

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S DATED 10-01-2024 INDIA-INDONESIA BILATERAL TRADE RELATION

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 G20 and partner to the ASEAN Free Trade Area.

2. Indonesia is the largest economy in South East Asia and one of the leading emerging market economies in the world. The country is in transition from an agricultural economy based on the export of raw materials and non-food crops to an economy based on industrial production and services. IMF Executive Board Concludes 2023 Article IV Consultation with Indonesia dated June 25, 2023, expresses that “Indonesian economy is performing strongly, inflationary pressures are moderating, and macro-economic policies have been appropriately returned to their pre-pandemic settings. The outlook remains favourable and risks are broadly balanced, but with considerable uncertainty related to the external environment”. Directors of IMF also welcomed Indonesia’s ambitions to increase value added in exports, attract foreign direct investments, and facilitate transfer of skills and technology.

A snapshot of Indonesia’s selected economic indicators is presented at **Annexure –I**

FOREIGN TRADE

3. Indonesia has signed a number of free trade agreements as an independent market as well as member of the ASEAN. As per recent available inputs on WITS (World Integrated Trade Solutions), 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, United States, and Malaysia. Major four exported goods of Indonesia are (i) Palm Oil (excl. crude) and liquid fractions, (ii) Other Coal not agglomerated, (iii) Ferro-nickel (iv) Bituminous Coal not agglomerated. On the other hand major four imported goods are (i) Petroleum oils, etc. (excl. crude) and its preparation (ii) Petroleum Oils and Oils obtained from bituminous, (iii) Parts of electrical apparatus for telephone line and (iv) Pelt, Common Wheat and Maslin. (Source: WITS).

4. Indonesia’s total exports in 2018 were of the order of US\$ 180,215 million and it has scaled up to US\$ 29,979 million in 2022 with declining trend recorded in 2019 and 2020 and pick-up from 2021 followed by 2022. During the period from 2018 to 2022, the annual average compound rate of growth of exports was 12.82%.

5. Indonesia’s total imports in 2018 were of the order of US\$ 188,711 million which has touched US\$ 291,979 million in 2022 after having experienced a major shrink in 2020 pandemic hit year. During the period from 2018 to 2022, the annual average compound rate of growth of Imports was 5.91%.

6. Indonesia runs an overall Balance of Trade surplus from 2020 to 2022 which was quite significant to the tune of US\$ 54,532 million in 2022.

A snapshot of Indonesia’s overall Trade Statistics is presented in **Annexure-II [Table 1: Figure 1]**

BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India and Indonesia have traditionally enjoyed a close economic relationship in Southeast Asia. Indonesia is a key economic partner for India in South-East Asia with bilateral trade (total export plus total import) clocked at US\$ 38.84 billion in FY 2022-23 as per DGCI&S database. Indonesia was the 6th highest trading partner of India in FY 2022-23. India's exports to Indonesia were 2.22% of India's total export value in FY 2022-23 and in the same financial year imports from Indonesia were 4.02% of India's total import value.

8. India - Indonesia total volume of bilateral trade in FY 2018-19 was of the order of US\$ 21,132.75 million which has substantially increased to US\$ 38,846.66 million in FY 2022-23. The annual compound growth rate of volume of trade during the period from 2018-19 to 2022-23 has been of the order of 16.44%. India's trade relations with Indonesia are significant and Indonesia has emerged as the second largest trading partner of India in the ASEAN region.

9. It appears from the available figures that between 2018-19 and 2022-23, India has had a deficit Balance of Trade with Indonesia. Exports from India to Indonesia increased by 21.72% in FY 2020-21 and 18.32% in FY 2022-23, however the increase was stupendous in FY 2021-22 by 68.57% over the year 2020-21. The annual average compound rate of growth of Exports was 17.40%. On the other hand, imports from Indonesia to India increased by 41.95% in FY 2021-22 over FY 2020-21 and in FY 2022-23 the increase was by 62.80% over FY 2021-22 levels. During the period from 2018-19 to 2022-23, the annual average compound rate of growth of Imports was 16.12%.

A snapshot of India's merchandise trade statistics w.r.t. Indonesia is presented in **Annexure-II [Table 2: Figure 2]**

10. Additionally, **from Tables 3 & 4 presented at Annexure-II** below the following are stated:

- a. Petroleum Products, Motor Vehicle/Cars and Sugar are occupying the top three slots in India's Exports to Indonesia in FY 2022-23 with Petroleum Products occupying the bulk share.
- b. Coal, Coke and Briquettes; Vegetable Oils and Iron & Steel are the three major commodities in India's imports list from Indonesia in FY 2022-23 with Coal, Coke and Briquettes occupying the bulk share.

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Indonesia: Selected Economic Indicators, 2020–25

	2020	2021	2022	2023	2024	2025
				Proj.	Proj.	Proj.
Real GDP (percent change)	-2.1	3.7	5.3	5.0	5.1	5.0
Domestic demand	-3.8	2.9	3.8	4.6	5.0	5.1
<i>Of which:</i>						
Private consumption 1/	-2.7	2.0	4.9	4.9	5.1	5.1
Government consumption	2.1	4.2	-4.5	1.0	3.5	3.5
Gross fixed investment	-5.0	3.8	3.9	5.0	5.4	5.4
Change in stocks	-0.7	0.1	0.1	0.0	0.0	0.0
Net exports 2/	1.5	-0.4	0.8	0.6	0.4	0.3
Statistical discrepancy 2/	0.1	1.4	0.9	0.0	0.0	0.0
Output gap (in percent)	-3.4	-2.8	-1.1	-0.2	0.0	0.0
Saving and investment (in percent of GDP)						
Gross investment 3/	32.3	31.4	29.7	29.7	29.8	29.9
Gross national saving	31.9	31.7	30.7	29.5	29.1	28.8
Prices (12-month percent change)						
Consumer prices (end period)	1.7	1.9	5.5	3.2	2.8	2.7
Consumer prices (period average)	2.0	1.6	4.2	4.4	3.0	2.7
Public finances (in percent of GDP)						
General government revenue	12.5	13.6	15.2	14.5	14.5	14.6
General government expenditure	18.6	18.2	17.5	17.1	17.0	17.0
<i>Of which:</i> Energy subsidies	0.7	0.8	0.9	0.8	0.5	0.4
General government balance	-6.1	-4.6	-2.4	-2.6	-2.5	-2.4
Primary balance	-4.1	-2.5	-0.4	-0.6	-0.5	-0.4
General government debt	39.7	41.1	40.1	39.3	39.0	38.7
Money and credit (12-month percent change; end of period)						
Rupiah M2	12.5	14.0	8.4	7.6	6.6	6.3
Base money	0.4	19.3	23.9	8.6	7.4	7.8
Claims on private sector	-0.4	6.1	10.1	10.0	9.8	9.6
One-month interbank rate (period average)	4.5	3.6	4.2	...	...	...
Balance of payments (in billions of U.S. dollars, unless otherwise indicated)						
Current account balance	-4.4	3.5	13.2	-3.8	-11.2	-17.1
In percent of GDP	-0.4	0.3	1.0	-0.3	-0.7	-1.0
Trade balance	28.3	43.8	62.7	42.1	37.8	36.0
<i>Of which:</i> Oil and gas (net)	-5.4	-13.0	-24.8	-25.1	-21.3	-20.5
Inward direct investment	18.6	21.1	22.0	26.3	29.3	31.5
Overall balance	2.6	13.5	4.0	5.3	9.9	6.2
Terms of trade, percent change (excluding oil)	1.4	12.5	21.5	-9.5	-1.9	-0.8
Gross reserves						
In billions of U.S. dollars (end period)	135.9	144.9	137.2	142.5	152.5	158.6
In months of prospective imports of goods and	7.5	6.4	5.9	5.5	5.3	5.0

services						
As a percent of short-term debt 4/	209	244	206	208	207	198
Total external debt 5/						
In billions of U.S. dollars	416.9	414.0	396.8	403.8	419.1	441.4
In percent of GDP	39.2	34.9	30.1	29.0	27.8	27.1
Exchange rate						
Rupiah per U.S. dollar (period average)	14,529	14,297	14,874	...	...	...
Rupiah per U.S. dollar (end of period)	14,050	14,253	15,568	...	...	...
Memorandum items:						
Jakarta Stock Exchange (12-month percentage change, composite index)	-5.1	10.1	4.1	...	...	...
Oil production (thousands of barrels per day)	806	803	800	797	794	791
Nominal GDP (in trillions of rupiah)	15,443	16,977	19,588	21,459	23,229	25,048
Sources: Data provided by the Indonesian authorities; Bloomberg L.P.; and IMF staff estimates and projections.						
1/ Includes NPISH consumption.						
2/ Contribution to GDP growth (percentage points).						
3/ Includes changes in stocks.						
4/ Short-term debt on a remaining maturity basis.						

Sources: IMF Executive Board Concludes 2023 Article IV Consultation with Indonesia June 25, 2023.

TABLE - 1

**INDONESIA'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2018 TO 2022**

(Figures in US\$ Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2018	180215		188711		3,68,926		-8496
2019	167683	-6.95	171276	-9.24	3,38,959	-8.12	-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
Annual Compound Growth Rate		12.82		5.91		9.45	

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

SOURCE: UN COMTRADE PUBLICATION

Figure - 1

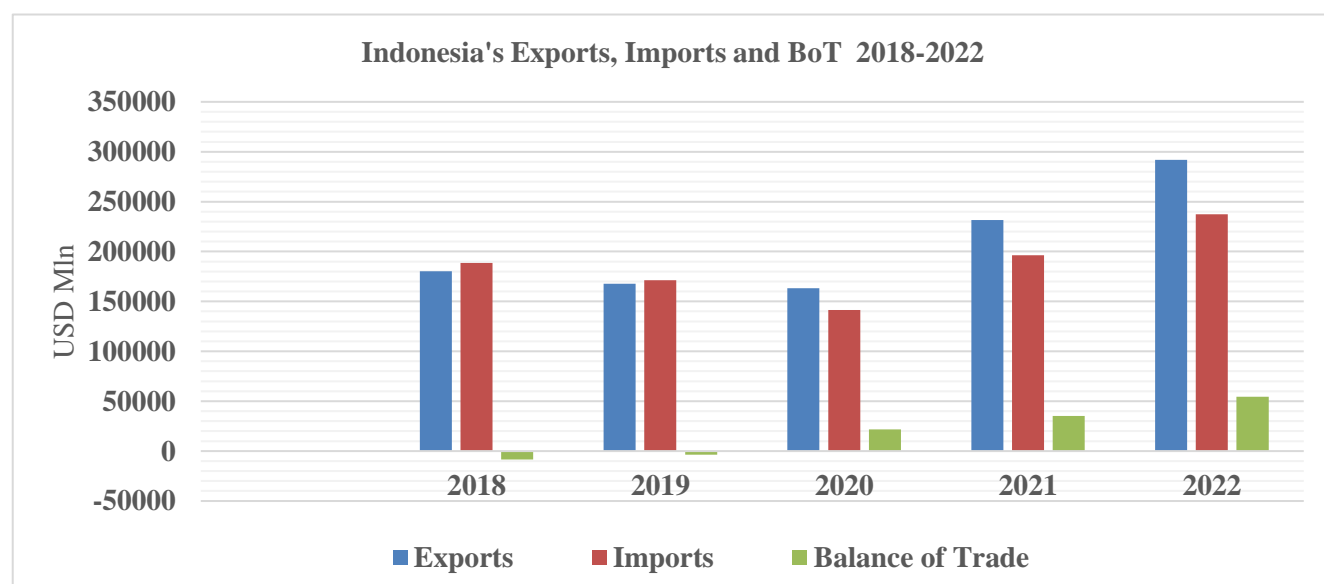


TABLE – 2
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. INDONESIA
FY 2018-2019 to 2022-2023

(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
2018-19	5278.48		15854.27		21132.75		-10575.79
2019-20	4129.69	-21.76	15067.09	-4.97	19196.78	-9.16	-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
Annual Compound Growth Rate		17.40		16.12		16.44	

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

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

Figure 2

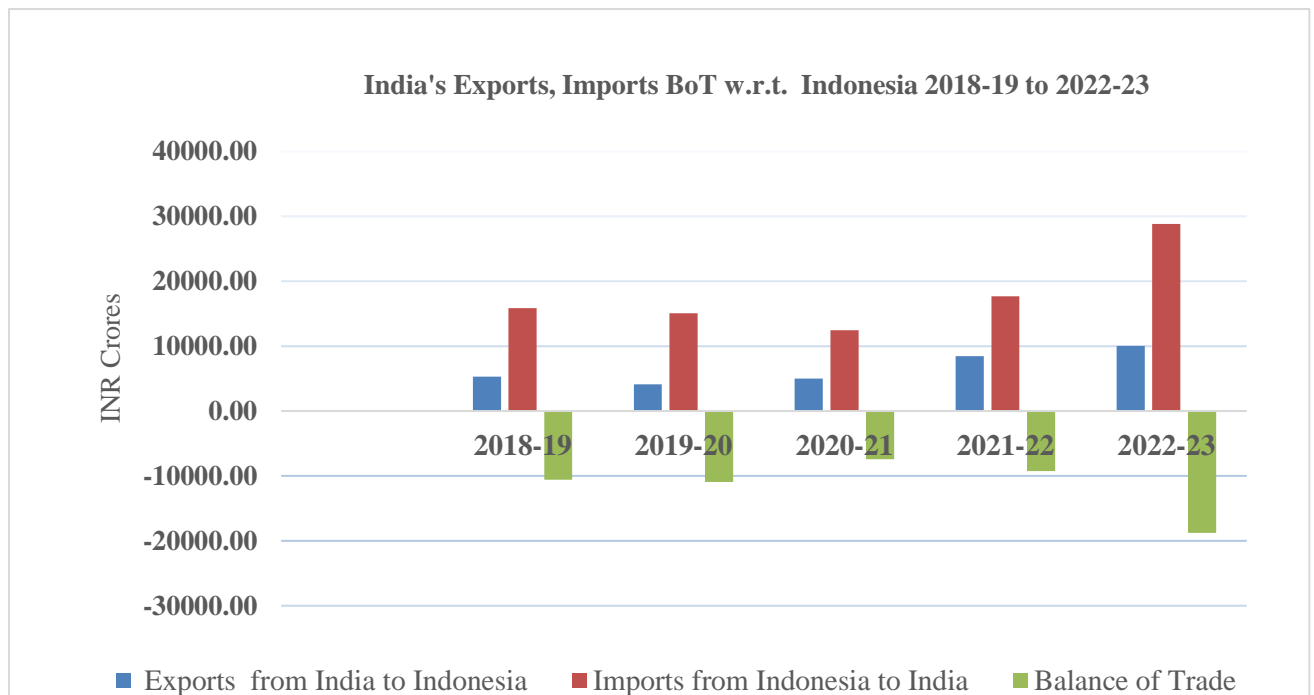


TABLE – 3

**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO INDONESIA
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES**

(Value in US\$ Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	2019-20 over 2018-19	2020-21 over 2019-20	2021-22 over 2020-21	2022-23 over 2021-22
1	Petroleum Products	209.20	179.85	276.29	2317.37	3876.79	-14.03	53.62	738.75	67.29
	Share in total export	3.96	4.36	5.50	27.35	38.67				
2	Motor Vehicle/ Cars	369.60	176.36	68.59	270.06	522.97	-52.28	-61.11	293.73	93.65
	Share in total export	7.00	4.27	1.36	3.19	5.22				
3	Sugar	0.31	2.04	501.02	873.47	435.43	558.06	24459.80	74.34	-50.15
	Share in total export	0.01	0.05	9.97	10.31	4.34				
4	Ship Boat And Floating Structure	734.61	527.45	831.48	258.35	400.20	-28.20	57.64	-68.93	54.91
	Share in total export	13.92	12.77	16.54	3.05	3.99				
5	Iron And Steel	276.76	198.25	349.27	648.71	388.80	-28.37	76.18	85.73	-40.07
	Share in total export	5.24	4.80	6.95	7.66	3.88				
6	Buffalo Meat	323.32	233.61	305.83	307.51	317.05	-27.75	30.91	0.55	3.10
	Share in total export	6.13	5.66	6.08	3.63	3.16				
7	Organic Chemicals	501.44	425.04	340.42	382.28	283.27	-15.24	-19.91	12.30	-25.90
	Share in total export	9.50	10.29	6.77	4.51	2.83				
8	Wheat			15.29	107.11	279.07			600.52	160.55
	Share in total export			0.30	1.26	2.78				
9	Groundnut	193.49	235.57	239.56	320.63	278.99	21.75	1.69	33.84	-12.99
	Share in total export	3.67	5.70	4.77	3.78	2.78				
10	Auto Component / Parts	139.49	121.82	69.77	146.70	221.42	-12.67	-42.73	110.26	50.93
	Share in total export	2.64	2.95	1.39	1.73	2.21				
	Total export to INDONESIA	5278.48	4129.69	5026.57	8473.49	10026.25	-21.76	21.72	68.57	18.32

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
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	2019-20 over 2018-19	2020-21 over 2019-20	2021-22 over 2020-21	2022-23 over 2021-22
1	Coal, Coke And Briquettes	7200.22	6551.64	4645.22	6579.56	14584.15	-9.01	-29.10	41.64	121.66
	Share in total imports	45.42	43.48	37.25	37.17	50.60				
2	Vegetable Oils	3427.82	2840.65	3199.87	4085.76	5639.28	-17.13	12.65	27.69	38.02
	Share in total imports	21.62	18.85	25.66	23.08	19.57				
3	Iron And Steel	456.79	817.97	294.97	1260.01	1598.14	79.07	-63.94	327.17	26.84
	Share in total imports.	2.88	5.43	2.37	7.12	5.55				
4	Bulk Minerals And Ores	407.97	96.49	310.61	626.68	968.88	-76.35	221.91	101.76	54.61
	Share in total import	2.57	0.64	2.49	3.54	3.36				
5	Cosmetics And Toiletries	424.12	290.21	383.34	679.16	632.47	-31.57	32.09	77.17	-6.87
	Share in total import	2.68	1.93	3.07	3.84	2.19				
6	Processed Minerals	194.55	127.43	145.75	254.68	405.96	-34.50	14.38	74.74	59.40
	Share in total import	1.23	0.85	1.17	1.44	1.41				
7	Ship, Boat And Floating Structure	359.91	931.70	351.63	44.73	376.01	158.87	-62.26	-87.28	740.62
	Share in total import	2.27	6.18	2.82	0.25	1.30				
8	Residual Chemical And All. Products	157.96	123.31	143.50	250.07	300.20	-21.94	16.37	74.26	20.05
	Share in total import	1.00	0.82	1.15	1.41	1.04				
9	Inorganic Chemicals	163.94	86.90	53.49	125.61	290.42	-46.99	-38.45	134.83	131.21
	Share in total import	1.03	0.58	0.43	0.71	1.01				
10	Tin And Products Made Of Tin	119.92	171.45	141.17	258.67	287.33	42.97	-17.66	83.23	11.08
	Share in total import	0.76	1.14	1.13	1.46	1.00				
	Total import from INDONESIA	15854.27	15067.09	12470.85	17702.83	28820.41	-4.97	-17.23	41.95	62.80

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

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