NEWSletter

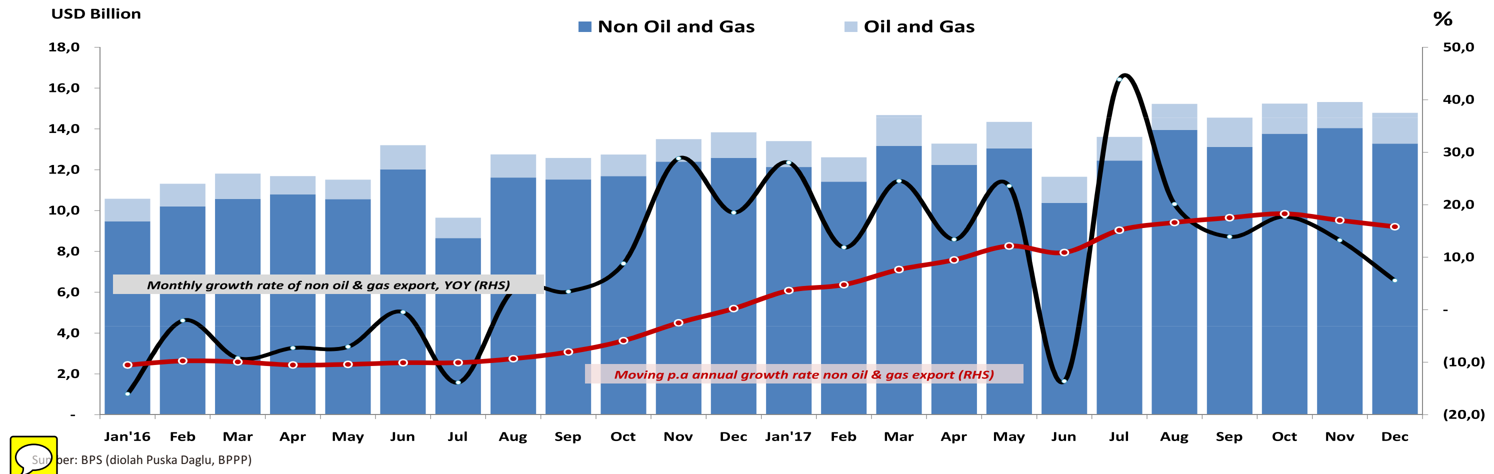
February 2018

KEMENTERIAN PERDAGANGAN REPUBLIK INDONESIA
MINISTRY OF TRADE

Exports in 2017 Far Exceeded The Target and Generated A USD 11.83 Billion Surplus

Jakarta, 1 February 2018 - Exports in December 2017 totaled USD 14.8 billion. Export performance dropped slightly by 3.45% (MoM) mainly affected by slowing non-oil and gas exports. Non-oil and gas exports were USD 13.28 billion, down by 5.41% (MoM) while that of oil and gas exports were USD 1.5 billion, up 17.96% (MoM). As a result, exports and imports performance in December 2017 recorded a deficit of USD 0.27 billion comprising oil and gas trade deficit of USD 1.04 billion and non-oil and gas trade surplus of USD 0.77 billion.

Grafik 1 Kinerja Ekspor Indonesia



Sumber: BPS (diolah Puska Daglu, BPPP)

Despite deficit in Desember 2017, the trade surplus during 2017 rose significantly compared with last year's surplus

Trade performance during 2017 was far better than it was during the same period last year. Trade surplusreached USD 11.3 billion orgrew 23.9%. The increased trade surplus was supported by a non-oil and gas trade surplus of USD 20.40 billion and oil and gas trade deficit of USD 8.57 billion.

Tabel 1. Perkembangan Ekspor Impor Indonesia

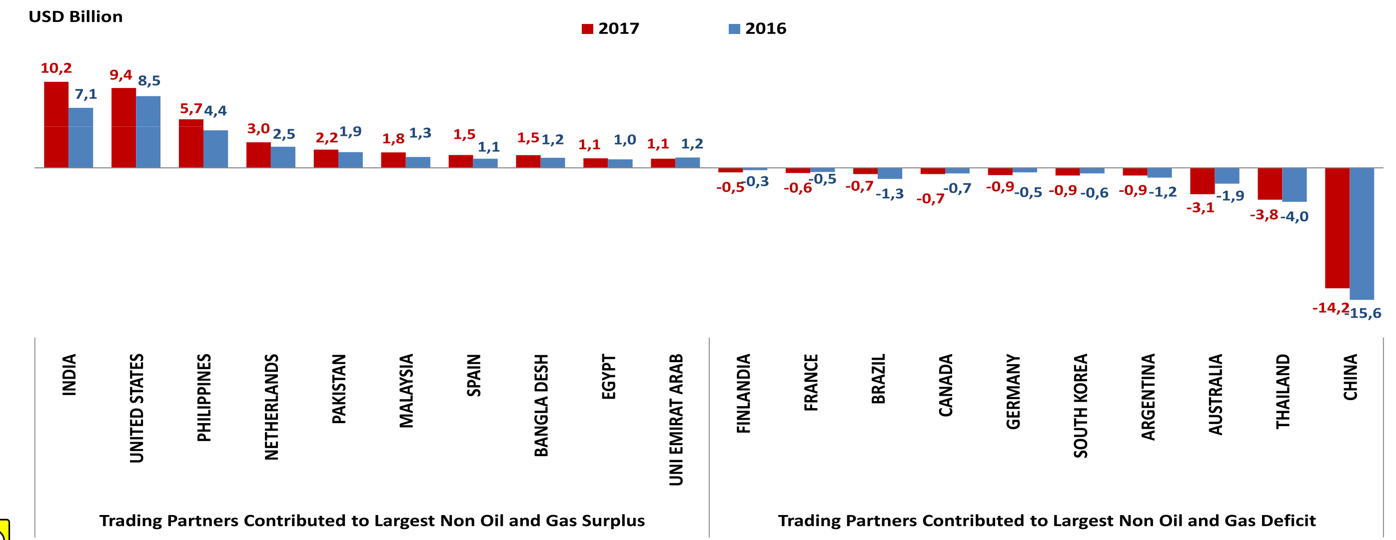
Uraian	Value (USD Million)									Growth 'December 2017 YoY (%)		Growth Jan-Dec 2017 YoY (%)	
	December 2017			2016			2017						
	Export	Import	Balance	Export	Import	Balance	Export	Import	Balance	Export	Import	Export	Import
Total	14.791,2	15.061,2	-270,0	145.186,2	135.652,8	9.533,4	168.728,6	156.893,0	11.835,6	6,9	17,8	16,2	15,7
Oil and Gas	1.509,9	2.554,6	-1.044,7	13.105,5	18.739,8	-5.634,3	15.738,3	24.307,6	-8.569,3	20,8	50,1	20,1	29,7
Crude Oil	507,9	806,9	-299,0	5.196,7	6.730,5	-1.533,8	5.237,6	7.059,7	-1.822,1	14,4	38,4	0,8	4,9
Oil Products	121,2	1.462,9	-1.341,7	872,0	10.340,4	-9.468,4	1.639,6	14.523,9	-12.884,3	10,3	49,5	88,0	40,5
Gas	880,8	284,8	596,0	7.036,8	1.668,9	5.367,9	8.861,1	2.724,0	6.137,1	26,5	103,3	25,9	63,2
Non Oil and Gas	13.281,3	12.506,6	774,7	132.080,7	116.913,0	15.167,7	152.990,3	132.585,4	20.404,9	5,6	12,9	15,8	13,4

Sumber: BPS (diolah Puska Daglu, BPPP)

Trade with India accounts for the largest surplus to Indonesia's trade balance in 2017. USD 10.2 billionwas registered which was considerably higher than last year's figure standing at USD 7.7 billion. Besides India, Indonesia's top trading partners with trade surpluswere (i) The United StatesUSD 10.0 billion; (ii) the Philippines USD 5.7 billion; (iii) the Netherlands to USD 3.0 billion; (iv) Pakistan USD 2.2 billion. Overallsurplus with the said trading partnersamounted to USD 30.5 billion.

Top trading partnersfor non-oil and gas trade deficits were (i) China with USD 14.2 billion; (ii) Thailand USD 3.8 billion; (iii) Australia USD 3.1 billion; (iv) Argentina USD 0.9 billion; and (v) South Korea USD 0.9 billion. Total amount of non-oil and gas trade deficit between Indonesia and those five countries valued USD 22.8 billion.

Grafik 2 Mitra Dagang Utama Penyumbang Surplus dan Defisit Neraca Perdagangan Nonmigas Indonesia



Sumber: BPS (diolah Puska Daglu, BPPP)

Non-oil and gas exports performed better than last year

Tabel 2. Komoditas Non Migas dengan Kenaikan Tertinggi

HS	COMMODITY	USD Million		Growth (YoY)	
		Jan-Dec 2016	Jan-Dec 2017	USD Million	%
72	Iron and Steel	1.827,69	3.349,48	1.521,78	83,26
47	Wood Pulp / Pulp	1.562,79	2.426,02	863,23	55,24
27	Mineral Fuel	14.785,71	21.072,35	6.286,64	42,52
40	Rubber and Rubber Goods	5.664,24	7.743,06	2.078,82	36,70
29	Organic Chemicals	2.384,42	3.115,96	731,54	30,68
15	Fat & Animal / Vegetable Oil	18.233,50	22.965,59	4.732,09	25,95
38	Various Chemical Products	3.271,12	3.894,78	623,66	19,07
87	Motor Vehicles and Parts thereof	5.867,78	6.835,40	967,61	16,49
61	Articles of apparel and clothing accessories	3.291,50	3.735,55	444,05	13,49
03	Fish and Shrimp	2.923,37	3.271,33	347,96	11,90

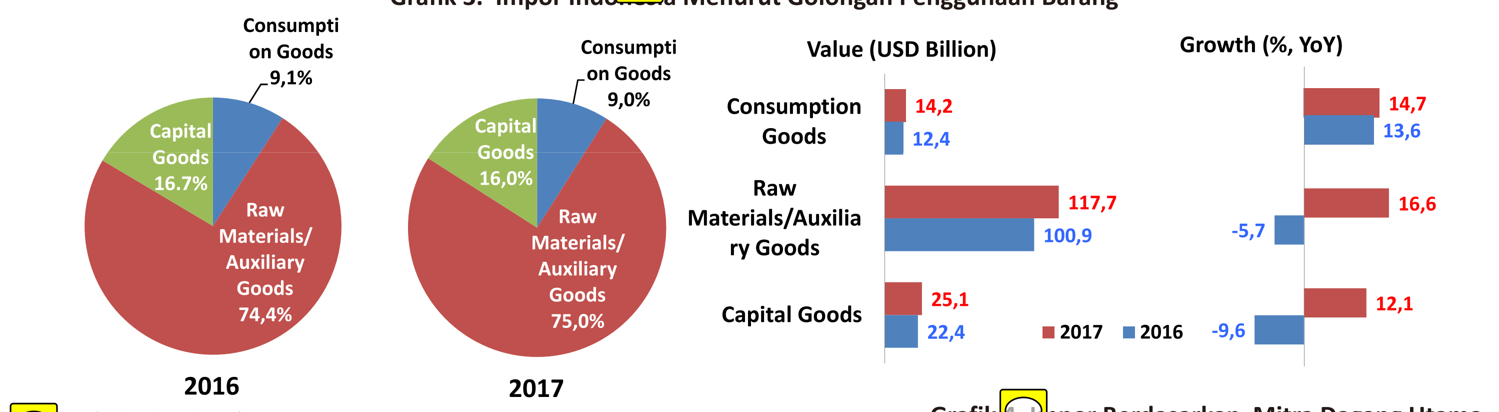
Sumber: BPS (diolah Puska Daglu, BPPP)

Cumulatively, exports in 2017 increased 16.2% to USD 168.73 billion,driven by strong growth in oil and gas exports particularly rising oil pricesby 20.1%. In addition, non-oil and gas exports also contributednotably to the strengthening exports in 2017 which rose 15.8%. Top non-oil and gas goodswithsignificant increase were: Iron and steel (HS 72) up 83.3%, Pulp of Wood (HS 47) 55.2%, Mineral Fuel (HS 27) % and Rubber and article therof (HS 40).

Imports in December 2017 contracted due to narrowed raw/auxiliary imports

In December 2017, imports stood at USD 15.06 billion, decreasing slightly by 0.3% from November 2017's figure (MoM). The decrease was owing to lower import demands for raw/auxiliary materials by 1.2% (MoM) owing to slowing national industrial activities at the end of the year. Total imports in 2017 reached 156.89 USD billion, down 15.7% compared with 2016. Imports remained dominated by raw/auxiliary materials(holding 75% share of total imports)which rose significantly by 16.6%. Of non-oil and gas, the top highest increased imports under raw/auxiliary category were namelyindustrial goods 24.8%, spare parts & equipment 18%, and food and beverage industry goods 16.9%. The second position was capital goods (16% share of total import) with12.1% increase. Capital goods whose imports grew significantly was transportation tools for industrythat escalated by64.4%. The following top imports was consumer goods (9% share) which rose by 14.7%.

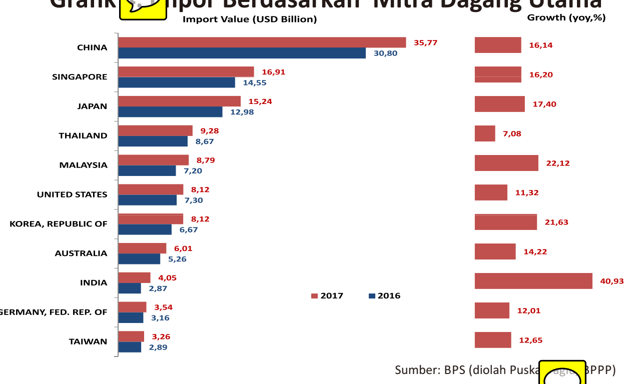
Grafik 3. Impor Indonesia Menurut Golongan Penggunaan Barang



Sumber: BPS (diolah Puska Daglu, BPPP)

Most imports from top trading partnersinclined including from top three highest. Imports from India rose by 40.93% while that from Malaysia and Korea rose respectively by 22.12% and 21.63%.

Grafik 4. Impor Berdasarkan Mitra Dagang Utama



Sumber: BPS (diolah Puska Daglu, BPPP)

Export ImportOutlook 2018 with Projection to 2022

Improved global economic condition in 2017 particularly insome of Indonesia's non-oil export destinations are expected to continue in the coming years. Global economy growth in 2017 is estimated 3.6% stronger than previous year, driven by emerging economies' growth (IMF, WEO October 2017). The strengthening on global economy is predicted to endure in years to come. By 2018, World Bank predicts the world economy to grow3.7% approximately which is to stimulate the increasing demand for Indonesian export products.

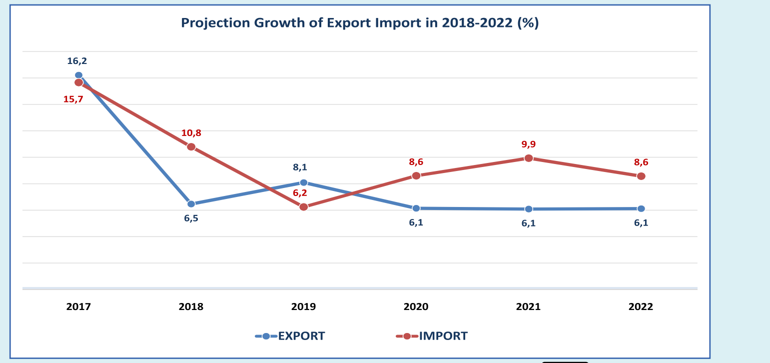
Along with the improvement on global economic conditions, commodity prices in world markets both for energy and non-energy are anticipated to grow positively despite slowing growth rates. In addition, Indonesian Rupiah movement againts US dollar is expected to continue to support export activities in the future. From 2012 to 2017, Indonesia's Rupiah valuehas tended to depreciate.

External conditionssynergizing with Indonesia's domestic policiesto accelerate national competitiveness will beone ofenablingfactors to achieve 2018's export target of 6.5%. Such target can be materialized with a support of growing non-oil and gas exports and oil and gasrespectively by 6.9% and 2.3%.

In terms of imports, economic growthis determined by domestic demands which is highlydependent on imported goods especially raw or auxiliary materials. On the other hand, infrastructure development next year is likely to boost imports on capital goods. In 2018, imports is anticipated to outnumber export by 11.0%which is driven by growing oil and gas and non-oil and gas individually by 23.1% and 8.9%.

Considering the projection that imports growing stronger than exports, Indonesia trade balance in 2018 may demonstrate a slowdown despite trade surplus.

Grafik 5. Proyeksi Pertumbuhan Ekspor Impor



Sumber: BPS (diolah Puska Daglu, BPPP)

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