**Embassy of India**

**Jakarta**

No. Jak/Com/201/1/2016 Date: 16thAugust 2016

**Monthly Economic & Commercial Report – July 2016**

1. **Trends in Bilateral trade:**
2. Bilateral Trade

(Value: million US$)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Export (Jan-May 2016)** | **Import (Jan-May 2016)** | **Total (Jan-May 2016)** | **Growth % of Export**  **(y-o-y)** | **Growth % of Import (y-o-y)** |
| Country's Trade with India | 3,739.0 | 1,078.5 | 4.817.5 | -30.71 | -15.21 |
| Country's Total Global Trade | 56,592.8 | 53,898.7 | 110,491.5 | -12.81 | -11.60 |

1. Top 10 Items of Export to India

(Value: million US$)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S.No** | **Commodity (HS)** | **Total (Jan-May 2016)** | **Total (Jan-May 2015)** | **Percentage Growth (%) y-o-y** | **% Share in Total Export  (Jan-May 2016)** |
| 1 | Mineral fuels (27) | 1,434.8 | 2.339.4 | -38.66 | 38.37 |
| 2 | Animal or vegetable fats and oils and their cleavage products (15) | 1,254.9 | 1,495.1 | -16.06 | 33.56 |
| 3 | Rubber and articles thereof (40) | 101.5 | 103.6 | -2.02 | 2.71 |
| 4 | Miscellaneous chemical products (38) | 84.9 | 41.8 | 103.11 | 2.27 |
| 5 | Ores, slag and ash (26) | 75.6 | 356.3 | -78.78 | 2.02 |
| 6 | Iron and steel (72) | 66.4 | 51.3 | -29.43 | 1.78 |
| 7 | Paper and paperboard; articles of paper pulp of paper or of paperboard (48) | 54.7 | 49.8 | -9.84 | 1.46 |
| 8 | Floating/submersible drilling/ production platforms (89) | 52.8 | 1.0 | 5180 | 1.41 |
| 9 | Organic chemicals (29) | 47.4 | 91.3 | -48.08 | 1.27 |
| 10 | Other lead-acid, for start piston engine used not for aircraft of height (85) | 44.9 | 50.9 | -11.78 | 1.20 |

1. Top 10 Items of Export to the World

(Value: million US$)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S.No** | **Commodity (HS)** | **Total (Jan -May 2016)** | **Total (Jan-May 2015)** | **Percentage Growth (%) y-o-y** | **% Share in Total Export  (Jan-May 2016)** |
| 1 | Mineral fuels (27) | 10,684.1 | 16,041.9 | -33.40 | 18.88 |
| 2 | Animal or vegetable fats and oils and their cleavage products (15) | 6,630.8 | 7,955.7 | -16.65 | 11.72 |
| 3 | Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin (71) | 3,417.4 | 2,982.9 | 14.57 | 6.04 |
| 4 | Electrical machinery and equipment and parts thereof (85) | 3,299.5 | 3,562.0 | -7.37 | 5.83 |
| 5 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof (87) | 2,250.1 | 2,314.2 | -2.77 | 3.90 |
| 6 | Rubber and articles thereof (40) | 2,182.2 | 2,452.1 | -11.01 | 3.86 |
| 7 | Machinery and mechanical appliances (84) | 2,051.7 | 2,140.3 | -4.14 | 3.63 |
| 8 | Footwear, gaiters and the like; parts of such articles (64) | 1,959.1 | 1,912.4 | 2.44 | 3.46 |
| 9 | Articles of apparel and clothing accessories, not knitted or crocheted (62) | 1,621.6 | 1,623.8 | -0.14 | 2.87 |
| 10 | Wood and articles of wood; wood charcoal (44) | 1,600.1 | 1,691.3 | -5.39 | 2.83 |

1. Top 10 Items of Import from India

(Value: million US$)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| S.No | Commodity (HS) | Total (Jan-May 2016) | Total (Jan-May 2015) | Percentage Growth (%) y-o-y | % Share in Total Export  (Jan-May2016) |
| 1 | Organic chemical (29) | 156.7 | 240.9 | -34.95 | 14.53 |
| 2 | Machinery and mechanical appliances (84) | 135.3 | 169.2 | -20.04 | 12.55 |
| 3 | Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medical plants; straw and fodder (12) | 84.0 | 86.3 | -2.67 | 7.79 |
| 4 | Cotton (52) | 81.4 | 44.9 | 81.29 | 7.55 |
| 5 | Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof (87) | 80.9 | 148.4 | -45.33 | 7.50 |
| 6 | Electrical machinery and equipment (85) | 54.9 | 76.6 | -28.33 | 5.09 |
| 7 | Iron and steel (72) | 54.8 | 60.6 | -9.57 | 5.08 |
| 8 | Tanning or dyeing extracts; tanning and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks (32) | 49.3 | 41.7 | 18.23 | 4.57 |
| 9 | Plastic and articles thereof (39) | 42.4 | 36.6 | 15.85 | 3.93 |
| 10 | Bentonite, natural barium sulphate, granite merely cut into blocks(25) | 28.7 | 22.0 | 30.45 | 2.66 |

1. Top 10 Items of Import from the World

(Value: million US$)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S.No** | **Commodity (HS)** | **Total (Jan-May 2016)** | **Total (Jan-May 2015)** | **Percentage Growth (%) y-o-y** | **% Share in Total Export  (Jan-May 2016)** |
| 1 | Machinery and mechanical appliances (84) | 8,430.8 | 9,296.7 | -9.31 | 15.64 |
| 2 | Mineral fuels (27) | 7,094.4 | 10,700.6 | -33.70 | 13.16 |
| 3 | Electrical machinery and equipment (85) | 6,052.4 | 6,495.3 | -6.82 | 11.23 |
| 4 | Plastic and articles thereof (39) | 2,792.5 | 2,867.3 | -2.61 | 5.18 |
| 5 | Iron and steel (72) | 2,342.6 | 3,027.3 | -22.62 | 4.35 |
| 6 | Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof (87) | 2,131.6 | 2,316.2 | -7.97 | 3.95 |
| 7 | Organic chemical (29) | 2,083.7 | 2,445.3 | -14.79 | 3.87 |
| 8 | Cereals (10) | 1,688.9 | 1,327.9 | 27.19 | 3.13 |
| 9 | Articles of iron or steel (73) | 1,243.1 | 1,592.2 | -21.93 | 2.31 |
| 10 | Oil cake and other solid residues,, from extraction of soya bean oil, vegetable material and waste (23) | 912.4 | 1,150.0 | 20.66 | 1.69 |

1. Top Competitors of India’s top 5 export

|  |  |  |
| --- | --- | --- |
| **S. No** | **Commodity (HS)** | **Competitors** |
| 1 | Machinery and mechanical appliances (84) | China, Japan, Thailand, Singapore and USA |
| 2 | Mineral fuels (27) | Singapore, Malaysia, Saudi Arabia, Nigeria and United Arab Emirate |
| 3 | Electrical machinery and equipment (85) | China, Singapore, Japan, Viet Nam and Korea Rep. of |
| 4 | Plastic and articles thereof (39) | China, Singapore, Thailand, Malaysia and Japan |
| 5 | Iron and steel (72) | China, Japan, Korea Rep. Viet Nam and Russia Federation |

2.**Important India related statement of Commercial Significance by political leaders, think tanks, chambers, associates, etc.**

During the call on the Indonesian Minister of Transportation (Minister for coordinating with India on aspects of bilateral economic cooperation) by the visiting CII delegation (18-19 July, 2016) to Jakarta, the Minister mentioned that Indian companies may be interested to invest in various infrastructure projects in Indonesia, which is one of the important focussed areas of the present government and for which the government has been spending about US$ 10 billion per year.

The Indonesian Minister of Industry during his meeting with the CII delegation told that with the cooperation of Indian industry, Indonesia could be the hub for manufacturing of pharmaceuticals in the entire ASEAN region. The Minister also praised the strength of India in Information Technology. He also told that Indonesia is outsourcing from Indian IT companies.

At his meeting with the CII delegation in Indonesian Foreign Ministry, the Vice Foreign Minister of Indonesia mentioned that as a facilitator the Indonesian Foreign Ministry has been engaged in nurturing the economic relations between India and Indonesia. He told that he was ready to extend help to Indian investors in Indonesia.

3.**Market Access:**

a). **Alerts on SPS/TBT notifications, import procedures, export restrictions put in place, change in trade policy:**

Following the Indonesian Presidential Declaration allowing import of bovine meat from country based to zone based criteria, export of bovine meat from India has been finalised. The export of bovine meat to commence soon.

Under the Single Risk Management scheme, the Indonesian government will provide to all registered business operators a single ID for their export and import permit applications through a licensing portal known as the Indonesian National Single Window(INSW). For imports the businesses will be categorised into several *Lines*which will determine how the goods would be checked and the dwelling time taken at the ports. These are *red line, yellow line, green line and main partner line.* In case of *green lines*(66 firms as of now), their goods would need to undergo document verification only, without being dismantled for physical checks.

b). **Alerts on Trade Defence Measures taken by respective country (special safeguard, anti-dumping, CVD or Anti-subsidy):**

All existing anti-dumping and Safeguard duties imposed by Indonesia on Indian exports will continue to remain in force till further review.

c).**Feedback on major trade fairs/BSM including Indian participation (whether or not supported by MAI funds):**

Nil

d) **Feedback from local commercial visitors to trade fairs in India, including under BSM, number of Business Visas issued:**

|  |  |  |
| --- | --- | --- |
| **S. No** | **Month** | **Visa issued** |
| 1 | Jan-16 | 298 |
| 2 | Feb-16 | 359 |
| 3 | Mar - 16 | 379 |
| 4 | April - 16 | 337 |
| 5 | Maty-16 | 254 |
| 6 | June-16 | 203 |
| 7 | July - 16 | 247 |

4. **Investment**

a). **Opportunities for Investments/Assets on offer/major Company Divestment:**

The Indonesian government is offering a number of state-funded projects as investment options for Indonesian citizens or companies wishing to repatriate their funds which were stashed abroad to evade tax, under the new **Indonesian tax amnesty scheme**. The investments could be in “greenfield”, that is, new projects or in “brownfield” which means, in running projects. It is reported that the Indonesian President will tour around the country to pursue the businessmen to take advantage of the tax amnesty scheme to bring back billions of dollars from abroad to invest in the country.

The Indonesian government has set a target of US$ 1.1 billion worth of investment in the fisheries and maritime sector for the year 2016.

The Investment Coordinating Board of Indonesia (BKPM) has aimed to assist 1000 companies, who have obtained Principal Permits, this year in an effort to boost investment realization.

BKPM has declared that the escalating political tensions in the South China Sea dispute will **not** significantly impact Indonesia’s investment climate.

b). **Information on Tender notices of interest to India project exporters (US$ 15 million & above):**

Nil

c). **Information regarding major investment in India from respective country:**

Nil

5. **Action taken on the previous JWGs, Joint Commissions, Sub Commissions etc.(Issues that Mission had to follow up with host government):**

Mission is working in consultation with GOI departments and the concerned Ministries of Indonesia for holding of the 2nd Bilateral Trade Minister’s Forum (BTMF) between India and Indonesia, the meetings of CEO’s Forum, Energy Forum, Joint Working Group meetings on Oil and Gas and Renewable Energy. The G2G MoU on Export of Rice between India and Indonesia is ready for signing by the two sides.

6.**Trade Queries for Imports/Exports July, 2016:**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **FROM INDONESIAN** | | |  | **FROM INDIAN** | | |
| S no. | Product Sector | Queries |  | S no. | Product Sector | Queries |
| 1 | Plantation | -- |  | 1 | Plantation | -- |
| 2 | Agriculture & allied products | -- |  | 2 | Agriculture & allied products | 6 |
| 3 | Ores & minerals | -- |  | 3 | Ores & minerals | 2 |
| 4 | Leather & manufactures | -- |  | 4 | Leather & leather products | 1 |
| 5 | Gem & jewellery | -- |  | 5 | Gem & jewellery | 1 |
| 6 | Medical Equipment |  |  | 6 | Garment/textile | 6 |
| 7 | Chemicals | -- |  | 7 | Chemicals | -- |
| 8 | Engineering goods | -- |  | 8 | Engineering goods | -- |
| 9 | Electronics & computers | -- |  | 9 | Electronics & computers | -- |
| 10 | Machinery | -- |  | 10 | Machinery | 2 |
| 11 | Textiles | 1 |  | 11 | Auto | -- |
| 12 | Handicrafts | -- |  | 12 | Handicrafts | 2 |
| 13 | Carpets | -- |  | 13 | Medical equipments | 1 |
| 14 | Petroleum products | -- |  | 14 | Pharmaceuticals | 2 |
| 15 | Unclassified | -- |  | 15 | Unclassified | 16 |
|  | **TOTAL** | **1** |  |  | TOTAL | **39** |

|  |  |  |
| --- | --- | --- |
|  |  |  |

7.**Any other issues of importance:**

A 13-member high level business delegation from the Confederation of Indian Industry (CII) headed by Mr. Naushad Forbes, President of CII visited Jakarta from 18-19 July, 2016. The delegation comprised CEOs of Indian companies spread across the sectors of manufacturing, steam engineering, energy conservation, FMCG, infrastructure, power, steel, renewable energy, mining, consumer & speciality chemicals, sugar and sugar equipment, air conditioning and commercial refrigeration and water treatment. The delegation called on the Indonesian Ministers of Industry, Transportation and Trade and other important dignitaries and met senior officials in ASEAN Secretariat in Jakarta. They also attended a business meet, organised by the Mission in association withthe Indonesian Chamber of Commerce &Industry(KADIN) and the Indonesian Employers Association(APINDO). The visit provided an opportunity to foster closer economic relations with increased trade and investment cooperation between India and Indonesia.

**Commodity**

Amid declining global demand for Coal, Indonesia is still seeing a gradual rise in domestic consumption of the commodity, driven mainly by the newly built coal based thermal power stations and higher demand by the cement industry.

**8.Bilateral with other countries:**

**New Zealand**:

The Prime Minister of New Zealand, accompanied by a 22-member business delegation visited Indonesia during the third week of July, 2016. During the visit cooperation in renewable energy, especially on geothermal energy and investment in hydro-electricity were discussed. The two countries signed MoUs on renewable energy, tourism and combating illegal, unreported and unregulated fishing. The two sides also agreed to improve cooperation in cattle breeding and investment by New Zealand in this sector.

**Malaysia**

Almost 50 years after the ratificationof the Border Trade Agreement (BTA)by Indonesia and Malaysia, the two countries finally set to renew the agreement, adjusting it in accordance with changing times. The border trade agreement is a part of an effort by the two countries to increase bilateral trade to US$ 30 billion per year. The renewal of the decades old BTA was among the issues that were agreed upon by the two countries during the second Indonesia-Malaysia Joint Trade and Investment Committee meeting, that was recently revived after an eight-year hiatus.

**Singapore**

Singapore’s Minister of State for Foreign Affairs Mohamad Maliki Osman has expressed his country’s interest in investing in Indonesia’s South Sumatra Province, during his visit to South Sumatra, Indonesia.

**Taiwan**

Taiwan will cooperate with Indonesia in developing Morotain Island in North Maluku province into a new economic hub consisting of a seafood-processing industry, a tourist resort and a new industrial zone.

9. **Regional Multilateral**

Indonesia and the European Union(EU) have launched the formal negotiations on the Comprehensive Economic Partnership Agreement (CEPA). Both sides have agreed to negotiate a new ambitious agreement that would facilitate trade and investments covering a wide range of issues, which have been on both sides’ agenda from the beginning of their economic partnership. The EU currently has trade more with other ASEAN countries such as Malaysia, Thailand and Singapore than with Indonesia.

Indonesia is keen to bring the local certification system for food products and beverages and later for the services sector on internationally compliant level, as in the case of its timbers (timber legality system) for catering to EU.

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