

Indonesia: Brief Profile

2025

Domestic Economy

- ❖ The real GDP of Indonesia was constant at an estimated 5% in 2024 and 2023.
- ❖ In absolute terms, GDP of Indonesia stood at an estimated US\$ 1,396.3 billion in 2024, with per capita GDP of US\$ 4,958.4 (est.).
- ❖ Average consumer price moderated, and the country recorded an estimated inflation of 2.3% in 2024, against 3.7% in 2023.
- ❖ Services sector dominates the economy, accounting for 44.8% of Indonesia's Gross Value Added (GVA) in 2023. It was closely followed by industrial sector (42.1% of GVA) and agricultural sector (13.1%).
- ❖ Major industries in Indonesia include petroleum and natural gas, textiles, automotive, electrical appliances, apparel, footwear, mining, cement, medical instruments and appliances, handicrafts, chemical fertilizers, plywood, rubber, processed food, jewellery, and tourism.

BASIC FACTS

Land area: 1,904,443 sq km

Population: 281.6 mn (2024, est.)

Language: Indonesian; English

Currency: Rupiah (Rp)

GDP: US\$ 1,396.3 bn (2024, est.)

Exports: US\$ 264.7 bn (2024, est.)

Imports: US\$ 233.7 bn (2024, est.)

Sovereign Rating: BBB (S&P's)

Trade and External Sector

- ❖ Indonesia's exports increased to an estimated US\$ 264.7 billion in 2024 from US\$ 258.8 billion recorded in the preceding year.
- ❖ Indonesia's imports also increased to an estimated US\$ 233.7 billion in 2024, as compared to US\$ 221.9 billion recorded in 2023.
- ❖ Accordingly, Indonesia's trade surplus decreased to an estimated US\$ 31 billion in 2024, as compared to US\$ 36.9 billion recorded a year ago.
- ❖ Mineral fuels, oils and distillation products were the major export item of Indonesia, accounting for 21% of Indonesia's exports in 2024. Other products in Indonesia's

export basket in the same year comprised animal and vegetable fats and oils (10.1% of the total exports), iron and steel (9.7%), electrical machinery and equipment (5.7%), and vehicles other than railways (4.2%) among others.

- ❖ Indonesia's major imports in 2024 included mineral fuels, oils, distillation products (17.4% of the total imports), machinery and mechanical appliances (14.3%), electrical machinery and equipment (11.6%), iron and steel (4.6%) and plastics and its articles (4.4%) among others.
- ❖ China was the major export destination of Indonesia in 2024 accounting for 23.6% of Indonesia's total exports. Other major export destinations in the same year included USA (10% of the total exports), Japan (7.8%), India (7.7%), and Singapore (4.6%).
- ❖ The main sources of Indonesia's imports in 2024 were China (31.1% of the total imports), Singapore (9.2%), Japan (6.4%), USA (5.1%) and Indonesia (5.7%).
- ❖ Indonesia's current account deficit widened to an estimated US\$ 8.9 billion (0.6% of GDP) in 2024, as it was US\$ 2 billion (0.1% of GDP) in 2023.

Foreign Direct Investment, Foreign Exchange Reserves, and Exchange Rate

- ❖ According to UNCTAD *World Investment Report 2024*, FDI inflows to Indonesia stood at US\$ 21.6 billion in 2023, as compared to US\$ 25.4 billion in 2022.
- ❖ FDI outflows from Indonesia reduced to US\$ 7.1 billion in 2023 from US\$ 7.3 billion in 2022.
- ❖ Indonesia's foreign exchange reserves increased to an estimated US\$ 149 billion in 2024, as against US\$ 146 billion in 2023. Reserves reflected an import cover of over 6.4 months.
- ❖ The Indonesian rupiah depreciated to Rp\$ 15,864.6: US\$ 1 in 2024, from Rp\$ 15,236.9: US\$ 1 in 2023.

Country Rating

- ❖ *Standard & Poor's Sovereign Ratings* as on July 30, 2024, rated Indonesia as BBB (adequate capacity to meet financial commitments, but more subject to adverse economic conditions) with a 'stable' outlook.
- ❖ *Dun and Bradstreet's (DB) Country Risk Indicator*¹, February 2024 rates Indonesia as DB4b (slight risk, significant uncertainty over expected returns. Risk-averse customers are advised to protect against potential losses). The trend of D&B's ratings for Indonesia falls under the 'stable' category.
- ❖ *Moody's Investor services*² as on March 14, 2025, rated Indonesia as Baa2 (moderate level of credit risk: obligations may be of the medium grade and as such may possess speculative characteristics) with a 'stable outlook'.
- ❖ According to *Organization for Economic Co-operation and Development (OECD)*³ country risk classifications of January 2025, Indonesia was placed at category '3'.

Macroeconomic Outlook

- ❖ Real GDP is expected to grow at 4.7% in 2025, slightly below its 2024 levels. Private consumption, which constitutes the biggest driver of growth is expected to grow at a similar pace, owing to moderating inflation and looser monetary policy. A mix of supply-chain diversification and friendly industrial policies may continue to encourage private investment and FDI.
- ❖ According to the IMF, inflation in Indonesia is well-anchored, with financial sector risks contained. The country's inflation target for 2024 is set between 1.5% and 3.5%, and is expected to remain within this range, with 2025 inflation projected at 1.7%.

¹ The DB risk indicator is divided into seven bands (DB1 to DB7, in the increasing order of risk). Each band is further divided into quartiles (a-d, ranging low to high), except the DB7 band.

² Moody's Investor services ranks countries in nine categories Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C, according to increasing order of risk. Numerical modifiers 1, 2, and 3 are appended to each generic rating classification. The modifiers 1, 2 and 3, respectively indicate that the obligation ranks in the higher end, mid-range, and lower end of its generic rating category.

³ The OECD Country Risk Classification measures country credit risk, i.e. the likelihood that a country will service its external debt, on a scale of 0 -7 (where 0 is the lowest risk category and 7 is the highest).

However, the anticipated weakening of the rupiah in the coming months could exert upward pressure on imported commodities. Additionally, the government's expansionary policies are likely to push inflation toward the higher end of the central bank's target range.

- ❖ The current climate of heightened global political uncertainty is likely to exert pressure on the currencies of developing countries such as Indonesia. The rupiah is expected to depreciate against the US dollar in 2025 at Rp\$ 16,250: US\$ 1 from Rp\$ 15,864.6: US\$ 1 in 2024. Uncertainty over the Federal Reserve's monetary policy, particularly its slower rate cuts, could hinder a significant recovery in the rupiah for the rest of the year.
- ❖ Indonesia, a global leader in nickel exports, stands to benefit from growth in the global EV sector. While the trade surplus is expected to narrow by 2026, the country's relatively low trade/GDP ratio limits its exposure to US protectionist policies. However, a global slowdown in demand and upcoming US tariffs could impact exports. New trade agreements with Canada, Peru, and the Eurasian Economic Union are likely to support trade growth in the medium term. The current account deficit is expected to be 1.5% of its GDP in 2025.

Indonesia: Economic Structure

Economic Indicators	2020	2021	2022	2023	2024^e	2025^f	2026^f
Nominal GDP (US\$ bn)	1,059.1	1,186.5	1,319.1	1,371.2	1,396.3	1,429.7	1,535.1
Real GDP growth (%)	-2.1	3.7	5.3	5.0	5.0	4.7	4.7
Consumer price inflation (avg., %)	2.0	1.6	4.1	3.7	2.3	1.7	2.5
Population (mn)	270.2	272.7	275.7	278.7	281.6	284.4	287.2
Exports of goods fob (US\$ bn)*	163.2	231.6	291.9	258.8	264.7	283.5	296.6
Imports of goods fob (US\$ bn)*	141.6	196.2	237.4	221.9	233.7	261	279.1
Current-account balance (US\$ bn)	-4.4	3.5	13.2	-2.0	-8.9	-21.2	-24.5
Total External Debt (US\$ bn)	417.1	417.9	396	406.1	399.7	405.9	409.7
Total International Reserves (US\$ bn)*	135.9	144.9	137.2	146.4	149	152.2	155.4
Exchange rate (avg.; Rp\$: US\$) * (Local Currency: Rupiah (Rp))	14,582.20	14,308.10	14,849.90	15,236.90	15,864.60	16,250.00	16,350.00

Note: * Sourced from EIU, ^a- Actual ^e- Estimate; ^f- Forecast

Source: WEO, IMF (April 2025) & EIU Country Report.