Trade Mission of the Indonesian Ministry of Trade to South America

Jakarta, March 9, 2012 – The government of Indonesia is targeting the growth of export to non-traditional markets to reach 25% in 2012. Amidst a global economic crisis, the strategic policy from the government to achieve an export volume worth USD 230 billion is aimed through market diversification and by enhancing the added value of the export products.

For the purpose of market diversification, the Indonesian Minister of Trade Gita Wirjawan shall lead a trade mission to South America on March 12-16, 2012. The Minister of Trade plans to visit Brazil, Chile and Peru, while the Indonesian business delegation shall be led by the Director General of National Export Development Gusmardi Bustami.

Promotion and market penetration through trade missions is an effective method to expand and open new networks and to establish new business relationships with foreign trade partners as the target importers/buyers of Indonesian products.

The target of the trade mission this time is to open opportunities for trade cooperation that mutually benefit Indonesia and the three countries, particularly in the sector of energy security, food security and environment security for a long-term period.

Brazil, Chile and Peru were chosen as the target markets for several reasons, among others the promising economic growth rate of these three countries, the trade volume of the bilateral trade with Indonesia, the positive trend of exports from Indonesia to the three countries in the past five years, the geographical location and the transportation and logistics connectivity of the three countries, and the trend of imports of the world in the recent five years.

The Indonesian Minister of Trade Gita Wirjawan plans to hold bilateral meetings with several Ministers from these three countries, among others the Minister of Foreign Affairs of Brazil, Antonio de Aguiar Patriota; Minister of Development, Industry and Foreign Trade of Brazil, Fernando Pimentel; and Minister of Trade and Tourism of Peru, Jose Luis Silva Martinot.

The Indonesian Minister of Trade along with the DG of National Export Development shall lead the trade mission that consists of companies and associations in the field of agriculture, manufacturing and services. There are at least seven companies and associations in the agriculture sector, namely the Indonesian Association of Wheat Flour Producers, KIBIF (PT. Bina Mentari Tunggal), PT. Aneka Coffee Industry, GAPMMI, PT. Alam Jaya, PT. Indofood Sukses Makmur, and HKTI.

Meanwhile from the manufacturing sector include PT. Denpoo Mandiri Indonesia, PT. MMS, PT. Gadjah Tunggal Tbk, CV Zapp Mebel Desain, PT. Sri Rejeki Isman, PT. Djarum, PT. Gunung Raja Paksi, PT. Citatah, Riau Andalan Pulp and Paper, CV Indobamboo and PT. Krakatau Steel.
From the service sector, several companies also joined the trade mission including, PT. Sucofindo, PT. Asuransi Ekspor Indonesia, and HSBC. In addition to these companies, the Indonesian Chamber of Commerce (KADIN) also participated in this trade mission.

Besides bilateral meetings, the Indonesian delegation - that consists of the elements from the government and the business communities - will meet with their counterparts from the three partner countries through business forums and through one-on-one business meetings.

Based on the 2010 data, Indonesia experienced a trade deficit with Brazil and Chile, however, Indonesia recorded a trade surplus with Peru. Indonesia’s export to Brazil in 2010 was worth USD 1.52 billion, while Indonesia’s import from Brazil was recorded at a level of USD 1.71 billion, which means that Indonesia had a trade deficit of USD 190 million.

Indonesia’s export to Chile in 2010 was noted at USD 192 million, while Indonesia’s imports from Chile was USD 390 million. Therefore, the trade balance of Indonesia-Chile in 2010 was a deficit for Indonesia at a level of USD 116 million.

The trade balance of Indonesia-Peru in 2010 was a surplus for Indonesia amounting to USD 62 million. Indonesia’s exports to Peru in that year was USD 94 million, while the Indonesian import from Peru was merely USD 31 million.

After running a market intelligence, the Indonesian Ministry of Trade have identified several products that have potential as export commodities for South American countries, which include mineral fuel, oil, machinery, nuclear reactors, electronics and electricity, plastic, organic chemicals, iron and steel, rubber, paper, aluminum, garments and accessories, furniture, shoes and footwear, pearls and natural stones, wood, cacao, coffee, tea, spices, nickel and tin.

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