

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

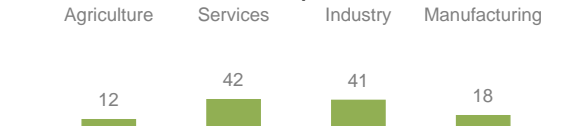
Commerce Ministry: kemendag.go.id

Investment Promotion Agency: 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

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