



**43rd ASEAN Constructors Federation Council Meeting
Jakarta, 21st April 2017
Country Report by Indonesian Contractors Association**

Macro Economy

The government assuring that the state budget in 2016 will manage with effectively credible and sustainable. Although throughout 2016 the global economy has facing many challenges and yet to show signs of recovery. 2016 state budget under control within safety limits.

Economic growth in 2016 is 5.02 percent compared to the revised budget target of 5.2 percent. However, this figure is relatively better compared to 2015, which has grew by 4 percent. Inflation reached 3.1 percent or lower than prediction of 4.0 percent. With inflation under control, economic stability is also reflected in the average rupiah currency. It strengthened to IDR 13,307/USD compared to the revised budget prediction IDR 13,500/USD. During February 2017 there is an inflation of 0.23 percent.

Indonesia committed to a comprehensive reformation of:

1. Structural reforms to improve the investment climate and maintaining purchasing power.
2. Budget reforms to create fiscal policy and a credible state budget, provide assurance and sustainability.
3. Accommodative monetary policy and maintain stability.

National Construction Growth

In 2016 Q4 construction grew by 4.21 percent (YoY), lower than 2015 Q4 which recorded on 7.1 percent (YoY) as well as the Q3 of 2016 grew by 4.95 percent (YoY). Nevertheless, throughout 2016 the construction sector growth is 5.22 percent (Y0Y) driven by the Government's infrastructure projects. Construction contributed 10.74 percent to GDP.

National Strategic Project

The National Strategic Project program is ruled by the government under Presidential Decree No. 3 of 2016 on Accelerating the Implementation of the National Strategic Projects, to speed up the development of infrastructure.

National Strategic Project undertaken by the Government, local government, and / or entities that have a strategic nature for the growth and equitable development in order to improve social welfare and regional development.

List of National Strategic Projects

No.	National Strategic Project	Number of Projects / Provinces
1.	Toll Road Infrastructure project	47
2.	Road infrastructure non-toll project	5
3.	Regional/Multi city train transportation development project, infrastructure and non-infrastructure	12
4.	Local city train transportation infrastructure	7
5.	Airport Revitalization	11
6.	New Airport	4
7.	Other strategic Airport project	2
8.	New sea port and expansion on current capacity	13
9.	One million housing project	3
10.	Oil Refinery	3
11.	Gas piping / LPG Terminal	3
12.	Infrastructure Bioenergy from wasteland	1
13.	Water supply project	8
14.	Infrastructure for communal water wastage	1
15.	Water flooding embankment project	1
16.	Cross border country station and supporting facility project	7
17.	Dam project	60
18.	Increasing broadband capacity	2
19.	Technology & Science infrastructure project	1
20.	Industrial park priority/Special Economic zone	24
21.	Tourism (10 strategic tourism zone)	1
22.	Smelter project	6
23.	Fishery & Farming project	3
24.	Power plant for electricity under separated Presidential Decree about Acceleration Development of Electricity Infrastructure	

25.	New additional on strategic national project: toll road	17
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National Strategic Projects categories are based on the preparation and selection by the Committee for Acceleration of Priority Infrastructure Delivery that is mandated by the Coordinating Ministry for the Economy.

Update on Regulation

The government has issued Law No. 2 Year 2017 on Construction Services to replace the Law No. 18 of 1999 in response to the current dynamics change of the construction service sector in Indonesia.

Few improvement update as follow:

1. Legal protection from criminalization act on construction services during the construction process.
2. Certification of competence for the worker to guarantee the quality of the project.
3. Minimum standards for wages
4. Covering all sectors of construction (stakeholders including services, material, etc.)
5. Improvement on public participation
6. Protection for construction workers including the law for foreign enterprises working in Indonesia.

Material Prices :

No.	Description	Price
1.	Steel Rebar	USD 490 – 510 / ton
2.	Portland Cement 50kg bag	USD 3.7 – 4.0 / bag
3.	Cement Mortar 50kg bag	USD 2.7 – 2.9 / bag
4.	Aerated Concrete Blocks	USD 40 / m3
5.	General Timber	USD 180 – 200 / m3
6.	Sand	USD 15 – 18 / m3