

**EMBASSY OF INDIA  
JAKARTA**

No. Jak/Com/201/1/2015

Date: 14 September 2015

Monthly Economic & Commercial Report – **August 2015**

1. Trends in Bilateral trade:

(i) Bilateral Trade

(Value: million US\$)

	Export (Jan-June 2015)	Import (Jan-June 2015)	Total (Jan-June 2015)	Growth % of Export (y-o-y)	Growth % of Import (y-o-y)
<b>Country's Trade with India</b>	10,765	2,544	13,309.0	13.41	-29.21
<b>Country's Total Global Trade</b>	129,691.8	121,749.8	251,441.6	-11.67	-17.75

(ii) Top 10 Items of Export to India

(Value: million US\$)

S. No	Commodity (HS)	Total (Jan-June 2015)	Total (Jan- June 2014)	Percentage Growth (%) y- o-y	% Share in Total Export (Jan-June 2015)
1	Mineral fuels (27)	2,325.7	2,355	-1.25%	21.60%
2	Animal or vegetable fats and oils and their cleavage products (15)	1,495.1	1,459	2.45%	13.89%
3	Ores, slag and ash (26)	356.3	0.4	80564.28%	3.31%
4	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin (71)	287.5	2.0	14069.76%	2.67%
5	Rubber and articles thereof (40)	103.6	176.4	-41.27%	0.96%
6	Organic chemicals (29)	91.3	106.1	-14.02%	0.85%
8	Iron and steel (72)	51.3	12.0	328.91%	0.48%
7	Electrical machinery and equipment and parts thereof (85)	50.9	83.5	-39.03%	0.47%
9	Paper and paperboard; articles of paper pulp of paper or of paperboard (48)	49.8	49.4	0.86%	0.46%
10	Machinery and mechanical appliances (84)	47.5	38.8	22.51%	0.44%

## (iii) Top 10 Items of Export to the World

(Value: million US\$)

S. No	Commodity (HS)	Total (Jan-June 2015)	Total (Jan-June 2014)	Percentage Growth (%) y-o-y	% Share in Total Export (Jan-June 2015)
1	Mineral fuels (27)	15,981.8	22,276	-28.26%	12.32%
2	Animal or vegetable fats and oils and their cleavage products (15)	7,955.7	8,344	-4.65%	6.13%
3	Electrical machinery and equipment and parts thereof (85)	3,562.0	4,068	-12.43%	2.75%
4	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious (71)	2,983.0	1,951.4	52.86%	2.30%
5	Rubber and articles thereof (40)	2,452.1	3,353.3	-26.87%	1.89%
6	Vehicles other than than railway or tramway rolling stock, and parts and accessories thereof (87)	2,313.8	2,029.3	14.02%	1.78%
7	Machinery and mechanical appliances (84)	2,139.6	2,512.9	-14.86%	1.65%
8	Footwear, gaiters and the like; parts of such articles (64)	1,912.4	1,662.4	15.04%	1.47%
9	Wood and articles of wood; wood charcoal (44)	1,687.7	1,711.7	-1.40%	1.30%
10	Articles of apparel and clothing accessories, not knitted or crocheted (62)	1,624.2	1,644.4	-1.22%	1.25%

## (iv) Top 10 Items of Import from India

(Value: million US\$)

S. No	Commodity (HS)	Total (Jan-June 2015)	Total (Jan-June 2014)	Percentage Growth (%) y-o-y	% Share in Total Import (Jan-June 2015)
1	Organic chemical (29)	240.89	227.96	5.67%	9.47%
2	Machinery and mechanical appliances (84)	169.15	156.50	8.08%	6.65%
3	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof (87)	148.36	131.82	12.55%	5.83%
4	Oil seeds and oleaginous fruits; miscellaneous grains; seeds and fruit; industrial or medicinal plants; straw and fodder (12)	86.34	122.62	-29.59%	3.39%
5	Electrical machinery and equipment (85)	76.65	57.84	32.51%	3.01%
6	Iron and steel (72)	60.62	80.64	-24.83%	2.38%
7	Cotton (52)	44.92	111.43	-59.69%	1.77%

8	Tanning or dyeing extracts; tannings and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks (32)	41.68	48.34	-13.76%	1.64%
9	Plastic and articles thereof (39)	36.64	40.38	-9.25%	1.44%
10	Cereals (10)	27.26	226.02	-87.94%	1.07%

(v) Top 10 Items of Import from the World

(Value: million US\$)

S. No	Commodity (HS)	Total (Jan-June 2015)	Total (Jan-June 2014)	Percentage Growth (%) y-o-y	% Share in Total Import (Jan-June 2015)
1	Mineral fuels (27)	10,701	18,596	-42.46%	8.79%
2	Machinery and mechanical appliances (84)	9,297	10,627	-12.52%	7.64%
3	Electrical machinery and equipment (85)	6,496	7,484	-13.21%	5.34%
4	Iron and steel (72)	3,027	3,539	-14.45%	2.49%
5	Plastic and articles thereof (39)	2,907	3,245	-10.41%	2.39%
6	Organic chemical (29)	2,451	2,991	-18.06%	2.01%
7	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof (87)	2,316	2,677	-13.48%	1.90%
8	Articles of iron or steel (73)	1,592	1,737	-8.32%	1.31%
9	Cereals (10)	1,328	1,352	-1.77%	1.09%
10	Residues and waste from the food industries prepared animal fodder (23)	1,150	1,158	-0.73%	0.94%

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

S. No	Commodity (HS)	Competitors
1	Organic chemical (29)	China, Singapore, Malaysia, Thailand, Japan
2	Machinery and mechanical appliances (84)	China, Japan, Germany, Singapore, Thailand
3	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof (87)	Thailand, Japan, China, Germany, South Korea
4	Oil seeds and oleaginous fruits; miscellaneous grains; seeds and fruit; industrial or medicinal plants; straw and fodder (12)	USA, China, Malaysia, Canada, South Korea
5	Electrical machinery and equipment (85)	China, Japan, Singapore, Vietnam, South 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 government has banned import of corns which is used mainly by animal feed industry. The State Logistics Agency (BULOG) has signed an MoU with 31 major business houses in feed mill industry with the aim of securing the industry's commitment to absorb national corn production. However, as per the industry, only 22 per cent of corn is locally available and they had to be relied on imports from Argentina and Brazil. However, the government has indicated that if there is shortage in the stock then the government would not hesitate to import. As per the MoU, the government is expected to issue permits to unload 480,000 tonnes of shipment soon.

The Government of Indonesia, has denied the charges of protectionism indicating that the Indonesian tariffs have been the lowest among the WTO member countries. The new Indonesian Minister of Trade has signalled less protectionism by saying that the policy makers have to fight the protectionist instincts.

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

The Anti-Dumping Committee of Indonesia (KADI) has, following its investigation into the effects of import of Polyester Staple Fibre from countries including India, recommended extension of anti-dumping duty on this product for a period of 5 years. This has been conveyed to Department of Commerce vide e-mail dated 4<sup>th</sup> September 2015.

The investigation being conducted by KADI on anti-dumping of wheat flour imported from India, Sri Lanka and Turkey, which was to be over by 27<sup>th</sup> August, 2015, has been extended by 3 months.

The Anti-Dumping Committee, after examining the submission and evidences provided by Indonesian and companies of other countries including India, and following an investigation has recommended imposition of Anti-dumping duty on Biaxially Oriented Polyethelene Terephthalate (BOPET) on export of this product to Indonesia. The duty on exports by Indian companies ranges from 4 to 8,5% (Dumping Margin).

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

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-15	278

2	Feb-15	331
3	Mar-15	369
4	Apr-15	355
5	May-15	316
6	Jun-15	260
7	Jul-15	196
8	Aug-15	352
<b>Total</b>		<b>2,457</b>

1. Investment:

a). The Indonesian government has finally issued regulations extending tax holiday to industry. The tax holiday has been expanded to 9 industries from the previous 5 industries. The new industries are manufacturing related agriculture, forestry and fisheries, marine transport, manufacturing within Special Economic zone and economic infrastructure not part of government-to-business programme. In terms of tax holiday ratio, a new range of 10 per cent to 100 per cent has been introduced. The new tax holiday facilities is thought to help Indonesia to reduce dependency on commodity-based exports and significantly boost the country's manufacturing sector. President Jokowi has assured the foreign investors that land acquisition problems will be resolved.

Indonesia is expecting more investments from Japan. The Japanese firms, during the recent visit of Investment Coordinating Board (BKPM) delegation to Japan have shown their interest in expanding their existing plants and setting up new projects in Indonesia. BKPM has indicated that it would help Japanese investors to find new locations for their projects in Central and North Java Island where the wages are not as high as West Java.

The Chairman of BKPM has indicated that Australia would be one of the focuses of Indonesia's investment marketing along side, Singapore, Japan, south Korea, China and Taiwan. Australia is Indonesia's 12<sup>th</sup> largest investor. BKPM has also ranked the US, UK, UAE and other Middle Eastern Countries as major marketing targets for investment in Indonesia. Taiwan, which is the 9<sup>th</sup> largest foreign investor in Indonesia has desired big investment in Indonesia but it needs protection. The Taiwanese investment in Indonesia may increase by 30 to 50 percent in next 3 to 5 years, if Indonesia could ensure safety and better protection to their investors.

BKPM has mentioned that it has been facilitating a South Korean leather factory in Central Java, Indonesia, which will build a US\$ 120 million factory which would employ about 20,000 workers. However, there has been concern about investment in Central Java, on account of cheating by local agents. It has been reported that two South Korean firms who was looking to set up industries in Central Java, where defrauded in the process of buying land for the factories.

In Batam Free Trade Zone located in the Riau Islands of Indonesia, local elections scheduled in December, has reportedly frightened the investors, especially foreign investors. The elections would coincide with a deliberation on the 2016 City Minimum Wage (MUK), should cause investors extreme worry, should workers turn to anarchy in fighting for their demands.

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:

The Embassy has been giving publicity to various business summits, trade and business exhibitions being organised in various cities of India, with a view to attract Indonesian investment in India and doing business.

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

The mission is in touch with the Indonesian Ministry of Agriculture for the forthcoming 3<sup>rd</sup> JWG on Agriculture to be held in New Delhi. The earlier suggested dates of 28-30 September, 2015 were found not suitable to the Indonesian side.

With new Trade Minister in Office w.e.f. 12 August, the Mission has requested for his convenience to attend the Bilateral Trade Ministers' Forum (BTMF) in New Delhi.

6. **Trade Queries for Imports/Exports:**

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

FROM INDIAN		
S no.	Product Sector	Queries
1	Plantation	-
2	Agriculture & allied products	16
3	Ores & minerals	1
4	Leather & leather products	1
5	Gem & jewellery	1
6	Garment/textile	3
7	Chemicals	3
8	Engineering goods	3
9	Electronics & computers	-
10	Machinery	7
11	Auto	-
12	Handicrafts	3
13	Medical equipments	2
14	Pharmaceuticals	2
15	Unclassified	8
	TOTAL	49

7. Any other issues of importance:

A 12-member delegation led by the Joint Secretary in the Ministry of Commerce & Industry and Ministry of Consumer Affairs, Food and Public Distribution visited Jakarta on 27-28 August, 2015 and met with senior officials including the Director General of Estate Crops and Director General of Livestocks in the Ministry of Agriculture and Director of trade and Services in the Ministry of Trade of Indonesia. They discussed the possibility of export of agriculture commodities like, sugar, grapes and potato and bovine meat from India to Indonesia. The Indonesian side expressed willingness to send a team to India to visit the meat processing and related facilities in India. An official invitation has been sent to Indonesia for the team's visit to India. On the possibility of export of surplus sugar to Indonesia, the delegation discussed about counter trade mechanisms. The Indonesian side agreed to examine the proposal and suggested that this could be discussed during the BTMF.

The Indonesian government has lifted some of the restrictions on expatriates. The government has scrapped the requirement of foreign workers to master Indonesian language. The new regulation promulgated by the government will ensure faster and simpler procedures for foreign workers to get

work permits. The government will also ease the process of obtaining a temporary stay permit (KITAS).

Although the Indonesian currency Rupiah has depreciated against US dollar, the Financial Services Authority (OJK) has stated that the Indonesian domestic banks are resilient enough to face the impact of falling Rupiah, as they have adequate capital and foreign exchange liquidity. The central bank of Indonesia was taking measures against Rupiah speculators by implementing stricter requirement for buying US dollar to end speculation. The Indonesian Chamber of Commerce (KADIN) has urged the government and other state institution to handle the issue of volatility of Rupiah. Local property, construction and telecom firms were the most affected sectors in Rupiah collapse. The central bank has indicated that the current foreign exchange reserves were sufficient for financing imports and servicing governments off shore loans for just less than seven months.

#### Commodity:

Price of beef and beef products, which are a staple food in Indonesia has been on the rise for some time. The retail traders had observed a day long strike against the rising price of beef.

#### Bilateral with other countries:

The President of Turkey Mr. ReepTayyip Erdogan visited Indonesia on a bilateral trip. Both the countries agreed to settle existing trade barriers, to for joint commission and focus on the economy. Turkey is Indonesia's 7<sup>th</sup> biggest trade partner in the European region with two-way trade reaching US\$2.47 billion in 2014. President Erdogan brought along a delegation of more than 200 businessmen to Indonesia. He said that his visit aimed to strengthen trade and economic ties with Indonesia on the basis of mutual benefits for both countries.

Indonesia will boost its aquatic exports to Russia and work with Russia in fighting illegal fishing. The issue was raised during the 3 day visit of the Maritime Affairs and Fisheries Minister of Indonesia to Russia from 21 to 23<sup>rd</sup> August, 2015. Among the issues discussed during the visit were Russian investment opportunities in Indonesian fisheries and maritime sectors.

#### Regional Multilateral:

Indonesia took part in the ASEAN Economic Ministers meet in Kuala Lumpur, Indonesia.

□□□□□