Country Profile

Republic of Indonesia

ICDT 2022

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General Data

General info
- Capital: Jakarta
- Type of State: Republic
- Location: Asia - Area: 1,900,000 Km2
- Time zone: GMT + 7/8/9

Demography
- Population: 276,361,788 - 2021
- Natural increase : 1% - 2021
- Official language: Indonesian
– Business language: English

Currency
- Indonesian Rupiah (IDR)
- 1 USD = 15209.95 IDR September 2022

Macro economy
- GDP: 1,900 MM USD Growth: 3.7% - 2021
- GDP per capita: 4,291.8 USD - 2021
- Employment rate of 15 years and over: 65 %

International trade
- Imports – 2021: 195.712 MM USD
- Exports – 2021: 228.231 MM USD

FDI
- FDI stocks in 2020: 240.48 MM USD
- Inward FDI flows in 2020: 18.58 MM USD

Strong facts

- Flexibility of Exchange rate
- Diversity of natural resources (agriculture, energy, mines)
- Competitive Human Resources
- Diversified Economy
- Strong Financial System

GDP Growth (annual %)

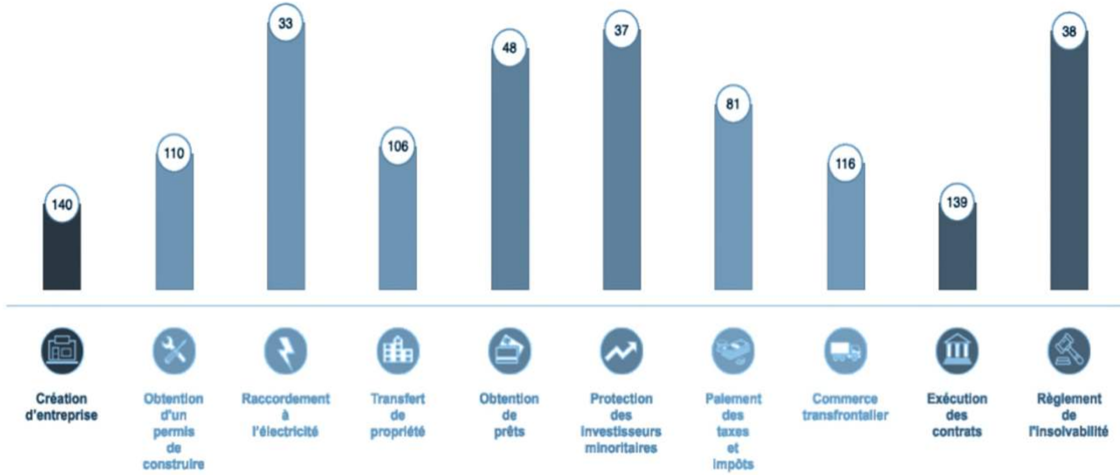
Indonesia has become an emerging power. Its economy is the largest in Southeast Asia.

Due to the COVID-19 pandemic, the country recorded a negative GDP growth in 2020 for the first time since 1998, decreasing from +5% in 2019 to -2.1% in 2020 to reach 3.7% in 2021.

Indonesia is the second largest producer of natural rubber in the world. It supplies important agricultural commodities such rice, sugar cane, coffee, tea, tobacco, palm oil, coconut and spices.

Additionally, the country is the world's largest producer of nickel ore and has become a major exporter of stainless steel.

Rankings of Doing Business 2020 by Domain



The country ranks 73 in the Doing Business 2020 ranking thanks to many reforms concerning :

Start a business	Indonesia	East Asia & Pacific
Procedures (number)	1 1	6.5
Time (days)	10	25.6

- the process of starting a business by introducing an online platform for trade licenses
- Procedures for payment of taxes,
- connection to electricity and cross-border trade have been digitalized.
- contract execution by introducing an electronic business management system for judges.

Main Sectors of Activity

13.7 %
Share of agriculture in GDP
It employs 28.5% of the population

38.3 %
Share of industry in GDP
It employs 22.4% of the population

44.4 %
Share of services in GDP
They employ 49.1% of the population

Sector Strategies

Indonesia 2045
Berdaulat, Maju, Adil, dan Makmur

Indonesia Vision 2045 strives for fortifying its economy. some scenarios suggest that with an average economic growth of 5.7 and 5.1% until 2045, Indonesia has the potential to become a high-income country within 18 to 20 years and the fifth to seventh most great economy in 2045. To implement this vision, Indonesia adopted a strategy of four pillars, (1) human development and mastery of science and technology; (2) Sustainable economic development; (3) Equitable development; and (4) National Resilience and Governance.
As this country endeavours to advance its economy, performance in indonisia's terms, is determined by the ability of its qualified human resources to make good use of its natural resources.
With an expected population of 319 million in 2045, 73% of which is urban, Indonesia aspires to become a high-income, human capital-based economy driven by investment and trade, industry, tourism, maritime transport and services; as well as supported by a reliable infrastructure and a strong resilience in food, water and energy sectors.

Infrastructure

Maritime

Located at the crossroads of the Indian and Pacific Oceans, Indonesia occupies a strategic maritime location, with 40% of the world's maritime traffic passing through its waters. In 2019, container port traffic reached 14.8 M TEU (+5% y / y), compared to 38 M TEU (+1.6% y/ y) in Singapore. In fact, Jakarta Port (Tanjung Priok) accounts for almost half of this traffic (6.8 M TEU in 2019), ahead of Surabaya (Tanjung Perak) with 20% of traffic (2.9 M TEU in 2019).

Airport

In addition to Soekarno-Hatta International Airport in Jakarta, which is the 3rd largest airport in Asia after Beijing and Tokyo- Haneda , Indonesia's main international air gateways are Ngurah -Rai International Airport of Denpasar in Bali, the Juanda de Surabaya International Airport

Energy

Indonesia is a net exporter of energy. in 2019, 59.2% of its energy production has been exported.
Coal is the main source of energy representing more than 79.7% of the production.

Promising Sectors

01 **Infrastructure** : 184.92 MM USD (60% of needs) is required to close the funding gap. Private sector participation can reach up to 40% through (PPP)

02 **Fishing :** One of its promising marine products is shrimp, which can be obtained from fishing and farming. Indonisian shrimp aquaculture is rqnked second after China.

03 **Mining:** Indonesia is second world producer of tin and nickel and fourth world producer of copper with a significant amount of gold, bauxite, and phosphate

04 **Tourism:** It has 3 tourist destinations among the 10 national tourism strategic areas: Borobudur in Java, Lake Toba in Sumatra and Mandalika in Nusa Tenggara .

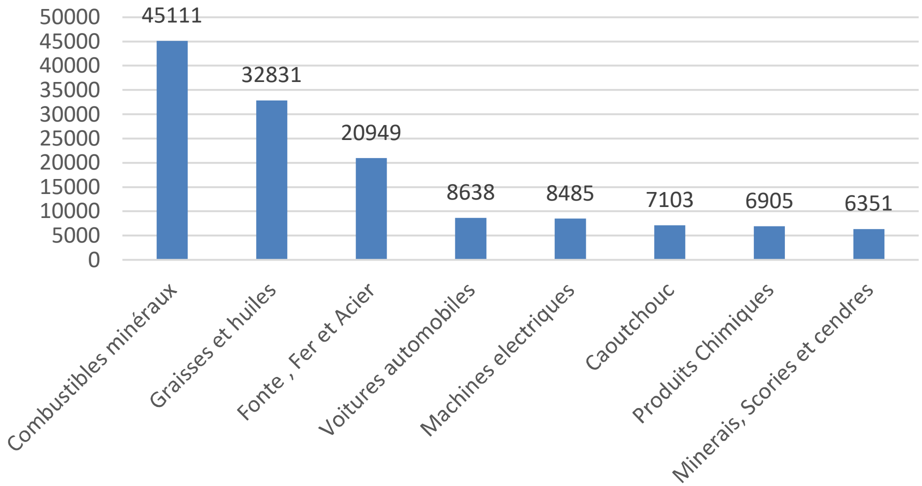
05 **Energy:** Electricity supply business plan envisages the production of 77.9 GW in the period 2017-2026, the transmission of 67627 km and a substation of 165231 MVA.

06 **IT:** In addition to infrastructure development, the digital economy industry in Indonesia is making enormous strides thanks to the rapid growth of its start-ups.

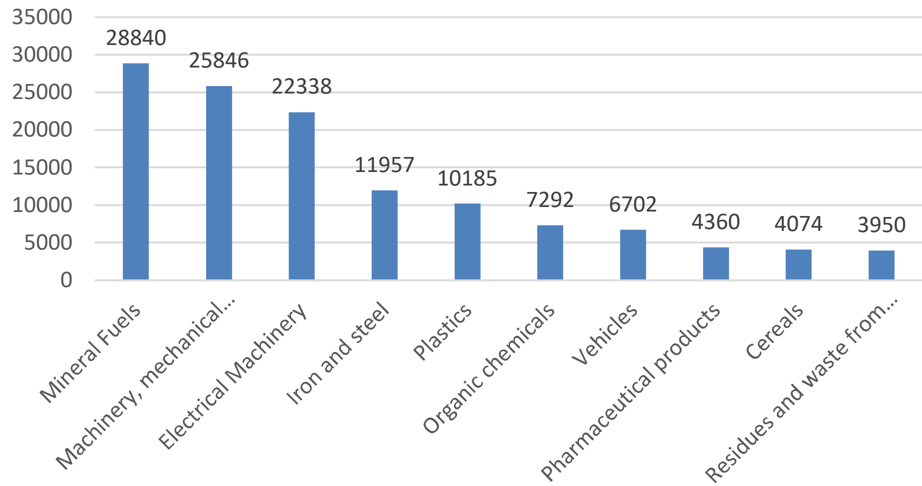
07 **Culture:** investment opportunities are now open in the film industry to foreign investors with a population of 255 million.

International trade

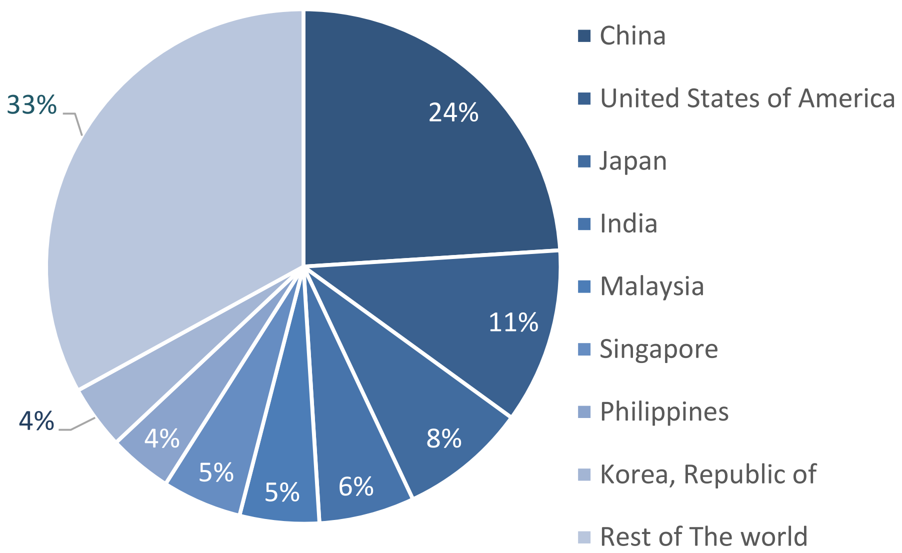
Main products exported by Indonesia in 2021 - MUSD



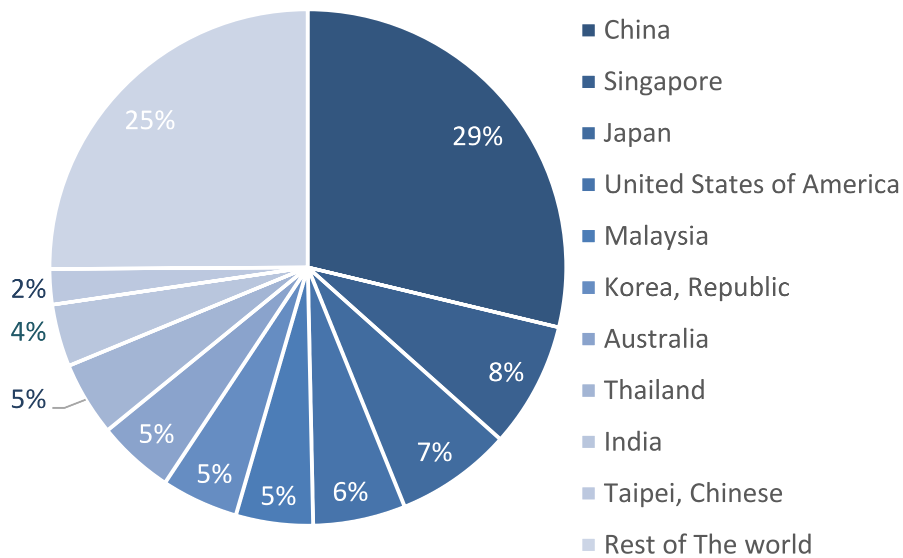
Main Imported products by Indonesia in 2021 - MUSD



Main customers of Indonesia in 2021

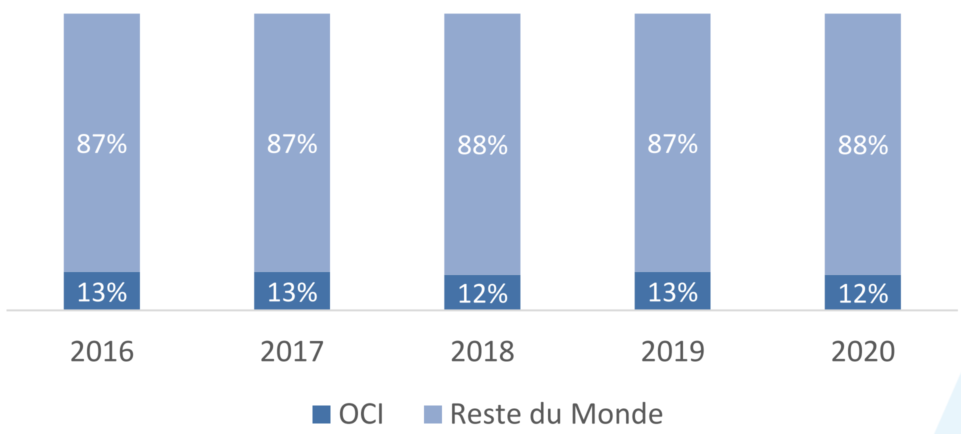


Main suppliers of Indonesia in 2021

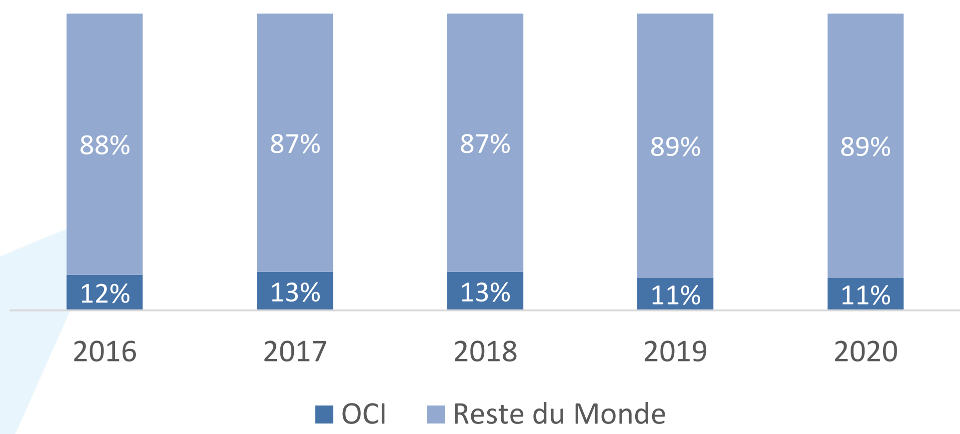


Intra-OIC Trade

Share of OIC in Indonesian Exports



Share of OIC in Indonesian Imports



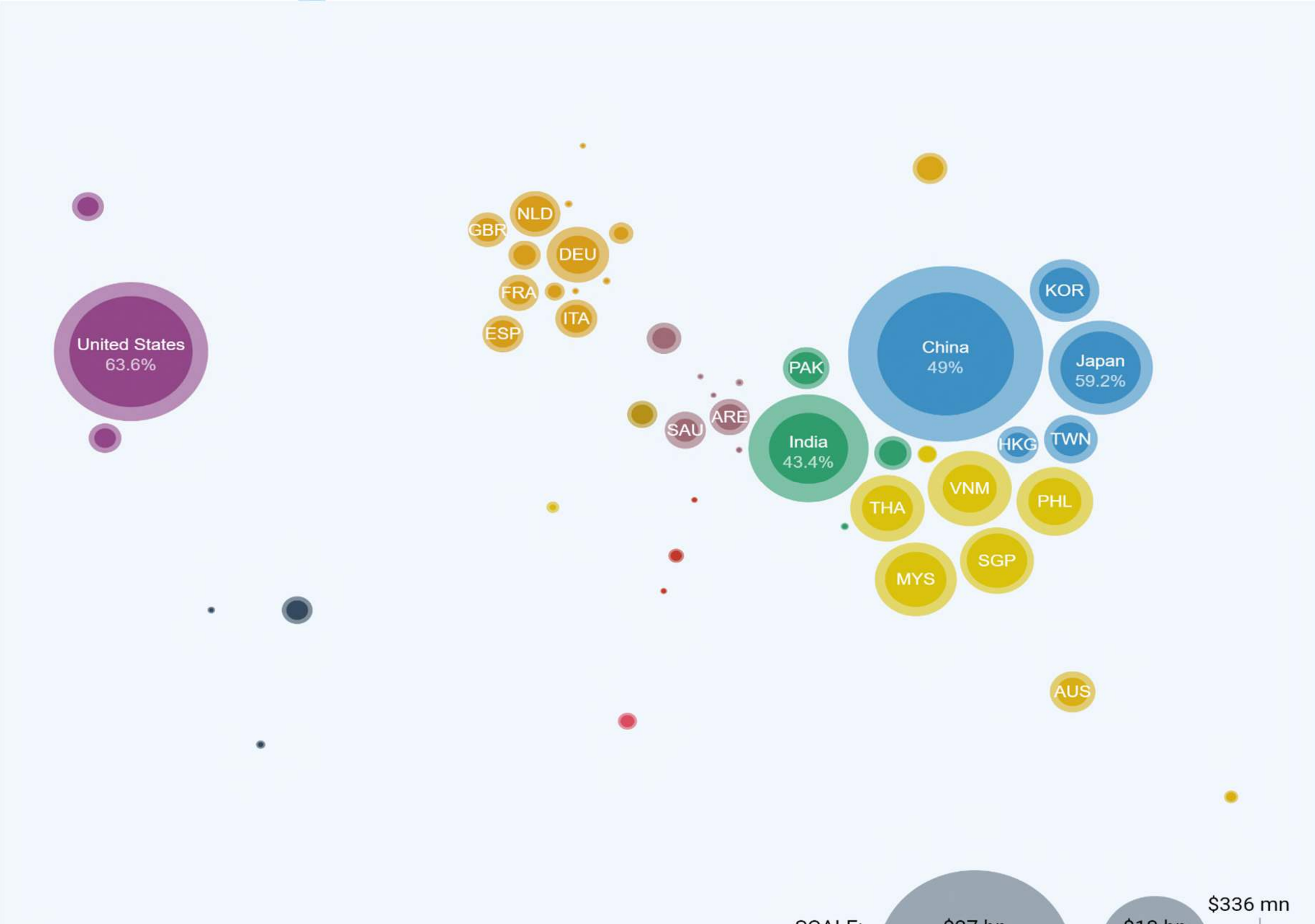
Top 10 Customers, OIC Members in 2020

1. Malaysia
2. Pakistan
3. Bangladeshi
4. Saudi Arabia
5. United Arab Emirates
6. Egypt
7. Türkiye
8. Nigeria
9. Iran
10. Djibouti

Top 10 Suppliers, OIC Members in 2020

1. Malaysia
2. Saudi Arabia
3. United Arab Emirates
4. Nigeria
5. Qatar
6. Oman
7. Kuwait
8. Türkiye
9. Pakistan
10. Algeria

Export potential of Indonesia by country of destination



Source: International Trade Center

Markets with potential for Indonesia's exports

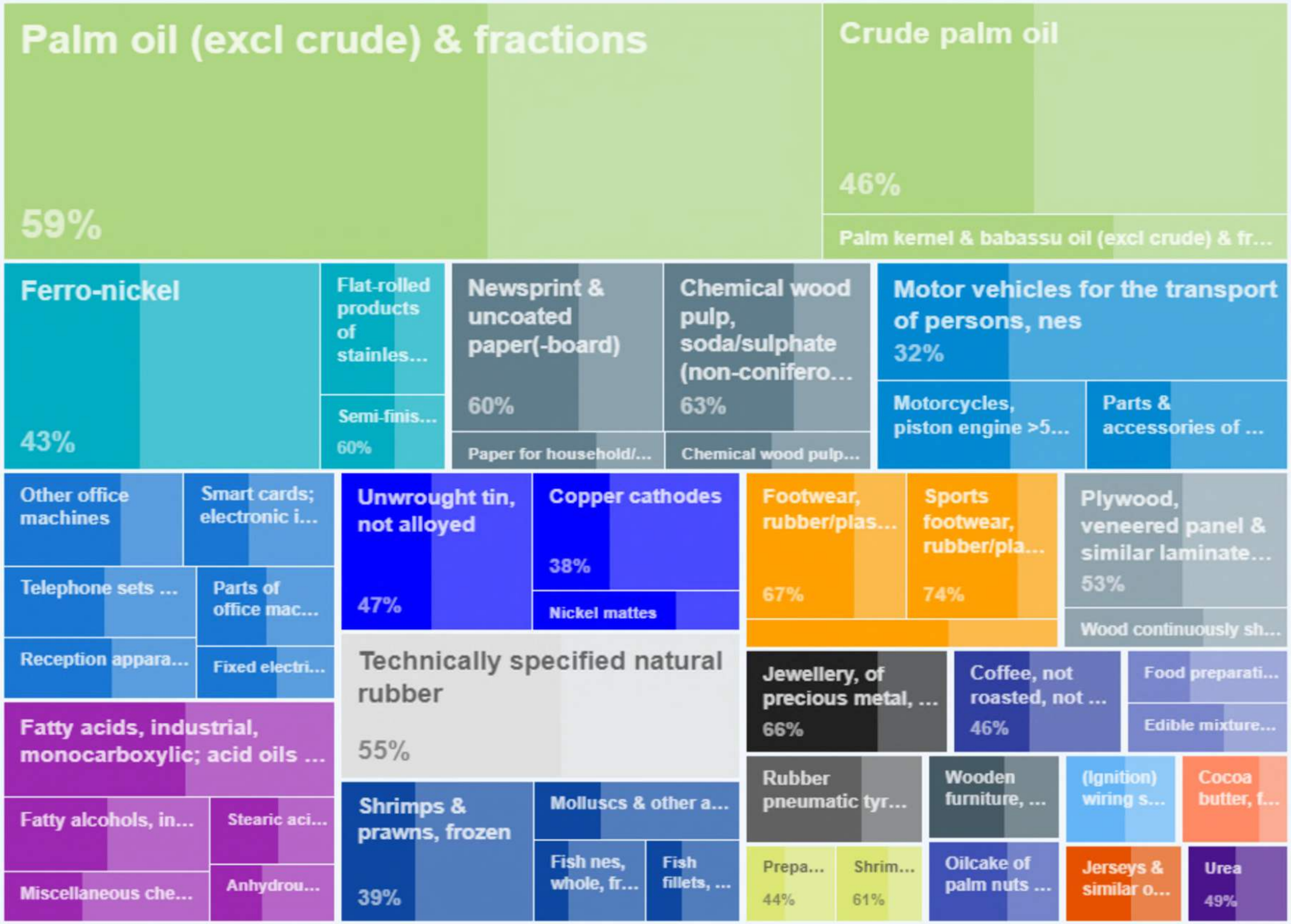
Legend

- Export potential
- Tapped potential

- East Asia
- Southeast Asia
- North America
- EU & West Europe
- South Asia
- Middle East
- Pacific
- South & Central America
- East Europe & Central Asia
- Northern Africa
- Eastern Africa
- Southern Africa
- Western Africa

Within the OIC region, the markets with the highest export potential are located in Southeast Asia .

Indonesia's Export Potential by Product



Source: International Trade Center

Indonesia's products with potential

Legend

- Export potential
- Tapped potential

- Vegetable oils & fats
- Ferrous metals
- Paper products
- Motor vehicles & parts
- Electronic equipment
- Chemicals
- Metals (except ferrous & precious)
- Natural latex & rubber
- Fish & shellfish
- Footwear
- Wood
- Jewellery & precious metal articles
- Coffee
- Food products n.e.s. (processed or preserved)
- Plastics & rubber
- Fish products (processed)
- Wood products
- Vegetal residues & animal feed
- Machinery, electricity
- Cocoa beans & products

Products with the greatest export potential are vegetable oils and fats, ferrous metals and paper products, and passenger cars.

Market Access

Investing in Indonesia

Customs Duties and Taxes

Average rate: 37.3%
Average rate of agricultural products: 47.3%
Average rate of non-agricultural products: 35.8%

Non-Tariff Measures

Indonesia's Ministry of Trade requires affixing indonasian-language labels on goods' packaging. The Halal Products Law requires obtaining Halal certification for products to be marketed in Indonesia. The latter came into force in 2019 for food products and will gradually be extended to all products in contact with the human body.

Commercial agreements

Member of WTO and ASEAN; Trade agreements: ASEAN - Australia - New Zealand ; ASEAN–China; ASEAN-Hong Kong, China; ASEAN- India ; ASEAN-Japan; ASEAN - Korea , ASEAN Free Trade Area (AFTA); Chile- Indonesia EFTA- Indonesia ; Global System of Trade Preferences among Developing Countries (GSTP); Indonesia – Australia ; Indonesia – Pakistan; Japan- Indonesia

Fairs and Exhibitions

For more information, visit the website:
https://www.eventseye.com/fairs/c0_salons_indonesie.html

Why Indonesia

270 million inhabitants with a growing middle class. Abundant natural resources (timber, fishery resources, oil, natural gas, metals), strong banking and financial sector.

Special Economic Zones

Accessibility to the world market (access to seaport and/or airport) is designed to maximize industrial activities, export, import and other related activities with high economic value. There are 15 regions registered as SEZs

Implemented Measures

Investors benefit from a 2 years import duty exemption; or they can apply directly for 4 years for companies using locally produced machinery (min. 30%). 183 business areas are available for the tax allowance, instead of 145 areas in the previous regulation. The corporate tax reduction can be granted for 5 to 20 years, depending on the value of the investment and is eligible for projects considered strategic for the Indonesian economy.

Public markets

Calls for Tenders from Indonesia are published on the site: https://www.indonesiatenders.com/ or https://www.ten derttger.co.in/

Contacts

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