

Indonesia:

Trade and Investment Outlook



Indonesia's Political Transformation

1998-2002 – A failed state?

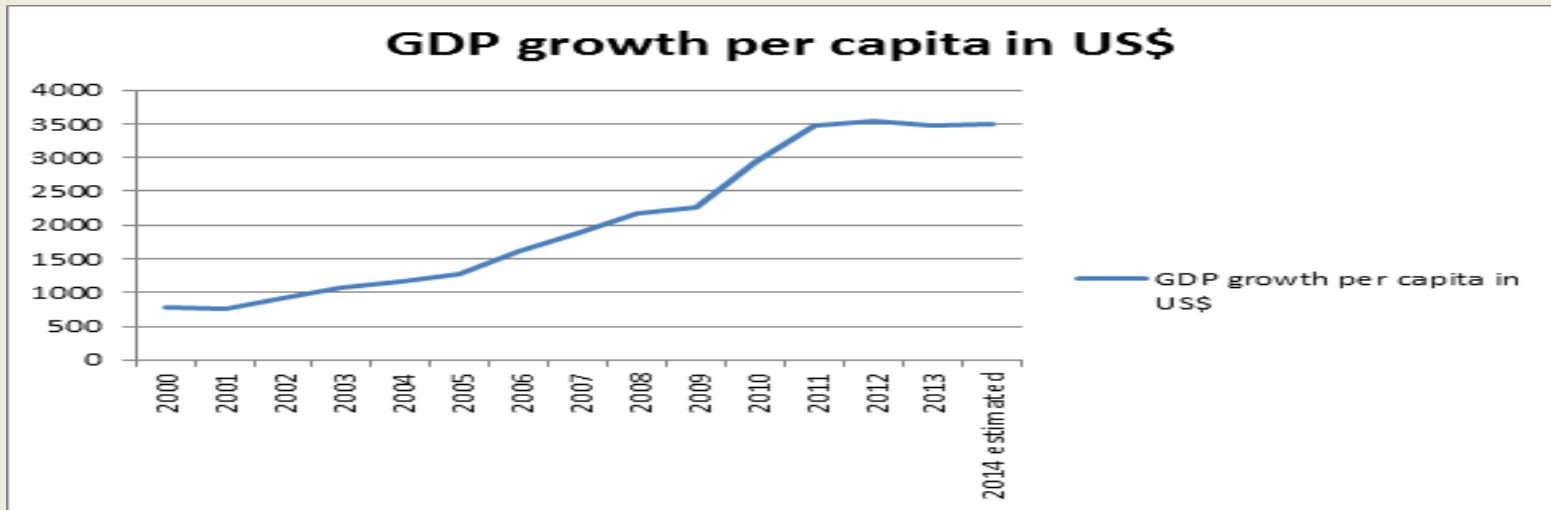
economic collapse, political/communal violence, East Timor secession, terror attacks

Indonesia 17 Years after Suharto – World's 3rd largest democracy in nation with world's largest Muslim population

- multi-party democracy
- tolerance, pluralism, “multi-confessional”
- counter-terrorism, rejection of ISIL
- decentralization
- new generation leaders emerging – President Jokowi, Governor Ahok
- good governance challenges

Key Economic Indicators

Positive Macroeconomic Story Since Asian Financial Crisis



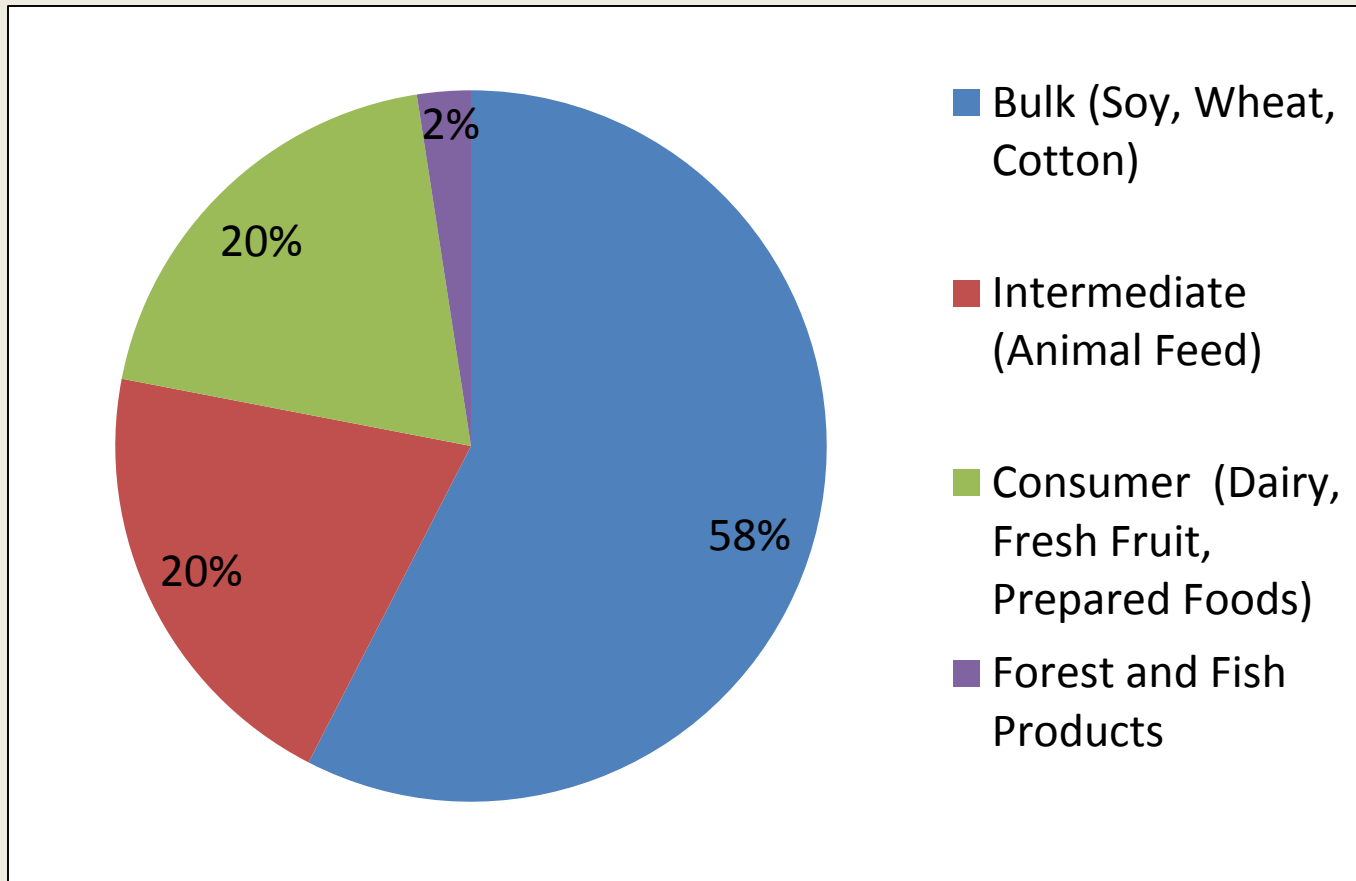
- ✓ GDP growth averaging above 5.0% for last 10 years
- ✓ Debt/GDP reduced from 86% ('00) to 22% ('13)
- ✓ Stable inflation, interest and unemployment rates
- ✓ Poverty cut in half from 24% ('99) to 12% ('12)
- ✓ Rising middle class - per capita GDP now ~\$3500
- ✓ Investment grade rating

Trade and Investment

\$ Million	Total Trade	U.S. Exports to Indonesia	Indonesian Exports to the U.S.	U.S. Trade Deficit	Total Trade Growth
2014	27,693.20	8,331.30	19,361.90	-11,030.60	-1.01%
2013	27,976.40	9,099.70	18,876.70	-9,777.00	7.60%
2012	26,001.10	7,998.80	18,002.30	-10,003.50	-2.00%
2011	26,532.30	7,421.40	19,110.90	-11,689.50	13.26%
2010	23,426.20	6,947.90	16,478.30	-9,530.40	29.82%

- AmCham Study on U.S. FDI
 - Largest of any country; \$61 Billion in last 7 years
 - \$65 Billion in next 5 years if business climate is right
 - Tech and Skills Transfer, Job Creation

U.S. Agricultural Exports to Indonesia 2014



- 8th largest export market for U.S. agricultural goods
- Largest export market for U.S. agricultural goods in Southeast Asia
- Record \$3 billion of agricultural products exported by U.S. in 2014
- Significant market access challenges

Energy and Power

- Rising energy demand/consumption
- Significant reserves and resources
- Declining production
- Targeting 35 GW in new power generation



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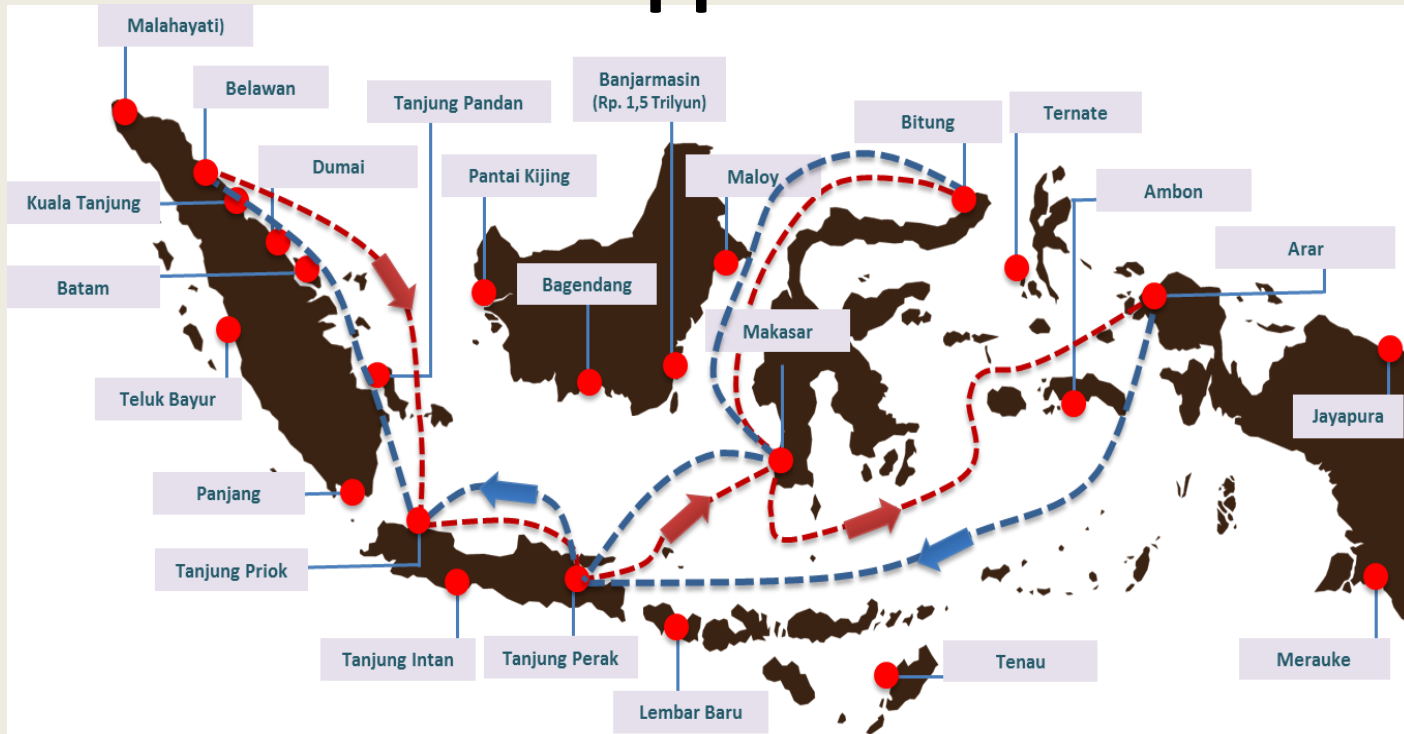
GOI: positive steps taken so far...

- **Fuel subsidy removal -**
 - >IDR 200 trillion (est. US\$15-16 billion) saved. Targeted for investments in infrastructure, education, health.
- **BKPM 1-stop shop -**
 - Central to government efforts to facilitate investment
- **DPR –**
 - Productive working relationship

GOI: but more to be done...

- Ease bureaucracy/decrease corruption
- Improve infrastructure/logistics
- Open up sectors to investment (negative list)
- Improve trade policy, ease LCRs

GOI Investment Priorities and Future Opportunities



- **Maritime Nexus** – 24 ports, IUU, maritime domain awareness, satellite technology
- 35,000 MW of Power – coal, gas, and renewable
- Aviation and other transport infrastructure

Thank you.

Questions?