



Indonesia Investments

February 2021 Trade Balance

- Global Recovery in Trade Persists in 2021, Even Broadens; China Leads the Way
- Indonesia Posts Another Comfortable Trade Surplus (USD \$2.00 billion) in February 2021
- Indonesian Imports Back at Pre-COVID-19-Crisis Levels; 1st Y/Y Import Growth since June 2019
- However, the Environment (Both Global and National) Remains Filled with COVID-19 Related Uncertainties

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Update – 17 March 2021

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Preface

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Global Trade Back to Pre-COVID-19-Crisis Levels?

Room for Optimism about Indonesia's Trade Performance?

Last month we were still a bit pessimistic about Indonesia's trade performance, with bleak imports into Indonesia being the main reason (while the country's impressive export performance is nice, but essentially the result of Indonesia's overdependence on raw commodity prices, which is actually a structural weakness of Southeast Asia's largest economy).

The reason why there is some room for optimism is because imports into Indonesia grew quite markedly in February 2021. In fact, Indonesian imports seem back at pre-COVID-19-crisis levels. We discuss this topic in more detail below.

But first we want to discuss global trade. Because global trade, too, is showing some positive developments (which should impact positively on the trade performance of Indonesia). And, considering trade is a good barometer of global economic health, it also makes us a bit more optimistic about global economic growth.

While back in April 2020, when the COVID-19 pandemic had really broke out around the globe, the World Trade Organization (WTO) expected global trade to plunge up to 32 percent year-on-year (y/y), we now know this worst scenario did not become a reality. Indeed, 'global merchandise exports' did plunge around 15 percent in Q2-

2020, but these exports started to bounce back in the second half of 2020. Moreover, trade data covering the first two months of 2021 suggest that the recovery persists, and even broadens.

Particularly China is to thank for this recovery.

[...]

This update consists of 14 pages.

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