

**Embassy of India
Jakarta**

No. Jak/Com/201/1/2015

Date: 05 August, 2015

Monthly Economic & Commercial Report – July 2015

1. Trends in Bilateral trade:

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

	Export (Jan-May 2015)	Import (Jan-May 2015)	Total (Jan-May 2015)	Growth % of Export (y-o-y)	Growth % of Import (y-oy)
Country's Trade with India	5,382.6	1,271.9	6,654.5	13.41	-29.29
Country's Total Global Trade	64,845.9	60,972.1	125,818.0	-11.67	-17.89

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

S. No	Commodity (HS)	Total (Jan-May 2015)	Total (Jan- May 2014)	Percentage Growth (%) y- o-y	% Share in Total Export (Jan-May 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	8.7	1094.86%	0.96%
6	Organic chemicals (29)	91.3	176.4	-48.27%	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%
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(iii) Top 10 Items of Export to the World
(Value: million US\$)

S. No	Commodity (HS)	Total (Jan-May 2015)	Total (Jan-May 2014)	Percentage Growth (%) y-o-y	% Share in Total Export (Jan-May 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	14.02%	1.78%
7	Machinery and mechanical appliances (84)	2,139.6	25,129	-91.49%	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	1,712	-1.40%	1.30%
10	Articles of apparel and clothing accessories, not knitted or crocheted (62)	1,624.2	1,644	-1.22%	1.25%

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

S. No	Commodity (HS)	Total (Jan-May 2015)	Total (Jan-May 2014)	Percentage Growth (%) y-o-y	% Share in Total Export (Jan-May 2015)
1	Organic chemical (29)	240.9	228.0	5.67%	9.47%
2	Machinery and mechanical appliances (84)	169.2	156.5	8.08%	6.65%

3	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof (87)	148.4	131.8	12.55%	5.83%
4	Oil seeds and oleaginous fruits; miscellaneous grains; seeds and fruit; industrial or medicinal plants; straw and fodder (12)	86.3	122.6	-29.59%	3.39%
5	Electrical machinery and equipment (85)	76.6	57.8	32.51%	3.01%
6	Iron and steel (72)	60.6	80.637823	-24.83%	2.38%
7	Tanning or dyeing extracts; tannings and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks (32)	41.7	48.3	-13.76%	1.64%
8	Plastic and articles thereof (39)	36.6	40.4	-9.25%	1.44%
9	Cereals (10)	27	226.0	-87.94%	1.07%
10	Wool, fine or coarse animal hair; horsehair yarn and woven fabric (51)	26.5	0.7	3752.85%	1.04%

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

S. No	Commodity (HS)	Total (Jan-May 2015)	Total (Jan-May 2014)	Percentage Growth (%) y-o-y	% Share in Total Export (Jan-May 2015)
1	Mineral fuels (27)	10,700.6	18,596	-42.46%	8.79%
2	Machinery and mechanical appliances (84)	9,296.7	10,627	-12.52%	7.64%
3	Electrical machinery and equipment (85)	6,495.5	7,484	-13.21%	5.34%
4	Iron and steel (72)	3,027.3	3,539	-14.45%	2.49%
5	Plastic and articles thereof (39)	2,907.3	3,245	-10.41%	2.39%
6	Organic chemical (29)	2,450.6	2,991	-18.06%	2.01%
7	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof (87)	2,316.2	2,677	-13.48%	1.90%
8	Articles of iron or steel (73)	1,592.2	1,737	-8.32%	1.31%

9	Cereals (10)	1,327.9	1,352	-1.77%	1.09%
10	Residues and waste from the food industries prepared animal fodder (23)	1,150.0	1,158	-0.73%	0.94%

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

S. No	Commodity (HS)	Competitors
1	Organic chemical (29)	Australia, Canada, Argentine, Brazil, USA
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, Singapore, Japan, 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 Ministry of Trade of Government of Indonesia has introduced a stricter regulation **on Tyre imports** in its bid to boost the domestic tyre industry as part of the downstream rubber sector. The new regulation which will come into force on 7th October, 2015. The officials from the Trade Ministry has attributed the reasons for the control, on higher imports of tyres in the recent years, which is said to distort the domestic industry for several years. A 2 to 5 per cent decline in import of tyres is being expected in the first year. The Embassy has circulated a detailed note in this regard to the Ministry of Commerce & Industry and other concerned agencies in India.

The Indonesian government has imposed higher import duties on finished goods through a government regulation declared in early July, 2015. Textiles, food and beverages are among hundreds of products that will be charged higher import duties. It has been claimed that the arrangement is part of attempts to harmonize tariffs by imposing higher duties on finished products and lesser duties on raw materials and intermediate goods. It has been claimed by the Ministry that the tariff hikes comply with the WTO rules and would not affect trading partners that have inked Free Trade Agreements with Indonesia. The Mission will be sending a report on this separately.

Indonesia would impose export tax on coal to the tune of 1.5 percent from August, 2015 to boost state revenue and to keep more fuel at store for domestic power stations.

The Indonesian government has, however, decided later to postpone the hike in royalties on coal in view of a review which showed that the coal miners are incurring losses on account of low global coal price.

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

A public hearing will be conducted on 10th August, 2015 in the Ministry of Trade, Jakarta on imposing of safeguard duties on Polyester Staple Fibre(PSF) involving exporters from countries including **India**.

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

Annual IIICE'15-Indonesia International Infrastructure Conference & Exhibition 2015 and RGC'15 – Regional Governments Conference on Sustainable and Inclusive Infrastructure Development will be held on 4-6 November, 2015 at the Jakarta Convention Centre, Jakarta, Indonesia. The events will be held in conjunction with IIW'15 – Indonesia Infrastructure Week 2015. The organisers, PT Infrastructure Asia – Tarsus Group plc. Indonesia, have requested participation of Indian companies to exhibit at IIICE'15 and join the RGC'15 forums.

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
Total		2,105

4. Investment:

a). The President of Indonesia, H.E. Mr. Joko Widodo, during his visit to Singapore, in the last week of July, 2015 discussed with the Singaporean side investment issues among other things. Indonesia hoped to see investment from Singapore in diverse fields including agribusiness, transportation, communication and energy. Singapore has been among the top five investors in Indonesia consistently during the last 5 years. The planned Kendal Industrial Parkin Central Java, Indonesia, a major industrial park in Indonesia, which is also Singapore's first major industrial park investment in Indonesia was also discussed during the visit.

The British Prime Minister, Mr. David Cameron arrived in Jakarta during the last week of July, 2015. During his visit to Indonesia Britain announced plans to provide upto 1 billion Pound in medium and long term financing to support Indonesian infrastructure development projects involving British companies as a way to boost economic ties. This includes airports, marine facilities, railways and power projects.

Indonesia's Regional Representative Council (DPD) and the Australian Senate have agreed to cooperate to forge a mutual relationship in investment and other areas. The bilateral cooperation was agreed on the sidelines of a consultative meeting attended by representatives of MIKTA (Mexico, Indonesia, South Korea, Turkey and Australia) in Seoul in July, 2015.

The Indonesian government has intended to invite French investors to bid for the Jakarta-Bandung Express Train project, amid offers from Japan and China.

The Investment Coordinating Board of Indonesia (BKPM) is to revoke thousands of investment permits granted to foreign and local investors who fail to spend on various projects. The permits to be revoked were granted between 2000 and 2006 worth US\$ 43.8 billion. BKPM has mentioned that investors who own 7811 licenses have never applied for permit extension, nor reported their investment activities to it. According to BKPM the investors whose permits are cancelled should either seek extension of permits or apply afresh. The move aims to boost commitment from investors. BKPM is to filter investors to secure the committed ones.

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 keeping the Indonesian Ministries and departments, chamber of commerce, business associations, employer's association etc. about various business summits, exhibitions being organised in various cities of India, with a view to attract Indonesian investment in India and doing business in India by Indonesian companies.

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

The Indonesian side has proposed 28-30 September, 2015 for the JWG on Agriculture to be held in New Delhi. The confirmation from our Ministry of Agriculture is awaited.

6. Trade Queries for Imports/Exports:

FROM INDONESIAN		
S no.	Product Sector	Queries
1	Plantation	-
2	Agriculture & allied products	2
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	8

FROM INDIAN		
S no.	Product Sector	Queries
1	Plantation	-
2	Agriculture & allied products	15
3	Ores & minerals	-
4	Leather & leather products	-
5	Gem & jewellery	2
6	Garment/textile	2
7	Chemicals	1
8	Engineering goods	-
9	Electronics & computers	-
10	Machinery	7
11	Auto	-
12	Handicrafts	1
13	Medical equipments	1
14	Pharmaceuticals	-
15	Unclassified	1
	TOTAL	30

7. Any other issues of importance:

Indonesia is expecting to boost its exports to the United States as tariff on several products under its generalized system of preference (GSP) has recently been renewed, which Indonesian exporters hope will give a major boost in export to USA.

A number of retail companies of Indonesia are reviewing the possibility of increasing imports from Indonesia's free-trade partners, which includes, ASEAN, Japan and Pakistan, to compensate import tax rises recently imposed by the Indonesian government.

Commodity:

The commodity price in Indonesia has been on a higher side. A lesser consumption by the public has been reported.

Bilateral with other countries:

The President of Indonesia, H.E. Mr. Joko Widodo, visited Singapore in the last week of July, 2015. During the visit both countries pledged to strengthen bilateral ties, particularly in economic sector. Indonesia expressed its willingness to export agricultural products and poultry products to Singapore, which is one of the top trading partners of Indonesia. The bilateral trade between the two countries have reached US\$ 41.99 billion, which is next to China.

In a joint press statement during the state visit of Prime Minister of UK Mr. David Cameron to Jakarta, Indonesia, during the last week of July, 2015 the Indonesian President had expressed a commitment to improve economic ties with UK. Mr. Cameron indicated that trade between the two countries should not be limited to Jakarta and London, but from other corners of the two countries. He also expressed interest in helping to build and plan cities in Indonesia for future.

Regional Multilateral

Indonesia attended the MIKTA (Mexico, Indonesia, South Korea, Turkey and Australia) talks in Seoul in July, 2015. In the meetings of MIKTA Indonesia expressed its desire for cross border provincial partnerships to help speed up regional development.

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