**Embassy of India**

**Jakarta**

No. Jak/Com/201/1/2016 Date: 14 September 2016

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

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

(Value: million US$)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Export (Jan-June 2016)** | **Import (Jan-June 2016)** | **Total (Jan-June 2016)** | **Growth % of Export**  **(y-o-y)** | **Growth % of Import (y-o-y)** |
| Country's Trade with India | 4,573.7 | 1,327.6 | 5,901.3 | -29.61 | -12.48 |
| Country's Total Global Trade | 69,567.3 | 65,993.9 | 135,561.2 | -11.29 | -10.75 |

1. Top 10 Items of Export to India

(Value: million US$)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S.No** | **Commodity (HS)** | **Total (Jan-June 2016)** | **Total (Jan-June 2015)** | **Percentage Growth (%) y-o-y** | **% Share in Total Export  (Jan-June 2016)** |
| 1 | Mineral fuels (27) | 1,799.7 | 2,751.8 | -34.59 | 39.34 |
| 2 | Animal or vegetable fats and oils and their cleavage products (15) | 1,477.7 | 1,823.2 | -18.95 | 32.30 |
| 3 | Rubber and articles thereof (40) | 135.8 | 137.0 | -0.88 | 2.97 |
| 4 | Miscellaneous chemical products (38) | 106.4 | 61.2 | 73.85 | 2.33 |
| 5 | Iron and steel (72) | 90.7 | 74.8 | 21.25 | 1.98 |
| 6 | Ores, slag and ash (26) | 75.9 | 403.6 | -81.19 | 1.65 |
| 7 | Paper and paperboard; articles of paper pulp of paper or of paperboard (48) | 66.1 | 60.6 | 9.07 | 1.44 |
| 8 | Organic chemicals (29) | 60.9 | 108.2 | -43.72 | 1.33 |
| 9 | Other lead-acid, for start piston engine used not for aircraft of height (85) | 55.4 | 59.2 | -6.42 | 1.21 |
| 10 | Wood and articles of wood; wood charcoal (44) | 54.1 | 42.7 | -26.69 | 1.18 |

1. Top 10 Items of Export to the World

(Value: million US$)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S.No** | **Commodity (HS)** | **Total (Jan -June 2016)** | **Total (Jan-June 2015)** | **Percentage Growth (%) y-o-y** | **% Share in Total Export  (Jan-June 2016)** |
| 1 | Mineral fuels (27) | 12,995.3 | 18,754.3 | -30.70 | 18.68 |
| 2 | Animal or vegetable fats and oils and their cleavage products (15) | 7,920.7 | 9,755.2 | -18.80 | 11.39 |
| 3 | Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin (71) | 4059.8 | 3,433.1 | 18.25 | 0.58 |
| 4 | Electrical machinery and equipment and parts thereof (85) | 4030.9 | 4,306.8 | -6.40 | 0.58 |
| 5 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof (87) | 2795.4 | 2,793.9 | 0.05 | 0.40 |
| 6 | Rubber and articles thereof (40) | 2697.9 | 3,019.0 | -10.64 | 0.39 |
| 7 | Machinery and mechanical appliances (84) | 2630.1 | 2,603.1 | 1.03 | 0.37 |
| 8 | Footwear, gaiters and the like; parts of such articles (64) | 2400.5 | 2,332.5 | 2.92 | 0.34 |
| 9 | Articles of apparel and clothing accessories, not knitted or crocheted (62) | 2074.8 | 2,001.1 | 3.68 | 0.29 |
| 10 | Wood and articles of wood; wood charcoal (44) | 1964.8 | 2,056.7 | -4.47 | 0.28 |

1. Top 10 Items of Import from India

(Value: million US$)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S.No** | **Commodity (HS)** | **Total (Jan-June 2016)** | **Total (Jan-June 2015)** | **Percentage Growth (%) y-o-y** | **% Share in Total Export  (Jan-June 2016)** |
| 1 | Organic chemical (29) | 196.0 | 268.3 | -26.95 | 14.76 |
| 2 | Machinery and mechanical appliances (84) | 170.9 | 194.4 | -12.08 | 12.87 |
| 3 | Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medical plants; straw and fodder (12) | 105.7 | 99.0 | 6.77 | 7.96 |
| 4 | Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof (87) | 93.9 | 170.3 | -44.86 | 7.07 |
| 5 | Cotton (52) | 86.9 | 49.4 | 75.91 | 6.54 |
| 6 | Iron and steel (72) | 73.6 | 73.9 | -0.40 | 5.54 |
| 7 | Electrical machinery and equipment (85) | 66.0 | 92.4 | -28.57 | 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) | 56.5 | 49.9 | 13.23 | 4.25 |
| 9 | Plastic and articles thereof (39) | 54.8 | 43.9 | 24.83 | 4.12 |
| 10 | Miscellaneous chemical products (38) | 36.2 | 30.4 | 19.08 | 2.72 |

1. Top 10 Items of Import from the World

(Value: million US$)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **S.No** | **Commodity (HS)** | **Total (Jan-June 2016)** | **Total (Jan-June 2015)** | **Percentage Growth (%) y-o-y** | **% Share in Total Export  (Jan-June 2016)** |
| 1 | Machinery and mechanical appliances (84) | 10,327.7 | 11,285.8 | -8.49 | 15.68 |
| 2 | Mineral fuels (27) | 8,904.4 | 13,326.2 | -33.18 | 13.49 |
| 3 | Electrical machinery and equipment (85) | 7,356.6 | 7,870.5 | -6.53 | 11.15 |
| 4 | Plastic and articles thereof (39) | 3,429.6 | 3,518.8 | -2.53 | 5.20 |
| 5 | Iron and steel (72) | 2,942.8 | 3,442.8 | -14.52 | 4.46 |
| 6 | Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof (87) | 2,611.3 | 2,791.6 | -6.46 | 3.96 |
| 7 | Organic chemical (29) | 2,510.3 | 2,947.8 | -14.84 | 3.80 |
| 8 | Cereals (10) | 1,923.2 | 1,585.6 | 20.36 | 2.91 |
| 9 | Articles of iron or steel (73) | 1,511.3 | 1,906.5 | -21.87 | 2.29 |
| 10 | Oil cake and other solid residues,, from extraction of soya bean oil, vegetable material and waste (23) | 1,1394 | 1,452.6 | -23.07 | 1.73 |

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 Japan and Malaysia |
| 5 | Iron and steel (72) | China, Japan, Korea Rep. Viet Nam and Taiwan |

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

Mr.Ir. Hadi Surjadipradja, Secretary General of Indonesian Automotive Parts & Component Industries Association, speaking at the seminar organised by the Automatic Components Manufacturing Association of India(ACMA), prior to the Buyer Seller Meet on 3rd August, 2016 in Jakarta, said that his Association is happy to attend the event and that his Association would be working with the Indian counterpart in developing the bilateral cooperation in automobile component industries.

3. **Market Access:**

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

The Embassy of India in Jakarta, in synergy with the Agricultural and Processed Food Export Development Agency (APEDA) of India, pursued vigorously with the Indonesian government authorities -  the Indonesian Department of Livestock and Animal Health Services, Indonesian Agricultural Quarantine Agency, state logistic agency BULOG etc.  to enable export of bovine meat from India.  It may be mentioned that Indonesia had continued to import bovine meat mostly from countries like Australia.  However, the Indonesian Presidential declaration on bovine meat import from country based to disease free zonal basis created opportunities for Indian bovine meat processors to export bovine meat to Indonesia, which is more economical and healthier.  The Indonesian government approved 10 Indian meat processing companies for export of bovine meat.  BULOG has granted an import quota of 10,000 tons of Indian bovine meat till December 2016. Accordingly, consignments of bovine meat from India have started arriving in Jakarta since end August 2016, which has been welcomed and appreciated by the Indonesian meat sellers associations and the consumers as well.

The authorities in Indonesian government will seek a way out of **mining rules**, introduced in 2014, that threaten to prevent some firms from **exporting** semi-processed minerals. As per the rules, miners of metals including copper are only allowed to ship partially processed minerals until January 2017, when exports of only refined metals will be allowed.

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):**

The **Automotive Component Manufacturers Association of India (ACMA),** the apex body representing the Indian Auto Component Industry, organised the first-ever Buyers-Sellers Meet (BSM) in Jakarta on 03 August 2016. The event was supported by the Embassy and the Ministry of Commerce & Industry, Government of India. The event was inaugurated by the Ambassador of India to Indonesia and Timor Leste H.E. Ms. Nengcha Lhouvum. A seminar highlighting the trade opportunities in the automotive industry between India and Indonesia preceded the BSM. 15 leading Indian auto component manufacturers showcased their products to the Indonesian business delegates. Key aftermarket product on display included parts of body and structure, engine and exhaust, suspension and braking, transmission and steering, electrical and rubber products. Leading OEMs, Tier 1s, distributors and other automotive stake holders from Indonesia attended the event.

The Association of Indonesia Automotive Industries(GAIKINDO) organised the **GAIKINDO Indonesia International Auto Show (GIIAS)** from 11 to 21 August 2016 in Tangeran, Banten near Jakarta, which attracted a total of 456517 visitors. The Indonesian arm of Indian auto maker TATA Motors India, **TATA Motors Distribusi** **Indonesia** took part at the show. The Ambassador of India inaugurated the TATA Motors Pavilion on 11 August 2016. The Minister of Industry of Indonesia H.E. Mr. Airlangga Hartarto and the former Industry Minister Mr. Saleh Hussain visited the Pavilion. TATA Motors Indonesia launched two new range of commercial vehicles - TATA UltraLight Trucks and TATA Xenon Double Cabin 4x4 Pickups - at the Auto Show. 18 models/variants of TATA vehicles were displayed. Since the launch of its sales operation in Indonesia in September 2013, TATA has sold more than 3000 units and has become one of the fastest growing auto brands in the country.

Indian Motorcycle manufacturer **Royal Enfield**, which entered Indonesia in January this year, unveiled its new Himalayan motorcycle on the opening day of the GAIKINDO auto show. The company has opened its show room and sales office in Jakarta and their motorcycles are already on the roads.

The 44th Session and Meetings of **International Pepper Community (IPC**), an international advisory and coordinating body of Pepper producing and exporting countries, was held in Jakarta from 8-11 August, 2016. India is an active Member of IPC. Ms. Anita Karn, Director, Department of Commerce represented India at the Session and in other technical level meetings. The Embassy had also participated at the inaugural session of the IPC meeting and Exhibition organised by the IPC.

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 |
| 8 | Aug-16 | 297 |

4. **Investment**

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

The **Investment Coordinating Board of Indonesia (BKPM)** intends to further evaluate and revise the **Negative Investment List (DNI)** to attract more investment in Indonesia. In February this year the Govt. of Indonesia through its 10th Economic policy package, revised the negative list and at present in 35 sectors of industry and services 100 per cent foreign ownership is allowed. In addition, various economic packages and simplification and centralisation of licences for setting up of industries have been announced by the Govt. of Indonesia, through various policy packages. Existing Indian industries are extending their presence in Indonesia. The new investment friendly climate of Indonesia has created scope for the Indian entrepreneurs for setting up their shops in in Indonesia.

Indonesia would need **US$107 billion** to meet its **clean electricity target** while developing the country’s large **New and Renewable Energy** potential, as per Indonesian government estimates. Indonesia has pledged its commitment to cleaner energy amid the depletion of fossil fuel reserves and rising concern for the need of reduction of carbon emission. However, budgetary constraint of the Indonesian government could be a roadblock for this initiative. Indian companies in new and renewable energy sectors may be encouraged to have a stake in Indonesian renewable energy sector.

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

1. Building of Tambak Lorok Combined Cycle Power Plant Block 3 Project with Net Dependable Capacity of 600-850 MW, Semarang, Central Java Province.
2. Grati Add on Block 2 Project with Minimum Net Dependable Capacity of 150 MW at Pasuruan, East Java Province.
3. Perak Combined Cycle Power Plant Project with Net Dependable Capacity of 450-600 MW, Surabaya, East Java Province.
4. International consultants for expression of interest for Jakart's Network Master Plan Study.
5. 2x100 MW Kalbar-2 Coal Fired Steam Power Plant, West Kalimantan Province and 450 MW Peaker Jawa-Bali 4 Combined Cycle/Gas Engine Power Plant, West Java Province.

[*All the above Tender Notices were uploaded by the Mission on ‘Indian* Trade Portal’ *in August 2016. (Website: www.indiantradeportal.in)]*

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

The Mission has been regularly circulating various trade events in India being organised in various cities to attract participation of Indonesian business in manufacturing in India.

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, Smart City conference etc. 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 August, 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 | 16 |
| 3 | Ores & minerals | -- |  | 3 | Ores & minerals | 2 |
| 4 | Leather & manufactures | -- |  | 4 | Leather & leather products | 1 |
| 5 | Gem & jewellery | -- |  | 5 | Gem & jewellery | 2 |
| 6 | Medical Equipment |  |  | 6 | Garment/textile | 7 |
| 7 | Chemicals | -- |  | 7 | Chemicals | 5 |
| 8 | Engineering goods | -- |  | 8 | Engineering goods | 1 |
| 9 | Electronics & computers | -- |  | 9 | Electronics & computers | -- |
| 10 | Machinery | -- |  | 10 | Machinery | 1 |
| 11 | Textiles | 1 |  | 11 | Auto | 4 |
| 12 | Handicrafts | -- |  | 12 | Handicrafts | -- |
| 13 | Carpets | -- |  | 13 | Medical equipments | 3 |
| 14 | Petroleum products | -- |  | 14 | Pharmaceuticals | 1 |
| 15 | Unclassified | -- |  | 15 | Unclassified | 15 |
|  | TOTAL | **1** |  |  | TOTAL | **58** |

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

A two member team from **Telecommunications Consultants India Limited (TCIL)** consisting Mr. A.K. Gupta, Chairman and Managing Director and Mr. Rajeev Gupta, Director (Projects) visited Jakarta during **3-6 August, 2016** to interact with the Indonesian state owned and private telecom companies to make a presentation on TCIL’s activities and on-going projects in their effort to expand their businesses in Indonesia.  TCIL is a 100%owned Govt. of India undertaking which has executed projects in 70 countries in the domain of telecommunications and information technology.  The delegation met the officials of Indonesian telecommunication majors PT. Telekomumnikasi, PT Bakrie Telekom, PT Indosat and PT Aplikanusa Lintas Arta and had fruitful discussions with them on augmentation of their businesses in Indonesia.

**Commodity**

Indonesia’s **Coffee** production is expected to fall to 625,000 tons this year as a result of El Nino. Currently, there are 1.2 million hectares of coffee-producing areas nationwide, only 950,000 of which are considered productive land. However, the local administration will be providing fertilisers and seeds to the coffee growers, and also impart training, over the next few years, in coffee cultivation techniques including how to anticipate bad weather, and hope to raise the production of coffee to 1500 kilograms per hectare, surpassing Brazil’s yield, within three years.

Indonesia will keep its exports of **Coal** flat this year at around **300 million tons** and at similar levels next year, although producers would likely look to boos output in 2017 if the price gains prove sustainable, as per the Indonesian Coal Mining Association.

**8.** **Bilateral with other countries:**

**Oman**

The Indonesian Foreign Minister met the Foreign Minister of Oman on 18th July, 2016 to discuss bilateral economic cooperation. The Indonesian Foreign Minister expressed her appreciation for Oman’s active involvement in bilateral economic ties. During the visit of Omani Chamber of Commerce to Indonesia, it was agreed that Oman will invest in the industrial and trade sectors in Indonesia. Indonesia will also export meat, furniture and coffee to Oman. The total value of trade between Indonesia and Oman is around US$355.93 million. Indonesian exports to Oman are valued at around US$211.47 million. Oman’s investment in Indonesia as of 2015 totals around US$ 211,000 mainly in the agricultural and energy sectors. Earlier Oman Overseas Oil and Gas Operation expressed its interest to the Indonesian Minister of State Owned Enterprises, to invest, through partnership with Indonesian state owned oil company Pertamina, in the provinces of East Kalimantan and North Sumatra. Pertamina has declared its intention to start looking for foreign partners to speed up two oil refinery upgradation projects worth US$ 5 billion each.

**Japan**

A high level Japanese business delegated headed by former Japanese Minister Yasuo Fukuda met the President of Indonesia in the last week of August, 2016. The Indonesian President remarked that the visit of the high level business delegation, which was on a three day mission, indicated Japanese confidence on Indonesia politically and economically.

**Sri Lanka**

The President of Indonesia in his meeting with the visiting Indonesian Prime Minister expressed Indonesia’s keenness to participate in railway rolling stock supplies. It may be mentioned that, Indonesia has recently exported railway coaches to Bangladesh and is looking non-traditional markets for its exports. Sri Lanka has also sought help from Indonesia in capacity building in the agricultural sector, disaster mitigation, women’s empowerment, fisheries and poverty reduction, as well as a number of other initiatives for small and medium enterprises, dispute settlement, micro hydel projects and micro financing.

**Ukraine**

Indonesia and Ukraine agreed to strengthen relationship particularly in economic, defence and diplomatic sectors during the visit of Ukrainian President to Indonesia accompanied by Ukrainian Foreign Minister and a business delegation. During a Press Conference, Indonesian President Joko Widodo said that both countries wanted to enhance the bilateral trade and investment. Two leaders signed agreements on agriculture, defence, diplomatic training and consular affairs. The two countries recorded a total trade of US$ 526.9 million in 2015, with Indonesia’s export reaching US$ 328.47 million.

**Australia**

Indonesia is hoping to develop a number of key sectors through an anticipated free-trade deal with Australia. Though both countries kicked off negotiations on an Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) in September 2012, further progress on this has been slow. Australian Minister of Trade, Tourism and Investment Steven Ciobo said **despite Indonesia’s recent move to import buffalo meat from India,** **in an attempt to challenge Australia’s dominance**, Ciobo said Australia was eager to work for the mutual interest of both countries in regards to beef and cattle.

9. **Regional Multilateral**

Vietnam has enticed Indonesia to follow in its footsteps to become a member of the US-led **Trans-Pacific Partnership (TPP),** as it pointed out various advantages to joining the humongous regional trade deal. Indonesia is yet to give its decision over the TPP, but Indonesian President Joko Widodo has expressed the country’s intention to join the grouping during his two visits to United States. In his February 2016 visit to USA, President Joko Widodo said that Indonesia needed to take a cautionary stance before commencing negotiations to join the TPP.

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