In this sense, the quality of the relationship for the future business is crucial. In contrast to the international business culture, Indonesians perceive contracts as less binding but the business relationship as a "marriage". Breach of contract only means a breach of trust that cause a business relationship to end earlier on.

Conflict resolution by Indonesians is through friendly consensus-building process, to be resolved outside court. The publicity of a costly court process is to be avoided if possible because a judicial decision could mean loss of face to the other party. Avoidance of loss of face is not an Indonesian trait alone but as a general rule is largely followed in today's business world of Asia.

SPECIAL FEATURES ON THE MARKET

Entry into the Indonesian market requires knowledge of the statutory provisions and treatment of assets when dealing with local authorities. Strategies for dealing with the market as well as the selection of a suitable business partner is important. An in-depth market study can only be successful when taking into account these factors. Networking on the spot is also valuable for the exploration of the market.

An agent or distributor model can be used for the Indonesian partner. As mentioned above, smooth cooperation through a relationship of trust among business partners requires not only a contract. Continuous contact and expression of mutual appreciation among partners contribute to a prosperous business relationship significantly.

Legal disputes with an Indonesian partner may cause unpleasant surprises for the inexperienced. Enforcement of business contracts is proving to be problematic since for cultural reasons the binding nature of contracts is not recognised and the Indonesian legal system does not grant a process free from corruption and manipulation. Although unilaterally breaking a contract justifies legal action, the Indonesian side will strive to use extra-judicial resolution of the dispute resulting in a financial compensation for the termination of business involvement. Experience shows that the demand for compensation is connected with premature termination of a contract. Foreign businessmen in contract work should sufficiently take this risk into account.

In addition to legal uncertainty, registration, protection and enforcement of IPR in Indonesia continue to be a concern for foreign investors. Many of the laws passed by the Indonesian government on IPR, although welcomed and viewed as positive steps are difficult to enforce and significant changes remain to be seen. Uncertainty concerning the outcome and findings of court cases and perceived corruption are equally troubling hurdles for Indonesia with regard to greater access of foreign investment.

Overall, understanding Indonesian culture and applying it to management and negotiating situations can generate substantial commercial and personal benefits for foreign businesses operating in Indonesia. Given the time required to establish relationships and networks, business people should plan for longer horizons to achieve returns. Also, with the rapid economic and political change currently underway, firms must remain responsive to the evolving business culture.

Date: 4 March 2015

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