



Formulaire CH@WORLD: **A754**

Représentation suisse à: Jakarta	
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## Economic Report: INDONESIA

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## 0. Executive Summary

Indonesia's **GDP grew by 5.07%** in 2017 – a slight improvement from the previous year. According to IMF estimations, Indonesia's nominal GDP stood at USD 1'015.5 billion in the reporting year. As the 16th largest economy worldwide, Indonesia remains the biggest economy within the Association of Southeast Asian Nations (ASEAN) by generating approximately 40% of its GDP.

Indonesia continues to show **positive signs in terms of macro-economic indicators**. The Central Bank reported core inflation rate at 3.61% in 2017. Debt-to-GDP ratio stood at 29.2% in the reporting year, with 2.57% budget deficit. Moody's upgraded Indonesia's sovereign credit rating on 13.4.2018 to Baa2 with stable outlook (on par e.g. with Philippines and India), after Standard & Poor's had given the "BBB-" investment grade already in May 2017 and Fitch upgraded Indonesia in December 2017 to "BBB" (with stable outlook), reflecting recent efforts by the government to stabilize the country's public finances. In September 2018, the Government has taken measures to keep the rising current account deficit under 3% of GDP.

Supported by the improving global economic context and accelerating economic growth in key trading partners, Indonesia's **trade** in 2017 reached the highest surplus over the past five years, increasing more than 16%. The bilateral Swiss-Indonesian trade however decreased by 28%, from CHF 2.8 billion in 2016 to CHF 1.9 billion in 2017. The drop is mostly due to the decline of imports of gold from Indonesia from CHF 1.9 billion in 2016 to CHF 1.1 billion in 2017. Without taking gold into account, bilateral trade increased slightly. Swiss exports to Indonesia marginally decreased (0.8%) in 2017 compared to the previous year.

Indonesia recorded a 13.1% increase of total **investment** in 2017, almost two-thirds thereof from Foreign Direct Investment (FDI). FDI increased by 11% from USD 28.9 billion in 2016 to USD 32.2 billion. However, Swiss investments into Indonesia more than doubled in 2017 in comparison to the previous year, from USD 61.8 million in 2015, 346.7 million in 2016, to USD 615.5 million in 2017. Companies from Switzerland were the third most important European investor in 2017 just behind the Netherlands (USD 1'489 million) and UK (USD 774.8 million).

The Indonesian government continues to adopt some economic reforms, aiming to attract more FDI and gradually open up and further integrate the country into the global economy. 16 reform packages – even if not always tackling the core issues – have led to a significant improvement of Indonesia's **ease of doing business rating** from 109th rank in 2015, to 92nd in 2016 and 72nd in 2017. President Joko Widodo's government has also made particular progress in boosting infrastructure development in Indonesia, trying to reduce the high logistics costs for businesses operating in the wide archipelago.

At the same time, government and parliament still maintain and at times newly introduce **protectionist measures, such as import restrictions** and export duties or foreign ownership limitation policies, such as Art. 20 Patent Law. With these measures, government and/or parliament often hope to strengthen the domestic industry and the export e.g. of manufactured goods, while several of the protectionist policies may in fact have counter-productive effects.

Despite these challenges, Business sentiment remained positive<sup>1</sup>. 62% of the businesses (2016/17: 49%) surveyed remain positive about their business outlook in Indonesia, only 4% negative. The outlook is most positive in hospitality, travel and tourism (77%, +13% year on year), infrastructure and construction (75%) and food and beverage (68%); services are at 51%. Businesses are increasingly upbeat appreciate the investment climate (+5) and the regulatory environment (+5%), and see the greatest challenges in bureaucratic inefficiency/red tape, regulatory environment and customs, import regulations and protectionism. 40% consider further investment in Indonesia, and an additional 37% "maybe".

On 13 July 2017, a new **Swiss Business Hub Indonesia** (SBH) was inaugurated, a local office of Switzerland Global Enterprise (S-GE) for export and location promotion activities in Indonesia.

The Embassy and the Swiss Business Hub have supported the plan of Swiss companies in Indonesia to establish a **Swiss Chamber of Commerce**. After securing financing for its first three years, the new Swisscham was established on 1 August 2018.

Indonesia has adopted a more favorable stance towards comprehensive economic partnership agreements (CEPA). At the 15<sup>th</sup> round of negotiations of the **EFTA-Indonesia CEPA** from 23-27 in April

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<sup>1</sup> Joint European Chambers' Business Confidence Index 2018.

2018 in Jakarta, agreement was reached on several chapters, with a view to hopefully conclude negotiations by October 2018, when the campaigns for the presidential elections in Indonesia begin.

The former Indonesian government had terminated all 67 bilateral investment treaties (BIT). The termination of the BIT with Switzerland took effect from 8 April 2016. In 2018, **negotiations on a new Indonesia-Switzerland BIT** started.

Also, Indonesia intends to undertake the first information exchange as part of the **automatic exchange of financial account information (AEoI)** by September 2018.

Indonesia remains a country with great potential and interesting business opportunities. Many of the Swiss companies already present in the country make good profit and plan further investments. The Economist Intelligence Unit has projected that, **by 2050, Indonesia could become the 4<sup>th</sup>-largest economy of the world**, just behind China, USA and India. However, doing business in Indonesia takes patience and perseverance. Companies should be prepared to invest time and resources over a longer period before seeing returns.

## 1. Recent economic developments and challenges

Indonesia recorded an **economic growth** of **5.07%** in 2017 – a slight growth from 5.02% in 2016. The World Bank identified stronger investment and net exports, in line with the continued recovery in commodity prices, strong global growth and international trade flows as the supporting factors for Indonesia's constant economic growth. The World Bank projects the GDP to increase by 5.3% this year and in 2019.

According to IMF estimation, Indonesia's nominal GDP stood at USD 1.02 trillion in the reporting year. As the 16<sup>th</sup> largest economy worldwide, Indonesia remains the biggest economy in ASEAN. Based on PPP, Indonesia is the 7<sup>th</sup> biggest economy worldwide with a GDP of USD 3.24 trillion in 2017.

Indonesia has registered stable economic growth supported by prudent macroeconomic and fiscal policies, strong domestic demand and effective structural reform implementation. Domestic demand – in the form of investment in both building and non-building sectors as well as household consumption – is expected to become the main driver.

The official poverty rate fell by 0.58% between September 2016 and September 2017 to 10.12%. The Gini coefficient has remained at 0.39 in 2017. Unemployment rate was slightly down from 5.6% in 2016 to 5.5% in 2017.<sup>2</sup>

The following developments are some of the highlights of major economic events in Indonesia from June 2017 to August 2018.

### 1.1. Policy packages on deregulation, increased efficiency, and business incentives

The government launched 16 economic reform packages from September 2015 to August 2017, covering a wide range of policies with the aim of easing business and attracting investments into Indonesia and focusing on deregulation, de-bureaucratization, and incentives for doing business in Indonesia for domestic and foreign companies. At the policy level, the packages indicate a strong government commitment to push structural changes and make improvements to the business climate. The packages seem to show effect: Even though the implementation of the packages remains a challenge at provincial and local levels, Indonesia's Ease of Doing Business (EODB) index has climbed 37 places from rank 109 in 2015 to rank 72 in 2018. Areas improved include starting a business, getting electricity, registering property or getting credit.

The government wants to continue with its reform strategy: in January 2018, the launch of a 17<sup>th</sup> economic policy package to quicken import and export processes was announced. The policy package is expected to help local producers meet their raw material demands on time, without having to deal with bureaucratic red tape at the ministerial level.

While *starting* a business has indeed become easier somewhat, *doing* business still is faced with many hurdles, particularly for foreign SMEs in Indonesia, such as lack of skilled labor, legal uncertainty, bureaucracy, and at times corruption.

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<sup>2</sup> Indonesian Central Statistical Agency, [www.bps.go.id](http://www.bps.go.id).

## **1.2. Tax Reform, Tax Amnesty, Automatic Exchange of Information: boost fiscal revenue**

The government has endeavored to improve tax collection and is preparing major tax law changes. Since the revision of the General Taxation (KUP) Law – already tabled to parliament and part of its 2018 legislative agenda – progresses slowly, the government took action with some Presidential-level and Ministerial-level regulations:

The tax amnesty program (TAP) from July 2016 to March 2017 succeeded in revealing over USD 365 billion previously undeclared Indonesian assets and collected USD 10 billion in tax redemption. The government lauded the program as the most successful tax amnesty program in the world. However, the result had mixed results in terms of expanding the country's tax base and repatriating offshore assets to boost the country's fiscal capacity. The government issued new tax reforms to improve transparency and information sharing with the goal to crack down on tax evaders, who did not declare their assets during the amnesty period. In May 2017, the government introduced a new regulation to enhance capabilities to identify any undisclosed income or assets. The August 2017 enactment of the Law on Financial Information Access for Tax Purposes provides the Directorate General of Taxes (DGT) access to detailed data from financial institutions and enables the DGT to fulfil Indonesia's Automatic Exchange of Financial Account Information (AEOI) reporting obligations.

In June 2017, Indonesia, together with 67 other jurisdictions, signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) to protect governments against tax avoidance strategies that inappropriately use tax treaties to artificially shift profits to low or no-tax locations. In January 2018 the DGT issued an implementation regulation on Country-by-Country Reports (CbCR) that provides detailed instructions on the procedure and filing of the CbCR to make Indonesian rules more consistent with the OECD standard.

As a signatory to the Convention on Mutual Administrative Assistance in Tax Matters (MCAA), Indonesia is set to undertake the first information exchange as part of the automatic exchange of financial account information (AEOI) by September 2018. Indonesia and Switzerland have signed a bilateral agreement in July 2017 to implement the AEOI starting in 2018, with the first data transmission due in 2019.

Reforms concerning tax compliance seem to have paid off. The government's 2018 budget expects a 9% increase in revenue and a 4% increase in spending compared to 2017.

A new concern for importers is the increase on 5 Sep. 2018 of a sort of an "import withholding tax", i.e. an increased advance income tax to be paid only for imports and which can be credited as part of the withholding tax payment. The tax has been increased for 1147 consumer goods from 2.5% to 7.5% to 10% with entry into force on 13 Sep. 2018. The Finance Ministry presented this tax increase as one of several measures to control current account deficit which in the first semester of 2018 stood at 2.6% of GDP. Largely due to external factors, the Indonesian Rupiah depreciated in August/September 2018 to almost 15'500 IDR/USD (as of 26.9.2018).

## **1.3. Domestic consumption remains an important factor of growth**

Private consumption remained the biggest contributor to Indonesia's GDP, accounting for about 56% of Indonesia's growth. Despite falling interest rates, consumers however remained hesitant to spend on various items, such as cars, homes etc. Partly to blame were hikes in electricity tariffs and vehicle registration fees raised by the government in the first half of 2017.

However, household consumption is expected to improve in 2018 based on the following positive trends: Consumer confidence rose to 1264.4 points in December 2017, accelerating economic growth, low inflation and a stable rupiah rate. The government raised its spending budget in 2018 by 4% from 2017. The government also significantly raised the budget for the Family Hope Program (*Program Keluarga Harapan*, or PKH) and will now cover 10 million poor Indonesian families to improve their purchasing power. The higher budget is likely a strategic move ahead of the regional elections in 2018 and national legislative and presidential elections in 2019.

## **1.4. Social welfare**

The current medium-term development plan focuses particularly on infrastructure development and social assistance programs related to education and health-care. Indonesia has made significant gains in poverty reduction over the past years, cutting the rate of the population living below the poverty rate by more than half since 1999, to 10.6% in 2017 (28 million, mainly in the rural areas). However, approximately 40% of the entire population remain vulnerable of falling into poverty, as their income hovers marginally above the national poverty line. The growing economy does not benefit all at the same

rate. If not reversed, the gap between rich and poor may further increase. At 0.40, Indonesia's GINI coefficient is higher than in neighboring countries.<sup>3</sup>

Indonesia's long-term growth potential and quality of life highly depends on the quality of its human capital. The results of Indonesia's policy reforms to strengthen access to and the quality of education since 2002 are mixed, since schooling attainment has grown significantly, while student learning remains below the levels of other countries in the region. More than 55% of Indonesians who finish their education are functionally illiterate and tend to end up in low-productivity sectors.<sup>4</sup>

Indonesia has successfully extended social protection since 2011. The types of social security programs under the BPJS (*Badan Penyelenggara Jaminan Sosial*) includes healthcare and employment (work accident, old-age, pension and death) security. Indonesia's retirement age is currently 56 years, but will be increased by one year every three years until 65 years. As of August 2018, more than 200 million people are under Indonesia's health coverage program. The government aims at extending a membership to all Indonesians by 2019.<sup>5</sup>

### **1.5. Upcoming elections 2019, re-introduction of subsidies and fiscal spending**

In 2014 after his election, President Joko Widodo raised fuel prices and capped the diesel subsidy within months of taking office, enabling the Indonesian government to allocate freed funds into infrastructure development. A year before the presidential elections in 2019, the government (re-)introduced various price controllers and subsidies, including maximum prices for electricity, fuel and rice. In order to compensate, the government suspended infrastructure projects worth a total of USD 20 billion, mostly projects which are not completed by 2019.

While political and social instability including prior to national elections is generally a cause of concern for businesses, business confidence nonetheless is rising in Indonesia. According to a poll by the European Chamber of Commerce in Indonesia, 62% of the respondents have a positive outlook on their business over the next year, an increase of 13% compared to the previous year.

## **2. International and regional economic agreements**

### **2.1. Indonesia's trade policy and priorities**

The Indonesian government places strategic importance on strengthening the domestic industry and attracting foreign direct investment. Until 2014, 63% of Indonesia's exports consisted of primary goods, of which only 37% were manufactured. The government aims to reverse this trend by setting the goal that only 35% of all exports are primary goods and 65% manufactured goods by the year 2019.

To support this policy, Indonesia established a special unit for "economic diplomacy" in the Foreign Ministry, with mandate to find new markets and attract more investment into the country. The Trade Ministry applies three strategies to develop the country's exports:

1. Export market expansion (exploring alternative markets, particularly in Latin America, Africa, Eastern Europe, and the Middle East)
2. Export products diversification (promoting export products other than Indonesia's top 10 export commodities through product adaptation and design)
3. Nation Branding (improving Indonesia's image in international market)

As part of this export market expansion and diversification into alternative markets, Indonesia hosted in March 2017 the first Indian Ocean Rim Association (IORA) Summit and established and hosted the first Indonesia-Africa Forum (IAF) in April 2018, where the establishment of closer economic ties was discussed and business deals were signed.

### **2.2. Indonesia's Policy regarding Trade Agreements**

Indonesia has thus far only signed trade agreements with ASEAN (ASEAN Free Trade Area, AFTA), Japan (in force since 2008) and Chile (pending ratification), and a Preferential Trade Agreement (PTA)

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<sup>3</sup> <http://www.worldbank.org/en/country/indonesia/overview#1>; <https://www.adb.org/countries/indonesia/poverty>.

<sup>4</sup> World Bank Indonesia Economic Quarterly June 2018, (S. 2, 28)

<sup>5</sup> <https://bpjs-kesehatan.go.id/bpjs/index.php/jumlahPeserta>; <http://www.biposervice.com/wp-content/uploads/2018/01/Updates-on-the-Social-Security-System-in-Indonesia.pdf>.

with Pakistan. Through ASEAN, it furthermore has free trade agreements with China, Korea, Japan, Australia, New Zealand and India.

The current government's strategy to develop new markets manifests itself also by increased efforts to conclude modern-day free trade agreements – so-called “Comprehensive Economic Partnership Agreements”, CEPA – with countries across the globe, with ongoing negotiations particularly with EFTA, Australia, EU, India, Iran, Peru and Turkey. A CEPA with Chile was signed in December 2017. Early 2015, Indonesia furthermore announced its intention to review the Indonesia-Japan Economic Partnership Agreement (IJEPA).

### **2.2.1. Regional Comprehensive Economic Partnership (RCEP)**

The RCEP is an ASEAN-centered proposal for a regional free trade area to include the ten ASEAN member states and those countries with an existing FTA with ASEAN – Australia, China, India, Japan, Republic of Korea and New Zealand. If concluded, the RCEP would become the largest free trade zone in the world, covering up to 39% of the world's GDP and 29% of world trade.

The 23<sup>rd</sup> negotiation round took place on 17-27 July 2018 in Bangkok. Among the open matters are apparently trade of goods and services, investment, issues regarding legalities and institutions, as well as the rules of origin. The chapters on economic & technical cooperation and on Small & Medium Enterprises (SMEs) have been concluded. Initially, the participating states intended to conclude the RCEP negotiations in 2015. At their Ministerial meeting on 31 August 2018 in Singapore, they agreed to conclude a “package” by the end of 2018 – before elections in 2019 in several states – covering market access for goods, services, investment and intellectual property rights (still an ambitious goal). The negotiations should then be finalized in 2019.

### **2.2.2. Indonesia – EFTA CEPA**

Launched in 2010, the Indonesia-EFTA CEPA (Comprehensive Economic Partnership Agreement) negotiations have seen 15 rounds of negotiations. The last 15<sup>th</sup> round from 23-27 April 2018 in Jakarta was continued from 27 to 31 August in Yogyakarta, Indonesia.<sup>6</sup> At the 15<sup>th</sup> round, agreement has been reached on several chapters, including Trade and Sustainable Development, Government Procurement, and Investment. Progress was also achieved in all remaining areas. Corresponding follow-up work has been agreed. The hope is to conclude negotiations by end of 2018, in view of the start of the campaigns for the Indonesian presidential elections on 17 April 2019.

### **2.2.3. CEPA negotiations with EU and Australia**

The *Indonesia-EU CEPA* negotiations were launched during President Joko Widodo's visit to Brussels in April 2016, with completion targeted for 2019. The fifth round of negotiations took place in Brussels 9-13 July 2018, the sixth is to follow in fall 2018.

The Indonesia-Australia CEPA negotiations were reactivated in March 2016, after having been on hold since 2012. On 31 August 2018, Indonesia and *Australia* announced having successfully concluded a bilateral CEPA agreement, needing only some legal, formal scrubbing before signing it.

### **2.2.4. Bilateral Investment Treaties, including with Switzerland**

The Indonesian government had terminated all of its 67 Bilateral Investment Treaties (BIT) in 2014. The BIT with Switzerland was terminated with effect from 8 April 2016. Swiss investments made after this date are no longer protected by the bilateral treaty.

However, Foreign Minister Retno Marsudi announced in January 2018 to be willing to begin negotiations for a new BIT with Switzerland. A first round of negotiations took place in July 2018.

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<sup>6</sup> See <http://www.efta.int/Free-Trade/news/EFTA-and-Indonesia-hold-15th-round-negotiations-Comprehensive-Economic-Partnership-Agreement-508276> and <http://www.efta.int/Free-Trade/news/EFTA-and-Indonesia-continue-15th-round-negotiations-Comprehensive-Economic-Partnership-Agreement-509916>.

### 3. Foreign Trade<sup>7</sup>

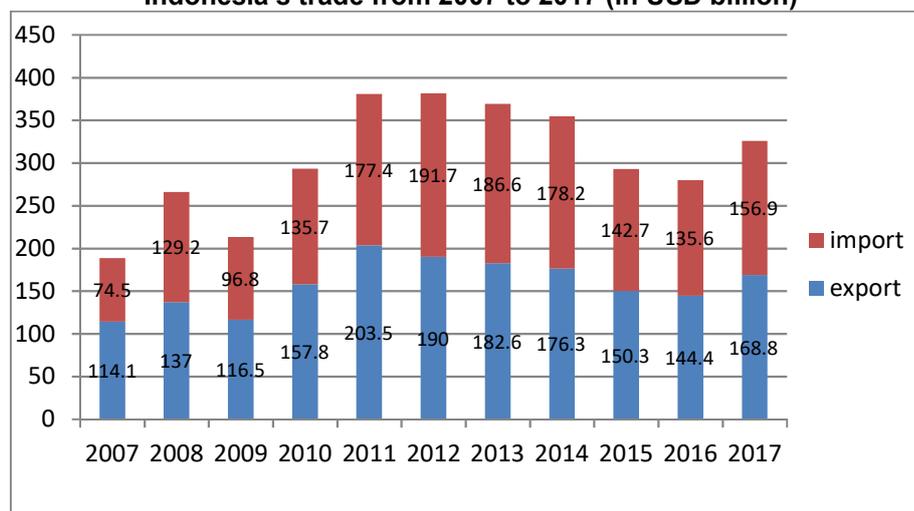
#### 3.1. Development and general outlook

##### 3.1.1. Trade in goods

Unlike 2015 and 2016, Indonesia's trade value registered substantial growth of 16% in 2017, from USD 280 billion in 2016 to USD 325.6 billion in 2017.

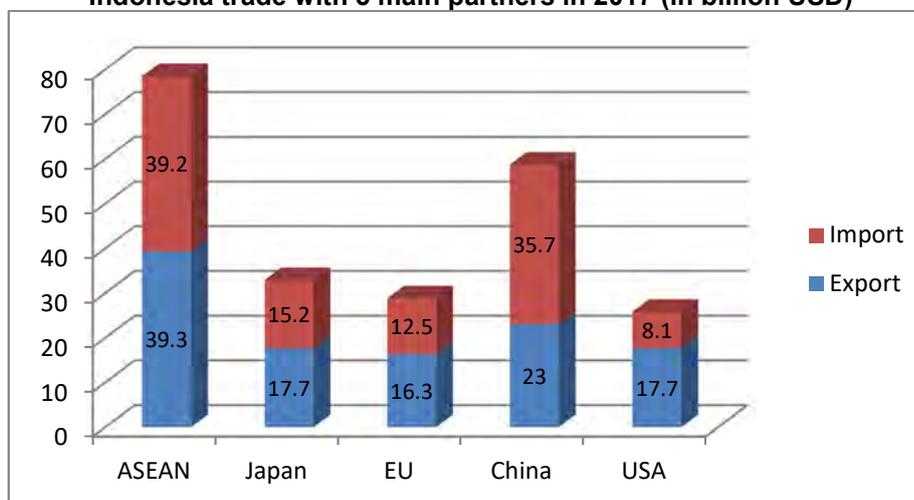
The goods trade balance remained positive for Indonesia in 2017 and even improved since export values accelerated more than import values.

**Indonesia's trade from 2007 to 2017 (in USD billion)**



Source: Indonesian Central Bureau of Statistics (BPS)

**Indonesia trade with 5 main partners in 2017 (in billion USD)**



Source: Indonesian Central Bureau of Statistics (BPS)/Ministry of Trade

ASEAN remained the most important trade partner for Indonesia in 2017. Indonesia registered a surplus in its trade balance with all important partners, except with China.

#### Export

Indonesia's 2017 exports reached USD 168.8 billion, of which USD 15.7 billion in exports of oil & gas. Exports grew considerably (16.8% year on year) mainly due to the growth of exports of non-oil and gas commodities.

<sup>7</sup> Due to availability of data, Trade Statistics in this chapter is using two sets of data which shows quite substantial differences in the import value from Indonesia to Switzerland:

- For the purpose of overview of Indonesian trade with trading partners, we are using data from the Ministry of Trade and Indonesian Central Bureau of Statistic, please refer to APPENDIX 3
- For the purpose of the bilateral trade with Switzerland, we are using data from the Swiss Federal Customs Administration, please refer to APPENDIX 4

In 2017, trade with People Rep. of China increased more than 43%. China is now the second largest Indonesia's export partner after ASEAN (see APPENDIX 3), followed by Japan, USA and the EU. South Korea, Taiwan, and Singapore are also among the main export destinations for Indonesia.

**Indonesia's major export partners by rank (2015-2017)**

Country/ Region	2015		2016		2017	
	Rank	Value (USD Million)	Rank	Value (USD Million)	Rank	Value (USD Million)
ASEAN	1	32'417	1	33'202	1	39'323
China	3	15'545	4	14'755	2	23'049
Japan	5	14'545	3	16'089	3	17'790
USA	2	15'985	2	16'141	4	17'787
EU	4	14'801	5	14'045	5	16.303

Source: Indonesia central Bureau of Statistic/Ministry of Trade

In 2017, Indonesian exports to several partners surged importantly: ASEAN (+18%), United States (+10) and E.U. (+16%). Indonesian exports to Switzerland however reduced by 34% from USD 2.3 billion in 2016 to USD 1.5 billion in 2017 (mainly due to lesser gold exports).

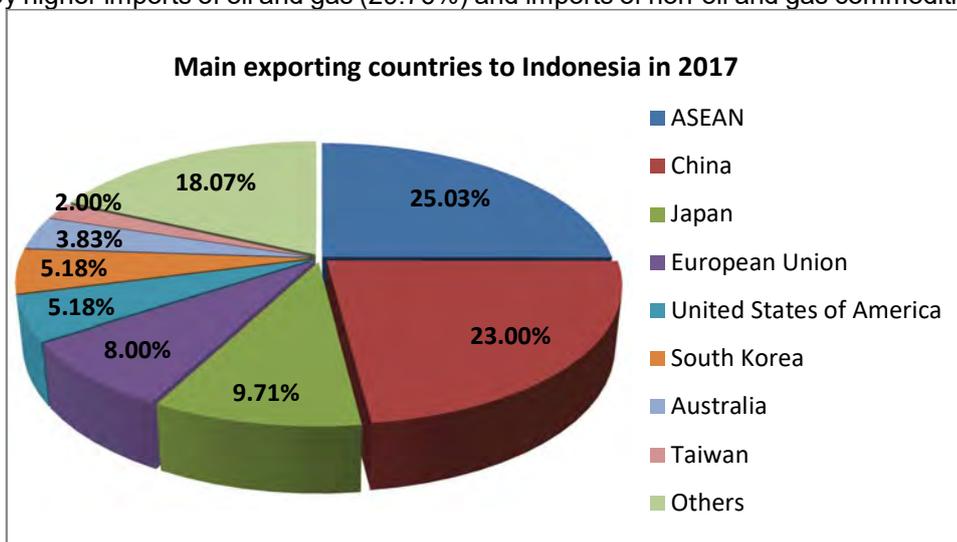


Source: Indonesia central Bureau of Statistic

The manufacturing sector (USD 125.1 billion) remained the biggest contributor to Indonesian exports, followed by the mining and oil and gas sectors (USD 29.3 billion). The agriculture sector remains a minor contributor to exports (USD 3.6 billion).

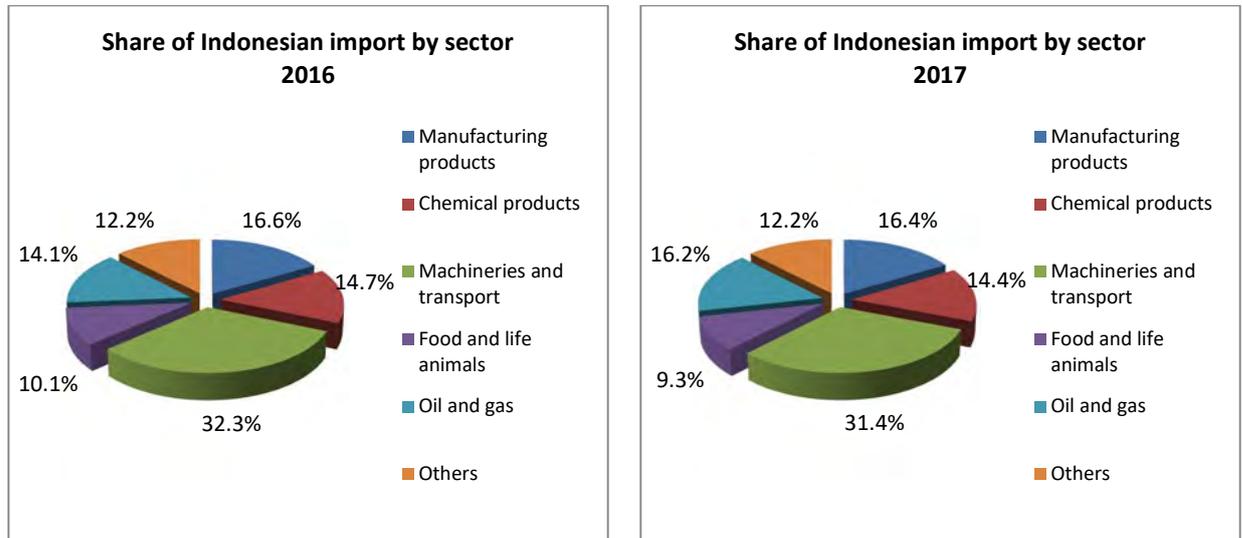
**Import**

Indonesia's 2017 imports amounted to USD 156.9 billion. The year on year growth of 15.7% was mainly triggered by higher imports of oil and gas (29.76%) and imports of non-oil and gas commodities (13.4%).



Source: Indonesian Central Bureau of Statistics (BPS)

76.5% of the total import value from 2017 stemmed from 6 partners: ASEAN (25.03%), China (22.7%), Japan (9.7%), EU (8%), USA (5.1%), and South Korea (5.1%). Australia and Taiwan (and Germany) are other important supplier countries.

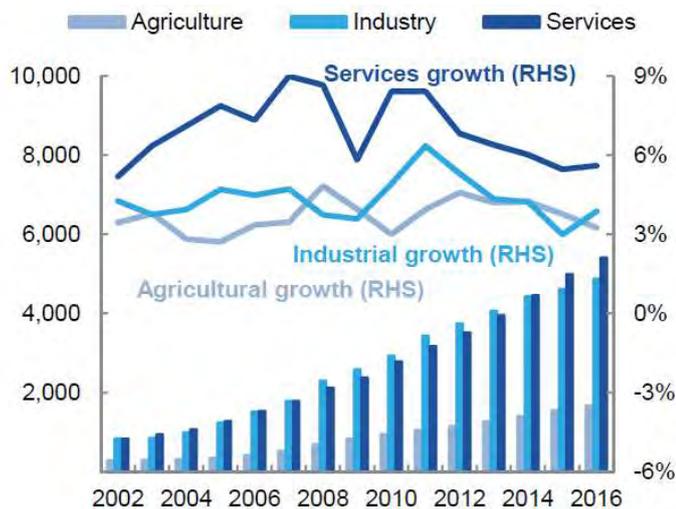


Source : Indonesian Central Bureau of Statistics (BPS)

Machineries and transport equipment remained the main contributors to Indonesian import (31.4%), followed by manufacturing (16.4%) and oil and gas (16.2%).

### 3.1.2. Trade in services

According to the World Bank's report, trade in services constitutes the highest share in Indonesia's economy and is the fastest growing sector as shown in the graphic below. The services sector, which accounts for approximately 45% of Indonesia's GDP, has seen an annual growth rate of 6.8% since 2001, faster than the industrial and agricultural sectors.



Source: World Bank- Indonesia Economic Quarterly, March 2017 (figures in trillion IDR)

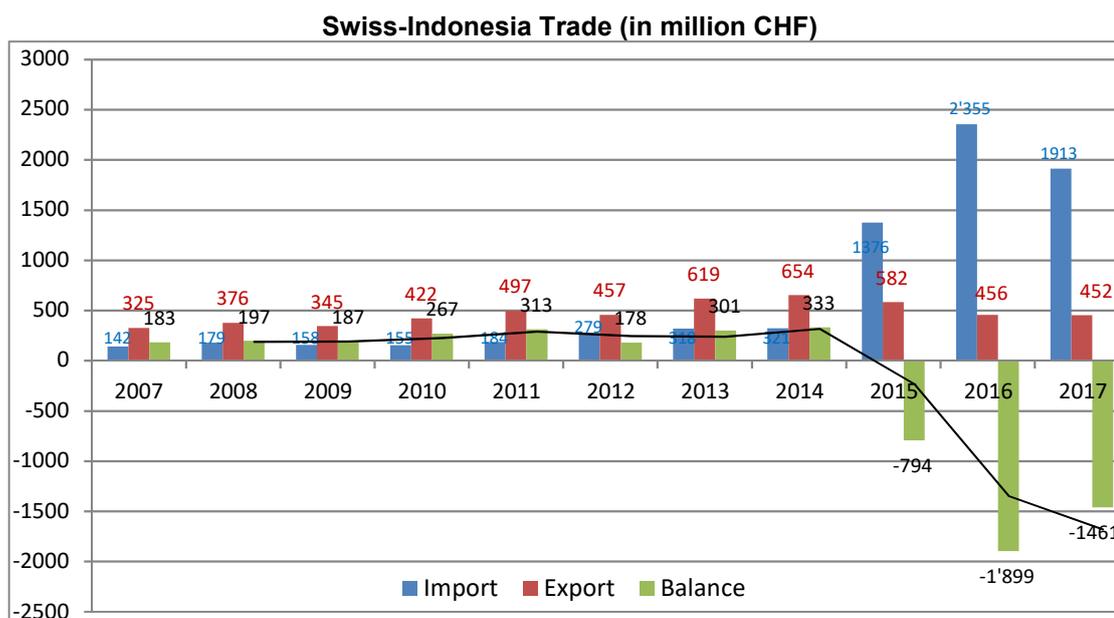
Exports and imports of services have been increasing rapidly in the past decade. Trade in services has grown at an annual average rate of around 6% for exports and 4% for imports since 2005, mainly driven by transport, communication and travel services.

## 3.2. Bilateral trade

### 3.2.1. Trade in goods

In 2017, trade volume between Switzerland and Indonesia has decreased by more than 28%, from CHF 2.8 billion in 2016 to CHF 1.9 billion in 2017. The drop was mostly due to the decline of 50% Swiss import from Indonesia of items on HS no 71 (natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewelry; coins), from CHF 2 billion to CHF 1 billion.

Without the item 71, the trade volume amounted to approx. CHF 898.8 million. The trade balance remained favorable for Indonesia. The detailed export and import data taken from the Swiss Federal Customs Administration (FCA) are summarized in APPENDIX 4.



Source: Swiss Federal Customs Administration

### Swiss Exports

Swiss exports to Indonesia slightly decreased (0.8%) in 2017 (CHF 453 million) compared to 2016 (CHF 457 million). However, the export of certain products to Indonesia nonetheless increased considerably:

Type of products (in million CHF)	2016	2017	Evolution
Products of chemical and pharmaceutical industry	190	194	2.1%
Precision instruments, clocks and watches and jewellery	39	45.3	16%
Metals	15.3	26.5	73%
Precious metals and gemstones (including gold and silver bars)	0.002	15.5	757%
Leather, rubber, plastic	8.7	12.9	48%
Textile, clothing, shoes	3,2	8	150%

Source: Swiss Federal Customs Administration

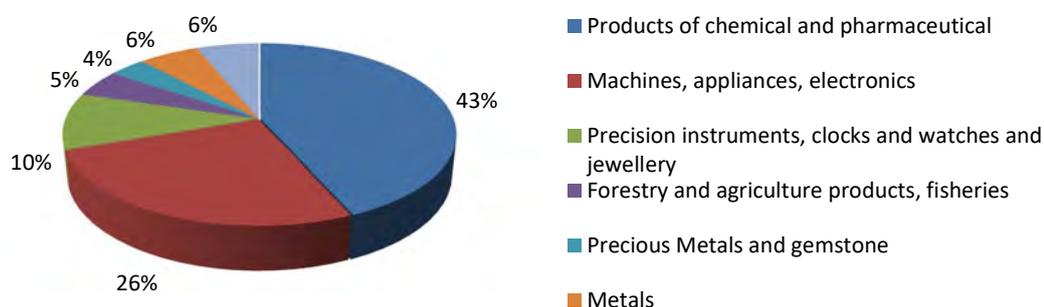
The following commodities were exported significantly less from Switzerland to Indonesia:

Type of products (in million CHF)	2016	2017	Evolution
Machines, appliances, electronics	146.5	117.2	- 20%
Forestry and agricultural products, fisheries	24.4	22.5	- 8%
Paper, article of paper and product of the printing industry	6.1	4.1	- 32%
Vehicles	20.5	2.7	- 86%

Source: Swiss Federal Customs Administration

Products of the chemical and pharmaceutical industry (43% of total export) and machines, appliances and electronics (26% of total export) are the main export commodities from Switzerland to Indonesia.

### Export by sector in 2017



Source: Swiss Federal Customs Administration

### Swiss Imports

Swiss imports from Indonesia fell significantly (37%) from CHF 2.4 billion (2016) to CHF 1.5 billion in 2016. As mentioned, this was largely due to the CHF 894 million plunge of import of precious metals under item 71:

Item	2016	2017	
<b>Items</b>			
<b>Total Import (in CHF thousand)</b>	2,355,529		1,461,825
<b>71 - Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin</b>	2,017,064		1,069,232
Sub-heading:			
7108 - Gold, incl. gold plated with platinum, unwrought or not further worked than semi-manufactured or in powder form	286,284		170,822
7112 - Waste and scrap of precious metal or of metal clad with precious metal; other waste and scrap containing precious metal or precious-metal compounds, of a kind used principally for the recovery of precious metal	1,726,404		896,637

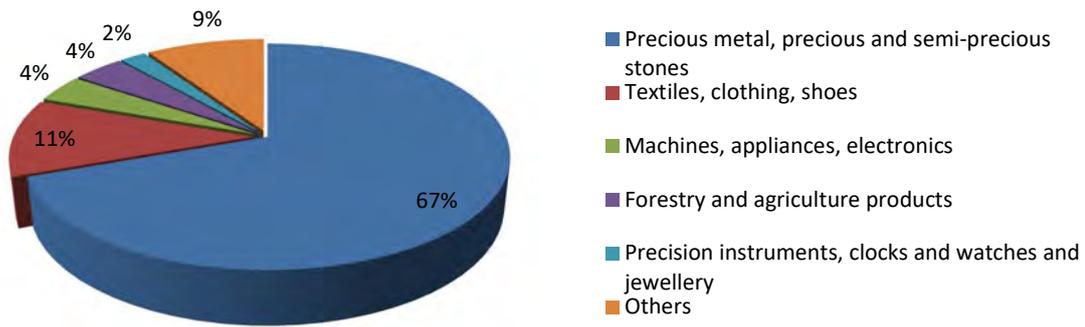
Source: Swiss Federal Customs Administration

Some products however saw an increase of imports from Indonesia:

Type of products (in million CHF)	2016	2017	Evolution
Textile, clothing, shoes	142.9	155.3	8.6%
Forestry and agriculture products	40.8	57.4	40.6%
Precision instruments, clocks and watches and jewellery	8.7	28	221.8%
Products of chemical and pharmaceutical industry	26.3	27.5	4.5%
Leather, rubber, plastic	13.9	18.6	33.8%
Metals	5.9	8.7	47.0%

Source: Swiss Federal Customs Administration

## Import by sector in 2017



Source: Swiss Federal Customs Administration

### 3.2.1.1 Key sectors for Swiss companies

The following industrial sectors remain sectors with a significant growth prospect in the coming years: health sector, information and communication technology, and manufacturing technology.

#### Medical Technology

The healthcare equipment and medical device market remains attractive for foreign medical technology suppliers. The Indonesian medical devices market has shown strong growth over the last decade, reaching a volume of about US\$ 1 billion. It is widely expected to continue to grow at a rate of 12% annually based on steady per capita increases and the initiative of Indonesian governments to extend health care coverage to everybody.

Local medical device manufacturers produce, for the time being, primarily basic and disposal products, meeting only ~10% of local demand. The sector is still largely dependent on imported products.

Indonesia counts 2,820 hospitals (957 public hospitals and 1863 private hospitals) and around 10.000 community health centers in 2017. The private hospital sector is developing rapidly. While there are well-off patients that often go abroad to neighboring countries such as Singapore and Malaysia for complex medical treatment, the bigger Indonesian hospital conglomerates seem to take on the challenge and strive to improve their service quality so more patients stay in Indonesia for treatments, including longer-term treatments.

Table 1: Planned growth of private hospitals in Indonesia

Hospital Group	Planned number of hospitals
Lippo/Siloam	40
Mayapada	50
Hermina	40
Ciputra	7
Mitra Keluarga	18

Based on current observations and trends done by an expert, the following sub-sectors have been identified as attractive sub-sectors for Swiss medical devices manufacturers to enter the Indonesian market, and to which Swiss companies should pay immediate attention:

1. Diagnostic Imaging
2. Emergency Care & Mobile Care Devices
3. Implants and Orthopedic Appliances
4. Respiratory Devices

Two supporting technologies have also been identified as attractive sectors for Swiss companies:

1. Supporting technology: IT Solutions for Hospital Management
2. Supporting technology: Medical Waste Technology

## **Information and Communication Technology (ICT)**

The ICT sector in Indonesia offers vast opportunities for Swiss ICT technology and solutions providers. By 2025, Indonesia's digital economy is expected to contribute USD 150 billion to the GDP. To achieve the target, the Indonesian government is currently implementing a massive *infrastructure development*, the Palapa Ring Project, to provide 4G network to all Indonesian cities and regencies by 2019. As part of the digital transformation, the government has launched several national programs, including Go Digital Vision 2020, e-smart IKM, and 100 Smart City Movement. These programs aim to develop local startups, support SMEs and prepare and embrace the Internet of Things (IoT).

Indonesia is the fastest growing *mobile market* in Asia-Pacific. Also, Indonesia are said to be the people that spend, on average, most time on smartphones.

Within the last few years, *e-commerce and fintech* have been developing rapidly in Indonesia. They are becoming integral contributors to the ICT sector. The e-commerce market was valued USD 19 billion in 2016 and expected to grow almost seven times until 2020. The investment in the fintech sector has been projected to increase from USD 3 billion in 2013 to USD 8 billion in 2018. Besides providing digital payment solutions to the market, local fintech companies offer capital raising, insurance and investment management. Indonesia at least needs up to 800 fintech lending companies to fulfill the financing demand gap of USD 74.1 billion.

Due to more electronic transactions and digital businesses in the market, *cyber security* is becoming a spotlight topic in the ICT sector. Being ranked 70th globally for cyber security, Indonesia's capabilities in the subject are still at an early stage, with much room for improvement and a great demand for sophisticated technology and solutions, providing market potential for Swiss cyber security experts.

**Table 2: Indonesia's Latest Key Digital Statistical Indicators in 2017**

<b>Indicator</b>	<b>Description</b>
Number of Active Internet Users	132.7 million users
Number of Unique Mobile Users	177.9 million users
Share of Web Traffic by Device	Mobile: 72% Laptops or Desktops: 26% Tablet: 2%
Average Fixed Broadband Speed	13.79 mbps
Average Mobile Broadband Speed	9,82 mbps

*Source: own design according to (We Are Social, 2018)*

## **Manufacturing technology**

Indonesia has a large domestic market and a markedly increasing middle class and number of affluent consumers. It therefore offers highly interesting opportunities for Swiss companies in several sectors, in particular also in the field of manufacturing technologies:

- Manufacturing is a main contributor to Indonesia's total GDP with an impressive CAGR of 20%
- By output, Indonesia is one of the top ten manufacturing countries in the world (UNIDO 2016) – with projected CAGR of 5.7% until 2022
- Many back bone industries are transforming from labor to capital intensive manufacturing
- A substantial need for advanced manufacturing solutions to climb up the value chain results into continuous CAPEX
- Government targets to achieve 10% of manufacturing growth by 2020
- biggest growth rates are expected in food & beverage, chemicals & pharmaceuticals:

### Major contributors of Indonesia's Manufacturing



Source: Indonesian Statistics (BPS)

Specific research confirmed that the following three sectors are highly attractive, innovative technologies and solutions from Switzerland are most welcome:

- Packaging
- Assembly & Factory Automation
- Machine Tools

### 3.2.2. Trade in services

There is hardly official data on trade in services between Switzerland and Indonesia. In general, Indonesians continue to be interested in higher education in Switzerland, markedly so in the hospitality sector, financial services, and tourism (growth of 16.9% yoy).

## 4. Direct Investment

### 4.1. General development and outlook

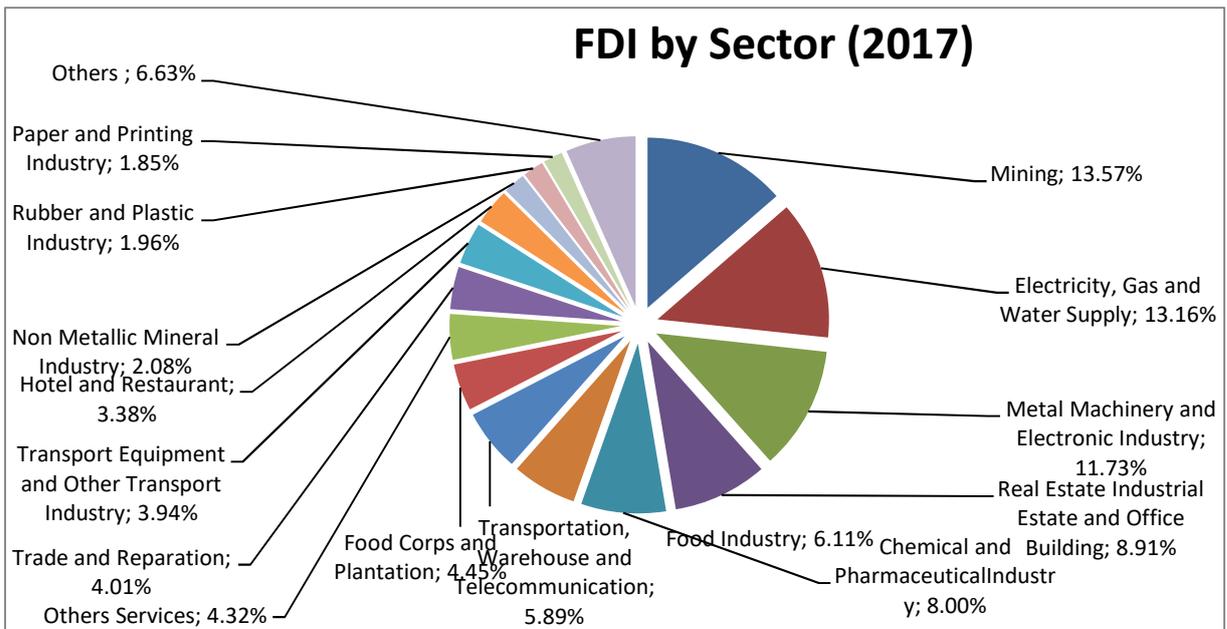
The Indonesian Investment Coordinating Board (BKPM) reported a 13.1% increase of total investment in Indonesia in 2017 year on year. Indonesia recorded IDR 692.8 trillion (USD 52 billion)<sup>8</sup> of investment in 2016, of which 62.1% are from FDI (Foreign Direct Investment), excluding investment in oil, gas, and financial sectors, compared to a slightly higher foreign direct investment rate of 64.7% in 2016. Singapore, Japan, China, Hong Kong, South Korea and the United States of America (in that order) are the biggest foreign bilateral investors to Indonesia with the top-9 countries investing at least USD 1 billion individually in the reporting year (APPENDIX 5).

Indonesia recorded an increase of 11% in FDI inflow in 2017 (from USD 28.9 billion in 2016 to USD 32.2 billion).<sup>9</sup> The number of FDI projects in Indonesia slightly increased from 25,321 projects in 2016 to 26,257 projects in 2017. FDI contributed to the creation of more than 750,000 jobs in 2017, a significant decrease of 200,000 jobs compared to the previous year.

Like last year, there has been a shift in the sectors targeted for investment. While the mining sector saw a significant rise of 60%, making it the most favoured FDI sector in 2017 (USD 4.4 billion), Transport Equipment and Other Transport Industry was down almost 50%. FDI in the Electricity, Gas and Water sector almost doubled, making it the second most favoured FDI sector (USD 4.2 billion). The metal, machinery, and electronic industries attracted USD 3.8 billion of investment, followed by the Real Estate Industrial Estate and Office Building sector (USD 2.9 billion), the Chemical and Pharmaceutical Industry (USD 2.6 billion), Food Industry (USD 2 billion), Transportation Warehouse and Telecommunication (USD 1.9 billion), Food Crops and Plantation (USD 1.4 billion), and other Services (USD 1.4 billion). Around 50% of FDI realization is still concentrated in Indonesia's Java Island.

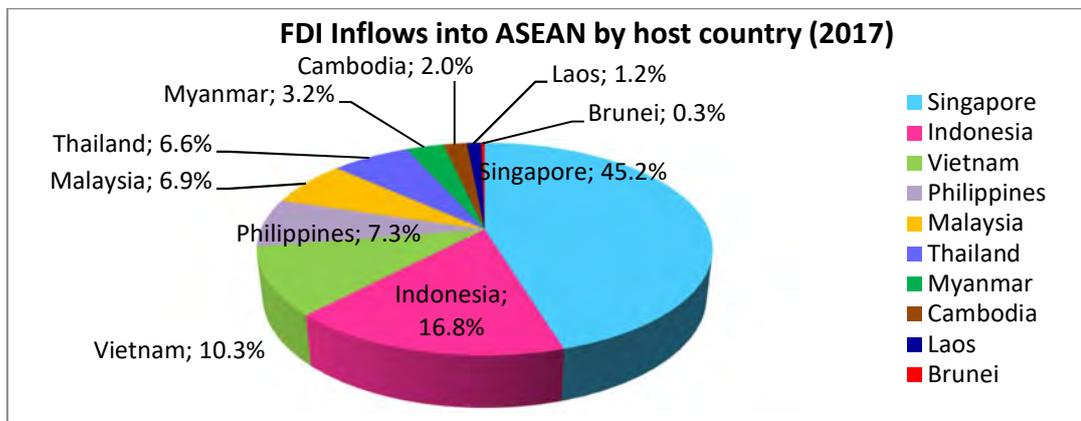
<sup>8</sup> Based on BKPM's average exchange rate of USD 1 = IDR 13,350 for both semesters of 2017.

<sup>9</sup> The BKPM reported that FDI inflow increased by 8.5% in 2017, referring to the nominal in Indonesian Rupiah. BKPM applies the exchange rate of USD 1 = IDR 13,300 in the first semester of 2016 and USD 1 = IDR 13,400 in the second semester.



Source: Indonesian Investment Coordinating Board (BKPM)

According to ASEAN Secretariat's data (which is based on varying Member States submissions), Indonesia is the second biggest recipient of FDI inflow to ASEAN countries as of 31 December 2016 (see graph below).

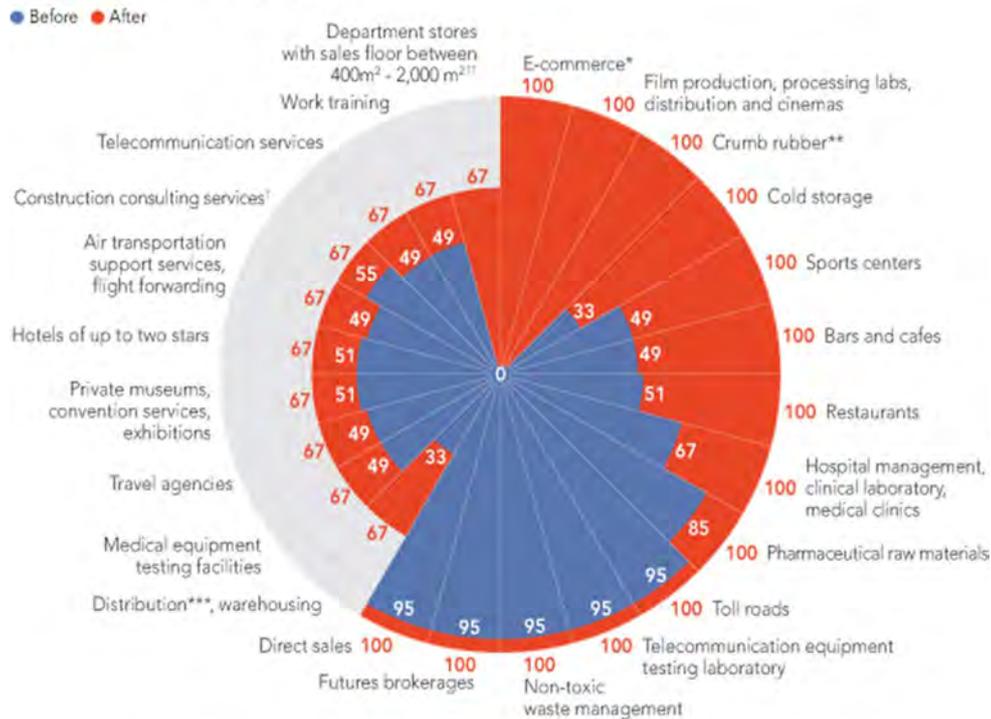


Source: ASEAN Secretariat, ASEAN FDI Database

#### 4.2. Negative Investment List

In May 2016, as part of the government's agenda to reform its economic policy, Indonesia revised the Negative Investment List (DNI), which specifies limitations of foreign ownership in specific sectors. The Presidential Instruction no.44/2016 opened up 35 business sectors to 100% foreign ownership, and increased foreign ownership limits to 67% for 29 business sectors. The changes are summarized in the graph below.

### Foreign ownership limits (in percent)



\*For investment above 100 billion rupiah. Ownership capped at 49% for 100 billion rupiah and below  
 \*\*Requires special permit from Minister of Industry  
 \*\*\*100% for distributors affiliated with production  
<sup>1</sup>Limited to investment above 10 billion rupiah  
<sup>11</sup>Cannot be stand-alone stores  
 Sources: Coordinating Ministry for Economic Affairs, Investment Coordinating Board

### 4.3. Bilateral investment flows

The BKPM data shows that Swiss investments in Indonesia more than doubled in 2017 year on year. Switzerland ranked 12<sup>th</sup> in 2017 in terms of investment realization with an investment value of USD 615.5 million through 227 projects all over Indonesia. Companies from Switzerland were the third most important European investor in 2017 just behind the Netherlands (USD 1'489 million) and UK (USD 774.8 million, with the British Virgin Islands investing another USD 844.8 million), but before Germany (USD 289 million) and France (USD 249.6 million).

To be sure, these amounts are still a low estimate: BKPM regards investments by a Swiss company based in, for instance, Singapore as Singaporean investment. For the same reason, investments of subsidiaries of Swiss companies registered in Indonesia might not even be recorded in the statistics, as they are considered to be domestic investments. This might explain the great discrepancies between the BKPM and Swiss National Bank (SNB) data, as shown in the table below.

	SNB data	BKPM data
2012	CHF 450 million	USD 255.1 million
2013	CHF 196 million	USD 124.6 million
2014	CHF 1,909 million	USD 150.8 million
2015	CHF 1,797 million	USD 61.8 million
2016	CHF 2,023 million	USD 346.7 million
2017	n/a	USD 615.5 million

## Swiss FDI into Indonesia (2014-2017)

Sector of Investment	Investment Value (in thousand USD)			
	2014	2015	2016	2017
Farming & Plantation	0	470.8	1,301.1	1,578.4
Forestry	0	0	3,238.7	5,233.5
Mining	540.0	50	0	0
<b>Sub-Total (Primary Industry)</b>	<b>540.0</b>	<b>520.8</b>	<b>4,539.8</b>	<b>6,811.9</b>
Food industry	134,060.0	13,679.5	11,842.6	17,579.7
Chemicals and pharmaceutical industry	5,514.7	27,188.1	290,861.7	108,617.1
Rubber and plastic industry	373.1	1,303.7	0	13,639.7
Non-metal mineral industry	0	0	13,050.1	3,120.5
Metal, machinery and electronics industry	980.6	2,946.8	9,694.0	1,256.2
Medical precision & optical instruments, watches & clock Industry		6,366.7	7,978.0	0
Other industries	2,290.6	0	0	0
<b>Sub-Total (Secondary Sector)</b>	<b>143,219.0</b>	<b>51,484.8</b>	<b>333,426.4</b>	<b>144,213.2</b>
Sales and repair	2,871.0	5,426.9	5,963.0	154,743.6
Hotels and restaurants	79.8	18.4	1,374.3	4,283
Transportation, warehouse, and telecommunications	867.4	0	0	0
Housing, industrial and office building	564.8	3,920.0	1,102.7	4,287.9
Other services	2,689.3	474.0	297.3	301,118.6
<b>Sub-Total (Tertiary Sector)</b>	<b>7,072.3</b>	<b>9,839.3</b>	<b>8,737.3</b>	<b>464,433.1</b>
<b>Total (Swiss Investment)</b>	<b>150,831.3</b>	<b>61,844.9</b>	<b>346,700.5</b>	<b>615,458.2</b>

Source: Indonesian Investment Coordinating Board (BKPM)

There is no organization that compiles the data of Indonesian investments in Switzerland. Main destinations for Indonesian investments abroad are Asian, American, and African countries.

## 5. Trade, Economic, and Touristic Promotion

### 5.1. Foreign economic promotion instruments

#### 5.1.1. Swiss Business Hub Indonesia

The Swiss Business Hub (SBH) Indonesia was inaugurated by Federal Councilor Mr. Johann Schneider-Ammann on 13 July 2017, as the 22<sup>nd</sup> SBH worldwide. The SBH Indonesia is integrated into the Swiss Embassy in Jakarta, and essentially the local office of Switzerland Global Enterprise (S-GE) for its export and location promotion activities in Indonesia.

The SBH plays an important role in assisting Swiss and Liechtenstein SMEs to develop their international businesses and fulfilling its duty to open attractive growth markets. A local presence in Indonesia not only creates awareness towards Switzerland's exporting companies (export promotion mandate), but also sends a signal to the local business community and institutions that Switzerland is an attractive FDI destination in Europe (investment promotion mandate).

Many companies have already been in contact with the SBH. The SBH has conducted two Country Consulting sessions for Swiss companies in Zurich and for instance participates actively in key trade shows and industry exhibitions. As part of its export promotion activities, the SBH organizes a fact-finding mission from 9-11 October 2018 for Swiss Cosmetic & Beauty Products companies, and a mission for Swiss Manufacturing Technology companies from 2-5 December 2018.

#### 5.1.2. Newly established Swiss Chamber of Commerce in Indonesia (SwissCham)

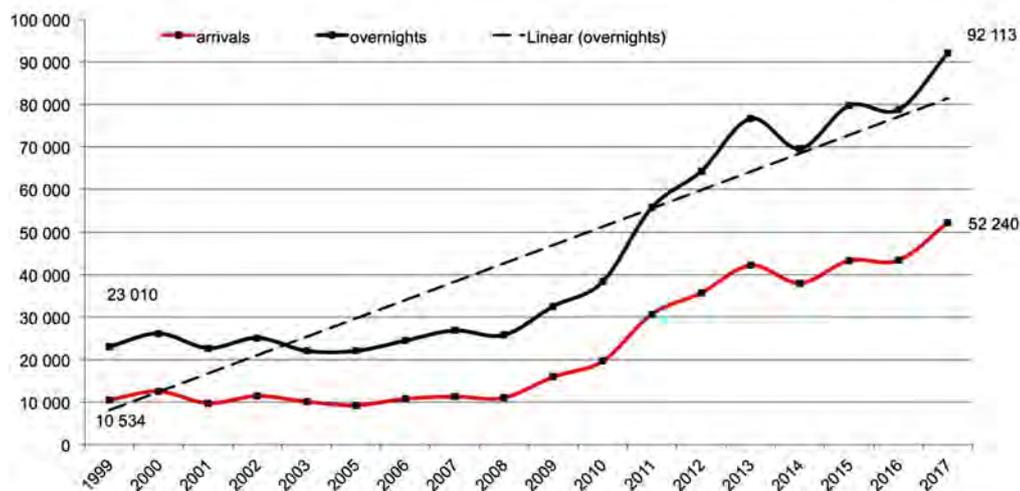
The Embassy and the Swiss Business Hub have initiated and supported deliberations among Swiss companies in Indonesia to establish a Swiss Chamber of Commerce. In 2017, a substantial interest among a number of companies had been identified by the Embassy. Through initial signed financing

commitments, the finances for the operation of the first three years are secured. SwissCham was inaugurated on 1 August 2018, and as of Sep. 2018 has 48 members (numbers keep growing).

### 5.1.3. Switzerland Tourism

More than 92'113 overnight stays, an increase of 16.9% year on year, were attributed to Indonesian travelers in Switzerland. Indonesian tourists typically travel during the summer season, reaching peak in June and December. Zurich, Interlaken, and Lucerne are the most popular destinations and have absolute growth in terms of overnights, gaining over 3'000 overnights in 2017. The average spending of Indonesian tourists in Switzerland is USD 300 per day.<sup>10</sup> The graphic below shows the number of overnight stays of Indonesian tourists in Swiss hotels from 1999 to 2017.

#### Overnight stays of Indonesian tourist in Swiss hotels



Source: Switzerland Tourism

Switzerland Tourism (ST) promotes Switzerland as an attractive tourism destination and provides information on Swiss tourism products.

For instance, ST invited 27 Indonesian travel agencies and media partners to visit Switzerland in 2017, and provided training to 300+ travel experts on Swiss tourism products via Switzerland Tourism e-learning platform. 20 incentive trips from the Indonesian source market took place in 2017, generating over 7'000 overnights in Switzerland with a touristic turnover of CHF 2+ million. Swiss tourism providers visited Indonesia on three occasions in 2017, including through the annual Switzerland Travel Experience, the Switzerland Convention & Incentive Bureau, and workshops for travel agents and tour operators in Surabaya as part of a "Market Development Tour". Switzerland was promoted as a tourism destination in many media coverages in 2017, including *Kompas*, *The Jakarta Post*, and prestigious magazines *The Peak Magazine*, *Indonesian Tatler*, *NOW Jakarta*, and *DestinAsian*. Also, a Gala premier of the Indonesian movie "Satu Hari Nanti", shot in Interlaken region, was organized.

### 5.1.4. Swiss Import Promotion Program (SIPPO)

In 2017, SIPPO was actively engaging companies in Indonesia in 3 sectors: (1) natural ingredients; (2) fish and seafood; (3) technical wood. Since April 2017, Swisscontact is managing the SIPPO program. SIPPO's objective is to better integrate Indonesia into European trade through targeted export promotion services. The program approaches Indonesian businesses by working through Business Support Organization (BSOs), strengthening the competitive position and facilitating market access and export volume of companies to Switzerland, the EU and the regional market.

SIPPO shifted to a more systemic market approach by putting BSOs (instead of individual companies) in partner countries into the center of the program, providing professional "last mile services" for exporting companies through those BSO's and through that achieving a better sustainability. The implementation of the approach is decentralized, while utilizing local knowledge and developing high commitment of local actors. In addition, it creates synergies by delivering export promotion services to other trade related Swiss development initiatives.

<sup>10</sup> Switzerland Tourism Research Report South East Asia 2018

### **5.1.5. SECO – Economic Development Cooperation Office in Indonesia**

SECO's partnership with Indonesia is closely aligned with the Indonesian Government's National Medium-Term Development Plan 2015-19, and focuses on two main areas: (i) improved public service delivery through efficient and sustainable use of resources; and (ii) a more competitive and job-creating private sector with access to sustainable resources and markets. In 2017, SECO provided approximately CHF 20 million for the implementation of 17 bilateral projects in Indonesia and 21 regional/global projects, which Indonesia is part of. A comprehensive approach in the design of interventions, commitment from government counterparts, and strong implementing partners have been instrumental for the achievement of the following key successes in 2017:

- SECO's commitment to new projects under the country strategy 2017 to 2020 did materialize in various ways. The collaboration with the Indonesian Government and other donors in that process was excellent and led to several new projects.
- SECO's support for the cocoa sector in Indonesia through the Sustainable Cocoa Production Programme (SCPP) has continuously played a significant role in the development of the cocoa industry through excellent partnership with multinational companies (including Nestlé and Barry Callebaut), high-level policy dialogues at strategic national and international cocoa coordination platforms, and strong cooperation with local government extension workers. The SCPP, implemented by Swisscontact, is currently working with more than 130,000 farmers, targeting to at least double their income and to reach 160,000 farmers by 2020. The project is recognized to be the most successful value-chain development and traceability program in Indonesia and provides examples of best practice internationally.
- Tourism is one of the important income generating sectors in Indonesia. The WISATA program started in 2009 and ended mid-2018, assisting tourism destination management, marketing and networking, community development, business development as well as tourism education in four destinations. A follow-up tourism program consisting of 3 projects – development of integrated tourism master plans for 3 destinations, assistance of a new tourism polytechnic in Lombok and sustainable tourism development in two destinations – has been prepared and will continue and expand Switzerland's support to Indonesia's sustainable tourism development.

TVET has become a key focus of SECO's partnership with Indonesia. The Swiss-funded Skills for Competitiveness (S4C) project was launched in March 2018 and will assist four polytechnic schools in the sectors of metal processing, woodworking and food processing in different parts of Indonesia, aiming to "dualize" the teaching-learning process through a close cooperation between schools and businesses.

## **5.2. Interest in Switzerland as location for tourism, education and other services**

### **5.2.1. Visa issuance for tourism and education purposes**

The Swiss Embassy in Indonesia issued 8,275 visas in 2017, a 9.7% increase year on year. 71.3% were granted for tourism, 10.1% for visitation<sup>11</sup>, 14.1% for business, and 1.5% for study purposes. Since Switzerland is part of the Schengen area, the number of visa applications to Switzerland is generally considerably lower than the effective number of tourists eventually visiting Switzerland.

Swiss Government Excellence Scholarships were granted to three students for the 2016 intake and to one student for the 2017 intake. Indonesian students are only eligible to apply for doctoral or post-graduate studies in Switzerland.

### **5.2.2. Interest in Switzerland as location for investment**

Because of the great potential of its domestic market, Indonesian companies are generally not very outward-looking. Only a few of Indonesia's larger conglomerates have invested abroad, including in some European countries. More investment could be expected in the future, as Indonesian businesses grow a more international portfolio and become recently more encouraged by the government to invest abroad. There is no significant presence of Indonesian investment in Switzerland, except for a few private initiatives to launch small-scale businesses and restaurants.<sup>12</sup>

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<sup>11</sup> Visitation incurs staying with a relative or friend in Switzerland, who guarantees financial support (of accommodation at minimum) for the visitor during their stay in Switzerland.

<sup>12</sup> Based on information from the Indonesian Embassy in Bern, Switzerland.

### **5.2.3. Interest in Switzerland as financial location**

The majority of Indonesian financial institutions and banks are still focusing on the lucrative home market. Indonesia still has a lot of potential in the financial sector. The World Bank's Global Financial Inclusion Index indicated that only 36% of Indonesian adults (age 15+) had a bank account in 2014. Only a few institutions in Indonesia are evaluating the opportunity to expand to neighboring ASEAN countries.

## APPENDIX 1

### Structure of Indonesian Economy

<b>Sector (% of GDP)<sup>1</sup></b>	<b>2010</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Agriculture, livestock, fisheries and forestry	13.9	13.3	13.5	13.5	13.1
Mining and Quarrying	10.5	9.9	7.6	7.6	7.6
Manufacturing Industry	22	21	20.9	20.5	20.2
Services	53.6	55.8	58.0	58.4	59.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<b>Employment by Sector (%)<sup>2</sup></b>	<b>2010</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Agriculture	38	34	33	32	31
Industry	20	21	22	21	22
Services	42	45	45	47	47
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Sources:

<sup>1</sup> Indonesian Central Bureau of Statistics

<sup>2</sup> World Bank

## APPENDIX 2

### Indonesia Main Economic Data

	2014	2015	2016	2017	2018
<b>Wirtschaftswachstum</b> (% des BIP) <sup>2</sup>	5.0	4.8	5.1	5.1	5.3
<b>BIP</b> (USD Mrd.) <sup>3</sup>	890.5	860.7	932.1	1'015.5	1'085.5
<b>BIP/Einwohner</b> (USD) <sup>2</sup>	3'531	3'362	3'620	3'880	4'050
<b>Inflationsrate</b> (%) <sup>2</sup>	8.4	3.4	4.5	3.3	3.6
<b>Arbeitslosenrate</b> (%) <sup>2</sup>	5.9	6.2	5.8	5.4	5.2
<b>Leistungsbilanz</b> (% des BIP) <sup>3</sup>	-3.0	-2.2	-2.1	-1.7	-2.6
<b>Handelsbilanz</b> (USD Mrd.) <sup>3</sup>	7.0	17.4	17.8	18.9	12.5
<b>Haushaltsbilanz</b> (% des BIP) <sup>3</sup>	-2.3	-2.4	-2.1	-2.7	-2.5
<b>Staatsschuld</b> (% des BIP) <sup>2</sup>	26.2	26.0	26.0	28.7	29.5
<b>Aussenschuld</b> (USD Mrd.) <sup>3</sup>	279.1	284.0	308.6	335.4	359.3
<b>Internationale Reserven</b> (USD Mrd.) <sup>3</sup>	111.9	109.0	109.4	127.6	135.0

	Schätzungen
	Prognose

Sources:

<sup>1</sup> The World Factbook, 2014

<sup>2</sup> IMF, World Economic Outlook, April 2018

<sup>3</sup> Economist Intelligence Unit (EIU), Country Report Indonesia May 2018

## APPENDIX 3

### Indonesia Main Export Partners in 2017

No.	Country/ Region	Value (USD Million)	% of total	% change
1	ASEAN	39'323	23.3	18.4
	People Republic of China	23'049	13.7	
2	Japan	17'790	10.5	10.5
	European Union	16'303	9.7	13.2
3	United States of America	17'787	10.5	10.2
6	India	14'083	8.3	39.4
7	South Korea	8'186	4.8	15.4
8	Taiwan, Province of China	4'218	2.4	15.4
9	Australia	2'509	1.6	-21.8
10	Saudi Arabia	1'380	0.8	3.5
11	Canada	822	0.5	12.3
12	Others	21'875	13	-
13	Switzerland	1'485	0.9	-36.9
	<b>Total (FOB)</b>	168'810	100.00	

### Indonesia Main Import Partners in 2017

No.	Country/ Region	Value (USD Million)	% from total	% change
1	ASEAN	39'281	24.3	1.5
2	People Republic of China	35'767	22.8	16.1
3	Japan	15'241	9.7	26.1
4	European Union	12'509	7.9	16.4
5	South Korea	8'122	5.1	21.6
6	United States of America	8'121	5.1	11.2
7	Australia	6'009	3.9	14.2
8	India	4'048	2.7	40.9
9	Taiwan, Province of China	3'256	2.1	12.7
10	Saudi Arabia	3'167	2	16.2
11	Canada	1'553	1	12.3
12	Others	19'878	12.7	-
13	Switzerland*	459	0.33	0.7
	<b>Total (FOB)</b>	156'952	100.00	

Note:

- The source of statistic of Swiss and Indonesia Trade Swiss is Federal Customs Administration.
- The source of statistic of Indonesia and other countries trade is Central Bureau of Statistics Indonesian Ministry of Trade (Kemendag)

## APPENDIX 4

### Indonesia-Switzerland Trade Development

Period	Import (in million USD)		Export (in million USD)		Balance (in million USD)	
	Value	Value USD +/- %	Value	Value USD +/- %	Value	Value USD +/- %
2007	142	18.9	325	25.2	183	30.6
2008	179	25.9	376	15.6	197	7.5
2009	158	-12	345	-8.3	187	-4.9
2010	155	-1.6	422	22.4	267	42.6
2011	184	18.4	497	17.8	313	17.4
2012	279	51.8	457	-8.1	178	-43.3
2013	318	13.8	619	35.5	301	69.7
2014	321	0.9	654	5.6	333	12.2
2015	1'376	328.6	582	-11	-794	-338.4
2016	2'355	71.1	456	-22	-1'899	43.5
2017	1'485	-36.9	459	0.33	-1026	-43.8

#### Swiss Export to Indonesia 2017

Sector	Export (in million USD)	Change +/- %	% sectoral export to total export
Machines, appliances, electronics	119.3	-18.6	26%
Products of the chemical and pharmaceutical industry	197.5	3.5	43%
Precision instruments, clocks and watches and jewellery	46	17.3	10%
Forestry and agricultural products, fisheries	22.9	-6.5	4.9%
Vehicles	2.8	-86.4	0.7%
Metals	26.9	75.8	5.8%
Paper, articles of paper and products of the printing industry	4.3	-30.6	1%
Textiles, clothing, shoes	8.2	148.5	1.9%
Leather, rubber, plastics	13.2	50	2.8%
Various goods such as music instruments, home furnishings, toys, sports equipment, etc.	2.1	25	0.5%
Stones and earth	0.4	33.3	0%
Energy source	0.02	0	0%
Works of art and antiques	0.06	0	0%
Precious metals, precious and semi-precious stones (including gold and silver bars from 1.1.2012)	15.7	(from 0?)	3.4%
<b>TOTAL</b>	<b>459.3</b>		<b>100%</b>

#### Swiss Import from Indonesia 2017

Sector	Import (in million USD)	Change +/- %	% sectoral import to total import
Precious metals, precious and semi-precious stones (including gold and silver bars from 1.1.2012)	1'086	-46.1	73.1%
Textiles, clothing, shoes	157.8	18.4	10.6%
Machines, appliances, electronics	57.4	-4.6	3.9%
Precision instruments, clocks and watches and jewellery	28.4	226.4	1.9%
Forestry and agricultural products, fisheries	58.4	43.1	4.1%
Various goods such as music instruments, home furnishings, toys, sports equipment, etc.	30.5	2.3	2%
Products of the chemical and pharmaceutical industry	28	6.4	1.9%
Leather, rubber, plastics	18.9	35.9	1.4%
Metals	8.9	50.8	0.6%
Vehicles	7.6	-5	0.5%

Stones and earth	1.4	27.2	0.09%
Paper, articles of paper and and products of the printing industry	0.6	20	0%
Works of art and antiques	0.06	0	0%
Energy source	0.06	0	0%
TOTAL	1'485		100%

Source: Swiss Federal Customs Administration

## APPENDIX 5

### FDI Realization in Indonesia

Period: 1 Jan 2017 to 31 December 2017

Rank*	Country	2016			2017		
		Investment Value (in million USD)	Share of Total	Projects	Investment Value (in million USD)	Share of Total	Projects
1	Singapore	9,178.7	31.7%	5,874	8,441.6		5,951
2	Japan	5,400.9	18.6%	3,302	4,996.2		3,646
3	China	2,665.3	9.2%	1,734	3,361.2		1,977
4	Hong Kong	2,248.3	7.8%	1,137	2,116.5		1,157
5	South Korea	1,065.8	3.7%	2,996	2,024.6		3,274
6	USA	1,161.9	4.0%	540	1,992.8		625
7	Netherlands	1,475.0	5.1%	840	1,489.4		871
8	Malaysia	1,115.6	3.9%	1,652	1,213.6		1,537
9	Mauritius	576.5	2.0%	250	1,056.6		236
10	British Virgin Islands	1,157.3	4.0%	1,555	844.8		1,109
11	United Kingdom	306.7	1.1%	495	774.8		585
12	Switzerland	346.7	1.2%	218	615.5		227
13	Australia	174.7	0.6%	812	513.9		730
14	Taiwan	149.1	0.5%	480	397.0		585
15	Germany	133.2	0.5%	310	289.0		367
16	India	55.0	0.2%	485	286.6		509
17	France	109.0	0.4%	424	249.6		460
18	Brazil	42.6	0.1%	20	231.6		27
19	Thailand	338.2	1.2%	213	220.2		248
20	Cayman Islands	200.9	0.7%	98	219.7		118
	Other countries combined	1062,7	3.7%	1,885			
<b>Total countries</b>		<b>28,964.1</b>	<b>100%</b>	<b>25,321</b>	<b>32,239.8</b>	<b>100%</b>	<b>26,257</b>

Source: Indonesian Investment Coordinating Board (BKPM)

\*Rank based on the BKPM FDI ranking in 2017.

Three new countries joined the top-20 list in 2017: India, France and Brazil.