Indonesia is S’pore-based firms’ preferred choice

By NISHA RAMCHANDANI
SINGAPORE Move over, China. Indonesia is growing in popularity. It is the single most preferred destination for Singapore-based companies planning to venture overseas in the next six months, according to the BT-UniSIM Business Climate Survey.

“Firms have been entering China for some years. Now it’s even more difficult, there’s a lot of competition,” said survey director Chow Kit Boey, adding that Indonesia, on the other hand, is growing very rapidly and welcoming investments.

About three quarters of the 161 firms polled indicated they are keen to expand overseas, up from 64 per cent a year ago. However, fewer companies appeared to be focusing on venturing into more than one market, with 39 per cent rating multiple destinations against 44 per cent in 2012.

In terms of single-country expansion, Indonesia overtook China – the destination of choice for the past two years – which slipped to second place while Malaysia rounded off the top three.

China is also declining in attractiveness to companies looking to make their foray into more than one destination. The proportion of companies expanding to China in addition to other regions has dropped to 30 per cent versus 36 per cent a year ago. The 2013 survey also polled firms on their top three choices for expansion. As in the 2012 survey, Indonesia again emerged on top (48.4 per cent) while Malaysia was second (38.7 per cent) and China was third (28.7 per cent).

Going by sector, Indonesia proved more popular with firms in the transport and communications industries while Malaysia was easily the choice destination for the construction industry.

Other countries that are higher on the radar this year for companies expanding abroad include Thailand, Philippines, Korea, the United States, Sri Lanka and the United Kingdom.