

U.S.-Indonesia Economic and Trade Relationship

Indonesia's economy is anticipated to grow quickly in 2011 with growth forecasted at 6.2 percent by the IMF's World Economic Outlook. With this growth, Indonesia's demand for imports has soared since 2000. Indonesia's merchandise imports from the world have increased by 68 percent in only five years climbing from \$57.7 billion in 2005 to \$96.8 billion in 2009. The U.S. is the fourth largest market for Indonesia's imports, representing more than seven percent of the Indonesian import market. With a market of 238 million of the world's consumers, and per capita incomes forecasted to grow at an average rate of 8 percent over the next several years, Indonesia's market offers tremendous opportunity to U.S. exporters of goods and services.

U.S. Merchandise Exports to Indonesia

- Between 2006 and 2010, U.S. merchandise exports to Indonesia grew by 126 percent to \$6.9 billion in 2010. In 2010, U.S. merchandise exports to Indonesia were up 36 percent from 2009.
- Manufactured goods represented nearly 74 percent of U.S. goods exports to Indonesia in 2010.
- In 2010, the largest U.S. merchandise export category to Indonesia was transportation equipment valued at \$1.8 billion, included in this figure were roughly \$1.7 billion in aerospace products and parts. Other top export categories in 2010 included agricultural products (\$1.4 billion), chemicals (\$958 million), food manufactures (\$735 million), and machinery (\$633 million). These same five sectors are those that showed the greatest dollar increase in exports between 2006 and 2010.
- Exports of transportation equipment to Indonesia grew by 825 percent between 2006 and 2010, totaling \$1.8 billion in 2010. Ninety-five percent of transportation equipment exports to Indonesia in 2010 consisted of aerospace products and parts (\$1.7 billion).
- Increasing exports to Indonesia has benefits at the local level as well as the national. On a state level, the top five exporters to Indonesia in 2010 were Washington (\$2.0 billion), California (\$806 million), Texas (\$684 million), Louisiana (\$399 million), and Illinois (\$371 million). The states that showed the highest dollar growth between 2006 and 2010 were Washington, California, Texas, Illinois, and Virginia; these five states accounted for 68 percent of export growth nationwide.
- Exports from Washington to Indonesia grew by \$1.7 billion (or 539 percent) between 2006 and 2010, due largely to growth in the exports of transportation equipment (up \$1.5 billion, or 28,664 percent) and agricultural products (up \$95 million, or 38 percent). In 2010, transportation equipment accounted for 75 percent of Washington's state merchandise exports to Indonesia. Export growth from Washington alone accounted for 44 percent of the growth nationwide between 2006 and 2010.
- A total of 5,499 U.S. companies exported goods to Indonesia in 2008 (the latest data available). Of those, 4,376 (80 percent) were small and medium-sized enterprises, with fewer than 500 employees.
- Small and medium-sized firms generated more than two-fifths (44 percent) of the value of U.S. merchandise exports to Indonesia in 2008, above the average share of 31 percent to the world.

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U.S. Services Exports to Indonesia

- U.S. services exports to Indonesia have also increased. From 2005 to 2009, U.S. services exports to Indonesia increased by 12 percent, increasing from \$1.26 billion in 2005 to \$1.41 billion in 2009. U.S. services exports to Indonesia were hit hard by the recession in 2009, with services exports falling from \$1.59 billion in 2008.
- In 2009, the largest category for U.S. exports of services to Indonesia was other private services totaling \$978 million. Among other private services, education services totaled \$208 million; financial services totaled \$142 million; and business, professional and technical services totaled \$557 million in 2009. The primary business, professional and technical services that were exported were in management, consulting, and public relations services (\$143 million); construction, architectural, and engineering services (\$88 million); and operational leasing (\$67 million).
- Other major U.S. services export categories to Indonesia included the travel sector (\$204 million in receipts) and royalties and licenses fees paid to U.S. companies (totaling \$145 million).

