Sweden Sverige

Business Climate Survey 2026

Indonesia

BUSINESS SWEDEN
THE SWEDISH TRADE & INVEST COUNCIL

Sweden Sverige

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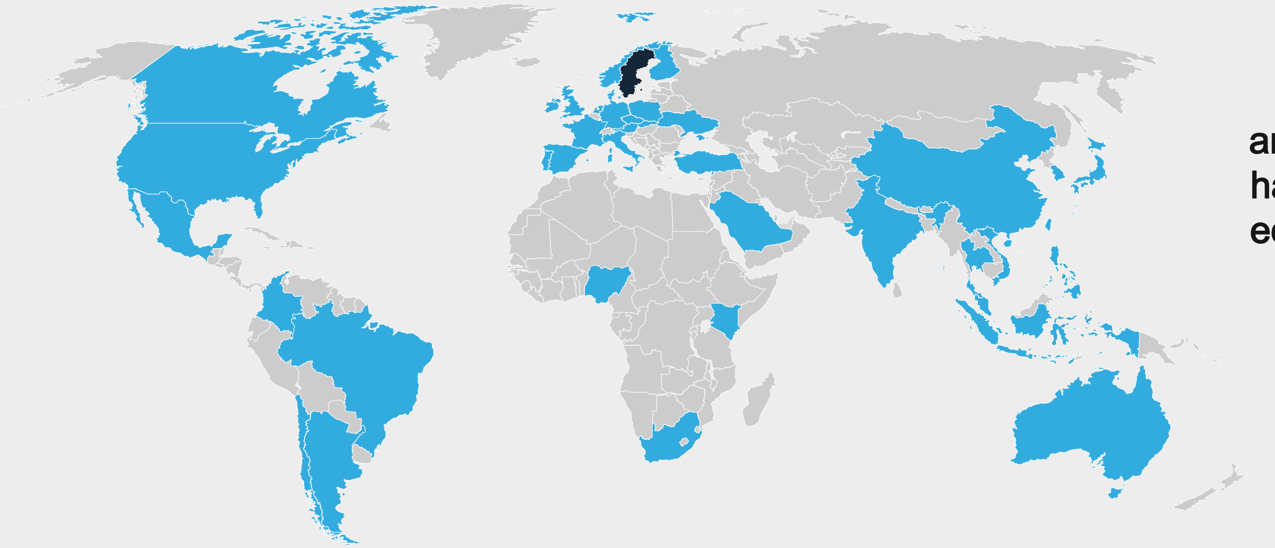
42 companies participated in the 2026 Indonesia Business Climate Survey (BCS), making this year the largest ever BCS in terms of respondents to date



41 countries and territories have their own edition of BCS

Argentina	Colombia	India	Mexico	Saudi Arabia	Thailand
Australia	Czech Republic	Indonesia	The Netherlands	Singapore	Turkiye
Austria	Denmark	Ireland	Nigeria	Slovakia	United Kingdom
Brazil	Finland	Italy	Norway	South Africa	Ukraine
Canada	France	Japan	The Philippines	South Korea	United States
Chile	Germany	Kenya	Poland	Spain	Viet Nam
China	Hong Kong	Malaysia	Portugal	Taiwan	

Globally

Total participants

2 250 senior leaders

Performed by

Sweden Sverige

Business Sweden

Government Offices of Sweden
Ministry for Foreign Affairs

SCI Swedish Chambers International

In Indonesia

Participants and response rate

42 senior leaders (58%)

Data collection

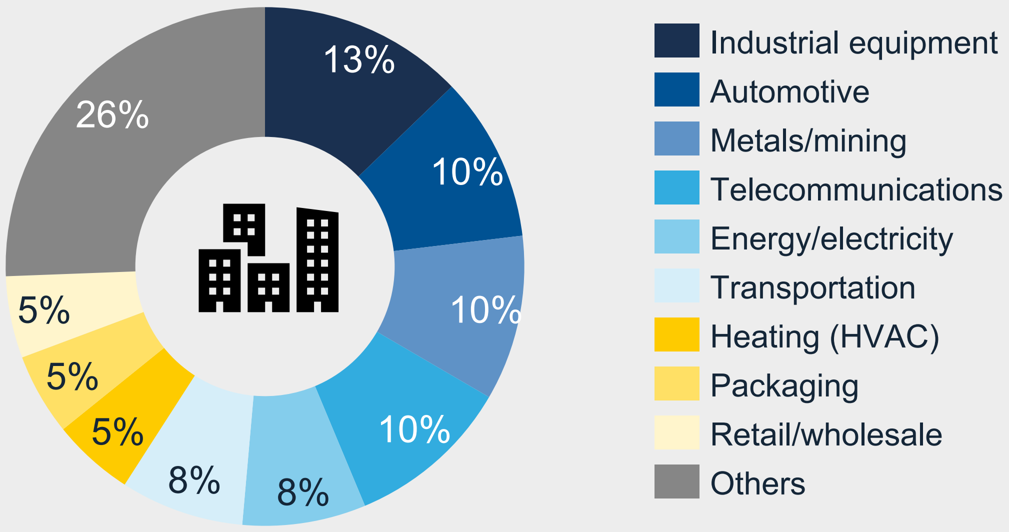
February – March 2025

Edition

7th edition

Swedish companies in Indonesia participating in this survey are mostly large multinational B2B businesses with more than 15 years of experience in the market

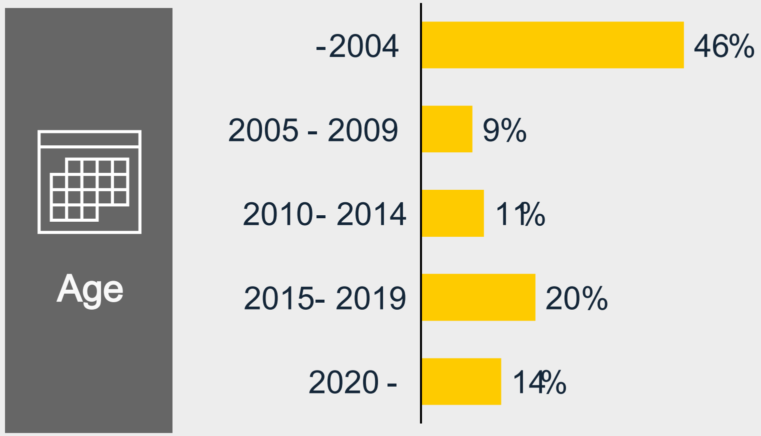
Industry breakdown



Insights

- Swedish companies are involved in a **large variety** of industries in Indonesia
- Similar to the previous years, **industrial equipment** companies are the most common industries among the respondents

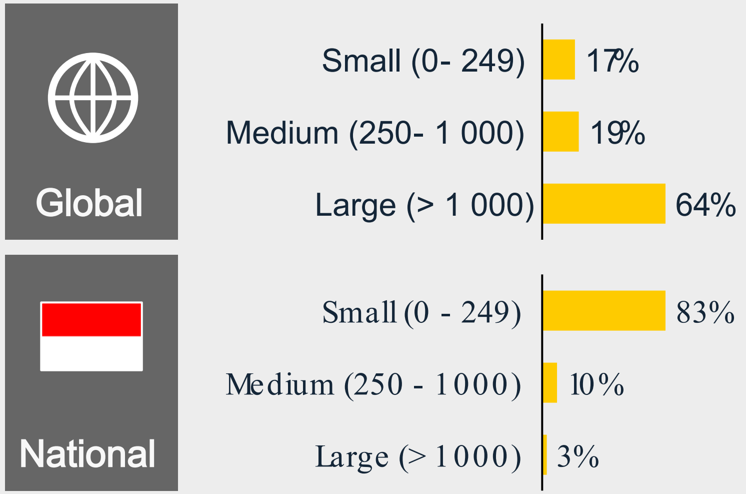
Year the operations started



Insights

Majority of the respondents have been present in Indonesia for **more than 10 years**

Number of employees*

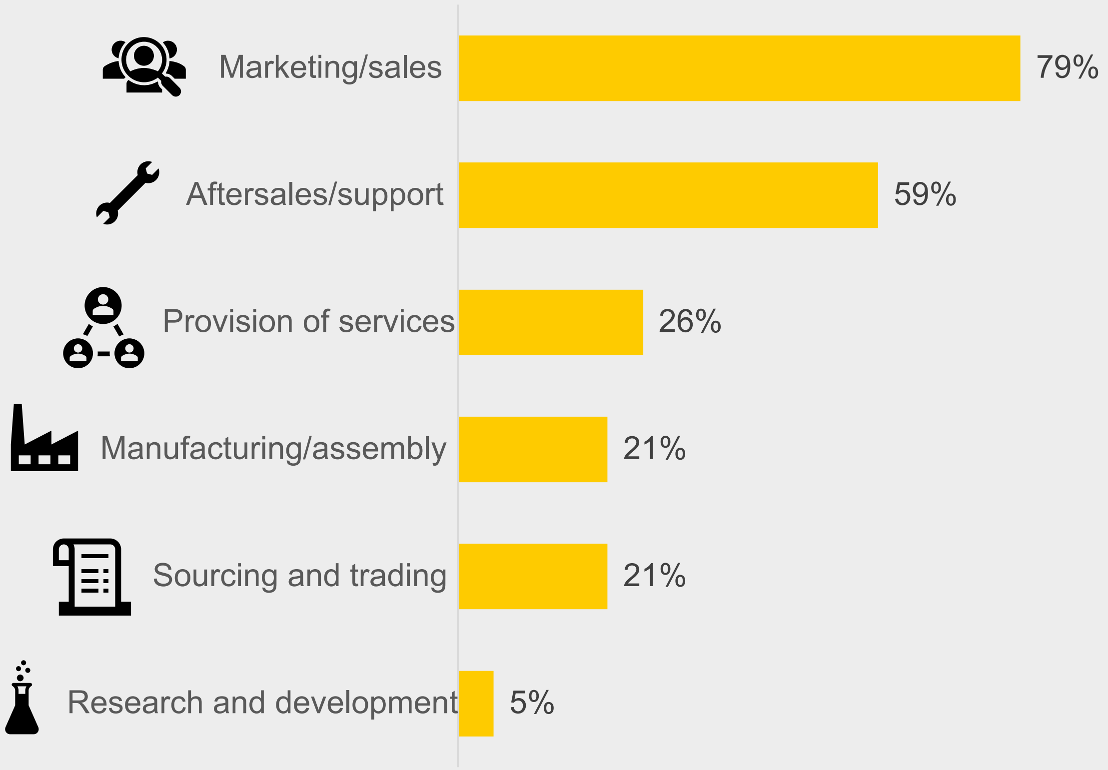


Insights

Although majority of the respondents have large operation globally, their businesses in Indonesia tend to be relatively limited in scale

Similar to the previous years, the majority of Swedish companies in Indonesia are still focused on sales and marketing as well as aftersales support activities

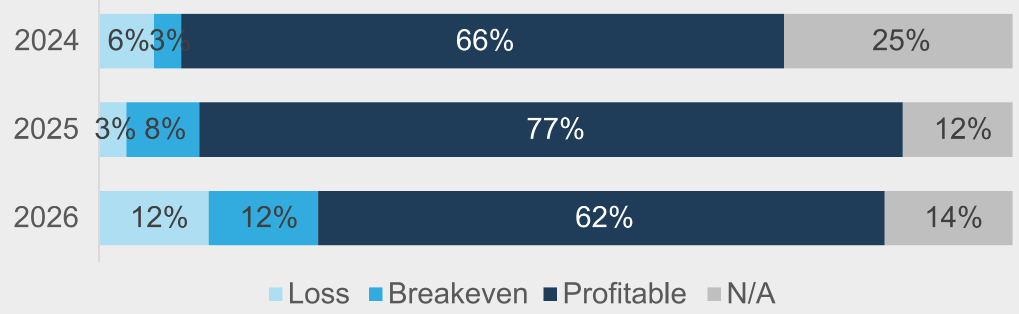
Operations of Swedish company respondents in the market



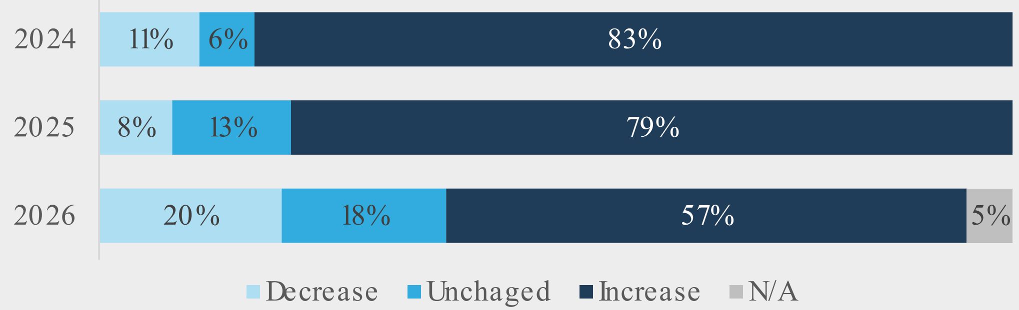
- Majority still focus on **sales and marketing (79%)** as well as **aftersales support (59%)**, while **26%** provide services for customers
- Only **21% engage in manufacturing** despite **65%** of participating respondents are **industrial companies**
- This might indicate that the **Indonesian market is not significant enough** to warrant a manufacturing **base** and/or the **business and regulatory climate has not been favourable** enough for manufacturing operation
- This is despite **continuous push from the government for foreign companies** to **localise their production** in Indonesia through **regulatory measures and incentives**

This year has been a less favourable year for Swedish companies, which is projected to continue and has impacted Swedish companies' investment appetite

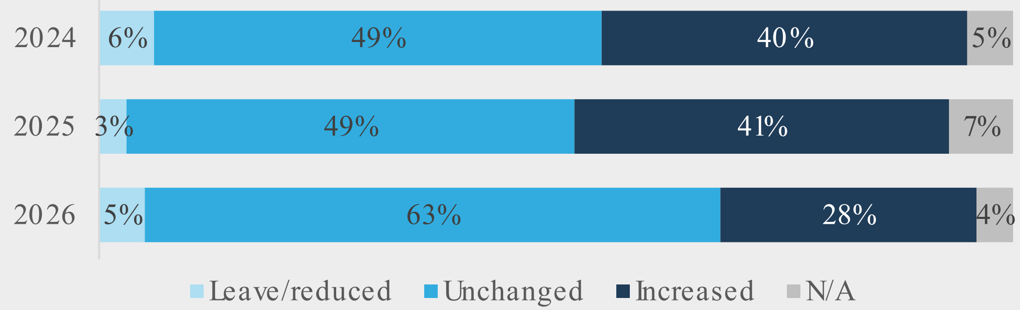
Financial performance



Turnover expectation



Investment plan in the next 12 months



Less favourable commercial environment in the last year

- Lower percentage of companies reporting profitability
- Higher percentage of companies reporting loss

Less favourable projection on commercial condition this year

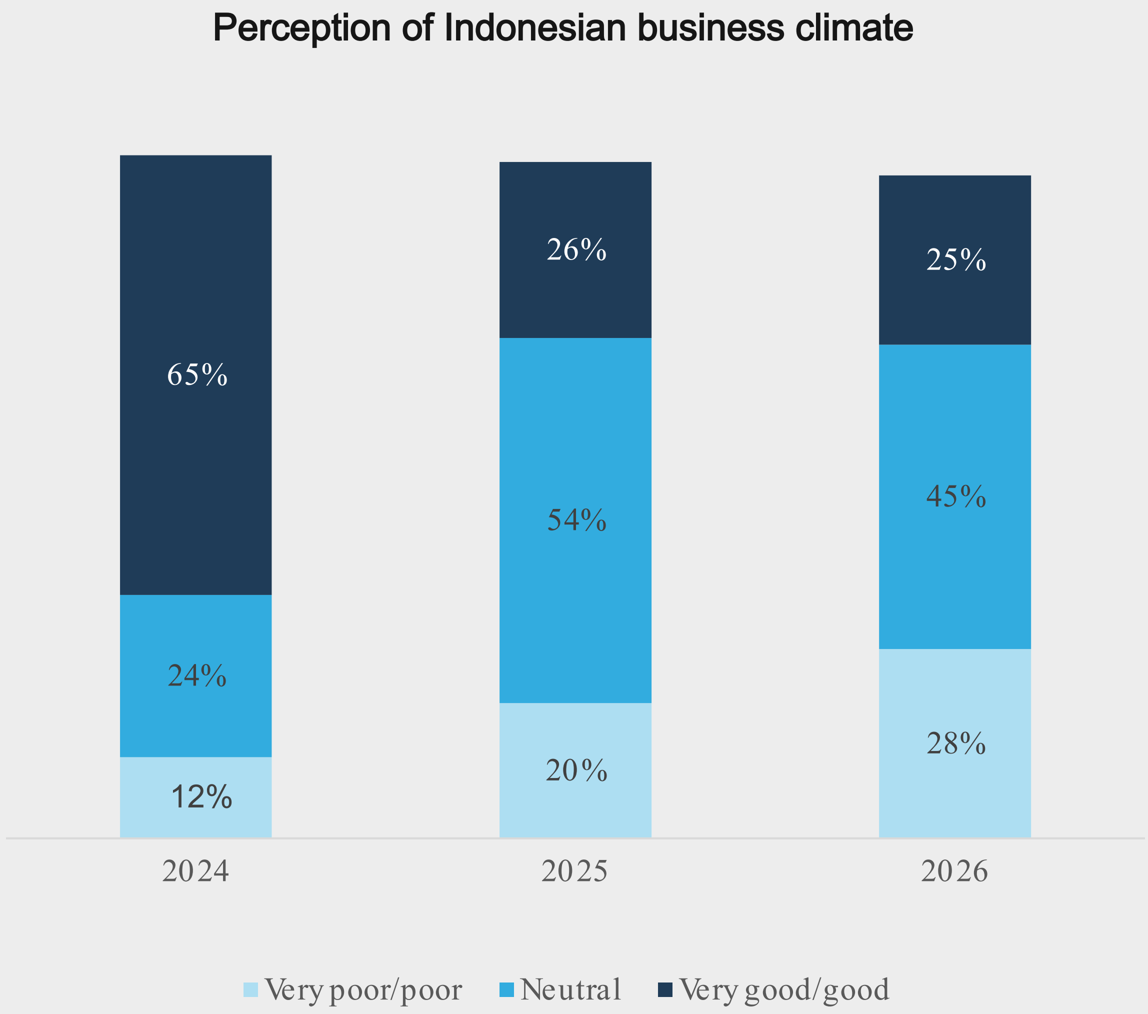
- Lower percentage of companies reporting increased turnover
- Higher percentage in companies expecting decreased turnover

Reduced appetite for short-term investment

- Lower percentage of companies reporting plans to increase short-term investment

Source: 2026 Indonesia Business Climate Survey

Aligned with the poor commercial condition and expectation, Swedish companies' perception on Indonesian business climate continues to be less optimistic



- Only **25%** answered **positively** , **a very significant decrease from 65% two years ago**
- **28%** answered **negatively** , **a substantial increase** from 20% last year and particularly 12% two years ago
- The **negative trend** commenced with the start of **President Prabowo's administration**
- Indicates concerns about **government economic and business-related regulatory policies**

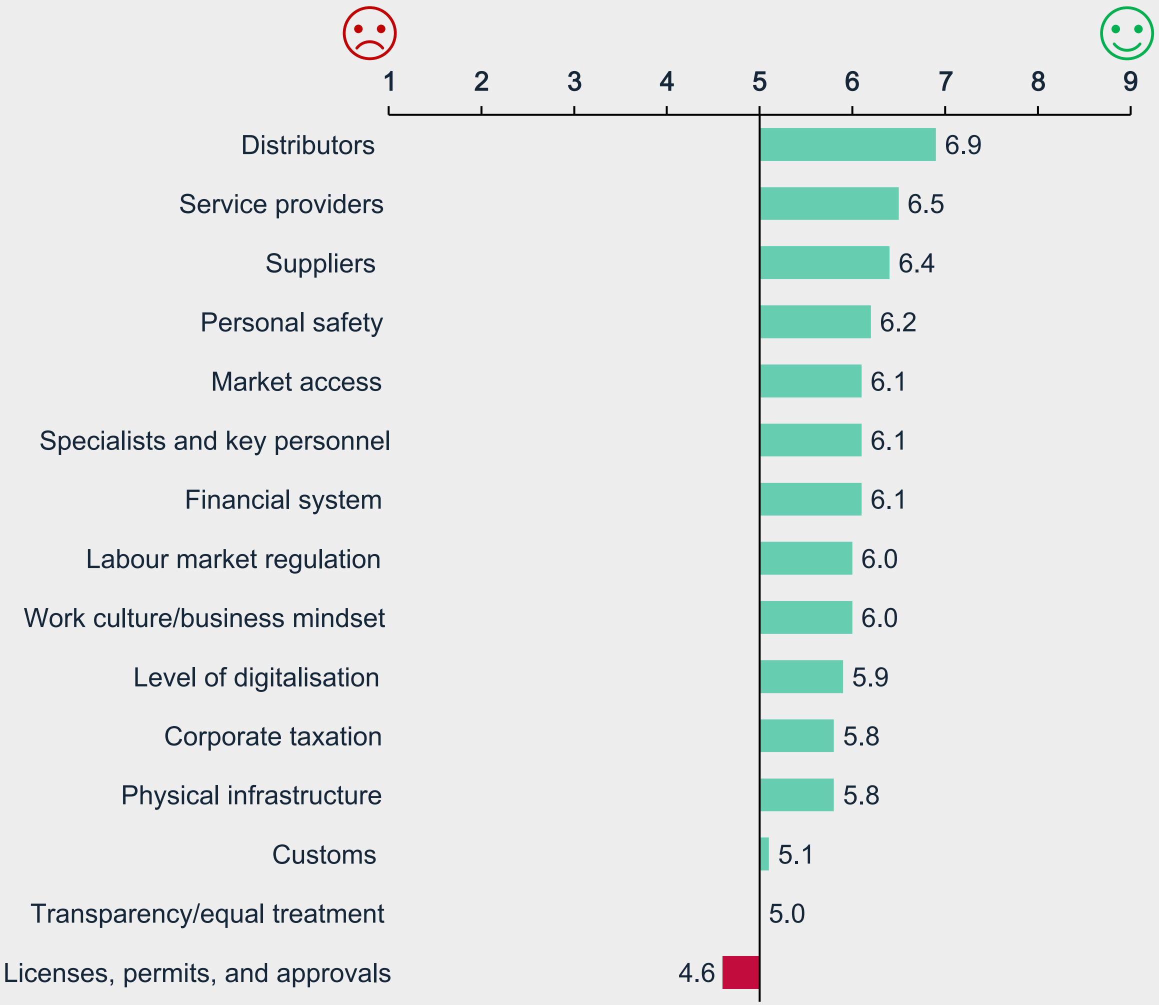
"Non-tariff barriers are replacing the tariffs that headline-grabbing trade deals are doing away with. It is getting more complex and expensive to do business now than it has been in recent years."

Director
Swedish retail company

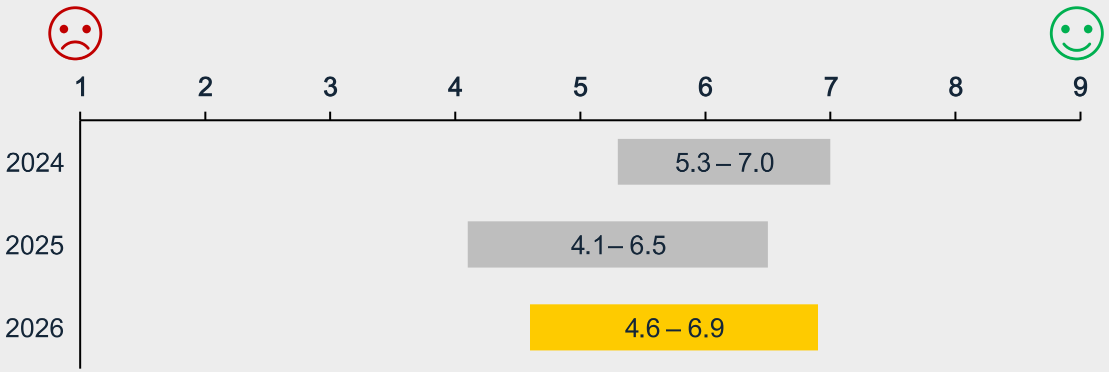
Source: 2026 Indonesia Business Climate Survey

Private commercial stakeholders are still the best satisfying supporting factors for Swedish companies in Indonesia, while government-related factors score the worse

Score on various aspects of the Indonesian business ecosystem



Score range comparison with last year's result

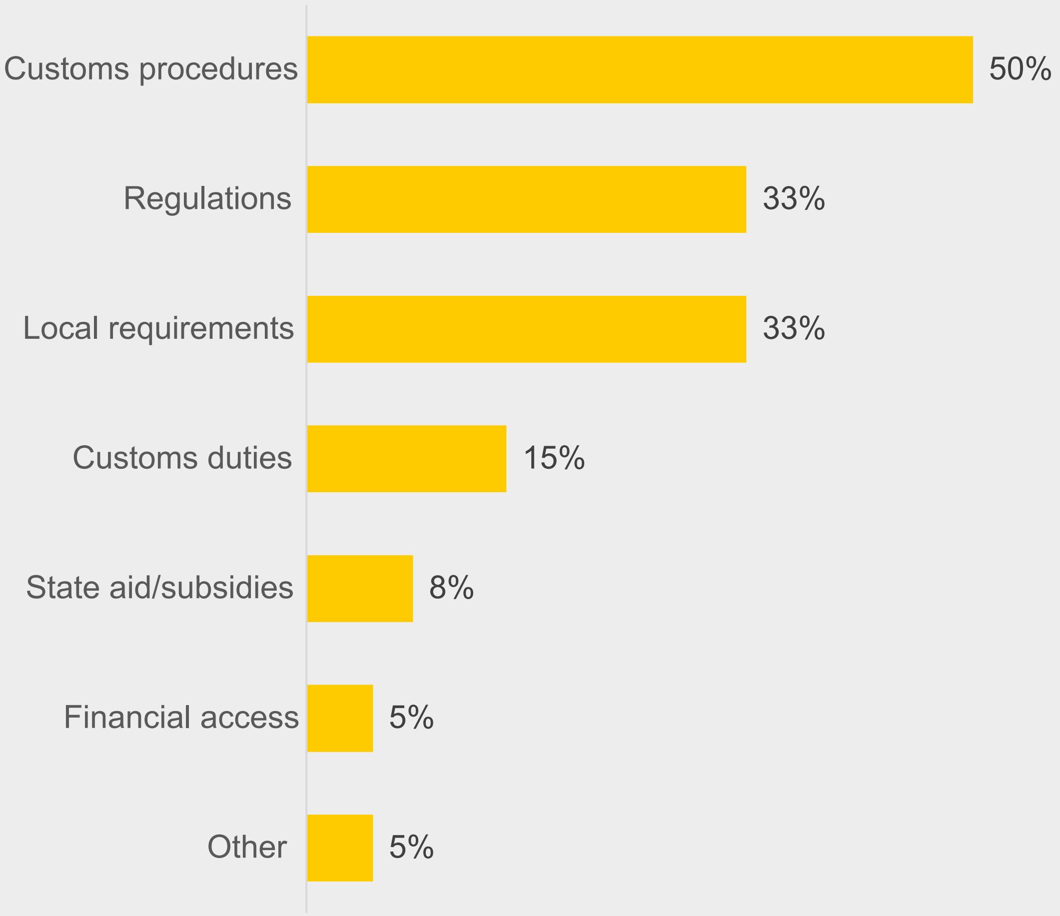


- **Distributors, personal safety, and suppliers** are among the most appreciated factors by the respondents
- **All three factors** consistently rank high among the years, indicating **relatively good business partnership ecosystem in Indonesia**
- **License, permits, and approvals scored better this year (4,6)** compared to **last year (4,1)** but still scored the lowest
- **Customs** also ranked **significant lower** compared to other factors, indicating **specific dissatisfaction** towards the **government support towards business**

Source: 2026 Indonesia Business Climate Survey

Customs procedures are the most commonly selected as a trade barrier with noticeably negative effect on operations, indicating dissatisfaction on issues such as import quota

Trade barriers with noticeably negative effect on operations



- **Customs procedures** are the most commonly selected trade barriers with noticeably negative impact on operation, while **half of all respondents confirmed it,** a significant **increase** from last year's **36%**
- **Regulations and local requirements** remain significant with 33%, although both experience decrease from last year's 38%
- This finding indicates **dissatisfaction** on the complexity of **customs regulations,** including **import quota**, which frequently prevent deliveries of critical materials, inventories, or equipment
- **Indonesia has the highest level of trade barriers** in the world, according to the 2025 International Trade Barrier Index by the Tholos Foundation

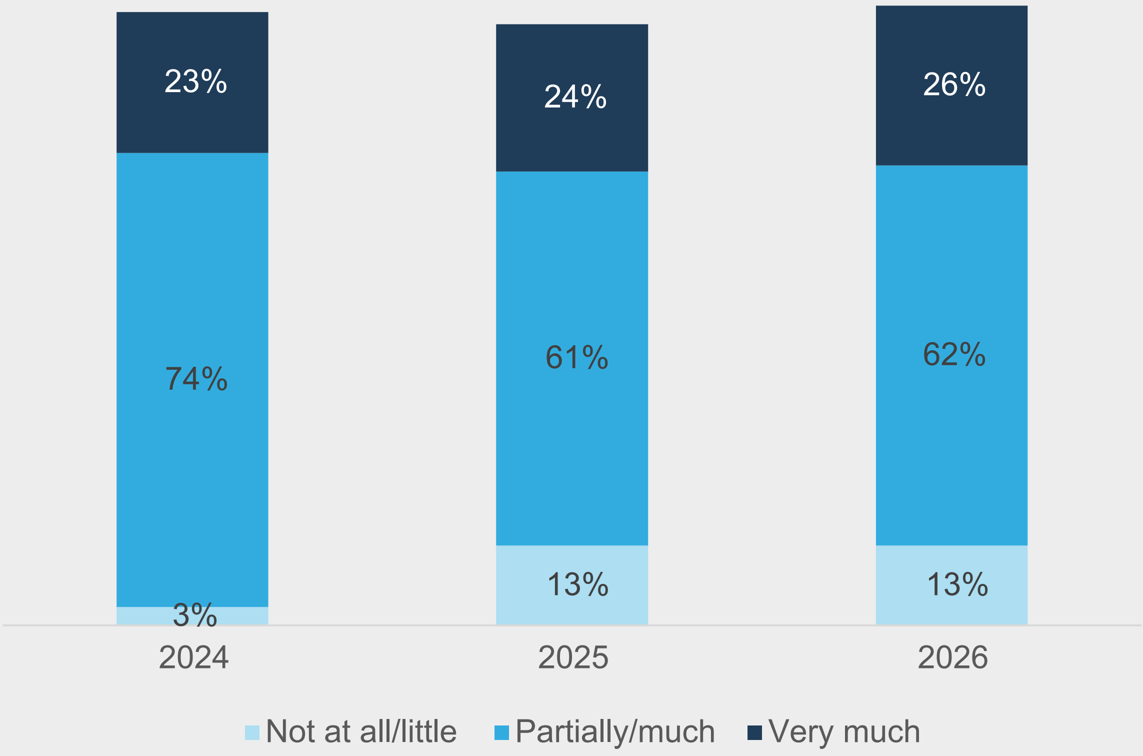
> "Limitations on iron and steel import quotas are also affecting the business, significantly decreasing customer trust."

Director
Swedish mining solutions provider

Source: 2026 Indonesia Business Climate Survey

The Swedish brand is still very much appreciated by Swedish companies for its positive effect in their business

Companies indicating the positive effect of Swedish brand to their business

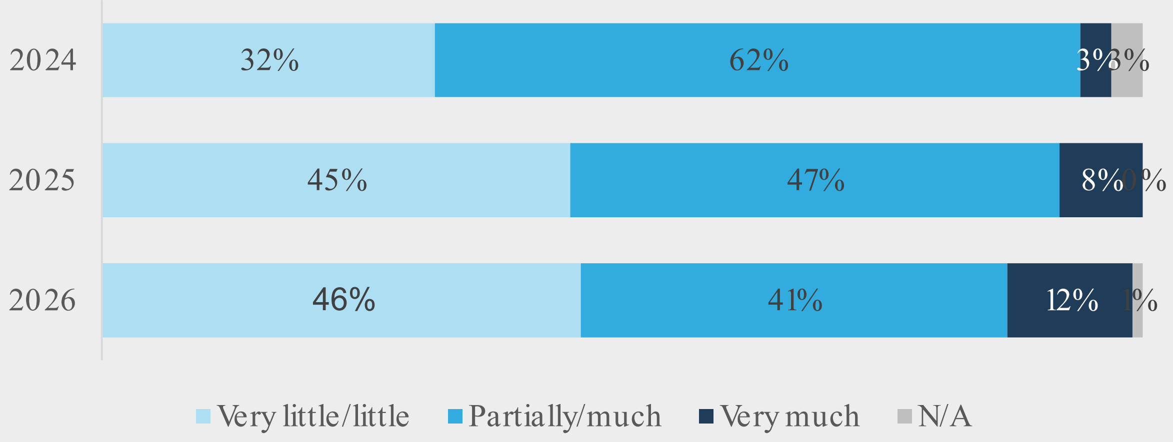


- **The vast majority** (88%) of participating companies indicate that the **Swedish identity** has been very beneficial to their business
- **26%** of respondents in fact believe the Swedish brand has provided a **very strong positive effect**
- **The trend** tends to be **fairly consistent** in the last three years, although the number slightly declines compared to two years ago
- In Indonesia, Sweden is associated with **premium-priced, high-quality** products, which can be very beneficial in areas such as **industrial solutions or premium lifestyle sectors**

Source: 2026 Indonesia Business Climate Survey

Sustainability aspect has been considered in the purchasing aspect of many Indonesian customers, although not among the important aspects

Integration of sustainability aspect to customer purchasing decision



"Sustainability has not been a key consideration for most customers in the mining industry when selecting suppliers so far."

Business manager
Swedish mining solutions provider

- **53% of companies** have stated that their customers at least **partially consider sustainability aspect** when deciding to purchase a product
- This actually represents a decline compared to **two years ago**, when **65% of companies** indicated the same thing, although compared to **last year**, it tends to be **consistent**
- However, the positive side is the **percentage** of companies believing their **customers care very much** about **sustainability aspect** has experienced consistent increase over the last three years, from **3% in 2024** to **12% this year**
- Nevertheless, **sustainability aspect has not been put** at the **top of purchasing criteria** for Indonesian customers in general, with many of them are still **prioritising lower prices.**

Source: 2026 Indonesia Business Climate Survey

Corruption and human/labour rights violations continue to be reported in Indonesia, which poses a serious compliance risk for Swedish companies

Corruption incidences in Indonesia

7% Public bodies

5% Private counterparts

2% Internal counterparts

Human/labour rights violations in Indonesia

3% Supply chains

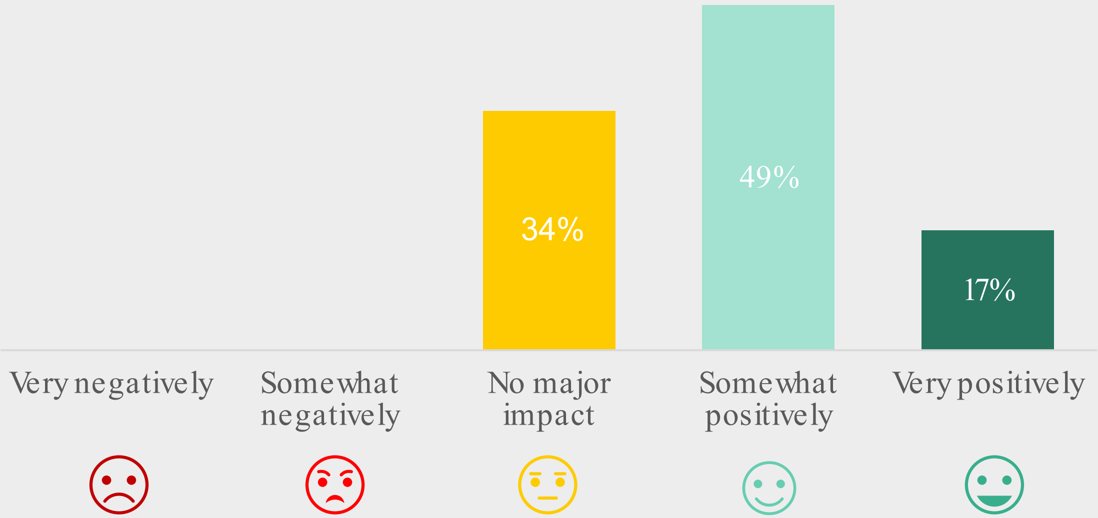
No occurrence of violations found when dealing with partners and customers

- **Incidences of corruption** continues to be reported, similar to last year
- However, this year corruption incidences are also reported in **private and internal counterparts**, different from last year
- Similarly, **human/labour rights violations** continue to be reported, particularly in **supply chain**
- Corruption and human/labour rights violations can pose **serious compliance risk** for Swedish companies in Indonesia

Source: 2026 Indonesia Business Climate Survey

The majority of Swedish companies perceive Indonesia-EU CEPA positively, with the expectation that this FTA will allow lower import duty and simplified import procedures

Reactions of respondents towards Indonesia-EU CEPA



Most beneficial aspects of EU-CEPA to the business

(% of participants answering)

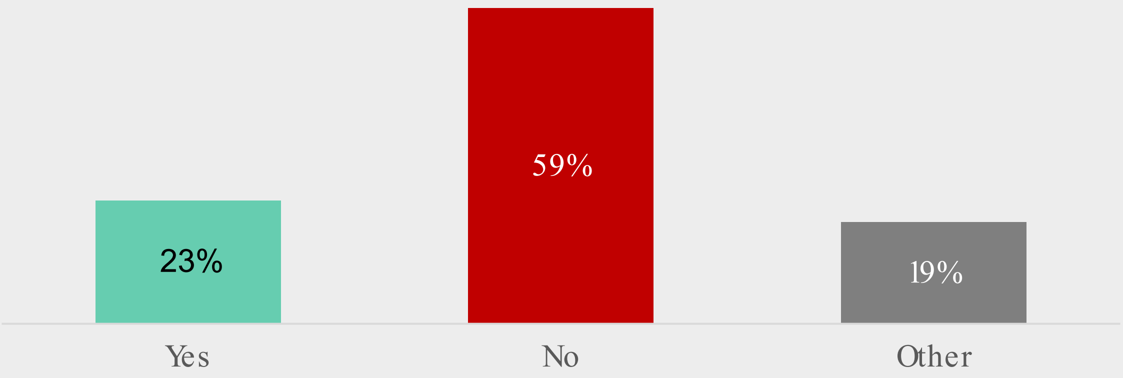
- **66% of companies** believe the Indonesia-EU Comprehensive Economic Partnership Agreement (CEPA) will bring **positive effect** to their business
- **The agreement** is currently being **ratified** in both parliaments and the government has set **1 January 2027** as the **target implementation date**

- The **majority of Swedish companies** in Indonesia **import** finished goods and raw materials **from the EU** instead of exporting products to the EU
- Hence **lower import duty** and **simplified import/export regulations** are considered the most beneficial aspects of the agreements

Source: 2026 Indonesia Business Climate Survey

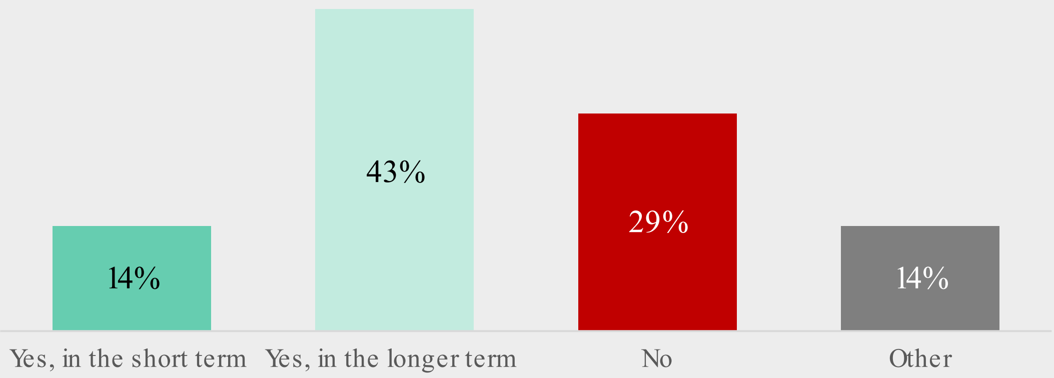
Limited appetite for companies without any manufacturing function in Indonesia to establish one, while existing companies are more willing to do so in the longer term

Plan to establish a manufacturing function in Indonesia



- **Only 23%** of companies selling physical products **without any manufacturing function** in Indonesia have a plan to establish one in Indonesia, despite potential benefits from the CEPA
- Establishing a manufacturing function in the country might be difficult due to **limited economies of scale, poor logistics, and unfavourable business climate**

Plan to expand the existing manufacturing function in Indonesia



- However, for companies with existing manufacturing presence in Indonesia, their **appetite to expand their function** in the country is higher, although **more in the long term**
- These companies usually have already attained **sufficient economies of scale** which **can be upgraded even more**

It is important for Swedish companies to understand the regulatory landscape, work with good local partners, and emphasise Swedish identity to capture opportunities in Indonesia

Understand the regulatory landscape in Indonesia

- Imperative to understand the regulatory requirements in detail
- To limit exposure to compliance risk

Work with local partners

- Partnerships are very important in the Indonesian market
- Competent local partner can help Swedish companies gain access to Indonesian stakeholders and customers
- Indonesia is a country which emphasises personal relationships

Emphasise Swedish identity

- Swedish solutions are often far more expensive compared to their Chinese competitors
- In the Indonesian market, Swedish products are known for their quality
- This "Swedish quality" value proposition needs to be communicated effectively to increase competitive power

Source: 2026 Indonesia Business Climate Survey

Team Sweden

Please scan to download the full report

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