



INDONESIA
AS TRADE & INVESTMENT PARTNER

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AMBASSADOR OF INDONESIA TO CHILE

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ECONOMIC INDICATORS




Gross Domestic Product (GDP) Growth (%)



Source:
BPS - Statistics Indonesia

Industries Driving Indonesia's Economy

- **Mining and petroleum**: have been a backbone of the country's economy since the 1970s.
 - **Manufacturing**: currently biggest contributor to Indonesia's GDP.
 - **Services**: the largest source of job creation.
 - **Agriculture**: continues to play an integral role in the economy, employing one-third of the country's total workforce
 - **Digital Economy**: has seen exponential growth over the last few years.
 - **Infrastructure**: the construction of the new capital city has begun in 2021, which is set to cost US\$33 billion.
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Indonesia's Total Export and Import 2022

IMPORT VALUE

US\$237.44 billion
21.03%

year-on-year increase from 2021

EXPORT VALUE

US\$291.98 billion
26.07%

year-on-year increase from 2021

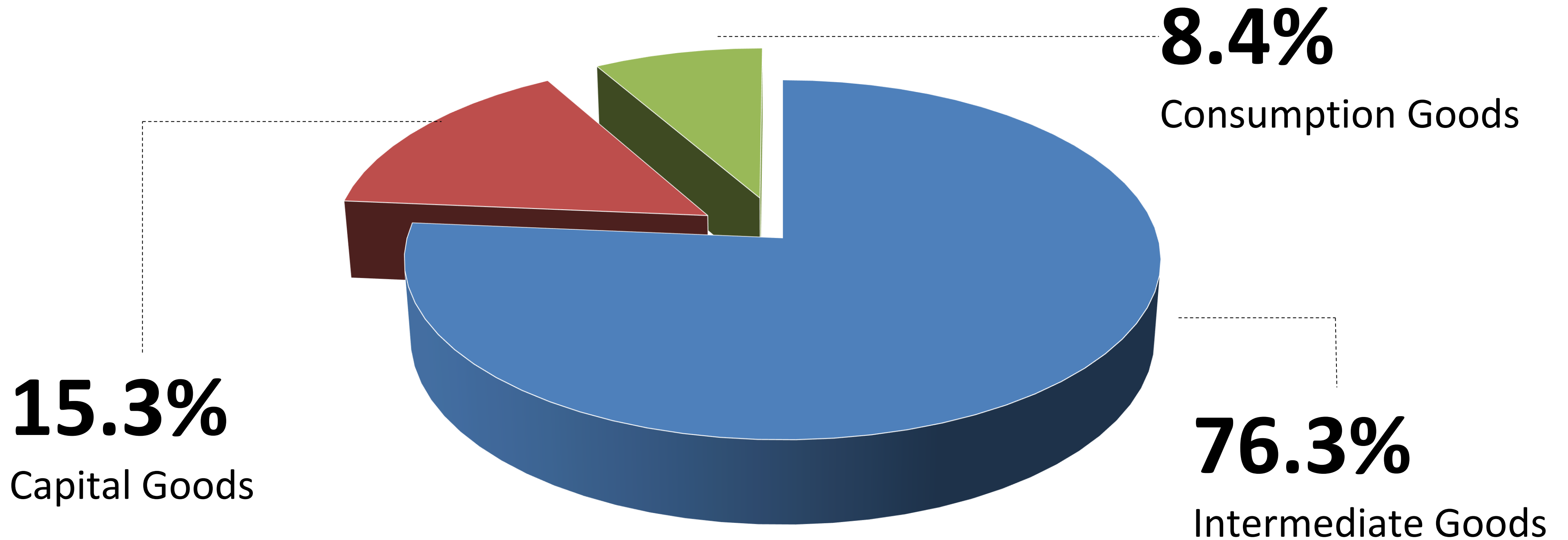
SURPLUS

US\$54.53 billion
53.96%

year-on-year increase from 2021

Source:
satudata.kemendag.go.id

Percentage of Import Value in 2022 by Broad Economic Category



Indonesia's Total Export and Import 1ST Semester of 2023

IMPORT VALUE

US\$108.72 billion

-6.42%

compared to 1st semester of 2022

EXPORT VALUE

US\$128.65 billion

-8.87%

compared to 1st semester of 2022

SURPLUS

US\$19.92 billion

albeit lower by 20.26% compared
to 1st semester of 2022

Source:

satudata.kemendag.go.id

Indonesia's Trade with Chile

Description	2018	2019	2020	2021	2022	Trend (%) 18-22	Jan-Jun		Change (%) 2023/2022
							2022	2023	
TOTAL TRADE	274.1	275.8	253.7	424.6	583.8	21.45	293.3	217.3	-25.91
OIL&GAS	0	0	0	0	0.1	0	0	0	0
NON-OIL&GAS	274.1	275.8	253.7	424.6	583.8	21.45	293.3	217.3	-25.91
EXPORT	159	126.7	144.8	259.4	354.5	26.11	168.2	127.7	-24.09
OIL&GAS	0	0	0	0	0.1	0	0	0	0
NON-OIL&GAS	159	126.7	144.8	259.4	354.4	26.11	168.2	127.7	-24.09
IMPORT	115.1	149.1	108.9	165.2	229.3	15.97	125.1	89.6	-28.36
OIL&GAS	0	0	0	0	0	0	0	0	0
NON-OIL&GAS	115.1	149.1	108.9	165.2	229.3	15.97	125.1	89.6	-28.36
TRADE BALANCE	43.9	-22.4	35.9	94.2	125.1	0	43.1	38.1	-11.71
OIL&GAS	0	0	0	0	0.1	0	0	0	0
NON-OIL&GAS	43.9	-22.4	35.9	94.2	125.1	0	43.1	38.1	-11.71

Source: satudata.kemendag.go.id

Indonesia's Top Export Destinations in 2022

(Non-Oil and Gas)

1. China (23%)
2. United States (10.21%)
3. India (8.44%)
4. Japan (8.41%)
5. Malaysia (4.92%)
6. Philippines (4.68%)
7. South Korea (3.86%)
8. Singapore (3.53%)
44. Chile (0.13%)

Source: satudata.kemendag.go.id

Indonesia's Top Import Origin in 2022 (Non-Oil and Gas)

1. China (34.08%)
2. Japan (8.67%)
3. Thailand (5.51%)
4. South Korea (5.04%)
5. United States (4.73%)
6. Australia (4.68%)
7. Singapore (4.58%)
8. India (3.63%)

41. Chile (0.12%)

Source: satudata.kemendag.go.id

Indonesia's International Free Trade and Tax Agreements

- Indonesia has signed a number of free trade agreements with countries and regions all over the world. This includes the ASEAN Free Trade Area and the Regional Comprehensive Economic Partnership.
- Indonesia-Chile Comprehensive Economic Partnership Agreement (IC CEPA) entered into force on August 10, 2019. The value of bilateral trade between the two countries increased significantly after its implementation.
- In addition to its FTAs, Indonesia has a vast network of double tax agreements (DTAs), totaling 71 jurisdictions. Indonesia has DTAs with the US, Canada, Mexico, China, Japan, India, Australia and many EU states, among others.

Complete list: <https://perpajakan.ddtc.co.id/p3b/index/3>

Halal Certification is Not a Barrier

- As a predominantly Muslim country, Indonesia is considered the biggest market for Halal products and services.
 - Halal certification applies to food, cosmetic and pharmaceutical sectors.
It attests that a product is manufactured in full compliance with the precepts of Islamic Law, that it does not include any “forbidden” components, and has in no way been in contact with any substances or objects considered “impure”.
 - In 2020, Indonesia and Chile signed MoU on Cooperation in the Quality Assurance of Halal Products. One of the Areas of Cooperation is Mutual Recognition of Halal Certificates issued by respective halal accredited bodies.
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DOING BUSINESS IN INDONESIA



- Over the past few decades, Indonesia has developed into a vibrant democracy with the fast-growing and dynamic economy.
- As a member of the G20, Indonesia offers foreign investors growth potential for those seeking long-term commitments, given its status as the largest economy in ASEAN and 16th largest in the world, with a young workforce, and a rapidly expanding middle-class.
- Indonesia continues to implement prudent macroeconomic policies and structural reforms to further enhance the ease of doing business and improve its investment climate.


Ease of doing business

Indonesia has consistently improved its ease of doing business (EODB) ranking by improving its business environment and implementing various regulatory measures for:


- ✓ Starting a business — it is now easier since the introduction of an online platform for business licensing, which issues electronic certificates.
 - ✓ Paying taxes — Indonesia has made paying taxes simpler due to the online filing and payment system for major taxes.
 - ✓ Enforcing contracts — it is now managed through an online case management system for judges designed to streamline the filing, and delivery of court documents.
 - ✓ Trading across barriers — it has improved because of the online processing of export customs, enabling more efficient and cost-effective cross border trade.
 - ✓ Getting electricity — it is now easier for businesses due to renovations and upgrade maintenance to its electrical grids.
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Why Indonesia

Indonesia is a breeding ground for companies from around the world that are seeking to:

- diversify their Asia presence;
 - supplement their China operations; and
 - leverage increasingly attractive free trade agreements, business incentives, and market advantages.
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Reasons for companies to relocate to Indonesia

- Indonesia's continuous track record of high growth, relative to other low-cost countries.
 - Ongoing business reforms aiding foreign investors.
 - Growing number of special economic zones, workforce and labor availability, competitive labor costs and an increasingly open environment for foreign direct investments.
 - Indonesia as a "China plus one" destination for dealing with rising costs in China and unpredictable scenarios such as trade shocks. Foreign investors may look at Indonesia to supplement their China operations.
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Incentives for doing business in Indonesia

Tax incentives

There are currently two main Corporate Income Tax (CIT) incentives in Indonesia:

Tax Allowance and Tax Holidays

ASEAN's largest labor market

Indonesia is ASEAN's largest labor market with over 130 million workers and the fourth largest labor market in the world. Indonesia has also one of the regions' lowest wage rates and every province sets its own minimum wage.

Special Economic Zones (SEZs)

Indonesia has SEZs designed to attract foreign investment. Indonesia currently has 20 SEZs dispersed from the west to the east of Indonesia.

Incentives and Facilities in Indonesian **Special Economic Zones**



Source:
kek.go.id/fasilitas-dan-insentif

Energy Transition & Electro-mobility

- Indonesia has an abundance of natural resources ranging from nickel, coal, silver, gold, copper, bauxite, thermal coal, tin, petroleum, and natural gas, among others.
- Indonesia is on track to become one of the largest producers of lithium battery for electric vehicles.
- Indonesia and Chile (as a lithium producer) have the potentials to develop cooperation in energy transition and/or electro-mobility.



THANK YOU

