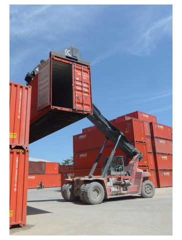
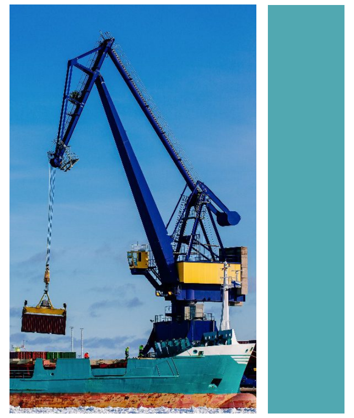
NEWSletter

July 2018

KEMENTERIAN PERDAGANGAN
REPUBLIK INDONESIA
MINISTRY OF TRADE

Improved Export Performance in May 2018
Reducing Trade Deficit

Jakarta, 2 July 2018 - Exports performance in May 2018 recorded USD 16.1 billion, up10.9% over the previous month (MoM) or 12.4% from May 2017(YoY). The improved export performance was spurred by strong oil and gas exports by 28, 8% (MoM) or 21.3% (YoY) and non-oil and gas exports by 9.3% (MoM) or 11.5% (YoY). Despite improving, exports performance in Maywere not able to recover the accumulated exports during the first five months in 2018. Cumulatively, exports in the period only grew by 9.7%driven by increasing oil and gas and non-oil and gas exports individually by 8.1% and 9.8%.

Table 1. Indonesia Export Performance

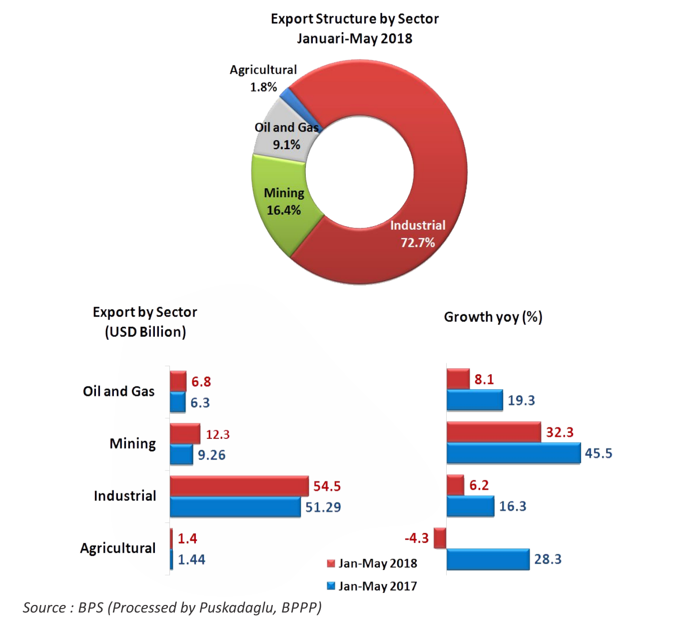
Description	Export Value (USD Million)		Growth (%)		
	Mei 2018	January - May 2018	Mei 2018 MoM (%)	Mei 2018 YoY (%)	January - May 2018 YoY (%)
Total	**16,121.2**	**74,931.3**	**10.90**	**12.38**	**9.65**
Oil and Gas	**1,572.3**	**6,845.4**	**28.80**	**21.32**	**8.07**
Crude Oil	522.2	2,033.9	81.89	29.69	-4.41
Oil Products	137.9	636.2	-4.17	-12.32	-14.36
Gas	912.2	4,175.3	15.51	30.82	20.55
Non Oil and Gas	**14,548.9**	**68,085.9**	**9.25**	**11.49**	**9.81**

Source : BPS (Processed by Puskadaglu, BPPP)

Some of non-oil and gas industrial exported products that grew considerably included iron and steel article (36.47%), optical devices (13.29%), and iron and steel (101.52%). Significant increase of 32.3% occurred inmining merchandise exports, particularly tin and copper by 12.78% and 40.21% respectively (YoY). On the other hand, exports of agricultural goods dropped by 4.3%. Coffee, Tea, and Spices experienced the highest dip by 28.36%.

Cumulative exports from January to May 2018 amounted to USD 68.3 billion, up 9.65% (YoY) deriving from increasednon-oil and gas exports by 9.8% to USD 68.1 billion and oil and gas exports by 8.1% to USD 6.8 billion. The rise in oil and gas export performance was driven by hiked gas exports by 20.6%as well as crude oil and oil product exports which dropped individually by 4.4% and 14.4%. In general, export performance slowed in all sectors. Exports for agricultural merchandise fell 4.3% from 28.3% last year;mining exports rose 32.3% but still lower than last year's growth at 45.5%. Similarly, industrial goods exports grew modestly by 6.2% despite shrinking nearly three times from last year's growth of 16.3%. (Graph 1)

Graph 1. Exports by Sectors



Source : BPS (Processed by Puskadaglu, BPPP)

Table 2. Non-Oil and Gas Export Growth to Top Trading Partners : January-May 2018

COUNTRY	USD MILLION		GROWTH (YoY)	
	Jan-May 2017	Jan-May 2018	USD Million	%
CHINA	7,799.9	10,245.5	2,445.6	31.4
UNITED STATES	7,172.4	7,425.8	253.4	3.5
JAPAN	5,661.1	6,871.9	1,210.8	21.4
INDIA	5,876.0	5,326.3	(549.7)	(9.4)
SINGAPORE	3,723.2	3,968.4	245.2	6.6
MALAYSIA	2,895.2	3,218.1	322.9	11.2
SOUTH KOREA	2,628.9	2,888.0	259.1	9.9
PHILIPINES	2,477.3	2,720.9	243.6	9.8
THAILAND	2,195.7	2,512.2	316.5	14.4
NETHERLANDS	1,665.6	1,701.4	35.8	2.2
VIETNAM	1,401.7	1,620.3	218.6	15.6
TAIWAN	1,136.9	1,321.9	185.0	16.3
GERMANY	1,083.1	1,145.7	62.6	5.8
HONGKONG	904.8	1,135.4	230.6	25.5
SPAIN	883.1	989.4	106.3	12.0
PAKISTAN	998.4	975.6	(22.8)	(2.3)
AUSTRALIA	776.6	926.1	149.5	19.2
ITALY	832.8	848.0	15.2	1.8
BANGLA DESH	632.0	816.9	184.9	29.3
UNI EMIRAT ARAB	670.5	697.7	27.2	4.1

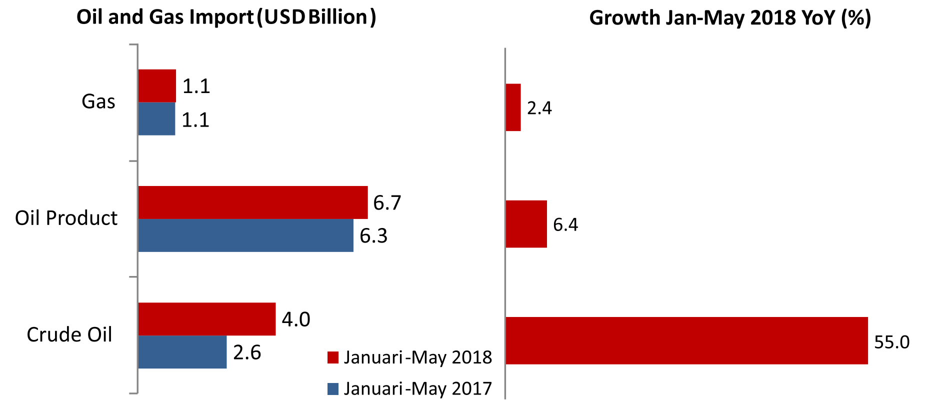
Source : BPS (Processed by Puskadaglu, BPPP)

Despite slowing down, non-oil and gas exports to several trading partners in January-May 2018 period still showed a significant increase among others to China (31.4%), Japan (21.4%), Hong Kong (25.5%), Australia (19.2%) and Bangladesh (29.3%).

Widened Oil and Gas Imports Recorded Trade Deficit January-May 2018

High demands for imported oil during January-May 2018 led to a deficit inthe balance of trade. Total imports amounted to USD 77.8 billion, up 24.8% compared to the same period last year (YoY) owing to a high demand for oil and gas imports, both raw and processed, by 54.98% and 6.37% as well as non-oil and gas imports by 25.93% (Graph 2). Relatively growing demands forimports of oil and gas and non-oil and gas accounted for deficit in the trade balance.

Graph 2. Indonesia's Oil and Gas Imports Performance

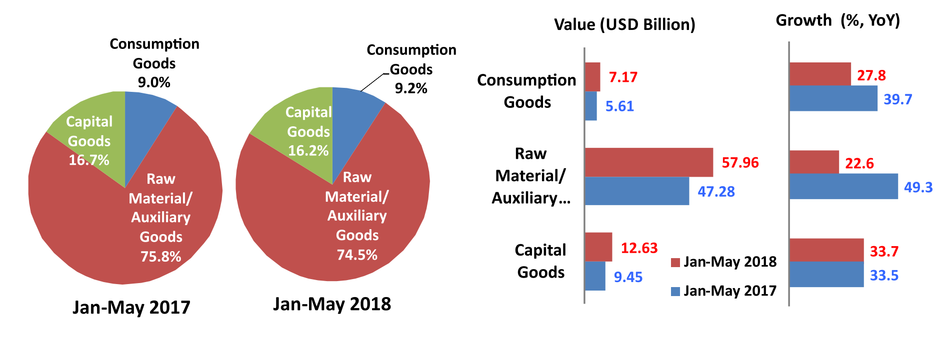


Source : BPS (Processed by Puskadaglu, BPPP)

Imports of All Types of Goods in May 2018 Grew 24-43% Higher Compared to Last Year

Imports in May 2018 reached USD 17.6 billion, inclining 9.2% compared to April 2018 (MoM) or 17.7% to May 2017 (YoY). The escalatedimports weremainly driven by highimported goods in general namely consumer goods (34%), raw materials (24.6%), and capital goods (43.3%). The increase on consumer good was a response to the national demand for Moslem' Fasting s Month of Ramadan and Eid Mubarak celebration while that of capital goods was due to a surge on imported goods except for transportation equipment.

Graph 3. Indonesian Imports by Types of Goods Use



Source : BPS (Processed by Puskadaglu, BPPP)

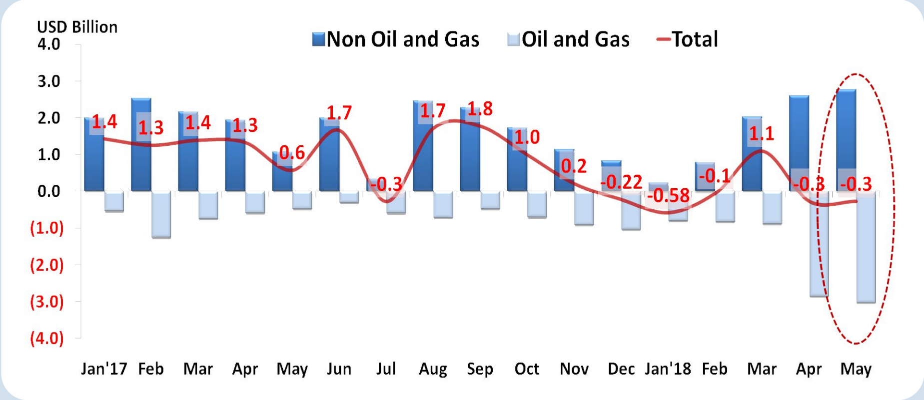
In cumulative, imports in January-May 2018 period totaled USD 77.8 billion, up 24.8% over the same period last year (YoY). Widened imports were caused by growing imports on all types of goods i.e. Capital Goods (33.7%), Raw / auxiliary Materials (22.6%), and Consumer Goods (27.8%) (YoY). Increasing demands for consumer goodsled to a higher share on import structure which rose from 9.0% to 9.2%. The contributing factor to the rise was a high demand forprocessed food and beverage goods for households by 45.3% and other consumer goods by 40 to 45% were.

Exports Performance in May 2018 Could Not Help Improviing Trade Balance Due to High Import Demands

Strong imports, exceeding exports experformance in May 2018, resulted in a considerable deficit amounted to USD 1.52 billionto the balance of trade. The deficit was mainly caused by trade deficit of oil and gas and non-oil and gas valued USD 1.2 billion and USD 279.9 million individually. Despite deficit, both oil and gas and non-oil and gas exports in May grew positively and indicated an improvement.

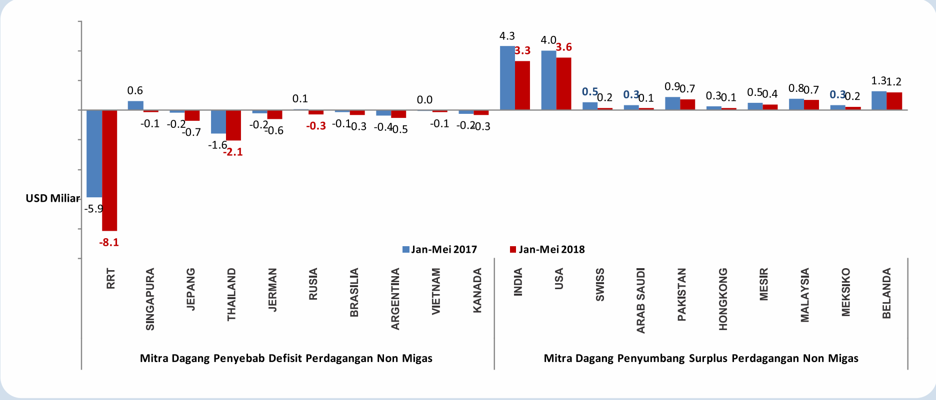
Overal trade balance during January-May 2018 was a deficit of USD 2.8 billion. Thedeficit should be anticipated and would require necessary actions such as improving export performance, controlling imports particularly goods that can be substituted by the domestic industry.

Graph 4. Indonesia Trade Balance



Source : BPS (Processed by Puskadaglu, BPPP)

Graph 5. Indonesia's Top Trading Partners for Trade Surplus and Deficit



Source : BPS (Processed by Puskadaglu, BPPP)

Inclining deficits in the January-May 2018 was owing to growing deficits and shrinking trade surplus with several major trading partners. Top trading partners causing trade deficits were China, Singapore, Japan, Thailand, Germany, Russia, Brazil, Argentina, Viet Nam and Canada with total import value of USD 5.4 Billion. While top trading partner countries whose trade surplus slackened amounted to USD 2.7 Billion were India, US, Switzerland, Saudi Arabia, Pakistan, Hongkong, Egypt, Malaysia, Mexico and the Netherlands.

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