Dear ISD Valued Members and Stakeholders,

Happy New Year 2019 and Happy Chinese New Year!

On behalf of the ISD Executive Office, I would like to thank you for all the support that you have given to us throughout 2018. 2018 was a great year for ISD Council with some significant milestones. We kicked-off 2018 by conducting series of FGDs of 9 services sectors in cooperation with Coordinating Ministry of Economic Affairs. The FGDs brought together public and private sectors and gathered inputs from private sectors on several issues in services. Results of FGDs were put as basis of recommendation for the national services sector roadmap and policy recommendations.

2018 was also marked with some new additions of ISD members, with total of 10 new members from various sectors, which further solidifies ISD position as the Council representing services sector. 2019 was started with the joining of new team at ISD Executive Office, comprises of economists and trade policy analysts : Anika and Robert, which will further strengthen ISD policy advocacy work.

There are still challenges ahead and more work to do in 2019 to improve services sectors in Indonesia. Hence, We will continue to work hand in hand with all of you to promote growth, increase competitiveness and strengthen the Services Sectors in Indonesia.

Once again, Let me extend my gratitude for the support you have given to ISD and I wish you a blessed 2019.

Warmest Regards,

Devi Ariyani
(Executive Director)
**International Event**

**ISD Executive Director at The 2nd China Forum on Standardization of Trade in Services in China**

Kunming, December 20 - 23 2018. With the promotion of China’s trade in services, China Council of Promotional Investment and Trade (CCPIT) Commercial Sub-Council has initiated China Forum on Standardization of Trade in Services. There are around 200 delegates attending this forum. ISD Executive Director, Devi Ariyani, was invited to this 2nd China Forum on Standardization of Trade in Services as a Keynote Speaker, covering the topic of ASEAN current development and challenges of trade in services.

**Event**

**Creating Synergies for Service Sector Development Policy and the Role of the Coordination Team for Services**

Jakarta, December 4 - 5 2018. This forum was held in order to obtain recommendations on service sector development policies and service trade, as well as the role of the Service Sector Coordination Team in providing input in the formulation of development policies in the service sector and services trade.

ISD participated in this forum with Devi Ariyani as one of the speakers. Devi highlighted 6 priorities on Services Sector, which are Logistics, Fintech, VAT on services export, Vocational Education & Training, ICT and Healthcare Services. These priorities key are also in alignment with six areas of reformation as mandated by the Government of Indonesia through the 15 Policy Packages. Devi also stressed the importance to develop Services Sectors and inclusion of Services Sector in International Trade Agreement.
Jakarta, November 14 2018. Like many countries in the world, Indonesia entered the digital era that’s widely referred to as the fourth industrial revolution. The rapid penetration of the internet in Indonesia has become a trigger for this development. Digitalization affects the economy through three things, first changing its market, second changing its transaction, third changing its economic system itself. The convenience that felt by the community when transacting in E-commerce causes a shift in people's behavior which ultimately affects the payment market. The number of Indonesian fintech companies has grown rapidly over the past two years. There are several conditions that caused this, one of them, is the high demand for financial services and Bank Institutions that have not been able to penetrate the large part of Indonesia population. Furthermore, the development of technology created virtual currencies, or commonly called cryptocurrency. At present it is estimated that the value of the world cryptocurrency market capitalization reaches USD 752 billion, of which 33% comes from Bitcoin. The rapid development of cryptocurrency with all the controversies certainly raises questions about the future of this virtual currency, especially in Indonesia.

The Speakers and Panelist (from L-R) including Chaikal Nuryakin (Researcher of LPEM FEB UI), Pandu Sastrowardoyo (Secretary General, Association of Indonesia Blockchain), Devi Ariyani (ISD Executive Director), Yosamartna (Director of Fintech, Bank Indonesia), Yos Adiguna Ginting (ISD Board of Director Chairman and Board of Supervisor Chairman, The Association of Indonesia Blockchain), Destya D. Pradityo (Head of Payment and Financial Services, Bukalapak), Bayu Hanantasena (CEO Artha Jasa), and Constantin Papadimitriou (President of Pundit X).

Bali, December 6 - 7 2018. AIFED is a Fiscal Policy Agency annual event that brought together policy makers, economists, academics, and private sector to discuss various key economic and development issues particularly in strengthening economic transformation in facing forward global evolution. Indonesia should redesign its development strategy that will capitalize its potentials (demography trends and digitization) while tackling the structural challenges that has hampered growth (e.g. infrastructure gaps and limited domestic financing source). In the 8th AIFED, the structural economic transformation of Indonesia was explored in the context of the changing global landscape. This event discussed about the topics in real, fiscal, and financial sectors. The event was divided into three sections of discussions, Global Economy Condition in future, Human Resource Investment, and Improving State Competitiveness.

Speakers who attended include Robert Lawrence from Harvard University, John Hawksworth from PwC UK, and Winfried Wicklein from ADB. In addition, AIFED also presents young influencers Yukka Harlanda from Brodo, Iim Fahima from QueenRides, and Haiva Muzdaliva from Indonesia Mengajar.
Tourism and Travel Services Potentially Reduces Indonesia’s Current Account

Jakarta, November 22 2018. Government expected focus on improving services export, especially in tourism, to stabilize the Indonesia’s current account and increase the foreign exchange reserves. This includes by hastening the application of 0 percent Value Added Tax (VAT) services. ISD Policy Analyst, Muhammad Syarif Hidayatullah, said that tourism and travel services have the potential to increasing the foreign exchange reserves surplus. It can be seen from the contribution from that Services Sector exports is reaching US $ 10.7 billion in the third quarter of 2018. That result grew by 12.44 percent compared to the same period the previous year. In 2017, travel and tourism services also experienced a trade balance surplus of 4.23 billion US dollars. In the three quarter 2018, it reached 4.04 billion US dollars.

Syarif said that the development of Tourism and Travel services export can be actually be the key for reducing the current account deficit in the services sector in the future. He also added that the other services service sectors also have big opportunity especially in this digital era. Published in Kompas.id

ISD Gallery

1. ISD team visit Indodax Bali and had a discussion about blockchain.
2. ISD team had a meeting with in animators (Creative Industry) in Bali.
3. ISD Executive Director and team meeting with Blockchain Zoo Representative, Jean-Daniel Gauthier in Bali.
4. ISD Executive Director with CCPIT Secretary General Jack Yao, Malaysia Services Federation, President of AMF Singapore, Malaysia Service Provider Confederation, and Philippines Services Coalition in Kunming, China.

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