

**Embassy of India  
Jakarta**

No. Jak/Com/201/1/2014

Date : 13 November 2014

**Monthly Economic & Commercial Report – September 2014**

1. Trends in Bilateral trade:

(i) Bilateral Trade  
(Value: million US\$)

	Export (Jan-Aug 2014)	Import (Jan-Aug 2014)	Total (Jan-Aug 2014)	Growth % of Export (y-o-y)	Growth % of Import (y-o-y)
Country's Trade with India	7,907.3	2,862.8	10,770.1	-7.19	1.29
Country's Total Global Trade	117,430.3	118,828.6	236,258.9	-1.52	-4.81

(i) Top 10 Items of Export to India  
(Value: million US\$)

S. No	Commodity (HS)	Total (Jan-Aug 2014)	Total (Jan-Aug 2013)	Percentage Growth (%) y-o-y	% Share in Total Export (Jan-Aug 2014)
1	Mineral fuels (27)	3,770.7	3,907.02	-3.49	47.68
2	Animal or vegetable fats and oils and their cleavage products (15)	2,485.3	3,045.5	-18.39	31.43
3	Rubber and articles thereof (40)	283.2	256.9	10.24	3.58
4	Organic chemicals (29)	163.8	86.3	89.80	2.07
5	Electrical machinery and equipment and parts thereof (85)	147.9	130.4	13.42	1.87
6	Miscellaneous chemical products(38)	143.4	64.8	121.3	1.81
7	Paper and paperboard; articles of paper pulp of paper or of paperboard (48)	81.6	47	73.6	1.03
8	Iron and Steel (72)	67.8	18.7	262.6	0.85
9	Machinery and mechanical appliances(84)	61.2	51.6	18.60	0.77
10	Ores, slag and ash (26)	57.9	274.8	-78.93	0.73

(ii) Top 10 Items of Export to the World  
(Value: million US\$)

S. No	Commodity (HS)	Total (Jan-Aug 2014)	Total (Jan-Aug 2013)	Percentage Growth (%) y-o-y	% Share in Total Export (Jan-Aug 2014)
1	Mineral fuels (27)	35,273.9	38,176.4	-7.60	30.04
2	Animal or vegetable fats and oils (15)	13,777.7	12,159.7	13.30	11.73
3	Electrical machinery and equipment (85)	6,451.6	6,915.4	-6.71	5.49
4	Rubber and articles thereof (40)	5,002.7	6,400.6	-21.84	4.26
5	Machinery and mechanical appliances(84)	3,962.4	3,923.1	1.00	3.37

S. No	Commodity (HS)	Total (Jan-Aug 2014)	Total (Jan-Aug 2013)	Percentage Growth (%) y-o-y	% Share in Total Export (Jan-Aug 2014)
6	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof (87)	3,269.7	2,909.9	12.36	2.78
7	Pearls, precious stones, metals, coins, etc (71)	3,169.1	1,581.2	100.42	2.69
8	Miscellaneous Chemical Products (38)	2,946.1	2,368.2	24.40	2.51
9	Articles of apparel, accessories, not knit or crochet (62)	2,674.5	2,672.3	0.08	2.28
10	Wood and articles of wood, wood charcoal (44)	2,673.9	2,328.5	14.83	2.27

(i) Top 10 Items of Import from India  
(Value: million US\$)

S. No	Commodity	Total (Jan-Aug 2014)	Total (Jan-Aug 2013)	Percentage Growth (%) y-o-y	% Share in Total Import (Jan-Aug 2014)
1	Cereals (10)	412.6	553.1	-25.40	14.41
2	Organic chemicals (29)	360.6	316.9	13.79	12.59
3	Mineral Fuels (27)	330.6	132.4	149.69	11.55
4	Machinery and mechanical appliances (84)	264.4	230.04	14.94	9.23
5	Vehicles and part thereof (87)	203.9	110.9	83.86	7.12
6	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder (12)	191.1	191.2	-0.05	6.67
7	Iron and steel (72)	152.1	127.3	19.48	5.31
8	Cotton (52)	123.8	81.5	51.90	4.32
9	Electrical machinery and equipment (85)	105.4	347.2	-69.64	3.68
10	Residues and waste from the food industries; prepared animal fodder (23)	95.9	93.1	3.01	3.35

(iii) Top 10 Items of Import from the World  
(Value: million US\$)

S. No	Commodity (HS)	Total (Jan-Aug 2014)	Total (Jan-Aug 2013)	Percentage Growth (%) y-o-y	% Share in Total Import (Jan-Aug 2014)
1	Mineral fuels (27)	29,672.8	30,080.6	-1.36	24.97
2	Machinery and mechanical appliances (84)	17,261.6	17,721.2	-2.59	14.52
3	Electrical machinery and equipment (85)	11,556.8	12,450.6	-7.18	9.72
4	Iron and steel (72)	5,553.4	6,827.9	-18.66	4.67
5	Plastic and articles thereof (39)	5,083.1	5,078.8	0.08	4.27
6	Organic chemicals (29)	4,725.5	4,737.3	-0.25	3.97
7	Vehicles and part thereof (87)	4,238.1	5,461.2	-22.93	3.56
8	Aircraft of iron and steel (73)	2,834.2	3,299.1	-14.09	2.38
9	Residues and waste from the food industries; prepared animal fodder (23)	2,229.7	1,920.2	16.12	1.88
10	Cereals (10)	2,211.5	2,372.7	-6.79	1.86

(iv) Top Competitors of India's top 5 exports

S. No	Commodity (HS)	Competitors
1	Cereals (10)	Australia, United States, China, Canada, Brazil
2	Organic chemicals (29)	Singapore, China, Malaysia, Saudi Arabia, Thailand
3	Mineral fuels (27)	Singapore, Saudi Arabia, Malaysia, Republic of Korea, Nigeria
4	Machinery and mechanical appliances (84)	China, Japan, Singapore, Thailand, Germany
5	Vehicles and part thereof (87)	Thailand, Japan, China, Germany, Republic of Korea

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

3. **Market Access:**

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

The Indonesian House of Representatives passed the **New Insurance Bill** into law that will replace the outdated 1992 Insurance Law to cope with swift change in the growing insurance industry, which stipulates that foreign-owned insurance companies are obliged to transfer ownership to Indonesian citizens or make an initial public offering (IPO) within five years of the law taking effect. Further provisions on ownership, including penalties will be regulated under the Financial Services Authority (OJK) regulations. The new law provides structure to the limits of foreign ownership, obliges insurance companies to legally take the form of limited liability companies (known as PT), regulate the protection scheme for policy holders in the case of providers dissolution, liquidation or bankruptcy, and penalty for criminal misconduct.

The House of Representatives also passed the **New Plantation Bill**, which sets stricter rules on foreign ownership in the plantation sector so as to prioritize smaller local investors. The limitation is to have no specific percentage value, although the House's Commission IV had previously demanded a 30 percent foreign ownership cap. Instead, the law allows the central government to limit direct foreign investment in Indonesia's growing plantation sector through government regulations (PPs). The existing foreign plantation companies will be required to comply with the new law after their period of licensing of rights to cultivate land (HGU) has ended. The new law also regulates the scope of plantation areas and land concessions according to a number of variables, such as the type of crop grown, the company's factory capacity, the area's population density and certain geographical conditions, which will be detailed in PPs. Firms have been given five years to comply with the new law.

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

Indonesian Anti-dumping Committee (KADI) has initiated investigation on unfair pricing due to the influx of wheat flour into the domestic market based on a petition by the Indonesian flour Mills Association (APTINDO). If the unfair practice is proven it could lead to **anti-dumping measures on wheat flour**. In 2013 the total imports of wheat flour stood at 205,448 tons mostly from India, Turkey, and Sri Lanka which accounted for 86 percent of the total imports. At present Indonesia imposes a 5 percent duty on imported wheat flour.

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

A three member NTPC team led by Shri R.Padmakumar, Addl.Gen.Manager(Fuel Management) visited Indonesia for meetings with Indonesian government owned coal mining company Bukit Asam for **long term coal supply arrangement**. The NTPC team had detailed technical discussions with Bukit Asam officials led by Mr.M.Jamil, Commercial Director, and visited Bukit Asam mine, and facilities etc. NTPC would examine the pricing formula proposed by Bukit Asam, and prepare a detailed report.

RITES organised a **seminar on ‘Opportunities for Cooperation In Railways’** on the capabilities and assistance it can provide to Indonesia which is in the process of revamping its Railways to provide a reliable alternative to the road transport. Introducing the RITES team, Ambassador of India Mr.Gurjit Singh hoped this Seminar will provide useful inputs to the two sides to work together, and given its vast international experience, Indonesia can certainly gain by engaging with RITES for upgradation of its existing railway systems with latest technologies as well as planning and its execution. He underlined the importance of such bilateral cooperation in view of emerging opportunities with the establishment of the ASEAN Economic Community. The seminar was attended by Hermanto Dwiatmoko, Director General of Railways of the Ministry of Transportation, and officials from concerned organisations. Welcoming the RITES delegation Mr. Hermanto said that Indonesia is open to cooperation in capacity building, safety and quality in view of the strong commitment to develop the railway network to stimulate national economy and become a developed nation by 2025. The Director General elaborated the National Railways Development Plan 2030, and sought India’s support for investment and sharing technology. RITES Director(Technical) Mr. Sumit Sinha and his delegation gave detailed presentation on the Indian Railways and RITES capability, strength and experience of decades in more than 50 countries.

The 22<sup>nd</sup> **Indonesia International Motor show**, organised by the Association of Indonesian Automotive Industries (GAIKINDO), and one of Southeast Asia’s largest automobile exhibitions opened on September 18<sup>th</sup> 2014. Daimler India launched the new Indian made FUSO trucks FJ 25T and FI12T at the show.

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.	January 2014	378
2.	February 2014	387
3.	March 2014	312
4.	April 2014	297
5.	May 2014	251
6.	June 2014	266
7.	July 2014	254
8.	August 2014	359
9.	September 2014	315
<b>Total</b>		2819

#### 4. Investment

a). Opportunities for Investments/assets on offer/major company divestment: NIL

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 JWG's, joint Commissions, Sub commissions etc.(Issues that Mission had to follow up with host government):

The various pending bilateral issues were taken up appropriately during interaction with the concerned interlocutors of the local government by Ambassador and other officers.

6. Trade Queries for Imports/Exports :

FROM INDONESIAN		
S no.	Product Sector	Queries
1	Plantation	-
2	Agriculture & allied products	-
3	Ores & minerals	-
4	Leather & manufactures	-
5	Gem & jewellery	-
6	Medical Equipment	-
7	Chemicals	1
8	Engineering goods	-
9	Electronics & computers	-
10	Machinery	-
11	Textiles	-
12	Handicrafts	-
13	Carpets	-
14	Petroleum products	-
15	Unclassified	2
<b>TOTAL</b>		<b>3</b>

FROM INDIAN		
S no.	Product Sector	Queries
1	Plantation	-
2	Agriculture & allied products	18
3	Ores & minerals	-
4	Leather & leather products	-
5	Gem & jewellery	-
6	Garment/textile	2
7	Chemicals	2
8	Engineering goods	3
9	Electronics & computers	-
10	Machinery	2
11	Auto	-
12	Handicrafts	-
13	Medical equipments	2
14	Pharmaceuticals	1
15	Unclassified	7
<b>TOTAL</b>		<b>37</b>

7. Any other issues of importance:

#### Infrastructure:

The Indonesian Public Works Ministry would soon begin a study regarding 49 **potential new dam sites** to support the government's food security program through better irrigation, based on the draft 2015-2019 National Mid-term Development Plan (RPJMN). The government has made water availability one of its top priorities having completed the construction of 21 dams over the past 10 years with another 16 dams currently under construction.

The Indonesian government is likely to open the **tender process for several infrastructure projects** during the end of 2014. According to National Planning Board (BAPPENAS) these include a coal-fired power plant in Jambi; Seaport in Makassar (South Sulawesi); drinking water supply project in Pekanbaru (Riau); railway projects in South Sumatra; and waste water treatment system in Nambo (West Java). According to BAPPENAS an estimated US\$ 550 billion worth of investment is required for infrastructure projects during 2015 - 2019.

#### Commodity:

Following the ban on export of unprocessed mineral ores effective from 12 January 2014 based on the Mining Law of 2009; mining company PT Newmont Nusa Tenggara (subsidiary of

US-based Newmont Mining Corporation) has renegotiated a contract with the Indonesian government and is to sign a MOU that will allow copper shipments of about 270,000 tons this year. PT Newmont had earlier this year ceased operations due to the ore export ban, filed an appeal with the International Center for the Settlement of Investment Disputes, and subsequently withdrew the appeal as the government had promised to reopen negotiations with PT Newmont. The company had agreed to renegotiation of the contract covering six main issues: adjustment in royalties, divestment, mining area, continuity of operations post-contract expiry, downstream value addition, and local goods content. The government is in talks with mining companies to renegotiate a number of contract of Works (COW) to adjust them according to the 2009 Mining Law.

**Bilateral with other countries:**

Indonesian President elect Joko Widodo expressed his interest in receiving further **loans from Japan for infrastructure related projects** particularly for development of maritime infrastructure, railways, and MRT, during his meeting with former Japanese Prime Minister Yasua Fukuda. The former Japanese PM was visiting in his capacity as President of the Japan-Indonesia Association. As on April 2014 Japan’s outstanding bilateral loans to Indonesia amounted to US\$20.9 billion mostly for infrastructure development.

Taiwan External trade Development council (TAITRA) organized a one-day exhibition in Jakarta where business people from both countries discussed possibilities regarding long-term cooperation. TAITRA a non-profit organization established by the Taiwanese government in 1970, has organised a number of trade missions. Cumulatively, the trade value between Indonesia and Taiwan reached US\$:5.66 billion in the first half of 2014, and cumulative investment was worth US\$:15.3 billion as Taiwan is one of Indonesia’s biggest foreign investors.

