



A recipient of significant U.S. aid dollars over many years, Indonesia is currently undergoing a transition from aid recipient to strong regional economic leader and global trading partner. As the fourth most populous country in the world, it is home to 261 million people spread among more than thirteen thousand Southeast Asian islands with a GDP nearly the size of Mexico's.

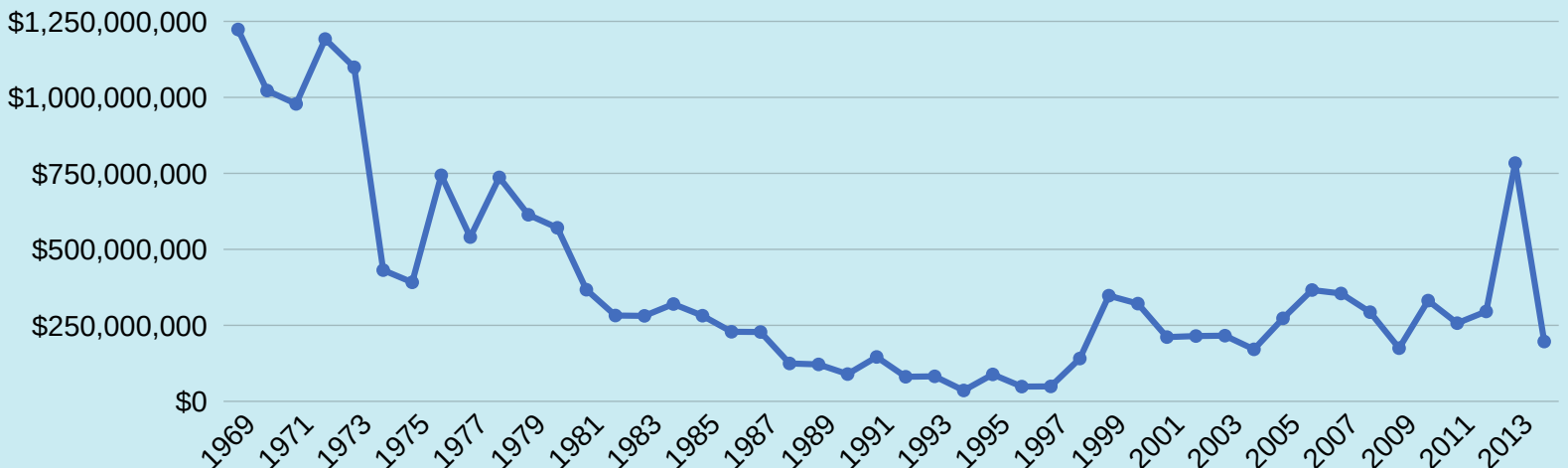
Indonesia became widely recognized as independent in 1949, creating a democratic state via a constitution adopted in 1950. A coup attempt in 1965 led to the president's resignation and the rise of a new president, Suharto. One of President Suharto's first actions was to welcome USAID shipments of food aid and economic support into the country to alleviate a famine, beginning in earnest the United States' aid relationship with Indonesia with approximately \$1 billion annually from 1969 to 1973.

U.S. aid slowly declined throughout the 1970s and 1980s as Indonesia underwent a series of internal economic reforms to speed the country's development. Projects included improving agricultural stability to prevent future famines; overhauling infrastructure nationwide; and industrializing the country to become a major economic player. As a result, the Indonesian economy climbed at an annual average of over 7% from 1989 to 1997. By 1994, U.S. aid to Indonesia totaled just \$36 million of almost exclusively economic aid, signifying growing economic autonomy.

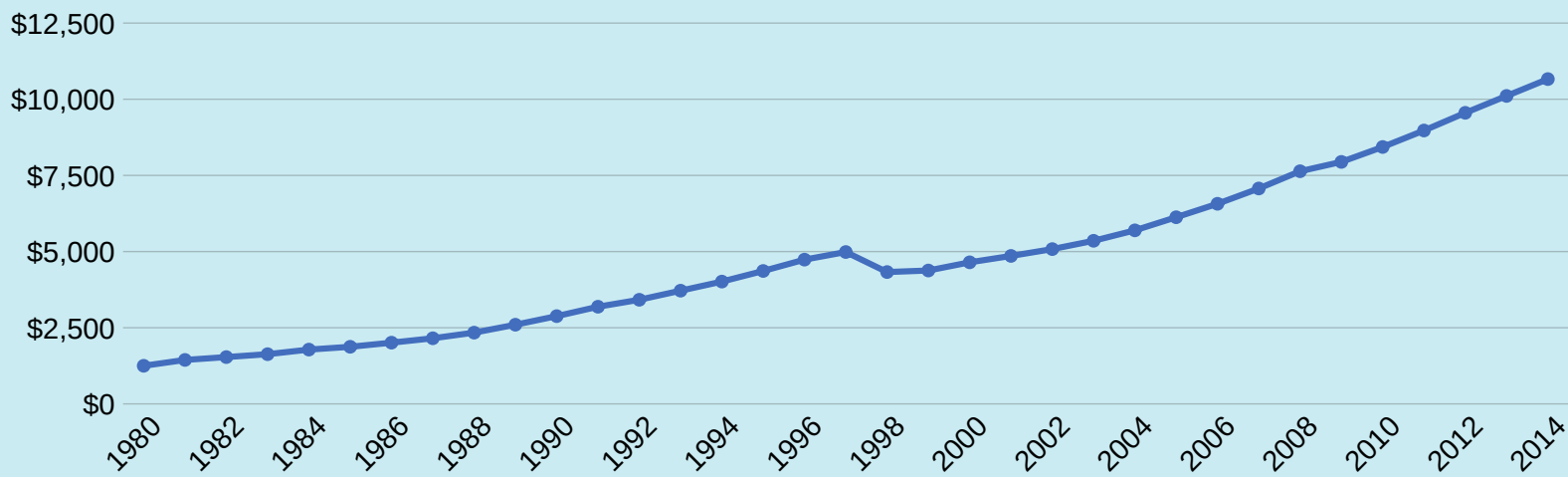
By the late 1990s, however, Indonesia found itself facing substantial political tension. While Suharto's rule had previously been buttressed by military support that disenfranchised rival political parties, in the face of the 1997 Asian financial crisis, demonstrators took to the streets to demand a change of regime. Although Suharto won an election marred by unrest and ethnic violence in 1998, calls for his removal led him to resign in May of that year.

At the same time, U.S. aid helped stabilize Indonesia's economy following the crisis and paved the way for more vibrant democracy in the 21st century. In 1999, aid jumped to \$348 million of economic assistance before decreasing to around \$200 million from 2001 to 2004. In 2004, a devastating tsunami in the Indian Ocean wreaked havoc across the region, killing over 150,000 people and causing \$5.5 billion of damage in Indonesia alone. The United States joined an international aid coalition and provided over \$300 million annually in the years following the disaster to provide relief and rebuild communities.

U.S. Aid Obligations, 1969-2014



# GDP per capita, Indonesia, 1980-2014



Since peaking in 2007 at \$354 million, aid to Indonesia declined to between \$200-\$300 million, and in 2013 Indonesia succeeded in meeting the necessary scorecard requirements to enter into a 5-year, \$600 million Millennium Challenge Corporation (MCC) compact. And more recently, following a tsunami in September 2018, the United States pledged to send \$3.7 million in disaster relief.

Indonesia's political leadership in partnership with the United States and other aid donors has supported the more than doubling of its GDP per capita from \$4,646 to \$10,661 between 2000 and 2013, placing the country squarely among other "middle income" countries and one of the fastest-growing economies in the world.

Today, Indonesia's economy is a growing mix of raw goods, manufactured products, and agriculture. Each year, Indonesians import \$8 billion of U.S. goods, benefiting American workers in a diverse array of industries. Since its ASEAN chairmanship in 2011, Indonesia has also taken on a growing diplomatic role through this organization, engaging constructively with its regional peers. While some challenges remain - ethnic and religious tension; persistent, but lessening, corruption; and terrorism, among others - Indonesia is quickly becoming a strong member of the international economy while working to eliminate the need for its foreign assistance funding with the goal of becoming an aid donor itself.

## Indonesia in 1980

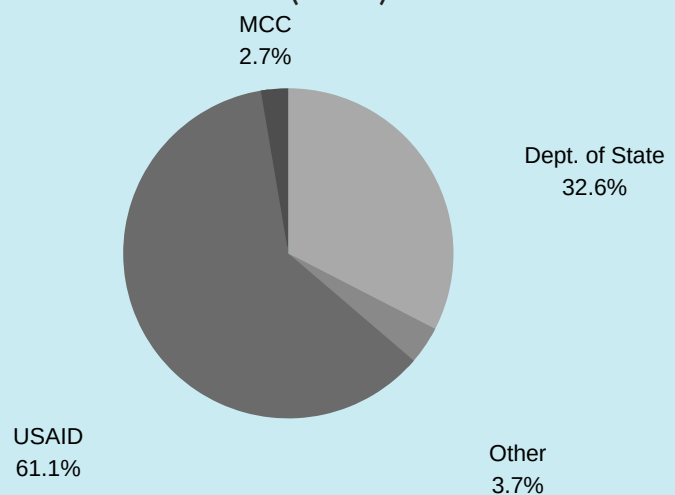
GNI per capita:	\$470
US Trade Value:	\$5.35 billion
IGO Membership:	UN, Non-Aligned Movement, ASEAN

## Indonesia Today

GNI per capita:	\$3540
US Trade Value:	\$29.01 billion
IGO Membership	G20, APEC

## U.S. Aid Obligation Breakdown

(2014)



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 "Trade Value" measure is taken from this source and is calculated by adding the value of exports to the U.S. to the value of imports from the U.S. for the year 2018.