



# Indonesia: U.S. Higher Education

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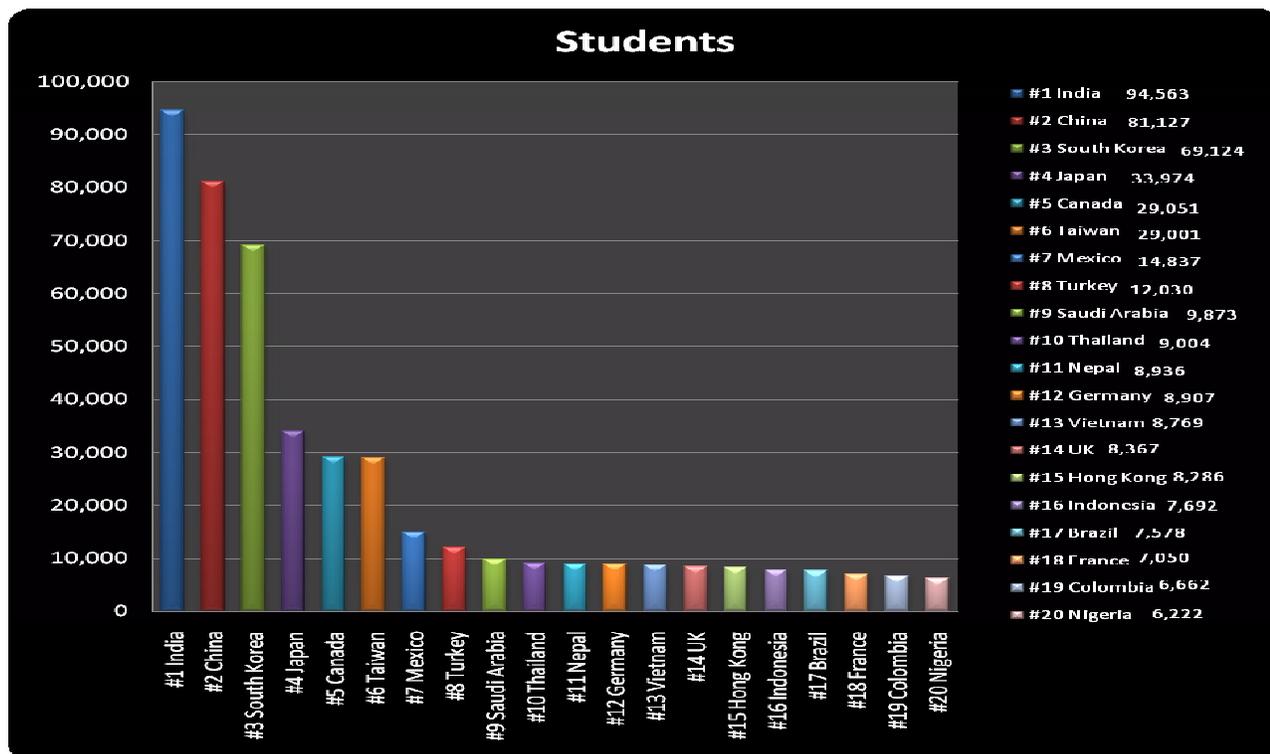
## Summary

Indonesia, as the world's fourth largest nation and one of the G-20's strongest economies, is a tremendous market for U.S. educational institutions. There are numerous state-owned and private national and international high schools and prospects for the higher education market are good. Most Indonesian students are keen to study abroad and the U.S. has been one of the most desired destinations. Under the Obama's U.S.-Indonesia Comprehensive Partnership, the education sector is the number one priority. The U.S. Embassy in Jakarta has a mission to double the current number of Indonesian students to U.S. educational institutions by 2014.

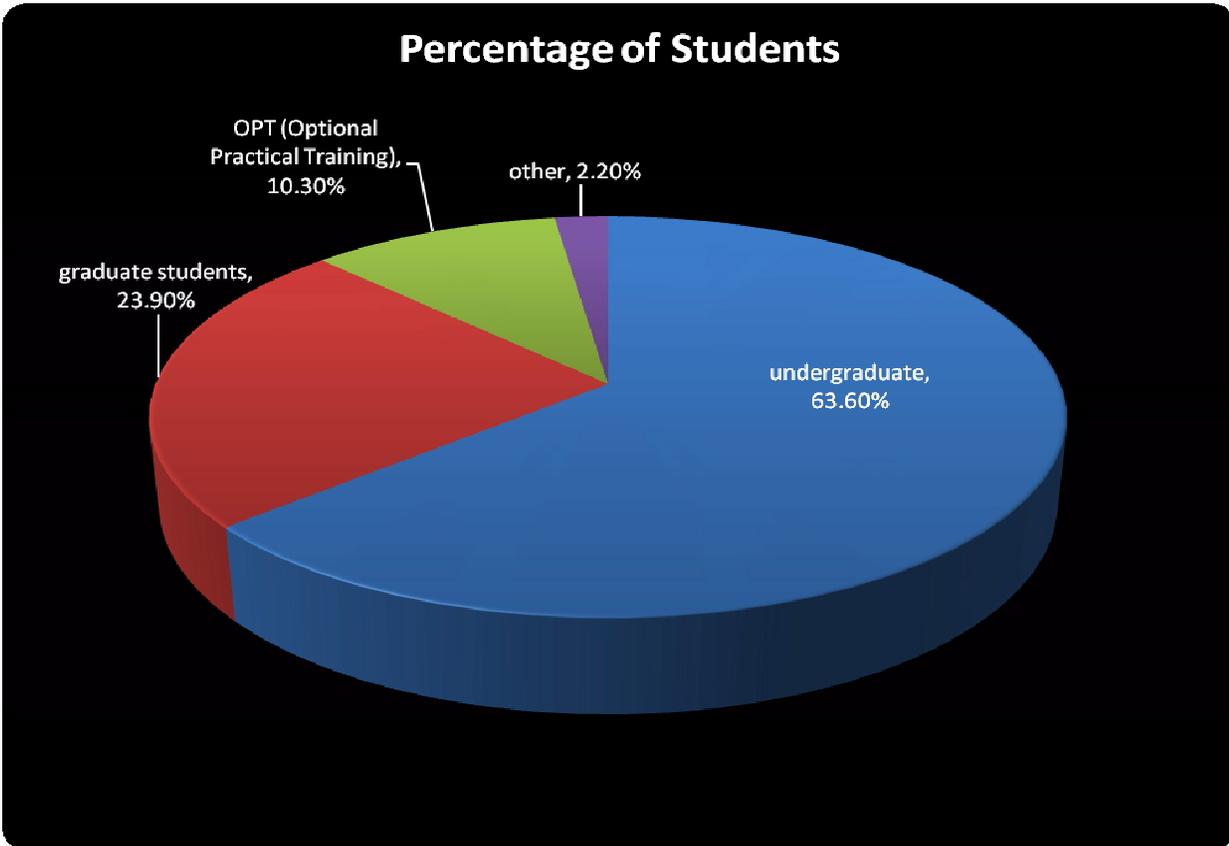
In academic year 2007/08, there were 7,692 students from Indonesia studying in the United States, making Indonesia the sixteenth-leading place of origin for students coming to the United States. Most students from Indonesia study at the undergraduate level.

## Market Demand

Indonesia has a long history of sending students to study abroad. With a population of 230 million, Indonesia offers a huge potential market for U.S. providers of secondary, tertiary, and vocational education. In academic year 2007/08, there were 7,692 students from Indonesia studying in the United States. As high as 64 percent of Indonesian students are pursuing undergraduate degrees while 24 percent are in graduate studies. Indonesia is the sixteenth-leading place of origin for students coming to the United States and ranked number two in Southeast Asia, after Thailand.



Percentage of Indonesian students in the United States



The number of Indonesian students in the United States experienced a steady growth in the 1980s and 1990s, peaking at 13,282 students in 1997/98. Despite huge declines through 2006/07, Indonesia remains one of the top 20 leading places of origin.

Year	# of Students from Indonesia	% of Total Foreign Students in US	# of US Study Abroad Students Going to Indonesia
2007/08	7,692	1.2%	n/a
2006/07	7,338	1.3%	132 (up 131.6%)
2005/06	7,575	1.3%	57
2004/05	7,760	1.4%	28
2003/04	8,880	1.6%	24
2002/03	10,432	1.8%	26
2001/02	11,614	2.0%	52
2000/01	11,625	2.0%	213
1999/00	11,300	2.2%	189
1998/99	12,142	2.5%	201
1997/98	13,282	2.8%	182
1996/97	12,461	2.7%	209
1995/96	12,820	2.8%	170
1994/95	11,872	2.6%	215

Note: Study abroad figures in the Open Doors report reflect credit given by U.S. campuses in the survey year to their students who studied abroad in the academic year just completed, including the summer term. Study abroad in 2007/08 will be reported in the 2008/09 Open Doors, once credit is awarded by the home campus.

(Source: Open Doors: Report on International Educational Exchange).

### **Best Sales Prospects**

In the past five years, Indonesian students have studied at approximately 500 institutions in the United States, with 34% of the students studying at the twenty most popular colleges. Around 46 percent of Indonesian students study in the following five states: California (21%), Ohio (8%), Washington (7%), Massachusetts (5%), and Oregon (5%).

Preferred disciplines for study in the United States:

Graduate studies:

- MBA/International Business (ranked the highest with about 30%)
- Finance
- Computer Science
- Engineering (multiple categories)
- Marketing
- Accounting

Undergraduate studies:

- Engineering (Chemical, Mechanical, Electrical, etc.)\*
- Computer Science
- Business
- Creative (Film, Design, Art, Fashion)
- Nursing, Sciences and Medical

(\*Engineering and Computer Science are the most popular fields -- both at 20%)

### **Key Suppliers/Third Country Competition for U.S. Schools**

In Indonesia, the most preferred overseas destination for higher education has been the United States. For the past ten years, U.S. institutions, however, have been losing significant market share to rivals from other countries, especially Australia. The main factors were difficult visa application processes and low approval rates following the 2001 WTC bombing and high cost of tuition fees at U.S. institutions.

Australia, United Kingdom, Canada, and Singapore have been aggressively promoting their programs in Indonesia. They have been actively participating in many education fairs and fully utilizing local education consultants as their marketing representatives to recruit students. At present, Australia is the first destination of Indonesians studying abroad with current estimated number of 18,000 Indonesian students.

## Prospective Buyers/Indonesian Student Profiles

Indonesian students studying in the United States can be categorized into two groups. The first group is composed of students who finance their education privately with financial support from their parents or assistance from overseas relatives. The majority of this group lives in the larger cities with high level economic activities such as Jakarta, Surabaya, Bandung, Medan, and Denpasar (Bali). This group comprises approximately 95 percent of Indonesians studying abroad.

The second group consists of students financed by local universities, companies, government, and scholarships through different grants. The main contributors of the grants are World Bank and The Asian Development Bank (ADB). Other educational grants available in Indonesia are Fulbright and East-West Center Fellowship.

## Market Entry

For U.S. education institutions, which plan to increase the number of Indonesian students, we suggest the following:

1. Work with CS Jakarta. Our office has a series of effective programs aimed to assist U.S. institutions in increasing the number of Indonesian students
2. Participate more at local education fairs to directly meet and recruit potential students
3. Work with student consultants. Please be advised that most Indonesian students use education agents / consultants. In this market, education consultants play a significant role in sending students overseas. Please take extra precautions and work only with reputable consultants, who are involved only with legitimate students
4. Develop Indonesian-language websites. Most Indonesian parents, who are generally the decision makers for their children's study, do not have good command of English language

## Market Issues & Obstacles

There is no barrier for U.S. institutions to recruit Indonesian students to study in the United States. All students must obtain F-1/F-2, J-1/J-2 or M-1/M-2 visas to study in the United States. University admission officers should be aware of and counsel prospective students on visa procedures, which can affect travel to the United States. Information pertaining to visa procedures can be found on the U.S. Embassy's and Education USA's websites: <http://jakarta.usembassy.gov/consular/consular.html>, <http://www.educationusa.or.id/>

School representatives who are visiting Indonesia are encouraged to meet with the Consular Section to understand visa-related procedures and issues. At present, the U.S. visa-acceptance rate has improved tremendously. It is now a perfect time for U.S. educational institutions to extensively explore the market. In addition, Education USA office in Jakarta is also a good source of information pertaining pre-departure briefings.

In Indonesia, there are numerous types of institutional arrangements between foreign and local providers of higher education. In 1998, the Government of Indonesia (GOI) for the first time allowed foreign institutions to operate in Indonesia with permission of the Indonesian Department of Education and Culture. Foreign institutions are permitted to operate under three types of cooperation.

The first type is the Management Contract, which allows foreign institutions to assist existing local institutions in operating the teaching system and in providing foreign lecturers, tutors, and teaching equipment.

Graduates can obtain degrees from both institutions. The second type is the twinning program. This scheme requires that both institutions cooperate intensively in setting up curriculums and in arranging credit transfers. Graduates can also obtain degrees from both institutions. The third type is the joint venture. Foreign institutions may set up a joint venture with the permission of the Ministry of Education and Culture. The partner can be an existing local institution or an Indonesian private entrepreneur. Joint venture institutions are subject to Indonesian laws governing their legal status, curriculum, degrees, etc. These joint venture universities must incorporate 50 to 80 percent of their courses in line with the national curriculum and may use English as the medium to teach up to 50 percent of the subjects at the university level. Universities intending to use English in more than 50 percent of the subjects, or using other foreign languages, must obtain permission from the Minister of Education and Culture.

## Trade Event

List of upcoming education fairs in Indonesia:

### IKPII International Education Expo 2010

Date: August 7-15, 2010  
Venue: Jakarta, Bandung, Solo, Semarang, Malang, and Surabaya  
Show organizer: IKPII - The Indonesian International Education Consultants Association  
E-mail: [info@ikpii.com](mailto:info@ikpii.com)  
Website: <http://www.ikpii.com>

## Resources and Key Contacts

American-Indonesian Exchange Foundation (AMINEF)  
Educational Advising Service (EAS)  
Education USA  
Address: Gedung Balai Pustaka, 6th Floor  
Jl. Gunung Sahari Raya No. 4, Jakarta 10720, Indonesia  
Tel: +62 21 345 2024, 345 0704  
Fax: +62 21 345 2050  
Email: [infofulbright@aminef.or.id](mailto:infofulbright@aminef.or.id)  
Websites: <http://www.aminef.or.id>  
<http://www.usembassyjakarta.org/aminef>  
Contacts: Mr. Brook Ross, Education USA Country Coordinator

IKPII - The Indonesian International Education Consultants Association  
Address: Senayan Trade Center (STC), 1st Fl., No. 97-98,  
Jl. Asia Afrika, Jakarta 10270, Indonesia  
Tel and Fax: +62 21 5793 6484  
E-mail: [info@ikpii.com](mailto:info@ikpii.com)  
Website: <http://www.ikpii.com>  
Contact: Mr. Harianto, Chairman

## For More Information

The U.S. Commercial Service in Jakarta can be contacted at:

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Website: [www.buyusa.gov/indonesia/en](http://www.buyusa.gov/indonesia/en)

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