

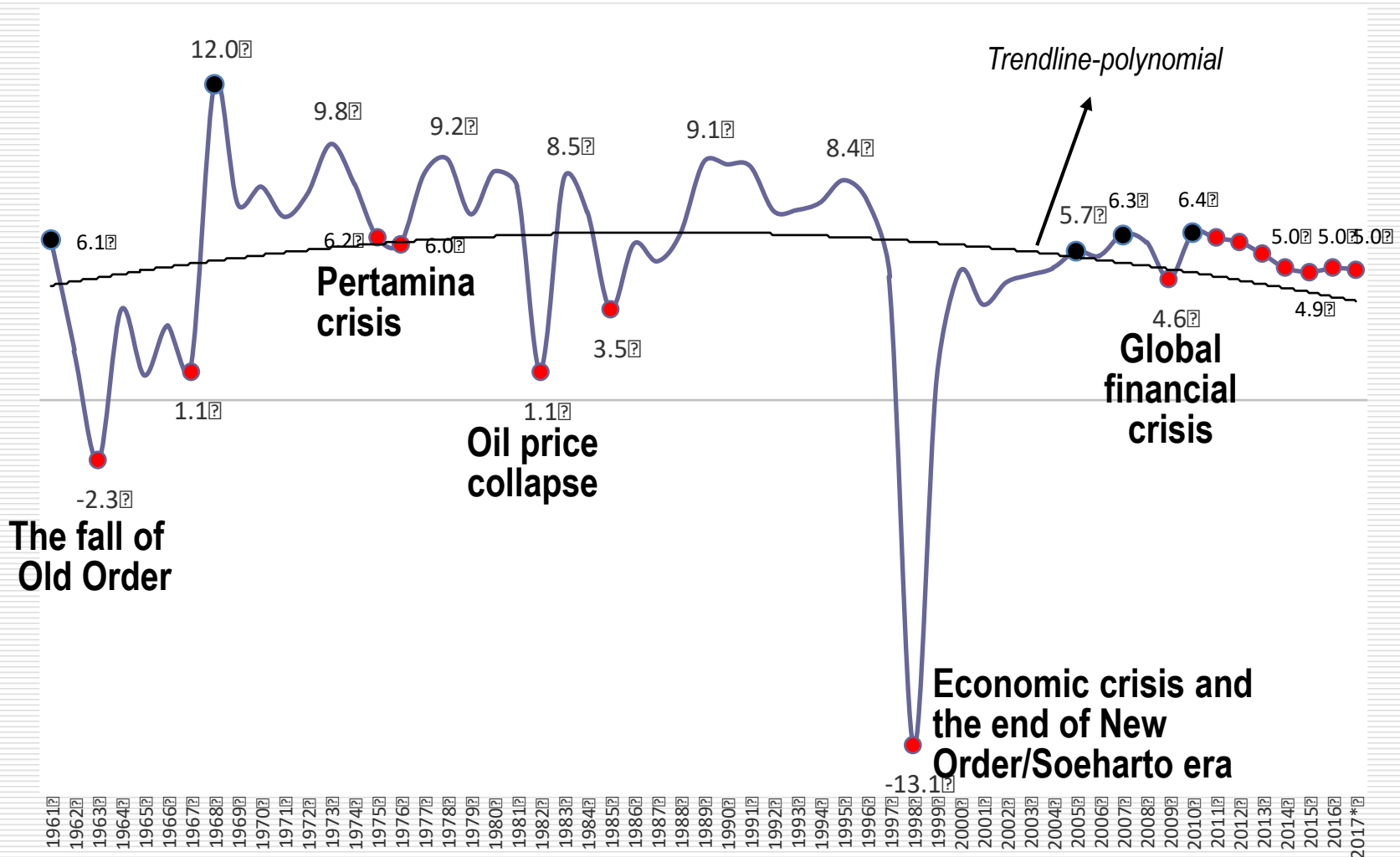


UTANG DAN PERTUMBUHAN EKONOMI

Faisal Basri

4 September 2017

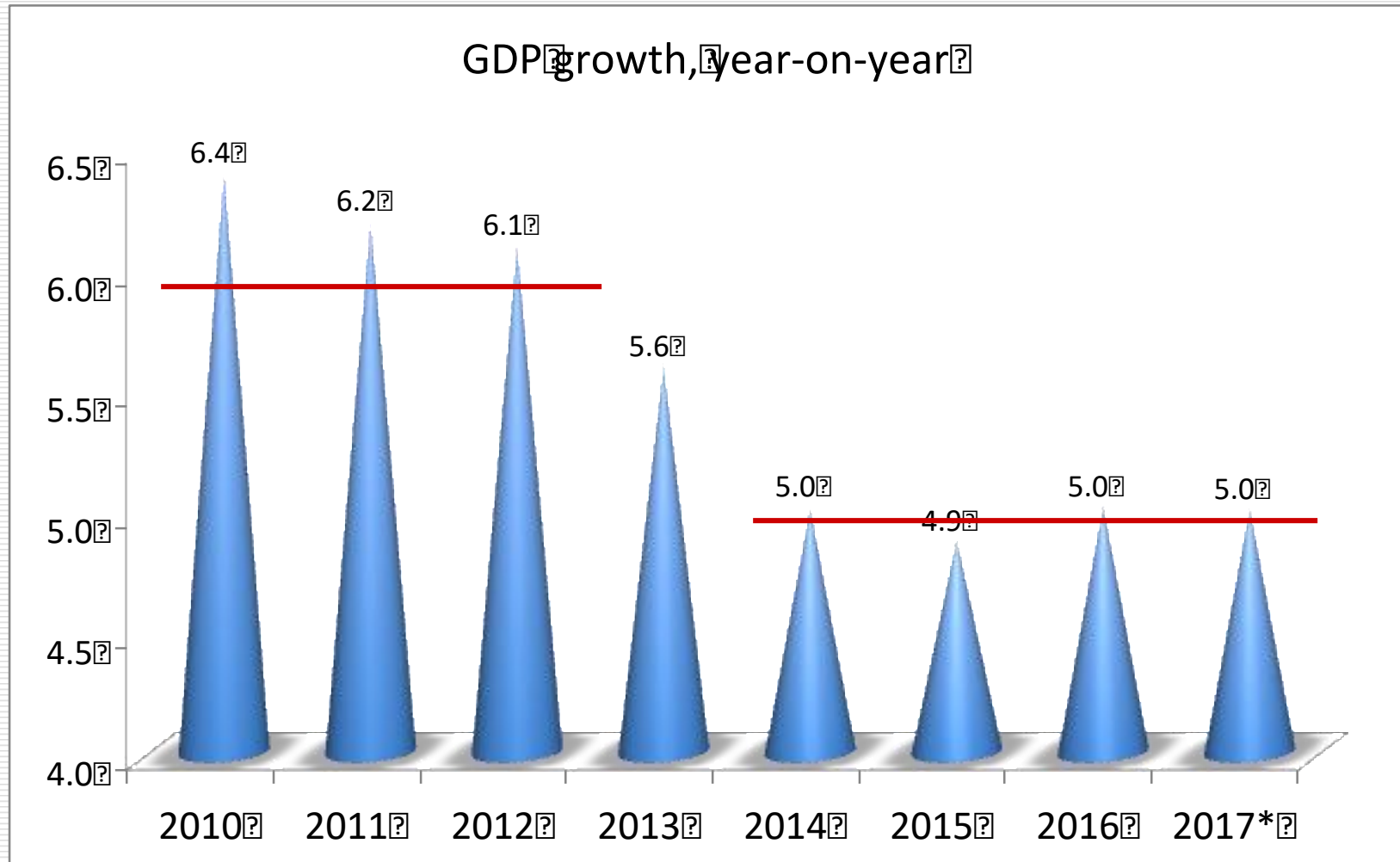
The rise and decline of Indonesian economy: GDP growth 1961-2017 (%)



* First semester.

Source: BPS-Statistics Indonesia.

The declining trend of economic growth from 6% to 5%

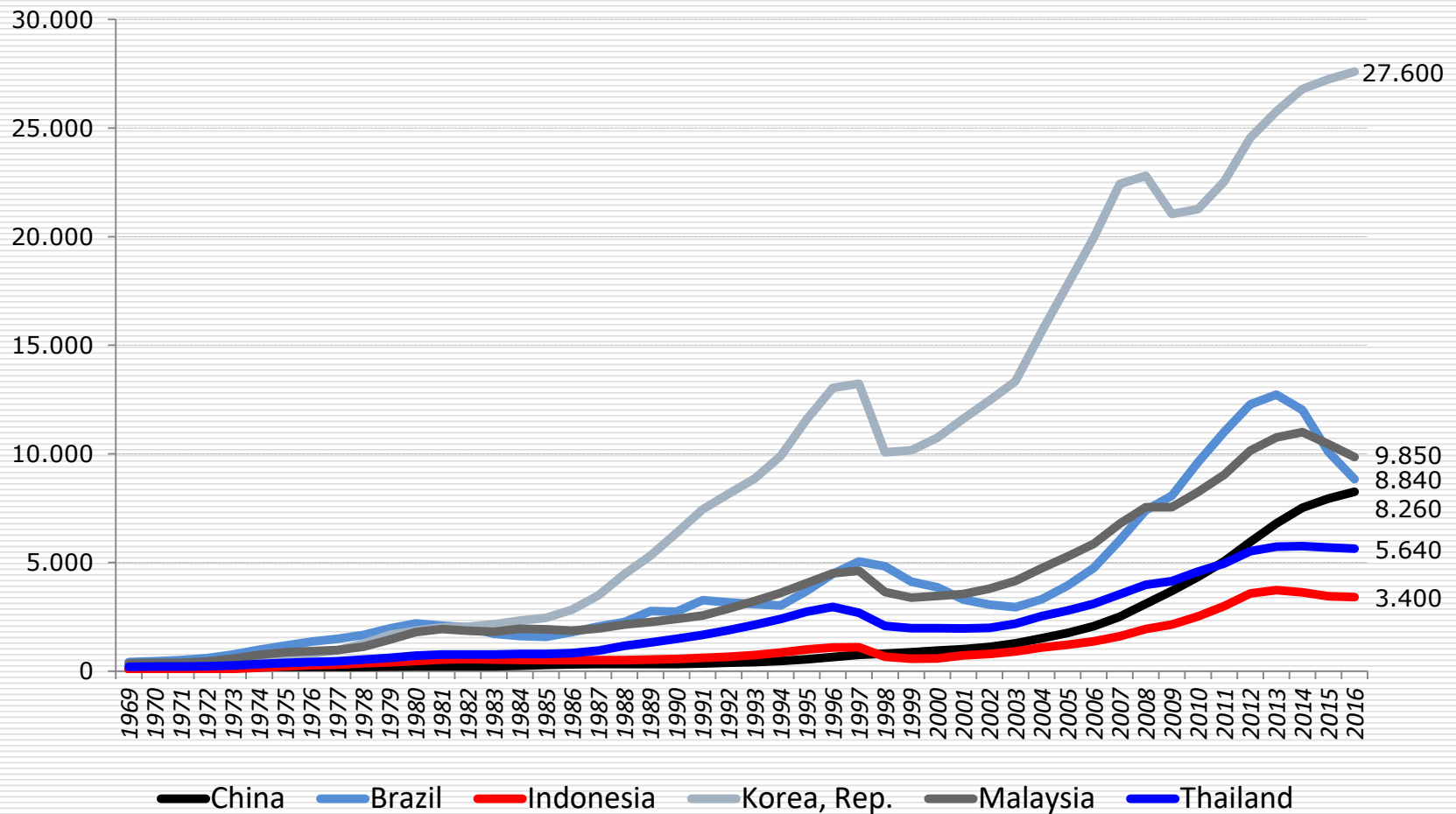


* First semester.

Source: BPS-Statistics Indonesia.

Setting off from a point where neighboring countries started their journey too (1)

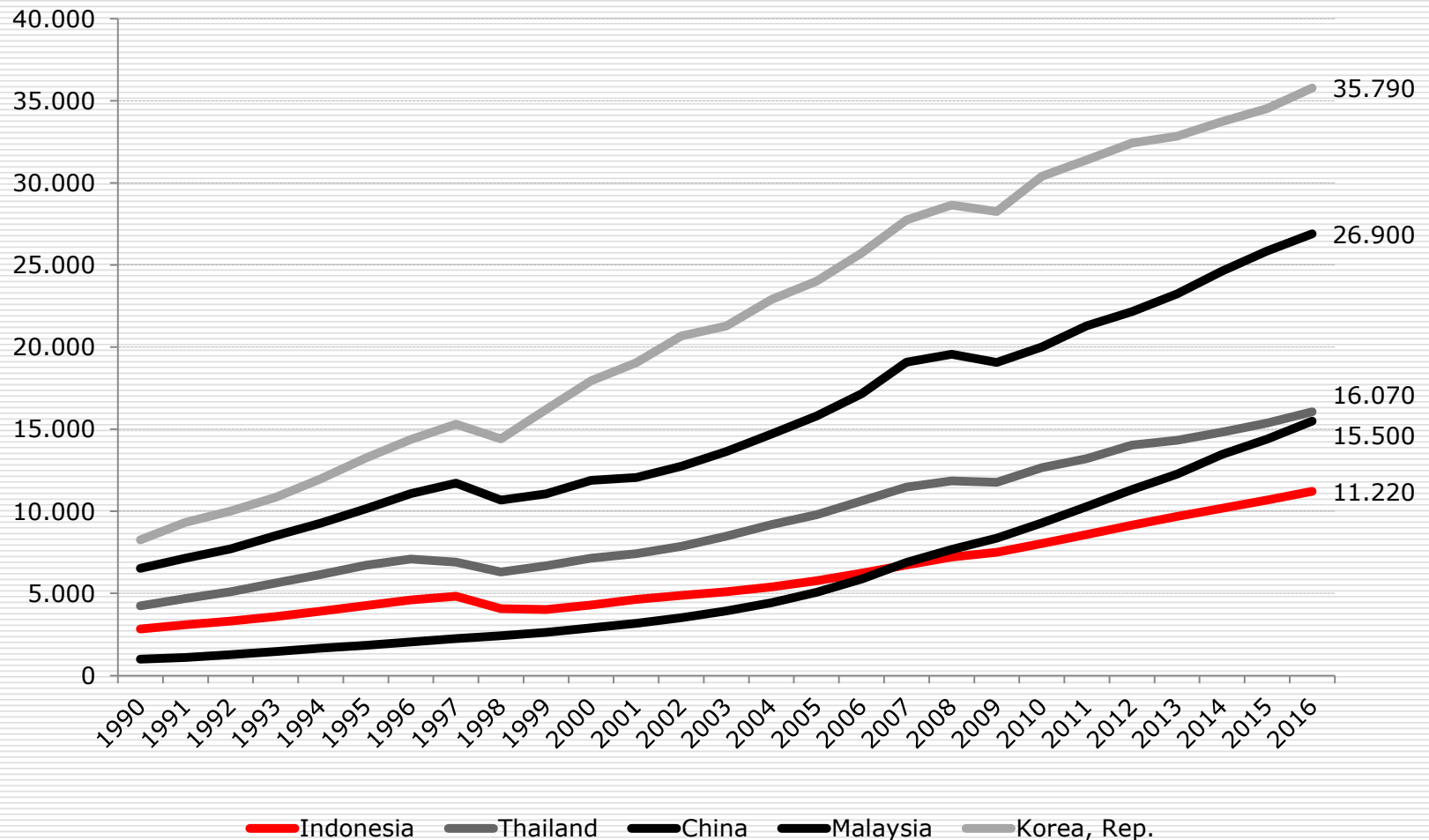
Gross national income (GNI) per capita,
Atlas method, current US\$



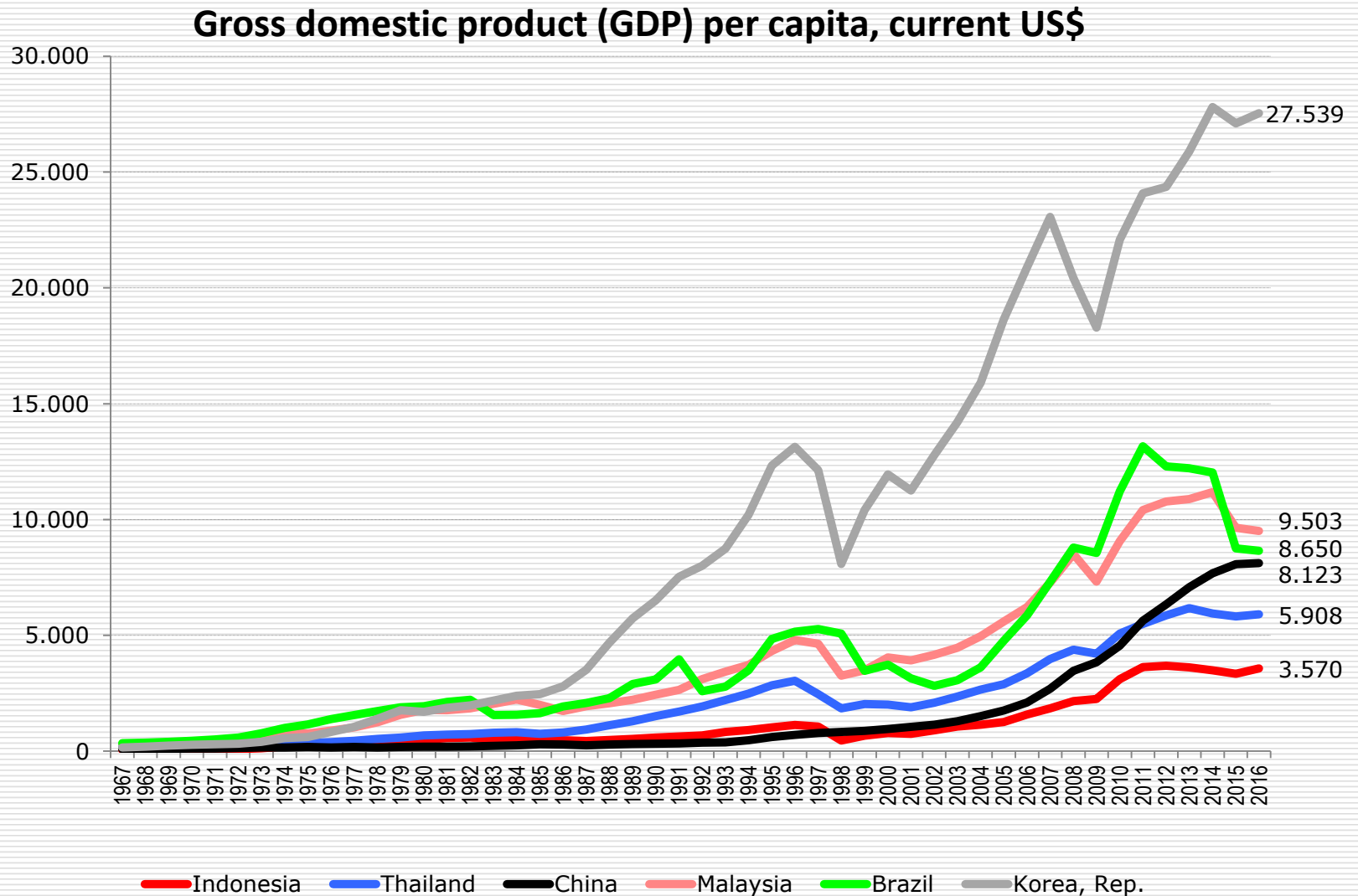
Source: World Bank, World Development Indicators online, downloaded on August 31, 2017.

Setting off from a point where neighboring countries started their journey too (2)

GNI per capita, PPP, current international \$



Setting off from a point where neighboring countries started their journey too (3)



Source: World Bank, World Development Indicators online, downloaded on August 31, 2017.

Tax revenue target is still too ambitious, considering the 2017 tax revenue target may not be achieved

	2014 Actual audited	2015 Budget	2015 Revised Budget	2015 Actual audited	2016 Budget	2016 Revised Budget	2016 Actual	2017 Budget	2017 Revised Budget	2018 Proposed Budget
A. Revenues	1,550	1,794	1,762	1,508	1,822	1,786	1,552	1,750	1,736	1,878
I. Tax revenues	1,147	1,380	1,489	1,240	1,547	1,539	1,284	1,499	1,473	1,609
a. Income tax	546	644	679	602	757	856	667	788	784	853
i. Oil and gas	87	89	50	50	41	36	36	36	42	36
ii. Non-oil & gas	459	556	630	553	716	819	631	752	742	817
b. VAT/LGST	409	525	576	424	572	474	411	494	475	535
c. Excises	118	127	146	145	146	148	143	157	153	155
d. Others	73	84	88	70	71	61	62	60	60	66
II. Non-tax revenues	399	410	269	256	274	245	262	250	260	268
B. Expenditures	1,777	2,040	1,984	1,806	2,096	2,083	1,860	2,080	2,133	2,257
C. Overall balance	-227	-246	-223	-298	-274	-297	-308	-330	-397	-379
as percent of GDP	-2.2	-2.1	-1.9	-2.6	-2.2	-2.4	-2.5	-2.41	-2.93	-2.19

Sources: Ministry of Finance..

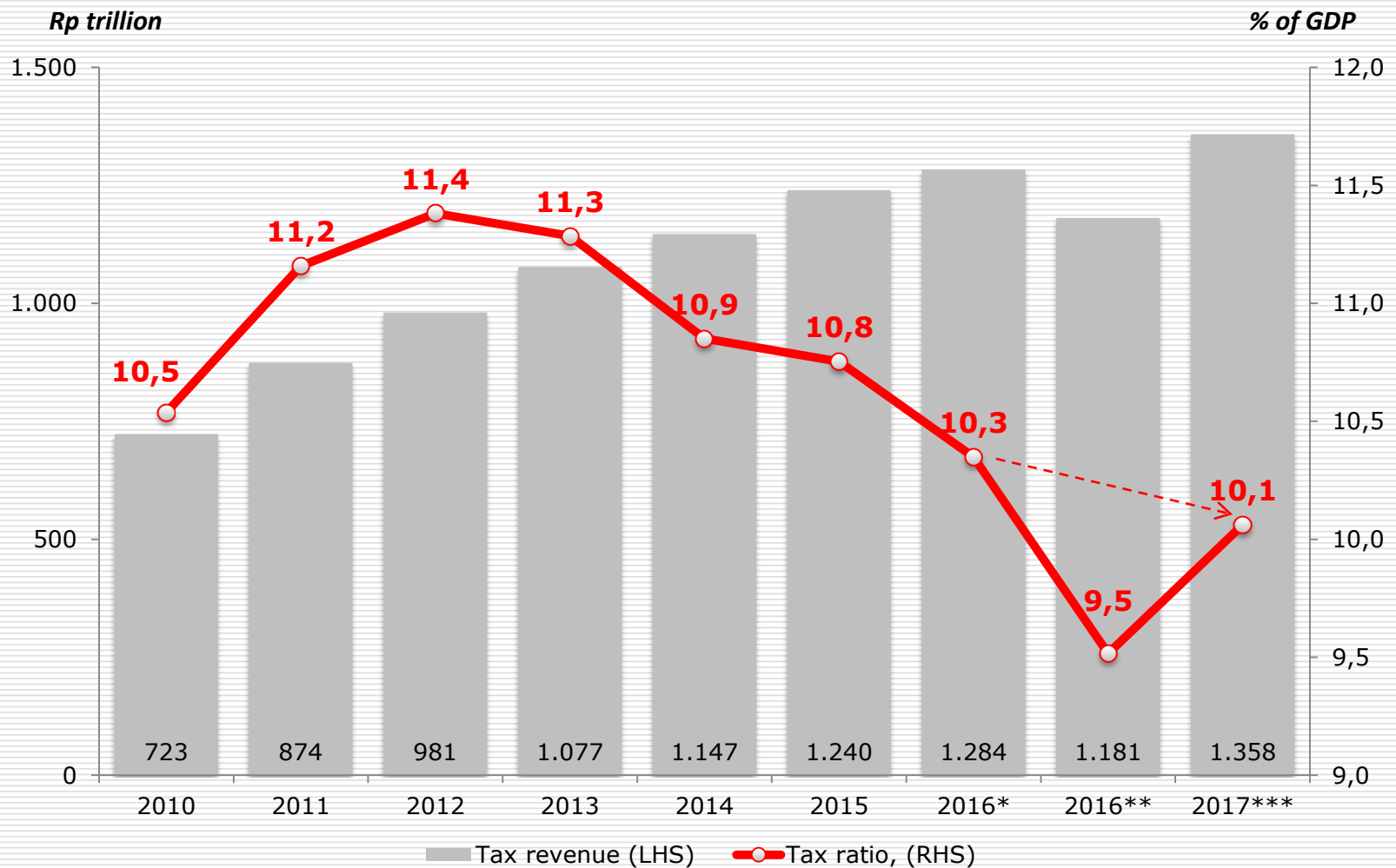
Tax revenue target is still too ambitious, considering the 2017 tax revenue target may not be achieved

Summary of State Budget 2014-2018 (IDR trillion unless otherwise indicated)

	2014 Actual audited	2015 Actual audited	2016 Actual	2017 Budget	2017 Revised Budget	2017 Budget outlook	2018 Proposed Budget
A. Revenues	1,550	1,508	1,552	1,750	1,736	1,736	1,878
I. Tax revenues	1,147	1,240	1,284	1,499	1,473	1,473	1,609
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Sources: Ministry of Finance..

Tax ratio decreased in the last 5 years



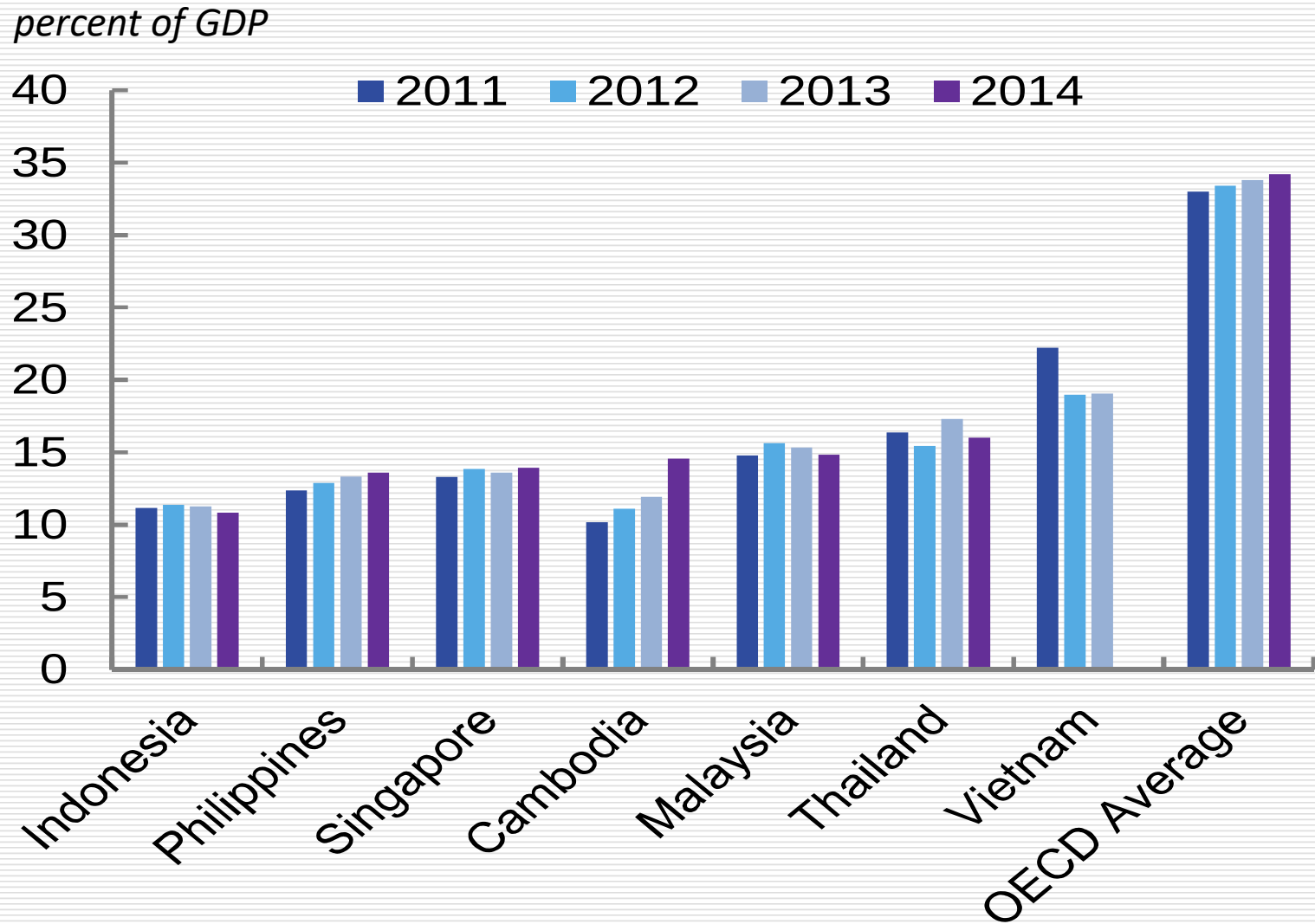
* Preliminary actual.

** Without penalties from tax amnesty.

*** own projection.

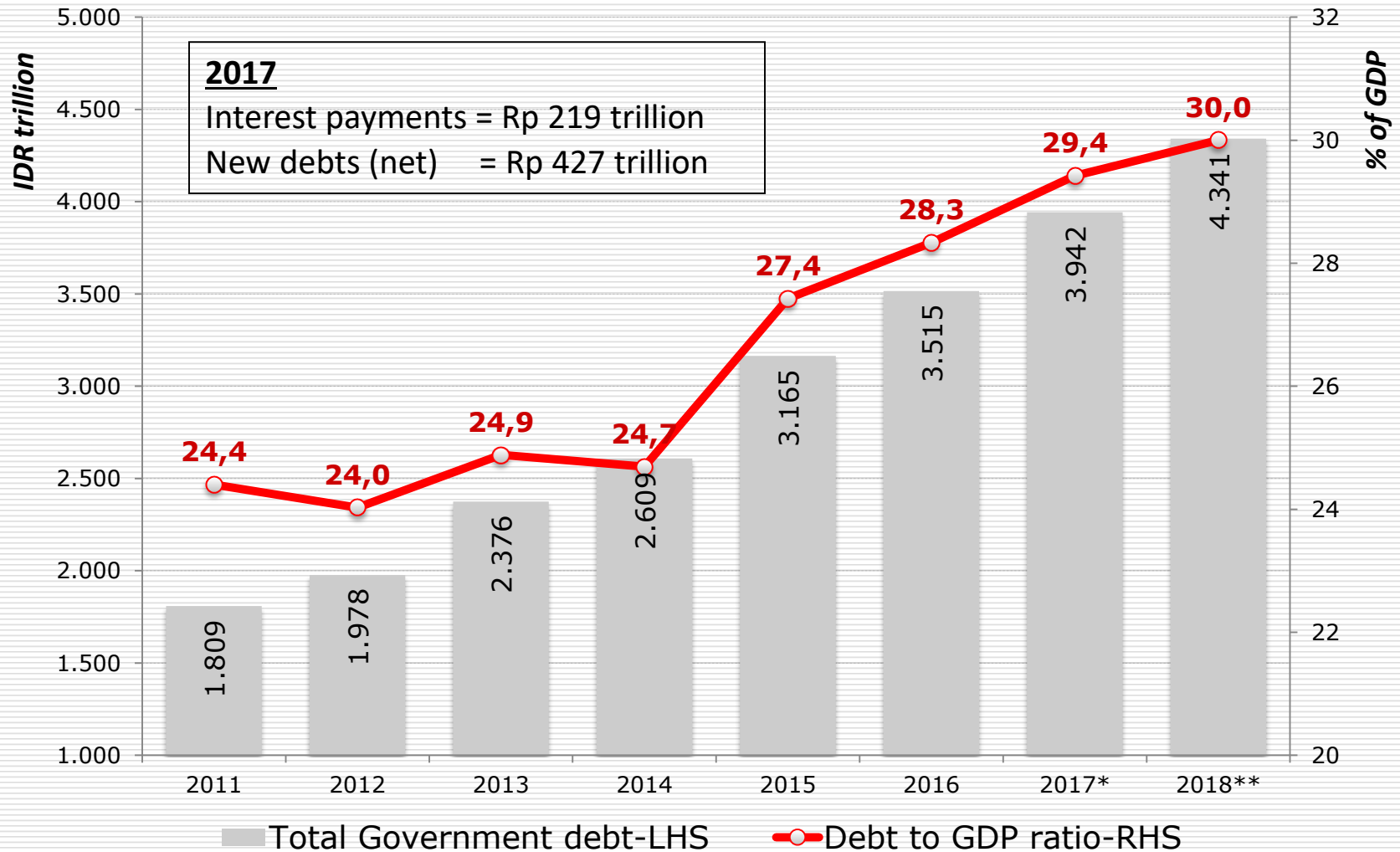
Sources: Tax revenue from Ministry of Finance; GDP from BPS-Statistics Indonesia based on 2010 Serie and current prices.

Indonesia's tax-to-GDP ratio is low compared to peers



Source: World Bank, Indonesia Economic Quarterly, March 2017, p. 21.

Central government debt increased sharply in the last 3 years

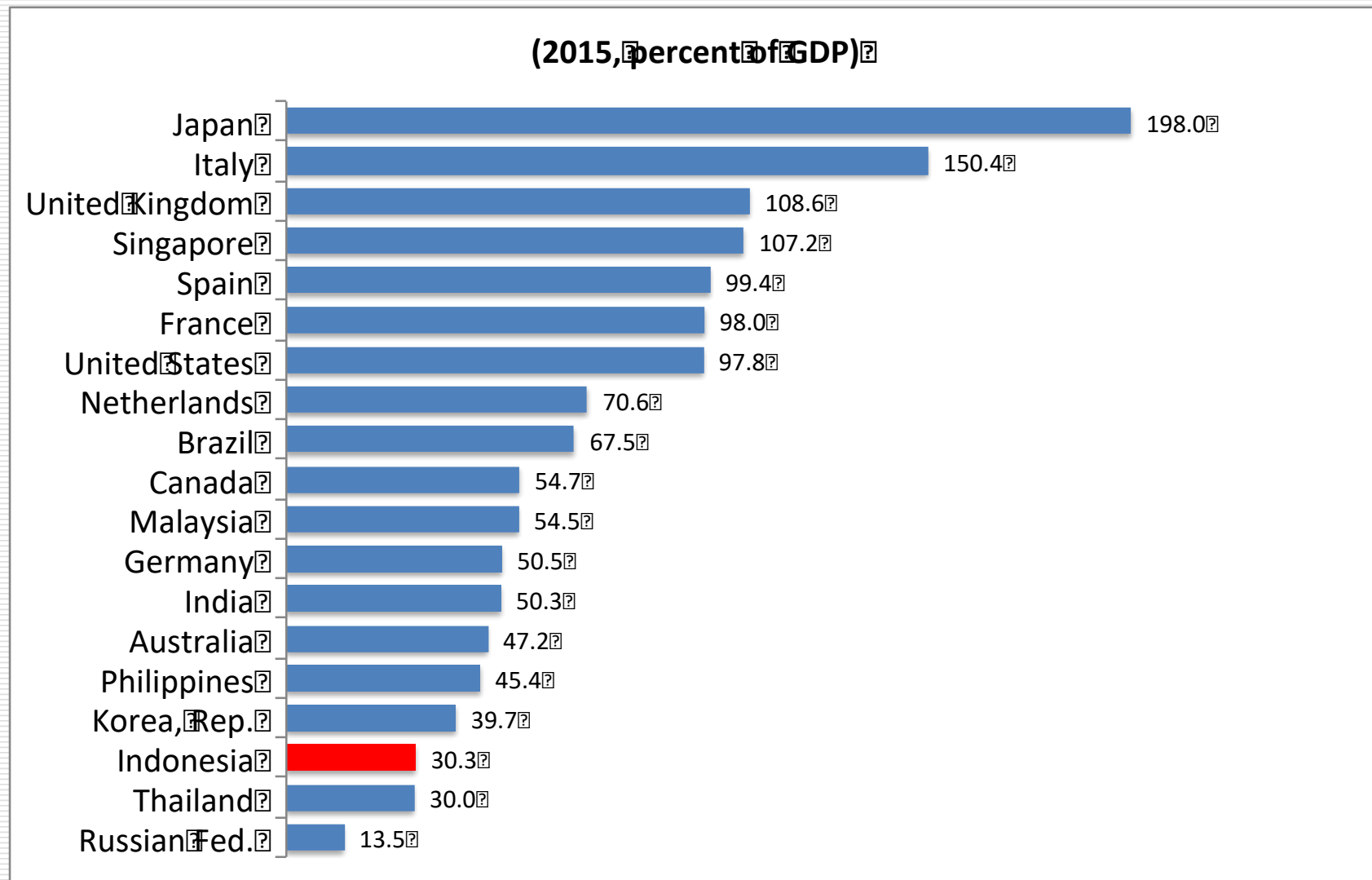


* 2016 plus additional Government plan for net new debts (outlook); and own projection for nominal GDP.

** Net new debts in 2018 = Rp 399 trillion based on RAPBN 2018.

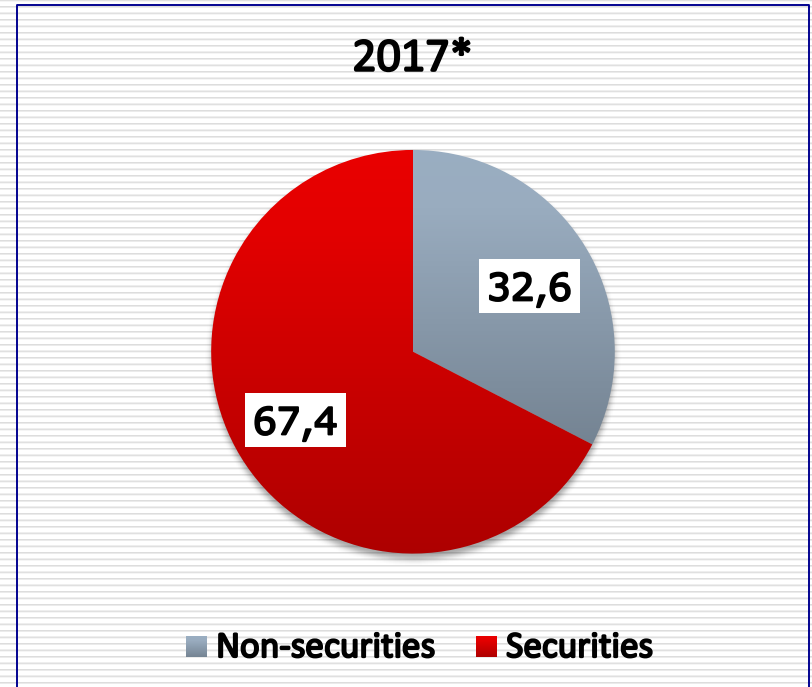
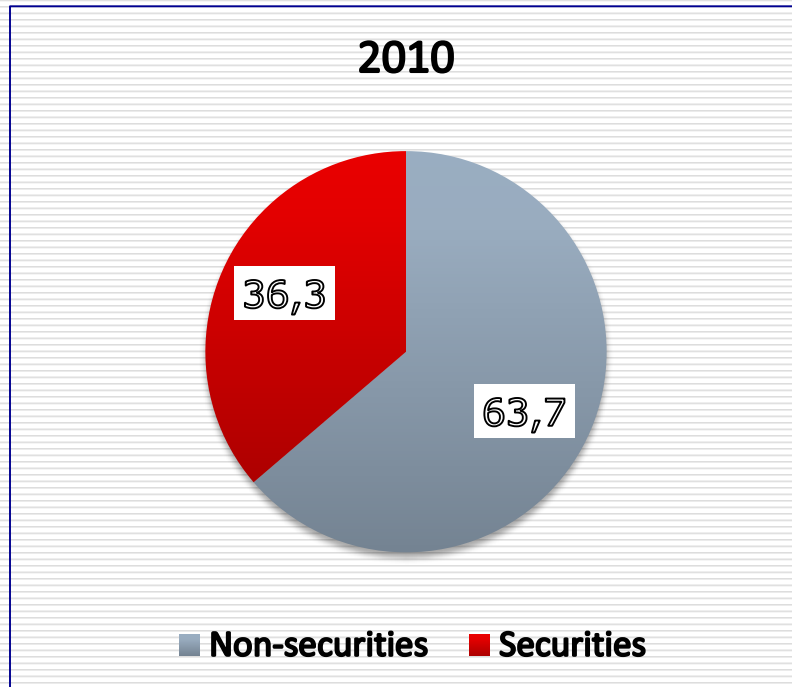
Sources: BPS-Statistics Indonesia and Ministry of Finance.

Central government debt to GDP ratio



Source: <http://databank.worldbank.org/data/reports.aspx?source=2&series=GC.DOD.TOTL.GD.ZS&country=> , downloaded on September 3, 2017.

Composition of government foreign debt



* June.

Source: Bank Indonesia..

Indonesia's sovereign rating by 5 agencies

Rating Agency	Rating	Latest Awarded Date	Outlook	Note
Moody's	Baa3	Feb. 8, 2017	Positive*	IG
Fitch	BBB-	Dec. 21, 2016	Positive*	IG
Rating and Investment	BBB-	Apr. 5, 2017	Positive*	IG
Japan Credit Rating Agency	BBB-	Mar. 7, 2017	Positive*	IG
Standard & Poor's	BBB-**	May 19, 2017	Stable	IG

IG = Investment Grade

* Revised from stable

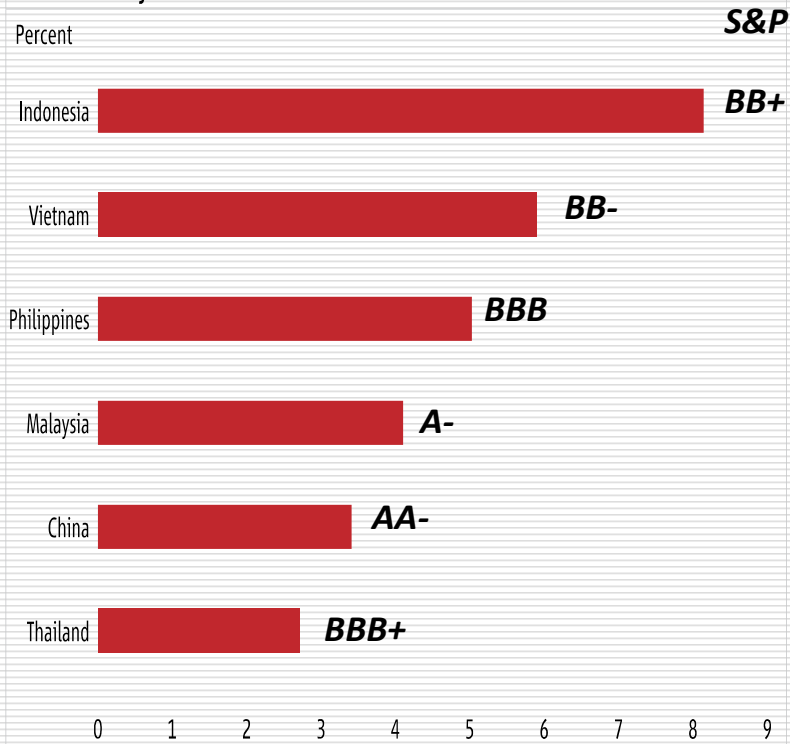
** Raised by one notch from BB+

Source: Bank Indonesia.

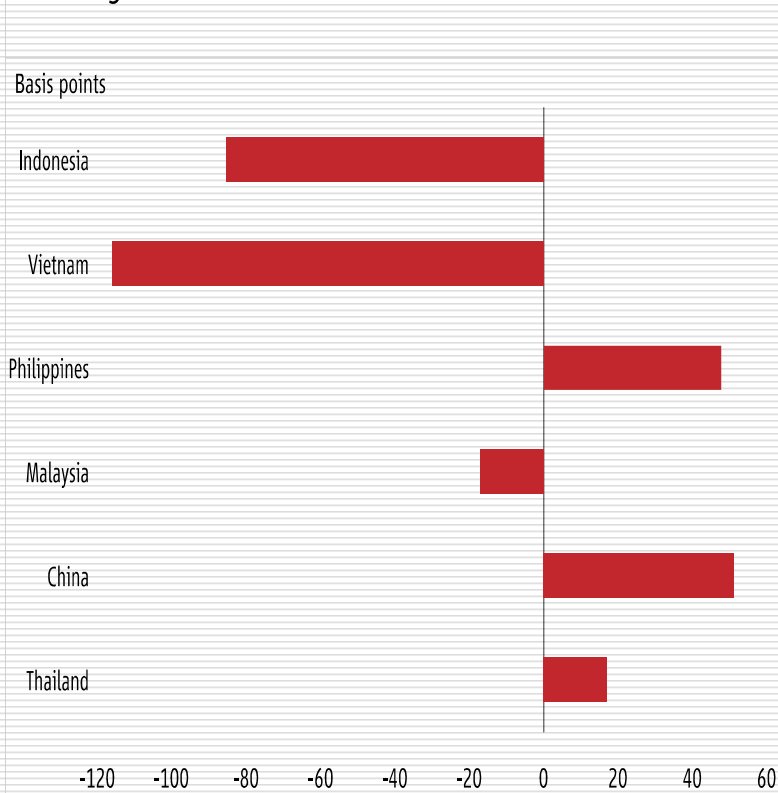
S&P rating and sovereign bond yields

Government bond yields had significantly decreased over the past year in Indonesia and Vietnam even though both countries had not yet obtained investment grade status

A. 10-year local currency government bond yields, February 2017

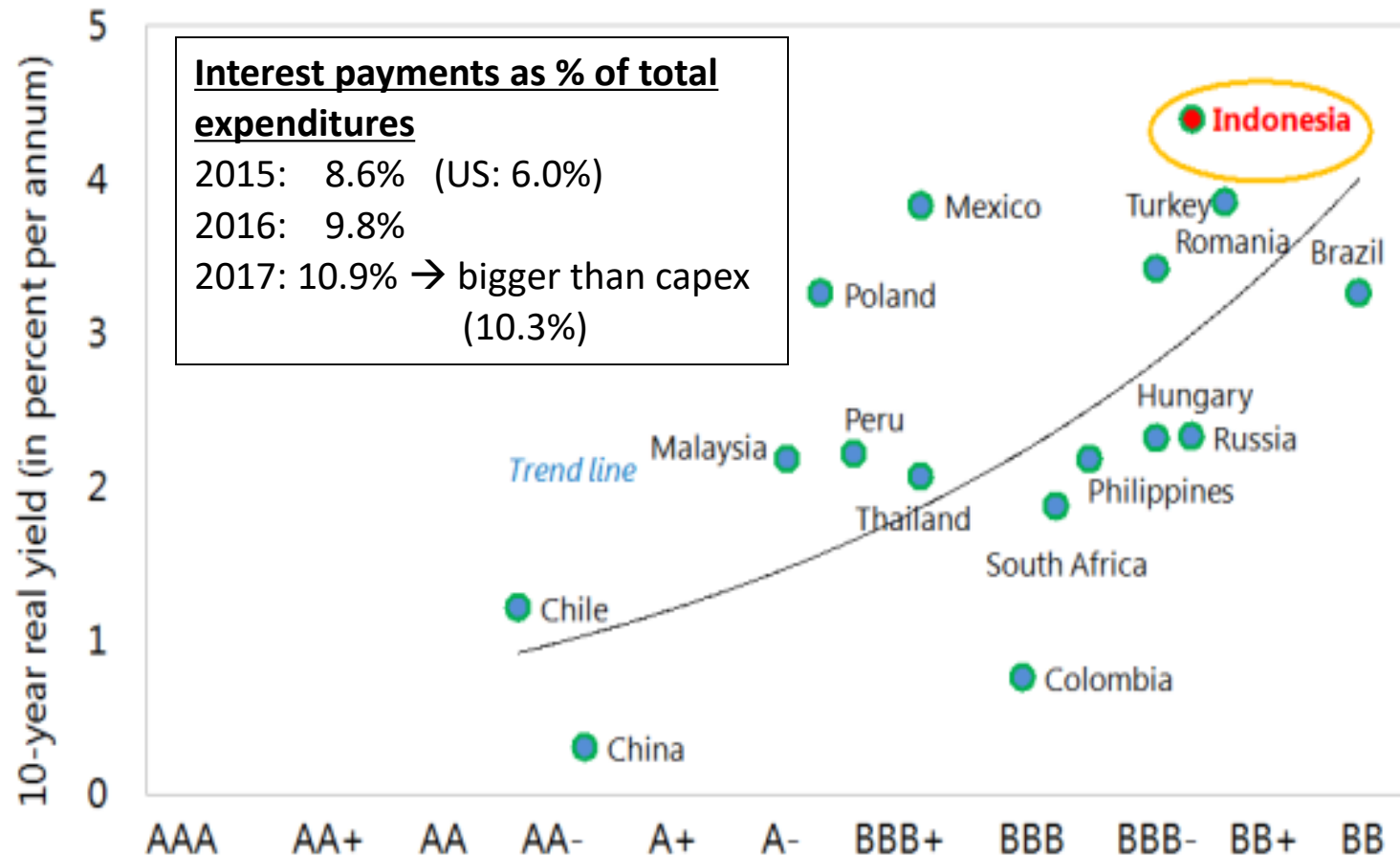


B. Change since December 2015



Sources: Haver Analytics; CEIC.

Government bond real yield and credit rating

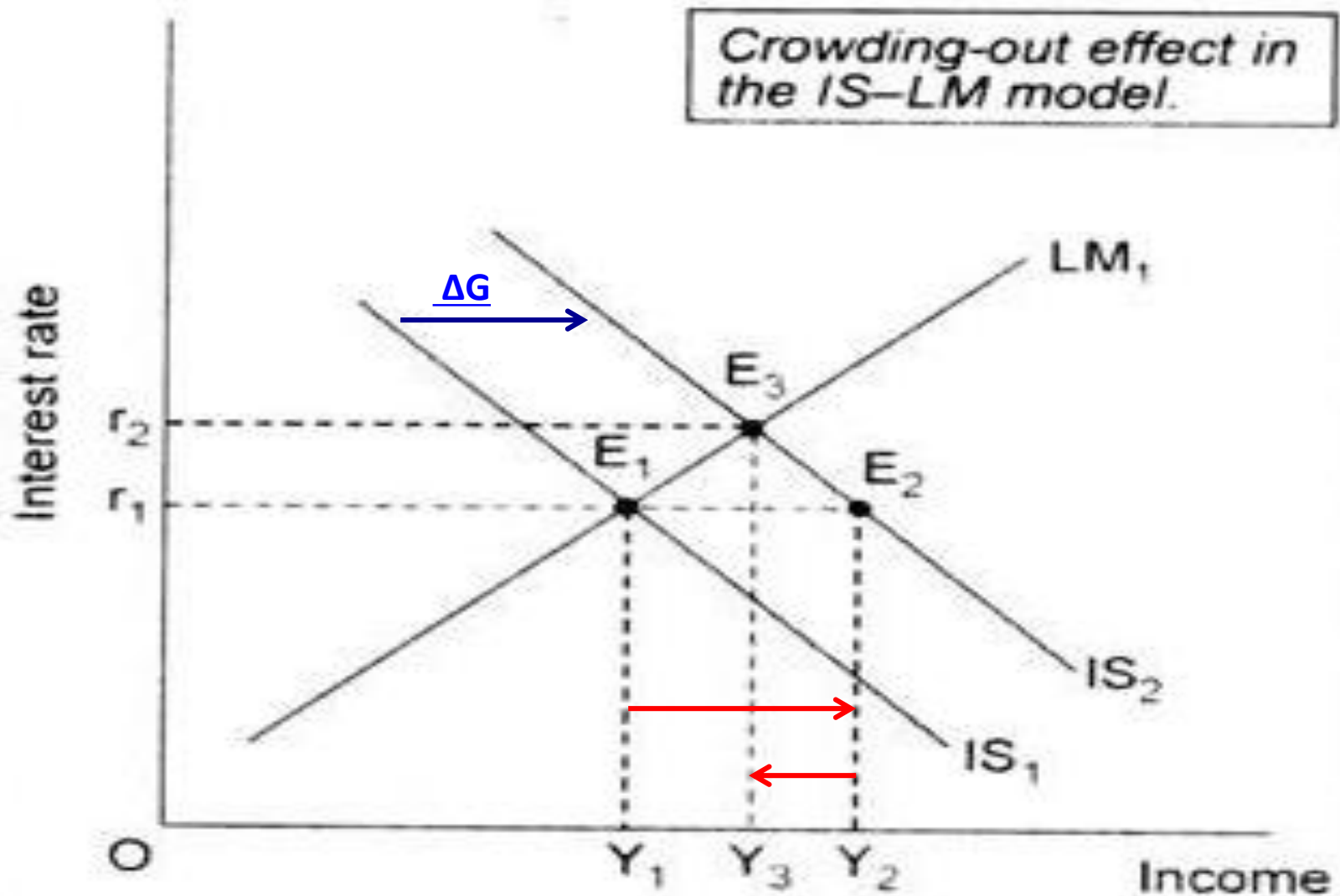


Sources: Bloomberg L.P.; IMF, *Information Notice System*; and IMF staff estimates.

1/ Real yield is defined as nominal bond yield minus inflation rate. Credit Rating represents average of ratings from S&P, Fitch, and Moodys for each country. Data as of November 2016 or latest available.

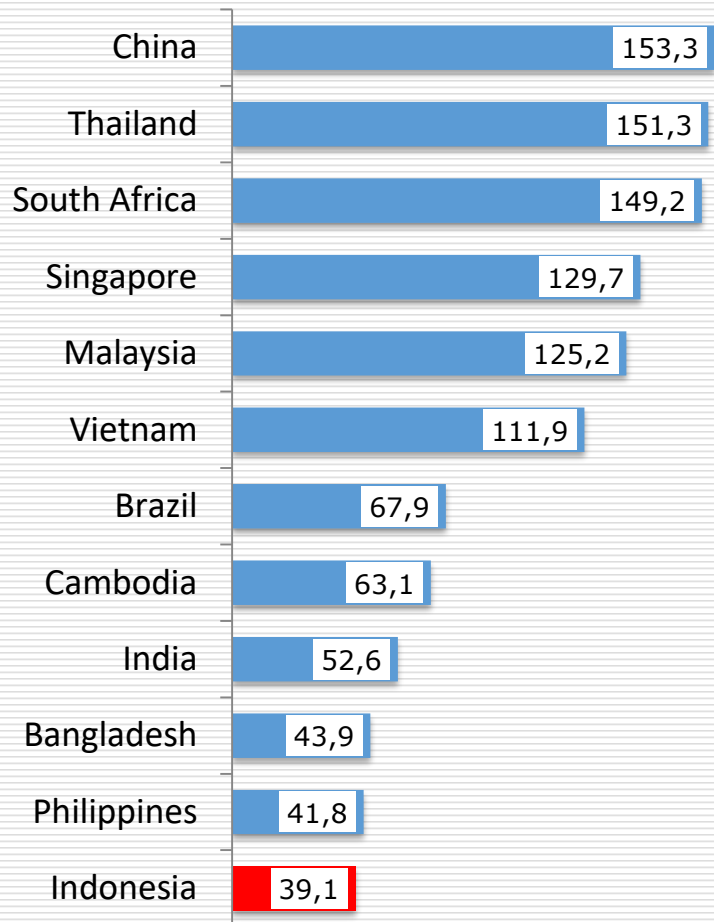
<http://www.imf.org/en/Publications/CR/Issues/2017/02/11/Indonesia-Selected-Issues-44654>

Ekspansi fiskal dengan SUN mendesak investasi swasta karena suku bunga naik

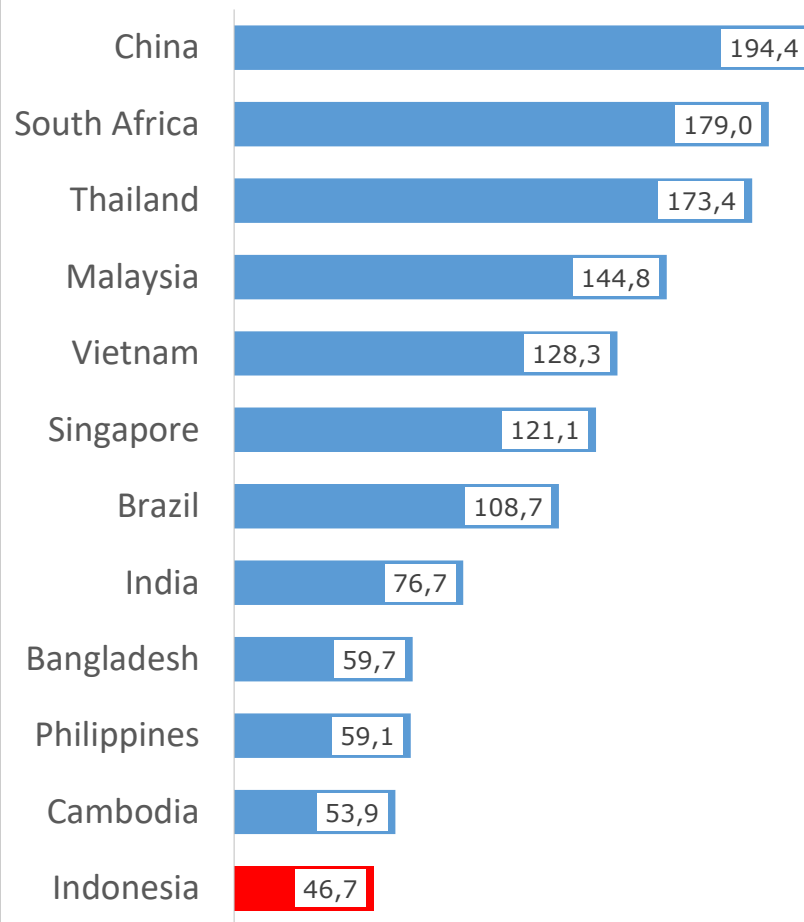


Credit penetration in Indonesia is still very low

**Domestic credit to private sector
(% of GDP), 2015**

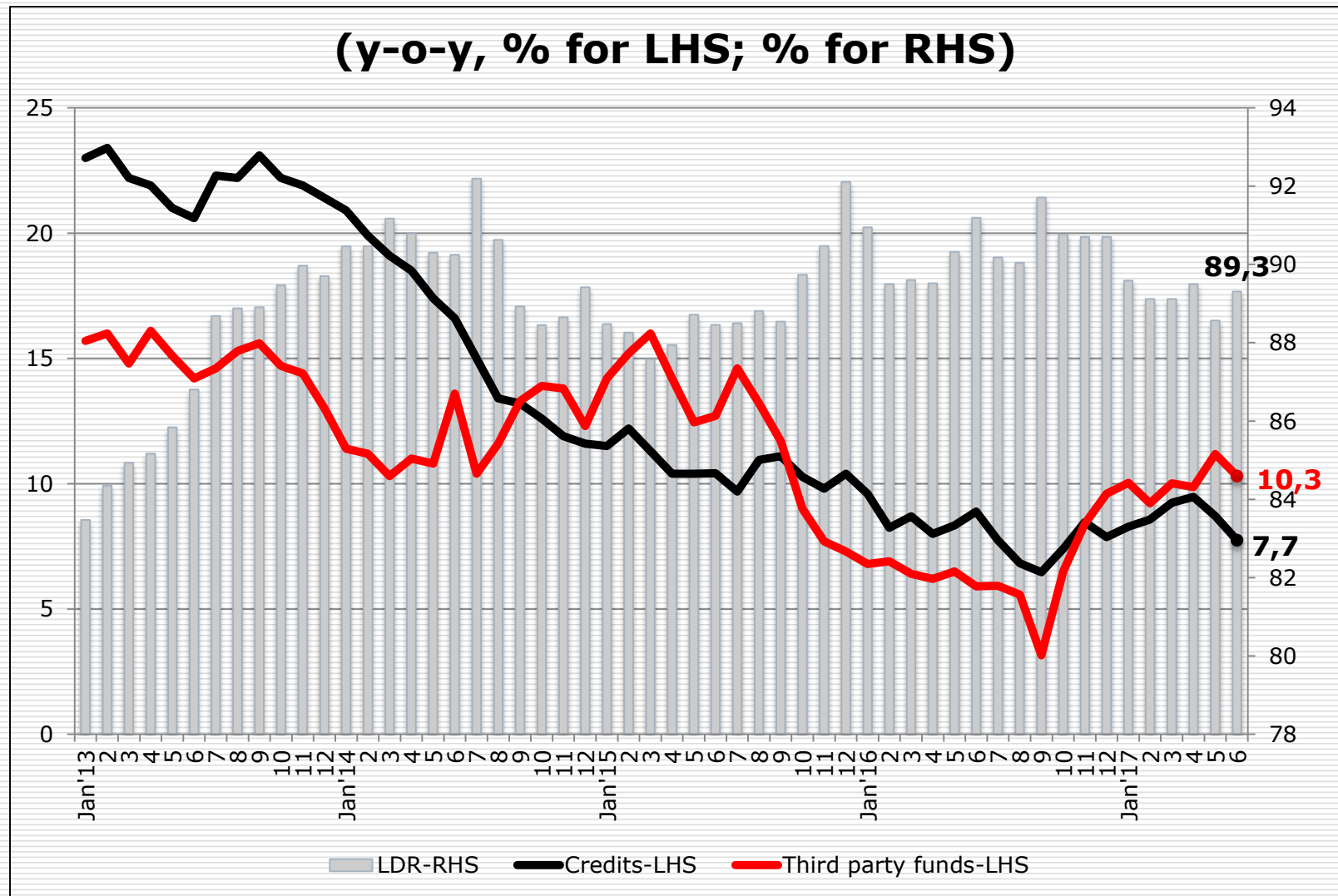


**Domestic credit provided by financial
sector (% of GDP), 2015**



Source: World Bank, World Development Indicators.

Credit growth slowed down again, but deposit growth continued to increase



Sources: Bank Indonesia and Financial Services Authority (OJK).

Untung-rugi SBN dan Utang luar negeri

	Utang SBN	Utang Luar Negeri
Suku bunga	Tinggi	Rendah
Jangka waktu	Cenderung lebih pendek	Cenderung lebih panjang
Persyaratan	Bebas merdeka	Pada umumnya mengikat, dikaitkan dengan proyek
Perencanaan	Kurang disiplin dan transparan, ICOR naik?	Lebih disiplin dan transparan, tambahan pengawasan
Dampak makro	Crowding out untuk SUN domestik	Full multiplier effect

Terima Kasih

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