Introduction

Indonesia is a country located in Southeastern Asia between the Indian Ocean and 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)
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 Economic Facts

Income Level (by per capita GNI): Lower Middle Income Level of Development: Developing GDP, PPP (current international $): $3,249.64 billion (2017)
GDP growth (annual %): 5.07% (2017)
GDP per capita, PPP (current international $): $12,309.63 (2017)
Manufacturing, value added (% of GDP): 20.16% (2017)
Inflation, consumer prices (annual %): 3.81% (2017)
Labor force, total: 130,710,566 (2018)
Unemployment, total (% of total labor force) (modeled ILO estimate): 4.30% (2018)
Imports of goods and services (current US$): $194.70 billion (2017)
Exports of goods and services (current US$): $205.00 billion (2017)

GDP Composition %

Agriculture: 13%
Services: 44%
Industry: 39%
Manufacturing: 20%

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

Rankings

<table>
<thead>
<tr>
<th>Index</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption Perceptions Index</td>
<td>96 / 178</td>
</tr>
<tr>
<td>EY Globalization Index</td>
<td>57 / 60</td>
</tr>
<tr>
<td>Global Competitiveness Index</td>
<td>45 / 139</td>
</tr>
<tr>
<td>Global Enabling Trade Index</td>
<td>70 / 136</td>
</tr>
<tr>
<td>Global Manufacturing Competitiveness Index (GMCI)</td>
<td>19 / 40</td>
</tr>
<tr>
<td>Global Services Location Index</td>
<td>4 / 55</td>
</tr>
<tr>
<td>Index of Economic Freedom</td>
<td>55 / 179</td>
</tr>
<tr>
<td>International Logistics Performance Index (LPI)</td>
<td>46 / 160</td>
</tr>
<tr>
<td>Inward FDI Potential Index</td>
<td>98 / 139</td>
</tr>
<tr>
<td>KOF Index of Globalization</td>
<td>82 / 185</td>
</tr>
<tr>
<td>Networked Readiness Index (NRI)</td>
<td>73 / 139</td>
</tr>
<tr>
<td>Open Budget Index</td>
<td>23 / 115</td>
</tr>
</tbody>
</table>

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

- Diverse natural resources (agriculture, energy, mining)
- Highly competitive thanks to low labor costs
- Growing tourism industry (5.8% of GDP)
- Huge internal market
- Strong banking sector
- Sovereign bonds rated “Investment Grade” by the three main rating agencies

Weaknesses

- Large infrastructure investment gap
- Exports of commodities dependent on Chinese demand
- Market fragmentation: extensive archipelago with numerous islands and diverse ethnic groups
- High unemployment and poverty rates sharpening inter-ethnic tensions
- Persistent corruption and lack of transparency

U.S. Embassy

U.S. Embassy Jakarta
Jl. Medan Merdeka Selatan No. 3 - 5
Jakarta 10110, Indonesia
Tel: (62) (21) 3435-9000
https://id.usembassy.gov