

# **INDONESIA IN CRISIS**

## **A Macroeconomic Update**

The World Bank  
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## Indonesia in Crisis: A Macroeconomic Update

### Summary

Indonesia is in deep crisis. A country that achieved decades of rapid growth, stability, and poverty reduction, is now near economic collapse.

Within the space of one year Indonesia has seen its currency fall in value by 80 percent, inflation soar to over 50 percent, the economy swing from rapid growth to even more rapid contraction, unemployment climb rapidly, and the stock exchange lose much of its value. Foreign creditors have withdrawn, investors have retreated. Capital and entrepreneurs have fled. Long-standing defects in governance, earlier camouflaged by rapid growth, have now been unmasked as fatal flaws. Unfortunately, the crisis hit when Indonesia was experiencing its worst drought in fifty years, and the international oil price was registering a sharp decline. Social unrest has erupted and shaken to its very core the political stability of the nation. Years of development and poverty reduction are at risk.

No country in recent history, let alone one the size of Indonesia, has ever suffered such a dramatic reversal of fortune. The next years will be difficult and uncertain. The economy is expected to contract this year by 10-15 percent, inflation could exceed 80 percent, and the number of poor could well double. Will Indonesia be able to pull through without irreversible economic damage? It must. Too much is at stake for Indonesia and the world. Indonesia, after all, is the world's fourth largest country, an important anchor of stability in East Asia, and with an impressive past record of development and social progress.

#### A five point agenda

To be sure, recovering from this desperate situation will be slow and difficult. Much will depend on whether the nation can achieve the necessary political stability for implementing a difficult and complex agenda of economic reforms, and whether it will receive the necessary financial support from the

international community. This report suggests a five point agenda of action for the near term requiring the concentrated focus of government policy and the full support of the international community:

- Protect the poor. The real tragedy of the Indonesian crisis is its effects on the poor and vulnerable. They are confronted by falling real wages, fewer employment opportunities, and rising prices of food and other essentials, including health and education services. Their first line of defense is to work longer hours in the informal sector, sell assets, draw down savings, and seek help from informal family and social networks. But they need help desperately. An early resumption of growth would be welcome. In addition, the Government could help the poor in three ways. First, it must ensure the availability of food and other essentials at affordable prices. This means subsidizing key commodities, especially rice, and ensuring effective distribution. As better techniques are found to target fuel and food subsidies, these could be reduced. Second, it must create employment opportunities and help generate incomes through labor-intensive public works implemented by local communities. Good geographical targeting would be an efficient way to reach the poor, and ensuring participation by women should be a key objective when designing and choosing projects. Third, the Government needs to preserve the availability of key social services, especially basic health and education. The government's "Stay in School" campaign, block grants for primary and junior secondary schools, and the targeted scholarship program should all help considerably. But health services need to be more effective in reaching the poor.

- Obtain substantial additional foreign financial assistance. Falling government revenues and the pressing need to protect the poor through subsidies and higher expenditures on social safety nets is expected to boost the budget deficit to about 8.5 percent of GDP. Indonesia now has no option but to

choice between curtailing subsidies and critical social programs and seeking additional foreign financing. For budgetary reasons, therefore, foreign financing needs are expected to be about \$8 billion more in FY98/99 than they were in FY97/98. Net foreign financing roughly equal to the fiscal deficit will also be needed in FY99/00. To achieve this level of disbursements it is critical that donors consider providing their additional financial support in the form of program rather than project loans. This will not only provide much needed foreign exchange but finance the fiscal gap without fueling inflation.

• Deal with the debt overhang. The overhang of the private sector domestic and external debt, together with depreciation of the Rupiah, has paralyzed many enterprises. Thus restructuring it is one of the highest priorities of government. The Frankfurt agreements are an important step forward. But they are only a beginning. To add further impetus to the negotiations between debtors and creditors that must follow, three additional steps are needed: ensuring the maximum participation of external creditors in the Frankfurt framework; developing a framework or set of agreed principles for resolving the domestic debt of corporations in a manner that is equitable and integral with the restructuring of their external debt; and fair, feasible and effective operation of the new bankruptcy law to help facilitate the restructuring of the corporate sector and encourage debtors to expeditiously renegotiate their debt obligations and get productive assets back to work. These three steps in combination with efforts to rebuild the banking system, are essential to restart the flow of credit to viable corporations.

• Reinvigorate the banking system. The worsening crisis has increased the banking system's financial troubles to the point where the viability of the rest of the economy is threatened. Reestablishing credit flows and dealing with the problems of troubled banks is more pressing than ever. Four priorities need special attention. The first is implementing measures to help relatively sound banks restore credit flows and become a core for future banking operations. This could entail new equity from foreign strategic investors and additional capital injections from existing owners. Both forms of equity could then be supported further by tier-two capital from the

Government. The second is placing the Indonesian Bank Restructuring Agency (IBRA) on a sustainable footing, by providing it with adequate resources and qualified personnel so it can become fully effective. IBRA needs a clear charter supported by adequate funds needed to meet the claims of depositors and creditors of IBRA banks, restructure non-viable IBRA banks, and recapitalize those banks under IBRA management that will be restored and privatized. The third is ensuring that IBRA's asset management unit is up and running as quickly as possible, using fair and transparent procedures for asset acquisition, sale, and resolution. And the fourth is developing mechanisms for ensuring that exporters have adequate working capital. This issue is being addressed in a variety of ways, including through a cash collateral facility for confirmation of import letters of credit, the provision of working capital finance for imported inputs, and the possibility of an export credit guarantee facility.

• Improve governance. Social and political developments since April have allowed the new Government to take steps in improving governance and transparency. A number of measures have already been taken that serve as a signal that this Government will break with the "ways of the past". This includes efforts by the new Government to review and dismantle government contracts that were offered through corruption, collusion and nepotism (KKN). But improving governance will need to be a policy priority that extends well into the medium term. In the immediate future the most important steps will be to implement arrangements for private sector enterprises to compete with BULOG in importing and marketing all items other than rice; finalizing transparent arrangements for private sector participation in the provision of public infrastructure; and developing an action plan for designing and implementing competition policy. An important fourth element is the Government's privatization policy, where the Government could be open to allegations of malfeasance, especially as public assets are to be sold in a depressed market. Special care will have to be taken to ensure transparency in each step along the way and every effort is made to acquire the best possible price for the sold assets.

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#### **Statistical Annex**

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### **Conclusion**

The seriousness and urgency of Indonesia's financial and economic crisis cannot be overstated. This has to be reflected in the fundamental nature of the reforms that are pursued and the speed and integrity with which they are implemented. For its part, the international community must come forward in this time of Indonesia's greatest need with substantial increases in financial and technical assistance.

With firm, consistent implementation of the reform program and adequate foreign financing, there are good prospects that Indonesia will return to sustained growth in the medium term. After all, thirty years of rapid growth have added significant strengths to the economy. The country has accumulated an impressive stock of human and physical capital. Agriculture and industry are well integrated with the global economy. Savings rates are among the highest in the world. And the economy possesses a rich natural resource base, a large domestic market, and an industrious, innovative, and educated people.



## Indonesia: Country Economic Memorandum

### Chapter 1: Indonesia in Crisis

*"Crises and deadlocks when they occur have at least this advantage, that they force us to think."*

*-- Jawaharlal Nehru*

Indonesia is in deep crisis. But words alone cannot describe the numbing shock that has been inflicted on this country of 200 million people -- the fourth largest in the world. Just a year ago, Indonesia was enjoying its 30th year of virtually uninterrupted rapid growth. Investors were beating a path to its door demanding to participate, and contribute, to its growing prosperity. Inflation was low, foreign exchange reserves plentiful, the government budget in surplus. The comforting proximity of other booming East Asian economies generated synergies for Indonesia through trade and capital flows. These, mixed with high levels of domestic savings and investment, promised little interruption to continued rapid development and poverty reduction.

But what a difference a year makes. Today the Indonesian economy is near collapse. Foreign exchange markets have singled Indonesia out from other South-East Asian economies for special punishment. External creditors have withdrawn. Investors have retreated. A country that prided itself on excellent macroeconomic management has seen its currency fall in value by more than 80 percent. Hyperinflation has become a distinct possibility. Weaknesses in the corporate and banking sectors have been magnified into fatal flaws. Urban unemployment has climbed to unprecedented levels. The budget this year is expected to register its largest deficit ever. Social unrest has erupted into widespread violence and shaken to its very core the political stability of the country.

Cruelly, nature has also chosen to inflict its full fury at this difficult time, bringing Indonesia its worst drought in 50 years. Declines in food production have added to Indonesia's woes, increasing pressure on dwindling foreign exchange reserves, lowering rural incomes, reducing domestic demand, and

increasing rural poverty. The forest fires of 1997, touched off by the common but ill-advised (and illegal) practice of burning to clear land, grew to disastrous proportions in the extremely dry conditions.

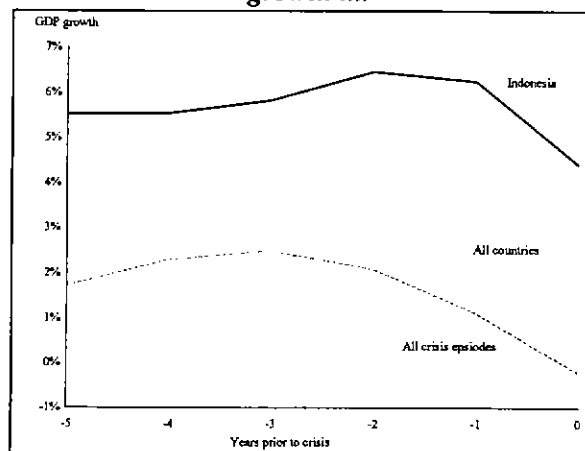
To make matters worse, even the international trading environment has turned pernicious. Oil prices have tumbled by 30 percent, sending Indonesia's terms of trade into a nose-dive. Japan, the hub of East Asia's success in the past, is facing troubles of its own. And other East Asian neighbors, many afflicted by the same malaise as Indonesia, are trimming imports and competing furiously with each other for higher export shares in third country markets.

This report notes that, notwithstanding this dramatic reversal of fortune, Indonesia's future prospects are still not tarnished irretrievably. To be sure, recovering quickly from this reversal and restoring growth will be difficult. But it is not impossible. Much will depend on whether the nation can achieve the necessary political stability for implementing a difficult and complex agenda of economic reforms.

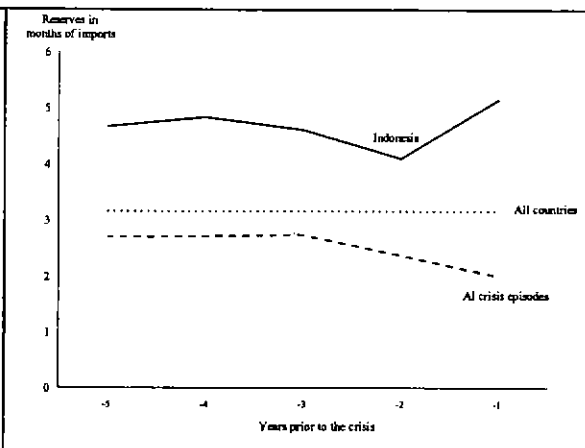
The first item on that agenda is stabilizing the economy while preserving productive assets. This will require close attention to monetary and fiscal policies together with urgent restructuring of banks and corporates. The second is restoring domestic and international confidence and preparing the economy for recovery and sustained rapid growth. This will require consistent and diligent focus on questions of governance -- developing the legal framework and strengthening legal institutions, ensuring effective oversight of banks, releasing timely and accurate monetary and financial data, increasing transparency in fiscal management, and

**Figure 1.1**  
**Before the crisis, Indonesia showed few signs of impending trouble <sup>1</sup>**

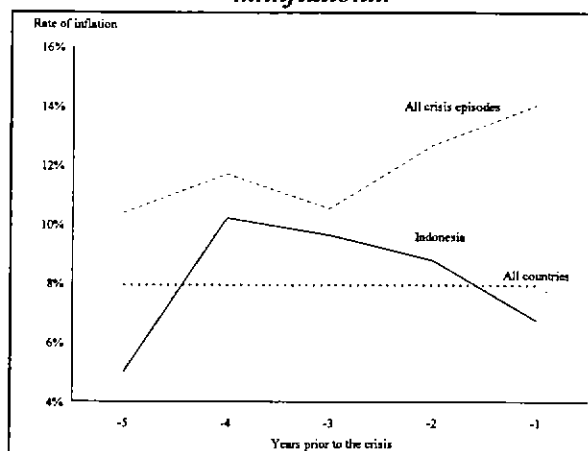
*In relation to crisis episodes in other countries, pre-crisis Indonesia did better on growth ....*



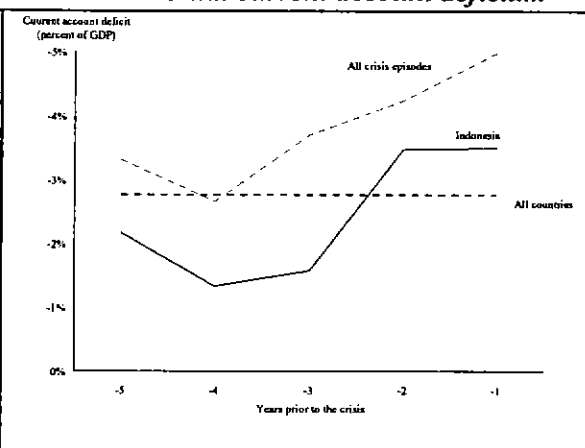
*..... foreign exchange reserves....*



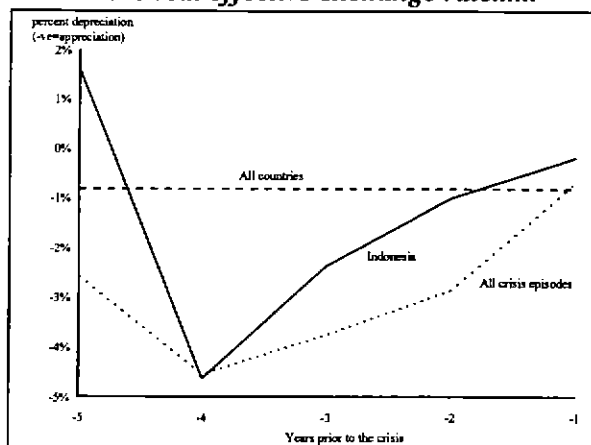
*....inflation...*



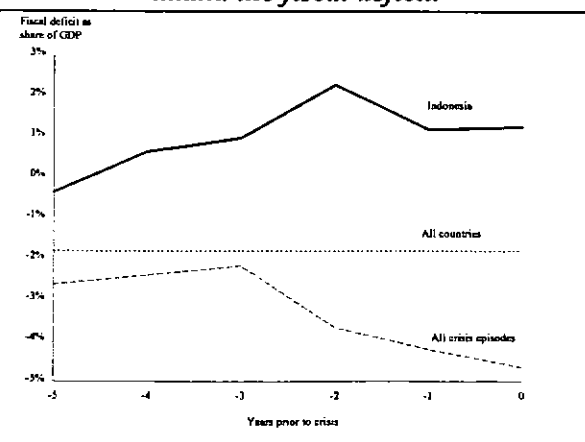
*... the external current account deficit....*



*... the real effective exchange rate.....*



*....and the fiscal deficit.*



Source: IFS and Global Development Finance Database. See Endnote 1 for technical details of how this figure was constructed.

stamping out corruption. And all the while, the Government will need to protect the poor from the worst effects of the financial and agricultural crisis on grounds of economic justice, social stability, and sustaining broad support for the reforms.

Indonesia's crisis spells immense dangers and difficulties ahead for the Indonesian people. But as Nehru's quote reminds us, the crisis also should force a rethink -- not so much about what went wrong (important as that may be) but about the future, especially of such fundamental questions as the direction of development, national values, economic and social justice, and the role of government -- all of which are reflected and resonate in economic policies.

### From contagion to collapse

Few predicted the Indonesian crisis, and certainly none its severity. True, some observers expressed concern about the economy's growing vulnerability, pointing to rising external debt, slowing export growth, and declining international competitiveness. But their doubts seemed petulant in the face of Indonesia's excellent growth performance over three decades and its record of poverty reduction. And besides, most macroeconomic indicators seemed in such fine fettle. Indeed, Indonesia seemed better positioned than many other crisis countries on such bellweather indicators as growth, the fiscal stance, the external current account,

foreign exchange reserves, and inflation (Figure 1.1).

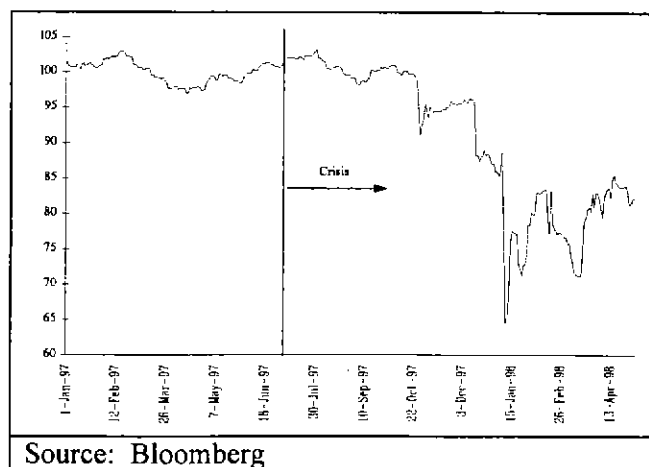
A number of market institutions took comfort from these statistics. Newsletters of investment banks issued in July and August 1997 were optimistic that Indonesia would be untouched by the travails of Thailand. Euromoney's country risk assessment for Indonesia did not show any change in Indonesia's ranking as late as September 1997. The major international credit rating agencies did not signal increased risk until the crisis in Indonesia was well underway (Table 1.1). And the markets showed their bullishness too. Indonesia's stock exchange peaked only on July 8, 1997, six days after Thailand floated its currency.<sup>2</sup> The price of bonds and syndicated loans barely budged in secondary markets (Figure 1.2). Interest rate premia for country risk displayed no perceptible change. Surveys of market participants showed them with rosy views of Indonesia's short-term prospects right up to the point when the crisis hit (Table 1.2).<sup>3</sup>

Expectations about Indonesia changed dramatically after July 1997, however. The pebble that began the avalanche was the decision to float the Thai baht on July 2. On July 11, the Philippines floated the peso, and in defense, the Indonesian authorities widened the exchange rate band from 8 to 12

**Table 1.1**  
**Indonesia risk was downgraded well after the crisis began**

| Standard & Poor's a/                           |        | Moody's b/     |        |
|------------------------------------------------|--------|----------------|--------|
| Date of rating                                 | Rating | Date of rating | Rating |
| May 30, 1996                                   | BBB    | Mar. 14, 1994  | Baa3   |
| Oct. 10, 1997                                  | BBB-   | Dec. 21, 1997  | Ba1    |
| a/ Foreign currency rating.                    |        |                |        |
| b/ Foreign currency, long-term bonds.          |        |                |        |
| Rating remained unchanged between these dates. |        |                |        |
| Source: Standard & Poor's; Moody's             |        |                |        |

**Figure 1.2**  
**Bond prices migrated south only in October**  
(Price of 10-year, fixed rate, US dollar denominated Indonesian Government bond issued July 30, 1996)



Source: Bloomberg

Table 1.2

Sanguine private sector

(Results from a survey of the private sector; responses are on a scale of 1-7, with 7 indicating strong agreement)

| Survey statement                                                                        | Year of survey | Indonesia | Other Asia | World |
|-----------------------------------------------------------------------------------------|----------------|-----------|------------|-------|
| Your country is unlikely to be in recession over the next two years.                    | End 1995       | 5.3       | 6.2        | 4.9   |
|                                                                                         | End 1996       | 6.2       | 5.3        | 4.9   |
| The exchange rate of your currency is expected to be very stable in the next two years. | End 1995       | 4.2       | 5.0        | 4.6   |
|                                                                                         | End 1996       | 5.8       | 5.1        | 4.9   |
| The exchange rate of your country reflects economic fundamentals                        | End 1995       | 5.1       | 5.1        | 4.5   |
|                                                                                         | End 1996       | 5.7       | 4.8        | 4.4   |

Source: World Competitiveness Survey, as reported in Kaufman, Mehrez and Schmukler (1998).

percent. The rupiah immediately dropped by about 7 percent as managers of international mutual funds and hedge funds began to pull out of East Asia in general. Then, when it became obvious the exchange rate band would be too expensive to defend, the Indonesian authorities floated the rupiah on August 14 and almost simultaneously tightened monetary policy, so much so as to push overnight rates to a punishing 81 percent. These pre-emptive actions were widely praised at the time as examples of pro-active management, for which the Indonesian Government was so well known. But it was clearly not enough. What followed was a depreciation of the exchange rate that seemed almost exponential -- first slow, then faster, and then dizzyingly fast. The value of the rupiah vis-à-vis the dollar fell by 10.7 percent in July, 25.7 percent in August, 39.8 percent in September, 55.6 percent in October and November, and 109.6 percent in December (Figure 1.3). At the risk of simplifying a complex process, this exponential plunge can be divided into five stages.

In the first stage, the depreciation may have been triggered by investor funds reducing their exposure to Indonesia but it was propelled forward by unhedged Indonesian corporates covering their

short-term external obligations. Until July, thanks to large differences in domestic and international interest rates and a predictable exchange rate,<sup>4</sup> the vast bulk of corporates found the terms so attractive that they borrowed abroad without hedging (Figure 1.4). But when the rupiah began to depreciate faster than the historical trend rate and the exchange rate band was widened, the potential foreign exchange losses arising from these unhedged borrowings became glaringly obvious. Several corporates began to buy foreign exchange to hedge their future liabilities. This tended to further weaken the rupiah. When the exchange rate band was removed, the trickle of corporates steadily grew to a flood and the depreciation of the exchange rate accelerated, especially as, by this time, many creditors were reluctant to lend to Indonesian corporate borrowers. So just as the demand for foreign currency climbed sharply, supplies faded. On October 13, the Government invited the IMF to assist.

The second stage in Indonesia's exchange rate story covers November and the first week of December in 1997, the period immediately following the announcement of the first IMF package. Implementation of the program began with the

**Figure 1.3**  
**Seeing the crisis through the prism of the rupiah exchange rate**  
 (Spot rate and intervention bands, August 1995 - May 1, 1998)

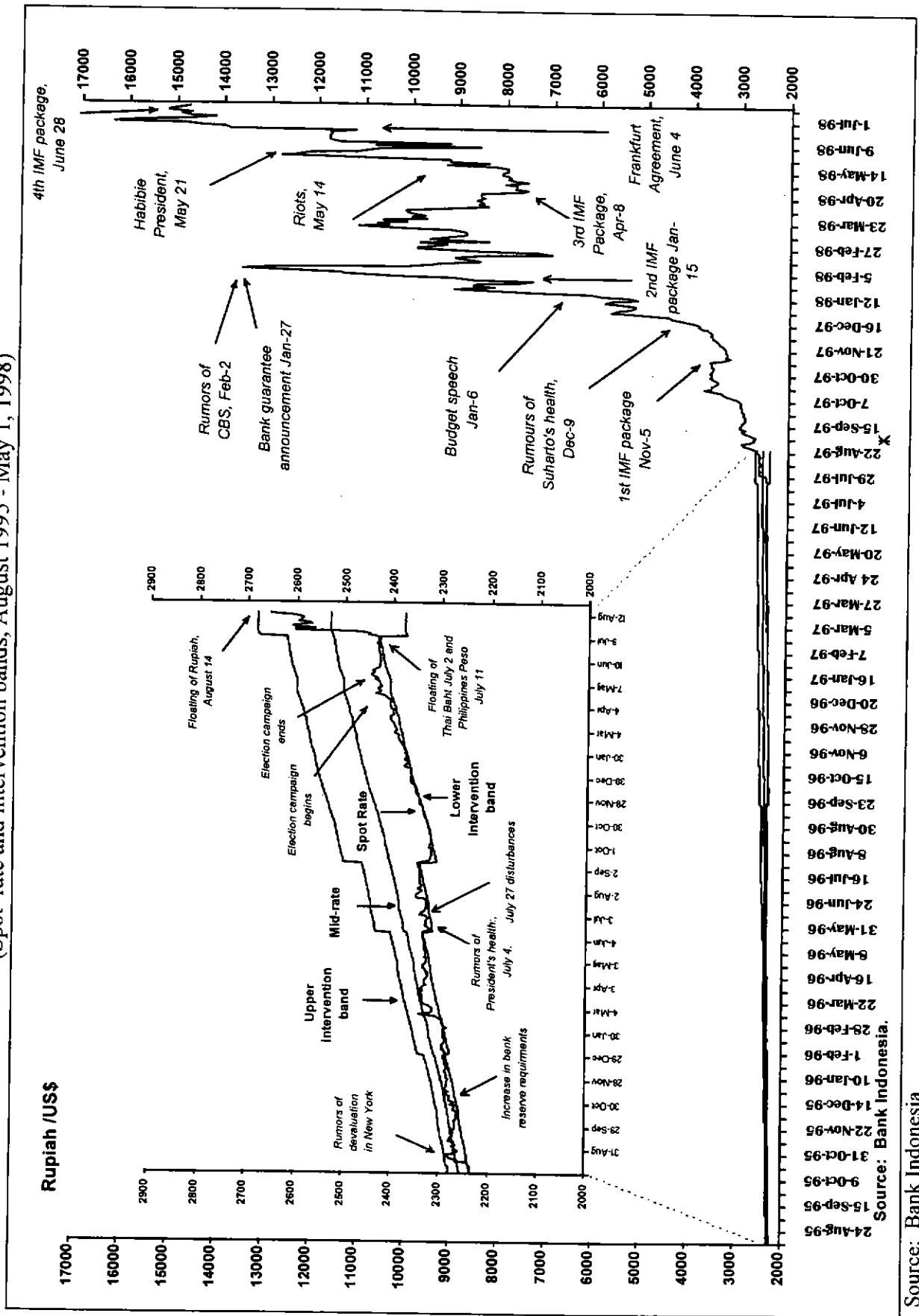
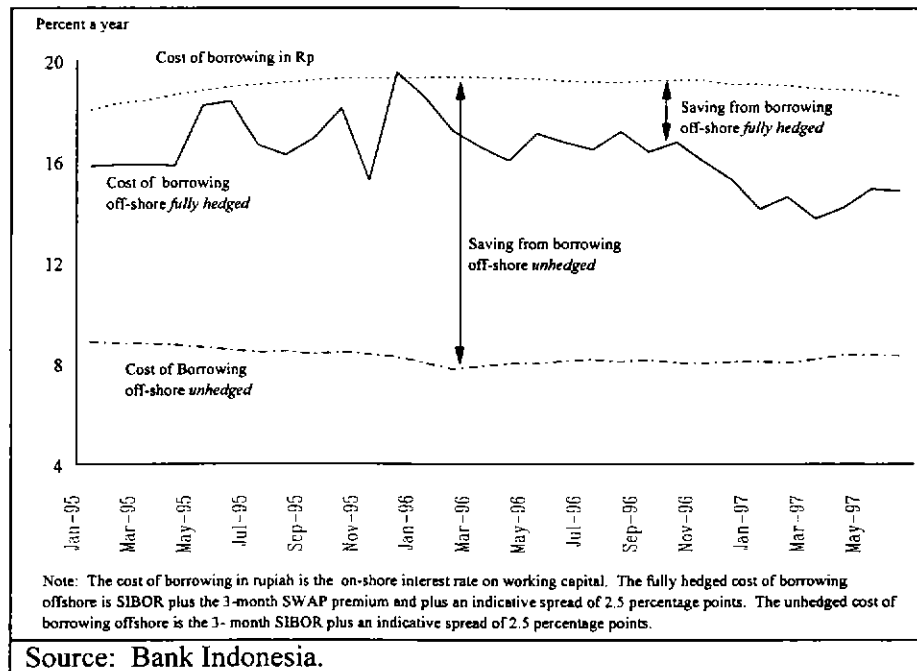


**Figure 1.4**  
**Cheaper to borrow abroad without hedging**



closing of 16 banks. The rationale was to demonstrate the Government's determination to deal directly and decisively with financially troubled banks. Instead, the action led to a loss of confidence in the rest of the banking system. Large deposit withdrawals from private banks prompted the central bank to issue emergency credits in ever-increasing amounts to ensure these banks did not go under. The earlier crisis in the corporate sector was now overlaid with a crisis in the banking sector. In response foreign banks began to cut their inter-bank lines and trade credit lines, sending the rupiah sharply lower from Rp. 3250 to the US dollar to Rp. 4000. Sophisticated investment analysts were quick to spot the implications for inflation and further exchange rate depreciation, not to mention the accumulation of contingent fiscal liabilities that were being accumulated in the form of the central bank's outstanding stock of emergency liquidity credit and the deterioration in the balance sheets of the private national banks. No wonder then, that foreign exchange dealers continued to short the rupiah, bringing further downward pressure on the currency.

In the third stage, the rupiah parted company with other South East Asian currencies. Up to this time, the depreciation of the rupiah had remained within a broad trend that had been set by the other currencies (Figure 1.5). But on December 9, 1997, it suddenly began to depreciate much more rapidly. The date is significant, because it was then that President Suharto's trip to Kuala Lumpur was canceled on grounds of poor health. The combination of the financial crisis, an upcoming election, and an aging, sick President, ratcheted the level of uncertainty to yet an unprecedented level. To make matters worse, the budget announced on January 6, 1998, was rejected by the markets as being too optimistic and lacking credibility. Indonesia saw widespread capital flight for the first time. In the first three weeks of January, the exchange rate depreciated from Rp. 4850 to the dollar to Rp. 13,600, at one point touching Rp. 17,000 during the day's trading. The slide of the rupiah during this frenzied period did not pause to register that the President himself signed the second letter of intent with the IMF. The absence of corporate

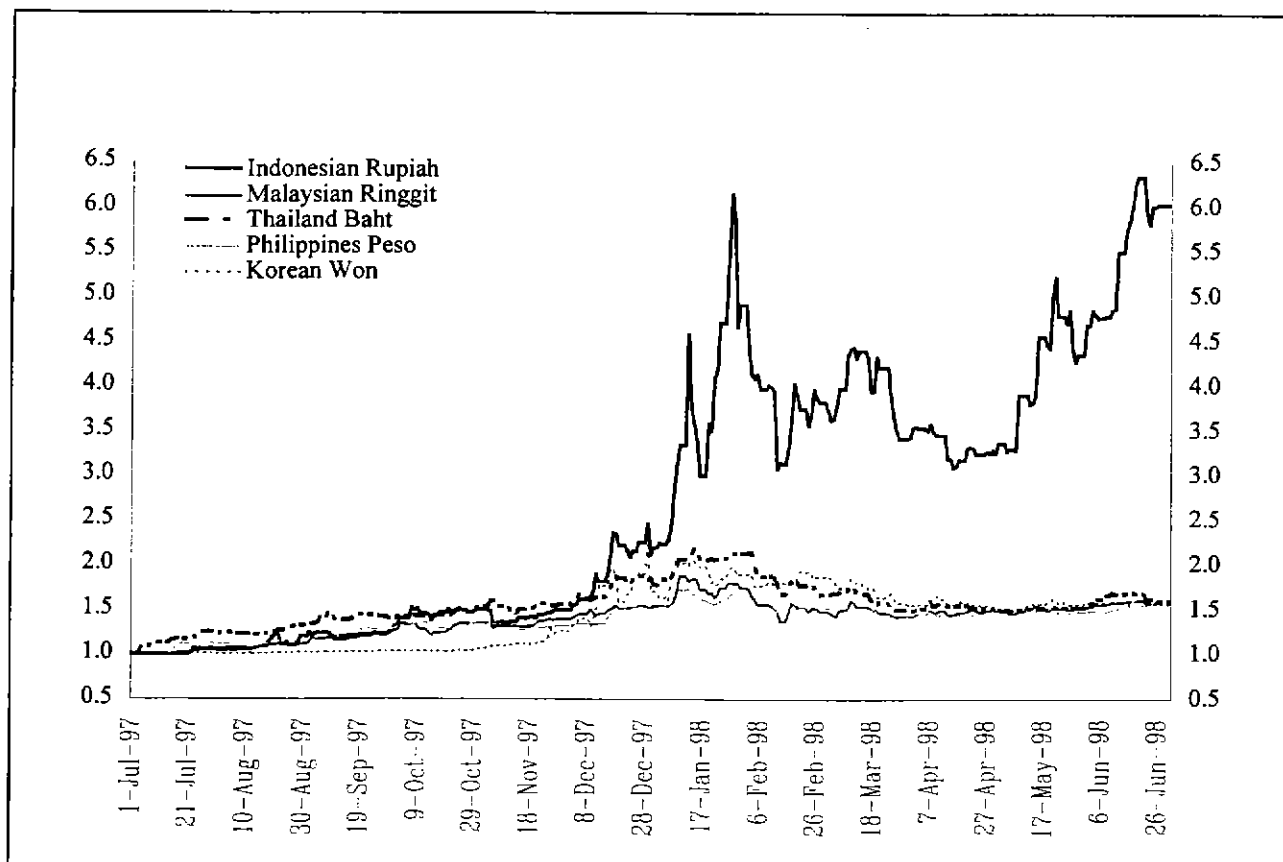
and banking reform in the new policy package did not help.

The fourth stage was ushered in on January 27, 1998, when the Government made two announcements that began the slow process of cooling the foreign exchange markets and restoring confidence. The first was a plan to restructure financially troubled banks; and the second was an initiative to deal with the overhang of private corporate debt. Rumors about the impending establishment of a currency board helped too, but not for the reasons trumpeted by its supporters. Finally, the announcement of a third IMF package on April 8, 1998 with comprehensive coverage of virtually all major issues -- financial and social -- had a salutary effect on the foreign exchange market. These factors notwithstanding, the exchange rate continued to gyrate, even changing 5 percentage

points in a day on a couple of occasions, albeit at a rate between Rp. 7500 to Rp. 8500 to the US dollar.

The fifth stage began with simmering student protests against price rises and the Suharto régime which reached boiling point when four students were killed in Jakarta. This sparked massive demonstrations calling for reforms of the political system and eventually escalated into widespread riots, arson, and looting directed largely at the President's family and friends and at the ethnic Indonesian-Chinese community. Some 1,200 people perished in the violence. The exchange rate collapsed by more than 50 percent from Rp. 8,000 in early May to over Rp. 16,000 by mid-June. The foreign exchange market was unusually thin with virtually no one supplying dollars and renewed pressure for capital flight from, among others, the ethnic Indonesian-

**Figure 1.5**  
**Indonesia parts company from other crisis countries**  
(Index of nominal exchange rates for selected Asian countries, July 1, 1997 - May 13, 1998)



Note: July 1, 1997 = 1.00

Source: Bank Indonesia; Dow Jones

### Box 1.1 Improving debt statistics

Over the last several years, official statistics consistently under-estimated the amount of private external debt owed by Indonesia. It was only in October 1997, some three months into the crisis, that Bank Indonesia revealed the result of surveys showing that Indonesia's short-term debt and cross-border obligations were lower than previously indicated. Some observers have speculated that this information, if publicly known earlier, would have cooled the ardor of international investors for Indonesia, and so prevented the crisis. Not so. For the most part, this information was already in the public domain through the statistics of the Bank for International Settlements. And it did not seem to make much difference to courting investors.

Chinese community. No amount of encouraging news -- the peaceful transition to a new Presidency, the subsequent restraint shown by the army, the Frankfurt debt agreement, liberalization of foreign investment, rapid progress on privatization, new press freedoms -- seemed to counteract the uncertainty caused by the political situation.

#### Four microeconomic causes of the crisis

Although a lot more analysis will no doubt be undertaken of Indonesia's crisis, tentative conclusions on its causes are urgently needed to support the formulation of policies for nurturing the economy to health and for shaping international financial support for Indonesia. The Thai crisis was clearly the trigger that set the explosion. But, in addition, four key microeconomic factors combined to exacerbate Indonesia's affliction from foreign contagion to macro collapse.

- First, there was a rapid build-up of *private external debt* in recent years. Between 1992 and July 1997, about 85 percent of the increase in external debt was due to private sector borrowing. This was mostly the result of good macroeconomic management that attracted foreign private resources. Indonesia was a victim of its own success. Foreign creditors were eager to lend to a country which had low inflation, a budget surplus, an abundant and relatively well-educated labor force, good infrastructure, and a relatively open trading system. Unfortunately, the average maturity of the credit extended to Indonesia's private sector declined sharply in the

last few years;<sup>5</sup> by December 1997, US\$20.8 billion had to be paid back in one year or less, and the *average* maturity was a short 18 months (Figure 1.6).

Such a large stock of external debt at such short maturities made Indonesian corporates particularly vulnerable to changes in outside sentiments. Corporates could have protected themselves if they had only hedged their foreign debts. But they chose not to do so to save costs and earn higher profits. Moreover, nobody really thought that the exchange rate could depreciate as rapidly as it did. Finally, moral hazard could have played a part as well. Firm owners, mistakenly or not, may have believed that the Government would come to their rescue should the exchange rate take a turn for the worse, a practice they had observed oftentimes before.

The Government (and its advisors) may also have been culpable. Steeped in the importance of private sector freedoms and wedded to openness in the capital account, the authorities, while concerned about the growth of private external debt, genuinely held that this was a matter for the private sector to handle on its own without government interference. An appropriate stance for managing uncorrelated commercial risks, perhaps. Unfortunately, as Latin America's experience in the 1980s and 1990s showed, a *mass* collapse of overextended firms caused by a sudden change in expectations can convert a private sector problem into a massive public sector one. And indeed, this is what happened in Indonesia.

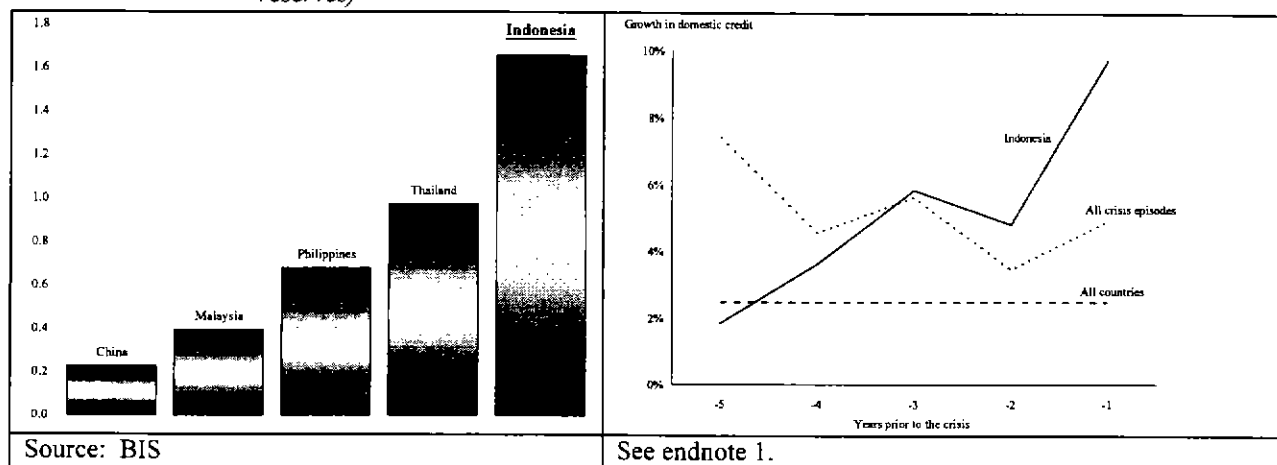
Figure 1.6  
Pre-crisis Indonesia was vulnerable on two fronts

*It had accumulated too much short term private debt..*

*(The ratio of short term private debt to foreign reserves)*

*...and domestic credit was growing unusually quickly from a flawed banking system.*

*(Annual growth of domestic credit in percent)*

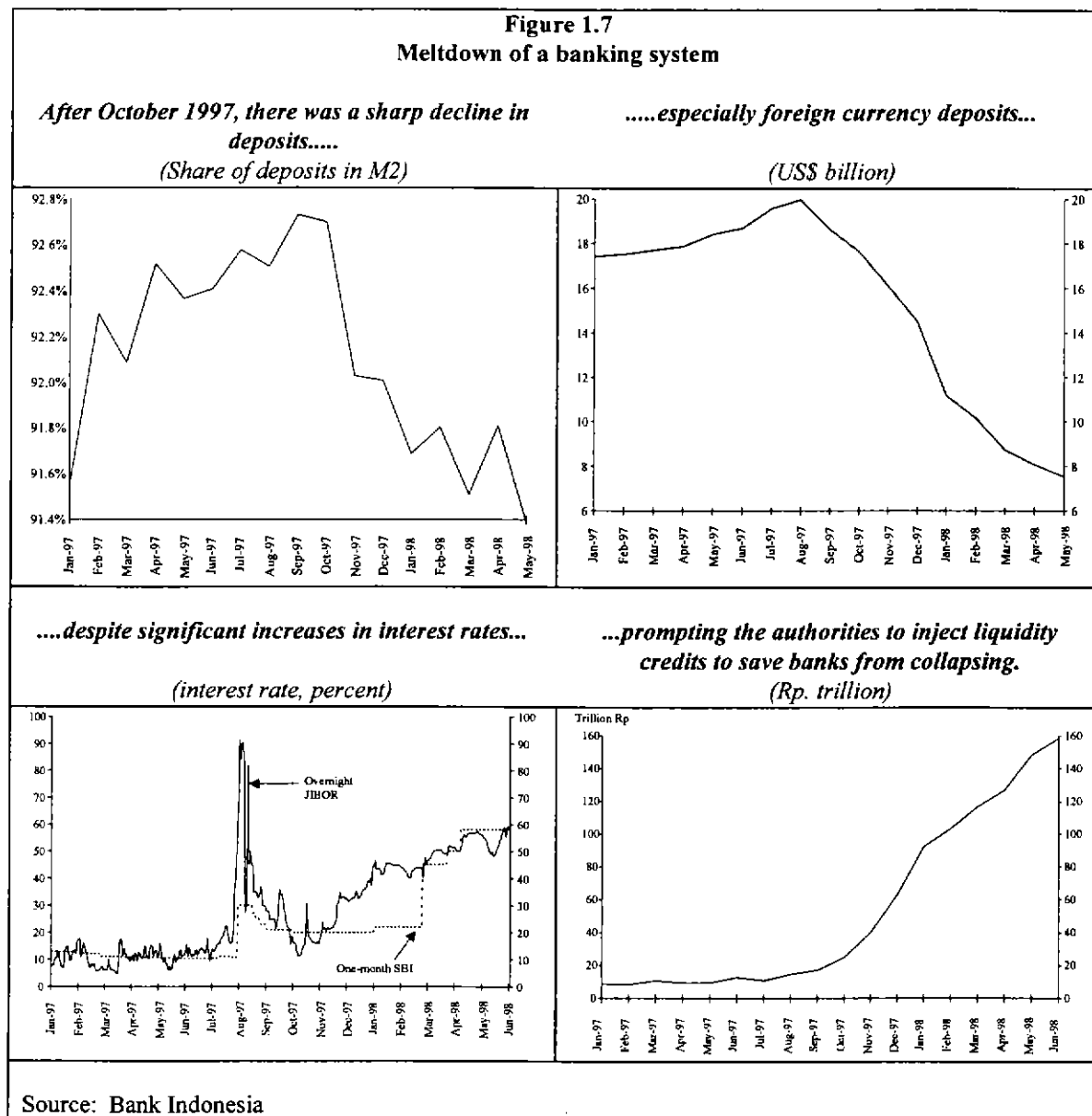


- Second, Indonesia's *banking system* went into the crisis with several well-recognized flaws even as credit growth was rapid (Figure 1.6).<sup>6</sup> The practice of classifying loans by repayment performance rather than collectability masked the actual condition of loan portfolios. Accounting and provisioning rules had not kept pace with the increased sophistication of the banking system and did not provide important "early warning" signals on the true financial health of banks. Inadequate enforcement of central bank regulations meant that rules covering intra-group lending, loan concentration, and creditworthiness criteria were consistently violated with impunity. The legal framework did not support contract enforcement when borrowers failed to repay.

Not surprisingly, numerous banks were seriously undercapitalized, and some even insolvent, well before the crisis began. So when the currency began to depreciate, banks were poorly positioned to absorb further deterioration in their portfolio. In early November 1997, the central bank closed 16 banks that were completely insolvent and in particularly bad financial condition. Small depositors were protected by guaranteeing deposits of Rp. 20 million or less. But rather than instilling fresh confidence in the banking system,

it caused panic withdrawals of deposits from most private national banks.

The deteriorating situation in the banking system eventually led external creditors to cut interbank lines and refuse confirmation of letters of credit drawn on Indonesian banks. Liquidity shortages, always a problem, now became acute. Foreign currency deposits plummeted (Figure 1.7).<sup>7</sup> Many banks raised deposit rates to entice depositors back. But to no avail. Determined that no further banks would need to close, especially from want of liquidity, the Central Bank pumped funds into the failing banks, and on January 27, 1998, the Government announced a guarantee covering all depositors and creditors of locally incorporated banks. In end-September 1997, the outstanding stock of liquidity support stood at Rp. 17 trillion; by April 1998, a mere six months later, it had ballooned to Rp. 127 trillion -- almost three times the level of base money at end-1997. Today, it stands at Rp. 148 trillion. In the case of some banks, the emergency credits they owe exceeds their equity several times over and are equivalent to over three-quarters of their total assets.



• A third factor contributing to the crisis was the question of *governance*. This was not a new concern. Even before July 1997, the same surveys depicting investors as bullish on the Indonesian economy also showed them displaying strong concerns about the bureaucracy, red tape, corruption, insider trading, and the soundness of the financial system. In fact, in a sample of 53 countries on the prevalence of bribery, Indonesia ranked dead last.<sup>8</sup> In addition, Indonesia's weak legal system, the arbitrariness and lack of transparency in government decision making, and

the political strength of established commercial interests were well known to all those who did business there.

None of these perceptions registered significant downturns before July 1997, suggesting they did not *precipitate* the crisis. But they did color the perceptions of how Indonesia would *manage* the crisis and whether it had the institutional capacity to respond quickly, fairly, and effectively. It helps explain why Indonesia has been singled out for such harsh punishment by the markets even though its economic situation prior to the crisis

was no worse, and often better, than those of other South East Asian economies. Equally, these perceptions weakened the willingness of foreign donors to offer financial support immediately and ease the pain of Indonesia's adjustment. In some sense, then, this "crisis of confidence" has been the most damaging of all of Indonesia's crises, because it postponed the return of private financial flows and slowed the provision of interim official funding.

- The fourth and final factor was the unfortunate *political* juncture at which the crisis hit Indonesia. The government was entering its final six months of a five-year term and faced the usual uncertainties of a Presidential election. What made this election more uncertain than previous ones, however, was the age of the President (76 years) and signs that his health was less than robust. This made the choice of vice president a particularly important one, and seemingly unending rumors about leading and lagging candidates added to the rupiah's gyrations in foreign exchange markets. More important, the government was facing its worst crisis in over 30 years just when many of its key ministers were understandably reluctant to make decisions with long-term ramifications that their successors would then have to live with and implement.

The following cabinet did not survive for long, however. The deteriorating economic situation, increases in food and fuel prices, and calls for President Suharto's resignation and political reforms reached a crescendo in May 1998, culminating in two days of mass violence, looting, and arson in cities throughout Indonesia, including the capital, Jakarta. The resignation of Mr. Suharto as President, the appointment of Mr. Habibie to succeed him, and Mr. Habibie's selection of several respected technocrats as cabinet ministers appears to have calmed the country, at least temporarily. But the political situation remains fluid and uncertain, its fragility vulnerable to a further worsening in economic conditions.

### Weathering El Niño

As if the financial crisis was not trouble enough for Indonesia, fate handed another devastating blow by visiting upon the country perhaps the worst El Niño drought this century.<sup>9</sup> The El Niño of 1997/98 is remarkable not just for its severity but because it had two distinct peaks -- the first in July/August, 1997 and a second in March 1998. Apart from its delayed onset, the cumulative rainfall during 1997 was well below normal throughout the country. This unusual weather pattern has followed El Niño-like conditions in five years out of the last six, which had already depleted the meager reserves of farming communities, especially in the Eastern Islands.

What the financial crisis has done to wreck Indonesia's urban firms, nature seems to be doing to ruin its rural farms. The effect of El Niño is to postpone the planting of rice, delay the next cropping season, and so affect yields. Total rice production in 1997 fell by 4 percent, but some provinces in the country registered sharper declines.<sup>10</sup> The top five rice growing provinces were not affected severely, except for West Java, where rice production declined by 4 percent.

Large areas of Sumatra and Kalimantan were affected not only by irregular rain but also by smoke and haze generated by forest fires. Only the magnitude of these fires can be blamed on El Niño, not their origin; for that, blame land clearing activities of plantation operators, transmigration contractors, timber concessionaires, and to a smaller extent, smallholders.

In many of the more isolated parts of the eastern provinces, such as East Nusa Tenggara, hunger is a common phenomenon and the timely delivery of food is of prime concern. Since people consume essentially what they produce, a drought year can result in starvation unless food is distributed by the Government. In these areas, the period just prior to the corn crop is known as the period of "ordinary hunger" (*lapar biasa*). In drought years, this period becomes one of "extraordinary

hunger" (*lapar luarbiasa*). It is clear, 1997/98 was an "extraordinary hunger" year.

In areas better served by markets, farmers only produce part of what they eat and buy the rest. Here, harvest failures may not result in food shortages (thanks to grain supplies by BULOG), but they do result in income declines. So people may go hungry or starve for want of money.

BULOG's rice stocks in December 1997 amounted to 1.9 million tons, clearly not enough to fill the production shortfall of 2.7 million tons. To plug the gap between projected demand and current stocks, BULOG imported 2 million tons in early 1998. Another 3.1 million tons is to be imported during the rest of the year.

The agricultural crisis has further strained the country's shrinking foreign exchange supply, contributed to rising prices, lowered domestic demand, and reversed progress in rural poverty reduction. It is noteworthy that within the entire panoply of policy changes that constitutes the Government's reform program, reforms in agricultural policies are conspicuous by their absence. It is an issue to which this report will return in the last chapter.

### The current economic situation

Indonesia's economic situation is bleak. At its core is the massive depreciation of the real exchange rate, one of the largest in any country since the second world war; and emanating from this have been implications for domestic demand, the banking system, corporate balance sheets, inflation, trade and the balance of payments, government finances, and eventually growth, incomes, employment, welfare, and poverty (Figure 1.8).

- The most immediate effect of the exchange rate depreciation was a collapse in *domestic demand*: -2.5 percent in the last quarter of 1997, -7.9 percent and -17.6 percent in the first and second quarters of 1998.<sup>11</sup> Investment was hit particularly hard. Three factors contributed: first, unhedged corporates had to pay higher levels of

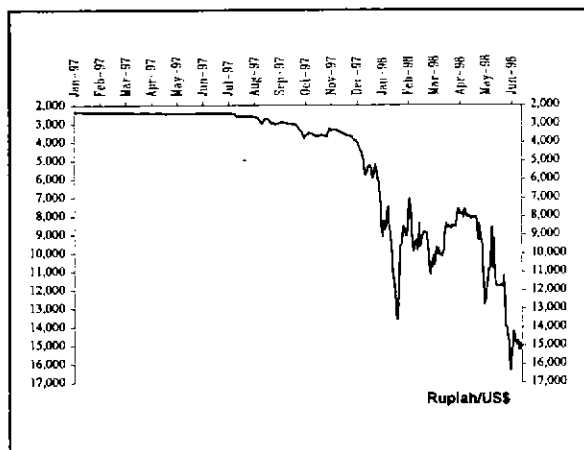
external debt service which cut into investment expenditures; second, the withdrawal of external creditors and reductions in domestic credit availability meant fewer investment resources; and third, lower investment by some corporates affected their suppliers who subsequently lowered their own investment -- the so-called "accelerator effect". Construction and real estate were the first (and the hardest) to be hit, but other non-tradables such as transport and domestic trade soon followed. The vortex of collapsing domestic demand even overwhelmed producers of import substitutes who might otherwise have benefited from the exchange rate depreciation. The unequivocal gainers were exporters, especially those exporting natural resources; exporters of manufactures have been handicapped by a shortage in trade finance (see below).

- The condition of the *banking system* mirrors that of corporates. Even well managed private national banks did not have the financial resilience to withstand the exchange rate *tsunami*. First, their foreign exchange-denominated liabilities ballooned. Second, their assets crumbled as defaults climbed. Third, their deposit base shriveled as panicked depositors withdrew their money. Fourth, each time the currency depreciated, the rupiah value of dollar-denominated loans climbed and the banks' capital-asset ratios fell. By January 1998, many private banks were technically insolvent. The deposit and creditor guarantee introduced on January 27, 1998 may have staunched the worst of the hemorrhaging but certainly did not stop it. In the first three months of 1998 alone, Bank Indonesia pumped Rp. 54 trillion into the banks, more than the total it had pumped in during the entire second half of 1997.

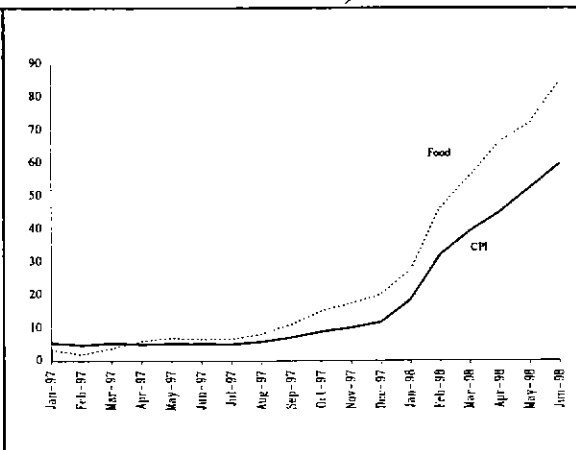
On January 27, 1998, the government also announced the creation of the Indonesian Bank Restructuring Agency (IBRA), which became operational in February. Fifty four banks were transferred to IBRA's control in February 1998.<sup>12</sup> They accounted for about 40 percent of the deposits of the banking system and their outstanding commitments to Bank Indonesia exceeded 200 percent of their capital. On April 4,

**Figure 1.8**  
**The story in pictures**

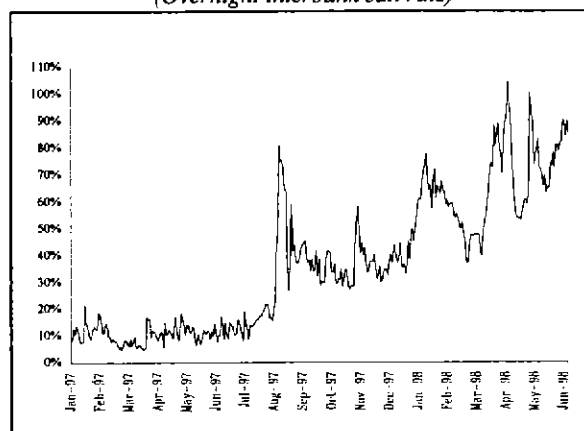
**Rapid depreciation of the rupiah....**  
(Daily Rupiah per US\$ spot rate)



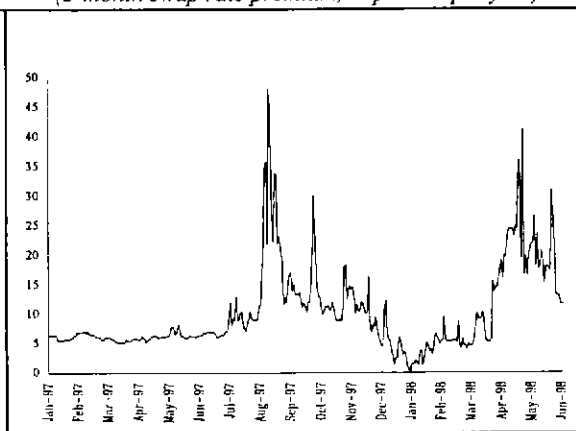
**...fueled sharp increases in prices....**  
(12 month Percentage change in Consumer & Food Price index)



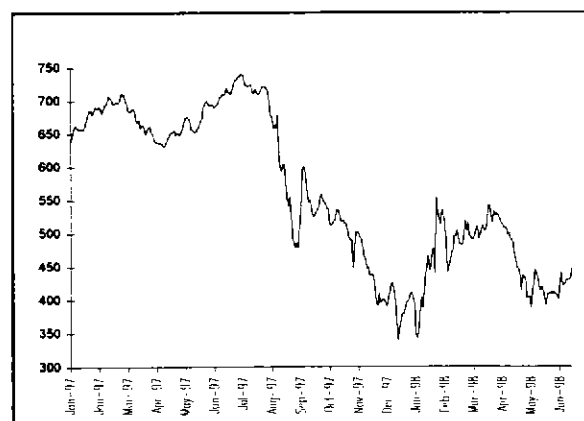
**... produced higher interest rates and increased their variability...**  
(Overnight interbank call rate)



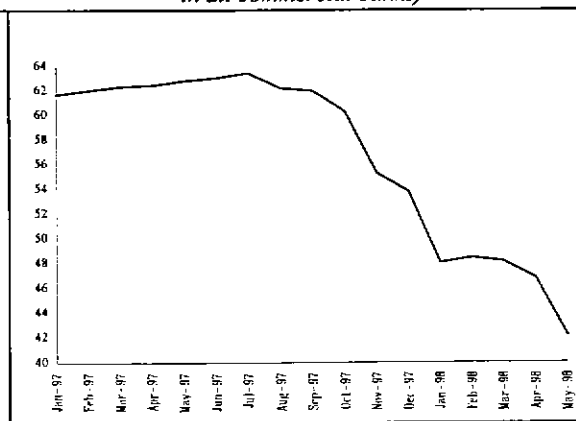
**....generated greater volatility in the market for foreign exchange...**  
(3-month swap rate premium, in percent per year)



**.....triggered a slide in the Jakarta stock market....**  
(Jakarta Stock Exchange Index)



**....and contributed toward a loss of depositor confidence in private national banks.**  
(Ratio of deposits in private national banks to deposits in all commercial banks)



1998, IBRA took management control of seven of these banks, suspending the rights of the shareholders.<sup>13</sup> Another seven were effectively closed.<sup>14</sup> And then on May 28, 1998, IBRA took over the management of Indonesia's largest private bank, Bank Central Asia, following a run on its deposits for over a week.

- *Inflation* soared, driven by the exchange rate depreciation and more than accommodated by the sharp increase in the money supply needed to prop up the banking system. By end-June 1998, inflation over the previous 12 months had reached 59 percent, compared to only 5.1 percent before the crisis broke a mere year ago.<sup>15</sup> The bulk of this increase was due to a rise in the price of tradables, especially clothing and food; an exception was the administered price of fuels (a tradable) which helped contain increases in the price of energy (1.7 percent). In contrast, the price of nontradables increased by only 12.6 percent during the same period.

- The *external payments* position is in dire straits. The problem lies not with the balance of payments' current account deficit -- which the depreciating currency and contracting domestic market is likely to transform into surplus -- but the capital account. Simply put, Indonesia experienced a total US\$19 billion swing in overall capital flows in 1997/98.<sup>16</sup> Set this next to 1997/98 GDP of US\$142 billion (admittedly at market rates) and net external reserves of US\$13 billion, and the immensity of the crisis becomes immediately clear.

The capital account deteriorated because of the decline in new private capital inflows, the reluctance of foreign creditors to rollover bank and corporate external short term debt, and the repatriation of portfolio investments. Despite a boost of US\$4 billion in loans from the IMF, gross reserves of Bank Indonesia fell to US\$19 billion by end-June 1998, down from US\$28.8 billion a year earlier.

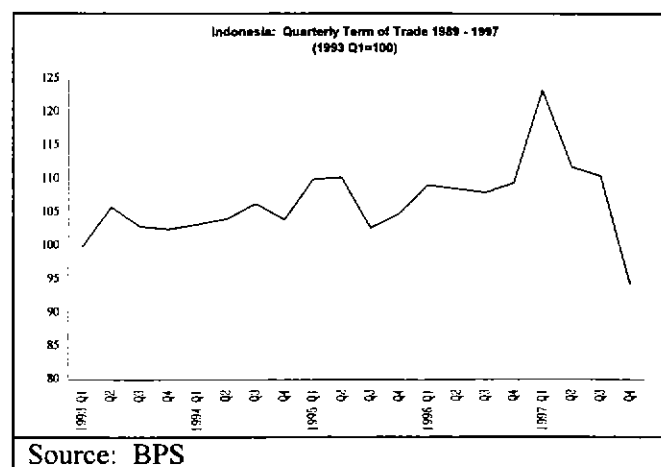
The current account deficit of the balance of payments did as well as could be expected.

Despite a precipitous decline in the terms of trade (Figure 1.9), the deficit narrowed to -1.4 percent of GDP in 1997/98, owing to the sharp depreciation in the real exchange rate and the concomitant collapse in domestic demand. Exports grew smartly notwithstanding problems in the availability of trade finance and despite the dip in oil prices. And imports receded slightly, slowing significantly in the last two quarters of the fiscal year, under pressure from shrinking domestic demand and the exchange rate effect on the price of imports.

- The *government budget* is under tremendous strain, reeling from the impact of weaker economic activity, lower oil prices, and increased subsidies as a result of the rupiah depreciation and higher inflation. The budget registered a surplus of 1 percent of GDP in 1996/97 and 1997/98. But the 1998/99 budget has had to be revised thrice so far, with the latest estimates projecting a deficit of 8.5 percent of GDP. This, despite various measures to increase revenues, including privatization of state enterprises (see Chapter 2).

- All these factors combined to lower *GDP growth* significantly. Over 1997, growth may have averaged 4.7 percent, but this masked a sharp deceleration during the last two quarters. By the first half of 1998, GDP had contracted by 12.2 percent. The virtual standstill in construction

**Figure 1.9**  
**The terms of trade declined precipitously in 1997**  
(International terms of trade, 1993-1997)



and weaknesses in manufacturing and services have contributed to a rising number of lay-offs. Urban unemployment has climbed sharply, although reliable estimates are not available. One government agency reckons that unemployment could climb to 14 million (15.1 percent of the workforce) by the end of the year. The drought in agriculture has inflicted lower incomes to food growers in the eastern islands even as the depreciation of the rupiah has showered windfall gains on cash crop exporters.

### **Conclusion**

Indonesia's problems began with contagion but nobody could have guessed the speed and severity of the crisis that followed. The confidence of

domestic and international investors, built painstakingly over years, was shattered in months. Long-standing defects in governance, earlier camouflaged by rapid growth, have now been exposed as fatal flaws. The financial sector is in collapse. Worse, the crisis coincidentally hit when Indonesia was experiencing its worst drought in fifty years. Years of progress in development and poverty reduction are at risk. Social tensions have erupted into violence, tearing asunder the stability that Indonesia had enjoyed for over three decades. And this is just the beginning. Economic conditions are likely to get worse before they get better. What can be done and how the economy could be expected to fare is the subject of the next chapter.

## Endnotes

<sup>1</sup> Figure 1.1 is constructed as follows. We begin with annual data on nominal exchange rates over the period 1957-1995 for a sample of 150 countries. We then identify crisis episodes as years in which the nominal exchange rate depreciated by more than 25 percent, and did *not* depreciate by more than 25 percent in any of the preceding five years. This latter stipulation rules out episodes of successive devaluations that occurred in a number of countries with sustained high inflation. This yields a sample of 122 crisis episodes. Next, for each of the five years preceding the crisis, we compute the median over these 122 episodes of the indicated variables. This is plotted as a dotted line in Figure 1.1. In addition, for all countries and years for which data was available, we computed the median value of each indicator for all non-crisis episodes. This is indicated as a solid line in Figure 1.1. The definitions of the indicators are as follows:

Growth: Real per capita GDP growth

Reserves: Year-end non-gold reserves/(total exports/12)

Inflation: Growth in the consumer price index, fourth quarter over fourth quarter.

Current Account Deficit: selfexplanatory.

Real Depreciation: Fourth quarter over fourth quarter growth in the real exchange rate, defined as the nominal exchange rate vis-a-vis the US dollar adjusted by relative consumer prices.

Domestic Credit Growth: Nominal growth in domestic credit less inflation less real GDP growth.

Fiscal surplus(+)/deficit(-): General government surplus/deficit divided by GDP.

Debt to GNP Ratio: Total debt divided by GNP.

Short-Term Debt/Reserves: Total debt of maturity less than one year, divided by year-end nongold reserves.

All but the last two indicators are drawn from the International Financial Statistics of the IMF. The last two are drawn from the World Bank's Global Development Finance database, and cover only developing countries.

<sup>2</sup> Unlike in Korea and Thailand, where equity markets showed some nervousness in 1996 and early 1997.

<sup>3</sup> See D. Kaufman, G. Mehrez, and S. Schmukler (1998). "The East Asian Crisis - Was It Expected", manuscript, World Bank.

<sup>4</sup> Before July 1997, about 90 percent of the variation in the nominal exchange rate could be explained by a straightforward time trend. This is corroborated in the results of a regression of the rupiah/US dollar nominal

exchange rate on the inflation differential between Indonesia and the US, specified in the following form:

$$\log(nexch)_t = 7.55 + 0.67 (\log idncpi - \log uscpi)_{t-1}$$

(4.94) (10.0) \*

$$\text{adj } R^2 = 0.98$$

where *nexch* is the nominal exchange rate (defined as rupiah to 1 US dollar), *idncpi* is the Indonesian consumer price index and *uscpi* the US consumer price index. This suggests that a 1 percentage point increase in the differential between the domestic price level and the US price level, led to a depreciation of the nominal rupiah/dollar exchange rate of 0.68 percentage points the following quarter. The adjusted  $R^2$  of 0.98 indicates that 98 percent of the variation in the dependent variable can be explained by variations in the independent variable. Although the Augmented Dickey Fuller (ADF) tests indicate that the nominal exchange rate and the domestic and US consumer price index are nonstationary, the equation forms a cointegrating relationship.

<sup>5</sup> The average maturity of Indonesian debt declined because (a) the share of commercial bank borrowing increased, and (b) the maturity of commercial bank debt was less than the average maturity of Indonesian debt. But the average maturity of commercial bank debt itself barely changed between 1994 and 1997.

<sup>6</sup> See World Bank. 1997. "Indonesia: Sustaining Growth with Equity", World Bank Report No: 16433-IND, May 30, 1997 (Washington D.C.: World Bank).

<sup>7</sup> The decline in foreign currency deposits from private national banks between November 1997 and April 1998 equalled some 9 percent of (1997) GDP.

<sup>8</sup> See D. Kaufman, G. Mehrez, and S. Schmukler (1998). "The East Asian Crisis - Was It Expected". Manuscript, World Bank.

<sup>9</sup> The El Niño effect this year is at least as severe as that in 1939-40, which was the last time this century with summer oscillation indices of similar severity. See Fox, James. (1998). "El Niño Report: Indonesia", paper prepared for the World Bank, Manuscript.

<sup>10</sup> The five provinces with the largest declines were Maluku/Irian (32 percent), Sulawesi Utara (19 percent), Sulawesi Tenggara (16 percent), Lampung (13 percent), and Sulawesi Tengah (12 percent).

<sup>11</sup> In real terms; compared to the same period in the previous year.

<sup>12</sup> They included four state banks, 39 private national banks, and 11 regional development banks.

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<sup>13</sup> Each of these banks had borrowed more than Rp. 2 trillion from Bank Indonesia.

<sup>14</sup> These banks, which were small, had borrowed more than 500 percent of their capital from Bank Indonesia.

<sup>15</sup> Refers to the increase in the CPI.

<sup>16</sup> Overall capital flows were a positive US\$11.8 billion in 1996/97. In 1997/98, they are expected to be a negative \$7.0 billion (before arrears and rescheduling).



## Chapter 2

### Nurturing A Recovery

*"The secret of success is constancy to purpose".*

*-- Benjamin Disraeli*

The economy is in deep recession. The last time this happened was in 1963. Nobody needs reminding of those dark days, when inflation spiraled upward, capital inflows slowed to a trickle, debt service exceeded total export earnings, agricultural output declined by 4 percent, and economic conditions bred a dangerous cocktail of political and social tensions. It took five difficult years before stability was finally restored and the economy began to grow rapidly.

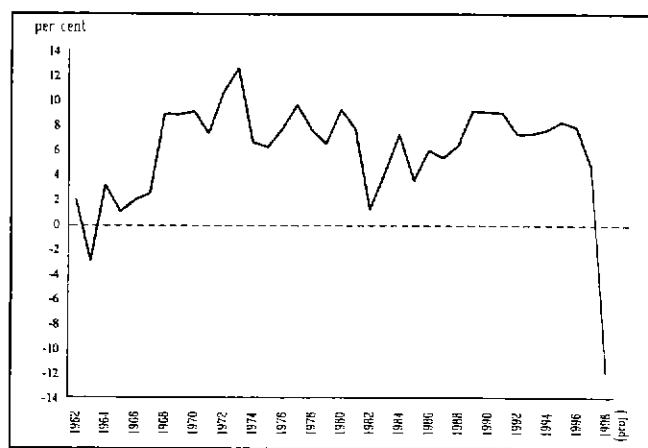
In the dark days of the current crisis, it is natural to be pessimistic and compare the Indonesia of today with that of thirty five years ago. In one respect, Indonesia is in a *more* difficult economic situation today -- the economic contraction expected this year is much worse than in 1963 (Figure 2.1). But in others, Indonesia is in a far better position. Thirty years of rapid growth have added significant strengths to the economy. Savings rates have been among the highest in the world and the country has accumulated an impressive stock of human and physical capital. Agriculture and industry are well

integrated with the global economy, especially when compared to other developing countries. These strengths are not insignificant and need to be borne in mind when considering Indonesia's prospects over the medium to long term.

The most immediate need, however, is to stabilize the economy and kindle a recovery. This will require three broad dimensions to macroeconomic policy priorities: resuscitating domestic demand to restore production as quickly as possible while stabilizing the exchange rate and keeping inflation in check; structural reforms to lay the policy and institutional foundations that will cement the recovery and help it mature into rapid, sustained growth over the medium term; and protection of the poor and vulnerable from the worst effects of the crisis. Easier said than done, of course. Powerful vested interests, fragile political stability, social tensions, international pressures, a regional economic slowdown, concerns for the poor, administrative capacity, sustainability of natural resource exploitation -- these are only a few of the pressures that will constrain policymakers. The degrees of maneuverability are few. And this is quite apart from the sheer immensity and complexity of the task ahead. Policy reforms will need to be introduced on a wide front at the same time. Sequencing them will be material. Implementing them will be difficult. Adjusting constantly to changing circumstances will be essential. Explaining their rationale to the public and to the world at large will be crucial. Above all, showing constancy to purpose will be critical, with the Government unswayed by pressures for populist policies and undeterred by adversity.

This is also a time for the international community to unite in providing increased support to Indonesia and ease the task of stabilization and recovery. The economy's predicament is serious and there is an urgent need for additional external

**Figure 2.1**  
**Worse than the '60s**  
(GDP growth, 1962-1998, in 1993 prices)



Note: Growth for 1998 is projected.

Source: BPS

resources to help finance enlarged social safety net programs for the poor and vulnerable. The critical need for these programs has swelled the government's projected budget deficit to 8.5 percent of GDP in 1998/99, the largest ever since the 1960s. Only half this gap can be financed from the existing pipeline of official project and program assistance. The remainder -- estimated at US\$4-6 billion -- is to come from additional commitments from multilateral and bilateral sources. Increased financial support will also be needed next year and the year after. Without such assistance, there are only two options left for the Government: cut back subsidies and social safety net programs; or finance these programs through higher borrowing from the central bank (which would have to print the money) and face the increased risk of hyperinflation. In either case, the poor would be the ones who suffer most and the nation could face considerable political and social unrest.

### **Priorities in macroeconomic policies**

One way of handling a financial crisis is to throw money at it, and when the crisis is over, mop up the excess.<sup>1</sup> Unfortunately, Indonesia does not have this luxury. The crisis, after all, is a crisis of confidence in the rupiah. Throw more *rupiah* at indebted corporates and banks and the exchange rate will depreciate rapidly, sending the economy into hyperinflation. And the Government cannot throw more dollars at the problem either because the country's short-term external liabilities far exceed liquid foreign exchange reserves and, unsurprisingly, international market sentiment precludes commercial borrowing abroad in large amounts.

So there is little alternative to restoring confidence except the old-fashioned way -- earning it. To do this will mean responding successfully to four major policy challenges that confront Indonesia: restructuring the corporate debt overhang; reforming and strengthening the banking system; improving governance; and maintaining

macroeconomic stability through the transition with appropriate and compatible fiscal and monetary policies. Each of these is necessary for restoring stability, regaining the confidence of international investors, and resuming growth. Clearly, none can be accomplished quickly. Over the longer term, attention will also have to be given to addressing other fundamental weaknesses -- the legal system, competition policy, corruption, unsustainable patterns of natural resource use, and development of social and political institutions. No quick fixes here, either. Confidence is not a symmetric notion. It can be shattered quickly. Rebuilding it takes time.

*Restructuring corporate debt.* Large sections of Indonesia's corporate sector are in severe financial difficulty. To be sure, several companies, especially export-oriented foreign firms and joint-ventures, have benefited from the exchange rate depreciation or have parent firms with deep pockets that can help them withstand the crisis. But the bulk of Indonesian-owned firms are being literally crushed under a massive burden of external and domestic debt.

Indonesia's external debt stands at US\$138 billion (Table.2.1).<sup>2</sup> Of this, private corporates owe US\$64.5 billion, the bulk of which is owed commercial banks (Figure 2.2). Indonesian banks owed another US\$13.6 billion, of which US\$12.8 billion was from interbank lines.

Total amortization payments falling due for calendar year 1998 is estimated at US\$32 billion (before any restructuring). Of this, 20 percent is public and publicly-guaranteed debt (government, state enterprises, and state banks). The rest is private debt, most of it corporate (corporate and domestic securities owned by non-residents), with over two-thirds short-term.<sup>3</sup>

Apart from those that were naturally hedged by dint of their export earnings, the depreciation of the rupiah meant that virtually all corporates are

finding it almost impossible to meet their external debt-service obligations and are consequently also defaulting on their domestic loans. Central to a resolution of this crisis will be a mechanism to reduce this debt burden and restore Indonesia's corporate capital stock to productive use. It is in this context that the Frankfurt debt agreement reached on June 4, 1998 is of such critical importance. The agreement comprises three components: a framework for restructuring the external debt of corporates; a scheme to repay interbank debts; and an arrangement to maintain trade finance facilities (Box 2.1).

A government guarantee of foreign exchange risk will form the core in the framework for corporate

Table 2.1

## Who owes what to whom

(External debt in US\$ billions, March 1998) *a/*

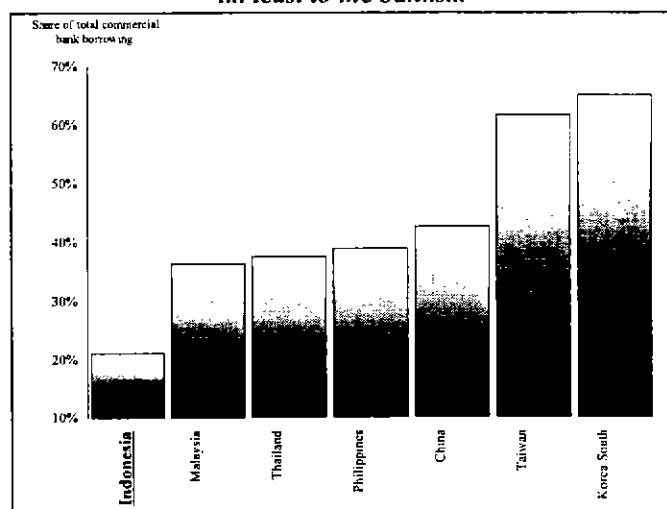
| Debtor                     | Amount        |
|----------------------------|---------------|
| Public sector              | 65.56         |
| Government                 | 54.39         |
| State enterprises          | 11.18         |
| State banks                | 5.61          |
| Corporates                 | 5.57          |
| Private sector             | 72.46         |
| Private banks              | 8.00          |
| Corporates                 | 64.46         |
| <b>Total external debt</b> | <b>138.02</b> |
| <u>Memo items</u>          |               |
| <i>Debt owed by:</i>       |               |
| Corporates <i>b/</i>       | 70.03         |
| Bank credit                | 64.60         |
| Domestic securities        | 5.43          |
| Banks                      | 13.61         |
| Interbank lines            | 12.83         |
| Domestic securities        | 0.78          |

*a/* As of July 8, 1998.  
*b/* Includes state enterprise debt  
 Source: Bank Indonesia

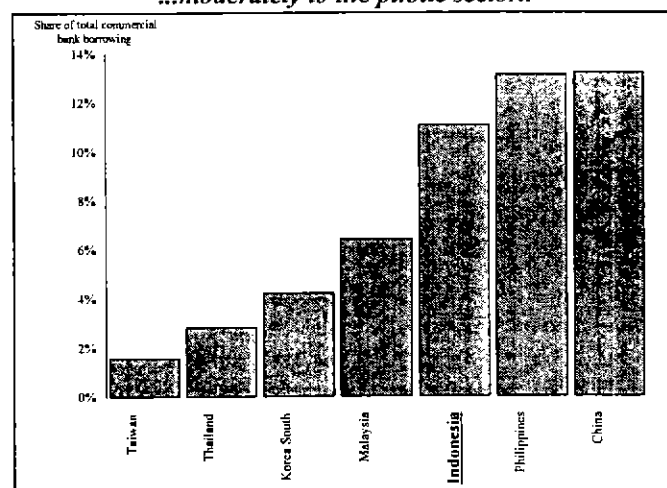
Figure 2.2

**In comparison to other East Asian economies, commercial bank lending to Indonesia was geared...**

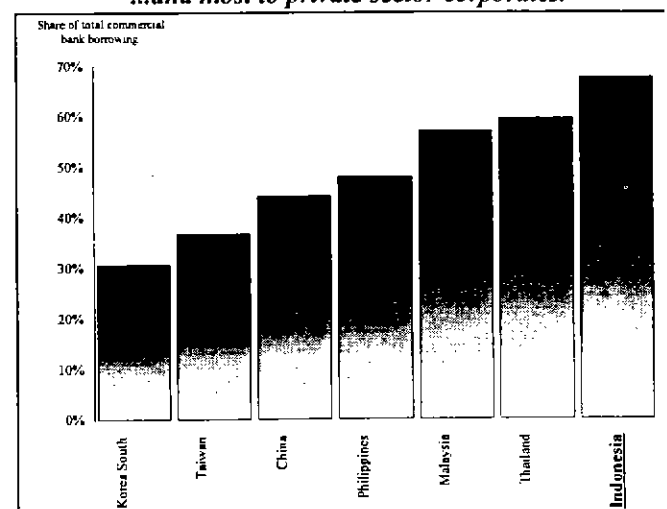
.... least to the banks...



...moderately to the public sector..



...and most to private sector corporates.



Note: Percent of total commercial bank lending, June 1997.  
 Source: BIS

**Box 2.1****Breathing room for corporates: some details of the Frankfurt agreement**

The Indonesian debt restructuring agreement reached in Frankfurt on June 4, 1998 comprised three components -- corporate debt, interbank lines and trade finance.

**Corporate debt**

- *Coverage:* Foreign currency debt of corporations to nonresident creditors.
- *Voluntary scheme,* requiring the agreement of both creditor and debtor.
- *Minimum terms* of restructured foreign debt: three years of grace and eight years to maturity.
- *Period* during which the scheme is open for entry: Likely to be August 1, 1998 to June 30, 1999.
- *Cap* on interest rate on the renegotiated foreign loan: LIBOR plus 3 percentage points.
- *Exchange rate risk guarantee:* will be provided for the initial conversion of foreign debt into rupiah debt.
- *Payment terms* on the rupiah loans: The rupiah loans will be indexed stay constant in real terms.
- *Terms on rupiah loans:* 8 years' tenor, real interest rate of 5.5 percent.
- *Accelerated payment option for rupiah loans:* five years' tenor, real interest rate of five percent.
- *"Buy down" option:* Debtors can "buy down" (appreciate) the accounting exchange rate by 10 or 20 percent if they agree to pay a real interest rate that is higher than the base real interest rate by 2.9 percentage points and 6.4 percentage points respectively.
- *"Early bird" incentive:* The interest rate for the first two years will be reduced by 0.5 percentage point if firms enter in the early part of the entry period.
- *Default by the corporate borrower:* If the borrower defaults on three consecutive monthly payments, INDRA is no longer obligated to pay the creditor.
- *Termination value:* In the event of default or voluntary withdrawal, INDRA will refund any balance that has been accumulated with it, minus an accumulated premium of 1 percent per annum on the outstanding balance of the rupiah loan, which INDRA will retain. During the grace period the termination value will be reduced.

- *Eligible debt:* Estimated at US\$64 billion (of which, however, substantial amounts are expected to be written off, refinanced, or restructured independently).

**Interbank debt**

- *Modalities and coverage:* Exchange for new loans of existing obligations of Indonesian banks to foreign banks maturing by March 31, 1999 (including most derivatives).
- *Tenor and interest rate* of new loans, and maximum/minimum proportion of loans that any foreign bank can exchange for new loans of each maturity will be:  
1 year, LIBOR + 275 bp, maximum 15 percent;  
2 years, LIBOR + 300 bp, maximum 30 percent;  
3 years, LIBOR + 325 bp, maximum 45 percent;  
4 years, LIBOR + 350 bp, *minimum* 10 percent.
- *Dollar guarantee:* New loans to benefit from a dollar guarantee from Bank Indonesia.
- *Arrears* on interbank debt and trade credit to tendering banks to be cleared before the exchange.
- *Rollover:* In the period before the exchange, informal rollover agreement reached in Tokyo will be in effect.
- *Estimated amount eligible:* approximately US\$9 billion (there is some uncertainty on the amount eligible for derivatives and the amount owed by foreign subsidiaries).

**Trade Credit**

- *Modalities and coverage:* Individual foreign banks to undertake, by means of a letter to Bank Indonesia, to use best efforts to maintain their level of trade credit provision as at end-April, 1998.
- *Term of facility:* One year.
- *Dollar guarantee:* Eligible debt to benefit from dollar guarantee from Bank Indonesia.
- *Arrears* on trade credit to banks involved to be cleared before undertakings enter into effect.
- *Reporting requirements:* Monthly reporting to Bank Indonesia and creditor bank's own supervisory authority.
- *Rollover:* In the period before the formal commitments enter into force, informal rollover will be in effect in accordance with agreement reached in Tokyo.
- *Estimated amount eligible:* US\$4-6 billion (data discrepancies remain to be ironed out).

debt restructuring. Participation in the scheme will be voluntary and decided jointly by debtors and creditors. Each debtor and creditor will be expected to re-negotiate the debt, agree on possible debt reductions, debt/equity swaps or other techniques to lower the repayment stream. To participate, the terms of re-negotiated loans must have a minimum maturity of eight years, with a three year grace period. Of course, the agreement could also include other concessions from lenders on existing debt, and efforts by the borrower to repay debts, including though the sale of some assets.

The restructuring of Indonesia's external corporate debt will have to take place in the context of wider financial restructuring of corporates that would include debt renegotiations with domestic banks. In this context, the Government is considering a framework that could include: developing comprehensive debt maps of the foreign and domestic debt of major corporations and conglomerates; and election by creditors of representatives to creditors' committees which would then negotiate a specific borrower's debts equitably. If one of the domestic creditors include banks under the supervision or management of IBRA, it is anticipated that IBRA could then become an active participant in these negotiations and would, in many instances, be elected to the creditors' committee to represent the interests of its banks..

debtors and the hundreds of foreign and domestic creditors to whom they owe debts. For a speedy resolution, both sides will need to recognize the extent of the loss and its allocation. This will be the thorniest element in the negotiations, and much will depend on the timeliness and accuracy of information supplied by the debtors. Here too, the Government could play a role, devising incentives to encourage financial transparency among debtors.

The aim of corporate debt restructuring, of course, would be to improve the liquidity position of corporates, avoid disruption in production, and restore the capacity of corporates to repay their financial obligations. This is at the very heart of the stabilization program, for without solvent and creditworthy corporates, a restored banking system would have no corporate clients. To be successful, corporate debt restructuring will also need to be accompanied by corporate reorganization, including bankruptcy, liquidation, downsizing, mergers, and acquisitions. Thus, continuing work is needed to identify legal and regulatory obstacles to corporate reorganization and to smooth the process. In this regard, an effective bankruptcy system is essential, both as a way of encouraging corporates to negotiate with their creditors as well as a genuine means to expeditiously resolve disputes about arrears. A special bankruptcy court and modified procedures for bankruptcy will become effective in August.

The rest will be up to the thousands of Indonesian

Indonesia can learn from Mexico's implementation

**Figure 2.3**  
**Mexico's debt situation in 1982 was similar, yet different, to Indonesia's in 1997**

*Some debt indicators in Indonesia are similar to 1982 Mexico's.*

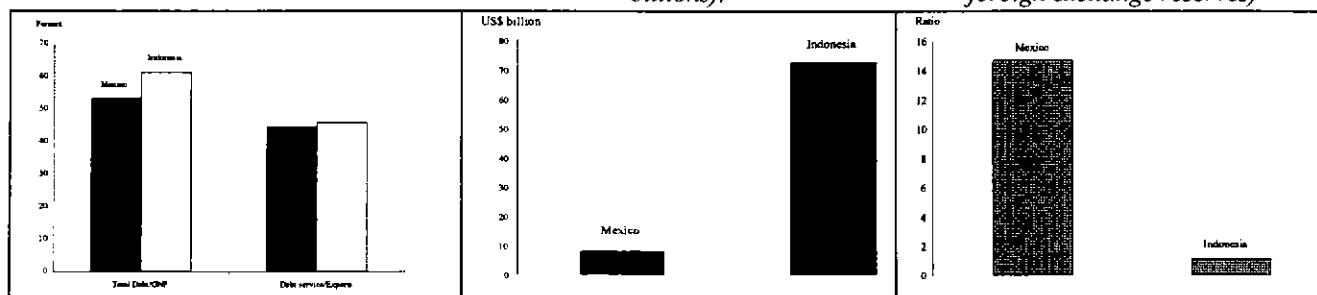
*(in percent)*

*On the other hand, Indonesia has larger private debt.*

*(Private non-guaranteed debt in US\$ billions).*

*Although its short-term debt is backed by a higher level of foreign exchange reserves.*

*(Private short-term debt as a share of foreign exchange reserves)*



Source: World Debt Tables and Bank Indonesia.

of the FICORCA scheme. By limiting the window of opportunity through which exchange rate risk guarantees are available, the Government holds an important lever to accelerate the process. Moreover, debtors and creditors alike will benefit equally from a quick conclusion to the negotiations and a rapid restoration of normal credit relations. Nevertheless, markets will need to be patient. Indonesia's private sector debt problem is larger and more complex than Mexico's was in 1983 (Figure 2.3).<sup>4</sup>

*Restructuring banks.* The worsening crisis has increased the banking system's financial troubles to the point where the viability of the rest of the economy is threatened. Hence, reforms to reestablish credit flows and deal with the problems of troubled banks is more pressing than ever. Many national banks need urgent action to resolve their bad debts and restructure their portfolios. The objective now is threefold: to assure the safe and sound operation of the banking system and ensure the availability of essential banking services; to quickly establish the necessary legal infrastructure and high standards of banking supervision, thereby enabling the creation and maintenance of a sound banking system; and to resolve problems of weak and insolvent banks while containing the cost to the Government and maintaining confidence in the system through a government guarantee for all depositors and creditors.

The highest priority in the financial sector is for Bank Indonesia to identify and revitalize key well-managed banks, help them restart lending to creditworthy customers, and reintegrate them into interbank and international financial markets. With help from the World Bank and the Asian Development Bank, Bank Indonesia is retaining international accounting firms to conduct portfolio reviews of 16 "sound" private banks to establish their financial credentials and help them regain access to trade facilities and interbank lines. In addition to seeking relief under the Frankfurt accord on interbank debts, if these banks are appropriately recapitalized they could be the potential core around which a more efficient, restructured, banking system could be organized.

To encourage them in this direction, Bank Indonesia and the Ministry of Finance are considering providing tier-two capital, generally in the form of subordinated loans, as well as entering into discussions with foreign banks to attract their investment in the banking sector. Other facilities could also be offered, including refinancing support and special lines of credit.

For banks in financial trouble, Bank Indonesia has tightened procedures for granting liquidity credits and is expecting higher standards of information disclosure. Bank Indonesia also needs to fortify bank supervision, especially of troubled banks, and ensure compliance with prudential regulations. The new loan classification and provisioning rules are an improvement over past practice. All banks are required to achieve a minimum capital adequacy ratio of 4 percent of risk weighted assets by end-1998, rising to 8 percent by end-1999 and 10 percent by end-2000. The minimum net capital requirement of Rp. 250 billion is being abandoned for existing banks to allow them to focus on achieving specified capital adequacy ratios in their restructuring. To improve the quality of financial information, Bank Indonesia is introducing regulations on bank disclosure, particularly for portfolio quality, loan concentration, and ownership structure. In this context, supervisors should be required to pay particularly close attention to limits for loans to connected parties and large loan concentrations. Bank Indonesia is also encouraging banks to adopt accounting systems that are in line with international best practice. Better accounting practices will help management and the supervisory authorities detect financial trouble before it becomes serious.

Finally, there is IBRA's task of restructuring or resolving troubled banks and their stock of bad debts. IBRA's job is huge, its human resources few. It still doesn't have an operational budget and all employees continue to be temporary and generally part time. Not only has it taken over the management of eight banks, but is responsible for resolving the assets and liabilities of another seven suspended banks. And this is just the beginning.

The dearth of human resources in IBRA has meant that seven of the eight banks under IBRA's management have been "twinning" with state banks who are providing the management teams. But this is an interim arrangement until successor arrangements can be found, such as management contracts with international banks. To assist in decisions about their future, a high priority was accorded to subjecting these banks to portfolio reviews. Preliminary drafts of these reviews confirm that assets are overstated, liabilities understated, non-performing loans are at high levels, and all are insolvent.<sup>5</sup> These reviews were conducted by internationally-recognized firms. In the second "wave", additional IBRA banks will be subject to similar asset portfolio reviews for completion by the middle of August, 1998.

In dealing with the seven suspended banks, IBRA must retain the confidence of the public in the Government's guarantee to all depositors and creditors. Payments have to be made promptly and accurately. More complex aspects of the guarantee -- such as for foreign currency deposits -- will need to be understood clearly and clarified for the benefit of the public. In this regard, new guidance from Bank Indonesia is forthcoming.

Supervisory responsibilities for the 40 banks under IBRA's umbrella will be returned to Bank Indonesia, leaving IBRA free to focus on bank restructuring. IBRA also needs to develop contingency plans in case Bank Indonesia entrusts additional banks to its care, or if more banks need to suspend their operations.

Finally, progress with getting the Asset Management Unit (AMU) operating has been slow. Meanwhile some of the interim asset management contracts with IBRA banks expired at the end of June and were extended at extraordinary meetings of the banks' shareholders. It is now urgent that the asset management unit within IBRA is up and running quickly using fair and transparent procedures for asset acquisition, sale, and resolution.

These are heavy, arduous, and involved responsibilities. To fulfill them well, IBRA needs all the help it can get.

- First, it must have a well-understood, legally-based charter of rights and responsibilities.
- Second, it needs adequate numbers of skilled staff. Staff seconded by Bank Indonesia has helped, but more will be needed, preferably from the private sector.
- Third, IBRA needs to function without interference from the Government or Bank Indonesia. To help achieve this, the Government has agreed to appoint an Independent Review Committee composed of five members, associated staff, and a consulting firm. Two Indonesian members of high repute have already been nominated and the three international members will be selected in consultation with the IMF, the World Bank, and the ADB.
- And fourth, IBRA needs a clear charter supported by financing in the right amounts and at the right time. Funds will be needed to meet the claims and cover the extraordinary losses of IBRA banks, resolve the non-viable IBRA banks, and recapitalize those banks under IBRA management that will be restored and privatized. Additional bonds will be issued to finance IBRA during FY98/99. The estimated budgetary cost in FY98/99 is Rp. 15 trillion, representing the interest on these bonds. In all cases, transparent and objective criteria will need to be employed to build credibility and obtain the trust of depositors, shareholders, and creditors alike.

A particular concern in the financial sector is the scarcity of import finance and, more importantly, pre-shipment export finance, which could severely damage non-oil export earnings. Importers, exporters and producers cannot utilize import L/C confirmation arrangements to import goods because they do not have access to bank loans. Producers do not have access to pre-shipment export finance loans from banks to convert raw

materials into finished goods and meet selling, marketing and administrative expenses. Lack of pre-shipment export finance is also preventing exporters from utilizing import finance facilities that have been arranged with ECAs.

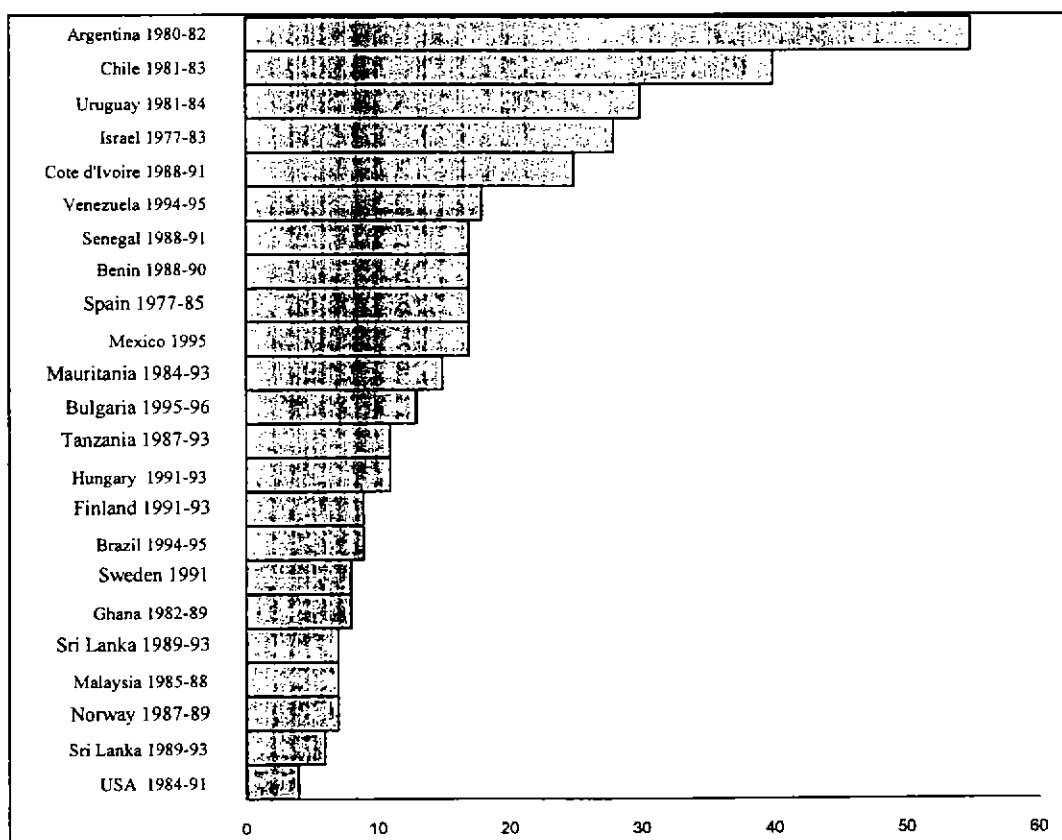
The issue of trade finance is being addressed through a variety of means. First, Bank Indonesia has established a cash collateral facility with seven foreign banks to ensure that country risk is not a barrier to the confirmation of L/Cs by correspondent foreign banks. Second, the Frankfurt debt accord included a trade finance component which requires the best efforts of foreign creditors to maintain their level of trade credit to Indonesia as of end-April 1998 (Box 2.1). Third, JEXIM recently extended a US\$1 billion loan to cover confirmation of import L/Cs opened on Indonesian banks and to cover working capital loans to finance imported inputs for export

production. Finally, the World Bank is providing technical assistance to Bank Indonesia to facilitate trade financing and develop schemes that will support renewed provision of pre-shipment trade finance by Indonesian banks.

The cost of resolving the banking crisis in Indonesia will be high, but how high is difficult to tell just yet. It could reach 20-30 percent of GDP and may even venture higher. Even so, Indonesia would still not have recorded the costliest financial debacle in recent decades (Figure 2.4). That dubious distinction goes to Argentina.

*Improving economic governance.* The task of improving governance is equally critical for the short term as it is for the next several decades. In the short term, for example, bank and corporate debt restructuring will need to be done honestly and transparently, according to law and well-

**Figure 2.4**  
**The direct costs of banking crises can be high**  
(shares of GDP)



Source: Caprio and Klingbiel 1996; World Bank 1997<sup>6</sup>

established rules. This is essential for the credibility of these actions and the ultimate success of the reforms. In the longer term, Indonesia will have to broach broader issues of governance -- strengthening the civil service, developing a strong, independent, and effective judicial system supportive of a market economy entering the 21st century, promoting decentralization, building a new relationship between government and civil society, and stamping out corruption. In a nutshell, Indonesia has an opportunity to reinvent its government. It would be presumptuous of us to delve into details on how this complex and difficult issue needs to be tackled; that should be the result of additional study and research within Indonesia and subsequent discussion and debate. Perhaps, at some point in the near future, it could become the special topic of a World Bank economic report on Indonesia.

But first things first. Three urgent governance issues confronting the Government are the bankruptcy law, competition policy, and the privatization program. The three form the initial building block for a competitive corporate sector and are important signals for how Indonesia's business culture will move toward being more fair and transparent.

The new bankruptcy law is an improvement over the existing one which had remained virtually unchanged since 1905. The new revisions define a time frame within which bankruptcy declarations need to be resolved, add provisions on interim actions that may be taken by creditors, confirm the functions and obligations of a receiver, clarify the procedures for cassation appeals to the Supreme Court, and explain the rights and obligations of debtors during bankruptcy proceedings. To hear and decide bankruptcy cases, the Government has established a Special Commercial Court with specially assigned judges and has drawn clear distinctions between it and the Courts of General Jurisdiction.

But a new bankruptcy law alone is not going to fix the problem. More important will be its steadfast implementation without fear or favor. The old law had rarely been used, its mechanisms untested,

because of a corrupt court system and a business culture that precluded bankruptcy as a solution to financial failure. This will need to change. If cases of corruption in the courts are brought to the notice of the authorities, the culprits must be indicted irrespective of their level in the judicial system.

Bankruptcy laws and rules, fairly and fearlessly implemented, will assist the orderly exit of firms. This is an essential adjunct of market competition. But that competition must also be free and fair. This is not only good for efficiency, it forms the very foundation of a just and impartial market system. Developing a sound and effective competition policy, and supporting it with a legal framework, must become a government priority. The pervasiveness of anti-competitive practices has been at the root of much of the skepticism about the Government's determination to pursue genuine reforms. Correcting this is important for two reasons. First, it is a central element in the effort to regain the confidence of markets. And second, it is critical to gaining support from the international donor community.

The government is committed to implementing a law on competition to establish guidelines for fair business practices and to avoid anti-competitive behavior. The necessary regulations on mergers, acquisitions, and anti-competitive behavior will be completed by September 1998 and a broader draft law by December 1998. In the interim, however, the Government has eliminated the most egregious examples of government-supported private and public monopolies. Among these are BPPC (the clove monopoly) and APKINDO (the plywood cartel). In other areas, such as food import, storage, and distribution, the Government is making markets contestable by removing barriers to entry by private and foreign firms and giving them equal access to subsidies. The government has curtailed implicit subsidies to individuals or groups of firms by eliminating tax and credit privileges for the national car, lowering the prohibitive export taxes on logs and rattan to more realistic levels, and rescinding the ban on crude palm oil (together with its derivatives) and replacing it with an export tax.

To signal a change in business culture, an effort is underway by the new Government to review and dismantle government contracts that were offered through corruption, collusion and nepotism (KKN). An example of this is the review of all supply and distribution contracts with Pertamina, the state oil and gas company. A further example of this is the Government's commitment to audit Pertamina and the Reforestation fund, along with BULOG and PLN. Similarly, the Government has withdrawn the requirement that logging concessions only be awarded to companies owning wood processing facilities. Work is also underway to finalize implementing rules and regulations underpinning a new decree (Keppres 7) that governs private participation in the provision of public infrastructure featuring transparent competitive bidding practices.

The Government has committed itself to completing an ambitious privatization program. Seven additional enterprises will be partially privatized this fiscal year (Bukit Asam, Jasa Marga, Pelabuhan Indonesia II, Pelabuhan Indonesia III, Angkasa Pura II, Perkebunan Nusantara IV and Krakatau Steel). For each of these enterprises, and for five that are already partially privatized (Telkom, Indosat, Semen Gresik, Tambang Timah and Aneka Tambang), investment banks have already been appointed to make the necessary preparations. Part of the preparatory work needed is the formulation of an appropriate regulatory framework to ensure that privatized state monopolies are not simply transferred to the private sector in a manner inconsistent with the proposed competition policy. The initial handling of a proposed sale of shares in Krakatau Steel temporarily raised questions about the transparency of the process, but the Government has taken decisive measures to ensure transparency by including specific steps to be taken prior to completing the sale of any enterprise. The need for transparency cannot be overstated, especially given the difficult economic conditions in which these sales will be transacted.

Managing aggregate demand. The task of restructuring banks and corporates and improving

crucial aspects of governance will be made much easier in a stable macroeconomic environment. So managing aggregate demand during the transition to stabilize the exchange rate and lower inflation is a crucial fourth component of the reform program. There are three reasons why it is also the most difficult. First, public resources are scarce and demands upon them huge. It will require tough decisions and steady nerves to make the right choices and then stick to them. Second, the economy is being subjected to such massive shocks that relationships between key economic variables -- which normally tend to hold under conditions of relative stability -- almost certainly do not hold now. And third, policymakers no longer have the luxury of making mistakes; the economy is fragile, confidence frail.

The biggest constraints lie with the government budget. Despite efforts to raise taxes and improve tax administration, the plunge in economic activity and lower oil prices will depress total revenues from about 16.2 percent of GDP in FY97/98 to 14.1 percent in FY98/99. To augment these resources, the Government intends to divest shares in twelve listed state companies, including the domestic and international telecommunications firms Indosat and Telkom -- actions that will yield a further 1.6 percent of GDP in capital revenues and push total revenues to 15.7 percent of GDP (Table 2.2).

Expenditure levels in the budget are expected to be 24.2 percent of GDP, their level negotiated between the Government and the Fund to keep the budget deficit to 8.5 percent of GDP. Of this, about 4.8 percent is expected to be financed from identified and committed external funds -- the rest will need to be forthcoming as additional new commitments from multilateral and bilateral donors.

Expenditure levels reflect the Government's concerns with protecting the poor, maintaining investments in human capital, and pursuing bank restructuring. Subsidies are expected to increase to 6.2 percent of GDP with no further increases assumed for this fiscal year in administered prices

**Table 2.2**  
**Fiscal accounts at a glance**  
 (Percent of GDP)

|                                                                                         | FY97/98<br>(actual) | FY98/99<br>(revised) |
|-----------------------------------------------------------------------------------------|---------------------|----------------------|
| Revenues                                                                                | 16.2                | 15.7                 |
| Oil and gas                                                                             | 4.6                 | 5.2                  |
| Non-oil                                                                                 | 11.6                | 8.9                  |
| Privatization                                                                           | 0.0                 | 1.6                  |
| Current expenditures                                                                    | 10.6                | 17.0                 |
| Subsidies                                                                               | 3.1                 | 6.2                  |
| Interest                                                                                | 1.7                 | 3.3                  |
| Other                                                                                   | 5.8                 | 7.5                  |
| Government savings                                                                      | 5.6                 | -1.3                 |
| Development expenditures                                                                | 6.6                 | 7.2                  |
| Social sectors                                                                          | 1.0                 | 1.6                  |
| Special employment schemes                                                              | 0.0                 | 0.9                  |
| Other                                                                                   | 4.6                 | 4.7                  |
| Budget deficit                                                                          | 1.0                 | 8.5                  |
| Financed by:                                                                            |                     |                      |
| External finance                                                                        | 1.6                 | 4.8                  |
| Domestic finance                                                                        | -0.6                | ..                   |
| Exceptional finance                                                                     | ..                  | 3.7                  |
| Note: Social sectors include education, health, food production and small scale credit. |                     |                      |
| Source: Government of Indonesia.                                                        |                     |                      |

for fuel, electricity, rice, soybean, wheat flour, sugar, and fishmeal. The average prices of petroleum products and power have been increased by 38 and 25 percent respectively since the beginning of April, but further increases are being deferred in FY98/99 to avoid exacerbating social tensions.

The rationale for postponing adjustments in administered prices of foods and fuels is to ease the transition to lower real incomes and especially to protect the poor. But the Government recognizes full well that fuel and food subsidies

are expensive and tend to benefit the poor only marginally. In the next months, policymakers will turn their attention to better targeting subsidies to the poor; with such programs in place, reducing subsidies in the budget to more sustainable levels can be achieved without fear that the poor will be hurt. In this context, the Government is committed to designing a system to adjust all administered prices on a more regular basis by the end of March 1999.

The development expenditure budget has had to be completely restructured to ensure that priority expenditures for the poor and social safety net programs are not just protected but increased substantially. Infrastructure projects in water, transport, and energy have been slashed. This has permitted significant increases in health and education spending, which will permit services to be restored to their FY96/97 levels, including targeted programs to finance essential drugs for rural and urban health centers, prevention of communicable diseases, nutrition improvement programs, referral health services, scholarships for needy students, block grants for primary and secondary students, and training for primary school teachers. Additional employment for roughly 3 million people will be provided to replant forest areas, improve urban slums, renovate health centers and school buildings, repair rural and urban roads, reconstruct traditional markets burned in the May riots, and maintain irrigation schemes. Finally, the costs of bank restructuring for the fiscal year are estimated to amount to 1.6 percent of GDP, comprising the cost of servicing IBRA bonds issued by the Ministry of Finance.

In total, one third of development expenditures now fund social safety net programs. Expenditures going to conventional investments will decline 25 percent in real terms. Some of the reallocations -- to health, education, increased and special employment schemes at local level -- reflect desirable priority shifts, if the expenditures can be used effectively to increase the delivery of services to the poor. Increased emphasis on maintenance and a great reduction in new construction is properly taking place in infrastructure in the short run.

Difficulties surrounding budgetary management are matched by those facing monetary policy. Many standard monetary relationships -- the money multiplier, demand for money, the interest elasticity of deposits -- have broken down in the crisis, so monetary developments will have to be monitored constantly to inform adjustments in monetary aggregates. Fortunately, Bank Indonesia has upgraded its monitoring capacity significantly and is even publishing weekly monetary data with a short lag.

The biggest risk to monetary control lies with the provision of liquidity support to troubled banks. On March 30, Bank Indonesia introduced a new, rationalized system to do this. This system will rely more on non-financial penalties; earlier, these facilities were available at punitive rates of interest that invariably went unpaid.

But the new structure for liquidity support will require stringent controls and close supervision. If a bank uses this facility, it should prompt Bank Indonesia to send its inspectors on-site and develop a program with the bank's management to fix the problem. To add weight to its inspection teams, Bank Indonesia should insist upon a graduated system of penalties that could include, for example, the preparation of a business plan to restore liquidity; cessation of dividend payment and connected lending; limits to foreign exchange and derivatives business; and possibly cancellation of the foreign exchange licence.

Controlling liquidity support is only one concern of monetary policy. *Withdrawing* liquidity that was earlier pumped in is another. The key instrument for this -- Bank Indonesia Certificates (SBIs) -- has, therefore, played an important role in managing aggregate demand. To strengthen monetary control, Bank Indonesia is preparing to phase out the current system of setting SBI rates administratively, replacing it with an auction system. The intention is to ensure transparency in interest rate policy and avoid any hint of manipulation of interest rate levels. Nevertheless, the authorities need to take adequate precautions in safeguarding against increased interest rate

volatility through the auction system in a thin market.

In the next few months, monetary policy will remain tight, with base money and net domestic assets of the banking system held broadly flat. This will involve an increase in velocity and the continuation of high interest rates in the short term, which the authorities consider justified in light of the rupiah's weakness. But the stance of monetary policy will be kept under close review and adjusted when necessary to accommodate developments in the exchange rate, inflation, and the real economy. After the next few months, the monetary stance could be eased to allow room for the economy to recover

### Macroeconomic outlook

The Indonesian economy is at its most critical juncture in over thirty years. The destiny of the nation hangs in the balance and the direction it takes will depend on chance as well as choice. Chance, because Indonesia's economic future will be shaped by many factors over which it has no control -- the pattern and intensity of rainfall, trends in international oil prices, developments in Japan. Choice, because Indonesia has control over many of its own policies, decisions, and actions which together can spell the difference between success and failure.

To the virtually limitless potential combinations of chance and choice should be added the stresses and strains being applied to Indonesia's fragile social and political fabric. Such complex and uncertain circumstances and such rapidly unfolding events tend to make projections of the future redundant well before the ink is even dry. Yet, in this section, we include our projections of how the economic crisis could evolve. We do so for good reason. Not because we have any unique insight into the future, but because we consider that projecting the future can be a useful exercise in examining and highlighting constraints to stabilization and recovery and assessing what they imply for economic policy, for the people of Indonesia, and for the international community.

**Table 2.3**  
**A glimpse of things to come**

|                                                | -----actual----- |       | -----projected----- |          |          |
|------------------------------------------------|------------------|-------|---------------------|----------|----------|
|                                                | 96/97            | 97/98 | 98/99               | 99/00    | 00/01    |
| <b><u>Growth rates (in percent a year)</u></b> |                  |       |                     |          |          |
| Real GDP                                       | 7.8              | 1.0   | -10 to -15          | -2 to +2 | +2 to +4 |
| Investment                                     | 10.2             | -11.0 | -55.0               | 4.0      | 6.0      |
| Imports                                        | 11.3             | -5.8  | -14.0               | 5.0      | 9.0      |
| <b><u>Key ratios (in percent)</u></b>          |                  |       |                     |          |          |
| Current account balance/GDP                    | -3.5             | -1.0  | 1.7                 | 1.8      | 1.5      |
| Total debt service/exports                     | 34.2             | 39.5  | 38.0                | 35.0     | 34.0     |
| Gross reserves in months of imports            | 7.0              | 4.6   | 5.1                 | 5.1      | 5.1      |

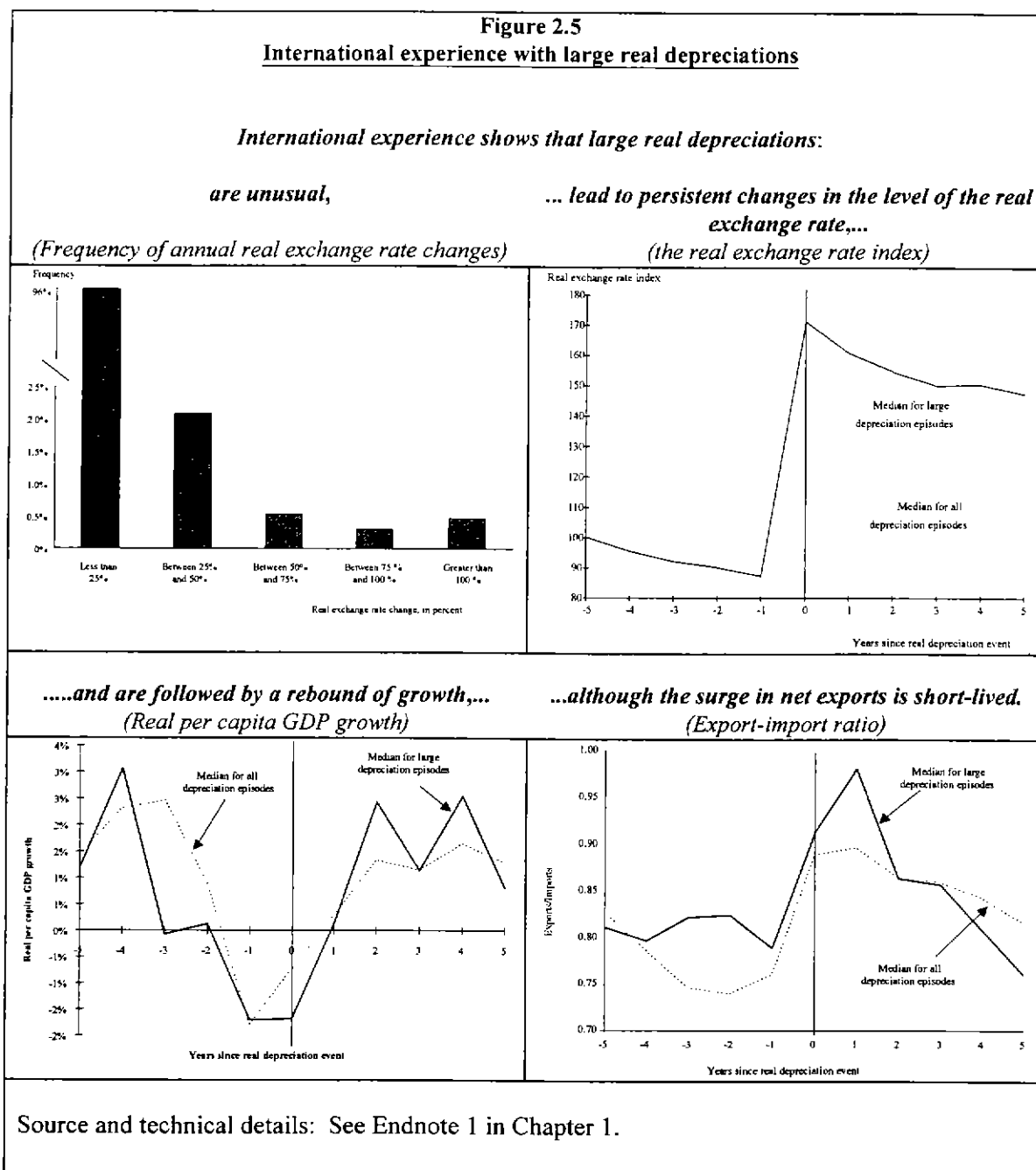
Source: BPS; Bank Indonesia; World Bank staff estimates.

Our base case projections show GDP likely to fall by 10-15 percent in FY98/99 and remain stagnant in FY99/00 (see Table 2.3). Domestic demand has plunged due to a sharp decline in investment, the collapse of banks and corporates, and dwindling real incomes. Even export growth appears to be slowing as trade finance becomes increasingly scarce, Indonesian exporters cannot maintain delivery deadlines, and export orders are plunging. Despite few demand pressures and the deferment of further increases in administered prices, the continued depreciation of the exchange rate has pushed our inflation forecast to 80 percent or above for this year. How this evolves over the outer years of the projection period will depend to a large extent on developments in the foreign exchange markets, the outcome of fiscal and monetary operations, and the availability of foreign finance.

The balance of payments is projected to record a current account surplus for at least the next two years, about 1.8 percent of GDP for FY98/99 and 2.3 percent of GDP for FY99/00. Oil and gas exports are hard hit by a decline in the oil price, now projected at \$13 per barrel for FY98/99.

Unlike other economies which have experienced a large real depreciation in their currency (Figure 2.5), Indonesia is not expected to see an immediate boom in non-oil and gas exports; in fact, exports are likely to grow relatively slowly owing to limited access to trade finance (especially for potential new exporters), the depletion of input stocks, lack of buyer confidence, and prolonged uncertainty and social unrest. In this respect, Indonesia will differ from the normal course taken by other countries which have experienced a large real depreciation (Figure 2.5). Imports are expected to shrink considerably, suppressed by the severe contraction in domestic demand and a major increase in import costs. We estimate imports are now likely to fall by about 15 percent in FY98/99 before beginning to recover FY99/00 (Table 2.3). The fall in imports would be even larger if such large rice imports were not needed for FY98/99.

Economic compression will result in rapidly rising unemployment (and greater potential for labor strife), a decline in social welfare, and a doubling in the incidence and depth of poverty. This issue is discussed in greater detail in Chapter 3.



Despite this gloomy near-term outlook, there remain some potential bright spots in the economy that, in combination with firm, consistent implementation of the Government's reform program, could rekindle growth. Agriculture, for example, is expected to recover gradually with the fading of El Niño, adding to local incomes and demand and re-energizing off-farm activities. This would complement the expansionary fiscal stance

of Government, which will inject new purchasing power into the domestic economy reversing a vicious circle of decreased demand and production. Exports of labor-intensive manufactures also hold considerable potential, especially if the problem of trade finance can be resolved (see above). Export earnings from tree crops (relatively unaffected by El Niño) could rise significantly, even in the near term. And minerals production (copper, coal, gold,

tin, and nickel), most of it destined for export markets, also shows encouraging strength.

The point at which the Indonesian economy bottoms out and starts rising again is difficult to predict. Part of the uncertainty lies in Indonesia's main markets in East Asia, several of which are experiencing economic difficulties of their own. Continued political uncertainty at home could delay the return of confidence (and flight capital). It is important for the recovery, therefore, that the reforms discussed above are implemented speedily and consistently, and the reform program is constantly adjusted in light of changing circumstances.

At some point in the next few years, Indonesia will turn the corner and resume growth, albeit not at the pace of past decades. After all, the economy continues to possess significant strengths: a rich natural resource base, a large domestic market, an industrious, innovative, and educated people, and a stock of physical infrastructure that now lies substantially under-utilized. But even if growth were to resume fairly soon, per capita incomes in Indonesia are unlikely to return to their July 1997 level before 2005. It is unfortunate that Indonesia will enter the next millennium on such a comfortless prognosis. In essence, it would have lost more than a half-decade of development. True, the recovery period could shorten, depending upon the speed with which political and economic stability returns and the vigor and integrity with which reforms are implemented. But the factors impeding a quick recovery are equally strong: a mountain of external debt which will still have to be repaid, a large fiscal deficit which will still have to be lowered, and the loss of the many ethnic Indonesian-Chinese entrepreneurs who left the country which will still be felt keenly in the economy.

### **External financing requirements**

A critical element in this scenario of gradual recovery and growth is the availability of adequate amounts of external finance. After all, Indonesia is recovering from a severe and sudden loss of dollar liquidity; replacing some through an infusion of

increased official grants and loans will ease the severity of the adjustment in output and mitigate the effects on the poor.

Indonesia will need about US\$13-14 of official foreign financing in 1998/99. This includes the additional US\$6 billion in exceptional financing recently organized to fund the program negotiated between the authorities and the IMF. The financing needs for 1999/00 will need to equal the budget deficit for that year which may not be as high as in 1998/99, but will nevertheless be higher than in years past. Considering the highly volatile economic situation and unusual uncertainties in the East Asia region as a whole, these financial requirements will be kept under continuous review.

A departure from previous years is the urgent need for "program lending", not "project lending". The reason is large projected fiscal deficits this year and next that require external financing if the Government is to avoid inflationary financing. Program lending, in which the Government is the borrower, not only fills a foreign financing gap, but makes available to government counterpart rupiah funds that can be used to finance current and capital expenditures (as counterpart funds for project loans).

### **A low case scenario**

Even with additional foreign financing, however, there is no guarantee that the Indonesian economy will be able to engineer a recovery with moderating inflation and an appreciating exchange rate. Continued political uncertainty could precipitate further social unrest and impede any incipient return of confidence among domestic and international investors. The consequences for the exchange rate and inflation would leave Indonesia few remaining options to stave off economic collapse. The number of poor, already expected to double, would rise even more. The fragile social fabric of the country could be torn asunder, making any subsequent economic recovery a protracted process. GDP could collapse by over 15 percent and inflation would rise to levels last seen only in the early 1960s.

**Conclusion**

The next few years will be difficult and uncertain for the Indonesian economy. The massive depreciation of the currency and the sharp contraction in the economy puts Indonesia in uncharted waters. Will Indonesia be able to pull through without irreversible damage to its economy or society? It must. Too much is at stake for Indonesia and for the world. Indonesia, after all, is the world's fourth largest country, an important anchor for stability in Asia, and with an impressive track record of poverty alleviation. This places a special responsibility on the

international donor community. External financing needs will be large. They will also be uncertain because much depends on how the economic situation evolves over the coming year. The Government's policy agenda, on the other hand, will be independent of the level of uncertainty. The priorities will be reestablishing macroeconomic stability, restructuring corporate debt, reforming the banking system, and improving governance. Most important, considerable efforts will be needed to mitigate the worst effects of the crisis on the poor and vulnerable. This is the subject of the next chapter.

### Endnotes

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<sup>1</sup> See Kindleberger, C.P. 1989. Manias, Panics, and Crashes: A History of Financial Crises (New York: Basic Books).

<sup>2</sup> Estimate for March 31, 1998, as of July 8, 1998. Includes domestic securities held by non-residents.

<sup>3</sup> The average maturity of private debt is estimated to be only 18 months.

<sup>4</sup> The amount of Mexico's commercial bank debt that was renegotiated in 1984 was US\$47.7 billion (World Bank. 1985. World Development Report, 1985: International Capital and Economic Development, page 28 (New York: Oxford University Press).

<sup>5</sup> It should be noted, however, that these reviews disregard the value of collateral.

<sup>6</sup> Caprio G. Jr. and D. Klingbiel. 1996. "Bank Insolvency: Bad Luck, Bad Policy, or Bad Banking?" in M. Bruno and B. Pleskovic, eds., *Annual World Bank Conference on Development Economics 1996*, Washington D.C.: World Bank.



## Chapter 3

### Protecting the Poor

*"These are the times that try men's souls."*  
-- Thomas Paine

The real tragedy of the Indonesian crisis is its effects on the poor and vulnerable. In many respects, this tragedy has yet to unfold, and its dimensions are likely to be sobering. The number of poor could well double in coming years, and even this may be an underestimate. The last three decades had seen an unprecedented and steady decline in the poverty rate from over 50 percent in 1970 to an estimated 10 percent in 1997. Key welfare indicators had improved too. Life expectancy increased by 17 years; the infant mortality was cut by over 60 percent; and universal primary school enrollment was achieved. All this is now in danger of reversal.

The coming months will try men's souls. The recession will mean lower earnings, more lay-offs, and massive unemployment among school leavers. The drought has added to the misery of the rural poor. Lower incomes and higher costs could push parents to yank their kids from school. The ill may risk their health and even death rather than face paying steeply higher bills for doctors, hospitals, and medicines. Children and women, especially pregnant women, are most at risk.

This chapter notes that a resumption of growth is the single most important factor that will help the poor. This central result reinforces the critical importance of the policies described in Chapter 2. But the chapter also notes that growth alone is not enough. There are clear areas for public action to help mitigate the worst effects of the crisis on the poor and vulnerable. The challenge in Indonesia will be to ensure these actions are implemented

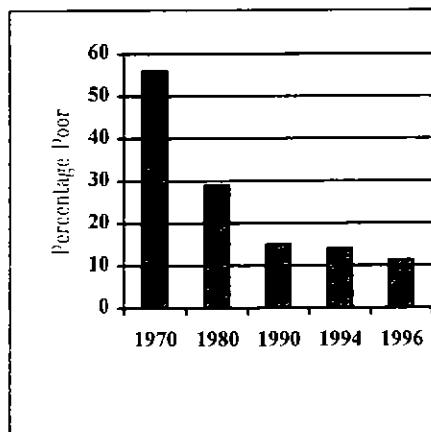
expeditiously and effectively, despite a difficult budgetary situation and a creaking administrative and institutional mechanism not particularly well suited for this purpose.

#### **Poverty will rise**

By mid-1997, the incidence of poverty was about 10.1 percent of the population (Figure 3.1).<sup>1</sup> If real GDP declined in 1998 by, say, 12 percent, the incidence of poverty could increase to about 14.1 percent in 1999, or about 29 million people (Figure 3.2).

The most visible effects of the crisis seem to be in urban areas -- lay-offs among urban construction and manufacturing workers, for example. The numbers bear this out. The poverty level in urban areas is expected to more than double from 3.8 percent in 1997 to 8.3 percent in 1999; in rural areas, the increase will be from 13.7 to 17.6 percent. But it will be rural areas that will see the biggest *absolute* increases in the number of poor, notably among agricultural households hit by El Niño (Figure 3.3). Not surprisingly, households in the agricultural sector are vulnerable to smaller economic shocks; their average per capita expenditure was only about 57 percent higher than the poverty line *prior to* the crisis, whereas average per capita expenditure among households in both manufacturing and construction was more than twice the poverty line (Figure 3.4).

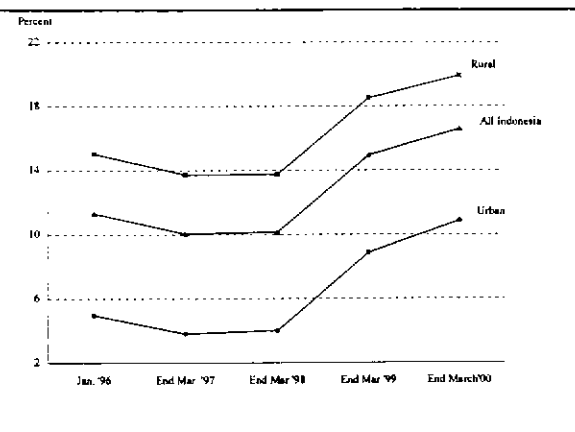
**Figure 3.1**  
**Dramatic progress in poverty alleviation...**



Source: World Bank staff estimates

Unfortunately, some of the regions hit hardest by the drought are also among the poorest, such as East Nusa Tenggara (NTT), East Timor, and Irian Jaya. Recent field investigations in NTT suggest, for example, that average losses in corn production during the last rainy season were on the order of 30 percent or higher, with complete crop failure in some locations. If average agricultural sector income were to drop by 10 percent in these areas, then the incidence of poverty would be expected to increase to a shocking 42.7 percent.

**Figure 3.2**  
**...could be reversed as a result of the crisis**

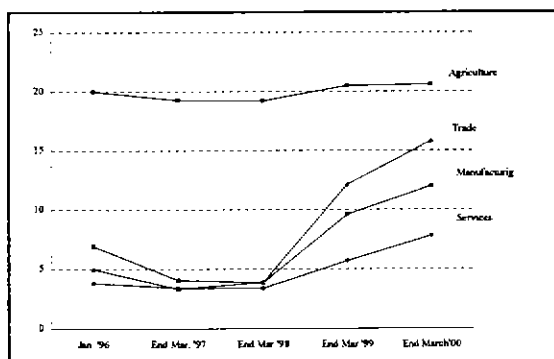


### Employment will fall

As the economy has contracted, the demand for labor has fallen, especially in urban areas. This has resulted in increased open unemployment, although precise estimates of the increase are difficult to obtain.<sup>2</sup>

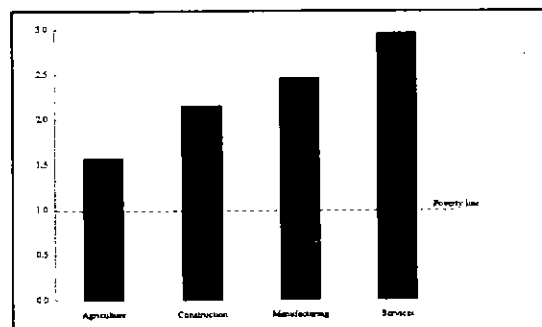
Of even greater concern are the crisis-induced effects on *underemployment*. The poor, after all, cannot afford to be unemployed; so they tend to work in ill-paying jobs to earn enough to survive. Certainly, the magnitude of underemployment is likely to be much greater than open unemployment.

**Figure 3.3**  
**Poverty will rise**  
(Projected poverty trends in selected sectors)



Source: World Bank staff estimates.

**Figure 3.4**  
**Agricultural households are more vulnerable**  
(Per capita expenditure as a percentage of the poverty line, for selected sectors)



Source: World Bank staff estimates.

### Box 3.1 Geographic ironies

*Within Indonesia.* The most immediate poverty effects of the crisis are actually a result of the drought. In most parts of the country, it has been rainfall, not finance, that has most hurt the poor. Farmers in rainfed areas have been hit harder than those in irrigated areas.

Even within small geographic areas, there can be large differences in the effects of El Niño. This year, rainfall has been scattered and variable so that areas of severe shortages are sometimes in close proximity to areas of sufficiency (J. Fox, 1998, background paper).

*Across Southeast Asia.* While El Niño has punished Indonesia (and to some degree, the Philippines, Papua New Guinea, and Australia), rainfall patterns have been a boon to rice crops in Thailand, Vietnam, and South China. While farmers in Indonesia are facing a severe drought, Thai farmers are experiencing record surpluses.

In 1996, 37 percent of those employed would have been considered underemployed.<sup>3</sup> And the underemployed are more likely to be poor (Mason and Baptist, 1996). Indeed, some Indonesian communities have shared underemployment to avoid open unemployment (See Box 3.2). So policy makers must look beyond open unemployment to understand the welfare effects of the crisis.

Not only have unemployment and underemployment increased, but real wage rates have declined (Table 3.1). Wage trends in 1997, when compared to 1995, highlight the severity of the impact of the crisis and drought on incomes and welfare (Figure 3.5).

### Effects on health and education

The crisis is not only affecting current income but threatening future income earning capacity by hurting the health and education of Indonesians, especially the Indonesian poor.

In times of crisis, the education of children tends to suffer first. Households pull their children out of

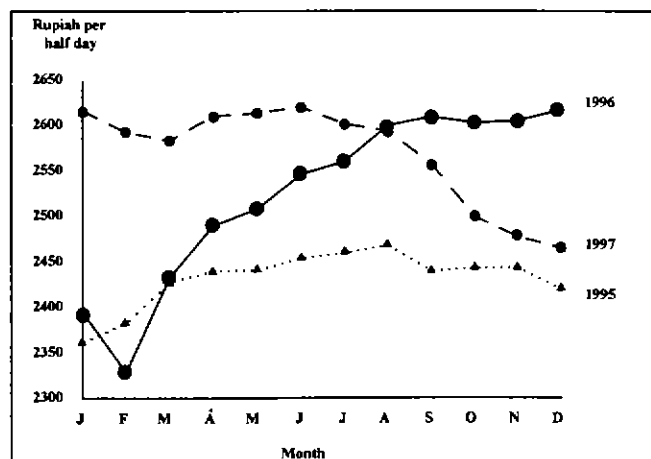
**Table 3.1**  
**Real wages fell throughout Indonesia**  
(Changes in real wages for weeding in selected provinces)

| Province           | 12-Month<br>Change<br>(1/97-1/98) | 6-Month<br>Change<br>(7/97-1/98) |
|--------------------|-----------------------------------|----------------------------------|
| West Java          | -6.8                              | -10.0                            |
| Central Java       | -12.1                             | -13.4                            |
| East Java          | -13.1                             | -11.2                            |
| West Sumatra       | -5.2                              | -5.0                             |
| South Sulawesi     | -8.0                              | -5.7                             |
| West Nusa Tenggara | -8.2                              | -12.0                            |

Source: World Bank Staff estimates.

school to try to cope with the crisis.<sup>4</sup> This is happening in Indonesia. Government estimates suggest that about 6 percent of primary school students and 13 percent of junior secondary school students are at risk of dropping out (approximately 1,650,000 and 1,100,000 students respectively), while an additional 400,000 primary school graduates are unlikely to continue onto junior secondary school.<sup>5</sup>

**Figure 3.5**  
**Real wages in 1997 compared to previous years**  
(Real wage trends for weeding, East Java, in average 1995 prices)



Source: BPS

### **Box 3.2** **Coping with crises**

In the past, Indonesians coped with crises in two ways: in times of rural hardship, they sought urban opportunities; in times of urban crisis, they returned to the village to ride out the storm. But today, Indonesians have to cope with twin shocks -- financial crisis and drought. So neither cities nor villages provide safe havens.

Nonetheless, field visits suggest that good information flows, flexible labor markets, and informal institutions are helping people cope with some of the harshest impacts of the crisis. One focus group held recently among men of Kelurahan Kaliyanyar (West Jakarta) provide insights on how this is being achieved.

Each year, many residents of Kaliyanyar return to their villages at Idul Fitri -- the Moslem New Year. When they go back to the cities, their relatives and friends tend to accompany them in the hope of finding temporary employment. This year, however, a clear message resonated throughout Kaliyanyar -- very few jobs were available in Jakarta. Not surprisingly, migration levels were 60 percent lower than in a normal year.

If the experience of Kaliyanyar has been replicated elsewhere in Indonesia (a hypothesis yet to be tested), then less migration to cities has meant more workers in rural areas. But rural unemployment has not increased. Instead, real wages have declined. This is because farmers appear to have responded by hiring more than the usual amount of labor at lower wages.

Other local initiatives have helped. In and around urban Kaliyanyar, for example, trash collectors and local security people employed by the community accepted lower wages so that no one would be fired. Many in small firms technically lost their jobs, but were still being paid reduced wages by their employers. Some reported that landlords, often neighbors or family, had temporarily reduced -- or refrained from raising -- rents. And in several places, local religious organizations provided relief to the poorest in the neighborhood.

This has happened before, of course. In 1987-89, for example, enrollment among the poor dropped by 7 percent at the junior secondary level; and in 1987-92, enrollment among the poor similarly declined by 5 percent. Recent field investigations suggest that it could be happening again (Box 3.3).

### **Box 3.3** **Children pay a heavy price**

Meetings with school principals in Maluku and South Sulawesi indicate that the crisis is affecting many schools, especially in poorer communities. The principals reported, for example, that more families are finding it difficult to pay parent association fees (BP3). Absences are higher this year as children spend more time helping parents earn money. More students have dropped out this year than last. Children were eating less in the morning before coming to school and appear to be buying less from local food vendors and this is affecting students' concentration. Students were also reported to be buying fewer school supplies.

Schools too are beginning to feel the pinch. Declines in local government revenues, fixed nominal levels of public funding, and rising prices, are squeezing schools financially. The costs of printing exam materials have become prohibitive. To make things worse, more teachers are arriving late to school; to save money, they have switched to less expensive, but slower and less reliable, forms of transportation to work.

The Government is taking steps to avert this. For example, it launched a nationwide campaign with World Bank support to keep children in school and minimize drop-outs in the upcoming school year. In addition, revisions to the 1998/99 budget now include significant reallocations in government spending toward basic education. But in a departure from previous practice, the government is being forced to rely much more on foreign financing of its education budget. This would be unremarkable except that in the past foreign aid for education has tended to disburse slowly. So actual expenditures may well fall short of the budget unless measures are taken to accelerate disbursements and simplify procedures.

The outlook for health is more sobering than that of education. The sharp depreciation of the exchange rate has raised the prices of drugs, vaccines, contraceptives, and other medical supplies. Small surveys carried out in Jakarta and West Java show that drug prices have increased two- to three-fold since the crisis started. Drugs are in short supply, so

much so that some health centers have closed for lack of medicines.

As in education, the revised budget for health includes increased allocations to ensure health services are maintained at their 1996/97 level. Subsidies for drugs provided to public health centers will continue. Even so, they will not be enough to avoid significant increases in drug costs, which in combination with declining availability, could have devastating consequences for the poor. Worse, higher prices may deter the poor from seeking health care on a timely basis. Most worrying, pregnant women may turn to untrained traditional midwives when delivering at home, raising risks to both mother and baby. Add to that the reduced ability of the poor to purchase staple foods and the overall picture could be pretty grim. Infants and children are especially vulnerable. For them, malnutrition could cause lifelong impairment.

### Policy challenges in the short term

The crisis looming over Indonesia's poor is huge. Once growth resumes, of course, employment opportunities and income gains will reduce their misery. But that will take several years. In the meantime, the Government must do all it can to protect the poor as much as possible from the harshest effects of the crisis. In particular, it must: protect the poor against catastrophic shortfalls in consumption; and ensure that short-term declines in real incomes and public spending do not lead to irreversible losses in human capital with long-lasting effects on welfare and productivity. To achieve this will require actions in four areas:

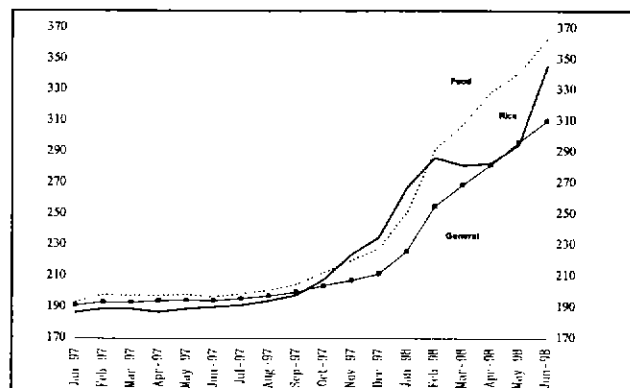
- ensure the affordability and availability of food;
- maintain the purchasing power among poor households;
- preserve critical social services; and
- take special measures to protect women and children from the worst consequences of the crisis.

Ensure the affordability and availability of food. Food prices have soared (Table 3.6). Moreover, there is evidence of acute food shortages and

Figure 3.6

### Rising prices

(Trends in the Consumer Price Index (July 1997=100))

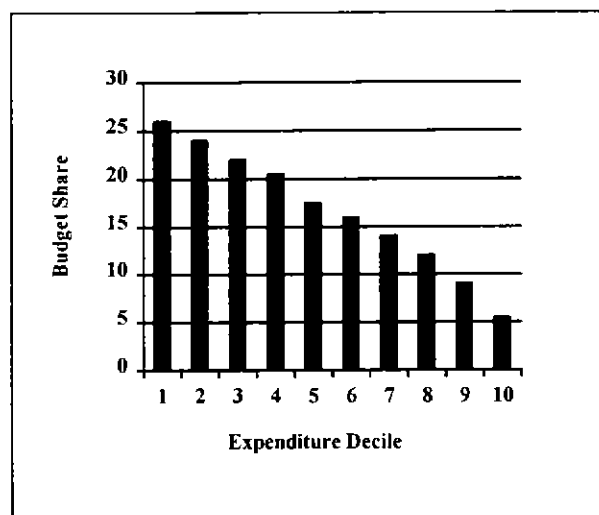


Source: BPS

isolated pockets of hunger in eastern Indonesia. The rapid rise in the price of rice is of particular concern. A large part of a poor household's budget is spent on rice (Figure 3.7). A 30 percent increase in the real price of rice reduces the income of the urban poor by between 6 to 8 percent. True, increases in the rice prices benefit rice farmers. But not all farmers produce rice. And among those that do, smallholders may actually be net consumers of rice and so are vulnerable to rice price increases. Of course, those that have lost their rice crop to El Niño are completely exposed to the price of rice. Moreover, for landless laborers and the new urban poor (such as laid-off construction workers), among the poorest people in Indonesia, a 30 percent increase in rice prices means a 10 percent decline in their real income.

Keeping rice prices low is of the utmost priority for the new government. But rice price subsidies appear to be a relatively expensive way of transferring resources to the poor. The cost of transferring one dollar to the poorest 15 percent is estimated at about \$8.20. This could be reduced to about \$3.60 if low quality rice were used (and would improve "self-targeting"). As costly as it appears to be, the rice price subsidy is probably the most efficient among generalized commodity subsidies for targeting the poor, with the possible exception of dried cassava chips (gapek).<sup>6</sup> This makes the effectiveness of BULOG especially important.

**Figure 3.7**  
**The poor spend more of their incomes on rice**  
 (Household budget shares for rice, by decile, 1996)



Source: SUSENAS

There seems less justification for maintaining subsidies on other commodities, such as wheat (to be eliminated by end-October), sugar, and corn. The poor spend a relatively small amount of their income on these products compared to rice. As important, subsidizing these commodities is costly and in any case these subsidies tend to accrue largely to middle and upper income groups. Soybean is a possible exception because it is an important source of protein to the poor.

Not only should food be affordable, but it should also be readily available. There is some concern that Indonesia's distribution channels have been damaged by economic collapse and social unrest. Ethnic-Chinese, although small as a fraction of Indonesia's population, are nevertheless key players at every link in the distribution chain throughout the country. Being victims of the recent violence, they have reduced inventories to the bone to minimize potential losses from any recurrence of unrest. Moreover, high interest rates and perceived risk have meant a withdrawal of short-term credit from the distribution system, forcing traders and retailers to operate on a purely cash basis and providing strong incentives to minimize stocks. While the

overall distribution system appears to be functioning, a decline in the number of distributors and very thin levels of inventories have made the system vulnerable to disruptions. It is important the Government continue to monitor these conditions very closely and respond in ways that strengthen the markets, including providing security to ethnic-Chinese, placing a high priority on using labor-intensive public works programs to reconstruct markets destroyed during the recent unrest, and focusing on access to credit under the SME schemes.

Maintain purchasing power among poor households. If properly designed, labor intensive public works programs can help maintain the purchasing power of poor households. In fact, the Government has a long history of using labor intensive public works programs, called *padat karya*. But to effectively reach the poor, *padat karya* projects need to pay attention to the following five elements of program design:

- geographical targeting
- below market wage rates
- high wage share
- high participation by women, and
- flexibility

Good *geographical targeting* is an efficient way to reach the poor. But recent data on poverty by sub-region are scarce. One solution would be to use available data on poverty patterns and over-lay that with data on agro-climatic features of specific areas that signal a locality's vulnerability to drought.

Setting an appropriate *wage rate* is critical. The wage rate should be set somewhat below prevailing market wages for unskilled workers so that the public works programs truly function as safety nets for the poor. Recent analysis of the Maharashtra Employment Guarantee Scheme in India showed that when the program wage was raised, the poor tended to be left out and more benefits went to the non-poor (Ravallion, Datt, and Chaudhuri, 1993).<sup>7</sup>

The *wage share* in total costs should be kept high. (Although too high a wage share can compromise

the quality of assets created.) Experience from around the world suggests that the wage share is generally between 50 to 66 percent with the latter probably being most appropriate for Indonesia (World Bank, 1997).

Labor intensive public works programs should ensure they are open to *participation by women*. Special effort is needed to publicize public works programs to women. It is also important to include projects that are more likely to attract participation by women.<sup>8</sup>

Program mechanisms need *flexibility*. It is possible, that as circumstances change or additional information becomes available, work sites may need to be changed or the mix of projects need to be altered.

Public works programs are better at targeting the poor than rice subsidies. Transferring a dollar to the poorest 15 percent costs upward of \$3.81 for traditional *padat karya* programs and approximately \$2.08 for VIP-style programs (Table 3.2).<sup>9</sup> But much depends on their design and implementation. Corruption, for example, if pervasive, can raise these costs considerably. So much so that the total costs of mitigating the poverty impacts of the crisis through public works could more than double if the program is not well targeted or if there is skimming off the top as resources pass through the system (Table 3.3). It is urgent, therefore, that the Government demonstrably cleans up the corruption that corrodes the effectiveness of institutions responsible for delivering public services to the poor. One way to bring pressure to bear is to appoint a blue-ribbon panel from civil society to review the effectiveness of various poverty reduction programs and advise the Government on which ones work and which do not.

**Preserve critical social services.** Despite enormous pressures on the budget, it is important that recently increased allocations for public spending on basic education be preserved. In the short-term, this may involve reallocating resources from other parts of the education system.<sup>10</sup> Through the year, supplementary funding may become necessary.

**Table 3.2**  
**How much does it cost to transfer one dollar to the poor?**

|                                        | Poor<br>(Bottom 15%) | Poor &<br>near poor<br>(Bottom 30%) |
|----------------------------------------|----------------------|-------------------------------------|
| Rice price subsidies <sup>1</sup>      | \$3.60-<br>\$8.20    | \$2.10-\$3.60                       |
| Public works programs <sup>2</sup>     |                      |                                     |
| Padat karya-type programs <sup>3</sup> | \$3.81-\$5.33        | \$2.54-\$3.56                       |
| VIP-type programs                      | \$2.08               | \$1.85                              |

<sup>1</sup> The range of costs reflect price subsidies on low and average quality rice, respectively. Cost savings result from the "self-targeting" nature of lower quality rice.

<sup>2</sup> Differences in the costs for targeting the poor vs. the poor plus "near poor" reflect differences in assumptions about what proportion of the wages paid out actually go to the target group (See Annex 1 for details.)

<sup>3</sup> The cost range reflects relatively better or worse targeting efficiency due to "leakage" of wage opportunities to non-poor and possible "administrative leakage" of funds to officials at various levels during project implementation (see Annex 1). Under conditions with extremely high levels of administrative leakage, the costs of transferring a dollar to the poor through padat karya-type programs could be much higher than reported here.

Source: World Bank Staff estimates.

**Table 3.3**  
**Totting up the bill**

The cost of selected transfers to reduce crisis-induced poverty

|                                                                | in current rupiah    |
|----------------------------------------------------------------|----------------------|
| Total value of the rice subsidy                                | Rp. 5.0 trillion     |
| Increase in poverty gap due to the crisis <sup>1</sup>         | Rp. 1.2 trillion     |
| Cost of closing the poverty gap through public works programs: |                      |
| Padat karya-type programs                                      | Rp. 4.6-6.5 trillion |
| VIP-type programs                                              | Rp. 2.5 trillion     |

Source: World Bank Staff estimates.

Poor households are particularly responsive to the price of education (World Bank, 1993; Mason and Rozelle, 1998). So targeted subsidies to lower schooling costs can be especially effective in keeping poor children in school.

The best way to achieve this would be to use block grants for poor primary schools, and scholarships for the poorest junior secondary school students. Block grants are a better option at primary school level because they would reach a broader mass of children. Scholarships are better at junior secondary level because the scale of the problem there is smaller and this facilitates better targeting toward the poor. Providing information about the programs to intended beneficiaries is essential for success. So would be mechanisms to redress grievances as they arise.

Budget allocations for essential drugs, vaccines, and primary health care also need to be preserved. If necessary, the Government may have to reallocate resources from other parts of the health system. Special effort will have to be made to ensure that recently increased allocations for the health budget are used wisely and disbursed according to schedule. The communicable disease and community health programs will get special attention. In addition, the Government will need to maintain adequate supplies of essential drugs, vaccines, and contraceptives in health centers and sub-centers (Puskesmas and Puskesmas Pembantu) in the poorest and most hard-hit areas of the country.<sup>11</sup>

*Protect women and children.* Women and children—especially girls—may find themselves at particular risk as a result of the crisis. For example, evidence from other countries suggests that parents' decisions to send girls to school are more price sensitive than for boys.<sup>12</sup> So far, Indonesia has made enormous progress in narrowing the gender gap in education (Table 3.4).<sup>13</sup> But this could be reversed, even if temporarily. While we do not believe that this will actually happen, it will be prudent to monitor the gender composition of dropouts and enrollments to ensure that recent gains are not reversed.

| <b>Table 3.4</b><br><b>Shrinking gender gap</b><br>(Number of female students per 100 male students,<br>1976-93, by level of education) |         |                     |                     |
|-----------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|---------------------|
| Year                                                                                                                                    | Primary | Junior<br>Secondary | Senior<br>Secondary |
| 1976                                                                                                                                    | 85.9    | 65.1                | 56.7                |
| 1983                                                                                                                                    | 91.0    | 74.0                | 69.3                |
| 1987                                                                                                                                    | 92.3    | 80.8                | 75.8                |
| 1990                                                                                                                                    | 94.4    | 84.2                | 79.1                |
| 1993                                                                                                                                    | 93.3    | 87.0                | 84.0                |

Source: World Bank, 1997

The same is true for health and nutrition. Studies in other countries show that parents pay greater attention to the health and nutrition of boys than girls, especially when times are bad (Alderman and Gertler, 1997; Behrman, 1988; Wang, 1997). So monitoring the gender dimensions of health and nutrition will be important too. Special attention will need to be made for pre- and post-natal care. If pregnant women choose to deliver at home to save costs, it would raise health risks for mothers and babies, possibly increasing Indonesia's already high maternal and infant mortality rates.

Will the increase in unemployment affect women disproportionately? The evidence suggests that, on balance, women are as likely to be affected as men, with men experiencing the majority of lay-offs from construction and manufacturing and women bearing the brunt in the trade, hotel and restaurant sectors (Table 3.5, Table 3.6). But there are exceptions. In some manufacturing subsectors, women may be particularly vulnerable. A recent survey shows that in the textile industry, women constitute the majority being laid off. In Bandung alone, of the 6,000 workers that firms laid off, 4,000 were women. ILO estimates that 240,000 women will lose their jobs in 1998 just in the textile and garment industry alone. And these do not include the countless women who work in their homes on a "putting out" system (sewing on buttons, for example) who will also be severely affected.

| Table 3.5<br>Growth and employment<br>(Employment elasticities with respect to growth,<br>1991-96: by gender and for selected sectors) |       |         |
|----------------------------------------------------------------------------------------------------------------------------------------|-------|---------|
|                                                                                                                                        | Males | Females |
| Manufacturing                                                                                                                          | 0.56  | 0.63    |
| Construction                                                                                                                           | 0.74  | 0.57    |
| Trade, Hotel,<br>Restaurant                                                                                                            | 0.89  | 0.93    |
| Finance                                                                                                                                | 0.40  | 0.57    |
| All Sector                                                                                                                             | 0.32  | 0.32    |

Source: SAKERNAS 1991, 1996.

Since there will be large numbers of both women and men among the newly unemployed, public works programs should be designed with both genders in mind. There is indeed some merit to the view that employment of women should be given preference, because income in their hands tends to increase household welfare more than if it were in the hands of men.<sup>14</sup>

#### The importance of good agricultural and natural resource policies

Agriculture sector growth has played a critical role in reducing rural poverty over the last two decades. In the context of the crisis, strong agricultural growth can also play an important role in mitigating some of the worst poverty effects. The direct consequences of strong agriculture sector growth are clear; growth will raise the incomes of some of Indonesia's poorest citizens (Figure 3.8).<sup>15</sup> Strong agricultural growth will also provide a safety net for newly unemployed urban workers by providing earnings opportunities to return migrants until broader economic conditions improve.

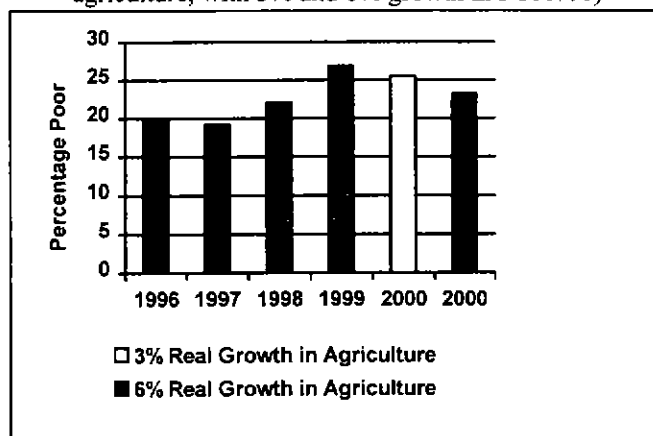
Clearly, the more rapid agricultural growth, the stronger the anti-poverty benefits. The end of El Niño and the return of normal weather will help enormously. However, Indonesia cannot rely solely on the expectation of good weather. Providing an agricultural policy environment that fosters strong growth, particularly among smallholders, will be essential.

| Table 3.6<br>Where will the jobs be?<br>(Employment shares, by gender, and projected shares of<br>new unemployment in selected sectors) |                                        |         |                                                    |         |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|---------|----------------------------------------------------|---------|
|                                                                                                                                         | Employment<br>shares<br>(Actual, 1996) |         | Shares of new<br>unemployment<br>(Projected, 1999) |         |
|                                                                                                                                         | Males                                  | Females | Males                                              | Females |
| Manufacturing                                                                                                                           | 54.6                                   | 45.4    | 51.2                                               | 48.8    |
| Construction                                                                                                                            | 96.9                                   | 3.2     | 97.6                                               | 2.4     |
| Trade, hotels,<br>restaurants                                                                                                           | 48.9                                   | 51.1    | 47.8                                               | 52.2    |
| Finance                                                                                                                                 | 72.7                                   | 27.3    | 65.4                                               | 34.6    |
| All Sectors                                                                                                                             | 61.8                                   | 38.2    | 62.1                                               | 37.9    |

Source: SAKERNAS 1996; World Bank Staff calculations.

Indonesia has recently undertaken significant policy reforms in agriculture, including: eliminating BULOG's import monopoly over wheat, wheat flour, sugar, soybeans, and garlic; reducing tariff rates on all food items to a maximum of 5 percent and abolishing local content regulations; dissolving restrictive marketing arrangements for plywood; and deregulating trade in agricultural products across district and provincial boundaries, including those for cloves, cashew nuts, oranges, vanilla, and livestock. It is expected that consistent implementation of these reforms will help to foster

**Figure 3.8**  
**Agricultural growth helps the poor**  
(Simulated declines in poverty in  
agriculture, with 3% and 6% growth in FY99/00)



Source: World Bank staff estimates

investor confidence and to allow for more efficient and productive investment. Moreover, a number of these reforms will benefit smallholder producers and thus foster poverty-reducing growth.

There are several other key areas, however, where providing a supportive policy environment will further strengthen the poverty-reducing capacity of the agricultural and natural resource sectors. These include:

- *ensuring adequate incentives to rice farmers.* There are clear trade-offs between keeping rice prices low for consumers and providing adequate production incentives to farmers. In the medium term, however, it will be important to move rice prices towards the world market price, on trend, to ensure an appropriate supply response, to avoid smuggling overseas, and to provide appropriate earnings opportunities to farmers.

- *reforming the role of government in the marketing and distribution of food commodities.* This includes further deregulation of trade in food crops over the medium term, except for rice, possibly replacing administrative mechanisms for food security and price stabilization with financial instruments that serve the same purpose.

- *improving trade and price policies affecting the rural sector.* Reducing non-tariff barriers to constraining agricultural markets, including export restrictions on low-quality agricultural commodities (for example, some grades of rubber, vanilla, cocoa, coffee, and low quality rattan lampit mats), will provide better earnings opportunities to smallholder producers. Other measures, such as freeing up international trade in fertilizer, agro-chemicals, and seeds, and privatizing state-owned fertilizer and seed companies will also serve to increase competitiveness, productivity, and incomes in agriculture.

- *improving land administration and increasing security of land tenure.* The current system of rural land allocation for development represents a major obstacle to investment in tree crops in the outer islands. Abolishing the system of

*Izin Lokasi*, reinforcing provincial and local spatial planning, and developing a program of land titling that recognizes customary and communal land rights will help create and strengthen incentives for such investments. This would have particularly important implications for poverty reduction in some of the poorest areas in eastern Indonesia (Box 3.4).

- *moving toward sustainable management of Indonesia's forests.* The rate and pattern of forest exploitation in Indonesia is far from sustainable. The reforms already adopted are steps in the right direction, but more can be done. Using forest products more efficiently can generate incomes and growth, and do so sustainably. Necessary steps include locating and securing the resource base, improving procedures for allocating concessions, designing better incentives for managing them well, and ensuring that monitoring and enforcement is effective.

- *increasing the efficiency of irrigation and water resources management.* Agricultural productivity can be improved dramatically by increasing the productivity of existing irrigation schemes (rather than expansion of irrigation infrastructure and swamp reclamation) and by instituting and effective irrigation operations and maintenance (O&M) program.

- *maintaining the integrity of the rural financial system and protecting it from accumulating ills in the rest of the financial system.* This includes the phasing out of related input and credit subsidies to agriculture.

#### Box 3.4

##### Don't lose sight of the poorest regions

The crisis may be Indonesia-wide, but the poorest regions are particularly vulnerable. Even before the crisis, poor households (as a share of the total) in NTT, East Timor, and Irian Jaya were threefold the national average. El Niño hit these provinces particularly hard. And since they don't export much, they are unlikely to benefit substantially from the rupiah's depreciation. So Indonesia's strategy to help the poor should pay special attention to the poor in these provinces.

### **The importance of good institutions**

The same governance and institutional factors that contributed to the financial crisis unfortunately also affect the Government's capacity to deliver essential services to the poor and to manage Indonesia's natural resources properly. It is urgent that this be changed. A highly centralized civil service and budgetary structure leave little freedom, flexibility, or even capacity at local levels. The process for allocating government resources is less than transparent, little information is disseminated about government services that are being financed (so they are not used well), and pervasive corruption in the implementing agencies absorbs resources intended for the poor. Local participation in the design and selection of projects is not encouraged. And there is virtually no process by which the grievances of the poor can be heard and suitable actions taken in modifying or even redesigning local poverty alleviation programs.

These institutional weaknesses, rooted deep in Indonesia's history and culture, debilitate the effectiveness with which the Government can protect the poor. The Government must take immediate and serious action to send a clear signal that the old ways will not be tolerated. Further delays will harm the credibility of Government and the effectiveness of reforms and programs aimed at helping the poor. At the same time, reforms will need to be implemented in the context of a more fundamental overhaul of government institutions necessary to improve the quality of public services and the honesty, efficiency, and capacity of civil servants.

In the meantime, for more effective anti-poverty programs, the Government should consider the approach adopted in the Village Infrastructure Projects and Kecamatan Development Project, in which resources are transferred to local levels and communities are involved in the allocation funds and the supervision of local projects. Such

decentralization has been shown to be especially useful in adapting resource use to meet local needs more effectively, increasing the capacity of local governments, and empowering local communities to help themselves. It is particularly important that decentralization of project identification and implementation leads to closer oversight of INPRES funds and better identification of the beneficiaries of government programs.

Last but not least, the Government must introduce a system that provides timely and accurate information on the locations and condition of the poor. Such information is not just important for monitoring changes in poverty, but will be critical for adjusting allocations in expenditures for poverty programs to improve targeting, and will help Government in determining the effectiveness of different services reaching the poor.

### **Conclusion**

The crisis facing Indonesia's poor is the most urgent of all. Much of the progress in poverty reduction over the past few decades will be reversed. The number of poor could well double and for the first time in years, urban poverty is expected to become significant. The Government must respond quickly in four ways: ensure that essential commodities are affordable to the poor and easily available; provide employment and income generating opportunities to poor households and communities; preserve critical social services, notably basic health and education; and protect vulnerable groups, especially women and children, from the worst consequences of the crisis. But to do so effectively, the Government must also overhaul its institutions, especially those delivering services to the poor. And it must stamp out corruption by empowering local communities and representatives of civil society to oversee the implementation of poverty programs and provide avenues for the poor to express their grievances and have them redressed.

## Endnotes

<sup>1</sup> Official estimates of poverty, using SUSENAS data from January 1996, indicated that the incidence of poverty was 11.3 percent nationwide. The estimate for mid 1997 was derived from projecting these estimates forward.

<sup>2</sup> Estimates, such as the one appearing in the April 14, 1999, *Jakarta Post*, for example, report estimates of 13.4 million unemployed by March 1999—an unemployment rate of about 15 percent. However, these calculations should be treated with caution, because they assume that the entire fall in the demand for labor will result in unemployment. This, of course, will not be the case. Declining demand for labor will also result in increased underemployment and lower real wages.

<sup>3</sup> Underemployment is here defined as working less than 35 hours per week.

<sup>4</sup> One household coping strategy is to take children out of school, both to save on school fees and associated expenses and to help earn additional income.

<sup>5</sup> Simulation analysis based on SUSENAS data suggests that these figures may represent upper bound estimates.

<sup>6</sup> These estimates assume that in the short-term there are no producer income losses, that is, that the drought has eliminated marketed surpluses. Under such assumptions, the average cost of subsidizing rice is simply the fiscal cost of the subsidy and its administration. In the medium term, assuming rains and marketable surpluses return, then retaining the price of rice below the world market price (on trend) would result in considerable income losses to rice farmers. These income losses could dramatically increase—possibly double—the costs of subsidizing rice.

<sup>7</sup> In many places, including Indonesia, there are statutory minimum wages set above prevailing market wages that governments feel obliged to respect in designing public works programs. In such cases, it is important to make exceptions for these types of poverty or crisis-relief programs to ensure that it is indeed the poor who benefit. A number of countries have made such exceptions, generally with the cooperation of trade unions.

<sup>8</sup> In a recent program in Argentina, for example, special programs were designed that would be more attractive to women to replace works involving construction that tended to attract only men.

<sup>9</sup> VIP stands for Village Infrastructure Projects which are financed by the World Bank. The projects have proven very effective in decentralizing infrastructure development and involving local communities in project selection.

<sup>10</sup> In the longer-term, policy makers should focus on improving quality (at all levels), strengthening local management capacity, and providing opportunities for the enhanced private sector participation in providing education, especially at the secondary and tertiary levels.

<sup>11</sup> Recent analysis by the World Bank indicated that publicly provided basic health care is significantly underfunded. The crisis may create the opportunity for a longer-term change in the government's strategy toward basic health care, with greater focus on demand-side interventions and regulatory instruments and less on expansion of direct service delivery. For instance, on the demand side, the government could provide subsidies to the poor to promote greater access to private health care providers.

<sup>12</sup> Gertler and Glewwe, 1991; Lavy, 1991; Mason and Khandker, 1997.

<sup>13</sup> World Bank, 1997.

<sup>14</sup> Haddad and Hoddinott, 1995; Thomas, 1990; 1997; Lundberg, Pollack, and Wales, 1997.

<sup>15</sup> Strong growth in agriculture has not only benefited those working in agriculture; rising agricultural incomes have led to increased demand for labor in supporting industry and services and rising rural wages.

**INDONESIA IN CRISIS**  
**A MACROECONOMIC UPDATE**  
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**Table 1. Population And Growth Rates by Province, 1930-1997**

| Region               | Population ('000) |        |         |         |         |         |         |         |         |         | Average growth rate (% p.a.) |         |         |         |         |         |         |         |         |         |
|----------------------|-------------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                      | 1930              | 1961/a | 1971/a  | 1980    | 1985    | 1990    | 1995    | 1996 b/ | 1997 b/ | 1970-61 | 1961-71                      | 1971-80 | 1980-85 | 1985-90 | 1990-95 | 1995-97 | 1990-97 | 1990-97 | 1990-97 | 1990-97 |
| <b>Java</b>          | 41,718            | 63,059 | 76,086  | 91,270  | 99,852  | 107,528 | 114,733 | 116,379 | 117,256 | 1.3     | 1.9                          | 2.0     | 1.8     | 1.5     | 1.3     | 1.3     | 1.3     | 1.3     | 1.3     | 1.3     |
| DKI Jakarta          | 811               | 2,973  | 4,379   | 6,524   | 8,885   | 9,341   | 9,341   | 9,341   | 9,341   | 4.3     | 4.4                          | 4.0     | 3.9     | 0.8     | 2.1     | 2.1     | 2.1     | 2.1     | 2.1     | 2.1     |
| West Java            | 10,586            | 17,615 | 21,624  | 27,454  | 30,830  | 35,380  | 39,207  | 40,118  | 40,905  | 1.7     | 2.1                          | 2.7     | 2.3     | 2.8     | 2.1     | 2.1     | 2.1     | 2.1     | 2.1     | 2.1     |
| Central Java         | 13,706            | 18,407 | 21,877  | 25,373  | 26,945  | 28,519  | 29,653  | 29,881  | 30,064  | 1.0     | 1.7                          | 1.7     | 1.2     | 1.1     | 0.8     | 0.8     | 0.8     | 0.8     | 0.8     | 0.8     |
| DI Yogyakarta        | 1,559             | 2,241  | 2,489   | 2,915   | 2,930   | 2,912   | 2,915   | 2,915   | 2,912   | 1.2     | 1.1                          | 1.1     | 1.3     | -0.1    | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| East Java            | 15,056            | 21,823 | 25,517  | 29,189  | 31,262  | 32,490  | 33,844  | 34,124  | 34,352  | 1.2     | 1.6                          | 1.5     | 1.4     | 0.8     | 0.8     | 0.8     | 0.8     | 0.8     | 0.8     | 0.8     |
| <b>Sumatra</b>       | 8,255             | 15,739 | 20,809  | 28,017  | 32,603  | 36,436  | 40,830  | 41,841  | 42,712  | 2.1     | 2.8                          | 3.4     | 3.1     | 2.2     | 2.3     | 2.3     | 2.3     | 2.3     | 2.3     | 2.3     |
| Lampung              | 361               | 1,668  | 2,777   | 4,625   | 5,905   | 6,006   | 6,658   | 6,806   | 6,931   | 5.1     | 5.2                          | 5.8     | 5.0     | 0.3     | 2.1     | 2.1     | 2.1     | 2.1     | 2.1     | 2.1     |
| Bengkulu             | 323               | 406    | 519     | 768     | 943     | 1,181   | 1,409   | 1,464   | 1,515   | 0.7     | 2.5                          | 4.5     | 4.2     | 4.6     | 3.6     | 3.6     | 3.6     | 3.6     | 3.6     | 3.6     |
| South Sumatra        | 1,378             | 2,773  | 3,441   | 4,630   | 5,370   | 6,278   | 7,208   | 7,413   | 7,594   | 2.3     | 2.2                          | 3.4     | 3.0     | 3.2     | 2.8     | 2.8     | 2.8     | 2.8     | 2.8     | 2.8     |
| Riau                 | 493               | 1,235  | 1,642   | 2,169   | 2,548   | 3,283   | 3,901   | 4,057   | 4,192   | 3.0     | 2.9                          | 3.1     | 3.3     | 5.2     | 3.5     | 3.5     | 3.5     | 3.5     | 3.5     | 3.5     |
| Jambi                | 245               | 744    | 1,006   | 1,446   | 1,745   | 2,016   | 2,370   | 2,459   | 2,535   | 3.6     | 3.1                          | 4.1     | 3.8     | 2.9     | 3.3     | 3.3     | 3.3     | 3.3     | 3.3     | 3.3     |
| West Sumatra         | 1,910             | 2,319  | 2,793   | 3,407   | 3,698   | 4,001   | 4,323   | 4,390   | 4,451   | 0.6     | 1.9                          | 2.2     | 1.7     | 1.6     | 1.6     | 1.6     | 1.6     | 1.6     | 1.6     | 1.6     |
| North Sumatra        | 2,542             | 4,965  | 6,622   | 8,361   | 9,422   | 10,254  | 11,115  | 11,306  | 11,463  | 2.2     | 2.9                          | 2.6     | 2.4     | 1.7     | 1.6     | 1.6     | 1.6     | 1.6     | 1.6     | 1.6     |
| Aceh                 | 1,003             | 1,629  | 2,009   | 2,611   | 2,972   | 3,417   | 3,848   | 3,945   | 4,030   | 1.6     | 2.1                          | 3.0     | 2.6     | 2.8     | 2.4     | 2.4     | 2.4     | 2.4     | 2.4     | 2.4     |
| <b>Kalimantan</b>    | 2,170             | 4,102  | 5,155   | 6,723   | 7,722   | 9,111   | 10,471  | 10,808  | 11,099  | 2.1     | 2.3                          | 3.0     | 2.8     | 3.4     | 2.8     | 2.8     | 2.8     | 2.8     | 2.8     | 2.8     |
| West Kalimantan      | 802               | 1,581  | 2,020   | 2,486   | 2,819   | 3,237   | 3,636   | 3,732   | 3,813   | 2.2     | 2.5                          | 2.3     | 2.5     | 2.8     | 2.3     | 2.3     | 2.3     | 2.3     | 2.3     | 2.3     |
| Central Kalimantan   | 203               | 497    | 702     | 954     | 1,118   | 1,398   | 1,627   | 1,686   | 1,735   | 2.9     | 3.5                          | 3.5     | 3.2     | 4.6     | 3.1     | 3.1     | 3.1     | 3.1     | 3.1     | 3.1     |
| South Kalimantan     | 836               | 1,473  | 1,699   | 2,065   | 2,273   | 2,599   | 2,893   | 2,960   | 3,021   | 1.8     | 1.4                          | 2.2     | 1.9     | 2.7     | 2.2     | 2.2     | 2.2     | 2.2     | 2.2     | 2.2     |
| East Kalimantan      | 329               | 551    | 734     | 1,218   | 1,512   | 1,877   | 2,314   | 2,429   | 2,531   | 1.7     | 2.9                          | 5.8     | 4.4     | 4.4     | 4.3     | 4.3     | 4.3     | 4.3     | 4.3     | 4.3     |
| <b>Sulawesi</b>      | 4,231             | 7,079  | 8,528   | 10,409  | 11,554  | 12,519  | 13,732  | 14,020  | 14,269  | 1.7     | 1.9                          | 2.2     | 2.1     | 1.6     | 1.9     | 1.9     | 1.9     | 1.9     | 1.9     | 1.9     |
| Central Sulawesi     | 390               | 693    | 914     | 1,290   | 1,511   | 1,705   | 1,938   | 1,997   | 2,047   | 1.9     | 2.8                          | 3.9     | 3.2     | 2.4     | 2.6     | 2.6     | 2.6     | 2.6     | 2.6     | 2.6     |
| North Sulawesi       | 748               | 1,310  | 1,719   | 2,115   | 2,313   | 2,480   | 2,649   | 2,686   | 2,721   | 1.8     | 2.8                          | 2.3     | 1.8     | 1.4     | 1.3     | 1.3     | 1.3     | 1.3     | 1.3     | 1.3     |
| South Sulawesi       | 2,657             | 4,517  | 5,181   | 6,062   | 6,610   | 6,983   | 7,558   | 7,693   | 7,808   | 1.7     | 1.4                          | 1.8     | 1.7     | 1.1     | 1.6     | 1.6     | 1.6     | 1.6     | 1.6     | 1.6     |
| Southeast Sulawesi   | 436               | 559    | 714     | 942     | 1,120   | 1,351   | 1,587   | 1,643   | 1,693   | 0.8     | 2.5                          | 3.1     | 3.5     | 3.8     | 3.3     | 3.3     | 3.3     | 3.3     | 3.3     | 3.3     |
| <b>Other Islands</b> | 4,219             | 7,106  | 8,630   | 11,071  | 12,316  | 13,654  | 14,988  | 15,295  | 15,554  | 1.7     | 2.0                          | 2.8     | 2.2     | 2.1     | 1.9     | 1.9     | 1.9     | 1.9     | 1.9     | 1.9     |
| Bali                 | 1,101             | 1,783  | 2,120   | 2,470   | 2,649   | 2,779   | 2,896   | 2,924   | 2,946   | 1.6     | 1.7                          | 1.7     | 1.4     | 1.0     | 0.8     | 0.8     | 0.8     | 0.8     | 0.8     | 0.8     |
| West Nusa Tenggara   | 1,016             | 1,808  | 2,203   | 2,725   | 2,995   | 3,371   | 3,646   | 3,708   | 3,760   | 1.9     | 2.0                          | 2.4     | 1.9     | 2.4     | 1.6     | 1.6     | 1.6     | 1.6     | 1.6     | 1.6     |
| East Nusa Tenggara   | 1,344             | 1,967  | 2,295   | 2,737   | 3,061   | 3,270   | 3,577   | 3,641   | 3,698   | 1.2     | 1.6                          | 2.0     | 2.0     | 1.3     | 1.8     | 1.8     | 1.8     | 1.8     | 1.8     | 1.8     |
| Maluku               | 579               | 790    | 1,089   | 1,410   | 1,609   | 1,853   | 2,087   | 2,142   | 2,189   | 1.0     | 3.3                          | 2.9     | 2.7     | 2.9     | 2.4     | 2.4     | 2.4     | 2.4     | 2.4     | 2.4     |
| Irian Jaya           | 179               | 758    | 923     | 1,174   | 1,371   | 1,631   | 1,943   | 2,021   | 2,086   | 4.8     | 2.0                          | 2.7     | 3.2     | 3.5     | 3.6     | 3.6     | 3.6     | 3.6     | 3.6     | 3.6     |
| East Timor           | n.a.              | n.a.   | n.a.    | 555     | 631     | 750     | 840     | 860     | 876     | n.a.    | n.a.                         | n.a.    | 2.6     | 3.5     | 2.3     | 2.3     | 2.3     | 2.3     | 2.3     | 2.3     |
| <b>Indonesia</b>     | 60,593            | 97,085 | 119,208 | 147,490 | 164,047 | 179,248 | 194,755 | 198,343 | 201,390 | 1.53    | 2.07                         | 2.39    | 2.15    | 1.79    | 1.67    | 1.67    | 1.67    | 1.67    | 1.67    | 1.67    |

/a Includes adjustment for the exclusion of rural Irian Jaya.

/b End year population figures projected based on 1990 Population Census.

Source: Central Bureau of Statistics, 'Population Census Reports' year 1961, 1971, 1980 and 1990;

'Statistical Yearbook of Indonesia 1984'; and 'Intercensal Population Survey (SUPAS)' year 1985 and 1995.

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**Table 2. Distribution of Population by Age Group and Sex, 1961-1995**  
( '000)

| Age Group               | 1961          |               |               | 1971          |               |                | 1980          |               |                | 1985          |               |                | 1990          |               |                | 1995          |               |                |
|-------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|
|                         | Male          | Female        | Total         | Male          | Female        | Total          | Male          | Female        | Total          | Male          | Female        | Total          | Male          | Female        | Total          | Male          | Female        | Total          |
| 0-4                     | 8,529         | 8,649         | 17,178        | 9,675         | 9,560         | 19,235         | 10,872        | 10,422        | 21,294         | 11,008        | 10,543        | 21,551         | 10,766        | 10,120        | 20,887         | 10,475        | 9,977         | 20,452         |
| 5-9                     | 7,744         | 7,701         | 15,445        | 9,593         | 9,302         | 18,895         | 10,889        | 10,446        | 21,335         | 11,379        | 10,739        | 22,118         | 11,791        | 11,290        | 23,081         | 11,130        | 10,659        | 21,788         |
| 10-14                   | 4,353         | 3,892         | 8,245         | 7,406         | 6,875         | 14,281         | 9,179         | 8,525         | 17,704         | 10,783        | 10,113        | 20,896         | 10,998        | 10,438        | 21,437         | 12,038        | 11,671        | 23,709         |
| 15-19                   | 3,865         | 3,905         | 7,770         | 5,627         | 5,779         | 11,406         | 7,552         | 7,806         | 15,358         | 8,335         | 8,232         | 16,567         | 9,553         | 9,367         | 18,920         | 10,273        | 10,006        | 20,279         |
| 20-24                   | 3,480         | 4,373         | 7,853         | 3,627         | 4,461         | 8,088          | 6,010         | 7,055         | 13,065         | 6,385         | 7,903         | 14,288         | 7,662         | 8,486         | 16,148         | 8,037         | 9,114         | 17,151         |
| 25-34                   | 7,392         | 8,610         | 16,002        | 7,722         | 9,226         | 16,948         | 9,685         | 9,920         | 19,605         | 12,026        | 12,442        | 24,468         | 13,962        | 14,770        | 28,732         | 15,060        | 16,230        | 31,290         |
| 35-44                   | 5,765         | 5,406         | 11,171        | 7,062         | 7,119         | 14,181         | 7,876         | 8,172         | 16,048         | 8,538         | 8,485         | 17,023         | 9,778         | 9,475         | 19,253         | 12,871        | 12,351        | 25,221         |
| 45-54                   | 3,587         | 3,511         | 7,098         | 4,360         | 4,213         | 8,573          | 5,761         | 5,856         | 11,617         | 6,418         | 6,514         | 12,932         | 7,036         | 7,284         | 14,320         | 7,953         | 7,419         | 15,371         |
| 55-64                   | 1,913         | 1,865         | 3,778         | 2,224         | 2,373         | 4,597          | 3,297         | 3,354         | 6,651          | 4,150         | 4,474         | 8,624          | 4,615         | 4,887         | 9,502          | 5,235         | 6,142         | 11,377         |
| 65+                     | 1,183         | 1,245         | 2,428         | 1,450         | 1,539         | 2,989          | 2,200         | 2,593         | 4,793          | 2,619         | 2,954         | 5,573          | 3,213         | 3,749         | 6,962          | 3,859         | 4,257         | 8,116          |
| Not stated              | 60            | 57            | 117           | 7             | 8             | 15             | 11            | 9             | 20             | 4             | 3             | 7              | 3             | 5             | 8              | 0             | 0             | 0              |
| <b>Total</b>            | <b>47,871</b> | <b>49,214</b> | <b>97,085</b> | <b>58,753</b> | <b>60,455</b> | <b>119,208</b> | <b>73,332</b> | <b>74,158</b> | <b>147,490</b> | <b>81,645</b> | <b>82,402</b> | <b>164,047</b> | <b>89,376</b> | <b>89,872</b> | <b>179,248</b> | <b>96,930</b> | <b>97,825</b> | <b>194,755</b> |
| Percentage distribution |               |               |               |               |               |                |               |               |                |               |               |                |               |               |                |               |               |                |
| 0-4                     | 17.8          | 17.6          | 17.7          | 16.5          | 15.8          | 16.1           | 14.8          | 14.1          | 14.4           | 13.5          | 12.8          | 13.1           | 12.0          | 11.3          | 11.7           | 10.8          | 10.2          | 10.5           |
| 5-9                     | 16.2          | 15.6          | 15.9          | 16.3          | 15.4          | 15.9           | 14.8          | 14.1          | 14.5           | 13.9          | 13.0          | 13.5           | 13.2          | 12.6          | 12.9           | 11.5          | 10.9          | 11.2           |
| 10-14                   | 9.1           | 7.9           | 8.5           | 12.6          | 11.4          | 12.0           | 12.5          | 11.5          | 12.0           | 13.2          | 12.3          | 12.7           | 12.3          | 11.6          | 12.0           | 12.4          | 11.9          | 12.2           |
| 15-19                   | 8.1           | 7.9           | 8.0           | 9.6           | 9.6           | 9.6            | 10.3          | 10.5          | 10.4           | 10.2          | 10.0          | 10.1           | 10.7          | 10.4          | 10.6           | 10.6          | 10.2          | 10.4           |
| 20-24                   | 7.3           | 8.9           | 8.1           | 6.2           | 7.4           | 6.8            | 8.2           | 9.5           | 8.9            | 7.8           | 9.6           | 8.7            | 8.6           | 9.4           | 9.0            | 8.3           | 9.3           | 8.8            |
| 25-34                   | 15.4          | 17.5          | 16.5          | 13.1          | 15.3          | 14.2           | 13.2          | 13.4          | 13.3           | 14.7          | 15.1          | 14.9           | 15.6          | 16.4          | 16.0           | 15.5          | 16.6          | 16.1           |
| 35-44                   | 12.0          | 11.0          | 11.5          | 12.0          | 11.8          | 11.9           | 10.7          | 11.0          | 10.9           | 10.5          | 10.3          | 10.4           | 10.9          | 10.5          | 10.7           | 13.3          | 12.6          | 13.0           |
| 45-54                   | 7.5           | 7.1           | 7.3           | 7.4           | 7.0           | 7.2            | 7.9           | 7.9           | 7.9            | 7.9           | 7.9           | 7.9            | 7.9           | 8.1           | 8.0            | 8.2           | 7.6           | 7.9            |
| 55-64                   | 4.0           | 3.8           | 3.9           | 3.8           | 3.9           | 3.9            | 4.5           | 4.5           | 4.5            | 5.1           | 5.4           | 5.3            | 5.2           | 5.4           | 5.3            | 5.4           | 6.3           | 5.8            |
| 65+                     | 2.5           | 2.5           | 2.5           | 2.5           | 2.5           | 2.5            | 3.0           | 3.5           | 3.2            | 3.2           | 3.6           | 3.4            | 3.6           | 4.2           | 3.9            | 4.0           | 4.4           | 4.2            |
| Not stated              | 0.1           | 0.1           | 0.1           | 0.0           | 0.0           | 0.0            | 0.0           | 0.0           | 0.0            | 0.0           | 0.0           | 0.0            | 0.0           | 0.0           | 0.0            | 0.0           | 0.0           | 0.0            |
| <b>Total</b>            | <b>100.0</b>  | <b>100.0</b>  | <b>100.0</b>  | <b>100.0</b>  | <b>100.0</b>  | <b>100.0</b>   | <b>100.0</b>  | <b>100.0</b>  | <b>100.0</b>   | <b>100.0</b>  | <b>100.0</b>  | <b>100.0</b>   | <b>100.0</b>  | <b>100.0</b>  | <b>100.0</b>   | <b>100.0</b>  | <b>100.0</b>  | <b>100.0</b>   |

Source: Central Bureau of Statistics, 'Population Census Reports' year 1961, 1971, 1980 and 1990;  
'Statistical Yearbook of Indonesia 1984'; and 'Intercensal Population Survey (SUPAS) year 1985 and 1995.

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Table 3. Employment by Main Industry, 1971-1997 /a

| Main Industry                                       | 1971    | 1980  | 1982    | 1985  | 1990    | 1995  | 1996    | 1997  |      |       |      |      |       |      |       |
|-----------------------------------------------------|---------|-------|---------|-------|---------|-------|---------|-------|------|-------|------|------|-------|------|-------|
|                                                     | million | %     | million | %     | million | %     | million | %     |      |       |      |      |       |      |       |
| Agriculture, forestry, hunting & fishery            | 26.5    | 64.2  | 28.0    | 54.8  | 31.6    | 54.7  | 34.1    | 54.6  | 35.5 | 50.1  | 35.2 | 37.7 | 44.0  | 35.8 | 41.2  |
| Mining and quarrying                                | 0.1     | 0.2   | 0.4     | 0.7   | 0.4     | 0.7   | 0.4     | 0.7   | 0.7  | 1.0   | 0.6  | 0.8  | 0.9   | 0.9  | 1.0   |
| Manufacturing                                       | 2.7     | 6.5   | 4.4     | 8.5   | 6.0     | 10.4  | 5.8     | 9.3   | 8.2  | 11.6  | 10.1 | 10.8 | 12.6  | 11.2 | 12.9  |
| Electricity, gas & water                            | 0.0     | 0.1   | 0.1     | 0.2   | 0.1     | 0.1   | 0.1     | 0.1   | 0.1  | 0.1   | 0.2  | 0.2  | 0.2   | 0.2  | 0.3   |
| Construction                                        | 0.7     | 1.6   | 1.6     | 3.1   | 2.2     | 3.7   | 2.1     | 3.4   | 2.8  | 4.0   | 3.8  | 3.8  | 4.4   | 4.2  | 4.8   |
| Wholesale and retail trade & restaurants            | 4.3     | 10.3  | 6.6     | 12.9  | 8.6     | 14.8  | 9.4     | 15.0  | 10.6 | 15.0  | 13.9 | 16.1 | 18.8  | 17.2 | 19.8  |
| Transportation, storage & communications            | 1.0     | 2.3   | 1.5     | 2.9   | 1.8     | 3.1   | 2.0     | 3.1   | 2.7  | 3.8   | 3.5  | 3.9  | 4.6   | 4.1  | 4.8   |
| Finance, insurance, real estate & business services | 0.1     | 0.2   | 0.2     | 0.4   | 0.1     | 0.2   | 0.3     | 0.4   | 0.5  | 0.7   | 0.7  | 0.7  | 0.8   | 0.7  | 0.8   |
| Public services                                     | 4.1     | 10.0  | 7.7     | 15.1  | 7.1     | 12.3  | 8.3     | 13.3  | 9.7  | 13.7  | 12.1 | 11.7 | 13.7  | 12.6 | 14.5  |
| Others                                              | 1.9     | 4.6   | 0.7     | 1.4   | 0.0     | 0.0   | 0.1     | 0.1   | 0.0  | 0.0   | 0.0  | 0.0  | 0.0   | 0.0  | 0.0   |
| Total                                               | 41.3    | 100.0 | 51.2    | 100.0 | 57.8    | 100.0 | 62.5    | 100.0 | 70.8 | 100.0 | 80.1 | 85.7 | 100.0 | 87.0 | 100.0 |

/a Refers to population 10 years of age and above who worked during the week previous to the census.

Source: Central Bureau of Statistics, 'Statistical Yearbook of Indonesia' year 1975, 1982, 1985, 1990; and 'Intercensal Population Survey (SUPAS)' year 1985 and 1995, Labor Force Situation in Indonesia 1996 and 1997 (August).

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**Table 4. Population Distribution by Province and Urban & Rural, 1980-1997**

| Region               | 1980          |                | 1990          |                | 1995          |                | 1997          |                | Average Growth Rate (% p.a.) |             |             |             |               |
|----------------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|------------------------------|-------------|-------------|-------------|---------------|
|                      | Urban         | Rural          | Urban         | Rural          | Urban         | Rural          | Urban         | Rural          | Urban                        |             | Rural       |             |               |
|                      |               |                |               |                |               |                |               |                | 1980-90                      | 1990-95     | 1995-97     | 1990-95     | 1995-97       |
| <b>Java</b>          | <b>22,926</b> | <b>68,291</b>  | <b>38,335</b> | <b>69,183</b>  | <b>47,854</b> | <b>66,880</b>  | <b>49,898</b> | <b>66,616</b>  | <b>5.28</b>                  | <b>4.54</b> | <b>2.11</b> | <b>0.13</b> | <b>(0.67)</b> |
| DKI Jakarta          | 6,072         | 409            | 8,223         | 0              | 9,113         | 0              | 9,351         | 0              | 3.08                         | 2.08        | 1.30        | 0.00        | 0.00          |
| West Java            | 5,771         | 21,679         | 12,208        | 23,170         | 16,738        | 22,469         | 17,722        | 22,464         | 7.78                         | 6.51        | 2.90        | 0.67        | (0.61)        |
| Central Java         | 4,756         | 20,611         | 7,695         | 20,822         | 9,460         | 20,194         | 9,938         | 19,969         | 4.93                         | 4.22        | 2.50        | 0.10        | (0.61)        |
| DI Yogyakarta        | 607           | 2,143          | 1,294         | 1,619          | 1,693         | 1,223          | 1,521         | 1,393          | 7.86                         | 5.52        | (5.23)      | (2.77)      | (5.44)        |
| East Java            | 5,720         | 23,449         | 8,916         | 23,572         | 10,850        | 22,994         | 11,366        | 22,790         | 4.54                         | 4.01        | 2.35        | 0.05        | (0.44)        |
| <b>Sumatera</b>      | <b>5,481</b>  | <b>22,514</b>  | <b>9,294</b>  | <b>27,129</b>  | <b>12,018</b> | <b>28,812</b>  | <b>12,784</b> | <b>29,141</b>  | <b>5.42</b>                  | <b>5.28</b> | <b>3.13</b> | <b>1.88</b> | <b>0.57</b>   |
| Lampung              | 577           | 4,047          | 747           | 5,257          | 1,046         | 5,612          | 1,135         | 5,679          | 2.62                         | 6.96        | 4.17        | 2.65        | 1.31          |
| Bengkulu             | 72            | 695            | 240           | 939            | 362           | 1,047          | 399           | 1,070          | 12.73                        | 8.57        | 4.92        | 3.04        | 2.20          |
| South Sumatra        | 1,267         | 3,361          | 1,839         | 4,438          | 2,185         | 5,023          | 2,272         | 5,158          | 3.80                         | 3.50        | 1.97        | 2.82        | 2.50          |
| Riau                 | 588           | 1,576          | 1,047         | 2,234          | 1,340         | 2,560          | 1,423         | 1,759          | 5.94                         | 5.05        | 3.06        | 3.55        | 2.77          |
| Jambi                | 183           | 1,262          | 433           | 1,581          | 644           | 1,726          | 708           | 2,647          | 9.00                         | 8.26        | 4.88        | 2.28        | (17.12)       |
| West Sumatra         | 433           | 2,973          | 808           | 3,191          | 1,083         | 3,240          | 1,159         | 3,238          | 6.43                         | 6.04        | 3.42        | 0.71        | 0.31          |
| North Sumatra        | 2,127         | 6,224          | 3,639         | 6,613          | 4,568         | 6,547          | 4,821         | 6,502          | 5.51                         | 4.65        | 2.74        | 0.61        | (0.20)        |
| Aceh                 | 234           | 2,377          | 540           | 2,876          | 790           | 3,057          | 867           | 3,089          | 8.74                         | 7.93        | 4.73        | 1.92        | 1.23          |
| <b>Kalimantan</b>    | <b>1,441</b>  | <b>5,276</b>   | <b>2,507</b>  | <b>6,596</b>   | <b>3,183</b>  | <b>7,288</b>   | <b>3,382</b>  | <b>7,465</b>   | <b>5.69</b>                  | <b>4.89</b> | <b>3.09</b> | <b>2.26</b> | <b>1.21</b>   |
| West Kalimantan      | 417           | 2,068          | 643           | 2,592          | 788           | 2,848          | 828           | 2,915          | 4.43                         | 4.14        | 2.55        | 2.29        | 1.90          |
| Central Kalimantan   | 98            | 856            | 245           | 1,151          | 366           | 1,262          | 402           | 1,291          | 9.58                         | 8.32        | 4.81        | 3.00        | 1.86          |
| South Kalimantan     | 441           | 1,622          | 703           | 1,894          | 867           | 2,027          | 917           | 2,053          | 4.78                         | 4.28        | 2.84        | 1.56        | 1.37          |
| East Kalimantan      | 485           | 729            | 915           | 960            | 1,162         | 1,152          | 1,235         | 1,206          | 6.55                         | 4.89        | 3.09        | 2.78        | 3.72          |
| <b>Sulawesi</b>      | <b>1,654</b>  | <b>8,746</b>   | <b>2,761</b>  | <b>9,750</b>   | <b>3,612</b>  | <b>10,121</b>  | <b>3,842</b>  | <b>10,201</b>  | <b>5.26</b>                  | <b>5.52</b> | <b>3.14</b> | <b>1.09</b> | <b>0.39</b>   |
| Central Sulawesi     | 115           | 1,169          | 281           | 1,422          | 424           | 1,514          | 460           | 1,535          | 9.31                         | 8.56        | 4.17        | 1.98        | 1.26          |
| North Sulawesi       | 355           | 1,760          | 565           | 1,913          | 696           | 1,953          | 733           | 1,959          | 4.76                         | 4.27        | 2.62        | 0.84        | 0.41          |
| South Sulawesi       | 1,096         | 4,963          | 1,685         | 5,295          | 2,137         | 5,422          | 2,257         | 5,450          | 4.40                         | 4.86        | 2.79        | 0.65        | 0.47          |
| Southeast Sulawesi   | 88            | 854            | 230           | 1,120          | 355           | 1,232          | 392           | 1,257          | 10.06                        | 9.11        | 5.02        | 2.75        | 1.93          |
| <b>Other Islands</b> | <b>1,342</b>  | <b>9,659</b>   | <b>2,494</b>  | <b>11,150</b>  | <b>3,270</b>  | <b>11,717</b>  | <b>3,494</b>  | <b>11,845</b>  | <b>6.39</b>                  | <b>5.57</b> | <b>3.36</b> | <b>1.45</b> | <b>0.54</b>   |
| Bali                 | 363           | 2,106          | 734           | 2,043          | 994           | 1,902          | 1,068         | 1,861          | 7.29                         | 6.24        | 3.66        | (0.30)      | (1.08)        |
| West Nusa Tenggara   | 383           | 2,340          | 582           | 2,790          | 687           | 2,959          | 716           | 3,002          | 4.26                         | 3.37        | 2.07        | 1.77        | 1.18          |
| East Nusa Tenggara   | 205           | 2,532          | 372           | 2,896          | 497           | 3,081          | 534           | 3,116          | 6.12                         | 5.94        | 3.69        | 1.35        | 1.25          |
| Maluku               | 153           | 1,256          | 352           | 1,499          | 513           | 1,574          | 560           | 1,587          | 8.71                         | 7.79        | 4.51        | 1.79        | 0.98          |
| Irian Jaya           | 237           | 870            | 395           | 1,234          | 500           | 1,442          | 530           | 1,501          | 5.23                         | 4.83        | 2.90        | 3.56        | 3.17          |
| East Timor           | 0             | 555            | 58            | 689            | 80            | 760            | 86            | 777            | 0.00                         | 6.52        | 4.01        | 2.18        | 1.97          |
| <b>Indonesia</b>     | <b>32,846</b> | <b>114,486</b> | <b>55,391</b> | <b>123,808</b> | <b>69,937</b> | <b>124,818</b> | <b>73,400</b> | <b>125,267</b> | <b>5.36</b>                  | <b>4.77</b> | <b>2.45</b> | <b>0.72</b> | <b>0.18</b>   |

Source : Central Bureau of Statistics, 'Statistical Yearbook Of Indonesia 1984'; SUPAS 1985 and 1995, and Wellware Statistics 1997.

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**Table 5. Gross Domestic Product by Industrial Origin at Current Market Prices, 1983-1997/a**  
(Rp. billion)

|                                              | 1983   | 1985   | 1986    | 1987    | 1988    | 1983 base | 1989    | 1990    | 1991    | 1992    | 1993    | 1994    | 1993 base | 1996 *  | 1997 ** |
|----------------------------------------------|--------|--------|---------|---------|---------|-----------|---------|---------|---------|---------|---------|---------|-----------|---------|---------|
| 1. Agriculture, Livestock                    | 17,765 | 22,513 | 24,871  | 29,116  | 34,278  |           | 39,164  | 42,149  | 44,721  | 50,733  | 55,746  | 66,072  | 77,896    | 88,041  | 100,349 |
| Forestry and Fishery                         |        |        |         |         |         |           |         |         |         |         |         |         |           |         |         |
| a. Farm food crops                           | 11,126 | 13,860 | 15,085  | 17,540  | 21,124  |           | 24,492  | 25,998  | 26,149  | 29,443  | 31,404  | 34,941  | 42,200    | 47,622  | 54,239  |
| b. Non-food crops /b                         | 2,670  | 3,693  | 4,225   | 5,119   | 5,634   |           | 6,197   | 6,667   | 7,604   | 8,717   | 9,422   | 10,587  | 12,667    | 14,148  | 16,260  |
| c. Livestock products                        | 1,754  | 2,427  | 2,640   | 3,145   | 3,448   |           | 3,814   | 4,368   | 5,126   | 6,041   | 7,026   | 7,102   | 8,079     | 9,347   | 10,857  |
| d. Forestry                                  | 994    | 938    | 1,001   | 1,247   | 1,448   |           | 1,635   | 1,855   | 2,018   | 2,180   | 2,541   | 6,268   | 6,897     | 7,390   | 8,545   |
| e. Fishery                                   | 1,220  | 1,595  | 1,921   | 2,196   | 2,528   |           | 3,027   | 3,352   | 3,823   | 4,353   | 5,353   | 6,544   | 7,561     | 9,041   | 10,448  |
| 2. Mining & Quarrying                        | 16,107 | 13,571 | 11,503  | 17,267  | 17,162  |           | 21,823  | 26,119  | 31,403  | 29,907  | 30,750  | 33,507  | 40,195    | 46,916  | 59,492  |
| a. Oil & natural gas                         | 15,103 | 12,584 | 10,502  | 15,979  | 15,525  |           | 19,283  | 21,789  | 26,126  | 23,384  | 23,169  | 21,070  | 25,410    | 28,120  | 37,318  |
| b. Oth. mining & quarrying                   | 1,004  | 987    | 1,001   | 1,287   | 1,637   |           | 2,540   | 4,330   | 5,277   | 6,523   | 7,581   | 10,437  | 14,785    | 17,796  | 22,175  |
| 3. Manufacturing                             | 9,896  | 15,503 | 17,185  | 21,150  | 26,252  |           | 30,323  | 38,910  | 47,661  | 56,542  | 67,441  | 89,241  | 109,689   | 135,581 | 159,830 |
| a. Refinery oil                              | 359    | 1,864  | 1,915   | 1,820   | 2,026   |           | 2,148   | 3,375   | 3,807   | 4,322   | 5,211   | 5,551   | 6,599     | 8,476   | 9,340   |
| b. LNG                                       | 1,871  | 2,424  | -1,969  | 2,097   | 2,948   |           | 3,299   | 3,715   | 4,714   | 4,384   | 4,253   | 4,584   | 4,800     | 5,854   | 7,916   |
| c. Non-oil & gas mfg.                        | 7,666  | 11,216 | 13,301  | 17,233  | 21,278  |           | 24,876  | 31,621  | 39,145  | 47,836  | 57,977  | 78,802  | 98,290    | 121,387 | 143,438 |
| 4. Electricity, gas & water                  | 314    | 396    | 647     | 747     | 869     |           | 1,008   | 1,258   | 1,750   | 2,148   | 2,714   | 4,577   | 5,655     | 6,594   | 7,586   |
| 5. Construction                              | 4,597  | 5,302  | 5,314   | 6,087   | 7,169   |           | 8,884   | 10,749  | 12,902  | 15,305  | 18,140  | 28,017  | 34,452    | 42,025  | 47,013  |
| 6. Trade, Hotel & Restaurant                 | 11,419 | 15,417 | 17,122  | 21,048  | 24,379  |           | 28,856  | 33,000  | 36,954  | 42,732  | 49,789  | 63,859  | 75,640    | 88,878  | 104,433 |
| a. Retail & wholesale trade                  | 9,811  | 12,962 | 14,235  | 17,561  | 20,389  |           | 24,441  | 27,712  | 30,770  | 35,645  | 41,496  | 51,134  | 60,179    | 70,787  | 83,454  |
| b. Hotels & Rest.                            | 1,608  | 2,455  | 2,887   | 3,487   | 3,991   |           | 4,415   | 5,288   | 6,184   | 7,086   | 8,293   | 12,725  | 12,464    | 18,091  | 20,979  |
| 7. Transport & Communications                | 4,098  | 6,100  | 6,407   | 7,443   | 8,140   |           | 9,306   | 11,000  | 13,908  | 17,099  | 20,728  | 27,353  | 30,795    | 34,926  | 42,232  |
| a. Transport                                 | 3,694  | 5,539  | 5,770   | 6,639   | 7,227   |           | 8,280   | 9,694   | 12,327  | 15,133  | 18,183  | 23,191  | 25,477    | 29,246  | 35,199  |
| b. Communications                            | 404    | 562    | 637     | 804     | 913     |           | 1,025   | 1,306   | 1,581   | 1,966   | 2,545   | 4,162   | 5,318     | 5,680   | 7,033   |
| 8. Banks & Finance                           | 2,359  | 3,496  | 4,037   | 4,795   | 5,322   |           | 6,667   | 8,287   | 10,158  | 12,500  | 15,257  | 17,818  | 20,852    | 23,071  | 25,373  |
| 9. Ownership of Dwellings/<br>Real Estate /c | 2,356  | 2,775  | 2,976   | 3,349   | 3,736   |           | 4,151   | 4,891   | 5,925   | 6,596   | 7,621   | 11,239  | 11,899    | 13,237  | 14,790  |
| 10 Other Services                            | 8,712  | 11,934 | 12,622  | 13,814  | 14,797  |           | 17,004  | 19,236  | 22,065  | 26,323  | 33,842  | 40,539  | 47,441    | 54,363  | 63,239  |
| a. Public                                    | 5,712  | 7,925  | 8,307   | 8,912   | 9,446   |           | 11,174  | 12,801  | 14,822  | 17,309  | 22,458  | 27,755  | 32,555    | 39,753  | 47,597  |
| b. Other Private & Services /d               | 3,001  | 3,999  | 4,315   | 4,903   | 5,351   |           | 5,830   | 6,434   | 7,243   | 9,014   | 11,384  | 17,784  | 20,886    | 24,610  | 29,643  |
| Gross Domestic Products                      | 77,633 | 96,997 | 102,683 | 124,817 | 142,105 |           | 167,185 | 195,597 | 227,450 | 259,885 | 302,018 | 382,220 | 454,514   | 532,631 | 624,337 |

\* : Preliminary figures.

••: Very preliminary figures.

/s. In 1996, the Government re-

b. Includes the former smallholder and estate food crops under the National Accounts with 1983 base.

/c. Using 1983 base, this line refers only to Ownership of Dwellings. Using the new base, it includes Real Estates.

/d. Includes Business Services.

Source: Central Bureau of Statistics.

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Table 6. Gross Domestic Product by Industrial Origin at Constant Market Prices, 1983-1997 /a  
(Rp. billion)

|                                                        | 1983   | 1985   | 1986   | 1987   | 1988   | 1989   | 1990   | 1991   | 1992   | 1993   | 1993 base | 1994    | 1995    | 1996 *  | 1997 ** |
|--------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|---------|---------|---------|---------|
| <b>1. Agriculture, Livestock, Forestry and Fishery</b> | 17,765 | 19,300 | 19,799 | 20,224 | 21,214 | 21,918 | 22,357 | 22,715 | 23,226 | 24,569 | 58,963    | 59,291  | 61,885  | 63,743  | 64,149  |
| a. Farm food crops                                     | 11,126 | 11,986 | 12,287 | 12,415 | 12,974 | 13,489 | 13,558 | 13,484 | 14,527 | 14,356 | 32,093    | 31,408  | 32,952  | 33,647  | 33,048  |
| b. Non-food crops /b                                   | 2,670  | 3,087  | 3,142  | 3,258  | 3,458  | 3,549  | 3,724  | 3,924  | 4,111  | 4,351  | 9,015     | 9,472   | 9,912   | 10,331  | 10,772  |
| c. Livestock products                                  | 1,754  | 2,037  | 2,064  | 2,111  | 2,212  | 2,244  | 2,328  | 2,468  | 2,665  | 2,814  | 6,203     | 6,451   | 6,790   | 7,132   | 7,422   |
| d. Forestry                                            | 994    | 851    | 889    | 968    | 1,013  | 974    | 1,003  | 1,003  | 980    | 997    | 6,268     | 6,301   | 6,304   | 6,384   | 6,346   |
| e. Fishery                                             | 1,220  | 1,341  | 1,418  | 1,472  | 1,557  | 1,663  | 1,745  | 1,835  | 1,943  | 2,053  | 5,385     | 5,660   | 5,928   | 6,248   | 6,561   |
| <b>2. Mining &amp; Quarrying</b>                       | 16,107 | 15,480 | 16,309 | 16,366 | 15,893 | 16,664 | 17,532 | 19,317 | 18,958 | 19,370 | 31,497    | 33,262  | 35,502  | 37,569  | 38,182  |
| a. Oil & natural gas                                   | 15,103 | 14,513 | 15,237 | 15,219 | 14,692 | 15,391 | 16,010 | 17,513 | 16,719 | 16,667 | 23,121    | 23,720  | 23,720  | 24,063  | 23,734  |
| b. Oth. mining & quarrying                             | 1,004  | 968    | 1,072  | 1,146  | 1,201  | 1,273  | 1,502  | 1,804  | 2,239  | 2,704  | 8,377     | 9,542   | 11,782  | 13,506  | 14,447  |
| <b>3. Manufacturing</b>                                | 9,896  | 13,431 | 14,678 | 16,235 | 18,182 | 19,556 | 22,337 | 24,585 | 26,964 | 29,484 | 73,556    | 82,649  | 91,637  | 102,260 | 108,631 |
| a. Refinery oil                                        | 359    | 767    | 927    | 938    | 981    | 990    | 1,094  | 1,137  | 1,202  | 1,187  | 5,541     | 5,548   | 5,392   | 6,292   | 5,747   |
| b. LING                                                | 1,871  | 2,919  | 2,923  | 3,233  | 3,595  | 3,685  | 4,093  | 4,433  | 4,663  | 4,753  | 4,253     | 4,721   | 4,390   | 4,572   | 4,745   |
| c. Non-oil & gas mfg.                                  | 7,666  | 9,746  | 10,828 | 12,064 | 13,607 | 15,181 | 17,150 | 19,015 | 21,099 | 21,544 | 63,763    | 72,380  | 81,855  | 91,396  | 98,139  |
| <b>4. Electricity, gas &amp; water</b>                 | 314    | 361    | 430    | 495    | 549    | 616    | 726    | 843    | 928    | 1,022  | 3,290     | 3,703   | 4,292   | 4,841   | 5,414   |
| <b>5. Construction</b>                                 | 4,597  | 4,508  | 4,609  | 4,803  | 5,259  | 5,878  | 6,673  | 7,424  | 8,224  | 9,223  | 22,513    | 25,858  | 29,198  | 32,924  | 35,037  |
| <b>6. Trade, Hotel &amp; Restaurant</b>                | 11,419 | 12,399 | 13,399 | 14,356 | 15,657 | 17,338 | 18,569 | 19,576 | 21,009 | 22,850 | 55,298    | 59,504  | 64,231  | 69,372  | 73,161  |
| a. Retail & wholesale trade                            | 9,811  | 10,412 | 11,238 | 12,005 | 13,033 | 14,447 | 15,425 | 16,214 | 17,406 | 18,969 | 44,605    | 47,620  | 51,397  | 55,497  | 58,756  |
| b. Hotels & Rest.                                      | 1,608  | 1,987  | 2,161  | 2,351  | 2,621  | 2,891  | 3,143  | 3,363  | 3,603  | 3,881  | 10,693    | 11,885  | 12,834  | 13,875  | 14,405  |
| <b>7. Transport &amp; Communications</b>               | 4,098  | 4,487  | 4,669  | 4,939  | 5,212  | 5,812  | 6,368  | 6,869  | 7,555  | 8,302  | 23,249    | 25,189  | 27,329  | 29,701  | 32,204  |
| a. Transport                                           | 3,694  | 4,032  | 4,178  | 4,394  | 4,626  | 5,151  | 5,596  | 6,003  | 6,601  | 7,192  | 20,101    | 21,400  | 22,932  | 24,445  | 26,040  |
| b. Communications                                      | 404    | 455    | 490    | 545    | 586    | 660    | 772    | 867    | 954    | 1,110  | 3,148     | 3,788   | 4,397   | 5,257   | 6,164   |
| <b>8. Banks &amp; Finance</b>                          | 2,359  | 3,020  | 3,483  | 3,659  | 3,752  | 4,291  | 4,894  | 5,535  | 6,256  | 7,070  | 14,005    | 15,945  | 18,109  | 19,903  | 20,597  |
| <b>9. Ownership of Dwellings</b>                       | 2,356  | 2,461  | 2,645  | 2,654  | 2,762  | 2,878  | 2,999  | 3,120  | 3,249  | 3,411  | 9,695     | 10,087  | 10,643  | 11,266  | 11,826  |
| Real Estates /c                                        |        |        |        |        |        |        |        |        |        |        |           |         |         |         |         |
| <b>10. Other Services</b>                              | 8,712  | 9,635  | 10,161 | 10,788 | 11,502 | 12,188 | 12,764 | 13,242 | 13,817 | 14,405 | 37,709    | 39,155  | 40,967  | 42,842  | 44,485  |
| a. Public                                              | 5,712  | 6,455  | 6,862  | 7,366  | 7,932  | 8,397  | 8,783  | 9,052  | 9,320  | 9,509  | 22,458    | 22,752  | 23,046  | 23,338  | 23,617  |
| b. Other Private & Services /d                         | 3,001  | 3,180  | 3,299  | 3,422  | 3,570  | 3,791  | 3,981  | 4,189  | 4,497  | 4,897  | 15,251    | 16,403  | 17,921  | 19,503  | 20,869  |
| <b>Gross Domestic Products</b>                         | 27,623 | 35,082 | 39,081 | 44,518 | 50,982 | 57,437 | 65,217 | 73,225 | 81,185 | 90,707 | 329,276   | 354,641 | 383,723 | 414,412 | 433,695 |

\* : Preliminary figures.

\*\* : Very preliminary figures.

/a. In 1996, the Government released national accounts series using a 1993 base, based on an up-date of the 1990 Input-Output Table and refined estimates of some sub-sectors. /b. Includes the former smallholder and estate food crops under the National Accounts with 1983 base.

/c. Using 1983 base, this line refers only to Ownership of Dwellings. Using the new base, it includes Real Estates.

/d. Includes Business Services

Source: Central Bureau of Statistics.

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Table 7. Expenditure on GDP at Current Market Prices, 1983-1997 /a  
(Rp. billion)

|                                                  | 1983   | 1985   | 1986    | 1987    | 1983 base |         |         | 1989    | 1990    | 1991    | 1992    | 1993    | 1993    | 1994    | 1995    | 1996 * | 1997 ** |
|--------------------------------------------------|--------|--------|---------|---------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|---------|
|                                                  |        |        |         |         |           |         |         |         |         |         |         |         |         |         |         |        |         |
| 1. Private consumption                           | 47,063 | 57,201 | 63,355  | 71,989  | 81,045    | 88,752  | 106,312 | 125,036 | 135,880 | 158,342 | 192,958 | 221,514 | 279,876 | 331,586 | 388,255 |        |         |
| 2. Government consumption                        | 8,077  | 10,893 | 11,329  | 11,764  | 12,756    | 15,698  | 17,573  | 20,785  | 24,731  | 29,757  | 29,757  | 31,014  | 35,584  | 40,299  | 42,293  |        |         |
| 3. Gross fixed investment                        | 19,468 | 22,367 | 24,782  | 30,980  | 36,803    | 45,660  | 55,633  | 63,894  | 70,820  | 78,243  | 86,667  | 105,381 | 129,218 | 157,653 | 179,269 |        |         |
| 4. Changes in stock /b                           | 2,793  | 4,837  | 4,243   | 8,166   | 8,007     | 13,171  | 15,072  | 16,848  | 22,405  | 28,286  | 10,546  | 15,681  | 15,900  | 6,372   | 17,994  |        |         |
| 5. Exports of goods and nonfactor services       | 19,847 | 21,534 | 20,010  | 29,874  | 34,666    | 42,505  | 51,953  | 62,264  | 76,184  | 85,454  | 88,231  | 100,504 | 119,593 | 137,533 | 174,423 |        |         |
| 6. Less: Imports of goods and nonfactor services | 19,626 | 19,835 | 21,036  | 27,956  | 31,171    | 38,601  | 50,946  | 61,376  | 70,337  | 78,065  | 78,383  | 91,874  | 125,657 | 140,812 | 177,898 |        |         |
| Gross Domestic Product                           | 77,623 | 96,997 | 102,683 | 124,817 | 142,105   | 167,185 | 195,597 | 227,450 | 259,885 | 302,018 | 329,776 | 382,220 | 454,514 | 532,631 | 624,337 |        |         |

\* : Revised figures.

\*\* : Preliminary figures.

/a. In 1996, the Government released national accounts series using a 1993 base, based on an up-date of the 1990 Input-Output Table and refined estimates of some sub-sectors.

/b. Residuals.

Source: Central Bureau of Statistics.

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Table 8. Expenditure on GDP at Constant Market Prices, 1983 - 1997 /a  
(Rp. billion)

|                                                  | 1983   | 1985   | 1986   | 1987   | 1983 base |         |         | 1989    | 1990    | 1991    | 1992    | 1993    | 1993    | 1994    | 1993 base |       | 1997** |
|--------------------------------------------------|--------|--------|--------|--------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-------|--------|
|                                                  |        |        |        |        | 1988      |         |         |         |         |         |         |         |         |         | 1995      | 1996* |        |
| 1. Private consumption                           | 47,063 | 49,448 | 50,530 | 52,200 | 54,225    | 56,476  | 62,053  | 66,584  | 68,485  | 72,476  | 192,958 | 202,038 | 214,245 | 254,500 | 273,593   |       |        |
| 2. Government consumption                        | 8,077  | 8,991  | 9,241  | 9,226  | 9,924     | 10,965  | 11,317  | 12,113  | 12,819  | 12,830  | 29,757  | 30,443  | 30,851  | 31,681  | 31,740    |       |        |
| 3. Gross fixed investment                        | 19,468 | 19,616 | 21,422 | 22,597 | 25,201    | 28,568  | 32,732  | 34,867  | 36,589  | 38,671  | 86,667  | 98,589  | 112,386 | 128,699 | 134,034   |       |        |
| 4. Changes in stock /b                           | 2,793  | 6,641  | 6,333  | 5,049  | 1,120     | 1,417   | 3,303   | 1,990   | 2,314   | 3,404   | 10,546  | 17,063  | 15,853  | 9,010   | 4,733     |       |        |
| 5. Exports of goods and nonfactor services       | 19,847 | 19,495 | 22,460 | 25,745 | 26,016    | 28,733  | 28,863  | 34,600  | 39,675  | 42,297  | 88,231  | 96,260  | 104,492 | 112,391 | 119,445   |       |        |
| 6. Less: Imports of goods and nonfactor services | 19,626 | 19,109 | 19,906 | 20,299 | 16,504    | 18,723  | 23,050  | 26,929  | 28,697  | 29,971  | 78,383  | 89,752  | 114,035 | 121,863 | 129,858   |       |        |
| Gross Domestic Product                           | 77,623 | 85,082 | 90,081 | 94,518 | 99,981    | 107,437 | 115,217 | 123,225 | 131,185 | 139,707 | 329,776 | 354,641 | 383,792 | 414,419 | 433,685   |       |        |

\* : Revised figures.

\*\* : Preliminary figures.

/a. In 1996, the Government released national accounts series using a 1993 base, based on an up-date of the 1990 Input-Output Table and refined estimates of some sub-sectors.

/b. Residuals.

Source: Central Bureau of Statistics.

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**Table 9. Balance of Payments, 1983/84 - 1997/98**  
(US\$ million)

|                                   | 1983/84 | 1984/85 | 1985/86 | 1986/87 | 1987/88 | 1988/89 | 1989/90 | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | 1996/97 | 1997/98 /c |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------|
| 1. Net oil exports /a             | 6,016   | 5,845   | 4,004   | 1,426   | 2,334   | 1,535   | 2,311   | 2,882   | 2,158   | 1,327   | 319     | 1,372   | 1,175   | 1,259   | -69        |
| 2. Net LNG exports /a             | 1,355   | 1,971   | 2,119   | 1,158   | 1,426   | 1,525   | 1,600   | 3,128   | 2,404   | 2,188   | 2,215   | 2,415   | 2,298   | 3,279   | 1,626      |
| 3. Non-oil exports (net)          | -11,522 | -9,784  | -7,955  | -6,635  | -5,466  | -4,919  | -5,510  | -9,751  | -8,914  | -6,076  | -5,474  | -7,275  | -10,460 | -12,606 | -4,049     |
| Exports, fob                      | 5,367   | 5,907   | 6,175   | 6,731   | 9,502   | 12,184  | 14,493  | 15,380  | 19,008  | 24,823  | 27,170  | 31,716  | 37,138  | 39,267  | 45,829     |
| Imports, cif                      | -14,346 | -12,921 | -11,186 | -10,385 | -11,763 | -13,586 | -16,478 | -21,609 | -24,066 | -26,390 | -25,410 | -30,815 | -37,597 | -41,126 | -39,067    |
| Services (nonfreight)             | -2,543  | -2,770  | -2,944  | -2,981  | -3,205  | -3,517  | -3,525  | -3,522  | -3,856  | -4,509  | -7,234  | -8,176  | -10,001 | -10,747 | -10,811    |
| 4. Current account (1+2+3)        | -4,151  | -1,968  | -1,832  | -4,051  | -1,706  | -1,859  | -1,599  | -3,741  | -4,352  | -2,561  | -2,940  | -3,488  | -6,987  | -8,068  | -2,492     |
| 5. Official capital disbursements | 5,793   | 3,519   | 3,432   | 5,472   | 4,575   | 6,588   | 5,516   | 5,006   | 5,600   | 5,755   | 6,195   | 5,651   | 5,730   | 5,298   | 8,493      |
| ICGGI                             | 4,255   | 3,189   | 2,751   | 3,978   | 4,368   | 5,603   | 4,698   | 4,929   | 5,292   | 5,567   | 5,795   | 5,651   | 5,380   | 4,898   | 7,652      |
| Special assistance                | 0       | 0       | 0       | 0       | 0       | 2,169   | 1,807   | 1,542   | 1,069   | 886     | 556     | 314     | 205     | 232     | 0.0        |
| Program aid                       | 84      | 52      | 38      | 48      | 30      | 23      | 6       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 3,036      |
| Project aid                       | 4,171   | 3,137   | 2,713   | 3,930   | 4,338   | 3,411   | 2,885   | 3,387   | 4,223   | 4,681   | 5,239   | 5,337   | 5,175   | 4,666   | 4,616      |
| ODA                               | 1,902   | 1,442   | 1,332   | 1,932   | 2,807   | 2,406   | 2,300   | 2,766   | 3,165   | 3,078   | 3,697   | 3,662   | 3,540   | 2,914   | 2,654      |
| Non-ODA                           | 2,269   | 1,695   | 1,381   | 1,998   | 1,531   | 1,005   | 585     | 621     | 1,058   | 1,603   | 1,542   | 1,675   | 1,635   | 1,752   | 1,962      |
| Others                            | 1,538   | 330     | 681     | 1,494   | 207     | 985     | 818     | 77      | 308     | 188     | 400     | 0       | 350     | 400     | 841        |
| 6. Amortization                   | -1,010  | -1,292  | -1,644  | -2,129  | -3,049  | -3,763  | -3,686  | -4,082  | -4,182  | -4,840  | -5,132  | -5,546  | -5,939  | -6,118  | -4,118     |
| 7. Other capital (net)            | 1,191   | 499     | 572     | 1,232   | 1,709   | -211    | 575     | 5,856   | 4,133   | 4,284   | 4,648   | 4,645   | 11,672  | 13,487  | -9,073     |
| Direct investment                 | 193     | 245     | 299     | 252     | 544     | 585     | 722     | 1,424   | 1,531   | 1,705   | 1,971   | 2,566   | 5,357   | 6,546   | 1,832      |
| Others                            | 998     | 254     | 273     | 980     | 1,165   | -796    | -147    | 4,432   | 2,602   | 2,579   | 2,677   | 2,079   | 6,315   | 6,941   | -10,905    |
| 8. Total (4 through 7)            | 1,823   | 758     | 528     | 524     | 1,529   | 755     | 806     | 3,039   | 1,199   | 2,638   | 2,771   | 1,262   | 4,476   | 4,599   | -7,190     |
| 9. Errors and omissions           | 247     | -91     | -498    | -1,262  | 57      | -1,432  | -558    | 263     | -218    | -1,199  | -2,044  | -646    | -1,825  | -700    | -2,832     |
| 10. Monetary movements /b         | -2,070  | -667    | -30     | 738     | -1,586  | 677     | -248    | -3,302  | -981    | -1,439  | -727    | -616    | -2,651  | -3,898  | 10,022     |

/a Gross exports less imports of goods and services of the oil and LNG sector respectively.

/b Until 1996/97 monetary movement based on the change of official reserve, based on the change of gross foreign asset afterward. A negative amount refers to an accumulation of assets.

/c Preliminary figures.

Source: Bank Indonesia.

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**Table 10. Selected Non-oil Exports, 1986 - 1997**  
(US\$ million)

|                              | 1986         | 1987         | 1988          | 1989          | 1990          | 1991          | 1992          | 1993          | 1994          | 1995          | 1996          | 1997          |
|------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1. Rubber                    | 720          | 966          | 1,296         | 1,013         | 885           | 924           | 1,039         | 959           | 1,268         | 1,986         | 1,894         | 1,505         |
| 2. Coffee                    | 830          | 550          | 560           | 488           | 372           | 355           | 236           | 333           | 750           | 622           | 598           | 583           |
| 3. Palm oil & Cernel         | 103          | 169          | 325           | 296           | 253           | 335           | 465           | 535           | 878           | 973           | 1,017         | 1,662         |
| 4. Rattan                    | 96           | 147          | 119           | 153           | 275           | 275           | 307           | 333           | 354           | 374           | 324           | 204           |
| 5. Foodstuff                 | 95           | 94           | 180           | 248           | 308           | 382           | 467           | 455           | 603           | 670           | 747           | 881           |
| 6. Shrimps, Lobster, Tuna    | 284          | 352          | 588           | 558           | 705           | 811           | 802           | 902           | 1,056         | 1,093         | 1,058         | 1,097         |
| 7. Other Animal Products     | 83           | 115          | 169           | 231           | 293           | 354           | 445           | 465           | 557           | 585           | 617           | 684           |
| 8. Tin                       | 139          | 147          | 355           | 291           | 176           | 146           | 148           | 92            | 121           | 240           | 310           | 277           |
| 9. Copper                    | 158          | 154          | 233           | 316           | 400           | 146           | 687           | 646           | 879           | 1,551         | 1,397         | 1,548         |
| 10. Nickel                   | 120          | 131          | 367           | 466           | 319           | 512           | 269           | 304           | 334           | 410           | 374           | 233           |
| 11. Aluminum                 | 202          | 219          | 288           | 318           | 216           | 304           | 214           | 165           | 204           | 354           | 320           | 280           |
| 12. Iron Steel               | 83           | 219          | 372           | 424           | 367           | 172           | 381           | 464           | 454           | 522           | 608           | 660           |
| 13. Plywood                  | 1,004        | 1,707        | 2,092         | 2,325         | 2,690         | 356           | 3,219         | 4,128         | 3,650         | 3,452         | 3,544         | 3,477         |
| 14. Textiles                 | 279          | 415          | 597           | 779           | 1,084         | 2,772         | 2,470         | 2,311         | 2,517         | 2,908         | 2,683         | 3,390         |
| 15. Handicraft               | 31           | 48           | 156           | 241           | 346           | 1,539         | 541           | 663           | 978           | 655           | 526           | 1,027         |
| 16. Electrical app.          | 65           | 48           | 81            | 162           | 237           | 379           | 1,017         | 1,301         | 1,774         | 2,724         | 3,593         | 3,261         |
| 17. Garment                  | 527          | 614          | 822           | 1,248         | 1,570         | 2,203         | 3,212         | 3,595         | 3,096         | 3,324         | 3,187         | 4,181         |
| 18. Pulp and Paper           | 33           | 101          | 147           | 199           | 250           | 312           | 401           | 483           | 782           | 1,504         | 1,369         | 1,953         |
| Others                       | 2,261        | 2,991        | 3,844         | 5,612         | 5,832         | 8,292         | 10,916        | 12,025        | 13,493        | 17,097        | 12,915        | 16,337        |
| <b>Total Non-oil Exports</b> | <b>6,552</b> | <b>8,472</b> | <b>11,621</b> | <b>13,919</b> | <b>14,758</b> | <b>18,054</b> | <b>23,624</b> | <b>26,080</b> | <b>29,870</b> | <b>36,214</b> | <b>37,079</b> | <b>43,240</b> |

Source: Bank Indonesia

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**Table 11. Value of Export by Principal Country of Destination, 1985-1997**  
(US\$ million)

|                         | 1985   | 1986   | 1987   | 1988   | 1989   | 1990   | 1991   | 1992   | 1993   | 1994   | 1995   | 1996   | 1997   |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Asean</b>            | 1,983  | 1,514  | 1,704  | 2,079  | 2,429  | 2,516  | 3,197  | 4,361  | 4,746  | 5,704  | 6,070  | 7,212  | 8,648  |
| Malaysia                | 77     | 82     | 94     | 184    | 220    | 253    | 342    | 488    | 586    | 738    | 987    | 1,110  | 1,506  |
| Thailand                | 81     | 83     | 87     | 151    | 234    | 189    | 267    | 353    | 488    | 401    | 703    | 823    | 847    |
| Philippines             | 199    | 108    | 71     | 87     | 149    | 161    | 168    | 181    | 285    | 365    | 590    | 689    | 793    |
| Singapore               | 1,626  | 1,239  | 1,449  | 1,653  | 1,818  | 1,902  | 2,410  | 3,314  | 3,372  | 4,150  | 3,767  | 4,565  | 5,462  |
| Brunei                  | 0      | 2      | 3      | 4      | 8      | 11     | 10     | 25     | 35     | 50     | 24     | 27     | 40     |
| <b>Hongkong</b>         | 348    | 345    | 420    | 554    | 549    | 618    | 703    | 881    | 901    | 1,321  | 1,657  | 1,625  | 1,778  |
| <b>Japan</b>            | 8,594  | 6,644  | 7,393  | 8,018  | 9,321  | 10,923 | 10,767 | 10,761 | 11,172 | 10,929 | 12,288 | 12,885 | 12,461 |
| <b>Other Asia</b>       | 1,475  | 1,171  | 1,869  | 2,415  | 2,934  | 4,035  | 5,540  | 6,567  | 6,980  | 7,645  | 9,069  | 9,952  | 11,203 |
| <b>Africa</b>           | 160    | 179    | 150    | 272    | 217    | 199    | 394    | 419    | 463    | 638    | 621    | 639    | 771    |
| <b>USA</b>              | 4,040  | 2,902  | 3,349  | 3,074  | 3,497  | 3,365  | 3,509  | 4,419  | 5,230  | 5,829  | 6,322  | 6,795  | 7,113  |
| <b>Canada</b>           | 46     | 60     | 94     | 101    | 108    | 139    | 172    | 289    | 304    | 322    | 359    | 368    | 398    |
| <b>Other America</b>    | 326    | 182    | 48     | 47     | 50     | 102    | 184    | 328    | 469    | 562    | 759    | 758    | 950    |
| <b>Australia</b>        | 149    | 159    | 310    | 293    | 387    | 403    | 628    | 746    | 774    | 705    | 915    | 1,216  | 1,511  |
| <b>Other Oceania</b>    | 81     | 83     | 43     | 31     | 59     | 84     | 39     | 53     | 78     | 67     | 156    | 71     | 69     |
| <b>EEC</b>              | 1,114  | 1,341  | 1,540  | 2,152  | 2,340  | 3,029  | 3,743  | 4,844  | 5,296  | 5,824  | 6,615  | 7,446  | 7,848  |
| United Kingdom          | 191    | 197    | 212    | 349    | 384    | 517    | 654    | 844    | 1,005  | 1,038  | 1,129  | 1,193  | 1,231  |
| Netherlands             | 392    | 453    | 493    | 646    | 681    | 723    | 838    | 1,100  | 1,086  | 1,324  | 1,452  | 1,667  | 1,835  |
| West Germany            | 255    | 334    | 361    | 456    | 493    | 750    | 907    | 978    | 1,178  | 1,263  | 1,382  | 1,489  | 1,459  |
| Belgium & Luxembourg    | 45     | 91     | 109    | 177    | 173    | 210    | 258    | 401    | 366    | 409    | 539    | 682    | 788    |
| France                  | 71     | 93     | 102    | 164    | 209    | 286    | 386    | 495    | 500    | 426    | 520    | 564    | 497    |
| Denmark                 | 3      | 6      | 13     | 20     | 36     | 54     | 74     | 97     | 98     | 110    | 111    | 126    | 145    |
| Ireland                 | 2      | 2      | 7      | 17     | 22     | 35     | 43     | 46     | 40     | 37     | 37     | 38     | 55     |
| Italy                   | 152    | 152    | 175    | 221    | 234    | 276    | 382    | 583    | 615    | 661    | 784    | 744    | 823    |
| Greece                  | 3      | 6      | 3      | 2      | 4      | 9      | 18     | 29     | 46     | 63     | 79     | 86     | 88     |
| Portugal                | 0      | 7      | 10     | 22     | 24     | 17     | 14     | 16     | 29     | 39     | 49     | 46     | 42     |
| Spain                   | 0      | 0      | 55     | 78     | 80     | 152    | 169    | 255    | 333    | 454    | 535    | 813    | 886    |
| <b>Soviet Union</b>     | 78     | 52     | 82     | 38     | 100    | 81     | 40     | 70     | 125    | 91     | 134    | 134    | 65     |
| <b>Others in Europe</b> | 194    | 174    | 133    | 144    | 171    | 183    | 229    | 231    | 288    | 417    | 452    | 714    | 627    |
| <b>Total</b>            | 18,588 | 14,806 | 17,135 | 19,218 | 22,162 | 25,677 | 29,145 | 33,969 | 36,826 | 40,054 | 45,418 | 49,815 | 53,443 |

Source: Central Bureau of Statistics

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**Table 12. Value of Import by Principal Country of Origin, 1985-1997**  
(US\$ million)

|                         | 1985   | 1986   | 1987   | 1988   | 1989   | 1990   | 1991   | 1992   | 1993   | 1994   | 1995   | 1996    | 1997   |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|
| <b>Asean</b>            | 962    | 1,120  | 1,243  | 1,305  | 1,766  | 2,430  | 2,465  | 2,593  | 2,603  | 2,928  | 3,953  | 4,885   | 5,276  |
| Malaysia                | 52     | 50     | 139    | 276    | 369    | 326    | 407    | 525    | 517    | 579    | 767    | 824     | 865    |
| Thailand                | 48     | 72     | 75     | 96     | 210    | 183    | 278    | 345    | 235    | 407    | 737    | 1,095   | 867    |
| Philippines             | 23     | 28     | 82     | 36     | 63     | 649    | 81     | 52     | 57     | 65     | 81     | 90      | 127    |
| Singapore               | 839    | 969    | 947    | 896    | 1,122  | 1,272  | 1,699  | 1,670  | 1,793  | 1,877  | 2,368  | 2,875   | 3,411  |
| Brunei                  | 0.0    | 1.0    | 0.0    | 1.0    | 2.0    | 0.0    | 0.0    | 1.0    | 1.0    | 0.0    | 0.5    | 0.8     | 6      |
| <b>Hongkong</b>         | 53     | 94     | 104    | 133    | 179    | 273    | 232    | 229    | 247    | 241    | 275    | 262     | 325    |
| <b>Japan</b>            | 2,644  | 3,128  | 3,596  | 3,386  | 3,767  | 5,300  | 6,327  | 6,014  | 6,248  | 7,734  | 9,217  | 8,504   | 8,252  |
| <b>Other Asia</b>       | 1,727  | 1,681  | 1,924  | 2,266  | 3,203  | 4,633  | 5,156  | 5,496  | 5,972  | 6,870  | 8,376  | 8,662   | 8,171  |
| <b>Africa</b>           | 160    | 103    | 153    | 201    | 202    | 170    | 195    | 213    | 140    | 332    | 608    | 643     | 684    |
| <b>USA</b>              | 1,721  | 1,483  | 1,415  | 1,736  | 2,218  | 2,520  | 3,397  | 3,822  | 3,255  | 3,594  | 4,756  | 5,060   | 5,441  |
| <b>Canada</b>           | 198    | 214    | 303    | 274    | 311    | 407    | 354    | 459    | 410    | 497    | 811    | 786     | 682    |
| <b>Other America</b>    | 191    | 174    | 211    | 224    | 455    | 519    | 597    | 488    | 625    | 755    | 1,088  | 1,089   | 926    |
| <b>Australia</b>        | 461    | 413    | 463    | 578    | 925    | 1,186  | 1,378  | 1,413  | 1,399  | 1,542  | 2,016  | 2,535   | 2,427  |
| <b>Other Oceania</b>    | 69     | 71     | 80     | 96     | 98     | 115    | 118    | 136    | 161    | 186    | 206    | 245     | 234    |
| <b>EEC</b>              | 1,705  | 1,796  | 2,354  | 2,511  | 2,572  | 4,060  | 4,705  | 5,400  | 5,651  | 5,827  | 7,253  | 7,880   | 7,191  |
| United Kingdom          | 300    | 342    | 325    | 340    | 360    | 440    | 603    | 719    | 782    | 710    | 902    | 1,118   | 1,084  |
| Netherlands             | 215    | 189    | 316    | 258    | 248    | 550    | 505    | 507    | 626    | 564    | 842    | 493     | 566    |
| West Germany            | 677    | 719    | 836    | 887    | 920    | 1,502  | 2,061  | 2,141  | 2,072  | 2,473  | 2,819  | 3,001   | 2,629  |
| Belgium & Luxembourg    | 101    | 89     | 142    | 159    | 167    | 232    | 254    | 324    | 340    | 292    | 401    | 394     | 339    |
| France                  | 284    | 281    | 392    | 465    | 406    | 643    | 544    | 816    | 853    | 786    | 1,064  | 1,006.0 | 1,016  |
| Denmark                 | 18     | 26     | 26     | 22     | 31     | 61     | 49     | 124    | 158    | 106    | 105    | 191.0   | 159    |
| Ireland                 | 9      | 4      | 6      | 6      | 8      | 74     | 13     | 23     | 21     | 22     | 41     | 39.3    | 35     |
| Italy                   | 101    | 144    | 237    | 248    | 348    | 410    | 536    | 558    | 523    | 670    | 791    | 1,212.1 | 918    |
| Greece                  | 0      | 0      | 2      | 3      | 2      | 6      | 5      | 8      | 12     | 26     | 61     | 76.1    | 52     |
| Portugal                | 0      | 2      | 6      | 3      | 2      | 6      | 4      | 2      | 2      | 4      | 8      | 4.6     | 23     |
| Spain                   | 0      | 0      | 66     | 120    | 82     | 136    | 131    | 178    | 262    | 174    | 219    | 345     | 370    |
| <b>Soviet Union</b>     | 3      | 5      | 16     | 45     | 51     | 53     | 48     | 47     | 97     | 220    | 438    | 378     | 287    |
| <b>Others in Europe</b> | 365    | 435    | 510    | 494    | 611    | 764    | 899    | 969    | 1,517  | 1,264  | 1,631  | 2,000   | 1,784  |
| <b>Total</b>            | 10,259 | 10,717 | 12,372 | 13,249 | 16,358 | 22,430 | 25,871 | 27,279 | 28,325 | 31,990 | 40,628 | 42,929  | 41,680 |

Source: Central Bureau of Statistics

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**Table 13. Summary of Public and Publicly Guaranteed External Debt, 1983-1996 /a**  
(In million US\$)

|                                                | 1983   | 1984   | 1985   | 1986   | 1987   | 1988   | 1989   | 1990   | 1991   | 1992   | 1993   | 1994   | 1995   | 1996   |
|------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>External debt data</b>                      |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| <b>Disbursed and outstanding debt (DOD) /b</b> |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Bilateral/multilateral                         | 21,493 | 22,274 | 26,784 | 32,621 | 40,847 | 41,183 | 44,262 | 48,044 | 51,891 | 53,664 | 57,156 | 63,925 | 65,309 | 60,108 |
| Other /c                                       | 11,750 | 12,147 | 14,985 | 18,479 | 24,661 | 26,378 | 28,103 | 33,007 | 37,589 | 40,081 | 44,298 | 49,996 | 51,268 | 46,160 |
|                                                | 9,743  | 10,127 | 11,799 | 14,142 | 16,186 | 14,805 | 16,159 | 15,037 | 14,302 | 13,583 | 12,858 | 13,929 | 14,041 | 13,948 |
| <b>Commitments</b>                             |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Bilateral/multilateral                         | 5,687  | 4,816  | 4,584  | 4,104  | 5,995  | 6,087  | 7,643  | 6,691  | 8,811  | 7,878  | 8,137  | 7,712  | 10,954 | 7,814  |
| Other /c                                       | 2,294  | 2,745  | 2,433  | 1,923  | 4,793  | 4,730  | 5,768  | 5,282  | 6,321  | 5,185  | 4,923  | 5,495  | 7,108  | 5,057  |
|                                                | 3,393  | 2,072  | 2,151  | 2,182  | 1,202  | 1,357  | 1,875  | 1,409  | 2,490  | 2,693  | 3,214  | 2,217  | 3,846  | 2,757  |
| <b>Gross disbursements</b>                     |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Bilateral/multilateral                         | 4,980  | 3,895  | 3,550  | 4,222  | 5,440  | 6,387  | 6,942  | 5,009  | 6,944  | 7,830  | 6,889  | 7,627  | 6,665  | 7,540  |
| Other /c                                       | 1,731  | 1,937  | 1,602  | 1,900  | 3,655  | 4,180  | 4,275  | 3,969  | 5,104  | 5,075  | 4,477  | 4,915  | 4,254  | 3,955  |
|                                                | 3,249  | 1,958  | 1,948  | 2,322  | 1,785  | 2,207  | 2,667  | 1,040  | 1,840  | 2,755  | 2,412  | 2,712  | 2,411  | 3,585  |
| <b>Net disbursements</b>                       |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Bilateral/multilateral                         | 3,688  | 2,295  | 1,206  | 1,602  | 2,033  | 1,965  | 2,004  | 405    | 2,289  | 2,647  | 1,198  | 2,081  | 1,048  | 1,048  |
| Other /c                                       | 1,180  | 1,372  | 981    | 1,016  | 2,523  | 2,877  | 2,935  | 2,383  | 3,328  | 3,084  | 2,332  | 1,623  | 1,101  | 1,101  |
|                                                | 2,508  | 924    | 226    | 586    | -490   | -912   | -931   | -1,978 | -1,039 | -437   | -1,134 | 458    | -53    | -53    |
| <b>Net resource transfers</b>                  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Bilateral/multilateral                         | 2,455  | 667    | -438   | -470   | -234   | -561   | -775   | -2,408 | -655   | -347   | -2,035 | -1,167 | -2,725 | -2,725 |
| Other /c                                       | 732    | 810    | 288    | 96     | 1,449  | 1,577  | 1,550  | 796    | 1,544  | 1,069  | 82     | -850   | -1,567 | -1,567 |
|                                                | 1,723  | -143   | -726   | -566   | -1,683 | -2,138 | -2,325 | -3,204 | -2,199 | -1,416 | -2,117 | -317   | -1,158 | -1,158 |
| <b>Public debt service</b>                     |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Amortization                                   | 2,524  | 3,228  | 3,988  | 4,692  | 5,674  | 6,948  | 7,717  | 7,417  | 7,599  | 8,177  | 8,924  | 8,794  | 9,487  | 11,663 |
| Interest                                       | 1,291  | 1,600  | 2,344  | 2,620  | 3,407  | 4,422  | 4,938  | 4,604  | 4,655  | 5,183  | 5,691  | 5,546  | 5,714  | 8,044  |
|                                                | 1,233  | 1,628  | 1,644  | 2,072  | 2,267  | 2,526  | 2,779  | 2,813  | 2,944  | 2,994  | 3,233  | 3,248  | 3,773  | 3,619  |
| <b>Public debt service</b>                     |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Bilateral/multilateral                         | 2,524  | 3,228  | 3,988  | 4,692  | 5,674  | 6,948  | 7,717  | 7,417  | 7,599  | 8,177  | 8,924  | 8,794  | 9,487  | 11,663 |
| Other /c                                       | 999    | 1,127  | 1,314  | 1,805  | 2,202  | 2,605  | 2,724  | 3,171  | 3,573  | 4,016  | 4,403  | 5,778  | 5,804  | 7,164  |
|                                                | 1,525  | 2,101  | 2,674  | 2,887  | 3,472  | 4,343  | 4,993  | 4,246  | 4,026  | 4,161  | 4,521  | 3,016  | 3,683  | 4,499  |

/a Data in this sector refer to public medium and long term loans. Loans with a maturity of less than one year, credits for LNG expansion, LPG and paraxylene projects, and grants are not included.

/b End of year.

/c Suppliers' credits, loans from financial institutions, export credits, bonds and nationalization only.

Source: IBRD Debtor Reporting System, based on data provided by Bank Indonesia.

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**Table 14. External Public Debt Outstanding as of December 31, 1996**  
(US\$ '000)

| Type of creditor/<br>creditor country | Debt outstanding  |                  |                   | Major reported<br>new commitments<br>Jan 1-Dec 31 1996 |
|---------------------------------------|-------------------|------------------|-------------------|--------------------------------------------------------|
|                                       | Disbursed         | Undisbursed      | Total             |                                                        |
| <u>Suppliers' Credits</u>             |                   |                  |                   |                                                        |
| Japan                                 | 1,574,628         | 225,544          | 1,800,172         | 173,398                                                |
| <u>Total suppliers' credits</u>       | <u>1,574,628</u>  | <u>225,544</u>   | <u>1,800,172</u>  | <u>173,398</u>                                         |
| <u>Financial Institutions</u>         |                   |                  |                   |                                                        |
| Austria                               | 21,381            | 159,982          | 181,363           | 144,736                                                |
| Belgium                               | 1,096             | 3,449            | 4,545             | 4,700                                                  |
| France                                | 133,205           | 16,827           | 150,032           | 0                                                      |
| Hong Kong                             | 1,092,723         | 302,362          | 1,395,085         | 0                                                      |
| Japan                                 | 597,052           | 506,358          | 1,103,410         | 60,356                                                 |
| Multiple Lenders                      | 4,046,040         | 1,142,160        | 5,188,200         | 1,101,000                                              |
| Netherlands                           | -                 | 65,654           | 65,654            | 67,925                                                 |
| Norway                                | 631               | 40,521           | 41,152            | 26,875                                                 |
| Singapore                             | -                 | 500,000          | 500,000           | 0                                                      |
| Spain                                 | -                 | 15,000           | 15,000            | 8,000                                                  |
| Switzerland                           | -                 | 4,045            | 4,045             | 4,411                                                  |
| United Kingdom                        | 111,559           | 534,927          | 646,486           | 573,624                                                |
| <u>Total financial institutions</u>   | <u>6,003,687</u>  | <u>3,291,285</u> | <u>9,294,972</u>  | <u>1,991,627</u>                                       |
| <u>Bonds</u>                          |                   |                  |                   |                                                        |
| Multiple Lender                       | 715,000           | -                | 715,000           | 0                                                      |
| United States                         | 426,000           | -                | 426,000           | 400,000                                                |
| <u>Total bonds</u>                    | <u>1,141,000</u>  | <u>-</u>         | <u>1,141,000</u>  | <u>400,000</u>                                         |
| <u>Nationalization</u>                |                   |                  |                   |                                                        |
| Netherlands                           | 64,694            | -                | 64,694            | 0                                                      |
| <u>Total nationalization</u>          | <u>64,694</u>     | <u>0</u>         | <u>64,694</u>     | <u>0</u>                                               |
| <u>Multilateral Loans</u>             |                   |                  |                   |                                                        |
| Asian Dev. Bank                       | 5,070,259         | 4,202,038        | 9,272,297         | 1,013,717                                              |
| EEC                                   | 3,973             | -                | 3,973             | 0                                                      |
| European Dev. Fund                    | -                 | 2,506            | 2,506             | 0                                                      |
| IBRD                                  | 11,138,491        | 4,619,029        | 15,757,520        | 1,193,700                                              |
| IDA                                   | 735,546           | -                | 735,546           | 0                                                      |
| Intl. Fund Agr. Dev. (IFAD)           | 67,542            | 89,683           | 157,225           | 0                                                      |
| Islamic Dev. Bank                     | 18,056            | 129,723          | 147,779           | 66,864                                                 |
| Nordic Invest. Bank                   | 199,424           | 36,685           | 236,109           | 50,000                                                 |
| Nordic Invest. Fund                   | 15,522            | -                | 15,522            | 0                                                      |
| <u>Total multilateral loans</u>       | <u>17,248,813</u> | <u>9,079,664</u> | <u>26,328,477</u> | <u>2,324,281</u>                                       |

Source: IBRD Debtor Reporting System, based on data provided by Bank Indonesia.

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**Table 14. External Public Debt Outstanding as of December 31, 1996**  
(US\$ '000)

| Type of creditor/<br>creditor country | Debt outstanding  |                   |                   | Major reported<br>new commitments<br>Jan 1-Dec 31 1996 |
|---------------------------------------|-------------------|-------------------|-------------------|--------------------------------------------------------|
|                                       | Disbursed         | Undisbursed       | Total             |                                                        |
| <b>Bilateral Loans</b>                |                   |                   |                   |                                                        |
| Australia                             | 730,419           | 237,106           | 967,525           | 68,467                                                 |
| Austria                               | 5,333             | -                 | 5,333             | 0                                                      |
| Belgium                               | 98,145            | 43,113            | 141,258           | 8,078                                                  |
| Brunei                                | 92,079            | -                 | 92,079            | 0                                                      |
| Bulgaria                              | 342               | -                 | 342               | 0                                                      |
| Canada                                | 453,526           | 102,326           | 555,852           | 0                                                      |
| China                                 | 40,793            | 1,605             | 42,398            | 0                                                      |
| Czechoslovakia                        | 11,403            | -                 | 11,403            | 0                                                      |
| Denmark                               | 51,257            | 343               | 51,600            | 0                                                      |
| Egypt, Arab Republic of               | 478               | -                 | 478               | 0                                                      |
| France                                | 1,028,483         | 113,551           | 1,142,034         | 0                                                      |
| German Dem. Rep.                      | 9,378             | -                 | 9,378             | 0                                                      |
| Germany, Fed.Rep.of                   | 3,189,667         | 1,431,102         | 4,620,769         | 138,724                                                |
| Hungary                               | 2,845             | -                 | 2,845             | 0                                                      |
| India                                 | 59                | -                 | 59                | 0                                                      |
| Italy                                 | 189,336           | 20                | 189,356           | 312                                                    |
| Japan                                 | 19,094,764        | 6,859,255         | 25,954,019        | 2,235,824                                              |
| Korea, Republic of                    | 69,504            | 43,287            | 112,791           | 0                                                      |
| Kuwait                                | 48,428            | 51,359            | 99,787            | 40,747                                                 |
| Netherlands                           | 925,020           | 12,478            | 937,498           | 0                                                      |
| New Zealand                           | 344               | -                 | 344               | 0                                                      |
| Norway                                | 17,851            | 9,503             | 27,354            | 0                                                      |
| Other                                 | 21,333            | 7,000             | 28,333            | 0                                                      |
| Pakistan                              | 1,161             | -                 | 1,161             | 0                                                      |
| Poland                                | 16,017            | -                 | 16,017            | 0                                                      |
| Romania                               | 2,297             | -                 | 2,297             | 0                                                      |
| Saudi Arabia                          | 46,913            | 14,181            | 61,094            | 0                                                      |
| Spain                                 | 220,544           | 70,992            | 291,536           | 8,119                                                  |
| Switzerland                           | 31,064            | -                 | 31,064            | 0                                                      |
| United Kingdom                        | 46,771            | 20,081            | 66,852            | 0                                                      |
| United States                         | 2,279,521         | 570,209           | 2,849,730         | 232,853                                                |
| USSR                                  | 167,126           | -                 | 167,126           | 0                                                      |
| Former Yugoslavia                     | 19,198            | -                 | 19,198            | 0                                                      |
| <b>Total bilateral loans</b>          | <b>28,911,399</b> | <b>9,587,511</b>  | <b>38,498,910</b> | <b>2,733,124</b>                                       |
| <b>Export Credits</b>                 |                   |                   |                   |                                                        |
| Austria                               | 933,964           | 236,602           | 1,170,566         | 17,023                                                 |
| Belgium                               | 184,707           | 87,538            | 272,245           | 5,830                                                  |
| Denmark                               | 77,768            | -                 | 77,768            | 0                                                      |
| Finland                               | 22,062            | 7,558             | 29,620            | 3,620                                                  |
| France                                | 1,346,829         | 266,358           | 1,613,187         | 81,745                                                 |
| Germany, Fed.Rep.of                   | 71,813            | 2,792             | 74,605            | 20,968                                                 |
| Japan                                 | 59,605            | 11,138            | 70,743            | 0                                                      |
| Netherlands                           | 271,947           | 203,707           | 475,654           | 6,329                                                  |
| Norway                                | 14,906            | 42,042            | 56,948            | 0                                                      |
| Spain                                 | 80,530            | 29,366            | 109,896           | 0                                                      |
| Sweden                                | 69,641            | -                 | 69,641            | 0                                                      |
| Switzerland                           | 462,997           | 96,996            | 559,993           | 0                                                      |
| United Kingdom                        | 1,138,135         | 474,555           | 1,612,690         | 56,228                                                 |
| United States                         | 429,189           | 67,797            | 496,986           | 0                                                      |
| <b>Total export credits</b>           | <b>5,164,093</b>  | <b>1,526,449</b>  | <b>6,690,542</b>  | <b>191,743</b>                                         |
| <b>Total external public debt</b>     | <b>60,108,312</b> | <b>23,710,453</b> | <b>83,818,767</b> | <b>2,814,173</b>                                       |

Source: IBRD Debtor Reporting System, based on data provided by Bank Indonesia.

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**Table 15. Service Payments, Commitments, Disbursements and Outstanding Amounts of Total External Debt, 1980 - 2011**  
(US\$ '000)

|                  | Debt outstanding at end of period |                       | Transactions during period |               |                  |           | Other Changes |               |               |
|------------------|-----------------------------------|-----------------------|----------------------------|---------------|------------------|-----------|---------------|---------------|---------------|
|                  | Disbursed only                    | Including Undisbursed | Commitments                | Disbursements | Service Payments |           | Total         | Cancellations | Adjustment /a |
|                  |                                   |                       |                            |               | Principal        | Interest  |               |               |               |
| <b>Actual</b>    |                                   |                       |                            |               |                  |           |               |               |               |
| 1980             | 20,937,697                        | 30,420,359            | 4,277,373                  | 3,245,505     | 1,632,494        | 1,451,811 | 3,084,305     | 118,261       | 1,343,066     |
| 1981             | 22,761,139                        | 33,805,826            | 5,008,002                  | 3,845,429     | 1,784,995        | 1,707,127 | 3,492,122     | 163,286       | 325,746       |
| 1982             | 25,133,280                        | 38,847,056            | 7,067,267                  | 4,410,336     | 1,942,084        | 1,914,070 | 3,856,154     | 5,472         | -78,480       |
| 1983             | 30,229,384                        | 44,069,191            | 5,686,879                  | 6,392,696     | 1,798,027        | 1,943,231 | 3,741,258     | 197,669       | 1,530,951     |
| 1984             | 32,025,604                        | 46,152,969            | 4,816,038                  | 4,840,324     | 2,270,173        | 2,575,904 | 4,846,077     | 26,707        | -435,379      |
| 1985             | 36,715,241                        | 52,664,318            | 4,593,947                  | 4,170,204     | 3,421,579        | 2,401,135 | 5,822,714     | 514,815       | 5,863,797     |
| 1986             | 42,916,411                        | 60,291,399            | 4,104,406                  | 4,829,475     | 3,285,238        | 2,698,512 | 5,983,750     | 184,999       | 6,992,912     |
| 1987             | 52,494,917                        | 71,957,065            | 5,994,820                  | 7,489,770     | 4,057,399        | 2,940,534 | 6,997,933     | 635,419       | 10,363,663    |
| 1988             | 54,078,473                        | 72,944,387            | 6,087,327                  | 8,179,570     | 5,296,940        | 3,345,242 | 8,642,182     | 511,210       | 708,145       |
| 1989             | 59,401,728                        | 78,040,191            | 7,643,407                  | 9,008,916     | 5,993,871        | 3,839,209 | 9,833,080     | 307,264       | 3,753,532     |
| 1990             | 69,933,712                        | 90,343,455            | 6,691,047                  | 10,024,228    | 5,984,646        | 3,983,084 | 9,967,730     | 792,119       | 12,388,982    |
| 1991             | 79,847,725                        | 100,178,464           | 8,811,427                  | 11,758,429    | 6,870,955        | 4,620,831 | 11,491,786    | 2,102,942     | 9,997,479     |
| 1992             | 88,002,159                        | 107,367,151           | 7,878,074                  | 13,532,913    | 7,843,980        | 4,512,662 | 12,356,642    | 1,212,412     | 8,467,005     |
| 1993             | 89,171,878                        | 109,869,339           | 8,136,637                  | 8,084,176     | 9,137,539        | 4,951,220 | 14,088,759    | 428,180       | 3,931,270     |
| 1994             | 107,823,935                       | 129,206,719           | 7,711,600                  | 12,546,541    | 8,951,065        | 5,316,014 | 14,267,079    | 402,882       | 20,979,726    |
| 1995             | 124,398,325                       | 149,419,065           | 10,954,145                 | 13,628,469    | 10,196,922       | 6,219,010 | 16,415,932    | 570,584       | 20,021,415    |
| 1996             | 129,032,999                       | 152,743,450           | 7,814,173                  | 20,980,971    | 14,812,009       | 6,647,172 | 21,459,181    | 558,315       | 10,887,504    |
| <b>Projected</b> |                                   |                       |                            |               |                  |           |               |               |               |
| 1997             | 119,593,753                       | 134,874,459           | -                          | 8,090,965     | 17,530,210       | 5,745,352 | 23,275,562    | 338,779       | -             |
| 1998             | 112,013,859                       | 121,067,445           | -                          | 6,227,120     | 13,807,013       | 5,029,145 | 18,836,158    | -             | -             |
| 1999             | 102,016,804                       | 107,270,478           | -                          | 3,799,933     | 13,796,988       | 4,279,204 | 18,076,192    | -             | -             |
| 2000             | 92,455,370                        | 95,356,770            | -                          | 2,352,287     | 11,913,722       | 3,531,079 | 15,444,801    | -             | -             |
| 2001             | 85,854,851                        | 87,325,986            | -                          | 1,430,318     | 8,030,837        | 2,900,901 | 10,931,738    | -             | -             |
| 2002             | 80,731,386                        | 81,388,698            | -                          | 813,850       | 5,937,342        | 2,519,312 | 8,456,654     | -             | -             |
| 2003             | 75,936,372                        | 76,100,623            | -                          | 493,170       | 5,288,154        | 2,218,090 | 7,506,244     | -             | -             |
| 2004             | 71,026,147                        | 71,087,853            | -                          | 102,545       | 5,012,770        | 1,912,997 | 6,925,767     | -             | -             |
| 2005             | 66,387,352                        | 66,398,664            | -                          | 50,396        | 4,689,190        | 1,686,944 | 6,376,134     | -             | -             |
| 2006             | 61,552,237                        | 61,552,619            | -                          | 10,926        | 4,846,041        | 1,391,565 | 6,237,606     | -             | -             |
| 2007             | 58,086,357                        | 58,086,731            | -                          | -             | 3,465,880        | 1,137,501 | 4,603,381     | -             | -             |
| 2008             | 54,966,635                        | 54,966,987            | -                          | -             | 3,119,717        | 976,131   | 4,095,848     | -             | -             |
| 2009             | 52,097,755                        | 52,098,106            | -                          | -             | 2,868,880        | 834,066   | 3,702,946     | -             | -             |
| 2010             | 49,356,640                        | 49,356,988            | -                          | -             | 2,741,116        | 706,700   | 3,447,816     | -             | -             |
| 2011             | 47,062,994                        | 47,063,331            | -                          | -             | 2,293,646        | 582,543   | 2,876,189     | -             | -             |

/a This column shows the amount of arithmetic imbalances in the amount outstanding, including undisbursed, from one year to the next. The most common causes of imbalance are changes in exchange rates and transfers of debts from one category to another in the table.

Source: IBRD Debtor Reporting System, based on data provided by Bank Indonesia.

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**Table 16. Central Government Budget Summary, 1984/85-1997/98**  
(Rp. billion)

|                                         | 1984/85 | 1985/86 | 1986/87 | 1987/88 | 1988/89 | 1989/90 | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | 1996/97 | 1997/98 |
|-----------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                         |         |         |         |         |         | Actual  |         |         |         |         |         |         |         |         |
| 1. Domestic revenues                    | 15,931  | 20,939  | 17,385  | 21,731  | 23,414  | 31,504  | 42,193  | 42,582  | 48,863  | 56,113  | 66,418  | 73,014  | 84,792  | 108,184 |
| 2. Routine expenditures /a              | 9,406   | 12,006  | 13,717  | 17,341  | 20,935  | 24,335  | 29,121  | 29,050  | 33,605  | 40,290  | 44,069  | 50,435  | 61,568  | 84,606  |
| 3. Government saving (1-2)              | 6,525   | 8,933   | 3,669   | 4,390   | 2,479   | 7,169   | 13,072  | 13,532  | 15,257  | 15,823  | 22,349  | 22,579  | 23,224  | 23,578  |
| 4. Development expenditures             | 8,375   | 11,740  | 9,091   | 9,770   | 12,317  | 15,394  | 18,251  | 23,075  | 26,906  | 28,428  | 30,692  | 28,781  | 33,454  | 46,938  |
| 5. Balance (3-4)                        | -1,849  | -2,807  | -5,423  | -5,380  | -9,838  | -8,225  | -5,179  | -9,542  | -11,649 | -12,605 | -8,343  | -6,202  | -10,230 | -23,361 |
| Financed by:                            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| 6. Program aid                          | 69      | 69      | 1,791   | 685     | 2,666   | 966     | 1,347   | 1,386   | 517     | 0       | 0       | 0       | 0       | 0       |
| 7. Project aid                          | 1,711   | 2,760   | 3,722   | 4,871   | 7,458   | 7,365   | 7,035   | 8,590   | 10,581  | 10,753  | 9,838   | 9,009   | 11,048  | 23,817  |
| 8. Change in balances<br>(- = increase) | 69      | -22     | -90     | -176    | -286    | -105    | -3,203  | -433    | 551     | 1,852   | -1,495  | -2,807  | -818    | -456    |

/a. Includes debt service payment

Source: Ministry of Finance.

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Table 17. Central Government Receipts, 1984/85 - 1997/98  
(Rp. billion)

|                                      | 1984/85 | 1985/86 | 1986/87 | 1987/88 | 1988/89 | 1989/90 | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | 1996/97 | 1997/98 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                      | Actual  |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Taxes on income</b>               | 12,850  | 15,461  | 9,832   | 13,460  | 14,586  | 19,932  | 26,992  | 26,040  | 29,206  | 29,030  | 33,684  | 34,757  | 48,218  | 67,000  |
| Income tax                           | 2,042   | 2,071   | 2,603   | 2,876   | 4,432   | 5,755   | 8,250   | 9,727   | 12,516  | 14,759  | 18,350  | 19,239  | 25,496  | 28,458  |
| Corporate tax on oil /a              | 10,430  | 12,925  | 6,687   | 10,083  | 9,536   | 13,381  | 17,740  | 15,070  | 15,331  | 12,503  | 13,399  | 13,276  | 19,872  | 35,357  |
| IPEDA/property tax /b                | 213     | 165     | 239     | 212     | 362     | 604     | 786     | 944     | 1,107   | 1,485   | 1,632   | 1,923   | 2,280   | 2,655   |
| Others /c                            | 165     | 301     | 303     | 289     | 256     | 191     | 217     | 299     | 252     | 283     | 303     | 319     | 570     | 530     |
| <b>Taxes on domestic consumption</b> | 1,746   | 3,071   | 3,988   | 4,932   | 5,778   | 7,468   | 9,919   | 11,061  | 12,984  | 16,569  | 17,088  | 19,954  | 24,610  | 29,308  |
| Sales/value added tax                | 874     | 2,191   | 2,986   | 3,826   | 4,367   | 5,986   | 8,119   | 9,146   | 10,742  | 13,944  | 14,087  | 16,655  | 20,393  | 24,501  |
| Excises                              | 873     | 880     | 1,003   | 1,105   | 1,410   | 1,482   | 1,800   | 1,915   | 2,242   | 2,626   | 3,001   | 3,299   | 4,217   | 4,807   |
| <b>Taxes on international trade</b>  | 627     | 723     | 1,350   | 1,622   | 1,517   | 2,066   | 2,840   | 2,888   | 3,232   | 3,569   | 3,338   | 3,588   | 2,877   | 3,115   |
| Import duties                        | 541     | 674     | 1,269   | 1,442   | 1,376   | 1,892   | 2,800   | 2,871   | 3,223   | 3,555   | 3,218   | 3,543   | 2,807   | 2,990   |
| Export tax                           | 86      | 48      | 80      | 180     | 141     | 173     | 40      | 17      | 9       | 14      | 120     | 44      | 70      | 125     |
| <b>Nontax receipts</b>               | 708     | 1,685   | 2,216   | 1,717   | 1,533   | 2,039   | 2,442   | 2,593   | 3,440   | 6,945   | 7,260   | 7,966   | 9,087   | 8,761   |
| <b>Domestic revenue</b>              | 15,930  | 20,939  | 17,385  | 21,731  | 23,414  | 31,504  | 42,193  | 42,582  | 48,863  | 56,113  | 66,418  | 73,014  | 84,792  | 108,184 |
| <b>Development funds</b>             | 1,781   | 2,830   | 5,513   | 5,556   | 10,124  | 8,330   | 8,382   | 9,975   | 11,098  | 11,193  | 9,838   | 9,009   | 11,048  | 23,817  |
| Program aid                          | 69      | 69      | 1,791   | 685     | 2,666   | 966     | 1,347   | 1,386   | 517     | 441     | 0       | 0       | 0       | 0       |
| Project aid /d                       | 1,711   | 2,760   | 3,722   | 4,871   | 7,458   | 7,365   | 7,035   | 8,590   | 10,581  | 10,753  | 9,838   | 9,009   | 11,048  | 23,817  |
| <b>Total revenues</b>                | 17,711  | 23,769  | 22,898  | 27,286  | 33,538  | 39,835  | 50,575  | 52,557  | 59,961  | 67,306  | 76,256  | 82,023  | 95,840  | 132,001 |

/a Since 1984/85, withholding tax eliminated as separate category and combined with income tax.

/b Since January 1986, IPEDA replaced by duties from ownership of building.

/c Classification changed to other tax (included in miscellaneous levies which consist of other taxes, stamp duty and proceeds from sales of petroleum products).

/d Includes commercial bank and suppliers' credits for development projects.

Source: Ministry of Finance.

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Table 18. Central Government Expenditures, 1984/85 - 1997/98  
(Rp. billion)

|                                    | 1984/85 | 1985/86 | 1986/87 | 1987/88 | 1988/89 | 1989/90 | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | 1996/97 | 1997/98 |
|------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                    | Actual  |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Personnel expenditures</b>      | 3,141   | 3,930   | 4,438   | 4,545   | 5,489   | 6,206   | 7,088   | 8,166   | 9,554   | 11,145  | 12,595  | 13,001  | 18,021  | 19,175  |
| Wages and salaries                 | 2,259   | 3,005   | 3,459   | 3,499   | 4,209   | 4,829   | 5,598   | 6,352   | 7,595   | 9,145   | 10,181  | 11,048  | 14,507  | 15,236  |
| Rice allowance                     | 416     | 393     | 415     | 447     | 569     | 589     | 643     | 930     | 891     | 834     | 973     | 734     | 1,140   | 916     |
| Food allowance                     | 287     | 294     | 288     | 296     | 359     | 373     | 384     | 393     | 479     | 493     | 756     | 560     | 1,175   | 1,199   |
| Other                              | 100     | 158     | 177     | 177     | 203     | 243     | 265     | 281     | 315     | 418     | 368     | 370     | 748     | 792     |
| External                           | 79      | 80      | 100     | 127     | 149     | 172     | 199     | 211     | 274     | 255     | 317     | 290     | 451     | 1,031   |
| <b>Material expenditures</b>       | 1,165   | 1,351   | 1,311   | 1,296   | 1,227   | 1,704   | 1,842   | 2,328   | 2,929   | 3,032   | 4,319   | 5,175   | 7,244   | 9,032   |
| <b>Transfers to regions</b>        | 1,787   | 2,496   | 2,769   | 2,811   | 3,011   | 3,577   | 3,888   | 4,376   | 5,384   | 6,909   | 7,272   | 8,227   | 9,841   | 9,872   |
| <b>Debt service payments</b>       | 2,776   | 3,323   | 5,058   | 8,157   | 11,040  | 11,924  | 12,816  | 12,838  | 14,524  | 17,163  | 18,403  | 22,109  | 23,432  | 29,697  |
| Internal                           | 30      | 20      | 0       | 0       | 78      | 149     | 239     | 240     | 275     | 121     | 104     | 1,620   | 1,293   | 1,640   |
| External                           | 2,746   | 3,303   | 5,058   | 8,157   | 10,962  | 11,776  | 12,577  | 12,598  | 14,249  | 17,042  | 18,218  | 17,896  | 22,139  | 28,057  |
| <b>Oil subsidy</b>                 | 508     | 450     | 0       | 402     | 82      | 707     | 3,306   | 930     | 692     | 1,280   | 687     | 0       | 1,416   | 15,866  |
| <b>Others</b>                      | 30      | 457     | 140     | 129     | 86      | 217     | 182     | 411     | 524     | 761     | 793     | 1,923   | 1,615   | 964     |
| <b>Routine expenditures</b>        | 9,406   | 12,006  | 13,717  | 17,341  | 20,935  | 24,335  | 29,121  | 29,050  | 33,605  | 40,290  | 44,069  | 50,435  | 61,568  | 84,606  |
| <b>Development expenditures /a</b> | 8,375   | 11,740  | 9,091   | 9,770   | 12,317  | 15,394  | 18,251  | 23,075  | 26,906  | 28,428  | 30,692  | 28,281  | 33,454  | 46,938  |
| <b>Total expenditures</b>          | 17,781  | 23,747  | 22,808  | 27,111  | 33,252  | 39,729  | 47,372  | 52,124  | 60,512  | 68,718  | 74,761  | 79,216  | 95,022  | 131,545 |

/a For details see Tables 19

Source: Ministry of Finance.

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Table 19. Development Expenditures, 1984/85 - 1997/98  
(Rp. billion)

|                                                      | 1984/85 | 1985/86 | 1986/87 | 1987/88 | 1988/89 | 1989/90 | 1990/91 | 1991/92 | 1992/93 | 1993/94 | 1994/95 | 1995/96 | 1996/97 | 1997/98 |
|------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                                      |         |         |         |         |         | Actual  |         |         |         |         |         |         |         |         |
| 1. Departments /a                                    | 2,680   | 4,861   | 2,660   | 3,151   | 2,365   | 3,154   | 5,134   | 7,484   | 10,033  | 10,916  | 9,478   | 10,910  | 12,722  | 11,577  |
| 2. General INPRES programs                           | 540     | 563     | 567     | 656     | 801     | 721     | 1,062   | 1,414   | 1,829   | 2,049   | 4,706   | 4,655   | 5,283   | 6,076   |
| Subsidies to provinces                               | 253     | 280     | 293     | 281     | 325     | 319     | 482     | 582     | 700     | 741     | 1,318   | 1,257   | 1,424   | 1,662   |
| Subsidies to Regencies                               | 195     | 185     | 188     | 262     | 361     | 270     | 400     | 583     | 802     | 916     | 2,558   | 2,474   | 2,920   | 3,465   |
| Subsidies to villages                                | 93      | 99      | 86      | 113     | 116     | 132     | 181     | 249     | 326     | 392     | 829     | 924     | 939     | 949     |
| 3. Sectoral INPRES programs                          | 824     | 746     | 760     | 812     | 526     | 499     | 1,250   | 1,840   | 2,224   | 2,134   | 949     | 864     | 1,131   | 1,533   |
| Primary schools                                      | 365     | 572     | 536     | 498     | 241     | 100     | 369     | 515     | 643     | 595     | 538     | 494     | 595     | 925     |
| Health                                               | 71      | 94      | 109     | 93      | 90      | 101     | 174     | 267     | 316     | 340     | 412     | 370     | 536     | 608     |
| Markets /b                                           | 26      | 5       | 11      | 3       | 4       | 8       | 13      | 5       | 2       | 3       | 0       | 0       | 0       | 0       |
| Replanting/reforestation /c                          | 61      | 4       | 30      | 34      | 16      | 16      | 33      | 74      | 96      | 111     | 0       | 0       | 0       | 0       |
| Roads /d                                             | 101     | 71      | 74      | 184     | 175     | 274     | 661     | 979     | 1,165   | 1,084   | 0       | 0       | 0       | 0       |
| 4. Regional development using land & building tax /e | 166     | 117     | 215     | 169     | 327     | 543     | 688     | 859     | 983     | 1,334   | 1,485   | 1,750   | 2,072   | 2,416   |
| 5. Irian Jaya and East Timor                         | 3       | 24      | 7       | 5       | 6       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       |
| Total (2-5) - Transfer to local governments          | 1,514   | 1,442   | 1,550   | 1,642   | 1,660   | 1,763   | 3,000   | 4,113   | 5,036   | 5,516   | 7,140   | 7,269   | 8,486   | 10,025  |
| 6. Fertilizer subsidy                                | 732     | 917     | 467     | 763     | 200     | 1,150   | 265     | 100     | 175     | 175     | 815     | 143     | 368     | 547     |
| 7. Government capital participation (PMP)            | 208     | 762     | 232     | 25      | 177     | 888     | 644     | 988     | 1,38    | 381     | 425     | 380     | 505     | 119     |
| 8. Others                                            | 1,502   | 1,027   | 498     | 293     | 572     | 1,075   | 2,172   | 1,600   | 943     | 689     | 1,022   | 1,057   | 961     | 854     |
| Total (1-8)                                          | 6,655   | 9,016   | 5,407   | 5,874   | 4,974   | 8,029   | 11,216  | 14,485  | 16,325  | 17,676  | 18,880  | 19,759  | 21,043  | 23,121  |
| 9. Project aid                                       | 1,781   | 2,830   | 5,513   | 5,556   | 10,124  | 8,330   | 8,382   | 9,975   | 11,098  | 10,753  | 9,838   | 9,009   | 11,048  | 23,817  |
| Total (1-9)                                          | 8,436   | 11,845  | 10,920  | 11,422  | 15,098  | 16,360  | 19,598  | 24,460  | 27,423  | 28,428  | 28,718  | 28,768  | 34,021  | 46,938  |
| 10. Changes in balances /f                           | -61     | -105    | -1,822  | -1,659  | -2,781  | -966    | -1,347  | -1,386  | -517    | 0       | 1,974   | 11      | -536    | 0       |
| (- = increases)                                      |         |         |         |         |         |         |         |         |         |         |         |         |         |         |

/a. Included Defence Agency

/b. Since 1994/1995 subsidies for market is accommodated to subsidies to Regencies

/c. Since 1994/1995 subsidies for replanting is accommodated to subsidies to Regencies, and for Reboisation accommodated to subsidies to Villages

/d. Since 1994/1995 Road subsidies are accommodated to Province and Regency subsidies

/e. Including duties of gains from ownership of land and building

/f. Differences between total development expenditure in this table and total indicated in Central Government Budget Summary (table 16)

Source: Ministry of Finance

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**Table 20. Money Supply (M1), 1990 - 1997**  
(Rp. billion)

| End of Period |     | Total  | Currency |     | Demand deposits |     | Change over period |      |
|---------------|-----|--------|----------|-----|-----------------|-----|--------------------|------|
|               |     |        | Amount   | (%) | Amount          | (%) | Amount             | (%)  |
| 1983          |     | 7,569  | 3,333    | 44  | 4,236           | 56  | 448.0              | 6.3  |
| 1984          |     | 8,581  | 3,712    | 43  | 4,869           | 57  | 1012.0             | 13.4 |
| 1985          |     | 10,104 | 4,440    | 44  | 5,664           | 56  | 1523.0             | 17.7 |
| 1986          |     | 11,677 | 5,338    | 46  | 6,339           | 54  | 1573.0             | 15.6 |
| 1987          |     | 12,685 | 5,782    | 46  | 6,903           | 54  | 1008.0             | 8.6  |
| 1988          |     | 14,392 | 6,246    | 43  | 8,146           | 57  | 1707.0             | 13.5 |
| 1989          |     | 20,114 | 7,426    | 37  | 12,688          | 63  | 5722.0             | 39.8 |
| 1990          | I   | 22,155 | 7,780    | 35  | 14,375          | 65  | 7,145              | 47.6 |
|               | II  | 23,205 | 8,279    | 36  | 14,926          | 64  | 7,281              | 45.7 |
|               | III | 22,982 | 8,930    | 39  | 14,050          | 61  | 5,789              | 33.7 |
|               | IV  | 23,819 | 9,094    | 38  | 14,725          | 62  | 3,705              | 18.4 |
| 1991          | I   | 23,570 | 9,026    | 38  | 14,544          | 62  | 1,415              | 6.4  |
|               | II  | 24,609 | 8,824    | 36  | 15,785          | 64  | 1,404              | 6.1  |
|               | III | 25,805 | 9,025    | 35  | 16,780          | 65  | 2,823              | 12.3 |
|               | IV  | 26,342 | 9,346    | 35  | 16,996          | 65  | 2,523              | 10.6 |
| 1992          | I   | 27,318 | 11,025   | 40  | 16,293          | 60  | 3,748              | 15.9 |
|               | II  | 26,844 | 9,944    | 37  | 16,900          | 63  | 2,235              | 9.1  |
|               | III | 27,626 | 10,440   | 38  | 17,186          | 62  | 1,821              | 7.1  |
|               | IV  | 28,779 | 11,478   | 40  | 17,301          | 60  | 2,437              | 9.3  |
| 1993          | I   | 30,592 | 12,324   | 40  | 18,268          | 60  | 3,274              | 12.0 |
|               | II  | 31,563 | 12,386   | 39  | 19,177          | 61  | 4,719              | 17.6 |
|               | III | 35,041 | 13,106   | 37  | 21,935          | 63  | 7,415              | 26.8 |
|               | IV  | 36,805 | 14,431   | 39  | 22,374          | 61  | 8,026              | 27.9 |
| 1994          | I   | 37,908 | 15,340   | 40  | 22,568          | 60  | 7,316              | 23.9 |
|               | II  | 39,886 | 15,825   | 40  | 24,061          | 60  | 8,323              | 26.4 |
|               | III | 42,195 | 17,555   | 42  | 24,640          | 58  | 7,154              | 20.4 |
|               | IV  | 45,374 | 18,634   | 41  | 26,740          | 59  | 8,569              | 23.3 |
| 1995          | I   | 44,908 | 18,902   | 42  | 26,006          | 58  | 7,000              | 18.5 |
|               | II  | 47,045 | 19,186   | 41  | 27,859          | 59  | 7,159              | 17.9 |
|               | III | 48,981 | 19,564   | 40  | 29,417          | 60  | 6,786              | 16.1 |
|               | IV  | 52,677 | 20,807   | 39  | 31,870          | 61  | 7,303              | 16.1 |
| 1996          | I   | 53,162 | 21,121   | 40  | 32,041          | 60  | 8,254              | 18.4 |
|               | II  | 56,448 | 21,271   | 38  | 35,177          | 62  | 9,403              | 20.0 |
|               | III | 59,684 | 21,055   | 35  | 38,629          | 65  | 10,703             | 21.9 |
|               | IV  | 64,089 | 22,487   | 35  | 41,602          | 65  | 11,412             | 21.7 |
| 1997          | I   | 63,565 | 23,312   | 37  | 40,253          | 63  | 10,403             | 19.6 |
|               | II  | 69,950 | 23,754   | 34  | 46,196          | 66  | 13,502             | 23.9 |
|               | III | 66,258 | 23,916   | 36  | 42,342          | 64  | 6,574              | 11.0 |
|               | IV  | 78,343 | 28,424   | 36  | 49,919          | 64  | 14,254             | 22.2 |

Source: Bank Indonesia.

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**Table 21. Changes in Factors Affecting Money Supply, 1983-1997**  
(Rp. billion)

| End of period | Public Sector      |                                     |                                           |                                  | Net other items | Total change in Broad Money Supply (M2) |                |
|---------------|--------------------|-------------------------------------|-------------------------------------------|----------------------------------|-----------------|-----------------------------------------|----------------|
|               | Net foreign assets | Not claims on Central Government /c | Claims                                    |                                  |                 | Amount                                  | Percentage (%) |
|               |                    |                                     | on official entities & public enterprises | Claims on business & individuals |                 |                                         |                |
| 1983 /a       | 3,272              | -1,534                              | 61                                        | 2,371                            | -582            | 3,588                                   | 32.4           |
| 1984          | 3,531              | -3,235                              | 190                                       | 3,646                            | -858            | 3,274                                   | 22.3           |
| 1985          | 1,751              | -214                                | 511                                       | 3,333                            | -165            | 5,216                                   | 29.1           |
| 1986 /b       | 1,870              | 469                                 | 252                                       | 4,547                            | -2,630          | 4,508                                   | 19.5           |
| 1987          | 2,444              | 1,538                               | 729                                       | 6,245                            | -4,732          | 6,224                                   | 22.5           |
| 1988          | -549               | 247                                 | 659                                       | 11,069                           | -3,313          | 8,113                                   | 23.9           |
| 1989          | 409                | -1,175                              | 1,444                                     | 22,132                           | -6,104          | 16,706                                  | 39.8           |
| 1990          | -2,171             | -3,877                              | -921                                      | 35,809                           | -2,914          | 25,926                                  | 44.2           |
| 1991          | 7,499              | -1,355                              | 104                                       | 20,263                           | -12,083         | 14,428                                  | 17.0           |
| 1992          | 7,013              | -1,292                              | 492                                       | 15,257                           | -1,475          | 19,995                                  | 20.2           |
| 1993          | -934               | 731                                 | 1,505                                     | 30,230                           | -5,383          | 26,149                                  | 22.0           |
| 1994          | -4,428             | -4,686                              | -485                                      | 37,845                           | 1,064           | 29,310                                  | 20.1           |
| 1995          | 7,354              | -7,472                              | 1,305                                     | 47,504                           | -565            | 48,126                                  | 27.6           |
| 1996          | 18,015             | -2,757                              | 4,626                                     | 51,768                           | -5,658          | 65,994                                  | 29.6           |
| 1997          | 17,344             | -16,486                             | 5,031                                     | 132,031                          | -70,909         | 67,011                                  | 23.2           |

/a Does not include revaluation adjustment to foreign exchange balances resulting from the rupiah devaluation of March 30, 1983. The adjustments amount to Rp. 1,962 billion in net foreign assets; Rp. 131 billion in net claims on Central government; Rp. 106 billion in blocked account; Rp 146 billion in official entities and public enterprises; Rp. 148 billion in claims on private enterprises and individuals; Rp. 620 billion in time and savings deposits; and Rp. 1,399 billion in net other items.

/b Includes changes resulting from the exchange rate adjustment on September 12, 1986 from Rp1,134 to Rp1,644 per US Dollar

/c Includes government blocked account

Source: Bank Indonesia.

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**Table 22. Consolidated Balance Sheet of the Monetary System, 1983-1997**  
(Rp. billion)

| End of period                                        | 1983 /a | 1984   | 1985   | 1986 /b | 1987   | 1988   | 1989   | 1990    | 1991    | 1992    | 1993    | 1994    | 1995    | 1996    | 1997    |
|------------------------------------------------------|---------|--------|--------|---------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Net foreign assets</b>                            | 8,837   | 12,368 | 14,119 | 15,989  | 18,433 | 17,884 | 18,293 | 16,122  | 23,621  | 30,634  | 29,700  | 25,272  | 32,626  | 50,641  | 67,985  |
| <b>Domestic credit</b>                               | 9,744   | 10,345 | 13,975 | 19,243  | 27,755 | 39,730 | 62,131 | 93,142  | 112,154 | 126,611 | 159,077 | 191,751 | 233,088 | 286,725 | 407,301 |
| <b>Claims on public sector</b>                       |         |        |        |         |        |        |        |         |         |         |         |         |         |         |         |
| Central government                                   | -5,739  | -9,098 | -9,376 | -8,878  | -7,337 | -7,108 | -8,309 | -12,202 | -13,581 | -14,873 | -14,142 | -18,828 | -26,300 | -29,057 | -45,543 |
| Claims on official entities and public enterprises   | 5,040   | 5,230  | 5,741  | 5,993   | 6,722  | 7,381  | 8,825  | 7,904   | 8,008   | 8,500   | 10,005  | 9,520   | 10,955  | 15,581  | 20,612  |
| Government-blocked account                           | -240    | -116   | -52    | -81     | -84    | -66    | -40    | -24     | 0       | 0       | 0       | 0       | 0       | 0       | 0       |
| <b>Claims on private enterprises and individuals</b> | 10,683  | 14,329 | 17,662 | 22,209  | 28,454 | 39,523 | 61,655 | 97,464  | 117,727 | 132,984 | 163,214 | 201,059 | 248,433 | 300,201 | 432,232 |
| <b>Assets = liabilities</b>                          | 18,581  | 22,713 | 28,094 | 35,232  | 46,188 | 57,614 | 80,424 | 109,264 | 135,775 | 157,245 | 188,777 | 217,023 | 265,714 | 337,366 | 475,286 |
| <b>Import deposits</b>                               | 242     | 218    | 268    | 402     | 424    | 684    | 632    | 1,048   | 966     | 890     | 1,699   | 1,541   | 1,779   | 2,099   | 1,419   |
| <b>Net other items</b>                               | 3,676   | 4,558  | 4,673  | 7,169   | 11,879 | 14,932 | 21,088 | 23,586  | 35,751  | 37,302  | 41,876  | 40,970  | 41,297  | 46,635  | 118,224 |
| <b>Money and quasi money</b>                         | 14,663  | 17,937 | 23,153 | 27,661  | 33,885 | 41,998 | 58,704 | 84,630  | 99,058  | 119,053 | 143,202 | 174,512 | 222,638 | 288,632 | 355,643 |
| Money                                                | 7,569   | 8,581  | 10,104 | 11,677  | 12,685 | 14,392 | 20,114 | 23,819  | 26,341  | 28,779  | 36,805  | 45,374  | 52,677  | 64,089  | 78,343  |
| Currency                                             | 3,333   | 3,712  | 4,440  | 5,338   | 5,782  | 6,246  | 7,426  | 9,094   | 9,346   | 11,478  | 14,431  | 18,634  | 20,807  | 22,487  | 28,424  |
| Demand deposits                                      | 4,236   | 4,869  | 5,664  | 6,339   | 6,903  | 8,146  | 12,688 | 14,725  | 16,995  | 17,301  | 22,374  | 26,740  | 31,870  | 41,602  | 49,919  |
| Quasi money                                          | 7,094   | 9,356  | 13,049 | 15,984  | 21,200 | 27,606 | 38,590 | 60,811  | 72,717  | 90,274  | 108,397 | 129,138 | 169,961 | 224,543 | 277,300 |

/a Includes change resulting from the foreign exchange balances adjustment of March 30, 1983 from Rp702.50 to Rp970 per US Dollar, amounting to Rp. 1,962 billion in net foreign assets; Rp. 131 billion in net claims on Central government; Rp. 146 billion in claims on official entities and public enterprises; Rp. 106 billion in blocked accounts; Rp. 148 billion in claims on private enterprises and individuals; Rp. 620 billion in time and savings deposits; and Rp. 1,399 billion in net other items.

/b Includes changes resulting from the exchange rate adjustment on September 12, 1986 from Rp1,134 to Rp1,644 per US Dollar

Source: Bank Indonesia.

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Table 23. Banking System Credits by Economic Sector, 1983-1997/a  
(Rp. billion)

| Sectors                              | 1983 /f | 1984   | 1985   | 1986 /g | 1987   | 1988   | 1989   | 1990   | 1991 /h | 1992    | 1993 /i | 1994    | 1995    | 1996    | 1997    |
|--------------------------------------|---------|--------|--------|---------|--------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|
| <b>Agriculture</b>                   |         |        |        |         |        |        |        |        |         |         |         |         |         |         |         |
| In rupiah                            | 1,226   | 1,318  | 1,656  | 2,097   | 2,656  | 3,610  | 5,283  | 7,176  | 8,465   | 10,281  | 12,057  | 13,860  | 15,525  | 17,630  | 26,002  |
| In foreign exchange                  | 0       | 0      | 0      | 0       | 26     | 38     | 69     | 292    | 486     | 1,108   | 1,689   | 1,834   | 1,864   | 2,472   | 5,662   |
| <b>Mining /b</b>                     |         |        |        |         |        |        |        |        |         |         |         |         |         |         |         |
| In rupiah                            | 806     | 384    | 258    | 394     | 385    | 444    | 591    | 615    | 743     | 762     | 777     | 799     | 913     | 1,693   | 5,316   |
| In foreign exchange                  | 806     | 384    | 258    | 394     | 372    | 424    | 456    | 570    | 614     | 605     | 416     | 359     | 434     | 716     | 2,769   |
| <b>Manufacturing industry /c</b>     |         |        |        |         |        |        |        |        |         |         |         |         |         |         |         |
| In rupiah                            | 5,207   | 6,667  | 7,592  | 9,005   | 10,917 | 14,956 | 20,333 | 30,502 | 33,131  | 37,458  | 51,432  | 60,211  | 72,088  | 78,850  | 111,679 |
| In foreign exchange                  | 4,595   | 6,205  | 7,069  | 8,819   | 10,508 | 13,994 | 17,654 | 25,902 | 24,828  | 26,197  | 36,134  | 42,236  | 48,476  | 51,984  | 56,123  |
| <b>Trade /d</b>                      |         |        |        |         |        |        |        |        |         |         |         |         |         |         |         |
| In rupiah                            | 5,132   | 6,344  | 7,255  | 8,399   | 10,247 | 13,888 | 20,109 | 29,737 | 33,049  | 32,944  | 37,794  | 44,372  | 54,224  | 70,586  | 82,264  |
| In foreign exchange                  | 4,781   | 6,299  | 7,214  | 8,329   | 10,065 | 13,682 | 19,342 | 27,267 | 28,842  | 28,100  | 31,470  | 36,840  | 43,608  | 55,763  | 57,471  |
| <b>Service rendering industry /e</b> |         |        |        |         |        |        |        |        |         |         |         |         |         |         |         |
| In rupiah                            | 2,277   | 3,169  | 4,183  | 4,345   | 5,460  | 7,382  | 10,424 | 17,897 | 20,066  | 25,899  | 35,824  | 50,806  | 66,584  | 91,655  | 113,569 |
| In foreign exchange                  | 2,253   | 3,088  | 4,017  | 4,130   | 5,151  | 6,917  | 9,600  | 14,943 | 16,683  | 21,979  | 30,167  | 42,453  | 57,432  | 78,392  | 85,598  |
| <b>Others</b>                        |         |        |        |         |        |        |        |        |         |         |         |         |         |         |         |
| In rupiah                            | 651     | 931    | 1,213  | 2,162   | 3,187  | 3,721  | 6,866  | 11,769 | 17,371  | 15,574  | 12,387  | 18,832  | 25,277  | 32,507  | 39,304  |
| In foreign exchange                  | 651     | 929    | 1,210  | 2,156   | 3,143  | 3,667  | 6,709  | 11,197 | 16,326  | 14,653  | 12,374  | 18,824  | 25,265  | 32,478  | 39,233  |
| <b>Total</b>                         |         |        |        |         |        |        |        |        |         |         |         |         |         |         |         |
| In rupiah                            | 15,299  | 18,813 | 22,157 | 26,402  | 32,852 | 44,001 | 63,606 | 97,696 | 112,825 | 122,918 | 150,271 | 188,880 | 234,611 | 292,021 | 378,134 |
| In foreign exchange                  | 14,312  | 18,223 | 21,454 | 25,945  | 31,869 | 42,256 | 58,975 | 85,863 | 95,272  | 100,707 | 121,129 | 152,738 | 188,876 | 234,491 | 261,514 |
|                                      | 987     | 590    | 703    | 457     | 983    | 1,745  | 4,631  | 11,833 | 17,553  | 22,211  | 29,142  | 36,142  | 45,735  | 58,430  | 116,600 |

/a Credits outstanding end of period. Includes investment credits, KIK and KMKP. Excludes interbank credits, credits to central government and to nonresidents, bridging finance credit, foreign exchange component of project aid project aid, local cost of investment fund accounts and credit extended to bank branches abroad

/b Includes credits to PERTAMINA for repayment of foreign borrowing. Since March 1979, credit in foreign exchange to PERTAMINA has been converted to rupiah credits

/c Processing of agricultural products is classified under manufacturing industry according to International Standard Industrial Classification (ISIC 1968). Starting 1980, credits for construction which were previously included in manufacturing industry are now included in service-rendering industry.

/d Includes credits for food procurement and hotel projects.

/e Credits for electricity, gas and water supply are included in service-rendering industry sector.

/f Includes foreign exchange revaluation amounting to Rp. 251 billion.

/g Includes revaluation adjustment due to the devaluation of September 12, 1986.

/h Since 1991 excludes Bank Indonesia

/i As of 1993 includes Commercial Banks ex Non-Bank Financial Institutions.

Source: Bank Indonesia

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**Table 24. Banking Credits Outstanding in Rupiah and Foreign Exchange by Group of Banks, 1984 - 1997/a**  
(Rp. billion)

|                                  | 1984   | 1985   | 1986/d | 1987   | 1988   | 1989   | 1990   | 1991    | 1992    | 1993    | 1994    | 1995    | 1996    | 1997    |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|
| <b>Bank Indonesia</b>            |        |        |        |        |        |        |        |         |         |         |         |         |         |         |
| direct credits /b                | 870    | 964    | 1,144  | 1,347  | 1,547  | 696    | 718    | 783     | 771     | 158     | 130     | 71      | 26      | 50      |
| In rupiah                        | 870    | 964    | 1,144  | 1,347  | 1,547  | 696    | 718    | 783     | 771     | 158     | 130     | 71      | 26      | 50      |
| In foreign exchange              | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0       | 0       | 0       | 0       | 0       | 0       | 0       |
| <b>State banks</b>               |        |        |        |        |        |        |        |         |         |         |         |         |         |         |
| In rupiah                        | 13,345 | 15,374 | 17,782 | 21,676 | 28,631 | 39,579 | 55,826 | 59,861  | 68,236  | 71,760  | 80,010  | 93,480  | 108,925 | 153,266 |
| In foreign exchange              | 12,959 | 14,925 | 17,711 | 21,225 | 27,614 | 37,151 | 50,648 | 52,628  | 58,133  | 59,738  | 68,085  | 79,394  | 93,051  | 113,436 |
|                                  | 386    | 449    | 71     | 451    | 1,017  | 2,428  | 5,178  | 7,233   | 10,103  | 11,805  | 11,925  | 14,086  | 15,874  | 39,830  |
| <b>Private National Banks /c</b> |        |        |        |        |        |        |        |         |         |         |         |         |         |         |
| In rupiah                        | 3,552  | 4,746  | 6,272  | 8,423  | 11,910 | 20,216 | 34,975 | 44,452  | 45,352  | 63,995  | 90,504  | 116,886 | 156,412 | 176,262 |
| In foreign exchange              | 3,480  | 4,631  | 6,061  | 8,175  | 11,536 | 18,955 | 31,458 | 39,467  | 39,685  | 55,076  | 76,506  | 99,466  | 130,194 | 135,475 |
|                                  | 72     | 115    | 211    | 248    | 374    | 1,261  | 3,517  | 4,985   | 5,667   | 8,919   | 13,998  | 17,420  | 26,218  | 40,787  |
| <b>Foreign Banks</b>             |        |        |        |        |        |        |        |         |         |         |         |         |         |         |
| In rupiah                        | 1,046  | 1,073  | 1,204  | 1,406  | 1,913  | 3,115  | 6,177  | 8,512   | 9,330   | 14,733  | 18,366  | 24,245  | 27,584  | 48,606  |
| In foreign exchange              | 914    | 934    | 1,029  | 1,122  | 1,559  | 2,173  | 3,039  | 3,177   | 2,889   | 6,315   | 8,147   | 10,016  | 11,245  | 12,623  |
|                                  | 132    | 139    | 175    | 284    | 354    | 942    | 3,138  | 5,335   | 6,441   | 8,418   | 10,219  | 14,229  | 16,339  | 35,983  |
| <b>Total</b>                     |        |        |        |        |        |        |        |         |         |         |         |         |         |         |
| In rupiah                        | 18,813 | 22,157 | 26,402 | 32,852 | 44,001 | 63,606 | 97,696 | 113,608 | 123,689 | 150,429 | 189,010 | 234,682 | 292,947 | 378,184 |
| In foreign exchange              | 18,223 | 21,454 | 25,945 | 31,869 | 42,256 | 58,975 | 85,863 | 96,055  | 101,478 | 121,287 | 152,868 | 188,947 | 234,516 | 261,584 |
|                                  | 590    | 703    | 457    | 983    | 1,745  | 4,631  | 11,833 | 17,553  | 22,211  | 29,142  | 36,142  | 45,735  | 58,431  | 116,600 |

/a Credits outstanding at end of period. Includes investment credits, KIK and KMP. Excludes interbank credits, credits to Central Government and to non-residents, bridging finance credit, foreign exchange components of project aid, project aid, local cost of investment fund accounts and credits extended to bank branches abroad.

/b Excludes liquidity credits, includes credits to Pertamina for repayment for foreign borrowing.

/c Excludes regional government banks

/d Includes revaluation adjustment due to devaluation on September 12, 1986.

Source : Bank Indonesia.

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Table 25. Commercial Banks' Outstanding Investment Credits in Rupiah and Foreign Exchange by Economic Sector, 1984-1997  
(Rp. billion)

| End of period              | 1984  | 1985  | 1986  | 1987  | 1988   | 1989   | 1990   | 1991   | 1992   | 1993 /b | 1994   | 1995   | 1996   | 1997    |
|----------------------------|-------|-------|-------|-------|--------|--------|--------|--------|--------|---------|--------|--------|--------|---------|
| Credits outstanding /a     | 4,140 | 5,156 | 6,486 | 7,635 | 10,422 | 14,292 | 20,734 | 25,748 | 35,223 | 42,713  | 47,136 | 59,274 | 70,443 | 100,735 |
| Agriculture                | 555   | 948   | 1,292 | 1,690 | 2,284  | 3,357  | 4,520  | 5,450  | 7,050  | 8,730   | 9,865  | 10,564 | 11,737 | 14,629  |
| Mining                     | 178   | 224   | 367   | 342   | 372    | 358    | 373    | 459    | 459    | 310     | 196    | 256    | 405    | 1,321   |
| Manufacturing industry     | 2,440 | 2,466 | 3,098 | 3,567 | 4,817  | 6,424  | 8,920  | 10,484 | 15,416 | 17,371  | 19,516 | 23,159 | 24,248 | 35,094  |
| Trade                      | 168   | 396   | 443   | 435   | 632    | 1,022  | 2,157  | 3,372  | 4,099  | 7,192   | 6,154  | 8,468  | 11,891 | 17,928  |
| Service rendering industry | 770   | 1,098 | 1,215 | 1,560 | 2,249  | 3,010  | 4,307  | 5,032  | 7,150  | 9,110   | 11,405 | 16,827 | 22,162 | 31,763  |
| Others                     | 29    | 24    | 71    | 41    | 68     | 121    | 457    | 951    | 1,049  | 0       | 0      | 0      | 0      | 0       |

/a Excludes Small Scale Investment Credits, investment credits to the Central Government and to non resident, bridging finance credit, foreign exchange components of project aid, project aid, local cost of investment fund accounts and credit extended bank branches abroad.

/b Since of April 1993 includes Commercial Banks exs. Non-Bank Financial Institutions.

Source: Bank Indonesia.

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**Table 26. Commercial Banks' Outstanding Funds in Rupiah and Foreign Exchange by Group of Banks, 1984-1997 /a**  
(Rp. billion)

|                                       | 1984          | 1985          | 1986          | 1987          | 1988          | 1989          | 1990          | 1991          | 1992           | 1993           | 1994           | 1995           | 1996           | 1997           |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Deposits</b>                       |               |               |               |               |               |               |               |               |                |                |                |                |                |                |
| State Banks                           | 10,035        | 12,916        | 15,193        | 18,111        | 22,527        | 29,731        | 40,638        | 41,812        | 52,600         | 61,684         | 64,283         | 75,920         | 90,434         | 133,042        |
| Private Banks                         | 3,020         | 4,550         | 5,435         | 8,040         | 11,167        | 19,655        | 33,951        | 43,143        | 51,079         | 67,541         | 88,925         | 117,451        | 164,979        | 177,193        |
| Regional Development Banks            | 700           | 825           | 797           | 954           | 1,300         | 1,674         | 2,550         | 3,228         | 3,697          | 4,773          | 6,183          | 7,812          | 8,522          | 8,796          |
| Foreign Banks                         | 1,743         | 1,883         | 2,086         | 2,226         | 2,516         | 3,315         | 6,016         | 6,935         | 7,474          | 8,681          | 11,015         | 13,581         | 17,783         | 38,582         |
| <b>Total</b>                          | <b>15,498</b> | <b>20,174</b> | <b>23,511</b> | <b>29,331</b> | <b>37,510</b> | <b>54,375</b> | <b>83,155</b> | <b>95,118</b> | <b>114,850</b> | <b>142,679</b> | <b>170,406</b> | <b>214,764</b> | <b>281,718</b> | <b>357,613</b> |
| <b>Share in Total Deposits</b>        |               |               |               |               |               |               |               |               |                |                |                |                |                |                |
| State Banks                           | 64.8          | 64.0          | 64.6          | 61.7          | 60.1          | 54.7          | 48.9          | 44.0          | 45.8           | 43.2           | 37.7           | 35.4           | 32.1           | 37.2           |
| Private Banks                         | 19.5          | 22.6          | 23.1          | 27.4          | 29.8          | 36.1          | 40.8          | 45.4          | 44.5           | 47.3           | 52.2           | 54.7           | 58.6           | 49.5           |
| Regional Development Banks            | 4.5           | 4.1           | 3.4           | 3.3           | 3.5           | 3.1           | 3.1           | 3.4           | 3.2            | 3.3            | 3.6            | 3.6            | 3.0            | 2.5            |
| Foreign Banks                         | 11.2          | 9.3           | 8.9           | 7.6           | 6.7           | 6.1           | 7.2           | 7.3           | 6.5            | 6.1            | 6.5            | 6.3            | 6.3            | 10.8           |
| <b>Total</b>                          | <b>100.0</b>  | <b>100.0</b>  | <b>100.0</b>  | <b>100.0</b>  | <b>100.0</b>  | <b>100.0</b>  | <b>100.0</b>  | <b>100.0</b>  | <b>100.0</b>   | <b>100.0</b>   | <b>100.0</b>   | <b>100.0</b>   | <b>100.0</b>   | <b>100.0</b>   |
| <b>Annual Growth Rate in Deposits</b> |               |               |               |               |               |               |               |               |                |                |                |                |                |                |
| State Banks                           | 19.7          | 28.7          | 17.6          | 19.2          | 24.4          | 32.0          | 36.7          | 2.9           | 25.8           | 17.3           | 4.2            | 18.1           | 19.1           | 47.1           |
| Private Banks                         | 42.5          | 50.7          | 19.5          | 47.9          | 38.9          | 76.0          | 72.7          | 27.1          | 18.4           | 32.2           | 31.7           | 32.1           | 40.5           | 7.4            |
| Regional Development Banks            | 40.6          | 17.9          | -3.4          | 19.7          | 36.3          | 28.8          | 52.3          | 26.6          | 14.5           | 29.1           | 29.5           | 26.3           | 9.1            | 3.2            |
| Foreign Banks                         | 24.7          | 8.0           | 10.8          | 6.7           | 13.0          | 31.8          | 81.5          | 15.3          | 7.8            | 16.1           | 26.9           | 23.3           | 30.9           | 117.0          |
| <b>Total</b>                          | <b>25.0</b>   | <b>30.2</b>   | <b>16.5</b>   | <b>24.8</b>   | <b>27.9</b>   | <b>45.0</b>   | <b>52.9</b>   | <b>14.4</b>   | <b>20.7</b>    | <b>24.2</b>    | <b>19.4</b>    | <b>26.0</b>    | <b>31.2</b>    | <b>26.9</b>    |

/a Total funds are the sum of demand, time and savings deposits includes non resident and central government accounts

Source : Bank Indonesia.

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**Table 27. Interest Rates 1985-1997**  
(% p.a)

| Year | Interbank<br>Call Money<br>/a | SBI's<br>Discount<br>Rate<br>/b | SBPU's<br>Discount<br>Rate<br>/b | Time Deposits /a |          |           |                       |          |          |                          |          |           |           |
|------|-------------------------------|---------------------------------|----------------------------------|------------------|----------|-----------|-----------------------|----------|----------|--------------------------|----------|-----------|-----------|
|      |                               |                                 |                                  | State Bank       |          |           | Less than<br>3 mos /c |          |          | Private National Bank /a |          |           |           |
|      |                               |                                 |                                  | 3<br>mos         | 6<br>mos | 12<br>mos | 24<br>mos             | 3<br>mos | 6<br>mos | 3<br>mos                 | 6<br>mos | 12<br>mos | 24<br>mos |
| 1985 | n.a                           | n.a                             | n.a                              | 13.4             | 14.6     | 16.0      | 17.8                  | 18.3     | 15.6     | 17.2                     | 18.9     | 20.8      | 21.8      |
| 1986 | n.a                           | n.a                             | n.a                              | 13.3             | 14.2     | 14.7      | 15.2                  | 16.0     | 15.4     | 16.1                     | 17.0     | 18.3      | 21.6      |
| 1987 | n.a                           | n.a                             | n.a                              | 15.5             | 17.0     | 17.3      | 17.0                  | 17.4     | 17.8     | 19.2                     | 20.1     | 19.8      | 20.5      |
| 1988 | 14.22                         | n.a                             | n.a                              | 15.8             | 16.2     | 18.2      | 17.8                  | 16.8     | 20.8     | 20.5                     | 21.0     | 20.9      | 21.2      |
| 1989 | 12.02                         | 12.10-14.90                     | n.a                              | 15.1             | 16.2     | 17.2      | 18.1                  | 18.8     | 17.5     | 18.3                     | 19.3     | 20.2      | 20.8      |
| 1990 | 21.20                         | 17.45                           | 20.54                            | 21.2             | 20.6     | 19.4      | 18.1                  | 18.5     | 22.6     | 21.4                     | 20.5     | 19.8      | 21.0      |
| 1991 | 14.91                         | 17.37-20.17                     | 18.75-25.74                      | 20.0             | 21.3     | 22.3      | 22.5                  | 21.0     | 21.8     | 22.6                     | 23.3     | 23.4      | 18.6      |
| 1992 | 11.95                         | 13.00-17.00                     | 13.50-18.50                      | 17.4             | 18.6     | 19.8      | 20.9                  | 21.0     | 19.2     | 20.4                     | 21.2     | 21.7      | 18.7      |
| 1993 | 8.74                          | 7.99-12.00                      | 10.09-13.39                      | 11.2             | 10.8     | 14.3      | 15.7                  | 18.5     | 14.8     | 15.8                     | 16.6     | 17.1      | 17.4      |
| 1994 | 9.74                          | 7.65-11.48                      | 11.00-15.50                      | 9.7              | 9.9      | 11.6      | 12.1                  | 14.1     | 13.6     | 13.8                     | 13.8     | 14.0      | 17.8      |
| 1995 | 13.56                         | 11.81-13.53                     | 14.89-15.75                      | 14.4             | 13.9     | 14.8      | 13.9                  | 14.0     | 17.4     | 17.4                     | 17.2     | 16.0      | 16.2      |
| 1996 | 14.06                         | 11.76-13.00                     | 15.30-15.75                      | 15.3             | 15.0     | 16.3      | 16.0                  | 15.2     | 17.5     | 17.8                     | 17.7     | 17.3      | 16.6      |
| 1997 | 33.63                         | 7.29 - 18.35                    | 14.75 - 15.25                    | 19.4             | 20.7     | 15.3      | 15.6                  | 15.4     | 24.0     | 20.3                     | 17.1     | 17.1      | 16.9      |

/a Weighted average rate. Overnight interest rate on Interbank Call Money transactions recorded at the Jakarta Clearing House

/b Seven days Money market securities (SBPU's) and Bank Indonesia Certificate transactions

/c One month time deposit rate used as representative rate.

Source: Bank Indonesia.

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Table 28. Principal Agricultural Products by Subsectors, 1984-1997  
('000 tons)

| Product               | 1984   | 1985   | 1986   | 1987   | 1988   | 1989   | 1990   | 1991   | 1992   | 1993   | 1994   | 1995   | 1996   | 1997   |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Food crops</b>     |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Paddy /a              | 38,136 | 39,033 | 39,727 | 40,078 | 41,676 | 44,726 | 45,179 | 44,689 | 48,240 | 48,181 | 46,641 | 49,744 | 51,101 | 49,377 |
| Corn                  | 5,288  | 4,330  | 5,920  | 5,155  | 6,652  | 6,193  | 6,734  | 6,256  | 7,995  | 6,460  | 6,869  | 8,246  | 9,307  | 8,771  |
| Cassava               | 14,167 | 14,037 | 13,312 | 14,356 | 15,471 | 17,117 | 15,830 | 15,954 | 16,516 | 17,285 | 15,729 | 15,441 | 17,002 | 15,134 |
| Sweet potato          | 2,156  | 2,161  | 2,091  | 2,013  | 2,159  | 2,224  | 1,971  | 2,039  | 2,171  | 2,088  | 1,845  | 2,171  | 2,018  | 1,847  |
| Soya beans (shelled)  | 769    | 870    | 1,227  | 1,161  | 1,270  | 1,315  | 1,487  | 1,555  | 1,870  | 1,709  | 1,565  | 1,680  | 1,517  | 1,357  |
| Groundnuts (shelled)  | 535    | 528    | 642    | 533    | 589    | 620    | 651    | 652    | 739    | 639    | 632    | 760    | 738    | 688    |
| <b>Fisheries</b>      |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Saltwater fish        | 1,713  | 1,822  | 1,923  | 2,017  | 2,170  | 2,272  | 2,370  | 2,505  | 2,692  | 2,886  | 3,080  | 3,293  | 3,384  | 3,482  |
| Freshwater fish       | 548    | 573    | 607    | 653    | 711    | 765    | 793    | 807    | 851    | 909    | 900    | 971    | 1,069  | 1,099  |
| <b>Meat and dairy</b> |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Meat                  | 742    | 808    | 860    | 895    | 937    | 971    | 1,028  | 1,099  | 1,239  | 1,378  | 1,493  | 1,507  | 1,632  | 1,697  |
| Eggs                  | 355    | 370    | 432    | 452    | 443    | 456    | 484    | 510    | 572    | 573    | 689    | 736    | 780    | 783    |
| Milk /b               | 179    | 192    | 220    | 235    | 265    | 338    | 346    | 360    | 367    | 388    | 427    | 433    | 441    | 446    |
| <b>Cash crops</b>     |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Rubber                | 1,033  | 1,055  | 1,109  | 1,130  | 1,176  | 1,209  | 1,275  | 1,284  | 1,399  | 1,476  | 1,499  | 1,573  | 1,574  | 1,549  |
| Coconut/copra         | 1,750  | 1,920  | 2,114  | 2,075  | 2,139  | 2,208  | 2,332  | 2,337  | 2,455  | 2,588  | 2,649  | 2,704  | 2,761  | 2,752  |
| Coffee                | 315    | 311    | 339    | 380    | 386    | 401    | 413    | 419    | 437    | 439    | 450    | 458    | 459    | 454    |
| Cloves                | 49     | 42     | 55     | 58     | 61     | 55     | 66     | 84     | 73     | 67     | 78     | 90     | 89     | 59     |
| Tea                   | 126    | 127    | 136    | 126    | 137    | 141    | 155    | 159    | 154    | 165    | 139    | 154    | 169    | 151    |
| Sugar                 | 1,810  | 1,899  | 1,894  | 2,176  | 1,918  | 2,108  | 2,119  | 2,253  | 2,307  | 2,329  | 2,454  | 2,077  | 2,094  | 2,190  |
| Tobacco               | 108    | 161    | 164    | 113    | 116    | 81     | 156    | 161    | 112    | 121    | 130    | 140    | 151    | 137    |
| Pepper                | 46     | 41     | 40     | 49     | 56     | 68     | 70     | 69     | 65     | 66     | 54     | 59     | 52     | 50     |
| Cotton                | 12     | 45     | 53     | 48     | 40     | 39     | 33     | 14     | 13     | 14     | 14     | 8      | 8      | 5      |
| Palm oil              | 1,147  | 1,243  | 1,350  | 1,506  | 1,800  | 1,965  | 2,413  | 2,658  | 3,266  | 4,003  | 4,008  | 4,480  | 4,899  | 5,385  |
| Palm kernel           | 247    | 258    | 266    | 319    | 360    | 393    | 504    | 551    | 559    | 707    | 797    | 942    | 1,085  | 1,190  |
| <b>Forestry /c</b>    |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Teakwood              | 758    | 777    | 798    | 689    | 725    | 725    | 780    | 778    | 780    | 745    | 805    | 902    | 842    | 843    |
| Other timber          | 27,716 | 24,277 | 27,403 | 28,255 | 28,485 | 24,409 | 25,312 | 23,892 | 28,267 | 26,848 | 24,027 | 24,850 | 26,069 | 26,084 |

/a Dry husk paddy grain ready for milling.

/b In million of liters

/c In '000 cubic meters.

Source: Central Bureau of Statistics and Ministry of Agriculture, and Ministry of Forestry

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Table 29. Production of Major Crops by Type of Estate, 1984-1997  
('000 tone)

| Product                   | 1984  | 1985  | 1986  | 1987  | 1988  | 1989  | 1990  | 1991  | 1992  | 1993  | 1994  | 1995  | 1996  | 1997a/ |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| <b>Smallholders</b>       |       |       |       |       |       |       |       |       |       |       |       |       |       |        |
| Rubber                    | 704   | 720   | 763   | 795   | 839   | 853   | 913   | 919   | 1,030 | 1,102 | 1,139 | 1,191 | 1,193 | 1,181  |
| Coconut/copra             | 1,737 | 1,905 | 2,098 | 2,055 | 2,117 | 2,193 | 2,313 | 2,317 | 2,426 | 2,558 | 2,601 | 2,662 | 2,687 | 2,680  |
| Coffee                    | 291   | 288   | 316   | 359   | 362   | 377   | 384   | 390   | 409   | 410   | 422   | 430   | 436   | 431    |
| Cloves                    | 48    | 41    | 53    | 57    | 59    | 53    | 64    | 82    | 70    | 66    | 76    | 88    | 87    | 57     |
| Tea                       | 24    | 30    | 31    | 25    | 26    | 25    | 31    | 32    | 32    | 37    | 30    | 33    | 34    | 31     |
| Sugar                     | 1,397 | 1,450 | 1,417 | 1,744 | 1,499 | 1,621 | 1,609 | 1,610 | 1,653 | 1,685 | 1,673 | 1,368 | 1,512 | 1,571  |
| Tobacco                   | 104   | 156   | 159   | 110   | 113   | 77    | 152   | 157   | 110   | 119   | 128   | 137   | 148   | 134    |
| Pepper                    | 46    | 41    | 40    | 49    | 56    | 68    | 70    | 69    | 65    | 66    | 54    | 59    | 52    | 50     |
| Cotton                    | 12    | 45    | 53    | 48    | 40    | 38    | 33    | 13    | 13    | 14    | 14    | 8     | 8     | 5      |
| Palm oil                  | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 582   | 839   | 1,001 | 1,134 | 1,294  |
| Palm kernel               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 105   | 162   | 196   | 233   | 265    |
| <b>Private estates</b>    |       |       |       |       |       |       |       |       |       |       |       |       |       |        |
| Rubber                    | 121   | 124   | 150   | 135   | 143   | 141   | 145   | 146   | 163   | 166   | 172   | 182   | 179   | 177    |
| Coconut/copra             | 13    | 15    | 16    | 20    | 22    | 15    | 19    | 20    | 29    | 30    | 27    | 28    | 55    | 54     |
| Coffee                    | 9     | 10    | 10    | 8     | 10    | 11    | 13    | 13    | 11    | 12    | 11    | 11    | 10    | 10     |
| Cloves                    | 1     | 1     | 2     | 1     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2      |
| Tea                       | 18    | 17    | 18    | 21    | 23    | 26    | 29    | 30    | 28    | 33    | 31    | 34    | 39    | 34     |
| Sugar                     | 83    | 106   | 106   | 109   | 103   | 181   | 204   | 257   | 178   | 251   | 272   | 287   | 265   | 256    |
| Tobacco                   | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | -     | -     | -     | -     | -     | -      |
| Pepper                    | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | -     | -     | -     | -     | -     | -      |
| Cotton                    | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | -     | -     | -     | -     | -     | -      |
| Palm oil                  | 329   | 339   | 385   | 352   | 435   | 597   | 789   | 884   | 1,077 | 1,370 | 1,597 | 1,864 | 2,058 | 2,291  |
| Palm kernel               | 69    | 71    | 73    | 76    | 87    | 119   | 179   | 181   | 172   | 209   | 296   | 362   | 454   | 506    |
| <b>Government estates</b> |       |       |       |       |       |       |       |       |       |       |       |       |       |        |
| Rubber                    | 208   | 211   | 196   | 200   | 194   | 215   | 217   | 219   | 205   | 208   | 188   | 200   | 202   | 190    |
| Coconut/copra             | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 18    | 21    | 15    | 19    | 18     |
| Coffee                    | 15    | 13    | 13    | 13    | 14    | 13    | 16    | 16    | 17    | 17    | 18    | 17    | 13    | 13     |
| Cloves                    | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0      |
| Tea                       | 84    | 80    | 87    | 80    | 88    | 90    | 95    | 97    | 94    | 95    | 78    | 87    | 97    | 86     |
| Sugar                     | 330   | 343   | 371   | 323   | 316   | 306   | 306   | 386   | 476   | 394   | 509   | 422   | 317   | 363    |
| Tobacco                   | 4     | 5     | 5     | 3     | 3     | 4     | 4     | 4     | 2     | 2     | 2     | 3     | 3     | 3      |
| Pepper                    | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0      |
| Cotton                    | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0      |
| Palm oil                  | 818   | 904   | 965   | 1,154 | 1,365 | 1,368 | 1,624 | 1,774 | 2,189 | 2,051 | 1,572 | 1,614 | 1,707 | 1,800  |
| Palm kernel               | 178   | 187   | 193   | 243   | 273   | 274   | 325   | 370   | 388   | 393   | 339   | 384   | 397   | 419    |

/a Preliminary figures.

Source: Central Bureau of Statistics and Ministry of Agriculture

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**Table 30. Rice - Area Harvested, Production and Yield, 1984 - 1997**

| Year | Area<br>harvested<br>( <sup>1</sup> 000 ha) | Average<br>yield<br>(tons/ha) | Paddy<br>output<br>( <sup>1</sup> 000 tons) | Rice<br>output /a<br>( <sup>1</sup> 000 tons) | Growth<br>(%) |
|------|---------------------------------------------|-------------------------------|---------------------------------------------|-----------------------------------------------|---------------|
| 1984 | 9,764                                       | 3.91                          | 38,134                                      | 25,933                                        | 8.0           |
| 1985 | 9,902                                       | 3.97                          | 39,033                                      | 26,542                                        | 2.3           |
| 1986 | 9,988                                       | 4.00                          | 39,726                                      | 27,014                                        | 1.8           |
| 1987 | 9,923                                       | 4.04                          | 40,078                                      | 27,253                                        | 0.9           |
| 1988 | 10,138                                      | 4.11                          | 41,676                                      | 28,340                                        | 4.0           |
| 1989 | 10,531                                      | 4.25                          | 44,726                                      | 29,072                                        | 2.6           |
| 1990 | 10,502                                      | 4.30                          | 45,179                                      | 29,366                                        | 1.0           |
| 1991 | 10,282                                      | 4.35                          | 44,689                                      | 29,048                                        | -1.1          |
| 1992 | 11,103                                      | 4.34                          | 48,240                                      | 31,356                                        | 7.9           |
| 1993 | 11,013                                      | 4.38                          | 48,181                                      | 31,318                                        | -0.1          |
| 1994 | 10,734                                      | 4.35                          | 46,641                                      | 30,317                                        | -3.2          |
| 1995 | 11,439                                      | 4.35                          | 49,744                                      | 32,334                                        | 6.7           |
| 1996 | 11,570                                      | 4.42                          | 51,102                                      | 33,216                                        | 2.7           |
| 1997 | 11,141                                      | 4.43                          | 49,377                                      | 32,095                                        | -3.4          |

a/ Estimated on the basis of a conversion factor of 0.68 from paddy into rice for the years prior to 1989, and a factor of 0.65 for the years 1989 and following.

Source: Central Bureau of Statistics.

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Table 31. Index of Manufacturing Production by Selected Industry Group, 1986-1997 /a  
(1983 = 100)

| Code of<br>Industry<br>Group | Description /b                                                                            | 1986  | 1987  | 1988  | 1989  | 1990  | 1991  | 1992  | 1993  | 1994 /c | 1995  | 1996  | 1997 /d |
|------------------------------|-------------------------------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|---------|-------|-------|---------|
| 31121                        | Condensed and dried milk, creamery and processed<br>butter, fresh and preserved cream (6) | 87.5  | 94.0  | 121.3 | 122.5 | 142.2 | 154.1 | 160.6 | 215.6 | 132.3   | 156.5 | 237.2 | 265.4   |
| 31130                        | Milk & liquor containing milk (5)                                                         | 94.4  | 113.2 | 116.4 | 117.2 | 146.8 | 160.1 | 142.0 | 173.5 | 115.5   | 137.9 | 120.9 | 69.6    |
| 31420                        | Clove cigarettes (80)                                                                     | 147.4 | 166.5 | 177.7 | 196.2 | 226.4 | 165.5 | 165.3 | 176.2 | 117.2   | 120.5 | 109.7 | 142.9   |
| 31430                        | Other cigarettes (13)                                                                     | 78.8  | 81.9  | 79.2  | 78.2  | 80.7  | 95.4  | 111.3 | 87.1  | 118.0   | 119.8 | 152.5 | 143.6   |
| 32111                        | Spinning yarns (53)                                                                       | 129.9 | 130.5 | 169.0 | 196.2 | 253.5 | 273.7 | 313.1 | 312.0 | 100.9   | 114.7 | 127.5 | 123.6   |
| 32114                        | Weaving mills (except jute weaving products (409))                                        | 130.7 | 144.3 | 172.9 | 187.6 | 216.9 | 215.0 | 238.2 | 236.3 | 104.1   | 108.2 | 103.7 | 98.3    |
| 32117                        | Batik (65)                                                                                | 95.8  | 81.8  | 83.9  | 111.1 | 144.0 | 218.5 | 190.0 | 176.5 | 141.8   | 140.5 | 190.7 | 258.3   |
| 32130                        | Knitting mills (73)                                                                       | 219.2 | 233.3 | 239.8 | 312.8 | 347.2 | 449.2 | 332.0 | 324.4 | 155.1   | 135.5 | 137.8 | 98.9    |
| 32411                        | Footwear (32)                                                                             | 113.1 | 91.5  | 111.2 | 184.9 | 208.2 | 230.4 | 324.5 | 355.2 | 95.6    | 88.0  | 96.1  | 82.5    |
| 33113                        | Plywood (40)                                                                              | 139.3 | 192.7 | 242.1 | 266.2 | 256.7 | 273.7 | 295.7 | 268.0 | 104.5   | 103.4 | 90.0  | 99.0    |
| 34112                        | Paper products for cultural (23)                                                          | 159.2 | 159.7 | 242.0 | 251.5 | 298.1 | 292.2 | 429.8 | 459.2 | 100.7   | 109.2 | 128.0 | 145.8   |
| 35119                        | Basic chemicals (50)                                                                      | 119.0 | 156.4 | 139.0 | 152.9 | 174.0 | 189.5 | 151.8 | 178.1 | 86.7    | 76.6  | 66.4  | 70.2    |
| 35122                        | Fertilizer (10)                                                                           | 166.0 | 121.8 | 129.7 | 143.7 | 158.1 | 158.1 | 152.1 | 153.6 | 108.6   | 98.2  | 89.4  | 78.7    |
| 35210                        | Paint, varnish, and lacquers (25)                                                         | 135.6 | 126.5 | 91.2  | 129.9 | 136.6 | 127.2 | 182.6 | 283.7 | 101.6   | 93.8  | 104.1 | 122.9   |
| 35232                        | Cosmetic (8)                                                                              | 108.7 | 142.3 | 175.5 | 154.4 | 167.3 | 178.5 | 216.0 | 113.6 | 99.7    | 95.7  | 61.9  | 57.1    |
| 35511                        | Tyres and tubes (22)                                                                      | 109.5 | 79.2  | 109.7 | 141.2 | 157.4 | 205.6 | 223.8 | 220.2 | 89.8    | 92.3  | 97.3  | 90.9    |
| 36211                        | Glass and glass products (21)                                                             | 178.0 | 149.3 | 124.6 | 145.2 | 163.3 | 254.6 | 236.8 | 265.8 | 118.6   | 144.6 | 136.6 | 146.5   |
| 36310                        | Cement (7)                                                                                | 144.4 | 150.9 | 149.8 | 198.1 | 206.4 | 217.9 | 244.9 | 300.7 | 134.4   | 165.8 | 177.8 | 229.4   |
| 37101                        | Basic iron and steel industries (16)                                                      | 154.9 | 147.1 | 167.4 | 199.0 | 259.1 | 476.5 | 427.1 | 552.6 | 110.5   | 86.5  | 76.1  | 83.4    |
| 38139                        | Pre-fabricated structural metal products (59)                                             | 110.2 | 118.7 | 125.7 | 180.6 | 224.4 | 190.9 | 210.4 | 202.3 | 168.0   | 310.2 | 212.9 | 64.8    |
| 38320                        | Radio, TVs, and consumer electronics                                                      | 90.6  | 86.9  | 118.1 | 153.9 | 180.6 | 114.7 | 111.2 | 113.1 | 109.5   | 110.0 | 139.9 | 193.1   |
| 38392                        | Drycell batteries (7)                                                                     | 123.9 | 115.5 | 158.6 | 179.1 | 192.6 | 158.7 | 174.1 | 190.8 | 104.5   | 115.6 | 104.5 | 220.4   |
| 38431                        | Motor vehicles (23)                                                                       | 114.7 | 126.8 | 115.8 | 132.5 | 200.0 | 212.9 | 116.0 | 98.0  | 153.8   | 131.0 | 138.9 | 304.9   |
| 38433                        | Motor vehicle component and apparatus                                                     | 98.0  | 81.3  | 76.8  | 106.0 | 104.9 | 187.5 | 252.1 | 322.7 | 151.1   | 152.5 | 77.5  | 129.4   |
|                              | General index                                                                             | 128.4 | 143.5 | 164.2 | 184.1 | 209.4 | 232.3 | 257.9 | 286.8 | 117.6   | 130.5 | 139.1 | 163.7   |

/a The annual figures shown here are calculated as the average of quarterly indices.

/b Figures in brackets ( ) indicate the number of establishments covered in that group.

/c Starting in 1994, the base year is 1993=100.

/d Third quarter 1997.

Source: Central Bureau of statistics.

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**Table 32. Production of Minerals, 1984 - 1997**

| Year | Petroleum<br>(mln bbls) | Tin<br>concentrate | Copper ore<br>concentrate | Nickel<br>ore<br>( <sup>1</sup> 000 tons) | Bauxite | Coal     | Iron sand<br>concentrate | Gold /a<br>(kg) | Silver /a<br>(kg) | Natural<br>gas<br>(mmscf) |
|------|-------------------------|--------------------|---------------------------|-------------------------------------------|---------|----------|--------------------------|-----------------|-------------------|---------------------------|
| 1984 | 516.5                   | 23.2               | 190.3                     | 1,066.8                                   | 1,003.2 | 1,468.2  | 83.0                     | 2,247           | 38,585            | 1,521.5                   |
| 1985 | 483.8                   | 21.8               | 223.4                     | 961.9                                     | 830.5   | 1,942.1  | 130.9                    | 2,604           | 38,075            | 1,580.0                   |
| 1986 | 507.2                   | 24.0               | 251.2                     | 1,533.1                                   | 648.8   | 2,572.3  | 153.3                    | 2,948           | 44,075            | 1,628.9                   |
| 1987 | 479.0                   | 26.1               | 259.8                     | 1,825.7                                   | 635.3   | 2,813.5  | 194.0                    | 3,117           | 49,046            | 1,732.1                   |
| 1988 | 484.7                   | 30.6               | 294.7                     | 1,733.2                                   | 505.8   | 4,094.6  | 202.7                    | 3,877           | 57,603            | 1,846.9                   |
| 1989 | 514.2                   | 31.3               | 331.5                     | 2,020.9                                   | 862.3   | 9,246.7  | 142.7                    | 4,625           | 63,597            | 1,968.3                   |
| 1990 | 533.6                   | 30.4               | 398.6                     | 2,217.4                                   | 1,205.7 | 10,461.5 | 145.4                    | 9,355           | 62,158            | 2,828.2                   |
| 1991 | 581.2                   | 30.4               | 656.5                     | 2,300.3                                   | 1,406.1 | 14,143.0 | 173.2                    | 13,889          | 77,897            | 2,461.8                   |
| 1992 | 550.7                   | 28.2               | 906.7                     | 2,511.6                                   | 803.5   | 23,120.5 | 287.8                    | 37,987          | 99,954            | 2,582.6                   |
| 1993 | 547.4                   | 30.4               | 928.2                     | 1,975.8                                   | 1,320.4 | 27,605.3 | 341.3                    | 42,097          | 90,301            | 2,661.9                   |
| 1994 | 551.1                   | 31.1               | 1,065.5                   | 2,311.5                                   | 1,342.4 | 31,238.5 | 334.9                    | 42,605          | 107,026           | 2,941.6                   |
| 1995 | 547.0                   | 38.4               | 1,516.6                   | 2,513.4                                   | 899.0   | 41,516.7 | 348.4                    | 62,818          | 265,222           | 2,999.3                   |
| 1996 | 553.9                   | 51.0               | 1,758.9                   | 3,426.9                                   | 842.0   | 47,338.6 | 425.1                    | 83,660          | 254,893           | 3,166.6                   |
| 1997 | 589.6                   | 55.2               | 1,840.7                   | 2,830.0                                   | 808.7   | 52,074.3 | 487.4                    | 91,010          | 280,715           | 2,651.8                   |

/a Since 1983, production of gold and silver including private enterprises.

Source: Central Bureau of Statistics.

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**Table 33. Crude Oil Production by Company, 1974-1997 a/**  
(<sup>1</sup>000 bbls)

|         | PERTAMINA | LEMIGAS | Contract of work |       |         | Subtotal | Production sharing contract | Total   | Average daily output |
|---------|-----------|---------|------------------|-------|---------|----------|-----------------------------|---------|----------------------|
|         |           |         | Caltex           | C & T | Stanvac |          |                             |         |                      |
| 1974    | 40,143    | 362     | 329,907          | 1,959 | 16,626  | 348,492  | 112,840                     | 501,837 | 1,375                |
| 1975    | 32,590    | 306     | 300,879          | 1,944 | 13,889  | 316,712  | 127,247                     | 476,855 | 1,306                |
| 1976    | 31,333    | 268     | 304,616          | 1,803 | 12,787  | 319,206  | 199,512                     | 550,319 | 1,504                |
| 1977    | 30,706    | 285     | 292,950          | 2,459 | 11,974  | 307,383  | 276,749                     | 615,123 | 1,685                |
| 1978    | 31,271    | 195     | 275,349          | 2,266 | 11,853  | 289,468  | 275,763                     | 596,697 | 1,635                |
| 1979    | 30,316    | 213     | 266,048          | 1,856 | 10,811  | 278,715  | 271,203                     | 580,447 | 1,590                |
| 1980    | 29,891    | 205     | 258,325          | 2,046 | 11,578  | 271,949  | 274,971                     | 577,016 | 1,577                |
| 1981    | 29,515    | 175     | 255,515          | 1,799 | 13,141  | 270,455  | 284,693                     | 584,838 | 1,602                |
| 1982    | 27,375    | 195     | 175,928          | 1,422 | 13,214  | 190,564  | 270,055                     | 488,189 | 1,338                |
| 1983 /b | 26,947    | 233     | 191,307          | 1,411 | 11,766  | 204,484  | 286,384                     | 518,048 | 1,419                |
| 1984    | 31,002    | 203     | -                | 1,533 | 4,372   | 5,905    | 513,652                     | 550,762 | 1,505                |
| 1985    | 30,071    | 170     | -                | 1,358 | 5,130   | 6,488    | 453,190                     | 489,919 | 1,342                |
| 1986    | 29,328    | 193     | -                | 1,228 | 6,085   | 7,313    | 478,078                     | 514,912 | 1,411                |
| 1987    | 26,775    | 210     | -                | 1,236 | 8,354   | 9,590    | 475,854                     | 512,429 | 1,404                |
| 1988    | 24,789    | /c      | -                | 1,368 | 13,413  | 14,781   | 451,941                     | 491,511 | 1,343                |
| 1989    | 25,567    | /c      | -                | 2,044 | 13,233  | 15,277   | 473,341                     | 514,185 | 1,409                |
| 1990    | 24,483    | /c      | -                | 1,972 | 10,587  | 12,559   | 496,664                     | 533,706 | 1,462                |
| 1991    | 24,989    | /c      | -                | 1,462 | 8,845   | 10,307   | 545,937                     | 581,233 | 1,592                |
| 1992    | 24,722    | /c      | -                | 1,401 | 8,136   | 9,537    | 516,409                     | 550,668 | 1,505                |
| 1993    | 26,427    | /c      | -                | 1,327 | 5,304   | 6,631    | 517,567                     | 550,625 | 1,504                |
| 1994    | 24,139    | /c      | -                | -     | -       | -        | 527,008                     | 551,147 | 1,506                |
| 1995    | 21,129    | /c      | -                | -     | -       | -        | 525,848                     | 546,977 | 1,499                |
| 1996    | 24,668    | /c      | -                | -     | -       | -        | 523,966                     | 548,634 | 1,499                |
| 1997    | 34,797    | /c      | -                | -     | -       | -        | 554,765                     | 589,562 | 1,611                |

/a Production of crude oil including condensate

/b Since May 1983, contract of work data have been consolidated.

/c Since 1988, Lemigas data have been included in Pertamina.

Source: Ministry of Mines and Energy, Directorate General Oil & Gas.

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**Table 34. Domestic Sales of Petroleum Products, 1983-1997 /a**  
('000 bbls)

|                   | 1983           | 1984           | 1985           | 1986           | 1987           | 1988           | 1989           | 1990           | 1991           | 1992           | 1993           | 1994           | 1995           | 1996           | 1997           |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Aviation gas      | 83             | 73             | 66             | 63             | 56             | 60             | 60             | 59             | 58             | 54.0           | 51.0           | 50             | 51             | 51             | 47             |
| Aviation turbo    | 3,686          | 4,374          | 4,442          | 3,806          | 4,199          | 4,445          | 4,286          | 4,607          | 4,889          | 5,315          | 6,039          | 10,188         | 10,969         | 7,206          | 7,345          |
| Premium gasoline  | 247            | 523            | 738            | 1,024          | 1,431          | 1,838          | 2,451          | 1,047          | /b             | /b             | /b             | /b             | /b             | /b             | /b             |
| Regular gasoline  | 24,380         | 24,909         | 25,206         | 27,083         | 29,048         | 30,855         | 33,199         | 39,006         | 43,023         | 45,308         | 46,733         | 52,463         | 57,798         | 63,747         | 68,087         |
| Kerosene          | 48,224         | 45,213         | 43,954         | 43,618         | 43,352         | 44,664         | 46,601         | 49,472         | 50,573         | 53,850         | 54,242         | 56,110         | 58,188         | 61,856         | 62,602         |
| Motor diesel      | 49,790         | 48,567         | 47,682         | 47,421         | 54,075         | 59,143         | 64,508         | 72,950         | 80,837         | 92,061         | 104,460        | 100,730        | 106,755        | 119,138        | 137,706        |
| Industrial diesel | 9,978          | 10,285         | 10,329         | 8,855          | 8,319          | 8,809          | 9,515          | 10,720         | 10,806         | 11,318         | 11,445         | 11,174         | 10,069         | 8,679          | 8,917          |
| Fuel oil          | 21,149         | 23,625         | 22,863         | 18,004         | 19,054         | 18,097         | 18,329         | 24,847         | 28,899         | 29,313         | 30,154         | 25,456         | 25,543         | 24,524         | 32,980         |
| <b>Total</b>      | <b>157,537</b> | <b>157,569</b> | <b>155,280</b> | <b>149,874</b> | <b>159,534</b> | <b>167,911</b> | <b>178,949</b> | <b>202,707</b> | <b>219,085</b> | <b>237,219</b> | <b>253,124</b> | <b>256,171</b> | <b>269,373</b> | <b>285,000</b> | <b>317,684</b> |

/a Excluding lubricating oil and similar products.

/b Discontinued.

Source: Ministry of Mines and Energy, Directorate General Oil and Gas.

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**Table 35. Consumer Price Index, 1983 - 1997 /a /b**  
(April 1977 - March 1978 = 100)

| End of period | Foodstuff | Housing | Clothing | Others | Total  | Change (%) /c |
|---------------|-----------|---------|----------|--------|--------|---------------|
| 1983          | 212.70    | 238.08  | 214.04   | 221.54 | 221.53 | 11.46         |
| 1984          | 226.35    | 269.99  | 220.58   | 246.54 | 241.63 | 8.76          |
| 1985          | 230.89    | 289.36  | 228.03   | 259.67 | 252.20 | 4.31          |
| 1986          | 263.90    | 302.90  | 250.40   | 275.00 | 275.30 | 9.16          |
| 1987          | 296.14    | 321.40  | 270.35   | 297.91 | 300.75 | 9.24          |
| 1988          | 320.07    | 335.35  | 280.02   | 307.38 | 317.56 | 5.59          |
| 1989          | 104.07    | 109.56  | 108.12   | 105.68 | 106.41 | 6.10          |
| 1990          | 111.49    | 123.94  | 113.41   | 118.55 | 116.98 | 9.93          |
| 1991          | 122.64    | 133.74  | 119.46   | 135.02 | 128.60 | 9.93          |
| 1992          | 130.19    | 139.95  | 128.33   | 139.66 | 135.08 | 5.04          |
| 1993          | 136.81    | 163.16  | 138.90   | 153.98 | 148.83 | 10.18         |
| 1994          | 157.00    | 178.60  | 147.50   | 161.70 | 163.20 | 9.66          |
| 1995          | 179.14    | 188.93  | 157.42   | 173.33 | 177.83 | 8.96          |
| 1996          | 189.99    | 198.00  | 166.76   | 190.72 | 189.62 | 6.63          |
| 1997          | 227.88    | 210.36  | 179.96   | 206.72 | 211.62 | 11.60         |

/a The consumer price index for Indonesia has been used commencing March to replace the Jakarta cost of living index.

/b Starting 1989, using new base period (April 1988-March 1989 = 100).

/c End-year basis

Source: Central Bureau of Statistics.

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Table 36. Indonesia Wholesale Price Index, 1983-1997 /a  
(1983 = 100)

| Sectors /b                                         | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
|----------------------------------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Agriculture (44)                                   | 100  | 113  | 118  | 128  | 145  | 163  | 177  | 191  | 206  | 225  | 251  | 298  | 355  | 400  | 445  |
| Mining & quarrying (6)                             | 100  | 109  | 117  | 125  | 132  | 143  | 156  | 169  | 188  | 201  | 218  | 237  | 266  | 296  | 318  |
| Manufacturing (140)                                | 100  | 103  | 115  | 123  | 143  | 156  | 166  | 176  | 194  | 206  | 218  | 231  | 256  | 265  | 275  |
| Imports (53)                                       | 100  | 113  | 119  | 129  | 158  | 164  | 178  | 191  | 201  | 208  | 211  | 215  | 230  | 243  | 260  |
| Exports (38)                                       | 100  | 111  | 112  | 85   | 118  | 118  | 131  | 159  | 153  | 159  | 157  | 157  | 178  | 203  | 238  |
| Excluding petroleum & gas (34)                     | 100  | 114  | 115  | 130  | 170  | 183  | 195  | 203  | 212  | 226  | 255  | 298  | 306  | 353  | 303  |
| Petroleum (4)                                      | 100  | 112  | 113  | 73   | 103  | 99   | 112  | 148  | 139  | 143  | 137  | 128  | 142  | 173  | 204  |
| General index (281)                                | 100  | 111  | 116  | 116  | 142  | 149  | 162  | 178  | 187  | 197  | 204  | 215  | 240  | 259  | 282  |
| General index excluding exports (243)              | 100  | 111  | 117  | 127  | 149  | 160  | 173  | 185  | 199  | 210  | 221  | 235  | 261  | 280  | 298  |
| General index excluding exports of petroleum (224) | 100  | 110  | 116  | 125  | 146  | 161  | 172  | 182  | 198  | 211  | 227  | 250  | 285  | 303  | 326  |

/a This new index replaces the previous WPI based on 1975.

Figures show the average for year.

/b Figures within brackets "( )" indicate the number of items represented in that sector.

Source: Central Bureau of statistics.

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Table 37. Domestic Prices of Petroleum Products, 1980 - 1998  
(Rp./liter)

|                   | Jan-1, 1980 -<br>Apr-30, 1980 | May-1, 1980 -<br>1-Jan-82 | Jan-4, 1982 -<br>Jan-6, 1983 | Jan-7, 1983 -<br>Jan-11, 1984 | Jan-12, 1984 -<br>Mar-31, 1985 | Apr-1, 1985 -<br>Jul-9, 1986 | Jul-10, 1986 -<br>May-24, 1990 | May-25, 1990 -<br>Jul-10, 1991 | Jul-11, 1991 -<br>Jan-7, 1993 | Jan-8, 1993 -<br>May-4, 1998 | May-5, 1998 -<br>May-16, 1998 | May-16, 1998 -<br>Present |
|-------------------|-------------------------------|---------------------------|------------------------------|-------------------------------|--------------------------------|------------------------------|--------------------------------|--------------------------------|-------------------------------|------------------------------|-------------------------------|---------------------------|
| Aviation gas      | 100                           | 150                       | 240                          | 300                           | 300                            | 330                          | 300                            | 330                            | 400                           | 420                          | 600                           | 600                       |
| Aviation turbo    | 100                           | 150                       | 240                          | 300                           | 300                            | 330                          | 300                            | 330                            | 400                           | 250                          | 600                           | 600                       |
| Premium gasoline  | 140                           | 220                       | 360                          | 400                           | 400                            | 440                          | 440                            | /a                             | /a                            | /a                           | /a                            | /a                        |
| Regular gasoline  | 100                           | 150                       | 240                          | 320                           | 350                            | 385                          | 385                            | 450                            | 550                           | 700                          | 1,200                         | 1,000                     |
| Kerosene          | 25                            | 38                        | 60                           | 100                           | 150                            | 165                          | 165                            | 190                            | 220                           | 280                          | 350                           | 280                       |
| Motor diesel      | 35                            | 53                        | 85                           | 145                           | 220                            | 242                          | 200                            | 245                            | 300                           | 380                          | 600                           | 550                       |
| Industrial diesel | 30                            | 45                        | 75                           | 125                           | 200                            | 220                          | 200                            | 235                            | 285                           | 360                          | 350                           | 350                       |
| Fuel oil          | 30                            | 45                        | 75                           | 125                           | 200                            | 220                          | 220                            | 220                            | 220                           | 240                          | 350                           | 350                       |

/a Discontinued since May 20, 1990

Source: Ministry of Mines and Energy, Directorate General Oil and Gas.

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**Table 38. Approved Foreign Investment by Sector, 1984-1997 /a**  
(US\$ million)

| Sector                                   | 1984         | 1985       | 1986       | 1987         | 1988         | 1989         | 1990         | 1991         | 1992          | 1993         | 1994          | 1995          | 1996          | 1997          |
|------------------------------------------|--------------|------------|------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|
| <u>Agriculture</u>                       | 0            | 9          | 126        | 117          | 8            | 122          | 117          | 14           | 66            | 138          | 690           | 1,153         | 1,306         | 437           |
| <u>Forestry</u>                          | 0            | 0          | 0          | 5            | 26           | 4            | 20           | 1            | 138           | 22           | 0             | 0             | 136           | 0             |
| <u>Fishery</u>                           | 0            | 11         | 4          | 12           | 46           | 47           | 20           | 11           | 28            | 0            | 40            | 231           | 80            | 27            |
| <u>Mining &amp; quarrying</u>            | 0            | 0          | 0          | 0            | 0            | 0            | 116          | 0            | 2,312         | 0            | 0             | 0             | 1,697         | 2             |
| <u>Manufacturing</u>                     | 1,002        | 687        | 537        | 852          | 3,828        | 4,246        | 5,822        | 3,970        | 5,669         | 3,423        | 19,739        | 30,441        | 19,884        | 24,857        |
| Food                                     | 77           | 6          | 34         | 54           | 231          | 223          | 99           | 382          | 213           | 141          | 1,235         | 1,332         | 691           | 573           |
| Textiles & leather                       | 1            | 7          | 9          | 118          | 213          | 581          | 1,094        | 532          | 591           | 419          | 396           | 471           | 515           | 373           |
| Wood & wood products                     | 0            | 0          | 32         | 45           | 104          | 106          | 218          | 62           | 34            | 50           | 68            | 263           | 101           | 70            |
| Paper & paper products                   | 0            | 25         | 47         | 109          | 1,506        | 211          | 730          | 822          | 686           | 202          | 5,120         | 2,540         | 2,907         | 5,353         |
| Chemicals & rubber                       | 96           | 338        | 294        | 209          | 1,544        | 2,512        | 1,991        | 923          | 2,342         | 1,171        | 7,743         | 19,368        | 7,362         | 12,339        |
| Nonmetallic minerals                     | 0            | 3          | 0          | 251          | 30           | 184          | 125          | 133          | 841           | 98           | 632           | 289           | 793           | 1,457         |
| Basic metals                             | 609          | 65         | 39         | 7            | 61           | 106          | 825          | 197          | 47            | 186          | 2,082         | 292           | 651           | 357           |
| Metal products                           | 210          | 244        | 82         | 57           | 129          | 292          | 460          | 856          | 863           | 1,114        | 1,423         | 2,258         | 2,939         | 2,332         |
| Others                                   | 9            | 0          | 0          | 3            | 10           | 30           | 281          | 62           | 52            | 42           | 40            | 3,628         | 3,925         | 2,004         |
| <u>Construction</u>                      | 17           | 122        | 65         | 42           | 2            | 16           | 77           | 26           | 41            | 97           | 77            | 206           | 297           | 307           |
| <u>Trade &amp; hotels</u>                | 84           | 0          | 0          | 196          | 405          | 98           | 874          | 4,019        | 919           | 1,088        | 430           | 1,029         | 1,762         | 472           |
| Wholesale trade                          | 0            | 0          | 0          | 0            | 0            | 0            | 0            | 0            | 0             | 693          | 87            | 31            | 45            | 9             |
| Hotels                                   | 84           | 0          | 0          | 196          | 405          | 98           | 874          | 4,019        | 919           | 394          | 344           | 999           | 1,717         | 463           |
| <u>Transport &amp; communications</u>    | 4            | 0          | 70         | 213          | 3            | 5            | 803          | 167          | 14            | 85           | 145           | 5,539         | 695           | 5,900         |
| <u>Real estate and business services</u> | 0            | 29         | 25         | 20           | 117          | 181          | 902          | 570          | 1,136         | 3,292        | 3,604         | 1,314         | 4,076         | 1,821         |
| <b>Total</b>                             | <b>1,107</b> | <b>859</b> | <b>826</b> | <b>1,457</b> | <b>4,435</b> | <b>4,719</b> | <b>8,750</b> | <b>8,778</b> | <b>10,323</b> | <b>8,144</b> | <b>23,724</b> | <b>39,915</b> | <b>29,931</b> | <b>33,833</b> |

/a Intended Capital Investment. Amount represents original approvals plus expansions minus cancellations.

Source: Investment Coordinating Board.

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**Table 39. Approved Domestic Investment by Sector, 1984-1997 /a**  
(Rp billion)

| Sector                                      | 1984         | 1985         | 1986         | 1987          | 1988          | 1989          | 1990          | 1991          | 1992          | 1993          | 1994          | 1995          | 1996           | 1997           |
|---------------------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| <u>Agriculture, fisheries and livestock</u> | 277          | 899          | 1,879        | 2,885         | 2,698         | 3,418         | 6,442         | 3,468         | 1,952         | 2,835         | 7,140         | 8,621         | 16,026         | 14,642         |
| <u>Forestry</u>                             | 19           | 37           | 21           | 640           | 487           | 252           | 593           | 310           | 534           | 258           | 262           | 1,476         | 46             | 166            |
| <u>Mining</u>                               | 8            | 38           | 89           | 290           | 111           | 94            | 155           | 182           | 236           | 69            | 112           | 205           | 460            | 126            |
| <u>Manufacturing</u>                        | 1,332        | 1,632        | 1,842        | 5,518         | 9,747         | 12,931        | 39,850        | 27,624        | 19,079        | 24,037        | 31,933        | 43,962        | 62,703         | 90,486         |
| Textiles                                    | 127          | 97           | 263          | 1,289         | 2,309         | 3,563         | 12,561        | 3,646         | 2,546         | 3,539         | 5,518         | 7,177         | 3,366          | 6,831          |
| Chemicals                                   | 272          | 928          | 773          | 2,047         | 3,039         | 4,062         | 7,894         | 8,425         | 3,299         | 7,689         | 5,150         | 8,740         | 13,335         | 22,425         |
| Electrical goods                            | 0            | 0            | 0            | 0             | 0             | 0             | 0             | 0             | 0             | 5             | 12            | 620           | 3,486          | 11,151         |
| Other manufacturing                         | 933          | 607          | 806          | 2,183         | 4,399         | 5,307         | 19,395        | 15,553        | 13,235        | 12,804        | 21,253        | 27,425        | 42,517         | 50,078         |
| <u>Construction</u>                         | 67           | 270          | 74           | 50            | 31            | 146           | 87            | 275           | 215           | 187           | 731           | 848           | 1,550          | 877            |
| <u>Hotels</u>                               | 214          | 312          | 17           | 139           | 537           | 1,265         | 4,703         | 3,895         | 3,115         | 3,051         | 4,342         | 3,792         | 5,019          | 2,588          |
| <u>Real estate</u>                          | 31           | 267          | 169          | 174           | 846           | 936           | 1,783         | 2,633         | 536           | 3,049         | 3,336         | 4,659         | 8,688          | 3,960          |
| <u>Others</u>                               | 1            | 296          | 325          | 569           | 460           | 551           | 2,898         | 1,785         | 3,675         | 5,965         | 5,434         | 6,290         | 6,224          | 7,028          |
| <u>Total</u>                                | <u>1,949</u> | <u>3,750</u> | <u>4,417</u> | <u>10,265</u> | <u>14,916</u> | <u>19,594</u> | <u>56,511</u> | <u>41,078</u> | <u>29,342</u> | <u>39,450</u> | <u>53,289</u> | <u>69,853</u> | <u>100,715</u> | <u>119,873</u> |

/a Figures refer to intended capital investments, and represent original approvals plus approved expansion minus cancellations.

Source: Investment Coordinating Board.