**Embassy of India**

**Jakarta**

No. Jak/Com/201/1/2016 Date: 22 July 2016

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

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

(**Value: million US$)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|   | **Export(Jan-April 2016)** | **Import(Jan-April 2016)** | **Total(Jan-April 2016)** | **Growth % of Export** **(y-o-y)** | **Growth % of Import (y-o-y)** |
| Country's Trade with India | 2,980.7 | 883.5 | 3,864.2 | -28.81 | -13.38 |
| Country's Total Global Trade | 45,078.5 | 42,757.9 | 87,836.4 | -13.57 | -13.37 |

1. Top 10 Items of Export to India

 (Value: million US$)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S.No** | **Commodity (HS)** | **Total(Jan-April 2016)** | **Total(Jan-April 2015)** | **Percentage Growth (%)y-o-y** | **% Share in Total Export (Jan-April 2016)** |
| 1 | Mineral fuels (27) | 1,151.8 | 1,879.5 | -38.72  | 38.64 |
| 2 | Animal or vegetable fats and oils and their cleavage products (15) | 1,007.7 | 1,189.3 | -15.27 | 33.81 |
| 3 | Rubber and articles thereof (40) | 73.7 | 81.8 | -9.90 | 2.47 |
| 4 | Miscellaneous chemical products (38) | 71.1 | 30.3 | 134.65 | 2.39 |
| 5 | Ores, slag and ash (26) | 53.3 | 234.2 | -77.24 | 1.79 |
| 6 | Iron and steel (72) | 53.1 | 36.1 | 47.09 | 1.78 |
| 7 | Floating/submersible drilling/ production platforms(89) | 51.1 | 1.0 | 5010 | 1.71 |
| 8 | Paper and paperboard; articles of paper pulp of paper or of paperboard (48) | 43.3 | 35.7 | 21.29 | 1.45 |
| 9 |  Organic chemicals (29) | 36.3 | 74.8 | -51.47 | 1.22 |
| 10 | Other lead-acid, for start piston engine used not for aircraft of height (85) | 35.2 | 42.4 | 16.98 | 1.18 |
|  |  |  |  |  |  |

1. Top 10 Items of Export to the World

 (Value: million US$)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S.No** | **Commodity (HS)** | **Total(Jan -April 2016)** | **Total(Jan-April 2015)** | **Percentage Growth (%)y-o-y** | **% Share in Total Export (Jan-April 2016)** |
| 1 | Mineral fuels (27) | 8,682.4 | 13,258.7 | -34.52 | 19.26 |
| 2 | Animal or vegetable fats and oils and their cleavage products (15) | 5,271.9 | 6,417.7 | -17.85 | 11.69 |
| 3 | Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewelery; coin (71) | 2,733.7 | 2,393.6 | 14.21 | 6.06 |
| 4 | Electrical machinery and equipment and parts thereof (85) | 2,655.9 | 2,904.8 | -8.57 | 5.89 |
| 5 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof (87) | 1,732.5 | 1,884.4 | -8.06 | 3.84 |
| 6 | Rubber and articles thereof (40) | 1,706.1 | 1,955.9 | -12.77 | 3.78 |
| 7 | Machinery and mechanical appliances (84) | 1,643.3 | 1,727.5 | -4.87 | 3.65 |
| 8 | Footwear, gaiters and the like; parts of such articles (64) | 1,523.3 | 1,485.5 | 2.54 | 3.38 |
| 9 | Articles of apparel and clothing accessories, not knitted or crocheted (62) | 1,310.9 | 1,308.8 | 0.16 | 2.91 |
| 10 | Wood and articles of wood; wood charcoal (44) | 1,284.5 | 1,346.9 | -4.63 | 2.85 |

1. Top 10 Items of Import from India

 (Value: million US$)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S.No** | **Commodity (HS)** | **Total(Jan-April 2016)** | **Total(Jan-April 2015)** | **Percentage Growth (%)y-o-y** | **% Share in Total Import(Jan-April 2016)** |
| 1 | Organic chemical (29) | 125.5 | 177.4 | -29.26 | 14.20 |
| 2 | Machinery and mechanical appliances (84) | 115.8 | 138.2 | -16.21 | 13.11 |
| 3 | Cotton (52) | 75.3 | 37.8 | 99.21 | 8.52 |
| 4 | Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medical plants; straw and fodder (12) | 68.3 | 72.7 | -6.05 | 7.73 |
| 5 | Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof (87) | 67.6 | 110.6 | -38.88 | 7.65 |
| 6 | Iron and steel (72) | 44.2 | 48.0 | -7.92 | 5.00 |
| 7 | Electrical machinery and equipment (85) | 43.9 | 67.3 | -34.77 | 4.97 |
| 8 | Tanning or dyeing extracts; tanning and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks (32) | 39.8 | 33.8 | 17.75 | 4.50 |
| 9 | Plastic and articles thereof (39) | 34.1 | 32.2 | 5.90 | 3.86 |
| 10 | Miscellaneous chemical products (38) | 23.2 | 20.6 | 12.62 | 2.63 |

1. Top 10 Items of Import from the World

 (Value: million US$)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S.No** | **Commodity (HS)** | **Total(Jan-April 2016)** | **Total(Jan-April 2015)** | **Percentage Growth (%)y-o-y** | **% Share in Total Import(Jan-April 2016)** |
| 1 | Machinery and mechanical appliances (84) | 6,829.9 | 7,733.1 | -11.68 | 15.97 |
| 2 | Mineral fuels (27) | 5,393.9 | 8,585.1 | -37.17 | 12.61 |
| 3 | Electrical machinery and equipment (85) | 4,803.1 | 5,280.8 | -9.05 | 11.23 |
| 4 | Plastic and articles thereof (39) | 2,189.4 | 2,290.8 | -4.43 | 5.12 |
| 5 | Iron and steel (72) | 1,870.4 | 2,633.7 | -28.98 | 4.37 |
| 6 | Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof (87) | 1,712.4 | 1,930.5 | -11.30 | 4.00 |
| 7 | Organic chemical (29) | 1,667.8 | 1,937.7 | -13.93 | 3.90 |
| 8 | Cereals (10) | 1,436.2 | 1,083.9 | 32.50 | 3.36 |
| 9 | Articles of iron or steel (73) | 1,032.0 | 1,268.6 | -18.65 | 2.41 |
| 10 | Cotton (52)  | 715.1 | 787.6 | -9.21 | 1.67 |

1. Top Competitors of India’s top 5 export

|  |  |  |
| --- | --- | --- |
| **S. No** | **Commodity (HS)** | **Competitors** |
| 1 | Machinery and mechanical appliances (84) |  Japan, Thailand, , Singapore, USA and Germany. |
| 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 Republic. |
| 4 | Plastic and articles thereof (39) | China, Singapore, Thailand, Malaysia and Japan. |
| 5 | Iron and steel (72) | China, Japan, Korea Republic, Viet Nam and Russia Federation.  |

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

 Nil

**3. Market Access:**

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

Technical issues being sorted out in consultation with Govt. of India agencies for Indian bovine meat export to Indonesia, for which new Indonesian government regulations have been issued recently.

**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 | May - 16 | 254 |
| 6 | June-16 | 203 |

**4. Investment**

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

In the wake of liberalization of industrial licensing and opening up many sectors for upto 100% Foreign Direct Investment(FDI) and announcing of several economic packages including tax incentives by the Indonesian government, Indonesia is becoming more investment friendly country. To facilitate investment in Indonesia some countries have already opened their representative offices in Indonesia. Two US companies have expressed interest in investing in construction and minerals processing businesses, encouraged by the new on-line licensing system introduced by the Investment Coordinating Board of Indonesia (BKPM). These companies have expressed interest through BKPM’s New York based Indonesian Investment Promotion Board(IIPC).

As many as eight projects worth US$108.75 million are set to begin under BKPM’s direct construction investment incentive (KLIK) programme in May2016. As per BKPM under this scheme out of 40, 17 projects in 7 industrial estates have stated construction, while the remaining 23 projects, located across five estates, are in the preparation stage.

A Singaporean pharmaceutical company is reportedly interested in developing a US$4million factory in Greater Jakarta area. At present the company exports pharmaceutical products to Indonesia. As per BKPM, this would be a strategic move to cut import of pharmaceuticals. Pharmaceutical products and medical devices are one of the 10 prioritized sectors in Indonesian masterplan to develop industrial estates.

The very high price of pharmaceutical products and medical devices, on account of lack of indigenous production facilities and resultant dependence on imports, there is considerable scope for investors in investment in setting up pharmaceuticals and medical device production units in Indonesia.

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 early 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 and the signing of MoU on Export of Rice by India to Indonesia.

**6. Trade Queries for Imports/Exports June, 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 | 20  |
| 3 | Ores & minerals | -- |  | 3 | Ores & minerals | --  |
| 4 | Leather & manufactures | -- |  | 4 | Leather & leather products | -- |
| 5 | Gem & jewellery | -- |  | 5 | Gem & jewellery | 2 |
| 6 | Medical Equipment | -- |  | 6 | Garment/textile | 6  |
| 7 | Chemicals | -- |  | 7 | Chemicals | 3  |
| 8 | Engineering goods |  |  | 8 | Engineering goods | --  |
| 9 | Electronics & computers | -- |  | 9 | Electronics & computers | --  |
| 10 | Machinery |  |  | 10 | Machinery | 3  |
| 11 | Textiles | -- |  | 11 | Auto | 3  |
| 12 | Handicrafts | -- |  | 12 | Handicrafts | 1  |
| 13 | Carpets | -- |  | 13 | Medical equipments | 2  |
| 14 | Petroleum products | -- |  | 14 | Pharmaceuticals | 2 |
| 15 | Unclassified | 1  |  | 15 | Unclassified | 18  |
|  | **TOTAL** | **1**  |  |  | **TOTAL** |  **60** |

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

Indonesia’s imports in May 2016 continued to stagnate, which stood at US$11.3 billion, is 4.12 percent lower than Indonesian imports in May 2015. The alarming factor for economic growth of Indonesia is that, imports of consumer goods have soared, while imports of raw and ancillary goods including capitals goods have dropped. Indonesia’s trade surplus dropped significantly to US$ 375.60 million in May 2016 from US$667.20 million in April, 2016.

The Indonesian Environment and Forestry Ministry is in the final stage of filing civil lawsuits against five palm oil companies allegedly responsible for some of the forest fires of last year, which killed 19 persons and caused more than US$ 16 billion in economic losses. Amid public pressure, the government of Indonesia decided to hand down administrative sanctions to 23 companies suspected of being behind the land and forest fires last year. These palm oil companies had allegedly resorted to clearing of forests through burning, for palm plantation which was resulted in massive and almost uncontrollable forest fires, causing huge environmental pollution.

**Commodity**

The Indonesian car market which is dominated by brands from Japan, South Korea, Europe and the US will soon see the arrival of cheaper options as a Chinese automotive giant – SAIC-GM-Wuling Automobile (SGMW) is set to introduce its products to Southeast Asia’s biggest market. The company plans to manufacture two models, the Baojun 730 and WulingHongguang once their manufacturing plant in West Java is completed in 2017.

**8.Bilateral with other countries:**

**China**

The long overdue loan agreement with China is set to be signed soon for highway construction. The loan would be delivered through the Chinese Exim Bank.

**Japan**

The Indonesian President’s meeting with executives of Japanese petroleum giant Impexopens up a new chapter for both countries following strained economic relations between them, as a consequence of Japan’s failure to secure Indonesian projects, especially the Jakarta-Bandung high speed railway project which was offered to a Chinese consortium. It was agreed in the meeting that Japan to support the multi-billion dollar Masela onshore liquefied natural gas (LNG) project.

A decision by the Japan Bank for International Cooperation (JBIC) to provide a multi million dollar loan for an Indonesian consortium paves the way for the financial closure of development of a mega power plant project in Batang, Central Java province. The Bank will provide a US$2.05 billion loan for a 2000MW power plant to a consortium – PT Bhimsena Power Indonesia (BPI) consisting PT Adaro Energy, J-Power Electric Power Development Co. Ltd. and Itochu Corporation.

9. **Regional Multilateral**

The China led multilateral Asian Infrastructure Investment Bank(AIIB) has announced its first loan of US$ 216.5 million for a slum upgrading project which will be co-financed by the World Bank.

After years of intense negotiations, the EU recently declared thatIndonesia had achieved full implementation of its timber legality system, enabling the country’s timber products to secure EU’s Forest Law Enforcement, Governance and Trade (FLEGT) licence. By producing FLEGT licensed timber, Indonesian timber products will be regarded by the EU as having been harvested legally and gain free access into the EU market. But the first fully legally licensed shipment to EU will have to wait until the end of this year.

Despite UK’s move to exit the European Union, Indonesia is still in favour of a Comprehensive Economic Partnership (CEPA) with the EU. It is expected that the formal negotiations would start by the middle of the year.

 \*\*\*\*\*\*\*\*\*\*\*\*\*\*