

## **Fact Sheet: Economic and Trade Cooperation with Indonesia**

Indonesia has emerged as a major regional economic player, and its international profile continues to grow with its participation in the G-20 and other international economic forums. The United States welcomes and strongly encourages Indonesia's growing leadership role in the global economy and is committed to partnering with Indonesia to expand our trade and investment ties.

The U.S. government works regularly with the Indonesian government to enhance global economic cooperation and reduce market access barriers. Making progress on these issues will benefit both Indonesia and the United States, and will help Indonesia achieve the higher growth it needs to reach its economic development goals. The United States stands ready to further strengthen the U.S.-Indonesia economic partnership and expand commercial relations to boost the prosperity of people in both our countries.

The United States and Indonesia have a fast-growing multibillion dollar trade and investment relationship. Two-way goods and services trade totaled nearly \$20 billion in 2009, with Indonesia exporting \$13.3 billion to the U.S. market and enjoying a \$6.8 billion trade surplus with the United States. Indonesia continues to be a top beneficiary of U.S. trade preferences, with \$1.5 billion entering the U.S. market duty free last year under the Generalized System of Preferences program. In terms of foreign direct investment, U.S. companies have invested \$16 billion in the Indonesian economy, including in energy, mining, and manufacturing enterprises.

### Initiatives to Support a Growing Economic Partnership

**U.S.-Indonesia Trade and Investment Dialogue:** Indonesia and the United States regularly engage on trade and investment issues through the U.S.-Indonesia Trade and Investment Framework Agreement (TIFA). In advance of President Obama's visit, the United States and Indonesia held a TIFA meeting in October to discuss potential new trade and investment initiatives and to assess progress made in addressing market access restrictions in key sectors such as pharmaceuticals, agricultural products, and energy. In September, the two governments provided a report on their activities to the inaugural meeting of the U.S.-Indonesia Comprehensive Partnership Joint Commission.

**USAID Economic Growth Assistance Program:** The U.S. government is investing in assistance projects that will improve the environment for rapid, inclusive, and sustainable economic growth. A \$65 million investment, in partnership with the Indonesian government and the World Bank, will result in job creation and better access to basic rural infrastructure. A project to increase production and marketing of high value crops, and to provide technical support for related agribusiness, will improve food security and create employment opportunities. On-demand advisors will support the Ministry of Trade's efforts to more effectively address international trade and investment issues and improve the business environment for high-value agricultural products.

**Export Successes for American Businesses:** As Indonesia is one of six National Export Initiative (NEI) Next-Tier Market focus countries, identifying and securing export opportunities

for American businesses is a top priority. The NEI goal is to double U.S. merchandise exports to Indonesia to \$10.2 billion by 2015. Export opportunities highlighted in the NEI Export Enhancement Strategy for Indonesia include the following sectors: infrastructure, which consists of transportation, energy/power, information technology, and environment; education; food/agriculture; health; defense; and creative industries. In the first eight months of 2010, bilateral goods trade between the United States and Indonesia increased by 31 percent, with U.S. exports to Indonesia surging by 47 percent.

Top performing U.S. exports to Indonesia during the first eight months of 2010 include aircraft (with more than \$1 billion in U.S. exports to Indonesia between January and August), transportation equipment, agricultural and food products, and machinery. The U.S. states most engaged in exporting to Indonesia's fast-growing market include Washington, California, Texas, Illinois, and Louisiana.

#### **New Overseas Private Investment Corporation (OPIC) Agreement to**

**Enhance U.S. Investment in Indonesia:** An updated OPIC investment agreement that better serves the needs of U.S. businesses was signed in April 2010. This agreement replaced a 1967 agreement with an improved framework for the range of OPIC's programs, including project finance and political risk insurance services, while allowing for the Indonesian government's prior approval of OPIC involvement in large projects. The new agreement will help support expanded U.S. investment in Indonesia. To date, OPIC has provided over \$2.1 billion in insurance and financing in Indonesia. Additionally, in April 2011, OPIC will host its annual Investment Conference in Indonesia to highlight investment opportunities in the region. The conference will connect U.S. and Indonesian investors, financial institutions, private equity managers, local partners, and government officials. The conference agenda is still under development, but will likely focus on a number of sectors and issues such as renewable energy, clean technology and entrepreneurship.

**Global Entrepreneurship Program Indonesia:** The U.S. government's focus on entrepreneurship was first announced in President Obama's June 2009 Cairo speech on "New Beginnings and Global Engagement" and amplified through the Presidential Summit on Entrepreneurship. The Global Entrepreneurship Program (GEP) supports and empowers entrepreneurs around the world by marshalling partners as well as multiple U.S. government programs to create a successful ecosystem for entrepreneurs.

The U.S. government selected Indonesia as one of two pilot countries for the GEP. The launch of the GEP in Indonesia will take place during Global Entrepreneurship Week in November. The GEP is also supporting Indonesia's efforts to host a regional summit in July 2011 as a follow-on to the Presidential Summit.

GEP will also coordinate an entrepreneurship trade mission to Indonesia in early 2011, bringing together American investors and entrepreneurs with their Indonesian counterparts to learn about the local business climate.

**Department of Commerce Trade Missions:** In April 2011, Commerce will organize the largest ever delegation of U.S. universities for an education trade mission to Indonesia to deepen education ties and promote better understanding between the two countries.

Commerce is also planning a multi-sector trade mission to Indonesia on infrastructure, health, and creative industries for October 2011, as well as thirteen reverse trade missions bringing Indonesian buyers to the United States.

**USTDA's Geothermal Development Initiative:** The U.S. Trade and Development Agency (USTDA), with Indonesian government and private sector sponsors, launched a Geothermal Development Initiative. The Initiative includes support for a 300MW public-private geothermal project in West Java, a 370MW private sector geothermal project in Halmahera, and a training program to strengthen the capacity of provincial government authorities to develop geothermal energy. This effort will address the need for more electric power in Indonesia and help the Government reach its ambitious goal of generating 10,000MW of power from geothermal energy. The two-part training program will educate Indonesian federal and local stakeholders on the technical, economic, environmental, and regulatory aspects of geothermal power projects. The training will take place in-country from January 10 to February 11, 2011, followed by a Reverse Trade Mission that will bring high-level Indonesian decision makers to the United States in March. USTDA estimates that this initiative could generate up to \$433 million in U.S. exports in equipment and services, thereby sustaining and creating substantial high-value U.S. jobs.

**Eleven Indonesian Banks Pre-Approved for Ex-Im Bank Financing:** In June 2010 the Export-Import Bank of the United States (Ex-Im Bank) announced that it had pre-approved 11 Indonesian banks to receive expedited financing under a \$1 billion bank facility to support U.S. exports to Indonesia. The bank facility will enable Indonesian companies to access Ex-Im Bank-backed financing from local banks and help Ex-Im Bank approve these transactions more quickly. In fiscal 2009 Ex-Im Bank supported \$285.6 million in U.S. exports to Indonesia, including financing for Sikorsky helicopters to P.T. Travira Air. In fiscal 2009 and 2010 Ex-Im Bank supported \$1.2 billion of U.S exports related to the sale of 30 Boeing 737-900ER aircraft to Lion Air in Indonesia.

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