Export Opportunities in Indonesia

In 2017, Indonesia ranked 36th among U.S. export destinations and 23rd among Virginia export destinations. Some of the top opportunities for U.S. exporters in Indonesia include:

- Medical Equipment and Supplies
- Education and Training
- Franchises
- Aviation
- Electrical Power Systems
- Telecommunications
- Defense Equipment

Top Virginia Exports to Indonesia

<table>
<thead>
<tr>
<th>Export Category</th>
<th>2017 Value</th>
<th>Change 2017/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Commodity Chapters</td>
<td>$154.9</td>
<td>-9%</td>
</tr>
<tr>
<td>Fibers &amp; Fabrics</td>
<td>$47.0</td>
<td>-13%</td>
</tr>
<tr>
<td>Food Residues</td>
<td>$25.9</td>
<td>40%</td>
</tr>
<tr>
<td>Wood Pulp</td>
<td>$20.7</td>
<td>5%</td>
</tr>
<tr>
<td>Plastics</td>
<td>$13.7</td>
<td>41%</td>
</tr>
<tr>
<td>Paper &amp; Paperboard</td>
<td>$10.7</td>
<td>-35%</td>
</tr>
<tr>
<td>Cotton</td>
<td>$4.4</td>
<td>-57%</td>
</tr>
<tr>
<td>Medical Instruments</td>
<td>$3.5</td>
<td>69%</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>$3.4</td>
<td>-65%</td>
</tr>
<tr>
<td>Industrial Machinery</td>
<td>$3.3</td>
<td>8%</td>
</tr>
<tr>
<td>Fertilizers</td>
<td>$3.1</td>
<td>60%</td>
</tr>
</tbody>
</table>

U.S. Exports to Indonesia

In US$ Billions

- 2015: $7.1
- 2016: $6.0
- 2017: $6.9
# Opportunities in Indonesia for Exporters

## Medical Equipment

Indonesia is the fourth most populous country in the world and it relies heavily on imported medical equipment and supplies. The government continues to encourage private sector involvement in developing hospitals as hospital beds per thousand lag regional neighbors. Indonesia hopes to achieve universal health coverage by 2019.

The best prospects for U.S. exporters include:
- Medical surgical sterilizers
- Patient monitoring equipment
- Ophthalmic Instruments
- Ultrasonic scanning machines

## Aviation

Indonesia is an archipelago with over 17,000 islands and a large population. From 2015-2016, total air transport passengers increased 16.6%. According to IATA, Indonesia’s airports are in urgent need of additional capacity. By 2034, Indonesia’s airports are expected to handle an additional 183 million passengers compared to today, creating pressure for infrastructure expansion, including a projected need for 62 airports over the next five years.

Top export opportunities include:
- Aircraft leasing services
- Commercial and military spare parts
- Maintenance services

## Defense Equipment

Indonesia’s total defense spending for 2018-2023 is expected to be above $60 billion in one of the fastest growing defense markets worldwide. Indonesia must protect its maritime claims and defend against a terrorist threat in the South Sulawesi Seas. Indonesia is also investing heavily in its armored vehicle fleet.

The best prospects for U.S. exporters include:
- Armored vehicles
- Attack/Assault helicopters
- Telescopic sights
- Unmanned Aerial Vehicles (UAVs)

## Power Generation

The power industry in Indonesia has experienced 7-9% annual growth in the last five years. In December 2016, the electrification ratio of Indonesia reached 91.2%, although remote regions have much lower ratios. The value of electrical power equipment imports was $3.8 billion in 2016, 26% of which were of U.S origin.

Top prospects for U.S. exporters include:
- Turbines and turbine parts
- Transmission and distribution equipment
- Microgrid equipment

(US Commercial Service)
**FAST FACTS**

**Economic Overview**

Indonesia, the largest economy in Southeast Asia, has seen a slowdown in growth since 2012, mostly due to the end of the commodities export boom. Indonesia’s annual budget deficit is capped at 3% of GDP and the Government of Indonesia lowered its debt-to-GDP ratio from a peak of 100%, shortly after the Asian financial crisis in 1999 to less than 25% today. Thus, Indonesia’s credit rating has improved.

Indonesia still struggles with poverty and unemployment, inadequate infrastructure, corruption, a complex regulatory environment, and unequal resource distribution among its regions. Indonesia, with the nine other ASEAN members, will continue to move towards participation in the ASEAN Economic Community, though full implementation of economic integration has not yet materialized. Indonesia has also not yet determined whether to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

*(CIA World Factbook)*

**GDP Growth Rate**

<table>
<thead>
<tr>
<th>Year</th>
<th>Indonesia</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>2013</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>2015</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>2017</td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>

**Cultural Guide**

- Business cards should display your title. This helps enhance your image and credibility. Although not required, having one side of your card printed in Bahasa shows respect. Give/accept cards using two hands or the right hand. Examine a business card you receive before putting it on the table next to you or in a business card case.
- Business attire is generally conservative. Women should dress conservatively ensuring that they are well covered from ankle to neck. Avoid tight fitting clothes.
- Indonesians are indirect communicators; they do not always say what they mean. It is up to the listener to read between the lines or pay attention to body language to get the real message. Generally speaking, Indonesians speak quietly and with a subdued tone. Loud people would come across as slightly aggressive.

*(Kwintessential)*

Each province in Indonesia has its own language, ethnic make-up, religions and history.

- Business is personal in Indonesia so spend time through communication to build a strong relationship. Dealing with someone face-to-face is the only effective way of doing business.
- Indonesians do not make hasty decisions because they might be viewed as not having given the matter sufficient consideration. "Jam Karet" (rubber time) describes the Indonesian approach to time. Things are not rushed as the attitude is that everything has its time and place. Time does not bring money, good relations and harmony do.
Virginia Economic Development Partnership - International Trade offers a number of export-related services to Virginia businesses, including trade missions and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters.

For more information, please visit our website: ExportVirginia.org

### Additional Resources

- **Indonesia Overview**
  Global Edge - Michigan State University

- **Kwintessential Indonesia**
  Kwintessential Guide to Indonesia

- **Indonesia Country Commercial Guide**
  U.S. Commercial Service

- **Doing Business in Indonesia**
  United Kingdom Trade & Investment

- **Ease of Doing Business Report**
  World Bank