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Market Perspectives – Scania

20 Years of Partnership-Led Growth in Indonesia

The company in Indonesia

Scania is a Swedish manufacturer of heavy trucks, buses and coaches, and industrial and marine engines. Founded in 1891 and headquartered in Södertälje, it is among the world's largest producers of heavy commercial vehicles, with a vehicle population numbering in the millions and production spread across Europe and South America. Its stated direction — driving the shift towards a sustainable transport system — rests on energy efficiency, alternative fuels and electrification, and safety.

In Indonesia, Scania operates through a long-standing distribution partnership rather than a wholly owned entity. PT United Tractors Tbk, part of the Astra group and the country's largest heavy-equipment distributor, was appointed sole distributor in 2004, initially for off-road trucks serving mining, plantation, construction and forestry. The relationship widened over time: on-highway trucks and premium buses from 2012, low-entry buses for the TransJakarta bus rapid transit fleet, and marine engines through a separate sub-distributor from 2021. More than 7 000 Scania trucks and buses have been sold in the country.

Company snapshot

Sector	Heavy trucks, buses and coaches, and engines
Global headquarters	Södertälje, Sweden (founded 1891)
In Indonesia since	2004
Local distributor	PT United Tractors Tbk (Astra group) — sole distributor / ATPM
Marine engines	Korindo Energy — sub-distributor since 2021
Service network	Nationwide via United Tractors; service points
Contact	www.scania.com

Timeline

1891	Scania founded in Sweden.
2004	PT United Tractors appointed sole distributor; entry via mining and off-road trucks.
2012	On-highway trucks and premium buses added under the Scania On Road line.
2022	Euro 4 trucks and Euro 5 buses introduced with SCR emission technology.

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Lessons from 20 years in Indonesia

Relationships matter more than transactions

Scania’s Indonesian business rests on a single distributor relationship that has held for two decades. Rather than rotating partners or going direct, Scania and United Tractors built shared knowledge of the mining, transport and public-fleet customers that buy heavy vehicles. The institutional buyers behind bus rapid transit and large fleets are won over years, not in a single sale.

Local presence beats remote management

A heavy truck or bus is worth only what its uptime allows. Scania reaches the market through United Tractors’ nationwide branch, parts and service network, and the two built a dedicated bus depot workshop in Jakarta to hold TransJakarta availability above 90 per cent. Selling the vehicle starts the relationship; keeping it on the road is the business.

Invest in local talent

Premium vehicles require mechanics trained to the manufacturer’s standard. United Tractors technicians are trained on Scania systems and backed by structured maintenance packages, while bus chassis are assembled locally from completely-knocked-down kits to Scania’s global process. Capability placed in local hands is what makes the after-sales promise credible.

Compliance is a capability, not a cost

Scania introduced Euro 4 trucks and Euro 5 buses with selective catalytic reduction in step with Indonesia’s tightening emission rules, rather than waiting to be compelled. Presented as a product advantage — lower nitrogen-oxide and particulate output, cleaner operation — the move positioned the brand for regulation that was always coming. The rules also extend beyond emissions: local-content requirements, SNI — the Indonesian national standard — and unofficial, unwritten institutional practice all shape what compliance means day to day and reading them takes local knowledge as much as engineering.

Think in decades, not annual budgets

Demand for mining trucks moves with commodity cycles, and the wider commercial-vehicle market is exposed to those swings. Scania weathered them by holding the partnership through downturns and broadening from mining into on-road trucks, buses and marine engines across twenty years. Endurance came from patience and a widening base, not from chasing each year’s strongest segment.

Adapting Swedish Business Practices to Indonesia

Sweden / Nordics	Indonesia
A proven product sells itself	Customers weigh total cost of ownership and uptime, and must be shown it

Sweden / Nordics	Indonesia
You sell and service directly	A capable local distributor is the practical route to national reach
One market	A cyclical mining sector and operators scattered across 38 provinces
Short sales cycles	Fleet and public-transport decisions take time

The Swedish contribution

Scania's long-standing presence in Indonesia illustrates several strengths commonly associated with Swedish companies: a long-term perspective, structured ways of working, a strong focus on quality, and a commitment to transparency.

Rather than pursuing short-term gains, Scania has built its business through sustained investments in relationships, competence development, and reliable service delivery. These characteristics have helped establish trust among customers, partners, and authorities, while creating a resilient organization capable of adapting to Indonesia's evolving transport and logistics landscape.

Scania's experience demonstrates how Swedish values can be translated into practical business advantages in one of the world's most dynamic markets.

Advice to companies entering Indonesia today

Four recommendations

1. Build relationships before pursuing sales.
2. Localize your operations early.
3. Prepare for a longer timeline than expected.
4. Keep a back-up plan for regulatory and geopolitical shifts — and plug into networks like the chamber for real-time reads on the business climate.

Three mistakes to avoid

1. Competing only on price.
2. Underestimating geography.
3. Treating compliance as administration.

In their own words

Scania's team in Indonesia, on two decades in the market:

What was your biggest misconception about Indonesia before entering the market?

"That Indonesia was one single market — and an underdeveloped one. In fact, it proved to be remarkably diverse, with unique conditions in every region, and a growing economy."

What has been the single most important factor behind your success?

"Working closely with our local distributor and understanding customer needs, so that we offer the right products and services — a solution, not just a vehicle."

What has surprised you most about doing business in Indonesia?

"The strictness of local-content rules and SNI, the Indonesian national standard — and how much unofficial, unwritten institutional practice matters. It also takes real effort to help institutions understand what your business does."

If you could start over, what would you do differently?

"We would not focus on a single segment, and we would not enter alone, without a distributorship."

What advice would you give a Swedish company considering Indonesia today?

"Always have a back-up plan for uncertainty in local regulation and the geopolitical situation. And join the chamber of commerce — networking gives you real-time updates on the business climate and a place to share information."

> *"In Indonesia, the right partner is the difference between selling vehicles and building a business."*

Looking ahead

Several trends are expected to shape Scania's opportunities in Indonesia in the coming years. Stricter implementation of Euro 4 standards and the gradual transition towards Euro 5 are increasing demand for more efficient and lower-emission vehicle technologies, an area where Scania's solutions are well positioned. At the same time, Indonesia's ambition to decarbonize its transport sector is creating new opportunities for electrification and alternative fuels.

Infrastructure investments are also transforming the market. The continued development of bus rapid transit systems and premium intercity coach services, particularly along the Trans-Java and Trans-Sumatra corridors, is driving demand for modern, high-capacity transport solutions. Meanwhile, Indonesia's mining sector will remain an important market, although demand will continue to fluctuate in line with global commodity cycles and the government's downstream industrialization agenda.

Together, these trends point towards a transport sector that is becoming more advanced, more sustainable, and increasingly aligned with Scania's long-term capabilities.