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Economic Report: INDONESIA (open)

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0. Executive Summary

Indonesia's economy

Indonesia's **GDP grew at 5.17%** in 2018, slightly improving over 2017. Investment and domestic consumption remained robust. Government spending was high in 2018 because of the substantial infrastructure development in the second half of 2018.

Indonesia total **trade** in 2018 was USD 368 billion (+13%**)**, with a trade deficit of 8 billion. The biggest trade balance deficit of Indonesia since 1975 was mainly caused by an oil and gas import deficit: While the consumption of oil and its global price rised, the production has declined since the end of the 1990s. Inflation stood at 3.13% in 2018. The rise of non-subsidized fuel price contributed to the overall inflation, followed by food, beverages, tobacco.

The rupiah had briefly depreciated to IDR 15,237 per USD in fall 2018, but has recovered relatively quickly (at IDR 14,553 per USD on 31.12.2018) and was hardly affected by the riots in the center of Jakarta in May 2019 when the results of the presidential elections were announced. The macro-economic data remain good. Debt ratio to GDP stood at 29.8% (increased by 1.1% from 28.7% in 2017), and the budget deficit was equal to 1.72% of the GDP (smallest since 2012). The current account deficit however increased to 2.98% of the GDP.

Overall, Indonesia remains a country with interesting business opportunities. The **economic outlook** remains generally positive. Analysts predict continuing average growth of just **over 5%**.

Already Southeast Asia's largest economy, Indonesia is predicted to become the **7th largest economy by 2030** and the 4th-largest by 2045/2050. The country is urbanizing and modernizing relatively fast, half of the population is under 30 years, and the middle class expands rapidly.

The **re-election of President Joko Widodo** on 17 April 2019 promises stability and continued gradual economic reforms and has therefore given a certain boost to business confidence. The President has announced a continued focus on infrastructure-building and to increase efforts with regard to education, including vocational training. Also, he announced to further improve the business investment climate and to promote technology sectors such as e-commerce and Fintech.

In 2018/19, Indonesia was the **top climber in Asia-Pacific in terms of competitiveness**, climbing 11 places to the 32nd rank out of 63 economies covered by the IMD World Competitiveness report. IMD cited the Indonesian government's increased efficiency as well as improved infrastructure and business conditions. Comparing regionally, it however is still behind Thailand (25th) and Malaysia (22nd). Also, 2015 Indonesia has leapt 33 places in the World Bank's Ease of Doing Business (EDB) since 2015, ranking as 73rd (Oct. 2018); however, in the year preceding the elections progress in terms of EDB stagnated, for instance with regard to EDB categories such as obtaining construction permits, protecting minority investors, paying taxes, trading across borders (time and cost to export and import), enforcing contracts and resolving insolvencies. In contrast, Indonesia's logistical performance has significantly improved by 17 levels up, as reflected on the World Bank's Logistic Performance Index (LPI) – from 63rd in 2016 to 46th out of 168 countries in 2018 – not even counting the most recent infrastructure improvements.

Prudent macroeconomic policies and progress in structural reforms have been recognized by credit rating agencies. S&P for instance lifted Indonesia's credit rating on 31 May 2019 by one level to BBB, for its "strong economic growth prospects" and prudent fiscal policy, brightened by the re-election of President Joko Widodo. Another positive sign is that equality has improved of late: the Gini coefficient on consumption has been declining since 2015 and confidence in the national government is higher than in any OECD country.

However, government and parliament have resorted and may continue to resort at times to **protectionist measures, such as import restrictions**, such as Art. 20 Patent Law, export duties, foreign ownership limitation policies or resource nationalism. With these measures, government and/or parliament often hope to strengthen the domestic industry and the export e.g. of manufactured goods. In fact, the FDI in 2018 was lower than 2017. Observers point to the framework conditions, including very inflexible labor regulations, lay-offs are very difficult and expensive (Indonesia has the world's third-highest average pay required for dismissal), which deters investment in labor-intensive sectors like garment or footwear.

Even before the recent elections, business sentiment was positive, according to the Joint European Chambers' Business Confidence Index in mid-2018: 62% of the businesses (2016/17: 49%) surveyed are positive about their business outlook in Indonesia, only 4% negative. The outlook was 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 a bit more upbeat than before about the investment climate (+5) and the regulatory environment (+5%). They 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”.

Bilateral trade and economic relations

The bilateral Swiss-Indonesia trade in 2018 was 1.38 billion CHF. The decline from 2017 (1.9 billion) mainly is due to a decrease of the trade in precious stones/gold trade.

The **signature of the EFTA-Indonesia Comprehensive Economic Partnership Agreement (CEPA)** on 16 December 2018 constitutes a milestone in bilateral relations. It is the first FTA Indonesia concludes with a European Country.

The Indonesian government had terminated all 67 bilateral investment treaties (BIT) in 2015. The termination of the BIT with Switzerland took effect from 8 April 2016. In 2018, **negotiations on a new Indonesia-Switzerland BIT** have started, with a 4th round planned in fall 2019.

In September 2019, Indonesia and Switzerland plan to undertake the first bilateral automatic exchange of information of non-resident financial account information dating from 2018.

A new **Swiss-Indonesian Chamber of Commerce (“SwissCham”)**, inaugurated on 1 August 2018, with 84 members – and a soon-to-be established “SwissCenter” – both strive to facilitate business by Swiss companies in Indonesia. Many of the Swiss companies already present in the country make good profit and plan further investments. 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’s GDP growth 2018 of 5.17% was slightly higher than 2017. All observers predict a continued growth of around 5%-5.3% over the next years. After the re-election of President Joko Widodo in April 2019, international companies are upbeat. The international context naturally remains a factor of uncertainty, but Indonesia is considerably better prepared than 20 years ago during the Asia Financial crisis, thanks inter alia to sound macro-economic policy and data. As the 16th largest economy worldwide, Indonesia remains the biggest economy in ASEAN.

The following developments are some of the highlights of major economic events in Indonesia from September 2018 to May 2019.

- On 16 Nov. 2018, the government announced a 16th Economic Policy Package. The package’s most important aspect, a revision of the Negative Investment List, still awaits to be implemented. However, two aspects of the package have been implemented: An expansion of tax holidays (as stipulated in Ministry of Finance Regulation No. 150/PMK.010/2018, effective from 27 Nov. 2018), and a return of foreign exchange earnings (DHE) from natural resources commodities export (effective from 18 Jan. 2019).
- The Law and Human Rights Ministry issued regulation No. 39/2018 on the Procedure of Compulsory Licensing of Patents on 28 December 2018, providing broad grounds for granting compulsory licenses. It is not clear whether a waiver with regard to local content as possible under the Minister of Law and Human Rights Regulation no. 15/2018 would exempt from compulsory licenses under 39/2018.
- Halal Law: On 29 April 2019, President Joko Widodo signed Government Regulation PP#31 to implement the Halal law. However, the competent Ministries, in particular the Ministry of Religious Affairs (PMA), still have to issue implementing regulations, including on a gradual timeline for implementation, how halal products are certified, and tariffs for halal certification. There will be different transition periods for different categories; observers expect e.g. for food and beverage a 5 year transition period (Oct. 2019 – Oct. 2024), while for cosmetics 7 years and pharma at least 7 years.

2. International and regional economic agreements

2.1. Indonesia’s trade policy and priorities

The current 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, having set the goal that only 35% of all exports are primary goods and 65% manufactured goods by the year 2019.

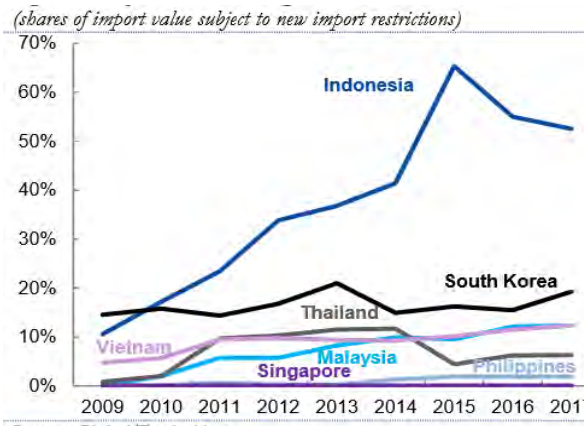
To support this policy, Indonesia established a special unit for “economic diplomacy” in the Foreign Ministry, with the mandate to find new export markets and attract more investment into the country, applying three strategies:

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 economic ties were discussed and business deals were signed. Significant effects are not yet visible.

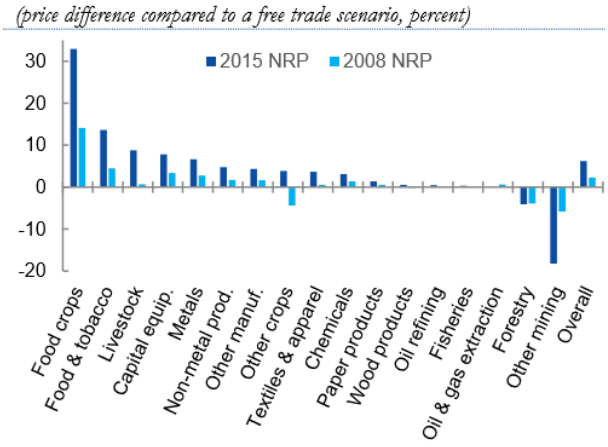
However, at the same time, the World Bank reports (Econ. Quarterly of Dec. 2018) that Indonesia has increased **barriers to goods import, including tariffs and non-tariffs**, more than its regional peers between 2009-17. As trade barriers increased, so did the nominal rate of protection (price difference compared to a free trade scenario), especially in the area of food crops, food and tobacco, livestock, and capital equipment.

Trade barriers application in ASEAN



Source: Global Trade Alert
https://www.globaltradealert.org/data_extraction (accessed 1 November 2018)

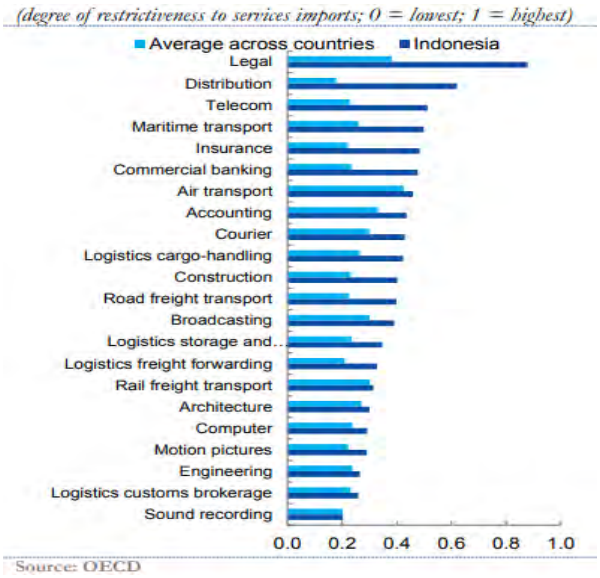
Nominal Rate of Protection



Source: Marks (2017)
Note: negative NRP indicates production and/or export subsidy.

Some sectors experienced tariff hikes, e.g. steel and yarn, to protect domestic producers. Some non-tariff measures also increased across sectors, particularly on capital goods and intermediates.

The World Bank reported that **services imports** are also subject to substantial barriers, which negatively affect competitiveness. In the OECD Services Trade Restrictiveness Index (STRI), Indonesia has a higher-than-average level of barriers to trade in all 22 services sectors among 44 high-and-middle income countries surveyed.



Source: OECD

2.2. New Free Trade Agreements

Indonesia has trade agreements in force with ASEAN (ASEAN Free Trade Area, AFTA), Japan (in force since 2008), a Preferential Trade Agreement (PTA) with Pakistan and a Preferential Tariff Arrangement-Group of Eight Developing Countries. Through ASEAN, it furthermore has free trade agreements with

China, South Korea, Japan, Australia and New Zealand, and India. In addition, Indonesia signed a CEPA with Chile in December 2017 (ratified in June 2019), with EFTA (December 2018) and with Australia (March 2019) – see further below.

The current Joko Widodo government's strategy to develop new markets manifests itself also by increased efforts to conclude modern-day free trade agreements – so-called CEPA, Comprehensive Economic Partnership Agreements – with countries across the globe, with ongoing negotiations on the RCEP, in the context of the ASEAN Economic Community and with regard to ASEAN-Australia-New Zealand and ASEAN-India, as well as with the EU, Bangladesh, India, Iran, Mozambique, Peru, South Korea, Tunisia, and Turkey. Indonesia furthermore has announced its intention to review the Indonesia-Japan Economic Partnership Agreement (IJEPA).

2.2.1. Indonesia – EFTA CEPA

The Indonesia-EFTA Comprehensive Economic Partnership Agreement (IE-CEPA) was signed on 16 December 2018 in Jakarta by the Indonesian Trade Minister, Federal Councillor Johann Schneider-Ammann and representatives of the three other EFTA countries, Iceland, Liechtenstein and Norway. This is an important milestone for Indonesia-Switzerland trade relations and the first FTA of Indonesia in Europe. It will enter into force after ratification by Indonesia and at least two EFTA countries.

The IE-CEPA has a **wide scope**. It improves market access and legal certainty for trade in goods (industrial and agricultural products) and services, and also contains provisions on investment, the protection of intellectual property, the reduction of non-tariff barriers to trade, including sanitary and phytosanitary measures, on competition, trade facilitation, public procurement, trade and sustainable development, and economic cooperation.

With regard to **tariffs**, 77.5% of Switzerland's current exports to Indonesia will immediately enter duty-free after the CEPA's entry into force, and over 98% after a 12 year gradual dismantling of duties. According to a study mandated by Prof. Ziltener, Swiss exporters can potentially save up to CHF 25 million/year (15 million from entry into force) due to the elimination of tariffs alone (compared to Vietnam, 14.5 million, and Malaysia, 18 million, based on a study by Prof. Ziltener in 2015). Main Swiss sectors to profit are the chemical and pharmaceutical industry (in particular medicines, perfumes, toiletries and cosmetics); the MEM industry (e.g. turbines and machinery for the food industry); but also instruments, watches and foodstuff exports. The customs tariffs on certain confectionery products for instance will be reduced from 19% to 0%. Chocolate has a savings potential of around CHF 420´000. Customs on cheese and dairy products will be dismantled immediately or after five years, while for yoghurt after 9 years. Tariffs on coffee and biscuits will be dismantled over a period of 12 years.

The **tariff concessions made by Switzerland** are similar to those granted in other FTAs. On palm oil, Switzerland grants a bilateral quota of 10'000 tons, rising to 12'500 tons over five years, including 1'000 tons for crude **palm oil** (30% tariff reduction), increasing over five years to 1'250 tons. The preferential palm oil imports must respect a specific CEPA provisions on the sustainable management of the vegetable oils sector, requiring the parties to implement laws and measures to protect primary forest, peat soils and related ecosystems, and to prevent slash-and-burn practices and other deforestation, with the aim of reducing air and water pollution and to respect the rights of local communities, indigenous peoples and workers. The Parties undertake that vegetable oils traded under CEPA will be produced in accordance with these objectives. Also, preferential palm oil imports must be delivered in 22-ton tanks to ensure the traceability of the palm oil. The IE-CEPA also provides for tariff-free quotas of 100 tons for Red Virgin palm oil in bottles of max. 2 liters for direct consumption. Also, tariff-free market access is granted for palm oil which is to be processed and re-exported or which is intended for technical purposes or to produce soups and sauces (existing practice). Lastly, the agreement allows Switzerland to take appropriate action regarding imports of Indonesian palm oil should these imports put pressure on the Swiss oil seed market.

The clauses on **technical barriers to trade** (TBT) and **sanitary and phytosanitary measures** (SPS) include the provisions from the relevant WTO agreements. For SPS measures, the parties will apply a system of checks to assess entities which export food products. Import controls are based on risk assessment and the principle of non-discrimination. When no risk is perceived, products will not be held at the border pending results.

On **services**, the IE-CEPA contains provisions that go beyond the General Agreement on Trade in Services (GATS) with regard to financial services, telecommunication services, tourist services, recognition of qualifications, movement of natural persons and the recognition of skills and certificates of competency and training of maritime crew members. The financial services provisions are particularly ambitious and are in line with Swiss standards. With regard to market access (positive list method), Indonesia's commitments to the EFTA States are slightly higher than its commitments under GATS.

Swiss **investors** can found or acquire a company in the non-services sector under the same conditions as Indonesian investors. The manufacturing sector, particularly important for Switzerland, is now largely open to Swiss investors, although there are minimum capital requirements and in some cases partnership requirements. In general, the revised list of Indonesian obligations reflects national legislation and corresponds largely to concessions made by Indonesia in other FTAs.

On **intellectual property**, the IE-CEPA improves legal certainty for the innovative Swiss economy in the Indonesian market, affording protection on copyright and related protective rights, trademarks, geographical indications, indications of origin, designs, patents, plant varieties, topographies of microprocessors and confidential information. The level of protection is based on TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights), exceeding it in some points. In an additional agreement (Record of Understanding), which forms an integral part of the CEPA, Indonesia recognizes that the fact that a product is imported may not in itself constitute grounds for granting a compulsory license. This ensures that the patent can also be exercised for imported goods. Existing rights under TRIPS on issuing compulsory licenses remain protected. The agreement requires the parties to protect test data for plant protection products for a period of ten years, and medicinal product test data for a period to be deter-mined by each party in national law.

The agreement contains a negotiation clause which guarantees the EFTA States the possibility to negotiate access to **public procurement** markets should Indonesia agree to commitments in this field with a third country.

The section on **trade and sustainable development** covers the environmental and labour aspects of trade and is in line with the UN Sustainable Development Goals (SDGs). It for instance states a commitment to respect international human rights agreements and ratified ILO agreements; contains provisions on the sustainable management of forest resources and fish stocks and on promoting sustainability certification systems.

The EFTA States and Indonesia intend to increase **economic cooperation** with a view to improving the mutual benefits of the CEPA in accordance with national strategies and policy objectives. A separate Memorandum of Understanding spells out that possible areas of cooperation include customs and origin issues, technical regulations and conformity assessments, intellectual property, labour issues, tourism and sustainable development of agricultural industries, e.g. palm oil (see also the current Swiss economic development cooperation country strategy for Indonesia for 2017–20).

Utilization rates of Swiss FTAs are e.g. for Canada 27.8% and for South Korea 61%. To disseminate knowledge about the CEPA and how to use it once in force, the Indonesian Foreign Affairs Ministry and the Trade Ministry plan to organize 5-6 IE-CEPA socialization events in 2019/20 in major business cities in Indonesia, with the support of the Indonesian associations KADIN/APPINDO and the Switzerland-Indonesia Chamber of Commerce. The first event is planned on 15 July 2019 in Jakarta.

On 18 June 2019, the Swiss Department of Economy, Education and Research and the Indonesian Ministry of Manpower have concluded an **MoU on Labor and Employment**. The MoU is intended to implement the social dimension of the sustainability provisions in the IE-CEPA. The MoU envisages a regular dialogue on labor and employment questions on selected topics and will complement SECO projects in Indonesia.

2.2.2. Indonesia-Australia CEPA

After 12 rounds of trade negotiations, the Indonesia-Australia CEPA was signed on 4 March 2019 (after Australia renounced to its plan to move its Embassy in Israel to Jerusalem) and addresses goods, services and investment. Indonesia-Australia total trade was USD 8.6 billion in 2018, and Australia invested USD 597 million in Indonesia.

On goods, Australia will eliminate over 99% of its tariffs, while Indonesia will gradually eliminate 94% of its tariffs. 49% of Australia's total export to Indonesia consists of agricultural goods, manufactured goods, resources and energy. Indonesia exports to Australia mainly electronics, machinery, rubber, wood, coffee, chocolate, pulp and paper. The agreement contains a dedicated chapter addressing non-tariff barriers (a first timer for an FTA concluded by Australia), but does not for instance contain provisions on intellectual property.

On services, the IA-CEPA guarantees in the education sector – a key service export of Australia to Indonesia – that Australian suppliers of certain technical and vocational education and training can provide services through majority Australian-owned businesses in Indonesia. The IA CEPA allows 67% Australian ownership in the university sector (currently foreign investors are still barred from university ownership in an Indonesian universities). Also, IA-CEPA provides that 100% Australian-owned 3-5 star hotels and resorts can be established anywhere in Indonesia, and 67% of Australian ownership is allowed regarding other accommodation, restaurants, bars and cafes, tour operators etc. Australia on

its side commits to annual internship placements at Australian companies for 200 Indonesians and will increase provide 4100 annual Australian work and holiday visas (significant increase from currently 1000), increasing to 5000 over six years. Australia furthermore committed to technical assistance and capacity building activities across a range of trade-related areas, including an exchange program for skilled Indonesian workers to upgrade their specialties.

2.2.3. Ratification of the Indonesia – Chile CEPA

The Indonesia-Chile Comprehensive Economic Partnership Agreement (IC-CEPA), signed in December 2017, was ratified on 11 June 2019 and will enter into force on 10 August 2019. Chile ranks 55th among Indonesia's export destinations, with total exports of just under USD160 million in 2018. While Indonesia is to eliminate 9,308 tariff lines for Chilean products and Chile to eliminate 7,669 tariff lines for Indonesian products (including automotive, textile and palm oil products), the IC-CEPA is less comprehensive than the IE-CEPA or the CEPA being negotiated with the EU and e.g. does not address services or investment.

2.3 Ongoing Trade Negotiations of Indonesia

2.3.1 RCEP

The Regional Comprehensive Economic Partnership (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 about 45% of the world's population, 39% of the world GDP and 29% of world trade.

The 25th round of RCEP negotiations took place from 19-28 February 2019 in Bali, the 26th is scheduled on 28.6.-6.7 in Australia. RCEP Ministers declared to intensify negotiations including through inter-sessionals and conclude negotiations by the end of 2019. 4 chapters have been concluded: economic and technical cooperation; SMEs; customs procedures and trade facilitation; procurement. 14 chapters are still open, including trade in goods, rules of origins, trade in services, investment, e-commerce, intellectual property, financial services, telecommunication services, trade safeguards.

2.3.2 Indonesia-South Korea CEPA

After 8 rounds of CEPA negotiations, Indonesia and South Korea have exchanged initial trade in goods requests, to be followed by initial offers in June 2019. According to the statement made by the Indonesian Director General of International Trade, both nations are committed to improve the offers made in the RCEP and ASEAN-South Korea FTA context. Trade in services, rules of origin and customs procedures and trade facilitation are also being discussed. In 2018, bilateral trade reached $18.6 billion.

2.3.2 Indonesia-EU CEPA

The 7th round of the Indonesia-EU CEPA negotiations took place in Brussels from 12-15 March 2019. The Indonesian government initially planned to conclude the negotiation substantively by the end of 2019 or early 2020 at latest. However, Indonesian representatives have suggested that the EU's proposal to put a cap on palm-oil based biofuels, one of Indonesia's main export commodities to the EU, might affect / delay the negotiation process. The EU considers that palm oil-based biofuels are unsustainable and therefore should be phased out. Indonesia in contrast argues that palm oil production is more environmentally friendly than the production of other vegetable oils, like soybean oil, sunflower oil and rapeseed oil. The Indonesian Trade Minister stated on 19 March 2019 that Indonesia will file a WTO complaint.

The value of Indonesia's export in 2018 to EU is USD 17.1 billion, imports stood at USD 14.1 billion dollar. The total trade between Indonesia-EU increased by 8.29% from 2017.

2.4 Bilateral Investment Treaties, including with Switzerland

In 2014, the Indonesian government had terminated all of its 67 Bilateral Investment Treaties (BIT). 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, Indonesia has entered negotiations on a new BIT with a handful of countries, including Switzerland. After a first round of negotiations in July 2018 and the 3rd round on 30 April to 2 May in Bali, a next round is planned in Switzerland in fall 2019.

3. Foreign Trade

3.1. Development and general outlook

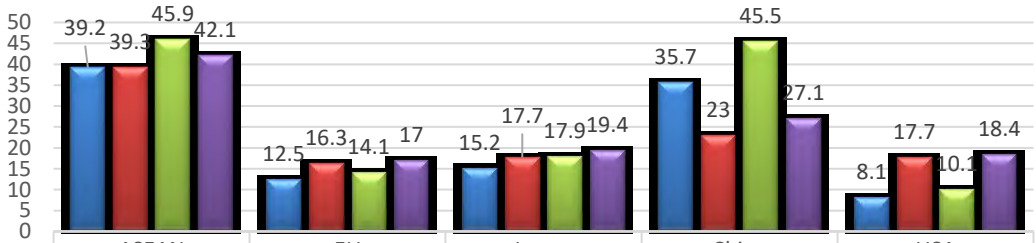
3.1.1. Trade in goods

Indonesia's trade value continued to increase in 2018 by 13.2%, from USD 325 billion (2017) to USD 369 billion in 2018. However, imports grew by 20% yoy, and therefore much faster than exports that grew only by 7%, resulting in an Indonesian trade deficit of USD 8.5 billion.

Indonesia's trade 2008-18 (in USD billion)

Source: Indonesian Central Bureau of Statistics (BPS)

Indonesia trade with 5 main partners in 2017 and 2018 (FOB in billion USD)



	ASEAN	EU	Japan	China	USA
Import 2017	39.2	12.5	15.2	35.7	8.1
Export 2017	39.3	16.3	17.7	23	17.7
Import 2018	45.9	14.1	17.9	45.5	10.1
Export 2018	42.1	17	19.4	27.1	18.4

Import 2017 Export 2017 Import 2018 Export 2018

Source: Indonesian Central Bureau of Statistics (BPS)

In 2018, Indonesia registered a surplus in its trade balance with all important partners, except with the 2 leading partners: ASEAN and China. The trade deficit with them keeps on increasing, with ASEAN from USD 0.1 billion in 2017 to USD 3,8 billion in 2018, and with China from USD 12.7 billion to USD 18.4 billion.

Export

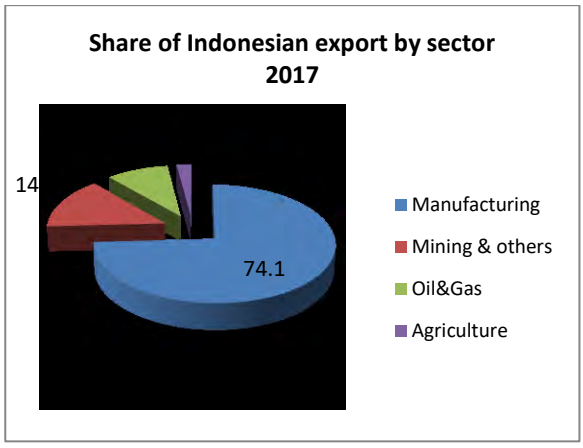
In 2018, Indonesia's exports reached USD 180 billion, of which 23% (USD 42 billion) are from oil & gas products, with a 16% export growth of oil & gas exports and a 72% export growth of metals. The trade volume with China increased more than 17%. ASEAN remains the largest export partner, followed by China, Japan, USA and the EU (see APPENDIX 3). India (USD 13.7 billion), South Korea (USD 9.5 billion) and Taiwan (USD 4.7 billion) are also among the main export destinations for Indonesia.

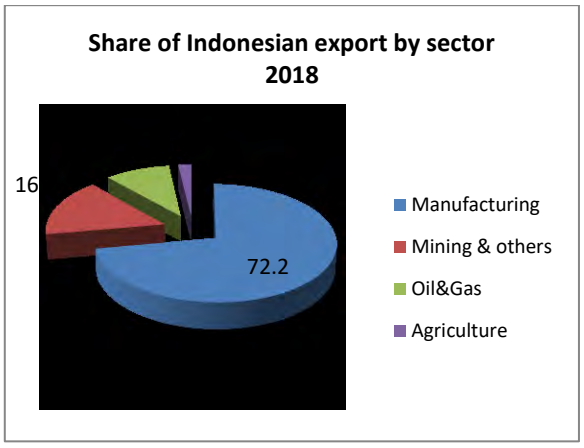
Indonesia's major export partners by rank (2016-2018)

Country/ Region	2016		2017		2018	
	Rank	Value (USD Mio)	Rank	Value (USD Mio)	Rank	Value (USD Mio)
ASEAN	1	33'202	1	39'323	1	42'148
China	4	14'755	2	23'049	2	27'126
Japan	3	16'089	3	17'790	3	19'479
USA	2	16'141	4	17'787	4	18'426
EU	5	14'045	5	16.303	5	17'086

Source: Indonesia central Bureau of Statistic

In 2017, Indonesian exports to several partners surged importantly: ASEAN (+7%), Japan (+11%) USA (+4%) and EU (+4%). Indonesian exports to Switzerland however dropped by more than 40% from USD 1.5 billion in 2017 to USD 0.8 billion in 2018 (mainly due to lesser gold exports).



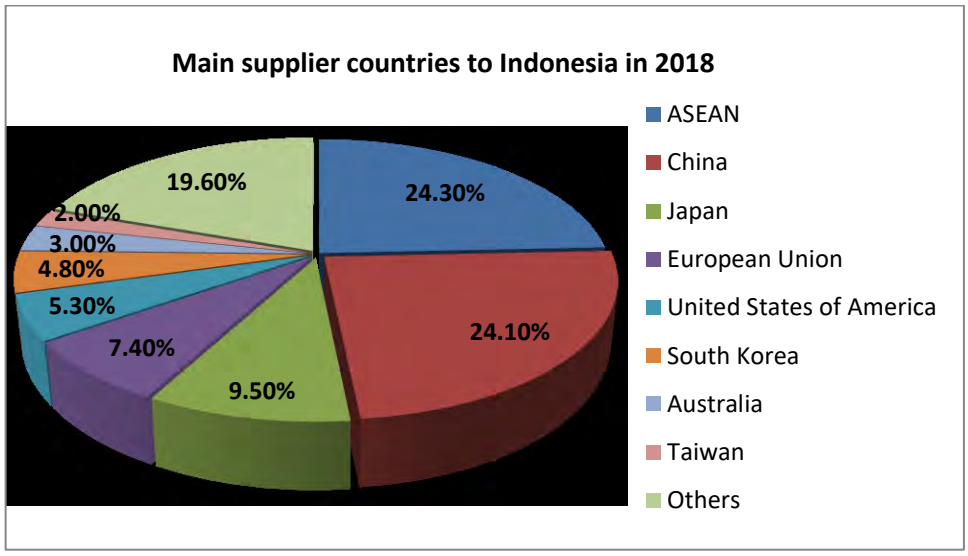


Source: Indonesia central Bureau of Statistic

The manufacturing sector (USD 130.08 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 3.4 billion).

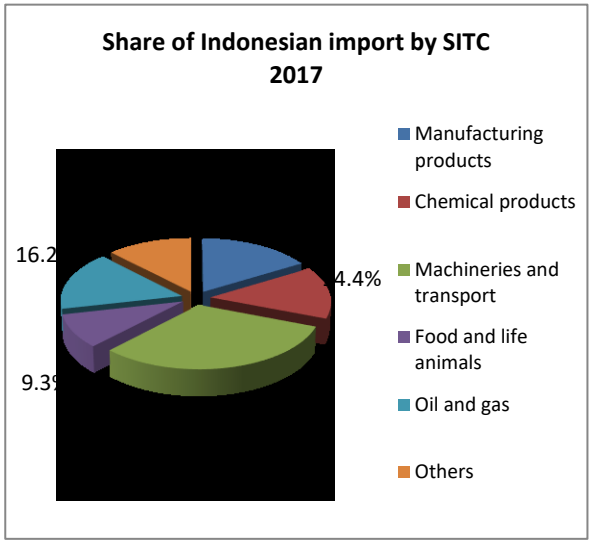
Import

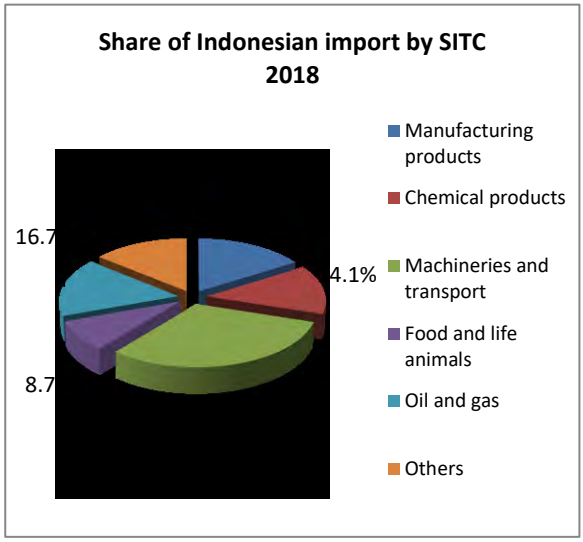
Indonesia's 2018 imports amounted to USD 188.7 billion. The 20% yoy growth was mainly triggered by increased imports of oil and gas (+22.8%) and imports of non-oil and gas commodities (+19.7%). The import of non-oil gas products represented 82.6% of total Indonesian import.



Source: Indonesian Central Bureau of Statistics (BPS)

More than 75% of the total import value from 2018 stemmed from 6 partners: ASEAN (24.1%), China (24.3%), Japan (9.5%), EU (7.4%), USA (5.3%), and South Korea (4.8%). Australia and Taiwan are also important supplier countries.



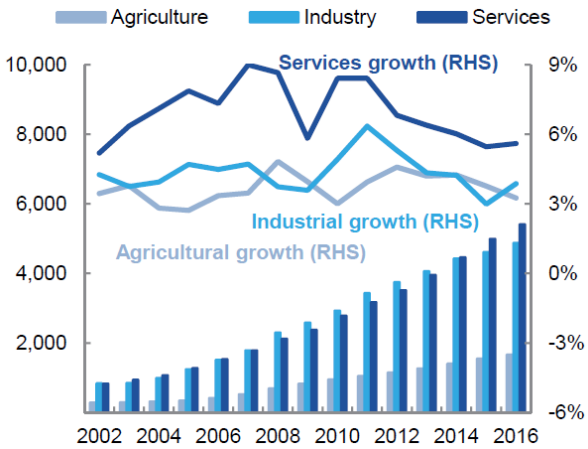


Source : Indonesian Central Bureau of Statistics (BPS)

Machinery is the main product imported. The import of capital materials is high also because of the government's infrastructure development in various regions and promotion of the manufacturing sector.

3.1.2. Trade in services

According to the World Bank, trade in services has surpassed the industrial sector in 2014. The services sector represents 45% of Indonesia's GDP in 2018 and remains the fastest growing sector with a growth rate of 6.8% since 2001.



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

Exports and imports of services have been consistently increasing 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

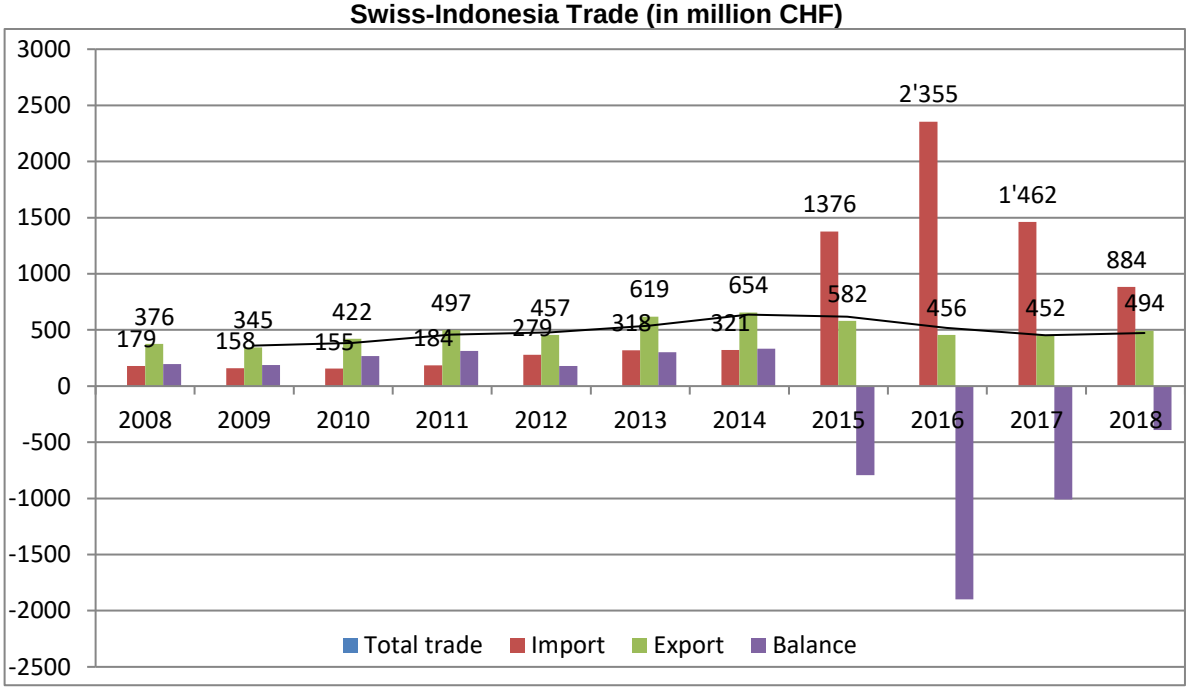
3.2.1. Trade in goods

Compared to 2017, the trade between Switzerland and Indonesia decreased in 2018 by 21%, from CHF 1.9 billion in 2017 to CHF 1.4 billion in 2018. However, the drop was mostly due to the decrease by almost 50% of the imports 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 1 billion to CHF 0,5 billion.

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.

Swiss-Indonesia Trade (in million CHF)



Source: Swiss Federal Customs Administration

Swiss Exports to Indonesia

Swiss exports to Indonesia grew by 9% in 2018 (CHF 494 million) compared to 2017 (CHF 452 million). The export of several Swiss products to Indonesia increased considerably:

Type of products	2018 (in million CHF)	Growth 2017-18
Products of chemical and pharmaceutical industry	217	11.8%
Machines, appliances, electronics	133.6	14%
Metals	34.4	30%
Forestry and Agricultural Products, fisheries	25.9	15%
Paper, articles of paper and Product of the printing Industry	11.2	58%
Vehicles	10.7	296%
Various goods such as music instruments, home furnishing, toys, sport equipment, etc	4.6	130%

Source: Swiss Federal Customs Administration

The import of forestry products, machines, appliances, electronic, paper and vehicles, which had declined in 2017, registered an important growth in 2018.

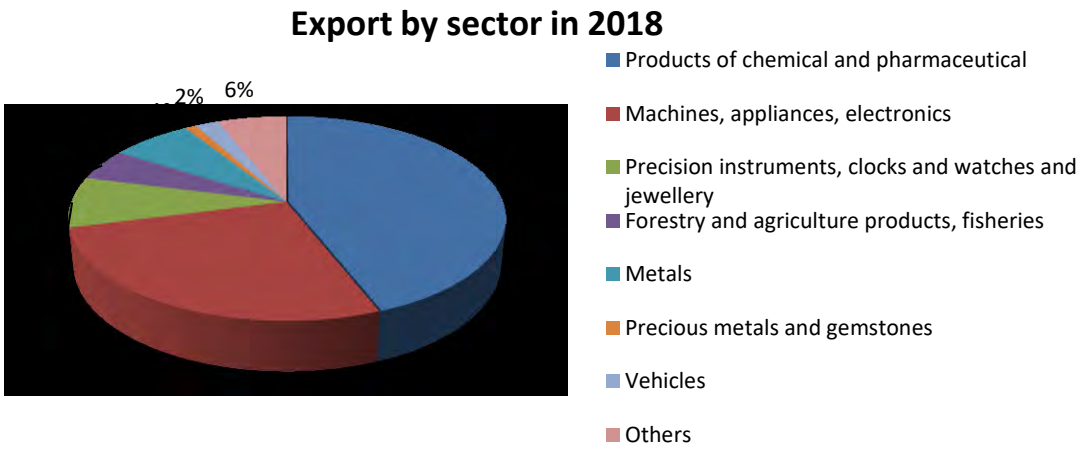
On the other hand, export of the following commodities from Switzerland to Indonesia decreased:

Type of products (in million CHF)	2017	2018	Evolution 2017-2018
Precision instruments, clocks and watches and jewellery	45.2	40.2	-11%
Precious metal and gemstone	15.5	6.2	- 60%
Leather, Rubber, Plastic	12.9	4.6	-64%
Textile, clothing, shoes	8	4	-50%

Source: Swiss Federal Customs Administration

Export Sectors

Products of the chemical and pharmaceutical industry (44% of total export) and machines, appliances and electronics (27% of total export) remain the main export commodities from Switzerland to Indonesia.



Source: Swiss Federal Customs Administration

Swiss Imports from Indonesia

Swiss imports from Indonesia dropped significantly (41%) from CHF 1'461 million in 2017 to CHF 884 million in 2018. As mentioned, this drop of 577 million was largely due to the CHF 540 million plunge of the import of precious metals under item 71:

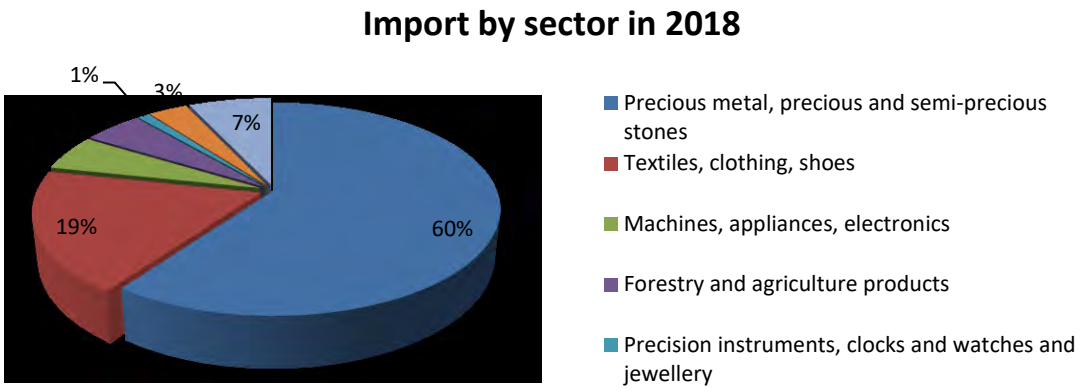
Item	2016		2017		2018	
Total Import (in CHF thousand)		2,355,529		1,461,825		884,310
71 - Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewelry; coin		2,017,064		1,069,232		528,668
Sub-heading:						
7108 - Gold, incl. gold plated with platinum, unwrought or not further worked than semi-manufactured or in powder form	286,284		170,822		23,935	
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		504,595	

Source: Swiss Federal Customs Administration

Other than precious metals, Swiss import of forestry and agriculture products and precision instruments also decreased considerably in 2018:

Type of products (in million CHF)	2017	2018	Evolution 2017-2018
Textile, clothing, shoes	155.3	164.7	8.6%
Forestry and agriculture products (incl. e.g. palm poil)	57.4	45.2	-21%
Precision instruments, clocks and watches and jewellery	28	8.3	- 70%
Products of chemical and pharmaceutical industry	27.5	25.1	9%
Leather, rubber, plastic	18.6	19	2%
Metals	8.7	8.9	2%
Machines,apliances, electronics	56.5	48.3	14%

Source: Swiss Federal Customs Administration



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, manufacturing technology, and infrastructure (railway and airport).*

A. <u>Medical Technology</u>

Indonesia began implementing its Universal Health Coverage Plan in 2014, locally known as National Health Insurance scheme (JKN), with the goal of universal coverage of the country's population by 2019. 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 USD 1 billion. It is widely expected to continue to grow at an annual rate of 12%, based on steady per capita increases and governmental extension of health care coverage.

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.

Development of hospitals in Indonesia 2012 – 2018 (April)

Indonesia counts (2017) more than 2820 hospitals (1016 public hospitals and 1804 private hospitals) and around 10'000 community health centers. 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 expert observations and trends, 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:

- surgery and life support (Intensive Care Unit) equipment
- instruments and appliances for laboratories
- cardiology / diabetics / oncology equipment and devices
- IT Solutions for Hospital Management
- Medical Waste Technology

B. 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 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 (compound annual growth rate) 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 (capital expenditure)
- Government targets to achieve 10% of manufacturing growth by 2020
- biggest growth rates are expected in food & beverage, chemicals & pharmaceuticals:

Manufacturing contributes 20% of Indonesia's GDP, and it will keep growing, at over five percent for the next five years. Indonesia manufacturing value added is the biggest in ASEAN. The biggest growth rates are expected in food & beverage, chemicals & pharmaceuticals, automotive (incl. motorbike) and mechanical, electrical & engineering (MEM) industries. Specific research confirmed that the following six sectors are highly attractive, and in which innovative technologies and solutions from Switzerland are most welcome:

- assembly & factory automation
- packaging technology
- mold & dye
- precision tools
- manufacturing technology
- sheet metal processing/work & surface coating technology

C. Infrastructure

Massive infrastructure projects by state-owned enterprises (SOEs) have helped Indonesia improve its logistical performance, although the country still lags behind neighboring countries such as Singapore, Malaysia and Thailand. The two most attractive sectors in infrastructure for Swiss companies are:

Railway: Railway sector connectivity is an important mode of transportation both in supporting mass transportation modes in urban areas and modes of transportation that connect economic centers. A number of large-scale projects to upgrade rail links are in the construction or planning stage. Among the hundreds of railway projects in the Joko Widodo administration, most activities are categorized into:

- Construction of an Urban Railway Network in Jakarta
- Airport Access Railway Construction
- Development and Improvement of Long Distance Railway Networks

Airport: Indonesia's domestic airline market has boomed in recent years to become the fifth largest in the world. Local air traffic more than tripled between 2005 and 2017 to 97 million people, according to the CAPA Center for Aviation. According to the Indonesian Transportation Minister Budi Karya Sumadi (2018), the government plans to develop 10 new airports to support the development of tourism in the country. The government has been discussing financial resources for the planned projects. One option is for individual airports to be owned by private companies, while the government would only supervise and operate the airports that would be developed by the state-owned airport operators Angkasa Pura I and Angkasa Pura II. New airports would be developed in Lampung (South Sumatra), Central Sulawesi, Southeast Sulawesi, East Nusa Tenggara, Central Kalimantan, Bangka Belitung and North Sumatra. President Joko Widodo furthermore announced his plan to move the capital of Indonesia from Jakarta

to Kalimantan, building the infrastructure of the future capital city essentially from scratch. However, the project and details are not yet certain.

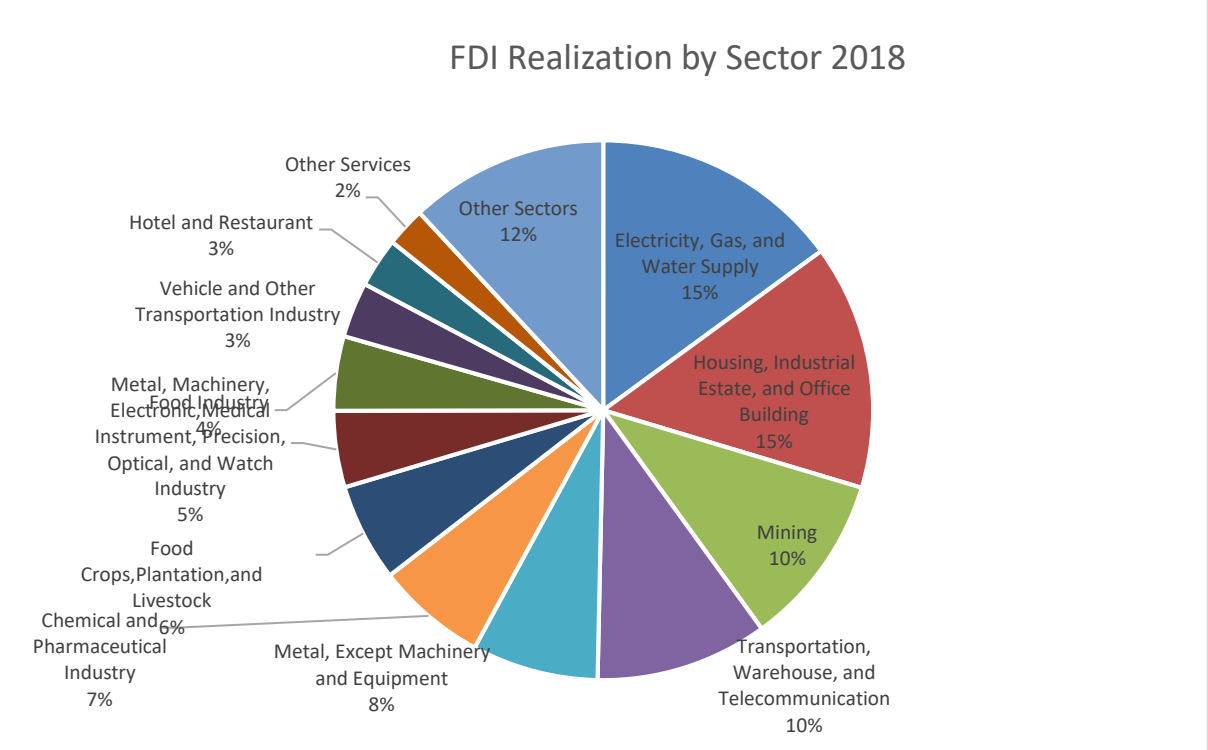
3.2.2. Trade in services

There is hardly official, reliable 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).

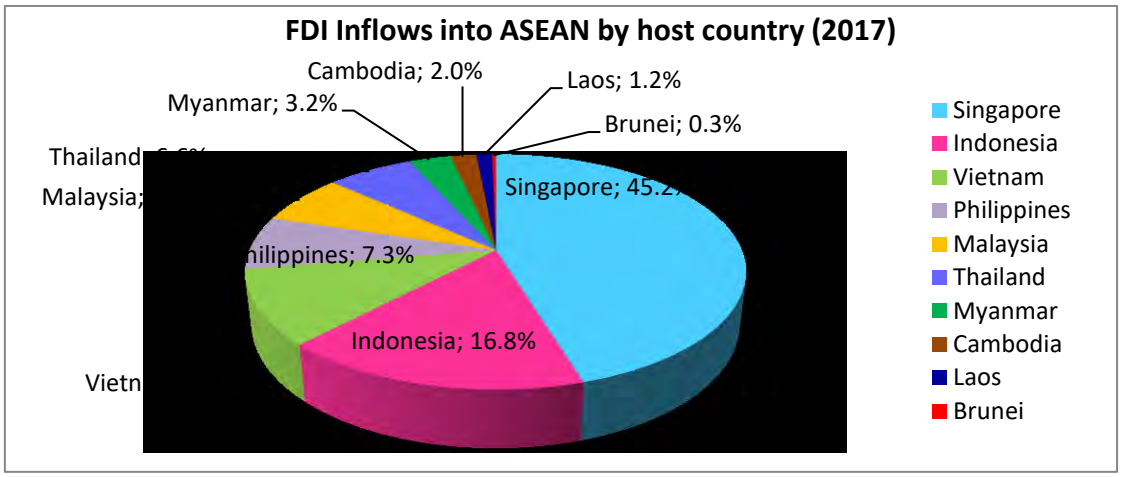
4. Direct Investment

4.1. General development and outlook

The Indonesian Investment Coordinating Board (BKPM) reported a 4% increase of total investment in Indonesia in 2018 yoy. Indonesia recorded IDR 721.3 trillion (USD 53 billion) of investment in 2018, of which 54.4% are fFDI (Foreign Direct Investment), excluding investment in oil, gas, and financial sectors. Singapore, Japan, China, Hong Kong, Malaysia are the biggest foreign bilateral investors to Indonesia, with each of the top-9 countries investing at least USD 1 billion individually in the reporting year. FDI inflow decreased by 8.8% and the number of projects went down from 26,257 projects in 2017 to only 21,972 projects in 2018. Consequently, the number of jobs created slowed down by 36%. The highest FDI realization was in electricity, gas, and water supply; followed by building constructions, mining, and



transportation. 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 Sectretariat, ASEAN FDI Database

4.2. Bilateral investment flows

According to BKPM data, Swiss investments in Indonesia dropped by more than 40% yoy to 243 million Consequently, the ranking of Swiss investments in Indonesia dropped from 12th in 2017 to 17th in 2018. Companies from Switzerland were the fourth most important European investor in 2018 just behind the Netherlands (USD 943.12 million), Germany (280.42 million) and the UK (271.13 million).

FDI realization in Indonesia (Jan-Dec 2018)

No	COUNTRY OF ORIGIN	INVESTMENT (US$ Million)	PROJECT
1	Singapore	9,193.18	4,946
2	Japan	4,952.77	3,166
3	China	2,376.54	1,562
4	Hong Kong	2,011.42	1,072
5	Malaysia	1,774.90	1,276
6	South Korea	1,604.72	2,412
7	United States of America	1,217.62	572
8	British Virgin Islands	1,043.26	800
9	Netherlands	943.12	840
10	Australia	597.44	635
11	Thailand	396.33	187
12	Marshall Island	386.52	18
13	Germany	280.42	361
14	United Kingdom	271.13	483
15	Mauritius	267.86	127
16	Cayman Islands	250.84	106
17	Switzerland	243.28	225
18	Belgium	216.37	140
19	Taiwan	210.22	471
20	Canada	170.77	90

To be sure, these amounts are still a low estimate: BKPM regards investments by a Swiss company based in, e.g., 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	CHF 1,944 million	USD 615.5 million
2018	n/a	USD 243.3 million

Sector of Investment	Investment Value (in thousand USD)		
	2016	**2017**	**2018**
Chemical and Pharmaceutical Industry	290’861.7	108’617.1	155’938.1
Construction	0.0	0.0	0.0
Fishery	0.0	0.0	91.4
Food Crops, Plantation, and Livestock	1’301.1	1’578.4	0.0
Food Industry	11’842.5	17’579.7	11’926.2
Forestry	3’238.8	5’233.6	23’780.8
Hotel & Restaurant	1’374.3	4’282.9	1’288.9
Medical Preci. & Optical Instru, Watches & Clock, Machinary, and Electronic Industry	7’978.0	1’256.2	8’545.9
Metal Industry not Machinery & Electronic Industry	9’694.0	0.0	293.4
Mining	0.0	0.0	0.0
Non Metallic Mineral Industry	13’050.1	3’120.5	31’746.4
Other Industry	0.0	0.0	0.0
Other Services	285.7	300’629.6	1’931.6
Paper and Printing Industry	11.6	488.8	666.3
Real Estate, Ind. Estate & Business Activities	1’102.7	4’288.0	974.8
Rubber and Plastic Industry	0.0	13’639.7	3’449.0
Trade & Repair	5’963.1	154’743.7	2’644.1
Transport, Storage & Communication	0.0	0.0	6.5
Total of Swiss Investment	346’703	615’458	243’283

Source: Indonesian Investment Coordinating Board (BKPM)

If we compile various sources, direct investments from Switzerland mainly flowed into chemical and pharmaceutical industries, food, and sales and maintenance services.

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. Swiss Economic Promotion Instruments

5.1.1. Swiss Business Hub Indonesia (SBH)

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 investment 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).

During the last two years in operation the SBH has conducted numerous 1:1 meetings, attended many market entry specific platforms and created awareness in Switzerland and Indonesia showcasing interested companies why the timing is right to look at Indonesia as a most attractive growth market. Some companies are seriously considering to enter the market either via distributor or by setting up their own operation.

5.1.2. Swiss Chamber of Commerce

The membership of Swisscham, the Indonesia-Switzerland Chamber of Commerce, has grown significantly since it was established on 1 August 2018. From 48 members in September 2018, Swisscham now has 84 members (data April 2019). Swisscham has 5 working groups, namely: agro, food, and beverages; chemicals, pharmaceutical, and cosmetics; manufacturing and engineering;

partnership, and services. SwissCham also organizes events with high profile speakers. In close cooperation with the Embassy, SwissCham also facilitates topic driving meetings with relevant government bodies to directly address their issues or “pain points”.

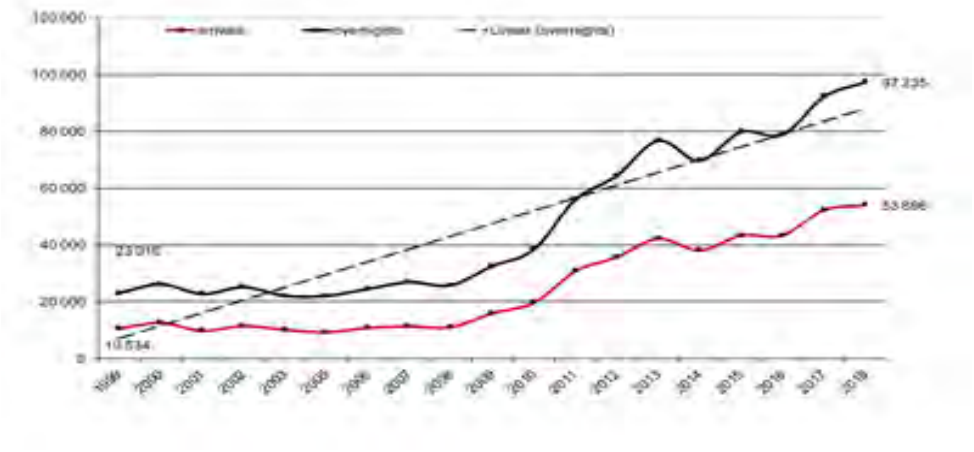
5.1.3. Newly established Swiss Centre Indonesia (SCI)

In the course of June 2019, the new SCI plans to go live to operate out of their new office at BSD City / Tangerang. The SCI is owned and managed by Swiss individuals with many years of experiences in setting up and running successful businesses in manufacturing, trading, sales and services across Indonesia. The main target is to offer interested SME’s a “hassle free soft-landing” at affordable conditions and Swiss quality standards. Main advantage is to have immediate access to in-house services like accounting, tax & audit, recruitment & general HR matters, license management or even warehousing or light manufacturing opportunities.

5.1.4. Switzerland Tourism

Almost 100’000 overnight stays in 2018, an increase of 5.6% year on year, were attributed to Indonesian travelers in Switzerland. Indonesian tourists travel to Switzerland throughout the year, reaching peaks in April, June and December. Zurich, Interlaken, and Lucerne are still the most popular destinations, but in recent years there is a trend to discover also lesser known destinations. The average spending of Indonesian tourists in Switzerland is CHF 300 per day (ST South East Asia Report 2018).

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 over 20 Indonesian travel agencies and media partners to visit Switzerland in 2018, and provided training to over 300 travel experts on Swiss tourism products via an e-learning platform and during workshops. About two dozen incentive trips from the Indonesian source market took place in 2018, generating roughly 6’500 overnights in Switzerland with a touristic turnover of CHF 2+ million. Swiss tourism providers visited Indonesia on three occasions in 2018, including the annual Switzerland Travel Experience in Jakarta, a tour to attract more incentive trips together with the Switzerland Convention & Incentive Bureau, and a workshop 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, including *Kompas*, *The Jakarta Post,* and prestigious magazines *The Peak Magazine*, *Indonesian Tatler*, *NOW Jakarta,* and *DestinAsian*.

5.1.5. Swiss Import Promotion Program (SIPPO)

SIPPO is actively engaging Indonesian export-oriented companies 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.

5.1.6. Swiss Economic Development Cooperation in Indonesia

Switzerland’s economic development cooperation partnership with Indonesia under its country strategy 2017-20 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 2018, the Swiss State Secretariat for Economy (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.

Success stories in 2018 include:

- SECO launched several new projects, in close collaboration with the Indonesian Government and other donors. Public Finance Management, Skills development, Value-Chain (Tourism, Cocoa) and Integrated Urban Development are the strongest areas.
- SECO supports the reforms of the Ministry of Finance to "collect more and spend better", by addressing tax reforms at national and sub-national levels, and quality of spending of the national budget. It has contributed in 2018 to the elaboration of the Government Medium-Term Public Finance Management roadmap that will guide the reform process for the years to come.
- Tourism is one of the important income generating sectors in Indonesia. The WISATA program, launched in 2009 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 launched in 2018 which will expand Switzerland's support to Indonesia's sustainable tourism development.
- TVET has become a key focus of Switzerland's partnership with Indonesia. The Swiss-funded Skills for Competitiveness (S4C) project was launched in March 2018 and will assist five polytechnic schools in the sectors of manufacturing, 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. The project is a part of the Indonesian Government's efforts to improve its vocational education system and training.

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

5.2.1. Interest in Switzerland as a location for tourism and education

The Swiss Embassy in Indonesia issued 9'042 visas in 2018, a 3.9% increase year on year. About 96% were Schengen visa applications. 69% of the Schengen visa applicants applied for a tourism visa, 14% for business purposes, 12% to visit family/friends and the rest for other purposes.

Swiss Government Excellence Scholarships were granted to one post-doctoral/doctoral student for the 2019/20 intake. Indonesian students will again be eligible to apply for doctoral or post-graduate studies in Switzerland as of August 2019.

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.

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 few Indonesian companies are evaluating to expand even to neighboring ASEAN countries.

5.2.4 Interest in Switzerland's Start-up and Fintech Scene

Interest of Indonesian actors in the Swiss Start-up and Fintech landscape has been growing. End of 2018, two Fintech delegations from the Indonesian government and businesses visited Switzerland, and inter alia met with FINMA, visited start-up companies and the "Cryptovalley" in the canton of Zug.

In March 2019, the Asia Entrepreneurship Training Program (AETP), a matchmaking and business acceleration program between Swiss and Indonesian start-ups, was launched in Zurich and in Jakarta. This program aims at enabling Swiss entrepreneurs to network with the business ecosystem in Indonesia/ASEAN countries and, vice-versa, Indonesian start-ups to gain access to the Swiss start-up ecosystem.

APPENDIX 1

Structure of Indonesian Economy

Sector (% of GDP)[1]	**2014**	**2015**	**2016**	**2017**	**2018**
Agriculture, livestock, fisheries and forestry	13.3	13.5	13.5	13.1	12.81
Mining and Quarrying	9.9	7.6	7.6	7.6	8.1
Manufacturing Industry	21	20.9	20.5	20.2	19.86
Services	55.8	58.0	58.4	59.1	59.23
Total	100.0	100.0	100.0	100.0	100

Employment by Sector (%)[2]	**2014**	**2015**	**2016**	**2017**	**2018**
Agriculture	34	33	32	31	30.5
Industry	21	22	21	22	22
Services	45	45	47	47	47.5
Total	100	100	100	100	100

Sources:
[1] Indonesian Central Bureau of Statistics
[2] World Bank

APPENDIX 2

Indonesia Main Economic Data

	2015	2016	2017	2018	2019
Wirtschaftswachstum (% des BIP)[2]	4.8	5.1	5.1	5.2	5.2
BIP (USD Mrd.)[3]	860.7	932.1	1'015.5	1,042.1	1,161
BIP/Einwohner (USD)[2]	3'362	3'620	3'880	3'927	3'971
Inflationsrate (%)[2]	3.4	4.5	3.3	3.13	2.8
Arbeitslosenrate (%)[2]	6.2	5.8	5.4	5.5	5.3
Leistungsbilanz (% des BIP)[3]	-2.2	-2.1	-1.7	-3.0	-2.7
Handelsbilanz (USD Mrd.)[3]	17.4	17.8	18.9	-430	-577
Haushaltsbilanz (% des BIP)[3]	-2.4	-2.1	-2.7	-1.9	-2.1
Staatsschuld (% des BIP)[2]	26.0	26.0	28.7	33.9	31.5
Aussenschuld (USD Mrd.)[3]	284.0	308.6	335.4	382.2	401.3
Internationale Reserven (USD Mrd.)[3]	109.0	109.4	127.6	120.6	125.6

Schätzungen

Prognose

Sources:
[1] The World Factbook, 2014
[2] IMF, World Economic Outlook, April 2018
[3] Economist Intelligence Unit (EIU), Country Report Indonesia June 2019

APPENDIX 3

Indonesia Main Export Partners in 2018

No.	Country/ Region	Value (USD Billion)	% of total	% change
1	ASEAN	42.1	23.4	7.1
2	People Republic of China	27.1	15.0	17.8
3	Japan	19.5	10.8	8.9
4	European Union	17.1	9.5	4.9
5	United States of America	18.4	10.2	3.3
6	India	13.7	7.6	-2.1
7	South Korea	9.5	5.2	17.2
8	Taiwan, Province of China	4.7	2.6	11.9
9	Australia	2.8	1.5	12
10	Saudi Arabia	1.2	0.6	8.3
11	Canada	0.6	0.3	-25
12	Others	22.6	12.8	-
13	Switzerland*	0.9	0.5	-33.3
	Total	188.2	100.00	

Indonesia Main Import Partners in 2018

No.	Country/ Region	Value (USD Billion)	% from total	% change
1	ASEAN	45.9	24.3	17
2	People Republic of China	45.6	22.8	26.8
3	Japan	17.9	9.7	17.7
4	European Union	45.1	7.9	12.8
5	South Korea	9.1	5.1	11.1
6	United States of America	10.1	5.1	24.6
7	Australia	5.8	3.9	-3.3
8	Taiwan, Province of China	3.5	2.1	9.3
9	Canada	1.8	1	20
10	Others	33.6	17.7	-
11	Switzerland*	0.5	0.3	5.8
	Total	188.7	100.00	

Note:

- source on Swiss-Indonesia trade data: Swiss Federal Customs Administration.
- source of Indonesia and other countries' trade data: Central Bureau of Statistics, Indonesian Ministry of Trade (Kemendag)

*exchange rate in Dec. 2018: 1 USD = 0,98400 CHF (source www.echange-rates.org)

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 +/- %
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
2018	870	-33.3	486	5.8	-384	-44.1

Swiss Export to Indonesia 2018

Sector	Export (in million USD)	Change +/- %	% sectoral export to total export
Machines, appliances, electronics	131.4	14	27%
Products of the chemical and pharmaceutical industry	213.6	11.8	44%
Precision instruments, clocks and watches and jewellery	39.6	-11	8.2%
Forestry and agricultural products, fisheries	25.4	15	5.3%
Vehicles	10.6	296	2.1%
Metals	33.8	30	7%
Paper, articles of paper and and products of the printing industry	11.1	58	2.3%
Textiles, clothing, shoes	4.2	-50	0.8%
Leather, rubber, plastics	4.5	-64	0.8%
Various goods such as music instruments, home furnishings, toys, sports equipment, etc.	4.5	130	0.8%
Stones and earth	0.5	25	0%
Energy source	0.03	50	0%
Works of art and antiques	0.5	-	0%
Precious metals, precious and semi-precious stones (including gold and silver bars from 1.1.2012)	6.1	-60	1.3%
TOTAL	486		100%

Swiss Import from Indonesia 2018

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)	520.2	-52	60%
Textiles, clothing, shoes	162.1	2.7	18.6%
Machines, appliances, electronics	47.6	-17.2	5%
Precision instruments, clocks and watches and jewellery	8.3	-71.1	1%
Forestry and agricultural products, fisheries	44.4	-23.9	5%
Various goods such as music instruments, home furnishings, toys, sports equipment, etc.	28.9	-5.2	3.3%
Products of the chemical and pharmaceutical industry	24.8	-11.4	2.8%
Leather, rubber, plastics	18.6	-1.5	2.1%
Metals	8.8	-1.1	1%
Vehicles	3.7	-51.3	0.4%
Stones and earth	1.4	-7.1	0.1%
Paper, articles of paper and and products of the printing industry	0.5	-16.6	0%
Works of art and antiques	0.08	0	0%
Energy source	0.05	0	0%
TOTAL	870		100%

Source: Swiss Federal Customs Administration

APPENDIX 5

FDI Realization in Indonesia

Period: 1 Jan 2018 to 31 December 2018

Rank*	Country	2017	
		Investment Value (in million USD)	Projects
1	Singapore	8,441.6	5,951
2	Japan	4,996.2	3,646
3	China	3,361.2	1,977
4	Hong Kong	2,116.5	1,157
5	South Korea	2,024.6	3,274
6	USA	1,992.8	625
7	Netherlands	1,489.4	871
8	Malaysia	1,213.6	1,537
9	Mauritius	1,056.6	236
10	British Virgin Islands	844.8	1,109
11	United Kingdom	774.8	585
12	Switzerland	615.5	227
13	Australia	513.9	730
14	Taiwan	397.0	585
15	Germany	289.0	367
16	India	286.6	509
17	France	249.6	460
18	Brazil	231.6	27
19	Thailand	220.2	248
20	Cayman Islands	219.7	118
	Rest of the world	1004.8	
Total		32,340	

Rank*	Country	2018	
		Investment Value (in million USD)	Projects
1	Singapore	9’193.1	4'946
2	Japan	4’952.7	3'166
3	China	2’376.5	1'562
4	Hong Kong	2’011.4	1'072
5	Malaysia	1’774.9	1'276
6	South Korea	1’604.7	2'412
7	USA	1’217.6	572
8	British Virgin Island	1’043.2	800
9	Netherlands	943.1	840
10	Australia	597.4	635
11	Thailand	396.3	187
12	Marshall Island	386.5	18
13	Germany	280.4	361
14	United Kingdom	271.1	483
15	Mauritius	267.8	127
16	Cayman Island	250.8	106
17	Switzerland	243.2	225
18	Belgium	216.3	140
19	Taiwan	201.2	471
20	Canada	170.7	90
	Rest of the world	907.40	
Total		29,307	

Source: Indonesian Investment Coordinating Board (BKPM)

*Rank based on the BKPM FDI ranking in 2018