



West Java is Indonesia's most populous province, and is only a few hours by rail or road from Jakarta. *Business Advantage* travelled there to discover a diversity of commercial opportunities.

Indonesia's most populous province of West Java (or Jawa Barat in *Bahasa Indonesia*) enjoys a strategic location on Java Island, adjacent to the capital, Jakarta. In fact, it has many of the capital's advantages (infrastructure, large workforce, access to services) without suffering the latter's congestion and pollution problems.

It supplies the metropolis with much of its food and its population with convenient weekend escapes, but there is more to this US\$30 billion economy than just agriculture and leisure. It is also the country's industrial heartland, with a wide range of manufacturing as well as oil, gas and mineral facilities.

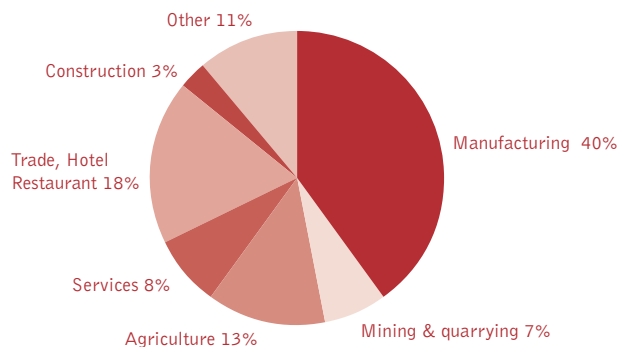
## RAPID DIVERSIFICATION & POTENTIAL

Over the past three decades, the West Java economy has diversified rapidly and attracted foreign investment into sectors such as iron and steel, chemicals, textiles, the food industry, and oil and gas.

What does the future hold? The provincial government is committed to developing the twin engines of agriculture and manufacturing through modernisation and an emphasis on downstream processing. However, perhaps the greatest unknown is tourism. This sector has immense potential that is thus far largely untapped, and has scarcely been marketed internationally.



## WEST JAVA'S KEY COMMERCIAL SECTORS



## WEST JAVA IN BRIEF

<b>Population</b>	39,066,700
<b>Surface area</b>	34,736km <sup>2</sup>
<b>GDP</b>	US\$30.5 billion (2004)
<b>GDP growth</b>	6.0% (2006)
<b>Exports</b>	US\$660 million (2005)
<b>Administrative structure</b>	17 regencies and 9 municipalities
<b>Governor</b>	Ahmad Heryawan
<b>Capital</b>	Bandung (pop. 2.1 million)

The province also has a reputation as a centre for learning, playing host to a large number of important educational institutions, including the renowned Bandung Institute of Technology (ITB).

## NATURAL ASSETS

West Java's landscape is attractive and varied, featuring volcanic mountains, forest, rivers, fertile agricultural land (its rice paddies and tea plantations are quintessential West Java vistas), nearly 1000 km of coastline and natural sea harbours.

## MANUFACTURING

West Java is Indonesia's manufacturing centre, contributing nearly 25% of all Indonesia's non-oil and gas output. It is particularly renowned for its modern textile and garment industry, which generates more than half of the province's exports. Bandung also has a fledgling fashion industry.

Another sign of progress in terms of value-adding is the emerging local electronics industry. Other significant local industries include food processing, pharmaceuticals and aeronautics. There are 29 dedicated industrial zones in the province.

## AGRICULTURE

West Java is one of Indonesia's most important agricultural provinces, thanks to its favourable climate and fertile land. It is Indonesia's largest rice producer and is also famous for its tea plantations, which also double as a tourist attraction. Other important commodities include rubber (also processed locally), palm oil, sugar cane, cocoa, coffee and fruit/vegetables.



A WEST JAVA RICE PADDY

## MINING & PETROLEUM

This is another important sector for West Java, and one with significant potential for growth. The Pongkor mine, run by PT Aneka Tambang (ANTAM) is Indonesia's only underground gold mine. Other minerals currently extracted include limestone, marble and clay, while coal, phosphate and quartz are also all believed to exist in substantial quantities.

The province also possesses some 61 oil and gas facilities, operated by state-owned Pertamina in partnership with major international companies.

## TOURISM

West Java's tourism industry currently caters primarily to a domestic market—mainly weekenders escaping from the smog of Jakarta to the fresh air and factory outlets of either Bandung, the province's many seaside resorts (most notably Pangandaran), or the rural retreats that dot the province.

West Java also offers some remarkable set-pieces such as the offshore volcano of Krakatau, as well as opportunities for activities such as surfing, cycling, hiking and white-water rafting. The provincial government of West Java has rightly identified this sector as a priority for future development and opportunities for the provision of ancillary tourism services abound.

## MARITIME

The West Java fishing industry benefits from nearly 1000 km of coastline on the Java Sea to the north and the Indian Ocean to the south. It exports frozen and canned tuna, mackerel and shrimp. In 2004 the total quantity of fish output was 441,584 tonnes.

With a major upgrade being made to the key Cirebon port, there is significant potential for new investment in this sector.

# FOCUS ON WEST JAVA

Infrastructure may not be Indonesia's strong point, but West Java is at least as well-appointed as any part of the country. This is underscored by the fact that the state telecommunications and rail companies have their head offices in the region.

## WEST JAVA'S COMPARATIVE ADVANTAGE

- Sound infrastructure (see below)
- Close proximity to national capital Jakarta
- Abundant natural resources: fertile land, minerals, forest, fisheries, tourism potential
- Varied landscape—close to 1000 km of shoreline and a temperate climate.

## MAJOR COMPANIES IN WEST JAVA

The following major Indonesian enterprises are located in West Java:

- PT Telekomunikasi Indonesia (state telco)—national headquarters pictured
- PT Kereta Api (state rail company)
- PT Dirgantara Indonesia (aerospace)
- Metro Garment (textiles)
- Sanbe (pharmaceutical)
- PTPN VIII (tea plantations)
- PT Ceres (chocolate manufacturer)



## POWER

West Java's electricity system forms part of the Java-Bali network. There are four geothermal power plants in the province. With demand for electricity expected to continue to rise sharply, further development of the province's considerable geothermal potential is anticipated.

## SEA

West Java relies mainly on the Tanjung Priok port in north Jakarta, but this is supplemented by the port at Cirebon in the east of West Java, which provides passenger and vehicle ferry connections as well as a container handling facility. Cirebon is in the process of being significantly upgraded with a view to becoming the main sea hub for West Java. Improved road and rail access forms part of its long-term development strategy.

## ROADS

Indonesia is woefully undersupplied with modern highways, but West Java's high population density and the size of its economy have made the construction of toll roads more feasible than elsewhere in the country. As a result, it enjoys a modern and efficient road network. For instance, the recently completed Cipularang expressway linking Bandung to Jakarta dramatically reduced journey-times between the two cities (to around two and a half hours, traffic conditions permitting). At 164 km long it is Indonesia's longest highway.

## RAIL

West Java is also well-served by its rail network. The trip from Jakarta to Bandung is three hours, with freight demands driving the expansion and upgrading of the Java-wide network.

## AIR

The main airport serving West Java is Jakarta Soekarno-Hatta—about three hours by road from Bandung. There is also a smaller airport at Bandung offering scheduled domestic flights. This could eventually be superseded by a major new international airport that is being mooted. Majalengka Airport would be located 100 km east of Bandung and also ease the load on Soekarno-Hatta. ■

## INFORMATION FOR INVESTORS

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