

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S INDIA-INDONESIA BILATERAL TRADE RELATIONS

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The Republic of Indonesia consists of a group of about 18,108 islands lying between the mainland of South-East Asia and Australia straddling the equator. The principal islands are Java, Sumatra, Kalimantan (comprising more than two-thirds of the island of Borneo), Sulawesi (Celebes), Papua (formerly Irian Jaya, comprising the western part of the island of New Guinea), Maluku (the Moluccas) and West Timor (comprising part of the island of Timor). Indonesia is a member of the UN, WTO, OPEC, Asian Development Bank, Colombo Plan, APEC, ASEAN, Mekong Group, OIC and Islamic Development Bank.

2. Indonesia has a mixed economy in which the private sector and government play vital roles. As the only G20 member state in Southeast Asia, the country has the largest economy in the region and is classified as a newly industrialised country. Per a 2023 estimate, it is the world's 16th largest economy by nominal GDP and 7th in terms of GDP at PPP, estimated to be US\$1.417 trillion and US\$4.393 trillion respectively. Per capita GDP in PPP is US\$15,835, while nominal per capita GDP is US\$5,108. Services are the economy's largest sector and account for 43.4% of GDP (2018), followed by industry (39.7%) and agriculture (12.8%). Since 2009, it has employed more people than other sectors, accounting for 47.7% of the total labour force, followed by agriculture (30.2%) and industry (21.9%). As per IMF Staff Completes 2024 Article IV Mission to Indonesia June 14, 2024, Indonesia's economic outlook remains positive despite external challenges. Growth is projected at 5.0 percent in 2024 and at 5.1 percent in 2025. Headline and core inflation would remain comfortably in the target range. Macroeconomic policies remain prudent and should continue to focus on maintaining stability and preserving buffers amid a shock-prone world. The monetary policy stance remains broadly adequate. Slightly narrower-than-planned fiscal deficits in 2024-25 would still support growth within a more balanced policy mix.

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of Indonesia are China, United States, **Japan**, India, and Malaysia. On the other hand five major import partners of Indonesia are China, Singapore, Japan, Malaysia and Korea, Rep.. Major five exported goods of Indonesia are (i) Other coal, not agglomerated, nes. (ii) Palm oil (excl. crude) and liquid fractions (iii) Ferro-nickel (iv) Bituminous coal, not agglomerated (v) Copper ores and concentrates.. On the other hand major five imported goods of Indonesia are i) Petroleum oils, etc, (excl. crude); preparation (ii) Petroleum oils and oils obtained from bituminous (iii) Spelt, common wheat and meslin (iv) Gold in unwrought forms non-monetary (v) Parts of electrical apparatus for line telephone.

4. Indonesia's total exports in 2019 were of the order of US\$ 167,683 million. It has scaled upto US\$ 258,774 million in 2023. During the period 2019 to 2023, Exports from Indonesia had increased maximum by 41.87% in the year 2021 followed by another 26.11% increase in 2022. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 11.46%.

5. Indonesia's total imports in 2019 were of the order of US\$ 171,276 million and which has touched US\$ 221,886 million mark in 2023. Imports of Indonesia had jumped by 38.58% in 2021 in comparison with 2020 just after facing a 17.34% decline in FY2020. During the period from 2019 to 2023, the annual average compound rate of growth of imports was 6.69%.

6. Indonesia runs an overall Balance of Trade surplus from 2020 to 2023 that has scaled up to USD - 36,888 million in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 9.12%.

A snapshot of Indonesia's overall Trade Statistics is presented in Table 1 and Figure 1.

A snapshot of India's merchandise trade statistics w.r.t. Indonesia is presented in Table 2 Figure 2.

BILATERAL TRADE WITH INDIA

Merchandise Trade

7. Indonesia has flourished as India's largest trade partner in ASEAN region. The Total Bilateral Trade (as per DoC) during the fiscal year 2022-23 was USD 38.85 Billion (growth of 48% from last FY) with USD 10.02 Billion (18% growth) worth export and USD 28.82 Billion (62% growth) worth imports. Indonesia ranked 21st as an export destination of India in FY 2023-24. India had exported to Indonesia almost 1.37% of its total export value in FY2023-24. In the same financial year imports from Indonesia was 3.47% of India's total import value. Almost 2.64% of India's total international trade value of goods was between India and Indonesia as has been recorded in DGCI&S data base for FY 2023-24. Indonesia was the 8th major trading partner of India in FY 2023-24.

8. Indo- Indonesia total volume of bilateral trade in FY 2019-20 was of the order of US\$ 19,196.78 million. It has scaled upto US\$ 29,400.06 million in FY 2023-24. The annual compound growth rate of total volume of trade during the period from 2019-20 to 2023-24 has been of the order of 11.24%.

9. It appears from the available figures that between 2019-20 and 2023-24, India has had a deficit Balance of Trade with Indonesia. Exports from India to Indonesia steeply increased by 68.57% in FY2021-22. The annual average compound rate of growth of Exports was 9.74%. On the other hand, imports from Indonesia to India remarkably increased by 41.95% in FY 2021-22 followed by another 62.80 % increase in 2022-23. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of imports was 11.65%.

10. Additionally, from Tables 4 & 5 presented below the following are stated:

a. **Petroleum Products, Ship: Boat And Floating Structures and Motor Vehicle/Cars**, had occupied the top three slots in India's exports to Indonesia in the year 2023-24. **Petroleum Products** had occupied 17.16% share of India's total exports to Indonesia in FY2023-24.

b. **Coal, Coke And Briquettes Vegetable Oils and Iron And Steel** were the three major commodities in India's imports list from Indonesia in the year 2023-24, India imports **Coal, Coke And Briquettes** from Indonesia with a share of 42.47% of total imports from Indonesia recorded in 2023-24.

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TABLE - 1
INDONESIA'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2019 TO
2023

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	167683		171276		3,38,959		-3593
2020	163192	-2.68	141569	-17.34	3,04,761	-10.09	21623
2021	231522	41.87	196190	38.58	4,27,712	40.34	35332
2022	291979	26.11	237447	21.03	5,29,426	23.78	54532
2023	258774	-11.37	221886	-6.55	4,80,660	-9.21	36888

Annual Growth Rate	Compound		
	11.46	6.69	9.12

NOTE : Figures relate to calendar year (January to December)

SOURCE: UN COMTRADE PUBLICATION

Figure - 1



TABLE - 2
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. INDONESIA
FY 2019-2020 to 2023-2024

(Value in USD Million)

Year	Exports from India to Indonesia	Percentage Growth in Exports	Imports from Indonesia to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019-20	4129.69		15067.09		19196.78		-10937.40
2020-21	5026.57	21.72	12470.85	-17.23	17497.42	-8.85	-7444.28
2021-22	8473.49	68.57	17702.83	41.95	26176.32	49.60	-9229.34
2022-23	10026.25	18.32	28820.41	62.80	38846.66	48.40	-18794.16
2023-24	5989.39	-40.26	23410.67	-18.77	29400.06	-24.32	-17421.28

Annual Growth Rate **Compound Growth Rate**

9.74 **11.65** **11.24**

NOTE : Figures relate to Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

Figure 2



TABLE -3
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO INDONESIA
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Petroleum Products	179.85	276.19	2317.34	3876.79	1027.59	53.57	739.04	67.29	-73.49
	Share in total export	4.36	5.49	27.35	38.67	17.16				
2	Ship, Boat And Floating Structures	527.45	831.48	258.35	400.20	569.29	57.64	-68.93	54.91	42.25
	Share in total export	12.77	16.54	3.05	3.99	9.50				
3	Motor Vehicle/Cars	176.36	68.59	270.06	522.97	332.81	-61.11	293.73	93.65	-36.36
	Share in total export	4.27	1.36	3.19	5.22	5.56				
4	Groundnut	235.57	239.56	320.63	278.99	268.73	1.69	33.84	-12.99	-3.68
	Share in total export	5.70	4.77	3.78	2.78	4.49				
5	Auto Comoponents Parts	121.82	69.77	146.70	221.42	258.43	-42.73	110.26	50.93	16.71
	Share in total export	2.95	1.39	1.73	2.21	4.31				
6	Buffalo Meat	233.61	305.83	307.51	317.05	253.20	30.91	0.55	3.10	-20.14
	Share in total export	5.66	6.08	3.63	3.16	4.23				
7	Iron And Steel	198.25	349.27	648.71	388.80	203.19	76.18	85.73	-40.07	-47.74
	Share in total export	4.80	6.95	7.66	3.88	3.39				
8	Indl. Machinery For Dairy Etc.	138.95	108.71	163.63	157.69	168.70	-21.76	50.52	-3.63	6.98
	Share in total export	3.36	2.16	1.93	1.57	2.82				
9	Organic Chemicals	425.04	340.42	382.28	283.27	149.03	-19.91	12.30	-25.90	-47.39
	Share in total export	10.29	6.77	4.51	2.83	2.49				
10	Spices	86.91	104.87	121.99	141.98	137.34	20.67	16.32	16.39	-3.27
	Share in total export	2.10	2.09	1.44	1.42	2.29				
	Total exports to INDONESIA	4129.69	5026.57	8473.49	10026.25	5989.39	21.72	68.57	18.32	-40.26

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM INDONESIA
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Import					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	23-24 over 2022-23
1	Coal, Coke And Briquittes	6551.64	4645.22	6579.56	14584.15	9942.26	-29.10	41.64	121.66	-31.83
	Share in total import	43.48	37.25	37.17	50.60	42.47				
2	Vegetable Oils	2840.65	3199.87	4085.76	5639.03	4476.06	12.65	27.69	38.02	-20.62
	Share in total import	18.85	25.66	23.08	19.57	19.12				
3	Iron And Steel	817.94	294.97	1260.01	1598.14	1722.17	-63.94	327.17	26.84	7.76
	Share in total import	5.43	2.37	7.12	5.55	7.36				
4	Bulk Mineralas And Ores	96.49	310.61	626.68	968.88	1170.94	221.91	101.76	54.61	20.86
	Share in total import	0.64	2.49	3.54	3.36	5.00				
5	Gold And Other Precs Metl. Jewellery	0.17	4.07	0.20	82.48	692.89	2294.12	-95.09	41140.00	740.07
	Share in total import	0.00	0.03	0.00	0.29	2.96				
6	Processed Minerals	127.43	145.75	254.68	405.96	432.08	14.38	74.74	59.40	6.43
	Share in total import	0.85	1.17	1.44	1.41	1.85				
7	Cosmetics And Toiletries	290.21	383.34	679.10	632.47	431.07	32.09	77.15	-6.87	-31.84
	Share in total import	1.93	3.07	3.84	2.19	1.84				
8	Paper, Paper Board And Products	192.51	92.03	118.00	236.48	252.99	-52.19	28.22	100.41	6.98
	Share in total import	1.28	0.74	0.67	0.82	1.08				
9	Cocoa Products	90.67	124.94	173.87	223.06	252.07	37.80	39.16	28.29	13.01
	Share in total import	0.60	1.00	0.98	0.77	1.08				
10	Tin And Prods. Made Of Tin	171.45	141.17	258.67	287.33	249.55	-17.66	83.23	11.08	-13.15
	Share in total import	1.14	1.13	1.46	1.00	1.07				
	Total import from INDONESIA	15067.09	12470.85	17702.83	28820.41	23410.67	-17.23	41.95	62.80	-18.77

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I