

## Introduction

Indonesia is a country located in Southeastern Asia between the Indian Ocean and the Pacific Ocean. It has a strategic location astride major sea lanes and is an archipelago of 17,508 islands, some of which border Timor-Leste, Malaysia, and Papua New Guinea. The government system is a republic; the chief of state and the head of government is the president.

Indonesia has a mixed economic system which includes a variety of private freedom, combined with centralized economic planning and government regulation. Indonesia is a member of the Asia-Pacific Economic Cooperation (APEC) and the Association of Southeast Asian Nations (ASEAN).



**Location:** South-Eastern Asia

**Capital City:** Jakarta (+7 GMT)

**Chief of State:** President Joko Widodo

**Head of Govt.:** President Joko Widodo

**Currency:** Indonesian Rupiah (IDR)

**Major Languages:** Bahasa Indonesia (official, modified form of Malay), English, Dutch, local dialects (of which the most widely spoken is Javanese); note -more than 700 languages are used in Indonesia

**Primary Religions:** Muslim 87.2%, Christian 7%, Roman Catholic 2.9%, Hindu 1.7%, other 0.9% (includes Buddhist and Confucian), unspecified 0.4%

**Calling Code:** 62

**Voltage:** 127/230

## Key Websites

Main Government Page: [indonesia.go.id](http://indonesia.go.id)

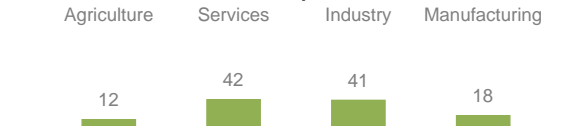
Commerce Ministry: [kemendag.go.id](http://kemendag.go.id)

Investment Promotion Agency: [bkpm.go.id](http://bkpm.go.id)

## Key Economic Facts

Income Level (by per capita GNI):	Lower Middle Income
Level of Development:	Developing
GDP, PPP (current international \$):	\$4,036.90 billion (2022)
GDP growth (annual %):	5.31% (2022)
GDP per capita, PPP (current international \$):	\$14,652.93 (2022)
External debt stocks, total (DOD, current US\$):	\$416,470,745,271.30 (2021)
Manufacturing, value added (% of GDP):	18.34% (2022)
Current account balance (BoP, current US\$):	\$13.22 billion (2022)
Inflation, consumer prices (annual %):	4.21% (2022)
Labor force, total:	137,260,837 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	3.55% (2022)
Imports of goods and services (current US\$):	\$275.70 billion (2022)
Exports of goods and services (current US\$):	\$323.08 billion (2022)

## GDP Composition %



*\*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

## Rankings

Index	Rank
Corruption Perceptions Index	95 / 178
EY Globalization Index	57 / 60
Global Competitiveness Index	50 / 141
Global Enabling Trade Index	70 / 136
Global Manufacturing Competitiveness Index (GMCI)	19 / 40
Global Services Location Index	4 / 60
Index of Economic Freedom	58 / 176
International Logistics Performance Index (LPI)	46 / 160
Inward FDI Potential Index	98 / 139
KOF Index of Globalization	82 / 185
Networked Readiness Index (NRI)	73 / 139
Open Budget Index	17 / 114

## Risk Assessment (Provided by Coface)

**Country rating: A4** - A somewhat shaky political and economic outlook and a relatively volatile business environment can affect corporate payment behavior. Corporate default probability is still acceptable on average.

**Business Climate rating: A4** - The business environment is acceptable. Corporate financial information is sometimes neither readily available nor sufficiently reliable. Debt collection is not always efficient and the institutional framework has shortcomings. Intercompany transactions may thus run into appreciable difficulties in the acceptable but occasionally unstable environments rated A4.

### Strengths

- Sound fiscal position
- Low labour costs and demographic dividend
- Growing tourism industry (6% of GDP in 2019)
- Huge domestic market
- Sovereign bonds with "Investment Grade" rating from the three main rating agencies
- Greater integration into world trade, with 3 new free trade agreements implemented in 2023
- Exchange-rate flexibility
- Diverse natural resources (agriculture, energy, mining)

### Weaknesses

- Large infrastructure investment gap/low fiscal revenues (12% of GDP)
- Exposure to shifts in Chinese demand
- Dependency on raw material exports (20% of total exports) vulnerable to industrial policies aimed at developing the manufacturing sector (18% of GDP)
- Market fragmentation: extensive archipelago with numerous islands and ethnic diversity that potentially leads to unrest (Papua)
- Highly exposed to natural disasters (volcanic eruptions, hurricanes and earthquakes)
- Lack of skilled workforce
- Persistent corruption and lack of transparency
- Political stage increasingly dynastic

## U.S. Embassy

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