

Bank Indonesia

**Report for the Financial Year
1982/1983**

ISSN 0376 - 4303

BANK INDONESIA

Head office:

JAKARTA

Representatives:

KUALA LUMPUR,
LONDON,
NEW YORK,
SINGAPORE,
TOKYO.

Branch offices:

AMBON, BALIKPAPAN, BANDA ACEH,
BANDUNG, BANJARMASIN, BENGKULU,
CIREBON, DENPASAR, JAMBI, JAYAPURA,
JEMBER, KEDIRI, KENDARI, KUPANG, LHOKSE UMAWE,
MALANG, MATARAM, MEDAN, MENADO, PADANG, PALEMBANG,
PALU, PEKANBARU, PEMATANGSIANTAR, PONTIANAK, PURWOKERTO,
SAMARINDA, SAMPIT, SEMARANG, SIBOLGA, SOLO, SURABAYA, TASIKMALAYA,
TEGAL, TELUKBETUNG, TERNATE, UJUNG PANDANG, YOGYAKARTA.

Position as per end of March 1983.

ISSN 0376 - 4303

NOTES, SYMBOLS AND SOURCE OF DATA

- r Revised figures
- * Provisional figures
- ** Incomplete figures
(i.e. compiled from incomplete data)
- . . . Data not yet available
- - Nil or less than the last digit
- () Partial data
- x Break in comparability before and after the symbol
- \$ United States Dollar

Source of data : Bank Indonesia, unless mentioned otherwise.

INTRODUCTION

Continued world recession, declining demand for and weakening prices of oil in the international market and the long dry season in the country had unfavorably affected the growth of the Indonesian economy during the reporting year. In 1982 the Indonesian economy recorded the lowest growth rate in 15 years, while the balance of payments showed the largest deficit ever experienced so far. Although the level of investment was higher than in the preceding year, production in almost all important sectors registered a slower growth rate and in mining, there was even a substantial decline. However, encouraging developments were registered in domestic price levels. The monetary and fiscal measures pursued by the Government succeeded in moderating the inflation rate. During this reporting year the rate of inflation was lower than the previous year, in fact it was even the lowest in the past decade.

Accompanying lower growth of domestic production, Indonesia's exports declined sharply. The most notable decrease was oil exports due to the narrowing of the market and falling world prices. As a consequence of declining exports, the balance of payments faced increasingly heavy pressures. Although imports experienced a lower growth rate, due to the large decrease in exports, the surplus in the balance of trade showed a sharp decline, resulting in substantial deficits in the current account as well as in the overall balance of payments.

In order to overcome the slowdown in domestic economic activities as well as to strengthen Indonesia's balance of payments, several measures had been pursued during the reporting year. The primary objectives of these

measures were to encourage domestic production and develop industries, increase exports of non-oil and non-LNG (non-oil) commodities as well as increase foreign exchange earnings from tourism. To restore Indonesia's competitiveness, at end of the reporting year, the Government adjusted the rupiah exchange rate through devaluation.

Gross Domestic Product (GDP), used as a measure of Indonesia's economic growth, in real terms grew by 2.3% in 1982 compared with 7.9% in the preceding year. By economic sector, low growth rates were registered in the industrial and agricultural sectors, the mining sector even experienced a decline in value added.

The agricultural sector, still occupied first place in the contribution to GDP, increased by 2% only compared with 5% in the preceding year. This was primarily due to lower growth rate in rice production, only 4% compared with 11% in 1981, and a significant decline in the production of timber, by 18%. An optimistic development was registered by the plantation crops, increasing by 11% compared with 4% in the preceding year. This increase was accounted for by both the small-holder as well as large estate plantations. Increases were also recorded in the production of fishery and livestock, by 6% and 7%, respectively.

Mining, which in the preceding year increased by 3%, in 1982 showed a negative growth of 12%, so that its share in the GDP formation declined from 24% to 20% in 1982. This decline was primarily due to a 20% decrease in oil production. Although not as large as that experienced by oil, production of other important mining products, namely natural gas

and tin, also experienced a decline, by 3% and 8%, respectively. As a result of the continuing efforts to increase production of coal to substitute fuel, especially to meet domestic needs, its output grew by 27% compared with 12% in the preceding year. Production of copper also showed a higher growth rate due to expanded mining areas, whereas bauxite decreased sharply, by 29%.

Production of manufacturing was also not immune to the unfavorable effects of the economic recession. The manufacturing sector, which since the First Five - Year Development Plan (Pelita 1) showed high growth rates, in 1982 only experienced a modest growth. While in the preceding two years its value-added grew by 22% and 10% consecutively, in 1982 increased by 1% only. This low growth rate was due to declines in demand and production of several important industrial products, such as textiles, urea fertilizer, steel wires, four-wheeled motor vehicles and cigarettes.

The low growth of domestic production was also accompanied by deteriorating international trade and payments. In the reporting year, the balance of payments recorded a deficit of \$ 3,280 million or more than three-fold of the level of the preceding year. As a consequence, net foreign exchange reserves held by the Central Bank declined from \$ 6,354 million to \$ 3,074 million at end of the reporting year. The higher increase of the deficit in the overall balance of payments and decline in the foreign exchange reserves were due to the serious deterioration in the current account which could not be offset by the surplus in the capital account of the nonmonetary sector. The current account was in deficit by \$ 7,073 million compared with \$ 2,790 million in the preceding year.

The value of total exports declined by 19%

to \$ 18,638 million due to a 26% decrease in the exports of oil and 7% in non-oil. The volume and prices of oil were down by 24% and 1.8%, respectively, due to marketing difficulties. The price of LNG, which was linked to oil prices, decreased by 0.4% (on CIF basis) to \$ 5.63 per MMBTU. However, its volume of exports rose by 4% to 478 million MMBTU, so that it still recorded an increase in its value.

The decline in the value of non-oil exports, by 7% to \$ 3,894 million, was the third consecutive decline, although far below that experienced in 1981/82 (25%). The decline in non-oil exports was primarily due to the weakening world demand and prices of Indonesia's important export commodities.

Major export commodities, which registered declines both in volume as well as prices included timber, rubber and tin. Timber, still the largest non-oil foreign exchange earner, declined by 7% to \$ 881 million. This decline was due to a 42% drop in the value of log exports, whereas processed timber showed a significant increase, by 31%. Rubber exports, the value of which in the preceding year experienced a 29% decline, in the reporting year further declined by 20%. This was due -primarily to the declining demand in the world market as reflected in the 19% lower export prices of Indonesian rubber. Tin, the most important mineral export products other than oil and LNG, in the reporting year declined in value by 20%. This was due to declines in volume (13%) as well as in the world market prices. On the other hand, coffee and shrimp of which the international prices also experienced declines, increased in volume by 13% and 23%, so that in value increased by 7% and 21%, respectively. In the case of palm oil exports, although recording a 72% increase in volume, its value rose by 30% only,

due to the sharp decline in prices. Other export commodities registering high increases in their export value were, inter alia, tea (23%), textiles and handicrafts (20%), and electrical equipments (56%).

The value of import during the reporting year registered only a slight increase, by 3% to \$ 18,496 million. This increase was the lowest in the preceding five years. The low growth rate of imports was due to the decrease in imports by oil and LNG companies, by 11% to \$ 4,365 million, whereas non-oil imports grew only by 9% to \$ 14,131 million, which was well below the increase in the preceding year (23%). It may be added that the lower growth rate in the value of non-oil imports was primarily accounted for by the reduction in the imports of consumers goods, such as rice, textile and, other foodstuffs.

In the reporting year, the deficit in the balance of payments had a greater contractionary effect on the money supply as compared with the preceding year. This contractionary effect was largely compensated by the expansionary effect of the government sector, which in the preceding year showed a contractionary effect. To alleviate further pressures on the balance of payments and to maintain domestic stability, the Government tightened the monetary policy, resulting in an increase of only 9% in money supply, the slowest rate of increase since the implementation of Pelita I. Similarly, domestic liquidity, consisting of money supply and quasi money, in the reporting year showed a slower growth, namely 15% compared with 28% in the preceding year.

Consequent to the lower rate of increase in money supply, inflation rate decreased from 9.8% in 1981/82 to 8.4% in the reporting year, although in January 1983 the prices of domestic fuel oils were raised by an average of 52.0%.

In addition, sufficient supply of foodstuffs and clothing with relatively low prices, contributed to moderate the level of inflation.

In accordance with the principle of the dynamic balanced budget, realization of government revenues and expenditures amounted to Rp 14.4 trillion each, or an increase of 3% compared with 19% in the preceding year. The lower rates of increase was primarily due to the decrease in the receipts from corporate tax on oil, import duties and export taxes. Corporate tax on oil, which constituted the largest source of domestic revenues (66%), in 1982/83 decreased by Rp 458 billion (5%) compared with an increase of Rp 1,608 billion (23%) in the preceding year. Similarly, receipts from import duties, which in 1981/82 registered an increase of 20%, declined by 3%, while export taxes which in the preceding year sharply declined, by 58%, continued to decrease, by 36%. These unfavorable developments were due to declining oil and non-oil exports, the lowering export tax rates and the reduction in tariff rates for selected-import commodities. It may be noted that to meet the rising development needs, the government continued to utilize foreign assistance, which in the reporting year increased by 14% reaching Rp 1,940 billion.

Government expenditures, comprising routine and development expenditures, continued to be directed towards maintaining the momentum of development, notwithstanding a modest increase in government revenues. This was reflected in the development expenditures which increased by 6% reaching Rp 7,360 billion, whereas the routine expenditures remained almost at the same level as in the previous year, i.e., Rp 6,996 billion. The level of routine expenditures was maintained at the same level by reducing subsidies on fuel oils by 27%, com-

pared with an increase of 28.8% in the preceding year, as well as substantially reducing subsidies for food imports, by 99%. These reductions enabled the Government to compensate the rising expenditures for interest and debt repayments, expenditures for materials and personnel and subsidies for autonomous regions.

In the development expenditures, as was the case in the preceding year, spendings on the economic sector held the largest share. In the reporting year, expenditures in the economic field increased by 14%, reaching Rp 3,661 billion or 50% of the total development expenditures. The above expenditures were spent on the development in the mining and energy sector (32%), agriculture and irrigation (25%), transportation and tourism (24%) and industry (14%). Of the above sectors, the largest increase was registered by the mining and energy sector (41%) reaching Rp 1,165 billion. On the non-economic field, the largest share (81%) was spent on education and culture, regional, business enterprise development and environmental sector, national defense and security sector and religion and manpower sector. It may be added that although in the reporting year government savings only increased by 4% compared with 18% in the preceding year, the role of government savings in *financing development* was maintained at the same level, namely 74%.

Bank credits, excluding the valuation adjustments due to the rupiah devaluation, at end of the reporting year reached Rp 13,454 billion or an increase of 25% compared with 32% in the preceding year. The decline in the credit *expansion* was caused, besides by the reduction in the direct lendings by Bank Indonesia, was also caused by the policy to maintain monetary stability through the imposition of a lower ceiling on credit *expansion*, namely 33% compared with

37% in the preceding year. Viewed from the composition of credits by economic sector, the largest share went to manufacturing (40%) and trade (30%), registering a growth rate of 51% and 27%, respectively. High rates of increase were also registered in credits to the services, and the agricultural sectors, by 30% and 28%, respectively. On the other hand, credits extended to the mining sector declined by 26%. Among the types of credits especially designated for the economically weak groups (such as KIK, KMKP, Kredit Midi and Kredit Mini), the KIK and KMKP continued to hold the largest share, increasing by 14% reaching Rp 1,229 billion.

To encourage utilization of banks' own funds, certain credits extended by state-owned banks eligible for liquidity credits (refinancing facilities from Bank Indonesia) were discontinued. Furthermore, a series of measures had been introduced to encourage bank credits towards priority sectors, especially those engaged in producing non-oil export commodities. In this regard, "sound" and "fairly sound" local development banks and private national commercial banks were made eligible to obtain refinancing facilities on credits destined for exports. As applied to state-owned banks, such credits may not be imposed additional guarantees since these credits were already guaranteed by PT Askrido under the export credit scheme.

To increase production of plantation crops, both for exports and domestic consumption, all banks were permitted to extend investment and working capital credits to large private national estates eligible for refinancing facilities from Bank Indonesia. To encourage the development of timber industries, banks were permitted to extend investment credits to timber industries, especially to enterprises engaged mainly in plywood processing. In the field of

food production, state-owned commercial banks and Bapindo were authorized to extend working capital credits to non-KUD rice millers as well as to traders dealing in rice, unhusked rice and paddy. These credits were made eligible to obtain refinancing facilities from Bank Indonesia.

In line with the credit policy to increase production and develop the economically weak group, Bank Indonesia provided refinancing facilities to Bank Rakyat Indonesia (BRI) on credits to rural banks (Badan Perkreditan Rakyat or BPR). In addition, BPRs and private national commercial banks were allowed to participate in extending viability credits for investment purposes as well as for working capital on the same terms and conditions as those applied by state owned banks to their customers. These credits were also provided with liquidity credits from Bank Indonesia. To induce cooperative businesses, Bimas credits for paddy in the islands of Jawa and Bali which were previously extended directly to the farmers by BRI, since the reporting year was delegated to Village Cooperatives Units (KUD). Furthermore, to provide a more equitable distribution in obtaining higher education, since May 1982 concessionary credits were granted to potential students to enable them to complete their studies. These credits were channelled through stateowned banks.

In order to increase the role of domestic funds for financing development activities, efforts were intensified to mobilize domestic funds through financial institutions and capital markets. These efforts, among others, involved improvements on regulations relating to procedures in issuing and trading bonds, granting of fiscal facilities in their trading activities as well as expanding the issuance of money market papers.

Funds mobilized through the banking system, in the form of demand, time and savings deposits, continued to increase, reaching Rp 10,194 billion at end of the reporting year, or an increase of 23% over the preceding year. The rate of growth in time deposits, which in 1981/82 was substantial at 32%, performed even better during this reporting year, namely up by 61% reaching Rp 3,741 billion. Savings in the form of Tabanas, constituting the largest share of savings, continued to increase quite rapidly, by 22% to Rp 489 billion, while the number of savers went up by 4% to 9,989 thousands savers.

Short term securities, introduced in 1971, showed encouraging developments. The value of certificate of deposits, which in the preceding year declined by 10% to Rp 74 billion, in the reporting year rose by 38% reaching Rp 102 billion. Favorable developments were also recorded in the issuance of shortterm securities by non-bank financial institutions (NBFIs), reaching Rp 522 billion, an increase of 43% compared with 38% in the preceding year. The capital market also showed increased activities as reflected in the rise in the number of companies trading their shares and bonds and in the increase of funds mobilized. In the reporting year, the number of companies trading their shares and bonds in the capital market increased by 7 reaching 17 companies and the funds mobilized increased to Rp 144 billion or doubling the amount of the preceding year.

To increase the role and function of financial institutions supportive to development purposes, the supervision on banks and NBFIs was intensified during the reporting year. In the case of banks, new measures undertaken were directed towards increasing and developing the role of local development banks (BPD), rural banks (BPR) and cooperative banks (BUK).

With regard to BPDs, their enhancement was in the form of relaxing the requirements for opening branch and sub-branch offices, granting financial aid to meet their capital requirements, providing technical assistance as well as training in the fields of organization, management, personnel, credits, funds mobilization, research, planning, system of reporting and supervision. Efforts to increase the role of BPRs were undertaken by providing wider possibilities in their expansion of credits to entrepreneurs of the economically weak group in rural areas in the form of liquidity credits through BRI. To promote the role of BUKs, directives were made in their operating procedures. In addition, efforts to promote the development of private banks, NBFIs and insurance companies continued to be intensified in this reporting year.

As a consequence of the above efforts, the business activities of banks, NBFIs, and insurance companies showed favorable developments. The amount of assets, funds mobilized and loans extended by banks in the reporting year increased by 36%, 25% and 40%, respectively. In the case of

NBFIs, assets, investments and funds mobilization also showed significant increases of respectively 55%, 42% and 55%. In the field of insurance, favorable developments were reflected in the higher mobilization of funds and investments achieved, which in the reporting year showed an increase of respectively 37% and

41%. Moreover, in the reporting year, 2 private national commercial banks were merged bringing the number of banks down to 70. However, the number of offices increased from 297 to 317. The number of BPDs increased by 1 to 27 and the number of BPRs rose by 9 reaching a total of 5,810. The insurance companies rose by 8 to 83 companies, consisting of 65 companies dealing in indemnity and reinsurance, 13 in life insurance and 5 in social insurance.

In the foregoing, it can be concluded that world economic recession adversely affected the developments of domestic production and created pressures on the developments of exports and on the balance of payments. However, in comparison to other developing countries, the Indonesian economy in the reporting year still showed its resilience. With signs of improvements in the world economy and the policies pursued domestically in the monetary and fiscal fields as well as the continued efforts to encourage production and exports accompanied by economizing in foreign exchange expenditures, it is expected that in the coming year the Indonesian economy will experience significant improvements.

The Governor of Bank Indonesia

DR. Arifin Mohamad Siregar

1. MONETARY DEVELOPMENT

A. Monetary Development and Policy

The continuation of the world economic recession and the weakening of international oil prices had an unfavorable impact on the Indonesian economy, particularly its balance of payments. Deficit in the balance of payments, which occurred in 1981/82, sharply increased in this reporting year resulting in the decline in foreign exchange reserves. These developments seriously affected domestic economic activities. In this connection the Government had taken a number of fiscal and monetary policies mainly to prevent the worsening of the balance of payments.

On the fiscal side, the Government took measures to economize various expenditures and reduce subsidies. The reduction of subsidies was implemented primarily by raising the prices of fertilizer and insecticide (in November 1982) and the prices of fuel oils (averaging 52.0% in January 1983). The Government also pursued a tighter monetary policy resulting in a smaller rate of increase in money supply. At the end of 1982/83 the Government realigned the exchange rate of the rupiah from Rp 702.50 to Rp 970.00 per US\$ 1.00, while maintaining the managed float exchange system.

In addition, after taking into consideration the contractionary impact of the foreign sector on the money supply which increasingly expanded, and the expansionary impact of the government sector, the ceiling on the expansion of bank lending for the reporting year was fixed at 32.7% which was lower than that in the previous year (36.1%). Unlike the previous years, during the current reporting year the ceiling

fixed at the beginning of 1982 remain unchanged.

Domestic liquidity during 1982/83 rose by 20.6% reaching Rp 12,247 billion. Taking into account the effect of the devaluation of March 30, 1983, domestic liquidity rose by 14.5% which was much lower than the rate in the previous year (28.4%). Moreover, if the rate of price increase was also taken into account, money supply in real terms rose only by 5.4% compared with 16.6% in 1981/82 (Table 1.1)

B. Money Supply and Factors Affecting Its Change

Money supply, comprising of currency and demand deposits, in 1982/83 rose by 8.9% to Rp 7,379 billion. This represented the lowest increase during the period of Pelita. Currency rose significantly (by 18.1%) reaching Rp 3,001 billion compared with 14.0% in the previous year. By contrast, demand deposits only rose by 3.4% reaching Rp 4,378 billion at the end of March 1983 compared with the increase of 41.8% in the previous year. As a result, the share of demand deposits declined from 62.5% at the end of March 1982 to 59.3% at the end of March 1983 which was especially due to the withdrawal of deposits of the state enterprises for tax repayment. In the meantime, after considering price increases, in the reporting year money supply rose only by 0.2% compared with 17.9% in 1981/82 (Table 1.2 and Table 1.3).

As shown in Table 1.4, during 1982/83 the foreign sector contributed an expansionary impact of Rp 22 billion. If valuation adjustment was taken into account (Rp 1,856 billion which

basically does not affect money supply), the foreign sector in fact showed a contracting influence of Rp 1,834 billion compared with Rp 36 billion in the previous year.

The government sector in the reporting year indicated an expansionary impact amounting to Rp 691 billion. If the effect of the foreign exchange valuation adjustments were excluded, this sector had a significant expansionary impact on money supply to the amount of Rp 822 billion compared with Rp 103 billion in the previous year. This large size expansionary impact was closely related to the decline in government revenues, especially corporate taxes due from oil companies as a consequence of declining export earnings from oil and declining revenues from non-oil corporate entities due to the recession.

In the fiscal year claims on entities, enterprises and individuals, excluding valuation adjustments of foreign exchange account, had an expansionary impact of Rp 2,741 billion or an increase of 25.1% compared with 31.4% in 1981/82. This lower rate of increase in bank credits was due primarily to the decrease in lendings to state-owned enterprises, i.e. 18.8% in 1981/82 to 5.4% in the reporting year due to substantial debt repayments by several state enterprises. Lending to private enterprises and individuals rose by 38.2% compared with 41.3% in the preceding year.

Quasi-money, excluding valuation adjustment amounting to Rp 620 billion as a result of the rupiah devaluation, rose by Rp 871 billion or an increase of 25.8%, which was com-

parable to that of the previous year. That increase was primarily due to a rise in holdings denominated in foreign exchange reflecting the strengthening of the US dollar and several other currencies against the rupiah.

Net other items, consisting primarily of capital account, reserves and profits, as well as import deposits, during the fiscal year had a contractionary impact of Rp 254 billion, compared with Rp 222 billion in 1981/82. That amount excluded valuation adjustment due to currency realignment which amounted to Rp 1,399 billion.

C. Monetary Prospect for 1983/84

Indications of economic recovery in the industrial countries, especially in the United States, is expected to have positive effects on the economy of developing countries, including Indonesia. Based on these assumptions coupled with the adjustment measures taken by the Government, it is expected that Indonesia's balance of payments would improve. In this connection, the external sector, which in this fiscal year had a contractionary impact, could be expected to have an expansionary effect in 1983/84. By contrast, the government sector registering an expansionary effect in this year, would be contractionary in 1983/84. Based on the above considerations, credit policy for the next fiscal year will be directed to support the increase of domestic liquidity necessary to maintain the desired economic growth while keeping inflation at a tolerable level.

TABLE 1.1
DOMESTIC LIQUIDITY
(billions of rupiah)

End of period 1)	Domestic liquidity 2)			Money supply 3)		Quasi money 4)	
	Total Rp	Changes (%)		Out- standing Rp	% of Total	Out- standing Rp	% of Total
		Annual	Quarterly				
1973	987	42.0		669	67.8	318	32.2
1973/74	1,203	56.4		784	65.2	419	34.8
1974	1,452	47.1		937	64.5	515	35.5
1974/75	1,584	31.7		1,027	64.8	557	35.2
1975	1,978	36.2		1,250	63.2	728	36.8
1975/76	2,262	42.8		1,428	63.1	834	36.9
1976	2,631	33.0		1,603	60.9	1,028	39.1
1976/77	2,844	25.7		1,815	63.8	1,829	36.2
1977	3,131	19.0		2,006	64.1	1,123	35.9
1977/78	3,275	15.2		2,111	64.5	1,164	35.5
1978	3,809 ⁵⁾	21.7		1,488	65.3	1,321 ⁵⁾	34.7
1978/79	4,155 ⁶⁾	26.9	9.1	2,800	67.4	1,355 ⁶⁾	32.6
1979/80							
June	4,477		7.8	3,005	67.1	1,472	32.9
September	4,866		8.7	3,160	64.9	1,706	35.1
December	5,222	37.1	7.3	3,385	64.8	1,837	35.2
March	5,803	39.6	11.1	3,797	65.4	2,006	34.6
1980/81							
June	6,488		11.8	4,179	64.4	2,309	35.6
September	7,293		12.4	4,682	64.2	2,611	35.8
December	7,691	47.3	5.5	4,995	64.9	2,696	35.1
March	7,906	36.2	2.8	5,214	65.9	2,692	34.1
1981/82							
June	8,381		6.0	5,618	67.0	2,763	33.0
September	9,116		8.8	5,997	65.8	3,119	34.2
December	9,716	26.3	6.6	6,486	66.8	3,230	33.2
March	10,151	28.4	4.5	6,775	66.7	3,376	33.3
1982/83							
June	10,712		5.5	7,176	70.0	3,536	30.0
September	11,260		5.1	7,593	67.4	3,667	32.6
December	11,075	14.0	-1.6	7,121	64.3	3,954	35.7
March	12,247 ⁷⁾	20.6	10.6	7,379	60.3	4,868 ⁷⁾	39.7

1) Fiscal year ends March 31.

2) Consists of narrow money and quasi money (M₂).

3) Consists of currency and demand deposits (M₁).

4) Consists of time and savings deposits as well as foreign currency deposits held by domestic private sector.

5) Includes valuation adjustments of foreign currency deposits amounting to Rp 83 billion.

6) Includes valuation adjustments of foreign currency deposits amounting to Rp 99 billion.

7) Includes valuation adjustments of foreign currency deposits amounting to Rp 620 billion.

TABLE 1.2
MONEY SUPPLY
(billions of rupiah)

End of period 1)	Money supply			Currency		Demand deposits	
	Total Rp	Changes (%)		Out- standing Rp	% of Total	Out- standing Rp	% of Total
		Annual	Quarterly				
1973	669	41.8		375	56.0	294	44.0
1973/74	784	47.9		421	53.7	363	46.3
1974	937	40.2		494	52.7	443	47.3
1974/75	1,027	31.0		538	52.4	489	47.6
1975	1,250	33.3		625	50.0	625	50.0
1975/76	1,428	39.0		659	46.2	769	53.8
1976	1,603	28.2		781	48.7	822	51.3
1976/77	1,815	27.1		853	47.0	962	53.0
1977	2,006	25.1		979	48.8	1,027	51.2
1977/78	2,111	16.3		1,036	49.1	1,075	50.9
1978	2,488	24.0		1,240	49.8	1,248	50.2
1978/79	2,800	32.6	12.5	1,369	48.9	1,431	51.1
1979/80							
June	3,005		7.3	1,493	49.7	1,512	50.3
September	3,160		5.2	1,480	46.8	1,680	53.2
December	3,385	36.1	7.1	1,552	45.9	1,833	54.1
March	3,797	35.6	12.2	1,774	46.7	2,023	53.3
1980/81							
June	4,179		10.1	1,955	46.8	2,224	53.2
September	4,682		12.0	2,130	45.5	2,552	54.5
December	4,995	48.0	6.7	2,153	43.1	2,842	56.9
March	5,214	37.3	4.4	2,229	42.8	2,985	57.2
1981/82							
June	5,618		7.8	2,365	42.2	3,253	57.8
September	5,997		6.8	2,444	40.8	3,553	59.2
December	6,486	29.8	8.2	2,557	39.4	3,929	60.6
March	6,775	30.0	4.5	2,541	37.5	4,234	62.5
1982/83							
June	7,176		5.9	2,648	36.9	4,528	63.1
September	7,593		5.8	2,826	37.2	4,767	62.8
December	7,121	9.8	-6.2	2,934	41.2	4,187	58.8
March	7,379	8.9	3.6	3,001	40.7	4,378	59.3

1) Fiscal year ends March 31.

TABLE 1.3
MONEY SUPPLY AND INDEX OF REAL MONEY

End of period 1)	Money supply (billions of Rp)	Price index (April 1977– March 1978 = 100)	Money supply in real terms (billions of Rp)	Index of real money (March 1979 = 100)
1973	669	53.07	1,261	54.85
1973/74	784	61.35	1,278	55.59
1974	938	70.74	1,326	57.68
1974/75	1,027	73.69	1,394	60.64
1975	1,250	84.68	1,476	64.20
1975/76	1,428	88.26	1,618	70.38
1976	1,603	96.70	1,658	72.12
1976/77	1,815	98.95	1,834	79.77
1977	2,006	108.13	1,855	80.69
1977/78	2,111	108.93	1,938	84.30
1978	2,488	115.36	2,157	93.82
1978/79	2,800	121.77 ²⁾	2,299 ²⁾	100.00 ²⁾
1979/80				
June	3,005	132.27	2,272	98.83
September	3,160	139.78	2,261	98.35
December	3,385	143.07	2,366	102.91
March	3,797	147.14	2,581	112.27
1980/81				
June	4,179	156.61	2,668	116.05
September	4,682	160.78	2,912	126.67
December	4,995	167.55	2,981	121.67
March	5,214	172.14	3,029	131.76
1981/82				
June	5,618	174.73	3,216	139.89
September	5,997	177.40	3,381	147.67
December	6,486	179.82	3,607	156.90
March	6,775	189.63	3,573	155.42
1982/83				
June	7,176	190.49	3,767	163.86
September	7,593	193.41	3,926	170.77
December	7,121	197.85	3,599	156.55
March	7,379	205.99	3,582	155.82

1) Fiscal year ends March 31.

2) Based on the consumer Price Index of Indonesia; prior to March 1979 the index was based on the Cost of Living Index for Jakarta.

TABLE 1.4
FACTORS AFFECTING MONEY SUPPLY
(billions of rupiah)

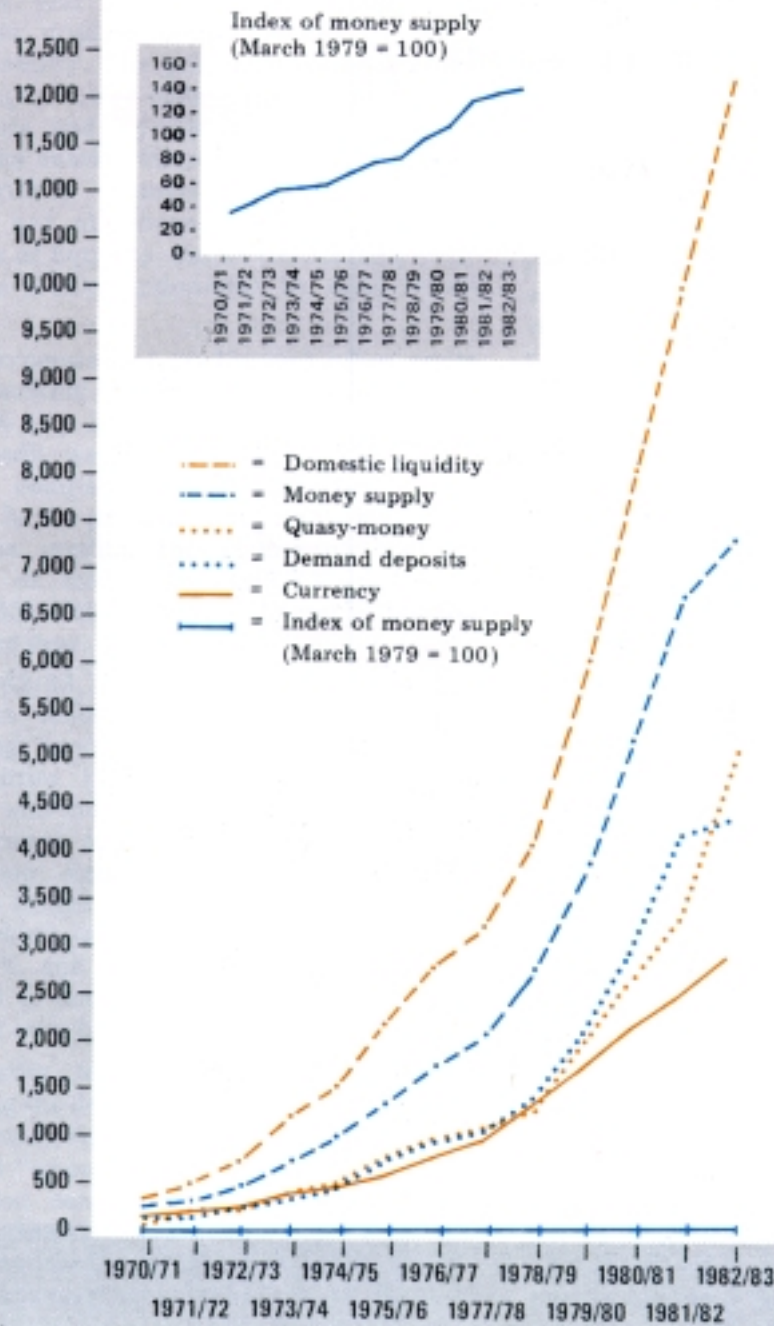
Items	1977/78	1978 ¹⁾	1978/79 ¹⁾	1979	1979/80	1980	1980/81	1981	1981/82	1982	1982				1982/83	1982/83	1982/83
											I	II	III	IV			
I. Net foreign assets	<u>562</u>	<u>623</u>	<u>808</u>	<u>1,739</u>	<u>2,578</u>	<u>3,096</u>	<u>2,291</u>	<u>273</u>	<u>-36</u>	<u>-1,420</u>	<u>-23</u>	<u>-625</u>	<u>-329</u>	<u>-443</u>	<u>1,419</u>	<u>22</u>	<u>-1,834</u>
1. Foreign exchange reserves	274	582	899	1,018	1,086	1,461	1,676	176	-524	-493	153	-898	-169	421	382	-264	-1,389
2. Other foreign assets (of which blocked account)	288	41	-91	721	1,492	1,635	615	97	488	-927	-176	273	-160	-864	1,037	286	-445
II. Central government	(149)	(-77)	(-155)	(85)	(81)	(-5)	(-5)	(35)	(32)	(108)	(-4)	(-2)	(80)	(34)	(-106)	(6)	(-112)
III. Claims on entities	<u>-293</u>	<u>-265</u>	<u>-291</u>	<u>-826</u>	<u>-1,179</u>	<u>-1,915</u>	<u>-1,821</u>	<u>-570</u>	<u>-103</u>	<u>422</u>	<u>158</u>	<u>-152</u>	<u>450</u>	<u>-34</u>	<u>427</u>	<u>691</u>	<u>822</u>
enterprises and individuals	<u>308</u>	<u>1,487</u>	<u>1,606</u>	<u>927</u>	<u>808</u>	<u>1,671</u>	<u>1,836</u>	<u>2,348</u>	<u>2,606</u>	<u>2,948</u>	<u>564</u>	<u>1,093</u>	<u>828</u>	<u>463</u>	<u>651</u>	<u>3,035</u>	<u>2,741</u>
1. Claims on official entities and public enterprises	-57	900	974	372	250	493	539	593	683	689	75	339	278	-3	-233	381	235
2. Claims on private enterprises and individuals	365	587	632	555	558	1,178	1,797	1,755	1,923	2,259	489	754	550	466	884	2,654	2,506
IV. Time and savings deposits 2)	<u>-135</u>	<u>-195</u>	<u>-191</u>	<u>-516</u>	<u>-650</u>	<u>-859</u>	<u>-686</u>	<u>-535</u>	<u>-684</u>	<u>-723</u>	<u>-145</u>	<u>-160</u>	<u>-131</u>	<u>-287</u>	<u>-913</u>	<u>-1,491</u>	<u>-871</u>
V. Net other items	<u>-146</u>	<u>-1,168</u>	<u>-1,243</u>	<u>-427</u>	<u>-560</u>	<u>-383</u>	<u>-203</u>	<u>-25</u>	<u>-222</u>	<u>-592</u>	<u>-265</u>	<u>245</u>	<u>-401</u>	<u>-171</u>	<u>-1,326</u>	<u>-1,653</u>	<u>-254</u>
Money supply	<u>296</u>	<u>482</u>	<u>689</u>	<u>897</u>	<u>997</u>	<u>1,610</u>	<u>1,417</u>	<u>1,491</u>	<u>1,561</u>	<u>635</u>	<u>289</u>	<u>401</u>	<u>417</u>	<u>-472</u>	<u>258</u>	<u>604</u>	<u>604</u>
- Currency	183	261	333	312	405	601	455	404	313	378	-15	107	178	108	67	460	460
- Demand deposits	113	221	356	585	592	1,009	962	1,087	1,248	257	304	294	239	-580	191	144	144

1) Includes increases from valuation adjustments of balances denominated in foreign exchange due to November 15, 1978 rupiah devaluation.

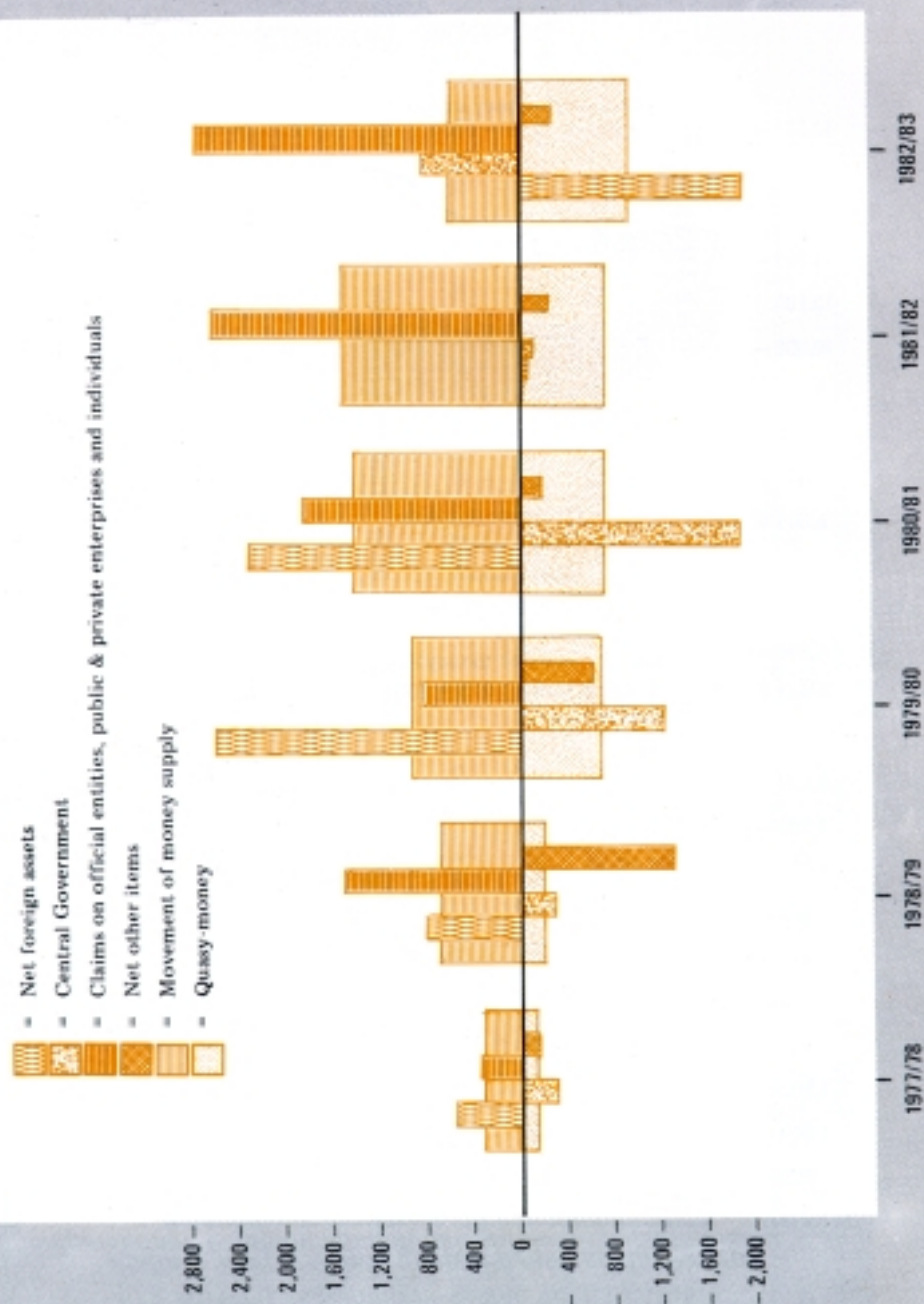
2) Includes foreign currency deposits held by private residents.

3) Includes increases from valuation adjustments of balances denominated in foreign exchange due to March 30, 1983 rupiah devaluation.

MONEY SUPPLY AND DOMESTIC LIQUIDITY



FACTORS AFFECTING MONEY SUPPLY



II. BANK CREDIT DEVELOPMENT

A. Credit Policy

Credit policy in 1982/83 was primarily aimed at mitigating the effects of the world recession and improving the balance of payments position while maintaining monetary stability. The policy was implemented by fixing a lower ceiling on the expansion of credits and by placing more emphasis on credits bearing interest rates below 13.5% p.a. (priority sectors). In addition, other policies had also been adopted such as reductions of liquidity credits (refinancing credits from Banks Indonesia) to state-owned banks.

The expansion of credits and other assets of the banking system for 1982/83 was fixed at 32.8% (Rp 3,677 billion). The ceiling for bank credit was fixed at 33.4% (Rp 3,547 billion) compared with 36.8% (Rp 2,888 billion) in the previous year. Excluding Bank Indonesia credits, the ceiling on the expansion of credits for 1982/83 was 41.8% (Rp 3,332 billion) or comparable to the preceding year.

In 1982/83, several regulations were issued to focus lending activities to sectors encouraging exports of non-oil and non-LNG commodities (non-oil exports), food production and the development of economically weak groups as well as education. In this connection, since August 1982, Bank Indonesia no longer provided refinancing facilities for working capital credit on interest rates of 13.5% and above. This policy was also designed to encourage banks to mobilize and use their own funds.

In order to intensify export activities following the January 1982 export promotion policy, since April 1982 the Government had involved

“sound” and “fairly sound” local development banks and private national commercial banks in extending export credits on terms and conditions as those applied to state-owned banks. The size of liquidity credit provided was 90% of total extended credits with an interest rate of 3% p.a. The maximum amount eligible for refinancing facilities for “sound” and “fairly-sound” banks were, respectively, 100% and 50% of owned capital. It may be added that these credits may not be imposed additional guarantees, since they were already guaranteed by PT Askrindo under the export credit guarantee scheme¹⁾. In addition, domestic letter of credits (L/Cs) for collecting commodities destined for exports were not required to place guarantee deposits.²⁾

Consistent with government efforts to increase production of plantation crops for exports and for the domestic markets, towards the end of 1982, state-owned banks were permitted to extend investment and working capital credits to large national private estates. These investment credits were primarily intended for restoration and construction of factories, intensification, interplanting, replanting and planting as well as the financing for equipments needed for processing. These credit facilities were made available for specific tree crops such as rubber, palm-oil, coffee, cacao, tea and coconut. The maximum maturity of credits depended on the type of crop planted, ranging from 8 to 15 years, including 4 to 6 years grace

1) Bank Indonesia Circular Letter No. SE 15/2/UKU, April 1, 1982.

2) Bank Indonesia Circular Letter No. SE 15/3/UKU, April 14, 1982.

period. The maturity of credits used for the construction or the restoration of factories, was fixed according to the normal investment credit requirements. The interest rate charged for this type of investment credit was 10.5% p.a. and the amount eligible for refinancing facilities from Bank Indonesia was fixed at 85% of the credit extended, at an interest rate of 3% p.a. Minimum self-financing requirement was fixed at 10% of the project cost. In case the banks' clients were not able to meet these terms and conditions, banks or NBFIs were permitted to take up equity participation up to the maximum of 25% of the total credits required. For this purpose, Bank Indonesia provided refinancing facilities for the full amount at an interest rate of 3% p.a., while the investment risk would be assumed by the handling banks. The interest rate for working capital credits was fixed at 12% p.a. and Bank Indonesia provided refinancing facilities for 75% of the credits extended, at an interest rate of 4% p.a.

Since June 1982 state-owned banks were permitted to extend investment credits to timber businesses, especially those engaged in the production of plywood. For timber companies not engaged in plywood production, specifically companies involved in sawn-wood production and which were located in Bengkulu, South-East Sulawesi, Maluku and Irian Jaya, banks may extend credits to those utilizing modern equipments. It may be noted that since January 1982 extension of credits to producers of logs had been prohibited.

To cope with the increasing rice production, since June 1982 state-owned commercial banks and Bapindo had been permitted again to extend working, capital credits (prohibited since December 1975) to non-Cooperative Village Units (Non-KUDs) rice millers/hullers as well

as to traders dealing in rice, unhusked rice and paddy. The interest rate charged on these credits was fixed at 13.5% p.a.³⁾.

At the beginning of the reporting year, Bank Indonesia provided refinancing facilities to Bank Rakyat Indonesia (BRI) for assisting the financial position of rural banks (BPR). This type of facility was meant to promote economically weak groups, primarily in villages. The amount eligible for Bank Indonesia's refinancing facility was 90% of the credit extended by BRI to the BPRs, at an interest rate of 6% p.a. and a maturity of one year. The maximum amount of credit that may be borrowed by BPRs from BRI ranged between 1 1/2 to 3 times owned-capital at an interest rate of 13.5% p.a. and a one-year maturity. Maximum credit extension of the BPRs was fixed at Rp 500,000.00 per customer with a maximum interest rate of 4% per month⁴⁾.

In order to increase the activity of the economically weak groups, since April 1982 private national commercial banks and local development banks (BPDs) were allowed to extend "kredit kelayakan" or viability credits for investment as well as working capital on the same terms and conditions as those applied by state-owned banks to their clients⁵⁾. Private national commercial banks and BPDs engaged in extending such credits were eligible for liquidity credits from Bank Indonesia up to the maximum of 6 1/2 to 5 1/2 owned capital for sound banks and 4 times owned-capital for fairly sound banks. From the above liquidity credit, an

-
- 3) Bank Indonesia Circular Letter No. SE 15/5/UKU and No. 15/6/UKU, June 28, 1982.
 - 4) Decision of Board of Directors of Bank Indonesia No. 15/6/KEP/DIR/UKU, May 3, 1982.
 - 5) Bank Indonesia Circular Letter No. SE 15/1/UKU, April 6, 1982.

amount equalling its owned-capital may be utilized for medium and long-term credits.

To intensify cooperatives, Bimas credits for paddy originally extended by BRI directly to farmers, since the planting season of April to September 1982, in several regencies (kabupatens) in Jawa and Bali had been delegated to village cooperative units (KUDs)⁶⁾ For such credits BRI fully obtained liquidity credits from Bank Indonesia at an interest rate of 3% p.a.

To promote a more equitable opportunity to obtain higher education, beginning May 1982, concessionary credits were made available through state-owned banks to assist potential students in finishing their studies. At the initial stage, these credits were eligible only for students studying in state higher educational institutions pursuing degree programs, such as graduate, post graduate and doctoral studies as well as non-degree programs. These credits could be utilized among others to finance living expenses, tuition fees, laboratory practices, research and writing of thesis. These credits bore an interest rate of 6% p.a., with a maximum maturity of 10 years including grace period covering the entire period of studies plus 1 year after completion of studies. These credits were fully refinanced by Bank Indonesia with an interest rate of 3% p.a.⁷⁾ It may be added that these credits were guaranteed by PT Askrindo⁸⁾.

B. Credit Developments

During the reporting year credits extended by banks rose 27.7% reaching Rp 13,705 billion. This increase included Rp 251 billion as a result of exchange rate adjustment of loans in foreign exchange. Excluding this valuation adjustment, bank credits rose only by 25.3% compared with 31.7% in the preceding year. The rise of this lending was used primarily to finance industrial and trading sectors. Direct lendings of Bank Indonesia declined by 9.3% (Rp 244 billion), due to large amounts of debt repayments by state-owned enterprises. Lendings by commercial banks and development banks reached Rp 11,066 billion or an increase of 36.6% as compared with 38.8% in the preceding year.

During the reporting year, bank credits extended to economic sectors were increasing, except the mining sector (Table 2.1). Credits to the industrial sector rose rapidly, by 45.9% (Rp 1,645 billion), primarily utilized to finance timber, fertilizer, insecticide, cement, paper and paper product industries as well as electrical and low-cost housing industries. Increase in lendings to the trade sector of 24.9% (Rp 813 billion) was primarily utilized to finance domestic procurement of foodstuffs (mainly sugar), imports of fertilizer and insecticide, and retail trades. Credits to the services sector increased by 29.6% (Rp 248 billion), among others, to finance transportation and business services such as those dealing in real estates as well as other social services. Credits to the agricultural sector rose by 28.4% (Rp 255 billion), primarily to finance production of foodstuff (paddy), livestock, plantations, such as, rubber, sugarcane (smallholder) and palm oil. The decline of credits to the mining sector, by 26.0% (Rp 428 billion), was due

6) Minister of Agriculture Decree/Head of Bimas Coordinating Agency No. 010/SK/MENTAN/ BIMAS/XII/1981.

7) Bank Indonesia Circular Letter No. SE 15/2/UKK, May 8, 1982.

8) Bank Indonesia Circular Letter No. SE 15/4/UKK, December 22, 1982.

TABLE 2.1
BANK CREDITS IN RUPIAH AND FOREIGN EXCHANGE
BY ECONOMIC SECTORS 1)
(billions of rupiah)

Specification	March 31					June	Sept.	Dec.	March
	1978 ²⁾	1979 ³⁾	1980	1981	1982	30, 1982	30, 1982	31, 1982	31, 1983 ⁷⁾
Credit in rupiah	2,830	5,103	5,915	7,795	10,273	11,311	12,075	12,401	12,804
— Agriculture 4)	297	364	411	616	899	961	934	1,025	1,154
— Mining 5)	187	1,752	1,801	1,819	1,643	1,660	1,547	1,472	1,215
— Manufacturing 6)	933	1,312	1,722	2,377	3,161	3,513	3,856	4,221	4,721
— Trade	908	1,095	1,247	2,019	3,224	3,723	4,179	4,009	3,936
— Service rendering industry	329	398	411	504	835	927	956	1,043	1,081
— Others	176	182	323	460	511	527	603	631	697
Credits in foreign exchange	1,115	387	412	359	462	504	555	621	901⁷⁾
— Agriculture	—	1	1	—	—	—	—	—	—
— Mining	857	—	—	—	—	—	—	—	—
— Manufacturing	245	369	398	348	419	442	467	496	694
— Trade	11	20	5	7	40	59	84	120	199
— Service rendering industry	2	5	5	3	3	3	3	3	8
— Others	—	2	3	1	—	—	1	2	—
Total bank credits	3,945	5,490	6,327	8,154	10,735	11,815	12,630	13,022	13,705⁷⁾
— Agriculture	297	365	412	616	899	961	934	1,025	1,154
— Mining	1,044	1,752	1,801	1,819	1,643	1,660	1,547	1,472	1,215
— Manufacturing	1,178	1,671	2,120	2,725	3,580	3,955	4,323	4,717	5,415
— Trade	919	1,115	1,252	2,026	3,264	3,782	4,263	4,129	4,135
— Service rendering industry	331	403	416	507	838	930	959	1,046	1,089
— Others	176	184	326	461	511	527	604	633	697

1) Excludes interbank credits, credit to Government, credit to non-residents, special liquidity credit and foreign exchange component of project aid.

2) Since March 31, 1978, excludes interest in arrears.

3) Includes increases from valuation adjustments due to the exchange rate revision on November 15, 1978, amounting Rp 497 billion for mining, Rp 124 billion for manufacturing, Rp 2 billion for trade, Rp 1 billion for services and Rp 1 billion for other sectors.

4) Processing of agricultural products is classified under manufacturing, following International Standard Industrial Classification (ISIC) 1968.

5) Includes credits to Pertamina for financing its debt services.
Since March 1979 credits in foreign exchange to Pertamina has been converted to credits in rupiah.

6) Includes credits to PT Krakatau Steel.

7) Includes increases from valuation adjustments due to the exchange rate revision on March 30, 1983, amounting Rp 190 billion for manufacturing, Rp 58 billion for trade and Rp 3 billion for services.

TABLE 2.2
BANK CREDITS IN RUPIAH AND FOREIGN EXCHANGE
BY MATURITY AND ECONOMIC SECTORS 1)
(billions of rupiah)

Specification	March 31					June	Sept.	Dec.	March
	1978 ²⁾	1979 ³⁾	1980	1981	1982	30, 1982	30, 1982	31, 1982	31, 1983 ⁷⁾
Short term credits	<u>2,313</u>	<u>2,983</u>	<u>3,402</u>	<u>4,814</u>	<u>6,784</u>	<u>7,628</u>	<u>8,389</u>	<u>8,606</u>	<u>9,070</u>
– Agriculture ⁴⁾	236	293	310	427	530	598	555	596	664
– Mining ⁵⁾	253	217	178	168	21	35	36	36	33
– Manufacturing ⁶⁾	598	1,022	1,348	1,713	2,281	2,527	2,798	3,001	3,271
– Trade	873	1,062	1,183	1,919	3,093	3,555	4,014	3,887	3,918
– Service rendering industry	186	215	67	141	384	422	422	494	534
– Others	167	174	316	446	475	491	564	592	650
Investment credits	<u>1,632</u>	<u>2,507</u>	<u>2,925</u>	<u>3,340</u>	<u>3,951</u>	<u>4,187</u>	<u>4,241</u>	<u>4,416</u>	<u>4,635</u>
– Agriculture	61	72	102	189	369	363	379	429	490
– Mining	791	1,535	1,623	1,651	1,622	1,625	1,511	1,436	1,182
– Manufacturing	580	649	772	1,012	1,299	1,428	1,525	1,716	2,144
– Trade	46	53	69	107	171	227	249	242	217
– Service rendering industry	145	188	349	366	454	508	537	552	555
– Others	9	10	10	15	36	36	40	41	47
Total bank credits	<u>3,945</u>	<u>5,490</u>	<u>6,327</u>	<u>8,154</u>	<u>10,735</u>	<u>11,815</u>	<u>12,630</u>	<u>13,022</u>	<u>13,705</u>
– Agriculture	297	365	412	616	899	961	934	1,025	1,154
– Mining	1,044	1,752	1,801	1,819	1,643	1,660	1,547	1,472	1,215
– Manufacturing	1,178	1,671	2,120	2,725	3,580	3,955	4,323	4,717	5,415
– Trade	919	1,115	1,252	2,026	3,264	3,782	4,263	4,129	4,135
– Service rendering industry	331	403	416	507	838	930	959	1,046	1,089
– Others	176	184	326	461	511	527	604	633	697

1) Excludes interbank credits, credit to Government, credit to non-residents, special liquidity credit and foreign exchange component of project aid.

2) Since March 31, 1978, excludes interest in arrears.

3) Includes increases from valuation adjustments due to the exchange rate revision on November 15, 1978, amounting Rp 497 billion for mining, Rp 124 billion for manufacturing, Rp 2 billion for trade, Rp 1 billion for services and Rp 1 billion for other sectors.

4) Processing of agricultural products is classified under manufacturing, following International Standard Industrial Classification (ISIC) 1968.

5) Includes credits to Pertamina for financing its debt services.

Since March 1979 credits in foreign exchange to Pertamina has been converted to credits in rupiah.

6) Includes credits to PT Krakatau Steel.

7) Includes increases from valuation adjustments due to the exchange rate revision on March 30, 1983, amounting Rp 80 billion for short term credits comprises of Rp 19 billion for manufacturing, Rp 58 billion for trade and Rp 3 billion for services, and Rp 171 billion for investment credits (manufacturing).

TABLE 2.3
INVESTMENT CREDITS OUTSTANDING 1)
(billions of rupiah)

Type of credit	March 31					June 30,	Sept. 30,	Dec. 31,	March 31,
	1978 ²⁾	1979	1980	1981	1982	1982	1982	1982	1983
Investment credit under Bank Indonesia scheme ³⁾	287	343	463	608	884	1,001	1,055	1,227	1,340*
KIK	53	68	118	249	374	387	400	405	414
Others ⁴⁾	1,292	2,096	2,344	2,483	2,693	2,799	2,786	2,784	2,881 ⁵⁾
Total	1,632	2,507	2,925	3,340	3,951	4,187	4,241	4,416	4,635

1) Excludes foreign exchange component of project aid credit.

2) Since March 31, 1978, excludes interest in arrears.

3) Based on the Announcement of the Board of Directors of Bank Indonesia No. Peng. I/DIR/1969, March 7, 1979.

4) Mainly credits to Pertamina and PT Krakatau Steel.

5) Includes increases from valuation adjustments due to the exchange rate revision on March 30, 1983, amounting to Rp 171 billion.

to loan repayments by state-owned enterprises. Compared with the preceding year, the share of credits to the industrial sector rose from 33.3% to 38.8%, whereas the mining declined from 15.3% to 9.0%. The share of other sectors did not experience significant changes.

From the view point of the type of credits, both working capital as well as investment credits experienced increases (Table 2.2). In the reporting year credits for working capital rose by 32.5% reaching Rp 8,990 billion and investment credits rose by 13.0% reaching Rp 4,464 billion. Credits for working capital were primarily used to finance trade (42.9%) and industry (36.2%). Investment credits were used among others to finance industries (44.2%), mining (26.5%) and services (12.4%). These investment credits consisted of investment cred-

its under the Bank Indonesia 1969 program, small investment credits (KIK) and other investment credits.

In the reporting year investment credits under the Bank Indonesia 1969 program rose by 51.6% reaching Rp 1,340 billion compared with an increase of 45.4% in the preceding year. These credits were utilized to finance industries (43.4%), services (34.0%), and agriculture (15.3%). It may be added -that the amount of credits approved at the end of the reporting year was Rp 2,087 billion, an increase of .57.3% compared with 43.9% in the preceding year.

Credits under the KIK program, having a maximum of Rp 15 million per customer including "suplesi" (supplementary credit), up to the end of the reporting year reached Rp 414 billion or an increase of only 10.7% compared

TABLE 2.4
INVESTMENT CREDITS BASED ON BANK INDONESIA REGULATION
BY ECONOMIC SECTORS AND SOURCE OF FUNDS 1)
(billions of rupiah)

Specification	March 31					June 30,	Sept. 30,	Dec. 31,	March 31,
	1978	1979	1980	1981	1982	1982	1982	1982	1983*
Credits outstanding	<u>287</u>	<u>343</u>	<u>463</u>	<u>608</u>	<u>884</u>	<u>1,001</u>	<u>1,055</u>	<u>1,227</u>	<u>1,340</u>
1. By economic sector									
– Agriculture	57	70	78	99	155	173	170	199	205
– Mining	3	2	2	10	30	29	29	31	32
– Manufacturing	109	118	158	195	295	358	346	505	582
– Service rendering industry	106	144	207	276	367	399	465	437	456
– Others	12	9	18	28	37	42	45	55	65
2. By source of funds									
– Bank Indonesia 2)	156	197	212	269	453	560	611	703	775
– State banks	131	146	251	339	431	441	444	524	565
Approved by banks	<u>362</u>	<u>448</u>	<u>662</u>	<u>922</u>	<u>1,327</u>	<u>1,424</u>	<u>1,529</u>	<u>1,866</u>	<u>2,087</u>
1. By economic sector									
– Agriculture	69	86	114	168	226	234	255	277	298
– Mining	5	11	6	10	40	40	40	40	41
– Manufacturing	143	153	212	275	476	519	585	812	958
– Service rendering industry	127	185	306	426	526	568	578	656	700
– Others	18	13	24	43	59	63	71	81	90
2. By source of funds									
– Bank Indonesia 3)	248	308	395	568	863	932	1,001	1,229	1,377
– State banks	114	140	267	354	464	492	528	637	710

1) Based on the Announcement of the Board of Directors of Bank Indonesia No. Peng.1/DIR/1969, March 7, 1969. Excludes Small Investment Credits (KIK) and foreign exchange component of project aid. Includes rupiah cost of project aid.

Since 1971, rupiah financing for investment credits is no longer allotted in the Government Budget.

2) Includes Government Budget amounting to Rp 1 billion.

3) Includes Government Budget amounting Rp 3 billion in 1978, and Rp 2 billion from 1979 through 1983.

with an increase of 50.2% in the preceding year. However, the number of credits approved and the number of customers still experienced significant increases, by 26.6% and 21.0%, reaching Rp 723 billion and 213 thousand customers, respectively, at the end of March 1983 (Table 2.5). The lower increase in credit outstanding

was closely associated with the sluggish domestic economy.

In the reporting year other investment credits, largely Pertamina's borrowing, rose only by 0.6% to Rp 2,710 billion. However, excluding Pertamina's borrowings, other investment credits rose by 42.7% compared with 60.0% in the preceding year.

Similar to the development of KIK, permanent working capital credit (KMKP) and “Kredit Midi”, which were also designated to assist the economically weak groups, showed a slowdown in their rate of increase. In the reporting year KMKP only rose by 15.8% reaching Rp 815 billion after an increase of 83.3% in the preceding year. The number of customers reached 1,486 thousand at the end of reporting year, an increase of 14.5%. As generally known, KMKP is a working capital credit with the maximum size of Rp 15 million per customer (including suplesi) and a maximum maturity of 3 years with possible renewal for another 3 years.

The Midi credit, introduced in July 1980, the amount of which ranged from Rp 200 thousand to Rp 500 thousand per customer, at the end of the reporting year reached Rp 42 billion or an increase of Rp 14 billion. The funding of these credits was entirely provided by Bank Indonesia and channeled through BRI.

Credit extended to regional government for the construction and restoration of market places (“Pasar Inpres”) still experienced an increase. In the reporting year this credit rose by 19.7% reaching Rp 79 billion.

In addition to the type of credits extended by banks mentioned above, the Government also provided credit facilities namely the “Kredit Mini” and “Kredit Candak Kulak” (KCK) to vendors in market places and villages as well as credits for house-ownership (KPR) for the low-income groups. During the reporting year

Kredit Mini rose by 10.5% reaching Rp 63 billion and the funds earmarked for this purpose was Rp 13 billion. The extension of KCK which was channeled through KUD, during the reporting year rose by 39.1% reaching Rp 128 billion. As of the end of the reporting year repayment reached Rp 117 billion. It may be noted that up to the end of the reporting year, funds earmarked by the government amounted to Rp 12 billion and the number of KUDs channeling KCKs remained 3,621.

House-ownership credit (KPR) was funded by the government budget (APBN) and by banks, channeled through BTN and PT Papan Sejahtera to the low-and middle-income groups. The extension of KPR by BTN on funds originating from the government budget, in the reporting year rose by 84.7% reaching Rp 109 billion. This high increase was closely related to the expansion of low cost housing developments by the Perumnas throughout Indonesia. KPR, funded by banks also recorded a significant increase, by 85.4% to Rp 306 billion. Henceforth, the amount of KPR channeled through BTN at the end of the reporting year aggregated Rp 415 billion compared with Rp 224 billion in the preceding year. The number of customers rose by 77.3% reaching 149 thousand. KPR channeled through PT Papan Sejahtera increased by 169% reaching Rp 7.5 billion. The number of customers rose by 146% reaching 680. It may be noted that the funds for KPR channeled through PT Papan Sejahtera almost entirely originated from banks.

TABLE 2.5
SMALL INVESTMENT CREDIT (KIK), PERMANENT WORKING CAPITAL
CREDITS (KMKP), MINI CREDITS AND MIDI CREDITS
(billions of rupiah and thousand customers)

Specification	March 31					June	Sept.	Dec.	March
	1978	1979	1980	1981	1982	30, 1982	30, 1982	31, 1982	31, 1983
1. Small Investment Credits									
— Number of applications approved (customers)	42	57	79	125	176	184	193	200	213
— Value of application approved	79	113	190	366	571	608	648	685	723
— Credit outstanding	53	68	118	249	374	387	400	405	414
2. Permanent Working Capital Credits									
— Number of applications approved (customers)	336	438	665	953	1,298	1,342	1,383	1,426	1,486
— Value of application approved	125	188	349	656	1,178	1,300	1,378	1,454	1,542
— Credit outstanding	65	93	181	384	704	770	784	791	815
3. Total (1 + 2)									
— Number of applications approved (customers)	378	495	744	1,078	1,474	1,526	1,576	1,623	1,699
— Value of application approved	204	301	539	1,022	1,749	1,908	2,026	2,139	2,265
— Credit outstanding	118	161	299	633	1,078	1,157	1,184	1,196	1,229
4. Mini Credits	<u>11</u>	<u>16</u>	<u>20</u>	<u>41</u>	<u>57</u>	<u>60</u>	<u>59</u>	<u>59</u>	<u>63</u>
— Investment	2	3	3	4	6	7	6	6	6
— Exploitation	9	13	17	37	51	53	53	53	57
5. Midi Credits	<u>--</u>	<u>--</u>	<u>--</u>	<u>8</u>	<u>28</u>	<u>31</u>	<u>34</u>	<u>37</u>	<u>42</u>
— Investment	--	--	--	1	4	4	5	5	5
— Exploitation	--	--	--	7	24	27	29	32	37

III. MOBILIZATION OF FUNDS

To increase domestic savings to finance development activities, the mobilization of funds through financial institutions continued to be encouraged. This endeavor was implemented through improving rules and regulations concerning institutions, procedures for the mobilization of funds and the granting of tax facilities.

In the reporting year, the Government improved the regulations on the issuance and the procedures for trading of bonds and granted tax facilities in their trade. In addition, the Government expanded the number of institutions implementing the Tabanas and Taska savings schemes as well as improving their services.

The favorable result of these efforts was reflected by the continually increasing demand, time and savings deposits mobilized (Table 3.1). In the reporting year, total funds mobilized increased by 23.2% reaching Rp 10,194 billion. From the above amount, demand deposits constituted 58.0%, time deposits 36.7% and savings deposits 5.3%. Although demand deposits still occupied first place, its share started to decline since the past two years namely 68.0% in 1980/81 to 66.6% in 1981/82. By contrast, time and savings deposits experienced a more rapid increase and thus their shares gradually improved.

A. Savings

1. Time deposits

In the reporting year, total time deposits consisting of Inpres rupiah deposits, other rupiah deposits and foreign exchange deposits

increased by 60.7% (Rp 1,413 billion) reaching Rp 3,741 billion (Table 3.2). Of this increase, Rp 367 billion was due to valuation adjustment of foreign exchange deposits as a consequence of the March 30, 1983 devaluation. Excluding this adjustment, the increase of total time deposits would be 44.9% compared with 32.3% in the preceding year. A sufficiently high increase was recorded by the rupiah time deposits (31.6%), whereas an even sharper increase was experienced by the foreign exchange time deposits (168%). Even if valuation adjustments were to be excluded, the increase in the foreign exchange time deposits remained significant (94.2%).

a. Inpres time deposits

Inpres time deposits, which was especially assigned to state-owned banks, during the reporting year showed unfavorable developments compared with other rupiah time deposits. Inpres time deposits rose by 9.0% reaching Rp 906 billion compared with 10.2% in the preceding year. This slow growth was due to the fact that the interest rates offered by such deposits were less attractive compared with those offered by other banks. In 1982/83 the sum of time deposits of the 24-month, 12-month and 6-month maturities rose by 9.1%, 5.0% and 20.0% reaching Rp 848 billion, Rp 42 billion and Rp 12 billion, respectively. Time deposits of the 3-month maturity remained practically the same (Table 3.4). It may be added that for time deposits of the 24-month maturity, state-owned banks received a 4.5% interest subsidy on deposits yielding a 15% interest rate

TABLE 3.1
BANKING'S FUNDS
(billions of rupiah)

End of period	Demand deposits			Time deposits			Saving deposits			Total
	Rupiah	Foreign currency ²⁾	Sub total	Rupiah ¹⁾	Foreign currency ²⁾	Sub total	Tabanas & Taska	Others	Sub total	
1973	314	67	381	216	126	342	32	3	35	758
1974	453	107	560	366	222	588	44	4	48	1,196
1975	600	107	707	557	221	778	61	5	66	1,551
1976	837	150	987	769	218	987	109	6	115	2,089
1977	1,040	110	1,150	910	208	1,118	153	7	160	2,428
1978	1,318	129	1,447	940	226	1,166	191	9	200	2,813
1979										
March	1,487	222	1,709	834	368	1,202	200	6	206	3,117
June	1,577	252	1,829	921	385	1,306	203	10	213	3,348
September	1,830	389	2,219	954	424	1,378	197	13	220	3,817
December	1,997	563	2,560	1,007	467	1,474	212	24	226	4,260
1980										
March	2,339	679	3,018	1,056	438	1,494	237	15	252	4,764
June	2,535	733	3,268	1,164	420	1,584	247	83	330	5,182
September	3,094	1,014	4,108	1,236	429	1,665	267	21	288	6,061
December	3,356	1,090	4,446	1,294	372	1,666	291	23	314	6,426
1981										
March	3,586	896	4,482	1,405	355	1,760	321	32	353	6,595
June	3,753	788	4,541	1,546	353	1,899	333	107	440	6,880
September	4,105	962	5,067	1,733	392	2,125	351	33	384	7,576
December	4,412	1,168	5,580	1,772	455	2,227	384	36	420	8,217
1982										
March	4,512	996	5,508	1,832	496	2,328	400	38	438	8,274
June	4,788	993	5,781	1,969	558	2,527	396	95	491	8,796
September	4,743	986	5,728	2,120	637	2,757	410	45	455	8,941
December	4,295	1,101	5,396	2,203	784	2,987	446	44	490	8,873
1983										
January	4,080	1,095	5,175	2,264	854	3,118	471	35	506	8,799
February	4,178	1,061	5,239	2,324	877	3,201	482	34	516	8,956
March	4,323	1,591	5,914	2,411	1,330	3,741	489	50	539	10,194

1) Includes certificates of deposits.

2) Through September 1978 the figures are based on exchange rate of Rp 415.00 per US dollar.
For the period up to February 1983 the figures are based on exchange rate of Rp 625.00
per US dollar and since then they are based on exchange rate of Rp 970.00 per US dollar.

TABLE 3.2
TIME DEPOSITS
(billions of rupiah)

End of period	Rupiah		Foreign currency ²⁾	Total
	Inpres	Others ¹⁾		
1973	148	68	126	342
1974	238	128	222	588
1975	386	171	221	778
1976	612	157	218	987
1977	692	218	208	1,118
1978	707	233	226	1,166
1979 : March	707	127	368	1,202
June	708	213	385	1,306
September	712	242	424	1,378
December	716	291	467	1,474
1980 : March	725	331	438	1,494
June	726	438	420	1,584
September	751	485	429	1,665
December	734	560	372	1,666
1981 : March	754	651	355	1,760
June	785	761	353	1,899
September	814	919	392	2,125
December	829	943	455	2,227
1982 : March	831	1,001	496	2,328
June	859	1,110	558	2,527
September	873	1,247	637	2,757
December	908	1,295	784	2,987
1983 : January	912	1,352	854	3,118
February	905	1,419	877	3,201
March	906	1,505	1,330	3,741

1) Includes certificates of deposits.

2) Through September 1978 the figures are based on exchange rate of Rp 415.00 per US dollar.
For the period up to February 1983 the figures are based on exchange rate of Rp 625.00
per US dollar and since then they are based on exchange rate of Rp 970.00 per US dollar.

TABLE 3.3
INPRES TIME DEPOSIT RATES
(annual percentage rates)

Maturity	Since April 9, 1974	Since December 28, 1974	Since January 13, 1977	Since January 1, 1978
Less than 3 months ¹⁾	6	6	3	— —
3 months	9	9	6	— —
6 months	12	12	9	6
12 months	18	15	12	9
18 months ²⁾	24	21	— —	— —
24 months	30	24	18	15/12 ³⁾

1) Since January 1, 1978, determined by individual banks.

2) Since January 13, 1977, the 18 month time deposits were eliminated.

3) 15% p.a. on amounts up to Rp 2.5 million and 12% p.a. on any excess over Rp 2.5 million.

and a 1.5% interest subsidy on deposits yielding a 12% interest rate. During 1982/ 83 such subsidies equalled the amount granted in the preceding year, namely Rp 14 billion.

b. Other rupiah time deposits

Rupiah time deposits other than Inpres, handled by private national commercial banks, foreign banks, and local development banks in the reporting year rose by 50.3% reaching Rp 1,505 billion (Table 3.2). This high increase was closely related to the more attractive rates of interest offered compared with those of the state-owned banks (Table 3.5). In addition, the decline of interest rates abroad also induced this increase.

c. Foreign exchange deposits

A remarkable increase was registered in the foreign exchange time deposits, which rose by

168% reaching Rp 1,330 billion at the end of the reporting year. This sizeable increase was due primarily to the strengthening of the US dollar and several other foreign currencies against the rupiah. Even if valuation adjustment due to the rupiah devaluation of Rp 367 billion was excluded, its rate of increase was still substantial, i.e. 94.2% compared with 39.7% in the preceding year.

2. Saving deposits

Efforts to increase savings, consisting of Tabanas, Taska, Haj Pilgrimage (ONH) and other savings, continued to be pursued.

The Tabanas and Taska programs, initiated in 1971, basically had two objectives. The objectives were to mobilize funds to finance development and enhance the savings habits of the public. To achieve these objectives, better savings services were provided and various taxes were relaxed. These tax exemptions included

TABLE 3.4
INPRES TIME DEPOSITS 1)
(billions of rupiah)

End of period	24 months	18 months	12 months	6 months	3 months	Less than 3 months	Total
1973			129	14	4	1	148
1974	180	8	37	8	4	1	238
1975	336	10	27	9	4	—	386
1976	518	4	48	25	14	3	612
1977	605	2	33	41	10	1	692
1978 : March	616	1	35	34	1	—	687
June	622	—	39	45	2	—	708
September	624	—	39	56	2	—	721
December	609	—	42	52	4	—	707
1979 : March	608	—	36	58	5	—	707
June	617	—	30	55	6	—	708
September	615	—	29	65	3	—	712
December	607	—	30	75	4	—	716
1980 : March	611	—	32	75	7	—	725
June	617	—	34	72	3	—	726
September	646	—	36	65	4	—	751
December	656	—	34	39	5	—	734
1981 : March	692	—	34	25	3	—	754
June	720	—	37	25	3	—	785
September	748	—	39	23	4	—	814
December	765	—	43	18	3	—	829
1982 : January	762	—	43	15	3	—	823
February	770	—	41	11	3	—	825
March	777	—	40	10	4	—	831
April	778	—	36	8	3	—	825
May	798	—	36	8	3	—	845
June	812	—	36	8	3	—	859
July	815	—	37	8	3	—	863
August	817	—	38	9	3	—	867
September	819	—	39	9	6	—	873
October	833	—	39	10	6	—	888
November	843	—	39	10	5	—	897
December	854	—	39	12	3	—	908
1983 : January	857	—	39	12	4	—	912
February	850	—	41	11	3	—	905
March	848	—	42	12	4	—	906

1) According to Presidential Decree No. 28/1968.

property tax (PKk) on savings deposits of over one year maturity, income tax (PPd) and taxes on interest due from dividends and royalty (PBDR). The Government also enlarged the number of banks implementing the Tabanas and Taska schemes.

a. Tabanas and Taska

Due to the savings drives undertaken in the past several years, both the number of savers as well as the amount mobilized under the Tabanas scheme continued to

show increases. In the reporting year the value of Tabanas rose by 22.4% reaching Rp 488.8 billion whereas the number of savers increased by 4.2% reaching 9,989 thousand (Table 3.6) . During the preceding 5 years, the amount and the number of Tabanas savers on average rose respectively by 26.8 0 and 7.9% per year. This favorable trend constituted a clear evidence of the enhanced consciousness, motivation and capacity of the public to save. In the case of Taska, the. amount of savings rose by 33.5% reaching Rp 303 million with

TABLE 3.5
MAXIMUM INTEREST RATES ON TIME DEPOSITS
WITH PRIVATE BANKS
(Annual percentage rates)

Maturity	1981/82		1982/83	
	Rupiah	Foreign currency	Rupiah	Foreign currency
National private banks				
Less than 3 months	18.00	12.00	18.00	9.00
3 months up to 6 months	21.60	11.00	24.00	9.25
6 months up to 12 months	24.00	10.00	25.20	9.50
Above 12 months	28.80	--	28.80	--
Foreign banks				
Less than 3 months	16.50	15.75	18.50	7.50
3 months up to 6 months	16.75	16.75	18.70	7.50
6 months up to 12 months	17.00	11.94	18.00	7.75
Above 12 months	--	--	--	--

TABLE 3.6
TABANAS AND TASKA SAVINGS DEPOSITS
(millions of rupiah)

End of period	Tabanas		Taska		Total	
	Number of depositors ¹⁾	Out-standing	Number of depositors ¹⁾	Out-standing	Number of depositors ¹⁾	Out-standing
1973	2,862,264	32,486	11,794	84	2,874,058	32,570
1974	3,450,463	43,942	8,742	74	3,459,205	44,016
1975	4,108,173	70,048	9,380	115	4,117,553	70,163
1976	5,429,981	109,147	10,836	158	5,440,817	109,305
1977	6,864,401	153,591	8,735	138	6,873,136	153,729
1978 : March	6,960,491	169,274	7,911	123	6,968,402	169,397
June	7,230,267	181,005	7,499	124	7,237,766	181,129
September	7,307,178	188,596	6,600	126	7,313,778	188,722
December	7,458,963	191,462	6,873	120	7,465,836	191,582
1979 : March	7,600,382	199,954	6,296	117	7,606,678	200,071
June	7,693,490	202,792	5,939	122	7,699,429	202,914
September	7,835,935	196,656	5,545	125	7,841,480	196,781
December	7,996,389	212,560	5,880	112	8,002,269	212,672
1980 : March	8,296,854	237,357	5,544	118	8,302,398	237,475
June	8,459,918	247,396	5,453	125	8,465,371	247,521
September	8,692,972	267,019	5,358	131	8,698,330	267,150
December	8,828,909	291,731	5,428	122	8,834,337	291,853
1981 : March	9,021,750	321,382	5,698	133	9,027,448	321,515
June	9,188,951	333,111	5,569	141	9,194,520	333,252
September	9,346,120	351,051	9,536	148	9,355,656	351,199
December	9,480,647	384,255	12,704	168	9,493,351	384,423
1982 : January	9,490,772	386,007	13,923	180	9,504,695	386,187
February	9,505,997	392,669	16,292	200	9,522,289	392,869
March	9,589,604	399,545	17,002	227	9,606,606	399,772
April	9,626,230	405,732	18,052	240	9,644,282	405,972
May	9,666,247	404,610	18,896	268	9,685,143	404,878
June	9,526,420	395,966	19,015	296	9,545,435	396,262
July	9,667,528	399,698	19,732	325	9,687,260	400,023
August	9,612,739	403,709	19,107	343	9,631,846	404,052
September	9,697,774	410,060	16,798	325	9,714,572	410,385
October	9,808,090	424,527	16,061	329	9,824,151	424,856
November	9,908,225	437,138	16,543	283	9,924,768	437,421
December	9,952,239	445,845	16,134	307	9,968,373	446,152
1983 : January	9,857,735	470,289	15,063	306	9,872,798	470,595
February	9,920,321	481,982	16,808	310	9,937,129	482,292
March	9,989,023	488,824	16,298	303	10,005,321	489,127

1) In units of depositors.

16,298 savers. In the reporting year the number of implementing banks of the Tabanas and Taska schemes was expanded by 14 banks, consisting of 5 local development banks and 9 private national commercial banks. Accordingly, at the end of the reporting year the number of implementing banks reached 51 banks, comprising of 6 stateowned banks, 29 private national banks and 16 local development banks. It may be added that the interest rate prevailing since January 13, 1977 for the Tabanas and Taska schemes were maintained at the same levels. For Tabanas, savings of up to Rp 200 thousand yielded an interest of 15% p.a. and 6% on savings beyond that limit. As for Taska, the yield of interest was 9% p.a.

b. Haj Pilgrimage Expenses (ONH) Savings Deposits

ONH is a savings scheme for temporary deposits of haj-pilgrimage expenses of prospective pilgrims. Banks assigned to accept ONH deposits remained BRI, BNI 1946, and for Irian Jaya Province Bank Ekspor Impor Indonesia (BEII). In the reporting year ONH was raised by 8.6% to Rp 2,110 thousand per person.¹⁾ ONH expenses could be deposited in installments or in one lump sum with time limit in July 15, 1982. Payments settled (in instalments or in one lump sum) prior to this time limit were granted a discount. ONH savings in 1982/83 amounted to Rp 106,248 million with 51,081 pilgrims compared to Rp 119,172 million with 62,296 pilgrims in the preceding year.

1) Bank Indonesia Circular Letter No. SE 14/3/ UPUM, March 29, 1982.

TABLE 3.7
TRANSACTIONS AND INTEREST RATES
IN JAKARTA'S MONEY MARKET

Period	Volume of transaction (billions of rupiah)	Weighted average of interest rates (per cent per annum)
1979		
January — March	527	12.79
April — June	358	13.21
July — September	413	12.97
October — December	497	13.96
1980		
January — March	367	14.73
April — June	207	13.67
July — September	265	10.52
October — December	525	12.55
1981		
January — March	671	15.95
April — June	842	16.56
July — September	980	18.02
October — December	901	14.49
1982		
January — March	957	17.13
April — June	1,314	17.99
July — September	1,388	17.49
October — December	1,087	16.35
1983		
January	323	16.95
February	343	17.19
March	792	18.55
January — March	1,458	17.85

B. Money Market

1. Interbank funds

Transactions taking place in the Jakarta Interbank Money Markets (Interbank Call Money Markets) showed rapid progress (Table 3.7). During the reporting year, the monthly average transactions amounted Rp 437 billion, a rise of 42.3% compared with 121% in the preceding year. It may be added that the rate of interest in the capital markets declined from 18.1% in July 1982 to 16.9% in August 1982. Subsequently, in March 1983 it rose to 18.6% which was closely associated with the strengthening of foreign currencies, especially the US dollar.

2. Certificates of Deposits.

As a means of mobilizing domestic funds and developing ..the money markets, since September 1971, a short-term security, namely Certificate of Deposit (CD) was introduced. Banks dealing in CDs included state-owned banks and several foreign banks. In 1982/83 the amount of CDs increased significantly, namely by 37.8% reaching Rp 102 billion after experiencing a decline of 9.8% in the preceding year (Table 3.8). This significant increase was closely related to the more attractive interest rate offered, especially at the end of the reporting year. It may be added that the increase in CDs was gained by state-owned banks, whereas foreign banks experienced a decline thus raising the share of state-owned banks in total CDs issued, i.e. from 68.9% to 89.2%.

3. Non-Bank Financial Institutions (NBFI) Papers

In line with the main activities of NBFIs, domestic funds mobilized through the issuance of valuable papers showed encouraging developments. In the reporting year, funds mobilized reached Rp 522.1 billion or an increase of 43.3% compared with 38.0% in the preceding year. This progress was due primarily to the increase in investments of companies and financial institutions in the short-term securities issued by NBFIs.

C. Capital Market

One of the primary objectives for establishing a capital market was to mobilize funds by involving the public in holding shares and bonds issued by enterprises in Indonesia. In this connection the Government continued to improve regulations conducive to the development of the capital markets, such as the procedures of trading stocks and bonds as well as to provide tax facilities in trading stocks and bonds. In the reporting year, Bank Dagang Negara (BDN) was assigned to act as trustee²⁾ in addition to Bapindo which was appointed in the preceding year, whereas BNI 1946 and Bank Bumi Daya (BBD) maintained their role as guarantors.

In the reporting year, the requirements on trading and issuance of short-term securities were improved. On trading procedures of short-term securities, the transactions of which were formerly restricted to the capital market (bourse), since this reporting year were allowed to be traded outside the bourse. Prospective business entities intending to place short-term securities were differentiated between banks and non-bank institutions on the one hand and other entities on the other.

To be eligible for placing securities, banks and NBFIs were required to have a minimum authorized capital of Rp 250 million, paid up

2) Minister of Finance Decree No. 706/KMK.001/ 1982, November 2, 1982.

TABLE 3.8
CERTIFICATES OF DEPOSIT 1)
(billions of rupiah)

End of period	State banks	Foreign banks	Total
1973	24	8	32
1974	65	8	73
1975	71	11	82
1976	25	19	44
1977	23	31	54
1978 : March	14	44	58
June	13	48	61
September	11	49	60
December	14	33	47
1979 : March	16	14	30
June	19	15	34
September	16	19	35
December	14	19	33
1980 : March	28	19	47
June	35	33	68
September	32	33	65
December	52	27	79
1981 : March	56	26	82
June	37	26	63
September	66	26	92
December	55	26	81
1982 : January	45	26	71
February	50	24	74
March	51	23	74
April	55	20	75
May	58	19	77
June	53	17	70
July	51	15	66
August	59	13	72
September	63	4	67
October	58	12	70
November	63	11	74
December	59	13	72
1983 : January	71	12	83
February	78	12	90
March	91	11	102

1) Certificates of deposits outstanding represent the amount outstanding at the end of a period plus the amount sold and less the amount redeemed during the following period those transactions took place.

TABLE 3.9
INTEREST RATES ON CERTIFICATES OF DEPOSIT
(annual percentage rates)

Maturity	1982				1983
	March	June	September	December	March
1 week	2.50–10.00	8.50	8.50	8.50	8.50
2 weeks	6.00	6.00	6.00	6.00	6.00
1 month	4.00–16.00	4.00–17.50	4.00–17.50	4.00–17.50	4.00–18.50
2 months	3.75– 8.00	7.50– 9.00	7.50– 9.00	7.50– 9.00	9.00–12.00
3 months	4.00–16.75	7.00–17.50	6.00–17.50	6.00–17.50	7.00–18.50
4 months	4.50	— —	— —	— —	— —
5 months	5.00	— —	— —	— —	— —
6 months	6.00–16.50	8.00–17.00	8.00–17.00	8.00–17.00	8.00–17.00
9 months	7.00– 8.00	8.00	8.00	8.00	8.00
12 months	8.00–16.00	10.00–16.50	10.00–16.50	10.00–16.50	10.00–18.00

capital of Rp 200 million and net assets of Rp 1 billion. Further, banks and NBFIs were required to gain profit in the past two consecutive years, of which the latest year's profit should be at the minimum of 10% of owned-capital. Bonds offered should be denominated in rupiah with a minimum value of Rp 1 billion, consisting of at least 10 thousand issues, with the smallest denomination at Rp 5,000.00.³⁾

For other entities, the requirements on the eligibility for placement of bonds were a minimum authorized capital of Rp 500 million, paid up capital of Rp 100 million and net assets of Rp 100 million. With regard to profit, the same requirements were imposed as those applied to banks and NBFIs. Bonds offered were to be de-

nominated in rupiah with a minimum value of Rp 100 million, consisting of at least 5,000 issues, with the smallest denomination at Rp 5,000.00.⁴⁾

To further enhance trading in bonds, in January 1983, tax relieves were granted to business entities and individuals purchasing bonds. The purchase of bonds would not be scrutinized, for taxation purposes, before and after the transaction period. In addition, PPDs and PPs would not be imposed on earnings from bonds, while the imposition of PBDR would be 10% only. Furthermore, bonds were exempted from PKKs.⁵⁾

The progress in the activities of the capital market in 1982/83 was reflected in the rising

3) Minister of Finance Decree No. 76/KMK.O11/ 1983, January 18, 1983.

4) Minister of Finance Decree No. 755/KMK.O11/ 1982, November 30, 1982.

5) Minister of Finance Decree No. 1/KMK.04/1983, January 3, 1983.

number of business entities placing their shares and bonds in the capital market. In 1982/83, 5 business entities were approved to issue share certificates and 2 companies to place bonds in the capital market. The number of business entities placing their stocks in the capital market reached 17 at the end of March, 1983 compared with 10 at the end of March, 1982 and 6 at the end of March, 1981.

The number and value of stocks sold in the capital market reached 40,745 thousand and Rp 144.5 billion at the end of March, 1983 compared with 29,830 thousand and Rp 76.0 billion at the end of March, 1982, and 14,588 thousand and Rp 37.1 billion, respectively, at the end of March, 1981. Trading in the secondary market also showed a remarkable progress,

up from 3,234 thousand stocks at a monthly average of 270 thousand stocks in 1981/82, to 4,659 thousand stocks at a monthly average of 388 thousand stocks in 1982/83.

In the reporting year, PT Danareksa issued 1,560 thousand certificates at a value of Rp 16 billion, namely 1,500 thousand certificates of fund of the general unit series C at Rp 15 billion and 60 thousand share certificates of PT Cibirong at Rp 1 billion. Including these placements, certificates issued by PT Danareksa since 1977 until the end of the reporting year totaled 5,920 thousand certificates at Rp 58,0 billion. At the end of the reporting year, **the outstanding share certificates** and certificate of funds reached 5,492 thousand certificates to the amount of Rp 55.7 billion.

IV. BANKING AND OTHER FINANCIAL INSTITUTIONS

A. Banking

1. Policy on banking supervision

In 1982/83 banking supervision policy was primarily focused on efforts to further develop local development banks (BPD), rural banks (BPR) and cooperative banks (BUK). Policies of the past years, such as, strengthening the capital structure of BPDs, encouraging mergers among private national commercial banks, expanding local clearing activities, and rendering assistance to improve the efficiency of state-owned banks, continued to be pursued.

In order to meet the needs of the public and the business community for banking services, primarily in the regions, the Government eased the requirements on the degree of performance and additional paid-up capital for the establishment of branch and subbranch offices of the BPDs.¹⁾ The requirements on the degree of performance, which formerly were limited to sound BPDs, were expanded to include also “fairly sound” BPDs. In connection with the requirement of paid-up capital, which was previously linked to local condition, is now linked to the fulfillment of owned-capital according to the capital adequacy ratio and funds needed for the construction of office space including equipments, plus an amount earmarked for possible losses during the early stages of operation.

In order to promote the activities of BPDs, in 1982/83 the Government continued to provide assistance in the form of capital, technical

assistance and training. Capital assistance was extended through liquidity credit facilities of Bank Indonesia as well as allocation of funds from the state budget (APBN). Technical and training assistance provided through Bapindo and PT Uppindo involved the areas of organization, management, personnel, credit, mobilization of funds, research and planning in accounting, reporting system and supervision. In the reporting year the number of BPDs enjoying assistance increased by 4 reaching 23 banks.

As mentioned in Chapter II, in assisting credit expansion of BPRs, BRI was provided with liquidity credits from Bank Indonesia to the maximum amount of 90% of the outstanding amount of credits to the BPRs. The maximum amount that may be borrowed by BPRs from BRI ranged between 1 1/2 times to 3 times owned capital, depending on the legal and ownership status of the respective BPR. The borrowing limit of a BPR as a cooperative body, was set at 3 times of its owned-capital; a non-cooperative body but indigenous at 2 times; a non-indigenous non-cooperative body at 1 1/2 times. To qualify for BRI credits, a BPR must meet certain requirements. The requirements, were, among others, that a minimum of 60% of its credits were extended to indigenous customers, having bad debts of not more than 15% of its outstanding credits and, the interest rate charged did not exceed 48% p.a. In addition, it was also specified that the maximum maturity of BRI's credits to BPR was 1 year and the interest rate charged was 13.5% p.a.

Furthermore, following the 1970 measures pursued on the rearrangement of operation permits of BPRs, during the reporting year the

1) Bank Indonesia Circular Letter No. SE 15/30 UPPB, November 16, 1982.

TABLE 4.1
THE SHARE OF GROUP OF BANKS IN TOTAL ASSETS,
FUNDS AND LOANS OUTSTANDING
 (percentage)

Group of banks	Assets		Loans		Funds	
	March 1982	March 1983	March 1982	March 1983	March 1982	March 1983
State banks	79.6	77.0	78.5	78.4	76.1	70.7
National private banks	9.9	11.2	11.0	11.9	11.0	13.2
Local development banks	3.6	3.2	3.2	3.2	3.8	3.5
Foreign banks	6.9	8.6	7.3	6.5	9.1	12.6

Government formed a team to survey the activities of BPRs and set up means towards encouraging rural banks to become cooperatives. Within this context, this team is making preparations for BRI to become an umbrella bank (bankers bank) of all BPRs.²⁾

With the aim to supervise and support the development of cooperative banks, the Government improved the general regulations on the operational procedures of these banks.³⁾ Under these regulations it was stipulated that a cooperative bank was required to have the legal status of a cooperative body with a membership of at least 5 cooperatives. The preceding regulations concerning paid-up capital remained valid, namely, "core savings", "mandatory savings" and "reserve deposits". In addition, the portion of paid-up capital earmarked to be deposited in the bank may not exceed the capital of the respective cooperative members of the bank. Withdrawal of paidup capital due to resigna-

tion of a cooperative membership must meet certain requirements. Resignation of a cooperative bank was permitted only if the resigning member could be replaced by a new member capable of depositing an equal amount of paid-up capital of the resigned member or at the time the cooperative bank accumulate funds sufficient to replace the paid-up capital of the withdrawing member.

Policies adopted in the previous years, such as, supervision on private commercial banks, encouragement on merger and going public, assistance to the improvement of stateowned banks and promote local clearing activities, continued to be pursued and enhanced. During the reporting year two banks merged while another bank placed its sharecertificates in the capital market. Regarding efforts to improve the efficiency of stateowned banks, the Government succeeded in finishing the formulation of various operational manuals and, under close supervision, were directly applied. Clearing activities in areas not represented by a Bank Indonesia branch office was expanded by 2, bringing the number of local clearing offices to 18. Sub-branch offices were allowed to participate

2) Minister of Finance Decree No. 279/KMK.O11/ 1982, April 28, 1982.

3) Joint Decree of Bank Indonesia Governor and Minister of Trade and Cooperatives No. 15/18/Kep/GBI February 28, 1983. 267B/Kpb/11/83

in local clearing activities only as indirect participants. The number of such offices participating in these local clearing activities during the reporting year increased by 30 reaching 47.

2. Banking development

In the reporting year the number of commercial banks, development banks, savings banks and rural banks increased by 9 reaching 5,928 banks. This increase was caused, among others, by the issuance of permits legalizing operation and revocations of permits to operate of rural banks by the Minister of Finance. The number of offices, comprising head, branch and sub-branch offices, increased by 58 reaching 7,096 (Table 4.4). At the end of 1982/83 the number of commercial banks reached 86 following merger of 2 private national commercial banks. With the above merger, the number of private national commercial banks decreased from 71 to 70. The number of state commercial banks and foreign banks (including joint-venture banks) remained at 5 and 11, respectively. The number of commercial bank offices, consisting of head, branch and sub-branch offices, increased by 35 reaching 1,064 at the end of March 1983. This increase was due to the opening of 10 branch and 5 sub-branch offices of state-owned commercial banks as well as 11 branch and 9 sub-branch offices of private national commercial banks.

The number of development banks increased by 1 with the establishment of the local development bank (BPD) in East Timor. Accordingly, the number of development banks at the end of the reporting year reached 29 consisting of 1 state-owned development bank (Bapindo), 27 BPDs and 1 private development bank. The number of offices increased by 14 reaching 208

with the opening of 3 branch offices of Bapindo, 1 head and 10 branch offices of BPDs.

The number of savings banks and their branch offices remained unchanged. The savings banks consisted of 1 state-owned savings banks and 2 private savings bank, while the number of offices was 14.

In the reporting year, the number of BPRs, consisting of village banks, paddy banks, petty-traders banks and employees banks increased by 9 reaching 5,810 banks. This increase was due to the issuance of permits legalizing operation to 15 village and 3 pettytraders banks as well as the revocations of permit to operate of 9 paddy banks.

The number of foreign banks remained at 11 with 20 offices. The number of representative offices of overseas banks in the reporting year increased by 5 reaching 64.

The progress of deposit money banks, consisting of commercial banks and development banks, was reflected by the increase in the amount of assets, funds mobilized and lendings extended (Table 4.5). In 1982/83 assets rose by 36.2% reaching Rp 18,569 billion, mobilization of funds by 24.5% to Rp 11,194 billion and lending activities by 40.0% to Rp 11,273 billion. Viewed from the amount of assets and funds mobilized, the share of private national commercial banks and foreign banks experienced an increase whereas state-owned banks and BPDs experienced a decline. In credit activities the share of private national commercial banks experienced an increase, while those of state-owned banks and local development banks remained unchanged, whereas those of foreign banks declined (Table 4.1).

Total liquid assets of all commercial banks and development banks declined from 22.4% of current liabilities at the end of 1981 / 82 to

17.3% at the end of the reporting year (Table 4.6). This decline was experienced by state-owned banks, private national commercial banks as well as BPDs which was associated with the higher rise in lending activities compared to that of funds mobilized. In addition, with the discontinuation of liquidity credits to state commercial banks on working capital credits bearing interest rates of 13.5% pa. and above, also contributed to the decline in the degree of liquidity. It may be added that the level of liquidity of the BPDs remained the highest compared with the other groups of banks. This was due to the characteristics of the funds of BPDs, which largely originated from regional governments and therefore were subject to large withdrawals at any moment.

B. Other Financial Institutions

1. Non-Bank Financial Institutions (NBFIs)

The number of NBFIs remained at 14, consisting of 9 investment finance, 3 development finance, 1 house-ownership finance and 1 other finance company.⁴⁾ As commonly known, NBFIs of the investment finance type mainly acted as brokers in the issuance of securities and as underwriters. The main functions of NBFIs of the development type was to extend medium-and long-term credits and deal in equity participation in companies. NBFIs of the house-ownership finance type concentrated its activities in extending loans to middle-income groups for house-ownership.

4) NBFI of the "other type" is in fact PT Sarana Bersama Pembiayaan Indonesia (PT SBPI). PT SBPI was established (June 1981) to provide a channel for shareholders of ASEAN Finance Corporation Ltd (AFC) in Indonesia. The main function of AFC is to mobilize domestic and overseas funds for the financing of regional projects of ASEAN countries.

Development in assets, investment and funds mobilized outside NBFIs owned capital in the reporting year continued to show increase (Table 4.7 and Table 4.8). Assets rose by 55.0% reaching Rp 947 billion, investment activities by 42.2% to Rp 825 billion and funds mobilized by 55.4% to Rp 844 billion. It may be added that the largest activities was recorded under NBFIs of the investment finance.

Placement of funds by NBFIs of the investment finance in the reporting year increased by 39.4% reaching Rp 672 billion compared with an increase of 32.1% in the preceding year. Almost the entire investment was placed in securities issued by companies. Mobilization of funds also experienced an optimistic growth, showing an increase of 53.0% reaching Rp 710 billion compared with 30.7% in the preceding year. Mobilization of funds was primarily acquired by the issuance of securities in the form of promissory notes.

Investments of NBFIs of the development finance type in 1982/83 grew by 28.5% reaching Rp 72 billion, which was primarily placed in the industrial sector. Equity participation also went up, by 42.8% to Rp 10 billion. Rapid growth was also recorded in the activities of mobilizing funds, rising by 70.2% to Rp 126 billion, compared with 44.0% in the preceding year.

With regard to the NBFIs specializing in house-ownership financing, mobilization of funds and their placement rose by 60.0% and 11.1% reaching Rp 8 billion and Rp 10 billion, respectively, at the end of March 1983. The largest portion of the these investments (70.0%) was in the form of mediumand long-term credits to the public for houseownership.

As an effort of expanding the role of NBFIs in the trading of securities issued by compa-

nies, Bank Indonesia continued to provide re-discount facilities. These facilities, formerly valid for a 6-month period, was extended to a 12-month period and could be renewed for the same duration. In 1982/83 the amount of securities sold to Bank Indonesia rose by 108% reaching Rp 297 billion and the amount repurchased by NBFIs rose by 102% reaching Rp 272 billion.

2. Pawnshop

The state pawnshop corporation (Perusahaan Jawatan Pegadaian or Perjan Pegadaian) was designated to provide loans to the lowincome community. The maximum amount of this type of credit was fixed at Rp 100 thousand for each borrower. The credit maturity ranged between 3 and 6 months bearing interest rates between 3% and 4% per month. The number of pawnshops rose by 8 reaching 471 at the end of December 1982. The activities of Perjan Pegadaian increased from year to year. During 1982 the transactions on lendings and repayments reached Rp 177 billion and Rp 175 billion, respectively. The

amount of outstanding credits rose by Rp 2 billion reaching Rp 44 billion at end of December, 1982.

3. Insurance companies.

In 1981 the number of insurance companies rose by 8 reaching 83. These insurance companies consisted of 65 insurance companies specializing in indemnity and reinsurance, 13 companies in life insurance and 5 in social insurance.

To enhance supervision on insurance companies, in the reporting year the Government issued regulations on the qualifications for establishing national life insurance and jointventure companies⁵⁾ as well as requirements of paid-up capital and compulsory deposits for reinsurance companies.⁶⁾ To establish a national life insurance company, the required paid-up capital, originally set at Rp 0.1 billion, was raised

5) Minister of Finance Decree No. 292/KMK.O11/1982, May 5, 1982

6) Minister of Finance Decree No. 554/KMK.O11/1982, August 31, 1982

TABLE 4.2
DEVELOPMENT OF PAWNSHOP ACTIVITIES
(billions of rupiah)

Particulars	1976	1977	1978	1979	1980	1981	1982
Number of offices ¹⁾	441	441	446	448	450	463	471
Total loans extended	38	46	59	90	110	156	177
Redemption	35	44	56	83	103	144	175
Loans outstanding	11	13	16	23	30	42	44

1) In units.

Source : Pawnshop Service.

TABLE 4.3
ACQUISITION OF FUNDS AND INVESTMENTS
BY INSURANCE COMPANIES
(billions of rupiah)

Type of insurance	Funds		Investment	
	1980 ^r	1981	1980 ^r	1981
Life insurance	90	123	59	84
Social insurance	163	235	208	296
Others ¹⁾	108	138	77	105
Total	361	496	344	485

1) Includes PT Askrindo.

Source : Department of Finance.

to Rp 1.5 billion and the compulsory deposit required to be placed at state-owned banks was fixed at 20% of the capital of the company. In addition, these companies were required to submit a 5-year projection of their future activities. Paid-up capital for a jointventure life insurance company was set at a minimum of Rp 4.5 billion. The shares that could be owned by the foreign party at the time of the establishment of that company was fixed at the maximum of 70% of paid-up capital and within 10 years this percentage must go down to 40% and within 20 years must further decrease to 30%. The amount of minimum paidup capital for reinsurance company, originally set at Rp 0.2 billion, was raised to Rp 3 billion but could be paid in stages. The compulsory deposit previously fixed at Rp 20 million, was raised to 20% of the first installment of paid-up capital (Rp 1.5 billion) and 10% of the balance of paid-up capital was to be deposited subsequently.

As in the previous years, the amount of premiums acquired and investments placed by these insurance companies during 1981 showed optimistic growths. The amount of premiums acquired by all insurance companies in 1981 rose by 37.4% reaching Rp 496 billion compared with 34.7% in the preceding year. Investments were also up, by 41.0%, reaching Rp 485 bil-

lion compared with an increase of 44.5% in the preceding year.

In the case of the activities of insurance companies specializing in indemnities and reinsurance, the amount of funds mobilized during 1981 was Rp 138 billion or an increase of 27.8% compared with 25.6% in the preceding year. Their investments rose by 36.4% reaching Rp 105 billion. Similarly, funds mobilized by life insurance companies experienced an increase, by 36.7% reaching Rp 123 billion. Placement of funds rose by 42.4% reaching Rp 84 billion. In the case of social insurance companies, funds mobilized and investment made rose by 44.2% and 42.3% thus reaching Rp 235 billion and Rp 296 billion, respectively, at the end of 1981.

PT Askrindo, as an insurance company specializing in indemnities, among others, acted as guarantor of loan extended by banks to medium-size and small-scale companies. In the framework of supporting government policies to increase non-oil exports, since January 1982, PT Askrindo also provided gurantee facilities for export credits.

In 1981 total premiums acquired rose by 29.4% reaching Rp 24.2 billion consisting of premium for KIK Rp 7.8 billion, KMKP Rp 12.4 billion, export credits Rp 3.3 billion and other working capital credits Rp 0.7 billion. The value of credits insured increased by 67.4% reaching Rp 1,110.0 billion, consisting of KIK Rp 229.0 billion, KMKP Rp 410.5 billion, export credits Rp 402.9 billion and other working capital credits Rp 67.6 billion.

In addition to PT Askrindo, there is a state corporation for the financial development of cooperatives (Perusahaan Umum Pengembangan Koperasi or PKK), established at the end of 1981, which was also engaged in indemnity insurance. With the establishment

of that company, the Cooperative Credit Guarantee Institute (LJKK) was merged to the PKK. The main function of PKK was to provide guarantee to loans extended by banks and other

financial entities to cooperatives. For the period of 1982/83, PKK had concluded guarantee agreements worth Rp 101.6 billion for 974 cooperatives on Rp 126.3 billion bank credits.

TABLE 4.4
NUMBER OF BANKS AND THEIR OFFICES
IN INDONESIA

Particulars	March 31, 1982	1982/83		March 31, 1983
	Number of banks/offices	Established	Licenses revoked	Number of banks/offices
Commercial banks				
State banks				
– Number of banks	5	--	--	5
– Number of offices	712	15	--	727
National private banks				
– Number of banks	71	--	1	70
– Number of offices	297	20	--	317
Foreign banks/joint ventures				
– Number of banks	11	--	--	11
– Number of offices	20	--	--	20
Development banks				
State development banks				
– Number of banks	1	--	--	1
– Number of offices	19	3	--	22
Local development banks				
– Number of banks	26	1	--	27
– Number of offices	174	11	--	185
Private development banks				
– Number of banks	1	--	--	1
– Number of offices	1	--	--	1
Savings banks				
State savings banks				
– Number of banks	1	--	--	1
– Number of offices	12	--	--	12
Private savings banks				
– Number of banks	2	--	--	2
– Number of offices	2	--	--	2
Number of commercial banks, Development banks and savings banks				
– Number of banks	118	1	1	118
– Number of offices	1,237	49	--	1,286
Rural banks 1)				
– Village banks	3,546	15	--	3,561
– Paddy banks	2,090	--	9	2,081
– Petty traders banks	164	3	--	167
– Employees banks	1	--	--	1
Total number of banks	<u>5,919</u>	<u>19</u>	<u>10</u>	<u>5,928</u>
Total number of offices	<u>7,038</u>	<u>67</u>	<u>9</u>	<u>7,096</u>

1) Number of banks/offices.

TABLE 4.5
CONSOLIDATED BALANCE SHEET OF DEPOSIT MONEY BANKS 1)
(billions of rupiah)

Items	March 31, 1982				March 31, 1983					
	State banks	National private banks	Local dev. banks	Foreign banks	Total	State banks	National private banks	Local dev. banks	Foreign banks	Total
Assets										
— Cash in hand	161	44	52	7	264	160	55	54	9	278
— Bank Indonesia	958	142	114	82	1,296	1,138	157	103	118	1,516
— Securities		1	1	—	2	—	1	2	—	3
— Domestic drafts	44	12	31	15	102	33	28	28	16	105
— Loans outstanding	5,863	871	261	546	7,541	7,847	1,312	367	669	10,195
— Foreign exchange assets										
— Loans	455	16	—	38	509	989	25	—	64	1,078
— Others	2,848	200	—	208	3,256	3,386	427	—	567	4,380
— Participations	49	5	1	—	55	91	7	1	—	99
— Premises, furnitures and fixtures	99	56	15	13	183	205	67	21	16	309
— Others assets	380	9	13	27	429	449	—	13	144	606
ASSETS = LIABILITIES	10,857	1,356	488	936	13,637	14,298	2,079	589	1,603	18,569
LIABILITIES										
— Paid-up capital	52	121	32	17	222	51	166	43	22	282
— Reserves/profit and loss account	519	54	36	19	628	524	62	41	21	648
— Borrowings	308	12	4	1	325	373	27	6	1	407
— Demand deposits	3,605	446	289	172	4,512	3,336	509	294	184	4,323
— Time and savings deposits	1,451	441	37	283	2,212	1,752	628	62	442	2,884
— Drafts payable	288	24	11	11	334	351	39	18	20	428
— Guarantee deposits	87	14	3	1	105	75	30	3	1	109
— Foreign exchange liabilities										
— Demand deposits	785	20	—	185	990	1,149	67	—	361	1,577
— Time and savings deposits	313	21	—	162	496	808	147	—	375	1,330
— Borrowings	5	8	—	3	16	74	34	—	28	136
— Others	316	42	—	51	409	536	75	—	65	676
— Bank Indonesia	2,749	121	64	3	2,937	4,244	202	111	1	4,558
— Others liabilities	379	32	12	28	451	1,025	93	11	82	1,211

1) Consists of commercials banks and development banks.

TABLE 4. 6
MONTHLY AVERAGE RUPIAH LIQUIDITY POSITION OF DEPOSIT MONEY BANKS
(billions of rupiah)

Items	1981/82				1982/83					
	State banks	National private banks	Local dev. banks	Foreign banks	Total	State banks	National private banks	Local dev. banks	Foreign banks	Total
Reserves	858	143	179	52	1,232	687	176	177	69	1,109
Current liabilities	4,248	557	351	351	5,507	4,799	767	366	464	6,396
Reserves as percentage of current liabilities	20	26	51	15	22	14	23	48	15	17
Minimum reserve requirement	637	84	53	52	826	720	115	55	70	960
Excess/deficiency	221	59	126	—	406	— 33	61	122	— 1	149
Required reserves with Bank Indonesia	212	28	18	17	275	240	39	18	23	320
Reserves with Bank Indonesia	723	101	128	44	996	532	123	122	61	838
Excess reserves with Bank Indonesia	511	73	110	27	721	292	84	104	38	518
Excess/deficiency as percentage of current liabilities	12	13	31	8	13	6	11	28	8	8

TABLE 4.7
INVESTMENT AND SOURCES OF FUNDS OF
NON-BANK FINANCIAL INSTITUTIONS 1)
(billions of rupiah)

Items	March 31, 1982			March 31, 1983		
	Development type 2)	Investment type	Total	Development type 2)	Investment type	Total
Investment of funds						
— Call money	--	2	2	--	10	10
— Marketable securities	35	475	510	69	654	723
— Loans extended	56	--	56	72	--	72
— Equity participations	7	4	11	10	7	17
— Others	--	1	1	2	1	3
Total	98	482	580	153	672	825
Sources of funds						
— Call money	--	14	14	--	6	6
— Securities issued	11	353	364	44	478	522
— Loans received	66	85	151	88	197	285
— Subordinated loans	2	12	14	2	29	31
— Capital	22	25	47	27	36	63
Total	101	489	590	161	746	907

1) Excludes other non-banks financial institutions
(PT Sarana Bersama Pembiayaan Indonesia).

2) Includes non-banks financial institutions for financing of house ownership.

TABLE 4.8
CONSOLIDATED BALANCE SHEET OF NON-BANK
FINANCIAL INSTITUTIONS 1)
(billions of rupiah)

Items	March 31, 1982			March 31, 1983		
	Development type 2)	Investment type	Total	Development type 2)	Investment type	Total
Current assets						
Cash and banks	2	3	5	4	4	8
Call money	— —	2	2	— —	10	10
Securities						
— Marketable shares and bonds	— —	1	1	— —	1	1
— Others	35	453	488	69	628	697
Loans and advances	8	— —	8	20	— —	20
Other current assets	4	15	19	9	98	107
Other assets						
Securities						
— Non-marketable shares and bonds	6	3	9	9	3	12
— Others	— —	22	22	— —	25	25
Loans and advances	48	— —	48	52	— —	52
Equity participation	1	1	2	1	4	5
Fixed assets	2	2	4	1	2	3
Others	1	2	3	5	2	7
ASSETS = LIABILITIES	<u>107</u>	<u>504</u>	<u>611</u>	<u>170</u>	<u>777</u>	<u>947</u>
Current liabilities						
Call money	— —	14	14	— —	6	6
Securities issued	11	353	364	44	475	519
Loans received	5	84	89	8	195	203
Other current liabilities	3	11	14	5	22	27
Other liabilities						
Securities issued	— —	1	1	— —	3	3
Loans received	61	1	62	80	2	82
Others	3	3	6	4	8	12
Capital and subordinated loans						
Paid-in capital	18	10	28	22	11	33
Reserves	2	1	3	3	2	5
Retained earnings	2	14	16	2	24	26
Subordinated loans	2	12	14	2	29	31

1) Excludes other non-banks financial institutions
(PT Sarana Bersama Pembiayaan Indonesia).

2) Includes non-banks financial institutions for financing house ownership.

V. GOVERNMENT FINANCE

A. General

World recession had adversely affected the implementation of the 1982/83 government budget (APBN). This impact was especially reflected in the decline of revenues of corporate tax on oil, import duties and export taxes. Therefore, the Government took various measures to raise government revenues and economized expenditures through reductions of subsidies for fuel oils, food-stuff, fertilizer and insecticide. To increase domestic revenues, reviews were made on the rates of withholding tax (MPO), property tax (PKK), sales tax (PPn), customs duties as well as administrative reforms on the collection of taxes.

During the reporting year, except non-tax revenues, domestic revenues from direct and indirect taxes were lower than projected. This unfavorable development especially took place in the revenues of corporate tax on oil, corporation tax on non-oil commodities, import duty and export tax.

Government revenues and expenditures for 1982/83 were balanced at the level of Rp 15,607 billion or 12.1% above the amount realized in the preceding year. In its implementation, revenues and expenditures reached Rp 14,358 billion and Rp 14,356 billion, respectively, or both were approximately 8.0% lower than budgeted but 3.1% above the actual in the preceding year.

TABLE 5.1
GOVERNMENT REVENUES AND EXPENDITURES
(billions of rupiah)

Particulars	1978/79	1979/80	1980/81	1981/82	1982/83		1983/84
					Budget	Actuals	Budget
I. Revenues	<u>5,301</u>	<u>8,078</u>	<u>11,721</u>	<u>13,922</u>	<u>15,607</u>	<u>14,358</u>	<u>16,565</u>
1. Domestic	4,266	6,697	10,227	12,213	13,756	12,418	13,823
2. Development	1,035	1,381	1,494	1,709	1,851	1,940	2,742
II. Expenditures	<u>5,299</u>	<u>8,076</u>	<u>11,716</u>	<u>13,918</u>	<u>15,607</u>	<u>14,356</u>	<u>16,565</u>
1. Routine	2,744	4,062	5,800	6,978	7,001	6,996	7,275
2. Development	2,555	4,014	5,916	6,940	8,606	7,360	9,290
III. Public savings (I. 1 - II. 1)	<u>1,522</u>	<u>2,635</u>	<u>4,427</u>	<u>5,235</u>	<u>6,755</u>	<u>5,422</u>	<u>6,548</u>
IV. Total development funds (I. 2 + III)	<u>2,557</u>	<u>4,016</u>	<u>5,921</u>	<u>6,944</u>	<u>8,606</u>	<u>7,362</u>	<u>9,290</u>
V. Surplus (+) / deficit (-) (IV - II. 2)	<u>+2</u>	<u>+2</u>	<u>+5</u>	<u>+4</u>	<u>0</u>	<u>+2</u>	<u>0</u>

Source: Department of Finance.

If the rate of inflation at 8.4% for the year 1982/83 was taken into account, revenues as well as expenditures in real terms showed a decline of 5.3% compared with an increase of 9.0% in the preceding year. This decline was due principally to the lower revenues from corporate tax on oil as a consequence of the decrease in the value of oil exports. Public savings, the difference between domestic revenues and routine expenditures, rose by 3.6% in the reporting year, reaching Rp 5,422 billion (Table 5.1). This increase, albeit small, reflected the fruitful result of the persistence of the Government's efforts to finance the development of the nation out of its domestic resources.

Government budget for 1983/84 were balanced at Rp 16,565 billion, or 15.4% higher than the actuals of the reporting year. Domestic revenues was set at Rp 13,823 billion, or 83.4% of total estimated revenues, whereas routine expenditures was projected to reach Rp 7,275 billion or 43.9% of total estimated expenditures. Development expenditures, budgeted at Rp 9,290 billion or 26.2% higher than the actuals in the reporting year, Rp 6,548 billion was expected to be financed by public savings and the balance by external assistance. The larger growth rate of development expenditures (26.2%) than that of total expenditures (15.4%) was expected to be carried out by economizing routine expenditures.

B. Government revenues

To encourage economic activities and thereby increase government revenues, efforts were continued to create a tax climate conducive to the business community. This policy succeeded in increasing revenues from several taxes. However, due to the recession, these increases

were not sufficient to compensate decline in revenues from corporate tax on oil as well as other taxes. Consequently, government revenues in the reporting year only increased by 3.1% to Rp 14,358 billion, compared with an increase of 18.8% in the preceding year. These revenues, consisting of domestic revenues and development receipts, amounted to Rp 12,418 billion and Rp 1,940 billion, or increasing by 1.7% and 13.5%, compared with 19.4% and 14.4%, respectively, in 1981/82 (Table 5.2).

Revenues from direct taxes, which constituted the largest portion of domestic revenues, in the reporting year amounted to Rp 10,010 billion, which was slightly lower than that in the preceding year. Indirect taxes amounted to Rp 1,973 billion or an increase of 11.1% compared with 5.7% in the preceding year. Non-tax revenues reached Rp 435 billion or 29.1 % above the amount collected in the preceding year.

Revenues due from corporate tax on oil, which constituted the largest item in direct taxes, during the reporting year only reached Rp 8,170 billion or 5.3% lower than the preceding year. This decline was closely associated with the weakening of Indonesia's oil export. Although experiencing a decline, corporate tax on oil remained the largest earner of domestic revenues, namely 65.8% compared with 70.6% in 1981/82. Direct taxes outside corporate tax on oil, comprising of income tax, corporate tax on non-oil commodities, withholding tax (MPO), land tax (Ipeda) and other direct taxes performed remarkably well, reaching Rp 1,840 billion or an increase of 25.0% compared with 21.7% in the preceding year. This relatively high increase was the result of Government efforts to increase collection of domestic taxes. Receipts from income tax reached Rp 289 billion or up by 39.6% compared with 26.2% in the pre-

TABLE 5.2
GOVERNMENT REVENUES
(billions of rupiah)

Particulars	1978/79	1979/80	1980/81	1981/82	1982/83		1983/84
					Budget	Actuals	Budget
I. Domestic revenues	<u>4,266</u>	<u>6,697</u>	<u>10,227</u>	<u>12,213</u>	<u>13,756</u>	<u>12,418</u>	<u>13,823</u>
1. Direct taxes	2,966	5,129	8,230	10,100	11,113	10,010	11,035
– Income tax	122	148	164	207	256	289	282
– Corporation tax	226	297	448	559	823	675	875
– Corporate tax on oil	2,309	4,260	7,020	8,628	9,122	8,170	8,869
– Withholding tax (MPO)	233	291	433	513	680	642	742
– Land tax (Ipeda)	63	71	87	94	109	105	130
– Others	43	62	78	99	123	129	135
2. Indirect taxes	1,078	1,380	1,681	1,776	2,251	1,973	2,288
– Sales tax	221	192	266	311	442	477	487
– Sales tax on imports	126	137	195	223	299	231	299
– Excises	253	326	438	544	618	620	688
– Import duties	295	317	448	536	678	522	678
– Export tax	166	389	305	129	170	82	88
– Others	17	19	29	33	44	41	48
3. Non tax receipts	192	188	316	337	392	435	502
II. Development receipts	<u>1,035</u>	<u>1,381</u>	<u>1,494</u>	<u>1,709</u>	<u>1,851</u>	<u>1,940</u>	<u>2,742</u>
1. Program aid	48	65	64	45	25	15	5
2. Project aid	987	1,316	1,430	1,664	1,826	1,925	2,737
Total	<u>5,301</u>	<u>8,078</u>	<u>11,721</u>	<u>13,922</u>	<u>15,607</u>	<u>14,358</u>	<u>16,565</u>

Source : Department of Finance.

ceding year. This sizeable increase was associated with the Government efforts to intensify tax collection as well as improving tax consciousness of the public. It may be noted that the regulation concerning the limit of nontaxable income of a taxpayer with a spouse and three children was maintained at the same level namely, at Rp 1,050,000.00.

Due to the sluggish domestic economic activities, the rate of increase of corporate taxes was lower than that of the preceding year. Corporate taxes rose by 20.8% reaching Rp 675 billion compared with

increases of 24.8% in 1981/82 and 50.8% in 1980/81.

Prepayment of income tax and corporate tax, in the form of withholding tax (MPO), reached Rp 642 billion or an increase of 25.1% compared with an increase of 18.5% in the preceding year. The rise in the growth rate was principally due to the upward adjustment of the rates of MPO on imports, introduced in February 1981.¹⁾ This new ' regulation,

1) Directorate General of Tax Decree No. Kep. 1 79/PJ.24/1982, February 6, 1982.

among others, stipulated that importers possessing an importer's identification number (Angka Pengenal Importir or API), temporary importer's identification number (Angka Pengenal Importir Sementara or APIS) or restricted importer's identification number (Angka Pengenal Importir Terbatas or APIT) were imposed MPO of Rp 50.00 per \$ 1.00. The rate of MPO enforced to entities not possessing those identifications was Rp 200.00 per \$ 1.00. It should be added that formerly the imposition of MPOs on importers was Rp 38.00 per \$1.00 for imports using regular L/Cs, and Rp 76.00 per \$ 1.00 for imports under merchant's L/Cs, whereas non-importers were charged at Rp 84.00 per \$ 1.00. In order to narrow down the differences between prepayments for income taxes and corporate taxes on the one hand and actual taxes due on the other, the rate of general MPO was raised from 2% to 3%²⁾ in March 1983.

Receipts from Ipeda in 1982/83 rose by 11.7% reaching Rp 105 billion compared with 8.0% in the preceding year. The increase of revenue from Ipeda was primarily recorded in cities and villages due to adjustments in the classification of land in response to the development of towns and villages.

Receipts from other direct taxes, consisting of property tax, PBDR and other taxes, in the reporting year reached Rp 129 billion or an increase of 30.3% compared with 26.9% in the preceding year. This increase was associated with the increase in the rate of property tax from 0.5% to 1%.³⁾ It should be noted that during the reporting year the Government raised the rate for PBDR owned for the payments of interest and dividends from 5% to 10%.⁴⁾

2) Directorate General of Tax Decree No. Kep. 195/PJ. 24/ 1983, February 1, 1983.

3) Minister of Finance Decree No. 280/KMK.04/ 1983, May 1, 1983.

4) Minister of Finance Decree No. 1/KMK.04/1983, January 3, 1983.

Revenues from indirect taxes reached Rp 1,973 billion or an increase of 11.1% compared with 5.7% in the preceding year. This increase was primarily recorded in the sales tax and excises.

In 1982/83 revenues collected from sales tax rose by 53.4% reaching Rp 477 billion compared with an increase of 16.9% in the preceding year. This large increase was due to the more intensive collection activities as well as the upward adjustment in the rate of sales tax for several motor-vehicles using diesel fuel. The rate for sales tax of motor-vehicles in the categories of sedan/station wagon was raised from 30% to 40%, jeep from 20% to 40% and commercial vehicles, such as, pick-ups, trucks, delivery vans, passenger vans and small trucks was raised from 0% to 20%.⁵⁾

Revenues from import duties and sales tax on imports in the reporting year reached Rp 522 billion and Rp 231 billion, respectively. Import duties declined by 2.6% compared with an increase of 19.6% in the preceding year. Sales tax on imports rose by 3.6% compared with an increase of 14.4% in the preceding year. These developments were caused, besides by the slower growth rate of imports, was also connected with the Government policy which alleviated the tariffs on import duties and sales tax on imports for certain raw materials and auxiliary (intermediate) goods.

Receipts from excise tax on tobacco, sugar, beer, distilled alcohol reached Rp 620 billion or an increase of 14% compared with 24.2% in the preceding year. These receipts primarily originated from excise tax on tobacco. It may be noted that excise tax on tobacco for

5) Minister of Finance Decree No. 693/KMK.04/ 1982, October 22, 1982.

hand-rolled kretek-cigarettes was fixed at 15% of the custom base-price for enterprises producing below 100 million kretek-cigarettes per year, and 20% for those producing between 100 million to 750 million kretek cigarettes and 25% for those producing above 750 million kretek-cigarettes per year.⁶⁾ During the reporting year the Government also raised the excise base-price for beer from Rp 280.00 to Rp 310.00 per liter.⁷⁾

Revenues from export tax in the reporting year declined by 36.4% to Rp 82 billion. This decline closely related to the decrease in the exports of non-oil commodities.

Receipts from other indirect taxes, comprising of stamp duties, auction duties and other indirect taxes, in 1982/83 reached Rp 41 billion or an increase of 24.2% from the preceding year.

Non-tax revenues, originating from profits of state owned banks and state-owned enterprises as well from government departments and other governmental institutions, in the reporting year reached Rp 435 billion or up by 29.1%. This rise was largely due to the result of improvements measures undertaken by the Government in the field of administration, procedures on deposits, intensification of collection and increased supervision.⁸⁾

Developments receipts, consisting of program and project aids, in 1982/83 amounted to Rp 1,940 billion or an increase of 13.5%. In the reporting year, program aid declined by 66.7% to only Rp 15 billion. By contrast, project aid rose quite sharply, by 15.7% reaching Rp 1,925 billion.

C. Government Expenditures

The policy on government expenditures in 1982/83 was directed towards maintaining the momentum of development although the increase in Government receipts was far below that of the preceding year. This policy was reflected in the implementation of development expenditures which increased by 6.1% whereas routine expenditures were maintained at the same level. The increase in development expenditures was primarily utilized to finance activities in mining and energy, communication and tourism as well as subsidies to villages, regencies and provinces.

Government expenditures, consisting of routine and development expenditures, in the reporting year rose only by 3.1% to Rp 14,356 billion compared with an increase of 18.8% in the preceding year (Table 5.3). Increases were registered in the expenditures of personnel (6.2%), material (12.8%), and amortizations and interest payments (31.6%). Other routine expenditures declined by 39.1%, resulting from reductions in the subsidies of fuel oils and imports of foodstuffs, by 27.0% and 99.5% respectively. During the reporting year routine expenditures amounted to Rp 6,996 billion or almost the same level as that of the previous year.

Expenditures on personnel continued to take the largest share of total routine budget (34.6%), i.e. Rp 2,418 billion, an increase of 6.2% compared with 12.6% in the preceding year. This smaller increase was due to the policy to delay recruitments of personnel and to freeze wages.

Material expenditures rose by 12.8% reaching Rp 1,041 billion compared with the increase of 37.6% in the preceding year. The smaller increase was closely associated with improve-

6) Minister, of Finance Decree No. 210b/KMK.05/ 1982, March 31, 1982.

7) Minister of Finance Decree No. 170/KMK.05/ 1982, March 23, 1982.

8) Government Regulation No. 3 of 1983, January 25, 1983.

TABLE 5.3
GOVERNMENT EXPENDITURES
(billions of rupiah)

Items	1978/79	1979/80	1980/81	1981/82	1982/83		1983/84
					Budget	Actuals	Budget
I. Routine expenditures	<u>2,744</u>	<u>4,062</u>	<u>5,800</u>	<u>6,978</u>	<u>7,001</u>	<u>6,996</u>	<u>7,275</u>
1. Personnel expenditures	1,002	1,420	2,023	2,277	2,492	2,418	2,598
— Rice allowances	133	180	252	253	295	290	344
— Salaries and pensions	760	1,054	1,483	1,660	1,782	1,749	1,835
— Food allowances	51	110	193	241	268	255	272
— Other domestic personnel expenditures	34	47	61	80	93	78	94
— Overseas personnel expenditures	24	29	34	43	54	46	53
2. Material expenditures	419	569	671	923	1,068	1,041	1,149
— Domestic	398	540	638	891	1,021	1,007	1,099
— External	21	29	33	32	47	34	50
3. Subsidies to local governments	522	670	976	1,209	1,315	1,315	1,388
— Irian Jaya	22	25	34	42	43	43	43
— Other	500	645	942	1,167	1,272	1,272	1,345
4. Amortizations and interest payment	535	684	785	931	976	1,225	1,417
— Domestic debts	9	36	31	16	30	20	30
— Foreign debts	526	648	754	915	946	1,205	1,387
5. Others	266	719	1,345	1,638	1,150	997	723
II. Development expenditures	<u>2,555</u>	<u>4,014</u>	<u>5,916</u>	<u>6,940</u>	<u>8,606</u>	<u>7,360</u>	<u>9,290</u>
1. Departments/Institutions including national defence and security	851	1,480	2,533	2,725	3,695	3,261	3,695
2. Regional development	431	549	807	1,134	1,518	1,090	1,546
— Subsidies to villages	24	31	51	70	88	88	92
— Subsidies to kabupaten/provinces	71	87	119	163	194	194	197
— Irian Jaya	6	—	—	—	—	—	—
— East Timor	4	7	6	7	9	6	9
— Subsidies to provinces	87	101	167	215	253	253	253
— Rural development — Ipeda	63	71	87	95	109	105	130
— Development of primary schools	112	156	250	374	589	267	589
— "Inpres Pasar" 1)	1	12	3	6	11	5	11
— Public health centers	27	30	50	79	98	80	98
— "Inpres penghijauan and reboisasi" 2)	36	41	48	70	87	50	87
— "Infrastructure Inpres" 3)	—	13	26	55	80	42	80
3. Other Development Expenditures	286	669	1,146	1,417	1,567	1,084	1,312
— Subsidies on fertilizer	83	125	284	371	461	420	457
— Government capital participation	128	253	476	481	541	337	498
— Others	75	291	386	565	565	327	357
4. Project aid	987	1,316	1,430	1,664	1,826	1,925	2,737
Total	<u>5,299</u>	<u>8,076</u>	<u>11,716</u>	<u>13,918</u>	<u>15,607</u>	<u>14,356</u>	<u>16,565</u>

1) Subsidies for reconstruction and development of shopping centers.

2) Subsidies for regreening and reforeststation.

3) Subsidies for development.

Source : Department of Finance.

ment in procurement procedures and economizing through imposing supervision on the procurement of goods.⁹⁾

9) Presidential Decree No. 18 of 1981, and No. 10 of 1980.

Subsidies to local governments reached Rp 1,315 billion or an increase of 8.8% compared with 23.9% in the preceding year. The above amount included the increase in expenditures due to large recruitment of Inpres primary school teachers and medical personnel for pub-

TABLE 5.4
DEVELOPMENT EXPENDITURES BY SECTOR
(billions of rupiah)

Sector	1978/79	1979/80	1980/81	1981/82	1982/83		1983/84
					Budget	Actuals	Budget
1. Government	<u>65</u>	<u>143</u>	<u>221</u>	<u>235</u>	<u>302</u>	<u>308</u>	<u>267</u>
— State apparatus	54	112	168	181	223	242	188
— Law	11	31	53	54	79	66	79
2. National defence and security	<u>159</u>	<u>330</u>	<u>479</u>	<u>566</u>	<u>569</u>	<u>477</u>	<u>574</u>
3. Education and culture	<u>293</u>	<u>419</u>	<u>663</u>	<u>821</u>	<u>1,424</u>	<u>833</u>	<u>1,487</u>
— Education, youth, culture and Belief in the Almighty God	251	361	575	726	1,302	704	1,329
— Science, Technology and research	42	58	88	95	122	129	158
4. Health, social welfare, role of woman, population and family planning	<u>79</u>	<u>142</u>	<u>218</u>	<u>286</u>	<u>322</u>	<u>259</u>	<u>344</u>
5. Housing and human settlement	<u>56</u>	<u>117</u>	<u>191</u>	<u>166</u>	<u>281</u>	<u>151</u>	<u>297</u>
6. Religion and manpower	<u>103</u>	<u>181</u>	<u>357</u>	<u>457</u>	<u>666</u>	<u>486</u>	<u>683</u>
— Religion	8	19	32	40	60	50	61
— Manpower and transmigration	95	162	325	417	606	436	622
7. Economy	<u>1,363</u>	<u>1,760</u>	<u>2,768</u>	<u>3,217</u>	<u>3,816</u>	<u>3,661</u>	<u>4,359</u>
— Agriculture and irrigation	450	508	929	953	1,253	931	1,324
— Industry	157	356	415	528	366	506	448
— Mining and energy	319	377	507	828	938	1,165	1,116
— Transportation and tourism	413	466	780	806	1,098	876	1,307
— Information, press and social communication	11	22	34	44	55	51	57
— Trade and cooperatives	13	31	103	58	106	132	107
8. Regional, business enterprises and environment	<u>437</u>	<u>922</u>	<u>1,019</u>	<u>1,192</u>	<u>1,226</u>	<u>1,185</u>	<u>1,279</u>
— Regional, rural and urban development	275	336	482	616	741	711	783
— Development of business enterprises	162	466	389	390	265	281	265
— National resources and environment	—	120	148	186	220	193	231
Total	<u>2,555</u>	<u>4,014</u>	<u>5,916</u>	<u>6,940</u>	<u>8,606</u>	<u>7,360</u>	<u>9,290</u>

Source : Department of Finance.

lic health centers (Puskesmas), and replenishments of educational development contribution for primary school (SPP sekolah dasar).

Amortization and interest payments rose by 31.6% reaching Rp 1,225 billion compared with 18.6% in the preceding year. This increase

occurred principally in the payments of foreign debts as a consequence of the exchange rate changes.

Other routine expenditures, after experiencing an increase of 21.8% in the preceding year, declined by 39.1% to Rp 997 billion. This de-

TABLE 5.5
DEVELOPMENT EXPENDITURES BY SECTOR
EXCLUDING PROJECT AID
(billions of rupiah)

Sector	1978/79	1979/80	1980/81	1981/82	1982/83		1983/84
					Budget	Actuals	Budget
1. Government	<u>61</u>	<u>122</u>	<u>204</u>	<u>233</u>	<u>298</u>	<u>284</u>	<u>257</u>
— State apparatus	50	91	151	179	219	218	178
— Law	11	31	53	54	79	66	79
2. National defence and security	<u>108</u>	<u>176</u>	<u>342</u>	<u>388</u>	<u>401</u>	<u>418</u>	<u>401</u>
3. Education and culture	<u>250</u>	<u>369</u>	<u>603</u>	<u>780</u>	<u>1,333</u>	<u>781</u>	<u>1,348</u>
— Education, youth, culture and							
Belief in the Almighty God	216	318	525	689	1,221	679	1,223
— Science, technology and research	34	51	78	91	112	102	125
4. Health, social welfare, role of women, population and family planning	<u>57</u>	<u>108</u>	<u>182</u>	<u>252</u>	<u>278</u>	<u>236</u>	<u>279</u>
5. Housing and human settlement	<u>38</u>	<u>89</u>	<u>158</u>	<u>144</u>	<u>242</u>	<u>130</u>	<u>252</u>
6. Religion and manpower	<u>91</u>	<u>158</u>	<u>327</u>	<u>426</u>	<u>614</u>	<u>471</u>	<u>619</u>
— Religion	8	19	32	40	60	50	61
— Manpower and transmigration	83	139	295	386	554	421	558
7. Economy	<u>567</u>	<u>827</u>	<u>1,727</u>	<u>1,919</u>	<u>2,449</u>	<u>1,988</u>	<u>2,243</u>
— Agriculture and irrigation	315	353	706	818	990	830	951
— Industry	4	49	224	193	203	160	146
— Mining and energy	66	120	207	275	394	271	352
— Transportation and tourism	163	274	472	543	718	544	655
— Information, press and social communication	7	11	28	42	54	51	53
— Trade and cooperatives	12	20	90	48	90	132	86
8. Regional, business enterprises and environment	<u>396</u>	<u>849</u>	<u>943</u>	<u>1,134</u>	<u>1,165</u>	<u>1,127</u>	<u>1,154</u>
— Regional, rural and urban development	267	318	458	599	714	709	743
— Development of business enterprises	129	432	353	362	244	234	197
— National resources and environment	—	99	132	173	207	184	214
Total	<u>1,568</u>	<u>2,698</u>	<u>4,486</u>	<u>5,276</u>	<u>1,780</u>	<u>5,435</u>	<u>6,553</u>

Source : Department of Finance.

cline was largely due to the reduction in fuel subsidies by 27.0% compared with a raise of 28.9% in the preceding year. In addition, subsidies on imports of foodstuffs were reduced from Rp 223 billion to only Rp 1 billion. It

should be noted, the decline in fuel subsidies was caused by the raise in the domestic prices of fuel oils by 52% in January 1982.

As mentioned previously, in the reporting year public savings rose by only 3.6% reaching

TABLE 5.6
PROJECT AID DEVELOPMENT EXPENDITURES BY SECTOR
(billions of rupiah)

Sector	1978/79	1979/80	1980/81	1981/82	1982/83		1983/84
					Budget	Actuals	Budget
1. Government	<u>4</u>	<u>21</u>	<u>17</u>	<u>2</u>	<u>4</u>	<u>24</u>	<u>10</u>
— State apparatus	4	21	17	2	4	24	10
— Law	--	--	--	--	--	--	--
2. National defence and security	<u>51</u>	<u>154</u>	<u>137</u>	<u>178</u>	<u>168</u>	<u>59</u>	<u>173</u>
3. Education and culture	<u>43</u>	<u>50</u>	<u>60</u>	<u>41</u>	<u>91</u>	<u>52</u>	<u>139</u>
— Education, youth, culture and							
Belief in the Almighty God	35	43	50	37	81	25	106
— Science, technology and research	8	7	10	4	10	27	33
4. Health, social welfare, role of women, population and family planning	<u>22</u>	<u>34</u>	<u>36</u>	<u>34</u>	<u>44</u>	<u>23</u>	<u>65</u>
5. Housing and human settlement	<u>18</u>	<u>28</u>	<u>33</u>	<u>22</u>	<u>39</u>	<u>21</u>	<u>45</u>
6. Religion and manpower	<u>12</u>	<u>23</u>	<u>30</u>	<u>31</u>	<u>52</u>	<u>15</u>	<u>64</u>
— Religion	--	--	--	--	--	--	--
— Manpower and transmigration	12	23	30	31	52	15	64
7. Economy	<u>796</u>	<u>933</u>	<u>1,041</u>	<u>1,298</u>	<u>1,350</u>	<u>1,673</u>	<u>2,116</u>
— Agriculture and irrigation	135	155	223	135	263	101	373
— Industry	153	307	191	335	163	346	302
— Mining and energy	253	257	300	553	544	894	764
— Transportation and tourism	250	192	308	263	380	332	652
— Information, press and social communication	4	11	6	2	--	--	4
— Trade and cooperatives	1	11	13	10	16	--	21
8. Regional, business enterprises and environment	<u>41</u>	<u>73</u>	<u>76</u>	<u>58</u>	<u>61</u>	<u>58</u>	<u>125</u>
— Regional, rural and urban development	8	18	24	17	27	2	40
— Development of business enterprises	33	34	36	28	21	47	68
— National resources and environment	--	21	16	13	13	9	17
Total	<u>787</u>	<u>1,316</u>	<u>1,430</u>	<u>1,664</u>	<u>1,826</u>	<u>1,925</u>	<u>2,737</u>

Source : Department of Finance.

Rp 5,422 billion compared with an increase of 18.3% in the preceding year. The decline in the rate of increase was due to a slower growth of domestic revenues. Nevertheless the share of public savings in total development funds remained unchanged, at 74%. This reflected the success of the Government's efforts to economize in routine expenditures.

In the reporting year the largest portion of the development expenditures (49.7%) remained allocated to finance economic activities amounting to Rp 3,661 billion (Table 5.4). This amount was primarily utilized for the mining and energy sector (31.8%), agriculture and irrigation (25.4%), communication and tourism (23.9%) and industry (13.8%).

Expenditures for the development of regions, business enterprises and environmental preservation amounted to Rp 1,185 billion, which was almost the same amount as in the preceding year. From that amount Rp 711 billion or 60% was utilized for regional, rural and urban development. Assistance to provinces in the reporting year reached Rp 253 billion or an increase of 17.7% over the preceding year. This increase was the result of the raise in the minimum assistance from Rp 7.5 billion to Rp 9

billion per province. In addition, assistance to regencies rose by 19% reaching Rp 194 billion, reflecting the increase in the financial assistance from Rp 1,000.00 to Rp 1,150.00 per resident as well as the increase in minimum assistance from Rp 150 million to Rp 160 million per regency. Development assistance for villages rose by 25.7% reaching Rp 88 billion, reflecting the increase of financial assistance from Rp 1 million to Rp 1.25 million per village, in addition to the increase in the number of villages receiving such assistance, by 477 reaching 65,127.

Development expenditures for the educational and cultural sector which amounted to Rp 833 billion, among others, were spent for the construction, restoration and expansion of primary school buildings. In addition, allocations were also made for text books, bookshelves, housing facilities for school teachers in remote areas as well as transportation cost for the transfer of teachers. Other expenditures were spent on state apparatus and law (4.2%), national defence and security (6.5%), health, social welfare, role of woman, population and family planning (3.5%), housing and human settlement (2%), and religious and manpower development (6.6%).

VI. INTERNATIONAL ECONOMIC AND MONETARY DEVELOPMENT

A. World Economic Situation

The level of economic activity in 1982 remained depressed in most part of the world. World trade, which was almost stagnant in 1981, showed a decline in 1982. In addition, many countries faced balance of payments difficulties. However, as a result of anti-inflation measures pursued in the past two years and slowdown in economic activities, inflation rates moderated, which in turn led to declines in the level of interest rates.

1. Developed Countries

In 1982, the deterioration of the economies of developed countries was accompanied by increasing unemployment. On the other hand, the slowdown in economic activities and the

tight monetary policy pursued in the preceding two years succeeded in reducing the rate of inflation.

As shown in Table 6.1, real Gross National Product (GNP) in the Organisation for Economic Cooperation and Development (OECD) countries, as group, declined from 1.2% in 1981 to -0.3% in 1982. Among the major OECD countries, only two countries recorded an increase, namely the United Kingdom and France. By contrast, five other major OECD countries, the United States, Italy, Japan, Federal Republic of Germany and Canada, registered declines. The sharpest decline in the GNP was experienced by Canada, which registered a negative growth of 4.8% following a relatively high growth rate of 3.1% in the preceding year. The highest economic growth, at 3.0%, was still recorded by Japan.

TABLE 6.1
GROSS NATIONAL PRODUCT, CONSUMER PRICE INDEX
AND RATE OF UNEMPLOYMENT IN DEVELOPED COUNTRIES
(percentage)

Particulars	Gross National Product			Consumer Price Index			Rate of unemployment		
	1980	1981	1982	1980	1981	1982	1980	1981	1982
— OECD	1.3	1.2	-0.3	11.8	9.9	7.4	6.2	7.1	8.5
— European OECD	1.5	-0.2	0.2	11.8	11.0	9.5	—	8.4	10.0
— Seven Major Countries of OECD :									
Canada	0.5	3.1	-4.8	10.1	12.5	10.8	7.5	7.6	11.0
France	1.1 ¹⁾	0.4 ¹⁾	1.6 ¹⁾	13.5	13.3	11.8	6.3	7.3	8.6
Germany, Federal Republic of	1.8	-0.2	-1.1	5.5	6.0	5.3	3.4	4.9	6.8
Italy	3.9 ¹⁾	0.1 ¹⁾	-0.3 ¹⁾	21.2	18.7	16.3	7.6	8.4	9.1
Japan	4.8	3.8	3.0	8.0	4.9	2.6	2.0	2.2	2.4
United Kingdom	-2.1 ¹⁾	-2.2 ¹⁾	0.7 ¹⁾	18.0	11.9	8.5	6.5	10.1	11.9
United States of America	-0.4	1.9	-1.7	13.5	10.4	6.2	7.2	7.6	9.7

1) Gross Domestic Product.

Source : — World Economic Outlook, A survey by the staff of the IMF, May 1983.
— OECD Economic Outlook, December 1982.

The sluggish economic activities of OECD countries was reflected in the unemployment level, which in aggregate rose from 7.1% in 1981 to 8.5% in 1982. As was the case in the preceding years, the highest level of unemployment (11.9%) among the major industrial countries was experienced by the United Kingdom, whereas the lowest (2.4%) by Japan.

With respect to inflation, OECD countries as a whole showed a significant decline, from 9.9% in 1981 to 7.4% in 1982. This was the lowest rate of inflation in the last decade (1973-1982), although it was still higher than that experienced during the 1960s and the early 1970s. All major OECD countries succeeded in lowering their inflation rates. These declining inflation rates were primarily due to the tight monetary policy pursued by the developed countries since 1979. As the case of the preceding years, the lowest inflation rate was achieved by Japan (2.6%) and the highest by Italy (16.3%).

Low inflation and growth rates in 1982 led several industrialized countries to pursue a more flexible monetary policy towards the end of that year. This change had a positive effect in lowering the nominal interest rate, but real interest rate remained high in the majority of industrialized countries, leaving some hope for economic revival of these countries.

Following a growth rate of 1.9%⁰, during 1982 real GNP of the *United States* declined by 1.7%. This decline was the worst in the past two decades. This was due primarily to weakening domestic and external demand. The sluggish domestic demand was caused by the pervasiveness of uncertainties among consumers and businessmen, whereas that of the foreign demand was caused by the deterioration in the competitiveness of the American export com-

modities resulted in an appreciation of the dollar. As a result, the rate of unemployment rose to 9.7%. The highest rate of unemployment (above 10%) occurred in the construction sector and the steel industry. In international trade the deterioration of the competitiveness of American export commodities resulted in an increase in the deficit of the balance of trade, from \$ 27.9 billion in 1981 to \$ 37.5 billion in 1982. The current account, which recorded a surplus of \$ 4.5 billion in the preceding year, reversed to a deficit of \$ 8.8 billion in 1982. A positive development was recorded in the interest rates, which towards the end of 1982 began to decline, following a peak level of 15.75%. This improvement was induced by the moderation of inflation rate and the sluggish domestic demand. This favorable development would be conducive to reactivate investment and stimulate consumption, thus leading to recovery of the American economy. Nevertheless, the large deficit in the American government budget might hamper a further slowdown of real interest rates.

The economy of *Japan*, although registering a decline from 3.8% in **1981 to 3.0% in 1982**, was still the highest growth rate among the industrialized countries. Similarly, the level of unemployment, slightly increasing to 2.4%, was more favorable than other developed countries. Inflation rate declined from 4.9% in 1981 to 2.6% in 1982, resulting in an increase in domestic spending in real terms. However, weakening export market caused a decline in its economic growth. The depreciation of yen, although improving the competitiveness of Japanese products, could not increase the volume of export because of low demand in the international market and increasing protection against Japanese products. Although the volume

and value of imports also declined, particularly because of lower oil imports, the surplus in the balance of trade went down to \$ 18.8 billion from \$ 20 billion in 1981, due to a high decline in exports. By contrast, the surplus in the current account increased from \$ 4.8 billion to 6.5 billion in 1982, which inter alia, was due to the decrease in the outflow of service payments.

Economic deterioration as well as increased unemployment also constituted serious problems in the *Federal Republic of Germany*. As a consequence of decline in exports and slow revival of the domestic demand, the economy of that country continued to slide from -0.2% in 1981 to -1.1% in 1982. The level of unemployment rose from 4.9% in 1981 to 6.8% in 1982. On the other hand, although slower than forecasted, the rate of inflation improved from 6.0% in 1981 to 5.3% in 1982. The surplus in the balance of trade improved remarkably, from \$ 17.8 billion in 1981 to \$ 26 billion, since the decline in imports was larger than that of exports. As a result the current account improved from a deficit of \$ 7.3 billion in 1981 to a deficit of only \$ 0.3 billion in 1982.

The economy of the *United Kingdom* began to revive in 1982. After experiencing a decline of 2.2% in 1981, the country's GDP recorded an increase of 0.7% in 1982, although the Government continued to pursue a relatively tight fiscal and monetary policy in order to control inflation. Nevertheless, the improvement in the economic growth rate could not prevent the deterioration of unemployment, which rose from 10.1% in 1981 to 11.9% in 1982. In the trade sector, although oil exports performed well, in aggregate exports experienced a large decline while imports registered only a slight decline. As a consequence, the surplus in the balance of trade went down to \$ 750 million in

1982 from \$ 6.1 billion in 1981, while the surplus in the current account dropped to \$ 4.5 billion in 1982 from \$ 12.1 billion in the preceding year.

The growth rate of real Gross Domestic Product (GDP) of *France* rose from only 0.4% in 1981 to 1.6% in 1982. This was due to an increase in private consumption, stimulated by the rise in government spendings on social welfare. Expenditures for government consumption was raised in an effort to reduce unemployment. However, the economy was weakened by the deterioration in foreign trade. As a result of the sluggish revival of economic activities, the level of unemployment continued to rise to 8.6% in 1982 from 7.3% in 1981. The policy of price-freeze, enforced on a large array of consumption goods for the period of July to October 1982, and decrease in imports succeeded in lowering inflation rate from 13.3% in 1981 to 11.8% in 1982. In the foreign sector, exports declined due to weakening competitiveness of French products, whereas import decreased due to the sluggish domestic demand since mid 1982. The decline of exports was larger than that of imports, therefore the balance of trade deficit widened to \$ 15.5 billion, whereas the current account deficit reached \$ 11.5 billion compared with \$ 4.7 billion in 1981.

It is expected that in 1983 the economy of developed countries would start to revive. The economy of these countries as a whole is projected to grow around 1.3%, although European countries, especially Germany and the Netherlands, will experience weak growth. Domestic demand in Japan is expected to remain weak in view of the pursuance of a tight fiscal policy. The rate of economic growth of OECD countries is estimated to be lower than the rate of growth in labor force, bringing forth a con-

tinuation in the increase of unemployment rate. On the other hand, inflation rate is anticipated to decline further. International trade, although indicating improvements on the terms of trade, is forecasted to be characterized by increasing deficits in the balance of trade, brought about by the still prevailing weak demand in the developing countries.

2. Developing Countries

The deteriorating economy of developed countries adversely affected the economy of developing countries. Weak demand for oil and for other primary commodities, accompanied by declining prices in the international market, resulted in the reduced export earnings of developing countries. For non-oil-exporting developing countries, this unfavorable condition was even worsened by rising external debts, due to high interest rates, and diminishing access to the capital market. As a result, developing countries were forced to curtail imports and domestic expenditures.

With regard to oil-exporting developing countries, for three consecutive years they were afflicted by deteriorating economic growth, namely -4.8% in 1982, -4.3% in 1981 and -2.3% in 1980. This was in part caused by the curtailments of domestic expenditures and declining oil production. In non-oil-exporting developing countries the rate of economic growth declined to 1.4% from 2.5% in 1981 and 5% in 1980.

Inflation rate in developing countries generally improved due to moderating prices of imported goods and weakening domestic demand. However, in several large developing countries, especially in Latin America, the rate of inflation continued to increase due to the

expansionary monetary policy pursued in the past few years. As a result, the rate of inflation in non-oil-exporting-developing countries as a whole continued to increase from 31.3% in 1981 to 35.5% in 1982. On the other hand, oil-exporting developing countries followed the declining trend of world inflation, namely from 13.0% in 1981 down to 10.0% in 1982.

As a consequence of declines in the volume and price of oil exports, the current account of oil-exporting developing countries, which recorded a surplus of \$ 114 billion in 1980 and \$ 65 billion in 1981, reversed to a deficit of \$ 2.2 billion in 1982. By contrast, the deficit in the current account of non-oil-exporting-developing countries decreased from \$ 108 billion in 1981 to \$ 87 billion in 1982. This improvement was due to the smaller spendings on oil imports.

The deterioration in the exports of developing countries and the prevailing high interest rates in the international market adversely affected those countries in achieving high growth rates as well as meeting their debt obligations. The dilemma faced by these countries was a cause of concern among international banks, which in turn worsened the prospect for increasing capital transfers to these countries.

The prospects of developing countries are closely related to the prospects for growth in the economy of developed countries. It is expected that the rate of growth in industrialized countries, although anticipated to be still weak and not yet widespread, could restore the demand for primary commodities produced by developing countries. The oil market, which had weakened, is expected to be more firm in late 1983.

Based on these expectations, the economies of all developing countries are anticipated to

show some revival. For oil-exporting developing countries, improvement could take place primarily because of better oil production prospects, although non-oil production would still be weak as a consequence of the pursuance of a tight monetary policy and curtailments in expenditures. Signs of strengthening demand for primary commodities from developing countries would, however, induce a slight increase in the rate of inflation.

3. ASEAN Countries

World recession, which lasted since 1980, adversely affected the ASEAN economies in the reporting year. This was reflected in the decline in exports of almost all ASEAN countries, which in turn also affected their economies. Although far better than other Asian countries, the GDP of ASEAN countries as a whole declined further, from 6.8% in 1981 to 4.5% in 1982. As was the case in the preceding years, in 1982 Singapore still enjoyed the highest GDP growth among the ASEAN states. Rate of inflation in the ASEAN countries was lower compared with the previous year due mainly to weak demand for exports. Decline in exports also curtailed the domestic demand.

Due to weakening exports, GDP growth in real terms of *Singapore*, which reached 9.9% in 1981, experienced a decline. However, Singapore still maintained the highest GDP growth among ASEAN states, achieving a growth of 6.3%. The rate of inflation declined substantially, from **8.2% in 1981** to 4.0% in 1982, while unemployment was kept below 1%. This high GDP growth was attributable principally to the high growth rates achieved in the construction sector (36.2%), trade and finance (14.4%), and transportation and communica-

tion (10.8%). The sharpest decline was experienced by the industrial sector (6%). Exports increased by 1% compared with 7% in the preceding year while the growth of imports declined to 3.4% compared with 15% in the preceding year. This situation led to a rise in the deficit of the balance of trade, from \$ 6.3 billion in 1981 to \$ 7.5 billion in 1982. However, because of substantial net capital inflows, the overall balance of payments still recorded a surplus, reaching \$ 1.2 billion or 25% above the preceding year.

The real GDP growth rate of *Malaysia* declined from 6.7% in 1981 to 4.6% in 1982 and unemployment rose from 4.8% to 5.2%. However, inflation rate sharply declined from 9.7% to 5.8% in 1982. This decline in the economic growth rate was mainly caused by the deterioration of the domestic and external demand. The weakening domestic demand largely caused by the pursuance of austerity program in government expenditures to prevent further deterioration of the balance of payments. As commonly known, in the previous year Malaysia's balance of payments seriously deteriorated as a consequence of sharp declines in exports and sharp increases in imports. During 1982, output of palm-oil and crude-oil showed significant increases thus compensating declines of other products. On the export front, the value of total exports rose by 5.6% compared with a decline of 1.4% in the preceding year. This improvement was on account of the larger rate of increase in the volume of exports than the rate of decrease in prices. However, since the rise of imports was high (10%), the deficit in the balance of trade further deteriorated as did the current account. On the other hand, due to the sizeable net capital inflows, the deficit in the overall balance of payments narrowed to \$

0.6 billion from \$ 1.1 billion in the preceding year.

Real GDP growth of the *Philippines* in 1982 slowed down to 3% in 1982 compared with 3.8% in 1981. As in other ASEAN countries, the rate of inflation also went down, from 12.5% to 10.2% in 1982. Production in the agricultural, fishery and forestry sector declined by 3.5% whereas growth in the manufacturing and construction sector decelerated from 4.5% in 1981 to 2.7% in 1982. Services sector also showed a smaller increase than in the preceding year. In the external trade, weakening demand and prices resulted in a 12.7% decline in export earnings compared with a decrease of 1.1% in the preceding year. Imports also declined, by 1.8%, because of the slowdown in the domestic economic activities and reduction in the import bills for fuel oils. Due to the deficit in services account, the deficit in current account still increased from \$ 2.3 billion in 1981 to \$ 3.3 billion in 1982. Accordingly, the deficit in the balance of payments increased more than two fold, reaching \$ 1.1 billion in 1982.

In 1982, GDP growth in real terms of *Thailand* was 4.5%, which was a significant setback compared with that in the preceding year (7%). As a result of the sluggish domestic economic activities and declines in the world rate of inflation as well as the imposition of constraint on wage increases, the inflation rate in Thailand improved remarkably, from 12.7% in 1981 down to 5.2% in 1982. The low growth rate in 1982 was caused by price declines of agricultural commodities, such as rice, sugar and maize as well as unfavorable weather condition. Agricultural production only increased by around 1% in 1982. Production and investment in the industrial sector also showed a decline due to the sluggish domestic and external demand.

Setbacks were also recorded in other sectors, leading to a large decline in the growth rate of the non-agricultural sector, which as a whole decreased to 4.1% from 10% in the preceding year. The negative effects of world recession were also reflected in the 1.3% decline of total exports after an increase of 7% in 1981. Imports went down by 13.5% because of weaker domestic economic activities and lower oil import bills. As a consequence, the balance of trade experienced some improvement with reduced deficit from \$ 3 billion to \$ 1.8 billion in 1982. The surplus in the overall balance of payments rose to \$ 144 million from \$ 83 million in 1981.

B. International Monetary Development

The international monetary development in 1982 remained influenced by the high level of interest rate in the United States, although the nominal interest rate in that country began to decline since mid-1982. Real interest rate in fact showed a slight increase due to a faster decline in the inflation rate than the decline of the nominal interest rate. Decline in the level of nominal interest rates were experienced also in industrial countries. However, these declines were not accompanied by larger declines in the rates of inflation and therefore real interest rates in most of these countries went downwards.

As a consequence of the development above, the US dollar still appreciated against the currencies of other industrial countries. Only with respect to Japanese yen and Deutsche Mark in the last two months of 1982 did the dollar experience a depreciation. In order to prevent further strains among currencies of the European Monetary System (EMS), due to internal developments in the respective member states, toward the end of 1982 exchange rate realign-

ments were taken among the currencies in that system.

Total international liquidity (foreign exchange reserves) at the end of 1982 declined by 3.7%, which was the first decline since 1965. Oil exporting countries experienced the highest reduction in their foreign exchange reserves, by 7.8%, mainly due to lower oil exports. Overall foreign exchange reserves of industrial countries decreased by 4% in 1982. This was closely associated with declining exports, especially to developing countries which were experiencing balance of payments difficulties. Foreign exchange reserves of developing non-oilexporting countries as a whole went down by 0.4%.

To overcome liquidity problems, especially of non-oil developing countries, in February 1983 the IMF Interim Committee approved the Eighth General Quota Increase. The new quota amounted to SDR 90 billion or 47.5% above the previous quota (SDR 61 billion). In order to meet the shortage of funds provided to the IMF under the General Arrangement to Borrow (GAB), major industrial countries participating in GAB agreed to increase this fund from SDR 6.4 billion to SDR 17.0 billion.- A supplement of SDR 2 billion is still anticipated from Saudi Arabia.

C. Relation between Indonesia and Multilateral Institution.

1. The International Monetary Fund (The IMF of the Fund)

Under The Eighth General Quota Increase of the IMF, Indonesia's quota increased from **SDR 720 million to SDR 1,009 million**. Of this increase, 75% may be paid in rupiah and the balance in SDR or currencies of member countries agreed by the IMF.

Transactions with the Fund during the reporting year encompassed the implementation of Indonesia's obligation under the "Operational Budget", receipts of SDRs for US dollars under the "Designation Plan", the release of SDRs through transactions based on the agreement concluded with the IMF and drawing of the IMF assistance under the Bufferstock Financing Facility (BFF) for tin and timber.

Under the Operational Budget, during the reporting year Indonesia was included three times to the amount of SDR 85.1 million, of which only SDR 19.7 million was realized. In this scheme, Indonesia was obliged to make available United States dollar equivalent to the amount above to be utilized by other member countries (Uruguay and Dominican Republic). Consequently, Indonesia's foreign exchange reserves in United States dollar declined while the "Reserve Position in the Fund (RPF)" increased by the same amount. Since rejoining the IMF in 1967, Indonesia was included 25 times in the Operational Budget for a total amount of SDR 349.3 million, of which SDR 123.8 million was utilized by other Fund member countries.

In 1982/83 Indonesia was obliged three times to make United States dollar available in exchange for SDR under the Designation Plan, totalling SDR 51.6 million equivalent. From that amount, SDR 35 million was actually transacted. This transaction resulted in a reduction of Indonesia's foreign exchange reserves in United States dollar and an equivalent increase in SDR holdings.

In the reporting year, Indonesia released SDRs to other IMF members to the amount of SDR 76.5 million. These transaction resulted in an increase in Indonesia's foreign exchange reserves in United States dollar and an equivalent

lent decrease of SDR holdings. As a result of these transactions, Indonesia's SDR holding decreased from SDR 240.7 million at the end of preceding reporting year to SDR 199.2 million at the end of 1982/83.

During the reporting year, Indonesia made use facilities extended by the IMF under the Bufferstock Financing Facility (BFF). This facility was used to meet the obligation under the Sixth International Tin Agreement (ITA) and to finance bufferstock for rubber under the International Natural Rubber Agreement (INRA), amounting to SDR 27.7 million and SDR 37.4 million, respectively.

2. World Bank Group

During the reporting year, the *International Bank for Reconstruction and Development (IBRD)* or the *World Bank* extended \$ 733.6 million loans to Indonesia. These loans were used to finance 9 projects in the fields of agriculture, coal mines, health-care and paper mills. The above amount reflected a decrease compared with the amount of loans extended in the preceding year on 13 projects amounting to \$ 1,143 million. This corresponded to the decline in the funds which could be mobilized by the World Bank from the member countries, due to slackening world economic activities and tightening international capital market.

Up to the end of the reporting year, total World Bank's lending to Indonesia reached \$ 5,295.6 million. Of this amount, \$ 2,052.9 million or 38.8% was disbursed. The maturity of these loans ranged between 7 and 30 years, including grace period between 3 and 10 years. The interest rate for September 1981 to June 1982 was fixed at 11.60% and was subsequently reduced to 11.43% for July to December 1982

and 10.97% for January to June 1983. The frontend fee was fixed at 1.5% from January 5, 1982 and was further reduced to 0.75% beginning December 7, 1982 and to 0.25% beginning March 1, 1983. This development was in line with the declining interest rates in the international capital market, from which the World Bank obtained a portion of its funds for its lending program.

Since the end of 1980, Indonesia was no longer eligible to receive soft loans from the *International Development Association (IDA)*. Accordingly, at the end of the reporting year such loans remained at \$ 931.8 million, used for the financing of 48 projects in the fields of agriculture, industry, communication, electrification and improvement of villages.

International Finance Corporation (IFC), which provided financial assistance to Indonesia in the form of equity capital and loans, in the reporting year did not allocate such assistance to Indonesia. Therefore, the accumulated amount of financial assistance provided to Indonesia remained at the level of the preceding year, namely \$.136.8 million. These financial aids were extended to 13 private enterprises. Of this amount, \$ 66 million was in the form of loans, \$ 15 million in equity capital and \$ 55.8 million in equity participation through other financial institutions.

3. Asian Development Bank (ADB)

In the period of 1982/83, the amount of loans extended by ADB to member countries reached \$ 1,697 million (for 55 projects), of which \$ 1,151 million originated from the Ordinary Resources and \$ 546 million from Special Funds. Of this allocation, \$ 337 million of the Ordinary Resources was allotted to Indo-

nesia. This amount was used for the development of 9 projects, covering agriculture (39.1%), transportation and communication (36.7%), energy (12.3%) and education (11.9%). Including this, the total amount of loans provided to Indonesia at the end of the reporting year reached \$ 1,940 million, of which \$ 495 million was disbursed. Of the amount disbursed, \$ 382.6 million originated from the Ordinary Resources. As commonly known, the maturity of loans from the Ordinary Resources ranged between 20 to 27 years, including 2 to 7 years grace period. With regard to interest, the rate applied during the reporting year ranged from 10 to 11% p.a. It may be added that since 1980 Indonesia was no longer eligible to obtain concessionary loans from the Special Funds.

In the context of increasing its lending activities, ADB arranged the Third General Capital Increase by 105%, scheduled for approval in the annual meeting of the Board of Governors in May 1983. In addition, the 4th replenishment of the Special Funds (Asian Development Fund IV) amounting to \$ 3,205 million is expected to be achieved in the near future. The contribution of this fund almost entirely originated from advanced member countries, while from developing member countries amounted to only \$ 9.5 million, of which Indonesia contributed \$ 3.5 million.

4. Islamic Development Bank (IDB)

As reported earlier, the paid-up capital of IDB was raised from ID 790 million to ID 2 billion.¹⁾ Accordingly, Indonesia's capital contribution rose to ID 63 million, of which ID

40.24 million was paid. In the reporting year, IDB agreed to extend assistance in the form of leasing to 2 Indonesian enterprises, amounting to ID 8.56 million. At the end of the reporting year, total assistance provided to Indonesia reached ID 31.92 million, consisting of loans, leasings and equity participation in several enterprises in Indonesia.

5. Inter Governmental Group on Indonesia (IGGI)

In the 25th IGGI session, held in Amsterdam on June 13-14, 1982, it was agreed that the amount of financial assistance available to Indonesia for the year 1982/83 would amount to \$ 1.9 billion, consisting of aids from donor countries and multilateral financial institutions. Up to the end of March 1983, total IGGI loan agreements signed amounted to \$ 25.2 billion of which \$ 13.4 billion was disbursed.

6. Association of South East Asian Nations (ASEAN)

Cooperation among ASEAN states steadily progressed not only in the fields of trade and industry but also in finance and banking.

The ASEAN Preferential Trading Agreement (PTA), which covered 8,529 commodities, was further expanded to cover 18,857 commodities in the reporting year. The PTA provision on the 20% to 25% reduction of import tax was still maintained. However, as of January 1, 1983, the upper limit eligible for such facility was raised to \$ 2.5 million from \$ 1.0 million in 1981. Furthermore, in the 14th session of ASEAN Finance Ministers Meeting, held in November 11-13, 1982, this upper limit was

1) ID 1 (Islamic Dinar) = SDR 1.

raised again to \$ 10 million, effective in July 1, 1983.

In the field of industry, the progress of common ASEAN industrial projects during the reporting year was encouraging. The ASEAN urea fertilizer project in Aceh reached an advanced state and is scheduled to be in production in early 1984. In August 26, 1982, a loan agreement was concluded with a Japanese company for the financing of the ASEAN fertilizer project in Malaysia and steps were taken toward realizing this project. The copper processing project in the Philippines reached the stage of selecting an appropriate location. The soda-ash project in Thailand was agreed to become a common ASEAN project in June 25, 1982. During the reporting year, a Japanese consultant had been appointed to be responsible for this project. Regarding the diesel engine project, originally planned as a common ASEAN undertaking, it became a national project of Singapore.

Development of other industrial cooperations, in the form of ASEAN industrial complementary agreements, were also encouraging. The Commission on Industry, Mineral and Energy in the reporting year made a survey on the possibility of establishing complementary automotive industries in ASEAN countries.

The economic and financial cooperation with other countries as well as other regional groupings continued to be expanded. To improve trade with EEC countries, promotional activities were planned for 1983. Furthermore, discussions were held on the possibility of assisting complementary industries of ASEAN countries, especially small-and medium-scale projects. ASEAN cooperations with major industrial countries, such as Japan, Canada and Australia were expanded. Cooperation with Australia, primarily in the form of research projects in various fields, up to the end of 1982 reached \$ 56.7 million.

VII. INDONESIA'S BALANCE OF PAYMENTS

A. Balance of Payments Policy

1. General

In 1982/83, Indonesia's balance of payments faced increasing pressures. These pressures originated from continued world recession, narrowing world oil market and deteriorating competitiveness of the Indonesian economy. Although world recession, the worst since the great depression of the 1930's occurred since 1979, its effects on the Indonesian economy were only beginning to be felt in mid 1981/82. This lag occurred because the effect of the recession could still be compensated by the opposite effect resulting from the increase in OPEC oil prices in 1979, which was favorable to Indonesia. However, in 1981/82 the world oil prices weakened due to the declining demand. Accordingly, in March 1982 OPEC enforced a quota on the production of oil to its member and production quota of 1.3 million barrel per day was imposed on Indonesia. However, this production quota did not succeed in sustaining the price level of oil. As a consequence, in March 1983, OPEC was forced to lower the price of oil from \$ 34.00 to \$ 29.00 per barrel. Furthermore, the competitiveness of the Indonesian economy deteriorated. This situation was primarily due to the higher domestic inflation rate than that prevailing in Indonesia's principal competing and trading partners. In addition, the appreciation of the rupiah against the currencies of several of those countries adversely effected the Indonesian economy.

The increasingly difficult situation was reflected in the decline in the surplus of the bal-

ance of trade, and the larger deficits in the current account as well as in the overall balance of payments. As a result of the weak world oil market, the prospect for foreign exchange earnings in the coming years was expected to be less optimistic for Indonesia. This means that efforts to increase foreign exchange earnings from the non-oil sector became more urgent than ever. In facing such a difficult situation, besides continuing and improving the policies undertaken in the past years, during the reporting year the Government also took measures towards increasing foreign exchange earnings from tourism and economizing the use of foreign exchange. At end of the reporting year, the Government adjusted the exchange rate through devaluation of the rupiah.

2. Exchange rate policy

As mentioned earlier, the weakening competitiveness of the Indonesian economy was due to the higher domestic rate of inflation than that prevailing in Indonesia's main competitors and trading partners as well as the appreciation of the rupiah against several currencies. In the four years since December 1978, the yearly average domestic rate of inflation was 15.1% compared with 4.8% in Japan and 9.6% in the United States. Within the same time span the nominal exchange rate of the rupiah strengthened against the currencies of several major trading partners, among others with the Japanese yen by 8.2%. Nevertheless, against the US dollar, it depreciated by 10.3%.

The appreciation of the rupiah against the yen was the result of the depreciation of the yen

with respect to the dollar, primarily since 1981. In view of the above situation, the Government devalued the rupiah on March 30, 1983 by 27.6%, changing the rupiah rate to Rp 970.00 per US\$ 1.00. This devaluation was to restore the competitiveness of the Indonesian economy, and in so doing encouraged non-oil and nonLNG (non-oil) exports as well as induced the import substitution industry. At the same time the Government reiterated that Indonesia continued to maintain the free foreign exchange transfer regulation (practiced since 1970) and the managed-float exchange rate system (practiced since 1978).

3. Export policy

To increase production and strengthen the competitiveness of Indonesia's export commodities, besides the rupiah devaluation, during the reporting year the Government also adopted several policies on taxation, credits and marketings.

In the field of taxation, the Government expanded the number of products eligible for export certificate facilities from 637 commodities to 873.¹⁾ In addition, export taxes for palm-oil and produce was repealed and additional export tax on stearin was reduced to 0%.²⁾

In order to strengthen the competitiveness and expand the market of tea, palm-oil and palmoil kernel, these commodities were no longer placed in the category of strong export commodities and thus were made eligible for

export credits at an interest rate of 6% p.a. instead of 9% p.a.³⁾

In order to face competition which became increasingly tight in the international market, the Government introduced new regulations on the procedure for exporting plywood.⁴⁾ Export of this product may only be extended by registered exporters of plywood, i.e. plywood companies licenced with APE, APES and APET permits or by exporters possessing marketing contracts with acknowledged plywood manufacturers. In addition, the Minister of Trade and Cooperatives or a designated official of that department may form marketing groups.

To increase production and exports of fishery, especially shrimps, the Government authorized the use of trawlers in the waters around the islands of Kei, Tanimbar, Aru, Irian Jaya and Arafuru Sea.⁵⁾ As generally known, to protect traditional fishermen and conserve fishery resources, the use of trawlers was restricted in stages from 1980 so that in 1983 the use of trawlers was prohibited throughout the Indonesian waters. This measure led to a decline in the production and exports of shrimps.

To enhance cooperation among ASEAN countries, the number of commodities eligible for the ASEAN Preferential Trading Arrangement (PTA) was expanded by 8,856 commodities.⁶⁾ In addition, bilateral and multilateral agreements were concluded with the EEC countries on the export quota of garments to these countries. In 1982 Indonesia obtained an ex-

1) Minister of Finance Decrees on Export Certificate Facilities, the most recent being the Decree No. 28/KMK.011/ 1983, January 10, 1983.

2) Minister of Finance Decrees No. 732/KMK.O11/ 1982, November 20, 1982 and No. 77/KMK.O11/ 1983, January 18, 1983.

3) Minister of Trade and Cooperatives Decrees No. 149/KP/ V/1982, May 13, 1982 and No. 77/KP/ 1/1983, January 26, 1983.

4) Minister of Trade and Cooperatives Decree No. 152/KP/ V/82, May 15, 1982,

5) Presidential Decree No.85 of 1982, December 24, 1982.

6) Instruction of Directorate General of Foreign Trades No. 02/DAGLU-5/INS/11/83, February 8, 1983.

port quota of 11.0 million pieces of garments compared with 3.2 million in the preceding year.⁷⁾

4. Import policy

To induce and protect the domestic industry and thereby ensuring the domestic needs, in the reporting year, the Government took a number of measures involving taxation, import procedure and limitation of import.

To provide greater certainty in business activities and to promote domestic industry, the Government extended incentive facilities and relaxed import duties and sales tax on imports of certain intermediate goods for production, covering raw material, auxiliary commodities and capital goods (such as cement, materials for the production of batik, tapioca and ships of specific tonnage).⁸⁾ On the other hand, certain domestically produced goods, such as citric acid and bath-tub, were imposed higher import duties and higher import sales tax.⁹⁾

To provide greater certainty for business activities and ensure the domestic supply of goods and also to induce the production and utilization of domestically produced raw materials, the Government revised the regulations regarding the appointment of importers of certain products. The appointment of importers

for certain industrial groupings of products, agricultural commodities and several other commodities is now based on the experience and expertise of these importers. These industrial groupings include electronics, chemicals, spareparts for motor-vehicles, metals, machineries and heavy equipments.¹⁰⁾ Similarly, in order to promote the development of domestic industries and save foreign exchange holdings, the Government appointed importers eligible to import specified goods, such as, fish powder, paper, pharmaceutical raw materials, and off-the road tires for heavy equipments.¹¹⁾

In order to protect domestic industry, the Government imposed quantitative restrictions on import of chemical base for paints, motor-vehicles tires, paper, piston rings and textiles with batik motives. These restrictions were enforced for the duration of two years, beginning November 5, 1982.¹²⁾ To ensure price stability and provision of particular agricultural products, the amount of imports of each of these commodities was fixed by the Minister of Trade and Cooperatives. Furthermore, for environmental preservation and also to protect consumers, the Government prohibited imports of certain types of pesticides.¹³⁾

To increase trade among ASEAN countries, in the reporting year Indonesia ac-

7) Report on the Result of Bilateral Agreement on Textile Between the Government of the Republic of Indonesia and the European Economic Community in Jakarta, March 5, 1982.

8) Minister of Finance Decrees
No. 337/KMK.05/1982, May 17, 1982,
No. 621/KMK.05/1982, September 22, 1982,
No. 641/KMK.05/1982, October 1, 1982, and
No. 668/KMK.05/1982, October 8, 1982.

9) Minister of Finance Decrees
No. 477/KMK.05/1982, August 14, 1982, and
No. 504/KMK.05/1982, August 23, 1982.

10) Minister of Trade and Cooperatives Decrees
No. 437 up to No. 442/KP/XI/82, each of which dated
November 2, 1982, and
No. 445/KP/XI/82, November 5, 1982.

11) Minister of Trade and Cooperatives Decrees
No. 165/KP/III/83, February 18, 1983,
No. 279/KP/III/83, March 5, 1983, and
No. 280/KP/III/83, March 5, 1983.

12) Directorate General of Foreign Trade Decrees
No. 22 up to No. 24/DAGLU-4/KP/XI/82 each of which
dated November 5, 1982.

13) Minister of Trade and Cooperatives Decrees:
No. 199/KP/VI/1982, June 28, 1982, and
No. 349/KP/IX/1982, September 4, 1982.

corded an addition of 1,472 import commodities eligible for the ASEAN Preferential Trading Arrangement.¹⁴⁾

5. Policy on services

Government policies in the field of services were directed to two major objectives, namely economizing the use of foreign exchange and increasing foreign exchange earnings.

In the effort to save spendings on foreign exchange, in November 1982 the Government raised the overseas exit permits for residents of Indonesia from Rp 25,000.00 to Rp 150,000.00 per person.¹⁵⁾ In addition, exports and imports of goods owned by the state must be carried by Indonesian shipping companies.¹⁶⁾

To boost foreign exchange earnings, since March 31, 1983, no visas were required for tourists from 26 countries staying in Indonesia for less than two months.¹⁷⁾

Furthermore, personal effects such as photographic, film and video cameras and radios, were exempted from import duties provided these equipments were in reasonable amount and should be taken back on departure.¹⁸⁾

B. Balance of Payments Developments

1. General

Indonesia's balance of payments in 1982/83 deteriorated further, as reflected in the decline of surplus in the balance of trade and the wider deficits of the current account as well as the overall balance of payments. The balance of trade surplus, which in 1981/82 reached \$ 5,083 million, in the reporting year dropped to only \$ 142 million (Table 7.1). Consequently, the deficit in the current account in 1982/83 reached more than 2.5 times of the amount of the preceding year or reaching \$ 7,073 million, although the balance of services improved. Deficit in the balance of payments rose more than 3 fold from the level of the preceding year reaching \$ 3,280 million, resulting a fall in the official foreign exchange reserves to \$ 3,074 million from \$ 6,354 million in the preceding year. This setback was due to the fact that the large deficit in the current account could not be compensated by the surplus in the capital account of the non-monetary sector. The high increase in the current account deficit was primarily due to the decrease in exports, by 18.9% or \$ 4,356 million, and imports were still up, albeit 3.3% or \$ 585 million only, although the deficit in the services account declined by 8.4% or \$ 658 million. The surplus in the capital account of the nonmonetary sector rose by 52.6% to \$ 5,880 million, primarily as a result of the increase in non-IGGI borrowings and project aid, by 90.4% reaching \$ 2,106 million.

It may be added that in the past four years Indonesia experienced large fluctuations in the balance of payments. For two consecutive years, 1979/80 and 1980/81, the surplus in the balance of trade as well as the balance of payments

14) Directorate General of Foreign Trade Instruction No. 16/DAGLU-54/INS/VIII/1981, August 29, 1981, and the recent

No. 02/ DAGLU-5/INS/II/83, February 8, 1983.

15) Minister of Finance Decree No. 721/KMK.04/1982, November 10, 1982.

16) Presidential Decree No. 18 of 1982, April 12, 1982.

17) Minister of Justice Decree No. M.O1.IZ.01.02 of 1983, March 19, 1983.

18) Minister of Finance Instruction No. 02/IMK. 05/1983, March 31, 1983 and Minister of Finance Decree No. 721/KMK.04/1982, November 10, 1982.

TABLE 7.1
INDONESIA'S BALANCE OF PAYMENTS ¹⁾
(millions of \$)

Transactions	1978/79	1979/80	1980/81	1981/82	1982/83
A. Current Account	<u>- 1,155</u>	<u>2,198</u>	<u>2,131</u>	<u>- 2,790</u>	<u>- 7,073</u>
1. Merchandise	<u>2,910</u>	<u>7,789</u>	<u>8,643</u>	<u>5,083</u>	<u>142</u>
Exports, f.o.b.	<u>11,353</u>	<u>18,511</u>	<u>22,885</u>	<u>22,994</u>	<u>18,638</u>
Oil & LNG	<u>7,374</u>	<u>12,340</u>	<u>17,298</u>	<u>18,824</u>	<u>14,744</u>
- Oil	(6,858)	(10,995)	(15,187)	(16,482)	(12,283)
- LNG	(516)	(1,345)	(2,111)	(2,342)	(2,461)
Non Oil and non LNG	<u>3,979</u>	<u>6,171</u>	<u>5,587</u>	<u>4,170</u>	<u>3,894</u>
Imports, f.o.b.	<u>- 8,443</u>	<u>- 10,722</u>	<u>- 14,242</u>	<u>- 17,911</u>	<u>- 18,496</u>
Oil & LNG ²⁾	<u>- 1,711</u>	<u>- 2,672</u>	<u>- 3,681</u>	<u>- 4,916</u>	<u>- 4,365</u>
- Oil	(- 1,664)	(- 2,586)	(- 3,557)	(- 4,799)	(- 4,223)
- LNG	(- 47)	(- 86)	(- 124)	(- 117)	(- 142)
Non Oil and Non LNG	<u>- 6,732</u>	<u>- 8,050</u>	<u>- 10,561</u>	<u>- 12,995</u>	<u>- 14,131</u>
2. Services	<u>- 4,065</u>	<u>- 5,591</u>	<u>- 6,512</u>	<u>- 7,873</u>	<u>- 7,215</u>
Oil & LNG ²⁾	<u>- 1,653</u>	<u>- 2,693</u>	<u>- 3,016</u>	<u>- 4,147</u>	<u>- 3,213</u>
- Oil	(- 1,409)	(- 2,101)	(- 2,285)	(- 3,304)	(- 2,272)
- LNG	(- 244)	(- 592)	(- 731)	(- 843)	(- 941)
Non Oil and non LNG	<u>- 2,412</u>	<u>- 2,898</u>	<u>- 3,496</u>	<u>- 3,726</u>	<u>- 4,002</u>
B. Special Drawing Rights (SDR)	<u>64</u>	<u>65</u>	<u>62</u>	<u>-</u>	<u>-</u>
C. Capital Account, Excluding reserves	<u>1,968</u>	<u>683</u>	<u>1,708</u>	<u>3,852</u>	<u>5,880</u>
1. Official Transfers & Capital, net	<u>1,576</u>	<u>1,998</u>	<u>2,069</u>	<u>2,712</u>	<u>4,085</u>
Official inflows	<u>2,208</u>	<u>2,690</u>	<u>2,684</u>	<u>3,521</u>	<u>5,011</u>
IGGI	(1,674)	(2,237)	(2,406)	(2,415)	(2,905)
- Program Aid	94	239	118	50	21
- Project Aid	1,580	1,998	2,288	2,365	2,884
Non IGGI (Project Aid)	(534)	(453)	(278)	(1,106)	(2,106)
Official Debt Repayments	<u>- 632</u>	<u>- 692</u>	<u>- 615</u>	<u>- 809</u>	<u>- 926</u>
Pre July 1966 debts	- 87	- 87	- 85	- 78	- 125
Post June 1966 debts	- 545	- 605	- 530	- 731	- 801
2. Miscellaneous Capital, Net	<u>392</u>	<u>- 1,315</u>	<u>- 361</u>	<u>1,140</u>	<u>1,795</u>
Direct Investment	271	217	140	142	311
Government Enterprises	121	- 1,532	- 501	998	1,484
D. Total (A Through C)	<u>877</u>	<u>2,946</u>	<u>3,901</u>	<u>1,062</u>	<u>- 1,193</u>
E. Net Errors and Omissions	<u>- 169</u>	<u>- 1,256</u>	<u>- 1,165</u>	<u>- 2,050</u>	<u>- 2,087</u>
F. Reserves	<u>- 708</u>	<u>- 1,690</u>	<u>- 2,736</u>	<u>988</u>	<u>3,280</u>
1. Reserve position in the fund	- 6	- 16	- 26	- 104	- 4
2. Short-term foreign liabilities	--	- 68	- 4	--	--
3. Short-term foreign assets	- 702	- 1,606	- 2,706	1,092	3,284

1) The presentation based on the IMF standards is shown in Table XIII.

2) Oil and LNG imports consist of oil and other imports by oil and LNG enterprises, while oil and LNG services cover payments of foreign contractors' share and net other service payments related to oil and LNG transactions.

recorded substantial increases. In addition, the current account, which normally recorded deficits, in those two years were in surplus, amounting to \$ 2,198 million and \$ 2,131 million, respectively. This favorable development was due to the increase in the prices of oil and other commodities in the international market. In 1981/82, a reverse trend took place. The export volume of oil and almost all non-oil export commodities declined. In addition, prices of several major nonoil export commodities were also declining. As a result, deficits in the current account reoccurred and the overall balance of payments, which in the five preceding years recorded surpluses, was back in deficit.

2. Current account

The widening current account deficit was due primarily to the declines in the net earnings from oil and LNG exports. Net earnings from oil exports sharply declined to \$ 5,788 million from \$ 8,379 million in the preceding year, a drop of 30.9%. Net receipts from LNG exports went down to \$ 1,378 million from \$ 1,382 million in the preceding year, a decline of 0.3%. In addition, the current account deficit of the nonoil sector rose by 13.4% reaching \$ 14,239 million in 1982/83.

2.1. Balance of trade

As mentioned earlier, the surplus in the balance of trade stood at \$ 142 million only, compared with \$ 5,083 million in the preceding year. This was due primarily to the sharp decline in exports, by 18.9%, although imports increased by 3.3% only.

2.1.a. Exports

The sharp drop in total exports in this reporting year, from \$ 22,994 million to \$ 18,638 million, was primarily due to the sharp decline in oil exports (25.5%). LNG exports experienced an increase of 5.1% only, whereas non-oil exports declined by 6.6% (Table 7.2 and Table 7.3).

Japan remained the largest market of Indonesia's exports with a share of 51.1% compared with 47.7% in the preceding year. The United States remained the second largest importer, taking 15.3% of Indonesia's exports compared with 17.3% in the preceding year. The ASEAN countries took 16.8% of Indonesia's total exports.

a.i. Oil and LNG exports

The total value of oil and LNG exports, including cross purchase,¹⁹⁾ in the reporting year declined by 21.7% to \$ 14,744 million compared with an increase of 8.8% in the preceding year. This was caused by the sharp decline in the exports of oil whereas those of LNG showed a slight increase. Due to marketing difficulties, the value of oil exports declined from \$ 16,482 million in 1981/82 to \$ 12,283 million in 1982/83. The export volume of oil went down to 355.4 million barrels or 24.1% lower than the preceding year. It may be added that oil production declined by 18.9% to 458.8 million barrels or 1.26 million barrels per day.

19) Cross purchase is exports of crude oil by Pertamina the earnings of which are used to finance imports of oil products.

TABLE 7.2
VALUE OF EXPORTS 1)
(millions of \$)

Items	1978/79	1979/80	1980/81	1981/82 ^f	1982/83 [*]
A. Oil 2)	<u>6,858</u>	<u>10,995</u>	<u>15,187</u>	<u>16,482</u>	<u>12,283</u>
B. LNG	<u>516</u>	<u>1,345</u>	<u>2,111</u>	<u>2,342</u>	<u>2,461</u>
C. Non Oil and non LNG	<u>3,979</u>	<u>6,171</u>	<u>5,587</u>	<u>4,170</u>	<u>3,894</u>
Timber	1,136	2,166	1,658	952	881
— Log	(1,137)	(2,060)	(1,428)	(504)	(294)
— Processed timber	(627)	(106)	(230)	(448)	(587)
Rubber	781	1,101	1,078	770	614
Coffee	509	715	588	343	366
Palm oil	222	257	178	79	103
Animal and produce	214	255	224	212	242
— Shrimps	(187)	(217)	(170)	(164)	(198)
— Others	(27)	(38)	(54)	(48)	(44)
Tea	98	91	97	94	116
Foodstuffs	93	139	135	93	66
— Tapioca	(28)	(60)	(36)	(21)	(12)
— Others	(65)	(79)	(99)	(72)	(54)
Pepper	66	46	51	48	42
Tobacco	58	60	69	49	37
Copra cakes	34	52	46	32	38
Hides	30	49	29	32	25
Rattan	40	92	73	85	82
Textiles and handicrafts	26	151	127	148	177
Electrical appliances	40	70	81	72	112
Urea fertilizer	36	41	23	10	18
Cement	5	29	11	16	9
Mining products	437	609	779	782	707
— Tin	(324)	(388)	(454)	(437)	(349)
— Copper	(64)	(95)	(115)	(133)	(115)
— Others	(49)	(126)	(210)	(212)	(243)
Miscellaneous	154 ^f	248 ^f	340	353	259
Total (A + B + C)	<u>11,353</u>	<u>18,511</u>	<u>22,885</u>	<u>22,994</u>	<u>18,638</u>

1) Based on f.o.b. value.

2) Crude oil and oil products. Including "cross purchase/cross exchange" for the years 1979/80, 1980/81, and 1981/1982 amounting \$ 1,016 million, \$ 1,099 million and \$ 1,849 million respectively.

TABLE 7.3
VOLUME OF EXPORTS

Items	1978/79	1979/80	1980/81	1981/82 ^r	1982/83 [*]
A. Oil (millions of barrels) ¹⁾	503	487	481	468	355
B. LNG (millions of MMBTU) ²⁾	216	373	424	458	478
C. Non Oil and non LNG - (thousands of tons)					
Timber	16,141	16,120	11,509	5,947	4,986
— Log	(16,092)	(15,821)	(10,702)	(4,212)	(2,666)
— Processed timber	(49)	(299)	(807)	(1,735)	(2,320)
Rubber	928	1,016	954	884	877
Coffee	232	238	231	219	248
Palm oil	415	440	377	183	315
Animal and produce	84	98	110	105	108
— Shrimps	(48)	(49)	(42)	(39)	(48)
— Others	(36)	(49)	(68)	(66)	(60)
Tea	65	69	78	83	68
Foodstuffs	1,312	1,388	1,264	970	662
— Tapioca	(435)	(545)	(334)	(267)	(135)
— Others	(877)	(843)	(930)	(703)	(527)
Pepper	39	24	32	38	35
Tobacco	27	25	30	26	20
Copra cakes	323	354	390	301	368
Hides	7	8	5	6	6
Rattan	79	113	73	84	88
Textiles and handicrafts	13	29	24	30	41
Electrical appliances	1	1	1	1	1
Urea fertilizer	275	247	151	39	85
Cement	112	647	295	322	235
Mining products	2,275	3,074	3,291	8,167	22,958
— Tin	(26)	(27)	(30)	(31)	(27)
— Copper	(169)	(187)	(177)	(210)	(218)
— Others	(2,080)	(2,860)	(3,084)	(7,926)	(22,713)
Miscellaneous	453	2,190	3,007	1,383	1,446

1) Crude oil and oil products. Including cross purchase/cross exchange for the years 1979/80, 1980/81, and 1981/82 with total 45 million, 47 million, and 45 million barrels respectively.

2) MMBTU = Million BTU (British Thermal Unit).

TABLE 7.4
OIL EXPORTS BY COUNTRY OF DESTINATION 1)
(millions of barrels and \$)

Country	1977/78		1978/79		1979/80 ^r		1980/81 ^r		1981/82 ^r		1982/83 [*]	
	Barrel	\$	Barrel	\$	Barrel	\$	Barrel	\$	Barrel	\$	Barrel	\$
1. The United States of America												
– Crude Oil	173.9	2,370.1	170.3	2,344.4	114.4	2,568.6	112.1	3,652.5	81.8	2,903.6	68.9	2,396.0
– Oil products	6.4	83.4	5.8	76.4	15.1	355.1	4.9	152.5	6.6	215.0	2.1	69.5
Total	180.3	2,453.5	176.1	2,420.8	129.5	2,923.7	117.0	3,805.0	88.4	3,118.6	71.0	2,465.5
– % Share	33.8	34.1	35.0	35.3	26.6	26.6	24.3	25.0	18.9	18.9	20.0	20.1
2. Japan												
– Crude Oil	231.3	3,116.3	199.7	2,632.4	224.9	5,049.4	216.9	7,114.2	185.1	6,570.6	177.8	6,180.4
– Oil products	34.5	449.4	26.7	343.9	29.6	698.2	45.9	1,429.4	32.7	1,066.1	26.2	855.4
Total	365.8	3,565.7	226.4	2,976.3	254.5	5,747.6	262.8	2,543.6	217.8	7,636.7	204.0	7,035.8
– % Share	49.9	49.6	45.0	43.4	52.3	52.3	54.6	56.3	46.5	46.3	57.4	57.3
3. Other Countries												
– Crude Oil	78.8	1,065.1	92.1	1,335.2	96.2	2,164.4	98.1	2,738.3	154.7	5,493.0	75.4	2,619.9
– Oil products	8.2	106.8	8.6	125.5	6.7	158.8	3.2	99.7	7.2	233.2	5.0	162.0
Total	87.0	1,171.9	100.7	1,460.7	102.9	2,323.2	101.3	2,838.0	161.9	5,726.2	80.4	2,781.9
– % Share	16.3	16.3	20.0	21.3	21.1	21.1	21.1	18.7	34.6	34.8	22.6	22.6
4. Total (1 + 2 + 3)												
– Crude Oil	484.0	6,551.5	462.1	6,312.0	435.5	9,782.4	427.1	13,505.0	421.6	14,967.2	322.1	11,196.3
– Oil products	49.1	639.6	41.1	545.8	51.4	1,212.1	54.0	1,681.6	46.5	1,514.3	33.3	1,086.9
Total	533.1	7,191.1	503.2	6,857.8	486.9	10,994.5	481.1	15,186.6	468.1	16,481.5	355.4	12,283.2
– % Share	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1) Based on f.o.b. value.

TABLE 7.5
EXPORT PRICES OF SELECTED INDONESIAN CRUDE OIL
(\$ per barrel)

	1979					1980			1981		1982	1983		
	Jan.	Apr.	May	June	July	Nov.	Dec.	Jan.	Feb.	May	Jan.	Sept.	Nov.	March
1. S.L.C. / Minas	13.90	15.65	16.15	18.25	21.12	23.50	25.50	27.50	29.50	31.50	35.00	35.00	34.53	29.53
2. Duri	13.90	15.65	16.15	18.25	21.12	23.50	25.50	27.50	29.50	31.50	35.00	35.00	33.10	27.85
3. Cinta	13.50	15.20	15.70	17.75	21.01	23.50	25.40	27.00	29.00	31.00	34.50	34.00	33.30	28.25
4. Arimbi	13.50	15.20	15.70	17.75	21.01	23.50	25.40	27.00	29.00	31.00	34.50	34.50	33.60	28.35
5. Jatibarang / Cemara	13.15	14.80	15.30	17.35	20.66	23.50	25.00	26.50	28.50	30.60	34.10	34.10	33.10	27.80
6. Handil	13.95	15.70	16.30	18.30	21.16	23.50	25.60	27.55	29.55	31.55	35.30	35.30	34.80	29.50
7. Sepinggan / Yakin Mix	13.95	15.70	16.30	18.30	21.16	23.50	25.60	27.55	29.55	31.55	35.30	35.30	34.00	29.00
8. Salawati	13.80	15.55	16.15	18.15	21.02	23.50	25.40	27.40	29.40	31.40	34.90	34.90	34.40	28.70
9. P. Juata Sanga-sanga Mix	13.70	15.40	15.90	18.05	20.91	23.50	25.30	27.30	29.30	31.30	34.80	34.80	34.00	29.00
10. Walio	13.65	15.25	16.00	17.95	20.86	23.50	25.30	27.20	29.20	31.20	35.00	35.00	34.40	28.75
11. Udang	13.55	13.60	15.75	17.85	21.00	23.50	25.40	27.10	29.10	31.10	34.60	34.60	34.10	28.70
12. Klamono	12.10	13.60	14.10	16.20	19.36	23.50	24.00	25.45	27.45	29.45	32.95	32.95	32.00	27.20
13. Arjuna	14.40	16.45	17.20	19.70	21.56	23.50	26.00	28.95	30.95	32.95	36.45	36.45	35.20	30.20
14. Bunyu / Sembakung	14.40	16.45	17.20	19.20	21.56	23.50	26.00	28.95	30.95	32.95	36.45	36.45	35.20	29.90
15. Attaka	14.95	17.00	18.00	21.00	23.50	23.50	27.90	30.25	32.25	34.25	37.75	37.55	36.25	30.95
16. Bekapai	14.95	17.00	18.00	21.00	23.50	23.50	27.90	30.25	32.25	34.25	37.75	37.55	36.25	30.95
17. Badak	14.95	17.00	18.00	21.00	23.50	23.50	27.90	30.25	32.25	34.25	37.75	37.55	36.25	30.95
18. Arun Condensate	14.80	16.80	17.80	21.00	23.50	23.50	27.90	30.75	32.75	34.75	37.75	37.50	36.25	30.95
19. N.S.C. / Katapa	15.25	17.35	18.35	21.50	23.50	23.50	27.90	30.75	32.75	34.75	38.25	38.00	36.50	31.15

Source : Department of Mines and Energy.

By country of destination, Japan remained the largest buyer of Indonesia's oil with a share of 57.3% compared with 46.3% in the preceding year. The United States still ranked second with a share of 20.1% compared with 18.9% in the preceding year (Table 7.4). The remainder was exported, among others, to Trinidad and Tobago, Bahama, Australia, the Philippines, Singapore and the Republic of Korea.

With regard to LNG, its exports rose by 5.1% to \$ 2,461 million compared with \$ 2,342 million in the preceding year. This was attributed by the increase in its export volume, from 458.0 million MMBTU²⁰⁾ to 477.8 million MMBTU. The price of LNG (on a c.i.f. basis), however, declined from \$ 5.65 to \$ 5.63 per MMBTU, following the decrease in oil prices (Table 7.5). It may be added, Japan remained the sole buyer of Indonesia's LNG.

a.a.i. Non-oil non-LNG (non-oil) exports

After experiencing a decline of 25.4% in 1981/82, in the reporting year the value of non-oil exports deteriorated further, by 6.6% to \$ 3,894 million (Tables 7.2 and 7.3). This decline was caused by the weakening demand in the world market. Major export commodities, which experienced a decrease both in value and in volume were timber, rubber, and tin. In the case of coffee and shrimp exports, although recording a decline in their prices, advanced in value.

Among industrial products, exports of textiles and handicrafts as well as electrical appliances displayed favorable growths. The aggregate export value of textiles and handicrafts rose by 19.6%, compared with an increase of 16.5%

in the preceding year. This improvement was contributed by the relaxation of import quotas by the EEC, in addition to the expanded market, namely the United States, several African countries, the Middle East and, for textile, Japan. Exports of electrical equipments performed remarkably, its value soared by 55.6%. This performance reflected the fruitful result of market expansion efforts, among others, to African countries. Although the share of those industrial products to total non-oil exports remained small (7.4%), this performance was very encouraging, showing an impressive growth rate, up by 31.4% reaching \$ 289 million. An even more remarkable improvement was recorded by the exports of urea fertilizer. Its value sharply increased, by 80%, due to a 117.9% rise in volume although international prices were sliding down. On the other hand, the export value of cement decreased by 43.8%. This was due to a 27.0% lower volume of exports brought about by higher domestic use of cement as well as lower international market prices.

By country of destination, Japan still ranked first, taking 23.2% of Indonesia's non-oil export commodities, followed by the United States at 15.5%. The share of ASEAN countries experienced a decline, from 18.9% in 1981/82 to 17.5% in the reporting year.

Timber

In the reporting year, timber export still occupied first place as the foreign exchange earner among non-oil exports, taking a share of 22.6%. The value of timber exports decreased by 7.4% to \$ 881 million due to a decline in the volume of export, by 16.2% to 4,986 thousand tons, following the Government's policy to limit the export of log as a trade in for enhancing ex-

20) MMBTU = million BTU (British Thermal Unit).

ports of processed timber. It may be added that during the reporting year the value of processed timber (sawn timber, plywood, and other processed timber) rose by 31.0% bringing its share to 66.6% of total timber exports from 47.1% in the preceding year. In terms of volume, it went up by 33.7%, so that its share in the volume of timber exports increased to 46.5% compared with 29.2% in the preceding year.

Japan remained the largest importer of Indonesia's timber, although its share declined from 45.4% in 1981/82 to 30.6%. Other importing countries were Singapore (14.0%), Hongkong (9.2%), Taiwan (7.0%) and Italy (5.3%).

Rubber

The value of rubber exports, which in the preceding year experienced a decline of 28.6%, in the reporting year went further down, by 20.3% to \$ 614 million. This was due to the weakening demand in the world market, as reflected in the 19.1% decline in prices. It may be added, Indonesia remained the second largest exporter of natural rubber after Malaysia.

The United States remained the largest importer of Indonesia's rubber, taking 41.8% compared with 35.9% in the preceding year. Singapore ranked second, although its share declined to 25.5% from 33.6% in 1981/82, followed by the Federal Republic of Germany (4.4%), the Soviet Union (3.2%) and Japan (3.2%).

Coffee

Unlike the previous year, in which coffee exports declined by 41.7%, in this reporting year it increased by 6.7% reaching \$ 366 million.

As a result, in the reporting year coffee regained its third place among Indonesia's nonoil exports commodities (after timber and rubber).

The volume of coffee exports rose by 13.2% to 248 thousand tons, although international prices were slipping slightly. This performance was, to some extent, the result of market expansion efforts to non-quota countries, among others, the Middle East, Eastern Europe, Africa and Asia. Furthermore, the International Coffee Organization (ICO) decision to increase Indonesia's quota of coffee exports, by 4.3% to 144.0 thousand tons for the period of October 1982 to September 1983, also contributed to this better performance.

In the reporting year, 74.1% of Indonesia's coffee exports went to ICO countries and the remainder, 25.9% compared with 13.6% in the preceding year, went to non-quota countries. Indonesia's coffee exports to ICO members, among others, went to the United States (37.1%), the Netherlands (28.3%), Japan (14.2%), the Federal Republic of Germany (2.3%) and Italy (0.9%).

Tin

In the reporting year, both volume and value of tin exports declined, by 12.9% to 27 thousand tons and by 20.1% to \$ 349 million, respectively. The decline in volume was due to the policy of the International Tin Council (ITC) and consensus among the six largest tin producing countries to limit the export of tin to 23,200 tons per quarter, of which 5,825 tons represented the quota for Indonesia. In addition, the price of tin in the international market continued to decline as a consequence of the release of the United States tin stock pile, which reached 11 thousand tons in this reporting year.

In terms of country of destination, Singapore and the Netherlands were the largest buyers of Indonesia's tin, respectively taking 58.7% and 26.2% of Indonesia's tin export. It may be added that in the reporting year Indonesia remained the world's second largest producer and exporter after Malaysia.

Palm oil

Unlike the previous year, in which the value of palm oil exports experienced a sharp decline (by 55.6%), in this reporting year it reversed to a sizeable increase, by 30.4% to \$ 103 million. This improvement was primarily due to a sharp increase in its volume of exports, up by 72.1% reaching 315 thousand tons brought about by higher production and large inventories of the preceding years. It should be noted, world palm-oil prices went down by 22.4%.

By country of destination., Indonesia's palm oil went to the Netherlands (37.6%), the United Kingdom (22.7%), the Federal Republic of Germany (16.6%) and Italy (11.8%). It may be added that Indonesia occupied the second place, after Malaysia, in the world production of palm oil.

Shrimp

In 1982/83 the value of export of shrimp amounted to \$ 198 million or an increase of 20.7% compared with a decrease of 3.5% in the preceding year. The rise in the value of exports was due to an increase in export volume, by 23.0% reaching 48 thousand tons, brought about by higher production. It may be added that the share of shrimp to total exports of animal and produce rose from 77.3 % to 81.8% in the reporting year.

Shrimp exports went largely to Japan (81.3%) and the remainder to the United States, Hongkong and Singapore.

Tea

The value of tea export in the reporting year reached \$ 116 million or an increase of 23.4% compared with a decrease of 3.1% in the preceding year. This increase was due to better prices as a result of supply shortage brought about by unfavorable weather condition in major producing countries, such as, India and Ceylon. It may be added that the domestic tea production also declined, due to large damage of tea trees, resulting in a fall in the volume of exports, by 18.1% to 68 thousand tons.

Country-wise, Pakistan took 25.7% of Indonesia's tea exports, followed by the United States (19.6%), Australia (13.4%), Egypt (9.4%), Singapore (8.5%), the United Kingdom (6.8%) and the Netherlands (6.7%).

Other important export commodities.

Other important non-oil export commodities, comprising manufactured products (such as textiles and electrical appliances), nickel, rattan, copper, and aluminium, in the reporting year as a whole reached \$ 747 million or a rise of 12.3% compared with 3.4% in the preceding year. This was due primarily to increases in exports of manufactured products and nickel, by 11.9% and 3.0%, respectively.

Exports of manufactured products, which rose from \$ 315 million to \$ 352 million, was primarily recorded in the exports of textiles and electrical appliances, up by 19.9% and 55.6% reaching \$ 154 million and \$ 112 million, respectively. Textile exports, consisting of garment,

batic cloth, cotton yarn and yarn, in the reporting year rose by \$ 29 million. This remarkable increase was due to the easing of import quotas for Indonesian garments by the EEC; and the expansion of marketing to the United States, Africa and the Middle East and, for textile, to Japan. As regards to exports of electrical appliances, its increase was the result of market expansion efforts, among others to African countries.

The value of export of nickel, which in the preceding year experienced a decline, in 1982/83 rose by 3.4% to \$ 149 million.

This was due to a considerable increase in price, by 22.7%, although the volume of export decreased from 1,176 thousand tons to 986 thousand tons, caused by marketing difficulties.

On the other hand, rattan and copper exports, which in the preceding year recorded increases, in the reporting year declined by 3.5% and 13.5% reaching \$ 82 million and \$ 115 million, respectively, due to declining prices, although their volumes were up by 4.8% and 3.8%, respectively.

It may be added that in October 1982 Indonesia started to export, a new product, i.e. aluminium, which in the reporting year amounted to \$ 48 million or 32 thousand tons. At this initial stage the country of destination is Japan.

2.1.b. Imports

In 1982/83 the total value of oil imports as well as non-oil imports rose by 3.3% to \$ 18,496 million (Table 7.6).

In the reporting year, imports by LNG companies still experienced an increase, by 21.4% reaching \$ 142 million, while that of oil com-

panies declined by 12% to \$ 4,223 million, bringing imports by oil and LNG companies as a whole declined by 11.2%. The decline in imports by oil companies was due to lower fuel oil import bills of Pertamina (under the so-called cross-purchase arrangement), dropping from \$ 1,851 million to \$ 520 million only.

Non-oil imports, which in the preceding year recorded a 23.0% increase, in this reporting year rose by 8.7% only to \$ 14,131 million. This development was caused, besides by an 0.8% lower imports under the general foreign exchange was also caused by slowdowns in the growth of imports financed by foreign assistance (from 37.7% down to 28.3%,) and imports under foreign capital investment (from 117.3% to 29.3%).

From the financing point of view, an amount of \$ 8,707 million of non-oil imports was financed with general foreign exchange, \$ 4,011 million with foreign aid and \$ 1,413 million with foreign capital investment.

The decline of non-oil imports financed with general foreign exchange (by 0.8%) was mainly due to the lower value in imports of essential commodities under the so-called "program imports", namely rice (7.6%), wheat (6.5%) and sugar (43.8%). The decline in the import value of those three essential commodities was due to the weaker world prices and reduction in the import volume of sugar (47.9%), whereas the quantities of rice and wheat imports both increased. The volume of rice and wheat imports rose by 18.0% and 9.9% reaching 505 thousand tons, and 1,555 tons, respectively. It should be added, the increase in the volume of rice import was in line with the policy of the Government to preserve the national stock of rice in order to stabilize domestic prices, whereas larger wheat imports was due to the rising do-

TABLE 7.6
VALUE OF IMPORTS 1)
(millions of \$)

Items	1978/79	1979/80	1980/81	1981/82	1982/83
A. Imports by oil and LNG enterprises	<u>1,711</u>	<u>2,672</u>	<u>3,681</u>	<u>4,916</u>	<u>4,365</u>
B. Imports by non oil and non LNG enterprises	<u>6,732</u>	<u>8,050</u>	<u>10,561</u>	<u>12,995</u>	<u>14,131</u>
General foreign exchange imports	4,604	5,567	7,787	8,775	8,707
Foreign aid imports	1,797	2,205	2,271	3,127	4,011
— Food aid	(16)	(88)	(54)	(7)	(3)
— PL 480 (rice, bulgur and wheat grains) 2)	(78)	(151)	(64)	(43)	(18)
— Project aid	(1,703)	(1,966)	(2,153)	(3,077)	(3,990)
Imports under foreign capital inflow	331	278	503	1,093	1,413
— Direct investment	(139)	(177)	(160)	(201)	(299)
— Other foreign capital inflow 3)	(192)	(101)	(343)	(892)	(1,114)
Total (A + B)	<u>8,443</u>	<u>10,772</u>	<u>14,242</u>	<u>17,911</u>	<u>18,496</u>

1) Based on f.o.b.

2) "Initial Payments" are included into general foreign exchange imports.

3) Imports by State enterprises as Pertamina and PT Garuda.

mestic demand. With regard to sugar, the decline in its import volume was due to the rising domestic production.

In the past several years the value of imports under foreign assistance showed a steady increase. The value of this type of imports rose by 28.3%, compared with 37.7% in the preceding year, reaching \$ 4,011 million in this reporting year. Almost the entire (99.5%) import in this category were utilized for government projects and the remainder constituted food aid.

Imports of foreign investment activities amounted \$ 1,413 million, an increase of 29.3%. Of this amount, \$ 299 million were

imports under foreign capital investment, an increase of 48.8%, and \$ 1,114 million were imports executed by state-owned enterprises, an increase of 24.9%. Imports by state-owned enterprises were mainly utilized for the expansion of the LNG project and the purchase of aircraft and their spareparts by PT Garuda.

In the reporting year, imports of raw material and auxiliary goods still held the largest share (42.9%) in the composition of non-oil imports, followed by capital goods (42.5%) and consumption goods (14.6%) (Table 7.7).

The pattern of imports according to country of origin did not change significantly (Table

TABLE 7.7
IMPORTS BY ECONOMIC CATEGORY 1)
(percentage)

Year	Capital goods	Raw materials and auxiliaries	Consumer goods
1978/79	35.6	39.6	24.8
1979/80	37.1	33.7	29.2
1980/81	45.2	35.7	19.1
1981/82	41.7	41.8	16.5
1982/83	42.5	42.9	14.6

1) During the period of 1978/79–1981/82 compilation of the data are based on Application for Opening Letter of Credit (P L/C). As from 1982/83, in accordance with the recent regulation on import statistics, the data are compiled on the basis of the custom Import Document (PPUD).

XV). Asian countries still held the lead with a 59.2% share of total imports, followed by European countries (19.8%) and the American continent (17.0%). Among industrial countries, Japan still occupied first place (25.3%) followed by the United States (15.4%) and the Federal Republic of Germany (6.9%). The share of imports from ASEAN states rose from 15.9% to 18.5%. Among ASEAN countries, Singapore ranked first with an 87.0% share of Indonesia's imports from ASEAN members, followed by the Philippines (5.8%), Thailand (5.4%) and Malaysia (1.8%).

2.2. Services account

As the result of efforts to minimize foreign exchange spendings and at the same time increase foreign exchange earnings, the deficit in the services account, which in the preceding years continually increased, in this reporting year decreased to \$ 7,215 million or down by 8.3% (Table 7.8). This decline was due to lower non-investment income service payments, down by \$ 717 million to \$ 4,160 million in 1982/

83. The non-freight noninvestment income services declined from \$ 2,819 million to \$ 2,031 million. On the other hand, payments on investment income rose by 2.0% to \$ 3,055 million. This was mainly due to higher interest payments of foreign debts of the Government, up by 19.8% reaching \$ 982 million. It should be noted, investment income on the oil and LNG sector declined by 15.5% to \$ 2,097 million.

3. Capital movements of the non-monetary sector

In the reporting year, net inflow of the non-monetary sector rose substantially, from \$ 3,852 million to \$ 5,880 million. This was due to the rise in the surplus in the capital account, in both the government and the private sectors.

3.1. Official capital movements

During 1982/83, inflow of official capital amounted to \$ 5,011 million while amortizations reached \$ 926 million, thus bringing the overall surplus in the capital account to \$ 4,085 million.

3.1.a. Loans and aids

Official capital inflows, comprising financial assistance received by the Government under the IGGI as well as the non-IGGI arrangements, in the reporting year reached \$ 2,905 million and \$ 2,106 million, respectively (Table 7.9). Overall official capital inflows increased by 42.3%. This substantial increase was caused by a 28.7% rise in official development assistance (ODA) and a 49.5% rise in non-ODA lendings, reaching \$ 1,562 million and \$ 3,449 million, respectively.

TABLE 7.8
SERVICE PAYMENTS (NET)
(millions of \$)

Items	1978/79	1979/80	1980/81	1981/82	1982/83
A. Freight on imports	<u>982</u>	<u>1,246</u>	<u>1,645</u>	<u>2,058</u>	<u>2,129</u>
– Oil	166	259	356	480	422
– LNG	5	9	13	12	14
– Non oil and non LNG	811	978	1,276	1,566	1,693
B. Other transportation	<u>319</u>	<u>332</u>	<u>360</u>	<u>694</u>	<u>251</u>
– Oil	192	186	179	449	12
– LNG	--	--	--	--	--
– Non oil and non LNG	127	146	181	245	239
C. Investment Income	<u>1,864</u>	<u>2,678</u>	<u>2,943</u>	<u>2,996</u>	<u>3,055</u>
– Oil	894	1,441	1,448	1,870	1,472
– LNG	16	154	497	613	625
– Non oil and non LNG	954	1,083	998	513	958
D. Others	<u>900</u>	<u>1,335</u>	<u>1,564</u>	<u>2,125</u>	<u>1,780</u>
– Oil	157	215	302	505	366
– LNG	223	429	221	218	302
– Non oil and non LNG	520	691	1,041	1,402	1,112
E. Total (A + B + C + D)	<u>4,065</u>	<u>5,591</u>	<u>6,512</u>	<u>7,873</u>	<u>7,215</u>
– Oil	1,409	2,101	2,285	3,304	2,272
– LNG	244	592	731	843	941
– Non oil and non LNG	2,412	2,898	3,496	3,726	4,002

It may be added that, as was the case in the preceding several years, the largest portion (99.3%) of the IGGI loans in the reporting year was in the form of project aid and the remainder in program aid. The above capital inflow capital included grants amounting to \$ 108 million, Government bonds denominated in the Japanese yen to the equivalent of \$ 40 million and floating rates notes totaling \$ 275 million.

3.1.b. Debt repayments

Principal repayments of Government's foreign borrowings amounted to \$ 252 million of ODA borrowings, \$ 549 million non-ODA borrowings and \$ 125 million old debts, which in aggregate was 14.4% higher than the previous year. The payments of interest on these borrowings rose by 19.8% reaching \$ 982 million.

TABLE 7.9
GOVERNMENT FOREIGN DEBT
(millions of \$)

Particulars	1978/79	1979/80	1980/81	1981/82	1982/83
1. IGGI	<u>1,674</u>	<u>2,237</u>	<u>2,406</u>	<u>2,415</u>	<u>2,905</u>
a. ODA	1,015	1,345	1,417	1,046	1,377
— Program aid	(94)	(239)	(118)	(50)	(21)
— Project aid	(921)	(1,106)	(1,299)	(996)	(1,356)
b. Non ODA	659	892	989	1,369	1,528
2. Non IGGI (project aid)	<u>534</u>	<u>453</u>	<u>278</u>	<u>1,106</u>	<u>2,106</u>
a. ODA	183	163	130	168	185
b. Non ODA	351	290	148	938	1,921
Total	<u>2,208</u>	<u>2,690</u>	<u>2,684</u>	<u>3,521</u>	<u>5,011</u>

The debt service ratio, defined as the percentage of amortization and interest payments of foreign debts in proportion to net export earnings, during this reporting year stood at 17.3%.

3.1.c. Disbursed and still outstanding external borrowings²¹⁾

At the end of March 1983, the amount of disbursed and still outstanding debts aggregated \$ 19,665 million, consisting of \$ 1,586 million old government debts, \$ 16,202 million new government borrowings and \$ 1,877 million of borrowings by state enterprises (Table 7.10).

By terms of credits, 53.9% of the Government's borrowing were on ODA terms. Furthermore, borrowings on ODA terms were

mainly used, 74.2%, to finance development projects and the remainder being program aid.

By source of financing, the largest portion of new government borrowings (65.3%) originated from IGGI and the remainder (34.7%) came from non-IGGI sources. IGGI borrowings on ODA terms (72.5%a) consisted of \$ 4,819 million bilateral borrowings and \$ 2,850 from multilateral sources (IBRD, IDA, ADB and International Funds for Agricultural Development or IFAD). With regard to non-IGGI borrowings, an amount of \$ 1,077 million were on ODA terms, of which the largest portion was contributed by the Middle Eastern countries and the Overseas Economic cooperation Fund (OECF). The non-IGGI nonODA borrowings largely consisted of commercial loans (including bonds) from banks and other financial institutions, aggregating \$ 4,550 million.

Borrowing by state-owned enterprises

21) Disbursed and still outstanding debts.

TABLE 7. 10
OUTSTANDING EXTERNAL DEBT
AT THE END OF MARCH 1983
(millions of \$)

Particulars	Position
I. Government debts	17,788
1. Old debts ¹⁾	1,586
2. New debts	16,202
a. IGGI ²⁾	10,575
— ODA ³⁾	(7,669)
— Program aid	2,254
— Project aid	5,415
— Non ODA ⁴⁾	(2,906)
b. Non IGGI	5,627
— ODA	(1,077)
— Non ODA	(4,550)
II. Debts of State Enterprises	1,877
Total	19,665

- 1) Old debts are those obtained prior to July 1966.
- 2) IGGI borrowings are those obtained under commitment in the IGGI meeting.
- 3) Official Development Assistance (ODA) are loans provided by foreign government (bilateral) and international agencies (multilateral) to the Government of Indonesia. The terms for the above mentioned bilateral and multilateral loans can be concessionary as well as less concessionary.
- 4) Non ODA borrowings are those which are mostly obtained bilaterally from foreign banks and creditors on commercial terms.

amounted to \$ 1,877 million, which comprised of commercial borrowings of PN Pertamina and PT Garuda Indonesian Airways.

3.2. Private capital movements

In the reporting year, the surplus of private capital inflows reached \$ 1,795 million or an increase of 57.4% over the preceding year. The highest increase was recorded in the inflow of foreign capital investments (PMA), up by 119% to \$ 311 million. Other private capital inflow also increased significantly, by 48.7% reaching \$ 1,484 million.

The large increase in capital inflows under PMA were associated with the implementation

of foreign investment projects with large planned capital outlays, such as, the Asahan project (PT Inalum), the ASEAN fertilizer project (PT ASEAN Aceh Fertilizer) and a cement factory (PT Semen Andalas). As regards to other private capital, the large inflows were associated with the extension of the LNG project (PN Pertamina) and PT Garuda's purchase of 2 Boeing 747 aircraft, 3 air bus air craft and 2 Fokker 27, including their spareparts.

4. Monetary movements

Net official foreign exchange reserves (owned by the state and managed by Bank Indonesia) at the end of March, 1983, amounted to \$ 3,074 million or a down by \$ 3,280 million. With this situation, the import capacity of the official reserves in the preceding two years continued to decline and in the reporting year it reached a level where it was equivalent of two months imports of non-oil and non-LNG.

It should be noted, however the above reserves excluded foreign exchange holdings of foreign exchange banks, which at the end of the reporting year amounted to \$ 3,317 million. This amount represented a decline of \$ 951 million from the preceding year.

C. Indonesia's Balance of Payments Prospect for 1983/84.

After experiencing a substantial deficit in the reporting year, the balance of payments in 1983/84 is expected to improve. This is based on the expectation that exports will revive, especially non-oil exports, a higher surplus will take place in the capital inflows of the nonmonetary sector and positive effects of the economization policy in foreign exchange spendings.

Improvement in non-oil exports in the coming fiscal year is based on the expected revival of the world economy as well as some results of the Government's policy measures to boost non-oil exports. As a result of OPEC's decision on March 1983 to lower the standard price of oil as well as the production quota enforcement, it is hard to expect that oil proceeds will in-

crease. On the other hand, the Government's policy on minimizing foreign exchange spendings is expected to lower nonoil imports in 1983/84.

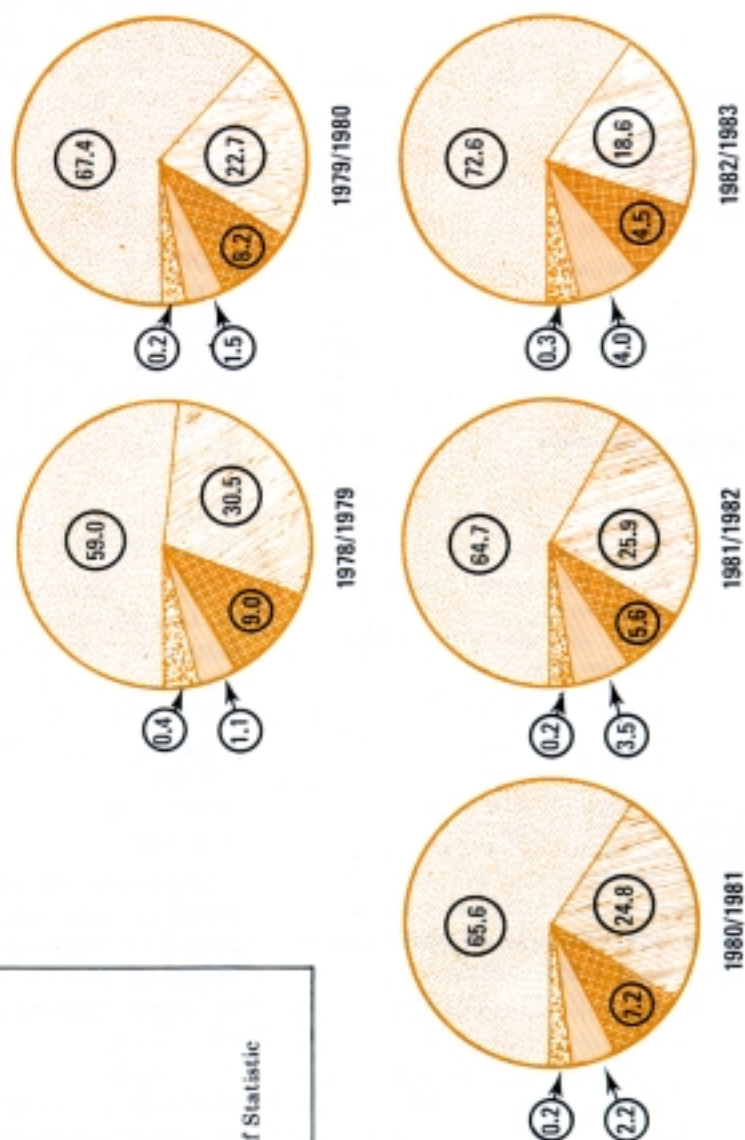
Based on these assumptions, the deficit in the current account for 1983/84 is expected to decline and the overall balance of payments will show some improvements.

EXPORTS BY COUNTRY OF DESTINATION

Note :



Source : Central Bureau of Statistic

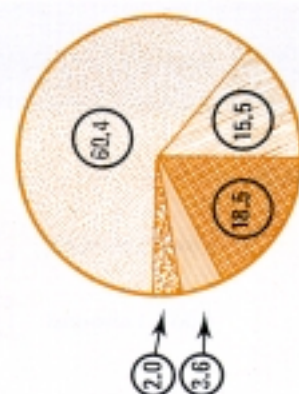


IMPORTS BY COUNTRY ORIGIN

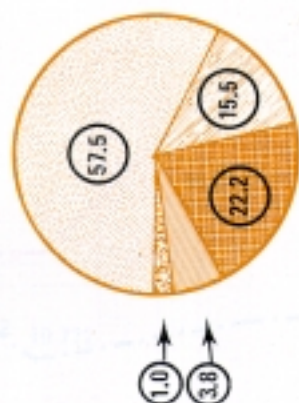
Note :



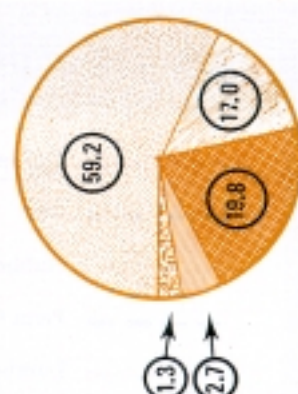
Source : Central Bureau of Statistic



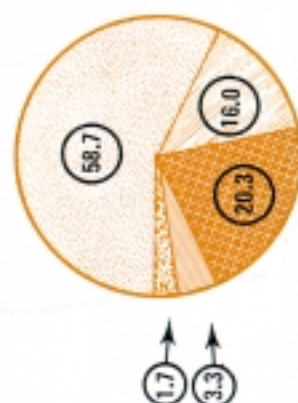
1979/1980



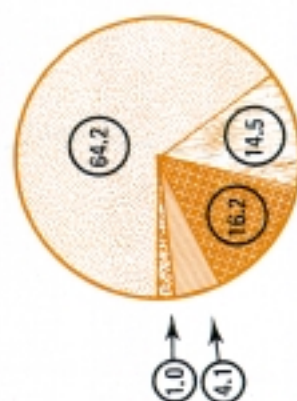
1978/1979



1982/1983

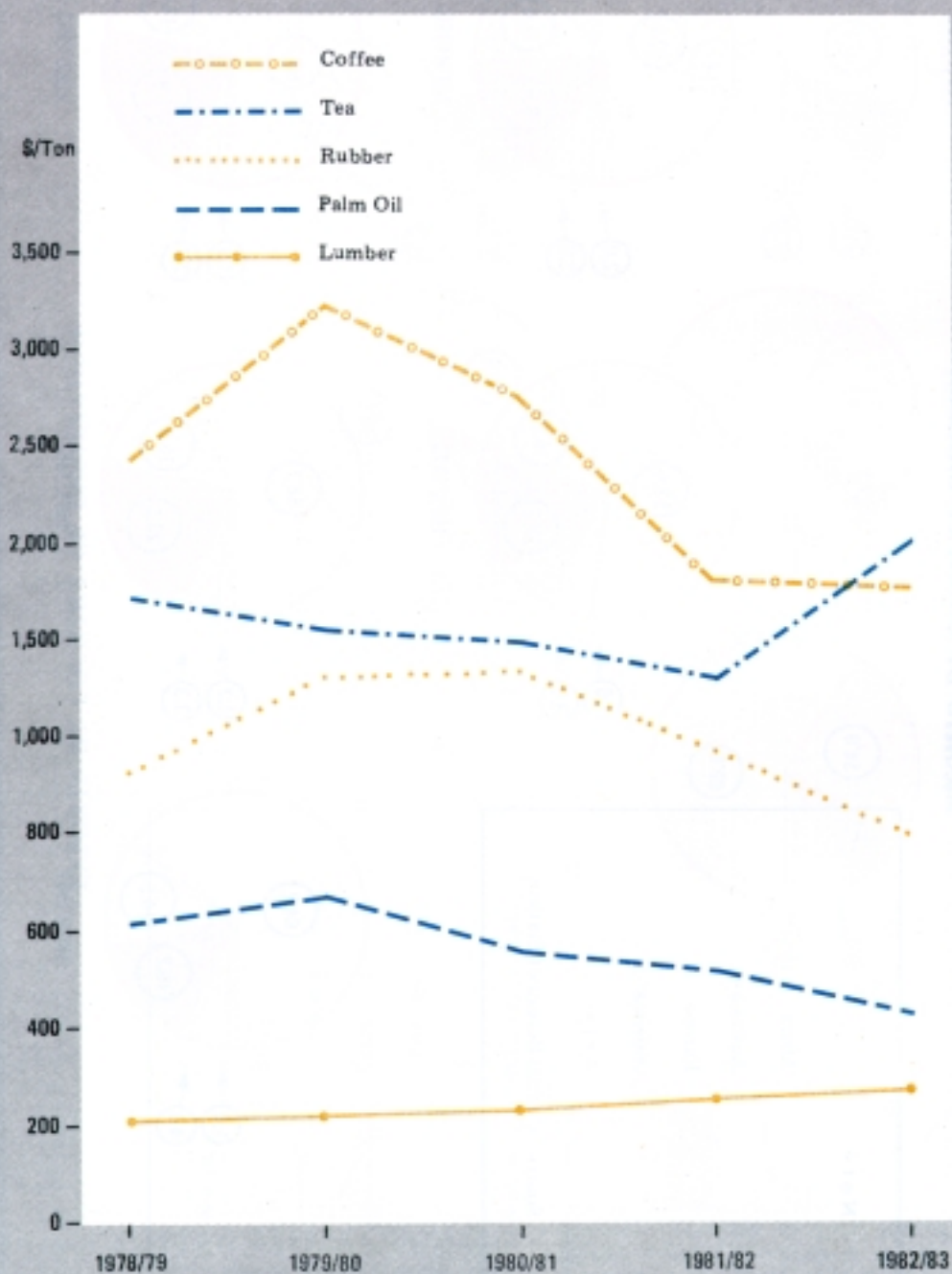


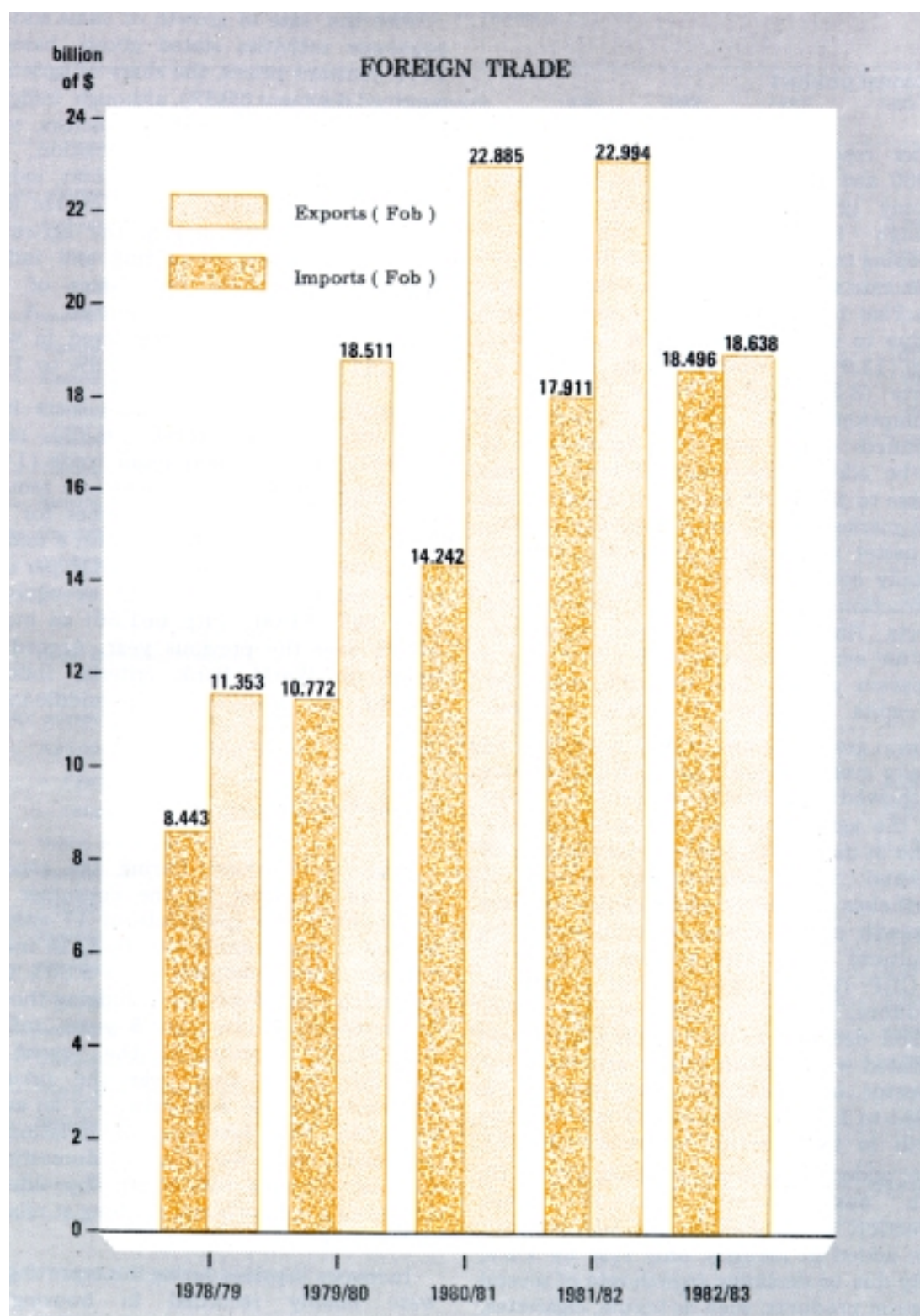
1981/1982



1980/1981

UNIT PRICES OF SELECTED EXPORT COMMODITIES





VIII. PRODUCTION, INFRASTRUCTURE AND PRICES

A. National product

After reaching a growth rate of 9.88% in 1980 and 7.93% in 1981, the Indonesian economy grew only by 2.25% in 1982. Although higher than in many other developing countries, it constituted the lowest growth rate since the First Five Year Development Plan (Pelita I). This low growth rate was due to the sizeable decline in the value added¹ (13.9%), a relatively high increase in imports (8.2%) and a slight increase in consumption (4%) although investments performed quite well (up by 13.0%). It may be added that the decline in exports was due to the world recession, the shrinking world market of oil, and a long dry season. The better performance in investments was primarily contributed by the increase in the construction of large scale development projects financed by external assistance. With an economic growth of 2.25% and a population growth rate of 2.3%, real GDP per capita remained practically constant.

Low growth rates were registered in virtually every business sector, in fact mining even showed a negative figure. It may be added that the agricultural sector, although the decline in its growth rate was less stringent as compared with other major sectors, it nevertheless influenced significantly the rate of growth of the entire economy since the agricultural sector held the largest share in the GDP (29.8%). The rate of growth in agriculture, which in 1981 reached 4.9%, in 1982 declined to 2.1%. This decline was associated with the low rate of growth in the sub-sector of foodstuffs, down from 9.1% in 1981 to 1.5% in 1982, and the still negative

growth in the forestry sub-sector (20.3%). Value added in mining declined by 12.1% which was associated with the lower production of crude oil, tin and bauxite. Value added in industry only rose by 1.2%, largely due to declining growth rate of several industrial products, such as textile, cigarettes, fertilizers, electronics, steel wires and motor vehicles. Wholesale and retail trade also experienced a decline in its rate of growth, from 10.3% to 5.7%.

With the rate of growth of value added of economic activities stated above, based on 1973 constant prices, the share of agriculture remained dominant (29.8%), although indicating a declining trend. Other major sectors, which maintained its important position, were wholesale and retail trade (17.5%), industry (15.4%), government and defence (9.0%) and mining (7.6%). Besides the agricultural sector, the shares of mining and industry also declined, while the shares of other sectors showed a slight increase. A quite significant increase was registered in wholesale and retail trade, from 16.9% to 17.5%.

Based on current prices the share in the GDP of the agricultural (26.3%), mining (19.6%), wholesale and retail trade (14.9%) and the industrial (12.9%) sectors remained dominant. GDP at current prices for 1982 stood at Rp 59,633 billion. With a mid-year population of 153.6 million, GDP per capita amounted to Rp 388,235.68 or equivalent to \$ 58.7 (\$1.00 = Rp 661.56) an increase of 3% over the previous year. Accordingly, based on World Bank criteria, Indonesia secured its position as a middle income country.

TABLE 8.1
GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN
(billions of rupiah)

Sector	1978	1979	1980	1981 ^r	1982 [*]
I. At constant 1973 market prices					
– Agriculture, forestry and fishery	3,135	3,255	3,425	3,593	3,669
– Farm food crops	(1,836)	(1,909)	(2,073)	(2,261)	(2,295)
– Others	(1,299)	(1,346)	(1,352)	(1,332)	(1,374)
– Mining and quarrying	1,049	1,047	1,035	1,069	940
– Manufacturing	1,236	1,395	1,705	1,878	1,901
– Electricity, gas and water supply	57	69	78	90	106
– Construction	529	563	639	720	758
– Wholesale and retail trade	1,530	1,681	1,852	2,043	2,159
– Transport and communication	514	560	609	677	717
– Banking and other financial intermediaries	165	180	208	231	258
– Ownership of dwelling	280	306	336	359	377
– Public administration and defence	768	805	972	1,076	1,114
– Services	297	304	311	319	326
Gross Domestic Product	9,567	10,165	11,169	12,055	12,325
II. At current market prices					
– Agriculture, forestry and fishery	6,706	8,996	11,290	13,642	15,668
– Farm food crops	(3,991)	(4,892)	(6,358)	(8,102)	(9,961)
– Others	(2,815)	(4,104)	(4,932)	(5,540)	(5,707)
– Mining and quarrying	4,358	6,980	11,673	12,971	11,708
– Manufacturing	2,420	3,310	5,288	5,822	7,681
– Electricity, gas and water supply	118	149	225	288	380
– Construction	1,242	1,790	2,524	3,118	3,507
– Wholesale and retail trade	3,450	4,775	6,391	7,966	8,865
– Transport and other financial	1,032	1,421	1,965	2,353	2,795
– Banking and other financial intermediaries	396	655	752	1,404	1,604
– Ownership of dwelling	671	914	1,200	1,439	1,703
– Public administration and defence	1,685	2,200	3,142	3,905	4,429
– Services	668	835	996	1,119	1,293
Gross Domestic Product	22,746	32,025	45,446	54,027	59,633

Source : Central Bureau of Statistics.

TABLE 8.2
PERCENTAGE DISTRIBUTION OF GROSS DOMESTIC PRODUCT
BY INDUSTRIAL CLASSIFICATION

Sèctor	1978	1979	1980	1981 ^r	1982 [*]
I. At constant 1973 market prices					
— Agriculture, forestry and fishery	32.76	32.03	30.66	29.81	29.77
— Farm food crops	(19.19)	(18.78)	(18.56)	(18.76)	(18.62)
— Others	(13.57)	(13.25)	(12.10)	(11.05)	(11.15)
— Mining and quarrying	10.96	10.30	9.26	8.87	7.62
— Manufacturing	12.92	13.73	15.26	15.58	15.42
— Electricity, gas and water supply	0.59	0.67	0.70	0.75	0.86
— Construction	5.53	5.54	5.72	5.97	6.15
— Wholesale and retail trade	15.99	16.54	16.58	16.94	17.52
— Transport and communication	5.37	5.51	5.46	5.62	5.81
— Banking and other financial intermediaries	1.73	1.76	1.86	1.92	2.10
— Ownership of dwelling	3.02	3.01	3.01	2.98	3.06
— Public administration and defence	8.03	7.92	8.70	8.92	9.04
— Services	3.10	2.99	2.79	2.64	2.65
Gross Domestic Product	100.00	100.00	100.00	100.00	100.00
II. At current market prices					
— Agriculture, forestry and fishery	29.48	28.09	24.84	25.25	26.27
— Farm food crops	(17.54)	(15.28)	(13.99)	(14.99)	(16.70)
— Others	(12.38)	(12.81)	(10.85)	(10.26)	(9.57)
— Mining and quarrying	19.16	21.79	25.68	24.01	19.63
— Manufacturing	10.64	10.34	11.64	10.78	12.88
— Electricity, gas and water supply	0.52	0.46	0.50	0.53	0.64
— Construction	5.46	5.59	5.55	5.77	5.88
— Wholesale and retail trade	15.17	14.91	14.06	14.74	14.86
— Transport and communication	4.54	4.44	4.32	4.36	4.69
— Banking and other financial intermediaries	1.74	2.05	1.66	2.60	2.69
— Ownership of dwelling	2.95	2.85	2.64	2.66	2.86
— Public administration and defence	7.40	6.87	6.92	7.23	7.43
— Services	2.94	2.61	2.19	2.07	2.17
Gross Domestic Product	100.00	100.00	100.00	100.00	100.00

Source : Central Bureau of Statistics.

TABLE 8.3
XPENDITURES ON GROSS DOMESTIC PRODUCT
(billions of rupiah)

Particulars	1978	1979	1980	1981 ^r	1982 [*]
I. At constant 1973 market prices					
– Private consumption ¹⁾	6,113	7,866	8,867	10,350	10,697
– Government consumption	1,228	1,345	1,490	1,641	1,776
– Gross domestic capital formation	2,333	2,436	2,896	3,219	3,637
– Export of goods and non-factor services	1,810	1,822	1,719	1,678	1,444
Less :					
Import of goods and non-factor services	1,917	3,304	3,803	4,833	5,229
– Gross Domestic Product	9,567	10,165	11,169	12,055	12,325
– Net factor income from abroad	– 509	– 649	– 759	– 674	– 653
– Gross National Product	9,059	9,516	10,410	11,381	11,672
Less :					
Net indirect taxes	466	496	544	588	601
Less :					
Depreciation	624	663	728	786	803
– National income	7,969	8,357	9,138	10,007	10,268
II. At current market prices					
– Private consumption ¹⁾	13,851	19,514	27,503	35,560	41,670
– Government consumption	2,659	3,733	4,688	5,788	6,832
– Gross domestic capital formation	4,671	6,704	9,485	11,553	13,467
– Export of goods and non-factor services	4,935	9,629	13,850	14,928	13,345
Less :					
Import of goods and non-factor services	3,370	7,555	10,080	13,802	15,681
– Gross Domestic Product	22,746	32,025	45,446	54,027	59,633
– Net factor income from abroad	– 892	– 1,484	– 2,011	– 1,925	– 1,958
– Gross National Product	21,854	30,541	43,435	52,102	57,675
Less :					
Net indirect taxes	1,029	1,305	1,635	1,752	2,132
Less :					
Depreciation	1,483	2,089	2,962	3,512	3,876
– National income	19,342	27,147	38,838	46,838	51,666

1) Residual.

Source : Central Bureau of Statistics.

TABLE 8.4
PERCENTAGE DISTRIBUTION OF EXPENDITURE
ON GROSS DOMESTIC PRODUCT

Particulars	1978	1979	1980	1981 ^r	1982 [*]
I At constant 1973 market prices					
— Private consumption 1)	63.89	77.38	79.39	85.86	86.79
— Government consumption	12.84	13.23	13.34	13.61	14.41
— Gross domestic capital formation	24.38	23.97	25.93	26.70	29.50
— Export of goods and non-factor services	18.92	17.92	15.39	13.92	11.72
Less :					
Import of goods and non-factor services	20.03	32.50	34.05	40.09	42.43
— Gross Domestic Product	100.00	100.00	100.00	100.00	100.00
— Net factor income from abroad	— 5.31	— 6.38	— 6.79	— 5.59	— 5.29
— Gross National Product	94.69	93.62	93.21	94.41	94.71
Less :					
Net indirect taxes	4.87	4.88	4.87	4.88	5.13
Less :					
Depreciation	6.52	6.52	6.51	6.52	6.51
— National income	83.30	82.22	81.83	83.01	83.07
II. At current market prices					
— Private consumption 1)	60.89	60.93	60.52	65.82	69.88
— Government consumption	11.69	11.66	10.32	10.71	11.46
— Gross domestic capital formation	20.54	20.93	20.87	21.39	22.58
— Export of goods and non-factor services	21.69	30.07	30.47	27.63	22.38
Less :					
Import of goods and non-factor services	14.81	23.59	22.18	25.55	26.30
— Gross Domestic Product	100.00	100.00	100.00	100.00	100.00
— Net factor income from abroad	— 3.92	— 4.63	— 4.42	— 3.56	— 3.28
— Gross National Product	96.08	95.37	95.58	96.44	96.72
Less :					
Net indirect taxes	4.52	4.07	3.60	3.24	3.57
Less :					
Depreciation	6.52	6.52	6.51	6.50	6.50
— National income	85.04	84.78	85.47	86.70	86.65

1) Residual.

Source : Central Bureau of Statistics.

TABLE 8.5
CONSUMER PRICE INDEX FOR INDONESIA (COMPOSITE OF 17 CITIES)
 (April 1977 through March 1978 = 100)

Period	Foodstuffs	Housing	Clothing	Miscellaneous	General index	Change in the general index (%)	
						Annual quarterly ¹⁾	Month
1981							
March	172.60	171.63	192.82	161.68	172.14		
1981/82						+9.80	
June	174.35	176.86	194.43	163.47	174.73	+1.50	
September	177.38	178.32	197.28	166.70	177.40	+1.52	
December	179.34	182.26	198.19	168.76	179.82	+1.36	
March	183.38	200.12	200.27	183.90	189.63	+5.42	
1982/83						+8.40	
April	182.45	200.71	200.44	184.59	189.52		— 0.06
May	182.75	201.27	200.88	184.83	189.86		+ 0.18
June	183.42	202.01	202.03	184.93	190.49	+0.45	+ 0.33
July	186.47	202.97	204.14	186.43	192.60		+ 1.11
August	183.76	203.22	203.81	187.49	191.72		— 0.46
September	186.29	204.96	204.48	187.13	193.41	+1.53	+ 0.88
October	189.24	207.99	204.79	189.01	195.40		+ 1.24
November	190.41	208.90	205.08	189.33	196.66		+ 0.44
December	192.72	209.76	205.02	189.32	197.85	+2.29	+ 0.61
January	195.61	223.21	205.31	209.43	206.94		+ 4.59
February	192.10	229.75	204.91	210.34	207.24		+ 0.14
March	189.70	228.76	204.60	210.57	205.99	+4.13	— 0.60

1) Annual/quarterly change of the CPI is calculated on a cumulative basis as a summation of the monthly percentage changes.

Source : Central Bureau of Statistics.

B. Price Development

Price development during the reporting year, as measured by the consumer price index (CPI) of a composite of 17 cities, indicated a more stable situation, an increase of only 8.40% com-

pared with 9.80% in the preceding year (Table 8.5). Judging the price developments in the past 5 years, inflation in 1982/83 represented the lowest rate although during that year the prices of domestic fuel oils were raised by an average of 52%. This low rate of inflation was associ-

TABLE 8.6
PRICES OF SELECTED EXPORT COMMODITIES
IN THE DOMESTIC MARKET (JAKARTA)
(rupiah per kg)

Period	Rubber RSS-I	Coffee robusta	Tea BOP
1981/82			
April	602.02	931.25	700.00
May	604.79	908.40	700.00
June	562.31	610.45	700.00
July	495.71	663.00	700.00
August	487.25	713.50	700.00
September	510.87	713.50	700.00
October	494.09	638.88	700.00
November	492.21	689.81	675.00
December	485.79	691.13	675.00
January	486.03	772.19	675.00
February	493.75	735.65	675.00
March	508.48	783.50	675.00
1982/83			
April	506.22	760.00	675.00
May	503.09	750.00	675.00
June	489.76	750.00	675.00
July	475.65	775.00	675.00
August	475.27	645.00	700.00
September	483.19	645.00	700.00
October	494.40	675.00	800.00
November	609.06	675.00	825.00
December	571.24	795.00	825.00
January	509.25	975.00	825.00
February	578.50	975.00	825.00
March	701.09	1,025.00	825.00

Source : Central Bureau of Statistics.

ated with the sluggish domestic and external demand, supported by adequate supply of food-stuffs and clothing at relatively stable prices.

Increases in prices during this reporting year, were mainly recorded in housing and miscellaneous groups,

up by 13.64% and 14.07%, respectively. Those two groups with a combined share of 79.17% in the CPI, were the main cause of the inflation rate in the reporting year. The rise of fuel oil prices was the main reason of price increase in electricity and transporta-

TABLE 8.7
PRICE OF SELECTED EXPORT COMMODITIES
IN THE WORLD MARKET

Period	Rubber RSS—i New York (US\$ Cent/lb)	Coffee robusta Singapore (Sin \$/100 kg)	Tea Bop London (pence / kg)
1981/82			
April	61.25	372.50	64
May	59.62	342.50	74
June	58.25	267.50	80
July	52.88	322.50	81
August	51.50	322.50	79
September	46.50	312.50	...
October	45.50	312.50	...
November	47.00	332.50	...
December	49.50	347.50	79
January	45.50	347.50	79
February	44.75	347.50	...
March	44.62	357.50	...
1982/83			
April	45.75	337.50	...
May	45.25	332.50	78
June	43.75	335.50	...
July	43.00	335.00	81
August	43.50	312.50	...
September	43.00	302.50	...
October	43.87	312.50	...
November	41.75	312.50	80
December	41.50	322.50	80
January	42.50	302.50	125
February	51.25	322.50	122
March	54.75	292.50	125

tion, which in turn induced price increase in the groups of housing and miscellaneous goods and services. The price of electricity rate rose by 37.5%, rail road transportation by 20% to 40%, road transportation by 20% to 25% and air transportation by 20%.

To increase production and income of farm-

ers, the Government raised the floor purchase price of soybean by 3.5% (effective December 1982)¹⁾ and rice by about 11% as well as unhusked rice by about 8% (effective February

1) Presidential Instruction No. 13 of 1982, December 1, 1982.

1, 1982)²⁾. Nevertheless, the consumer price index for the group of foodstuffs in 1982/83 only rose by 3.48%. This reflected the low growth of prices of foodstuffs other than rice and soybean.

The CPI in the group of clothing for 1982/83 rose by only 2.14%, although production costs were higher as a result of price increase in fuel oils and transportation costs. This development was the result of the sluggish demand for clothing, especially textiles, which had prevailed since the past few years. This situation was reflected in the large textile inventories.

In the reporting year, the average monthly price increase was 0.70%. The highest increase took place in June 1983, by 4.59%, due to the rise in prices of fuel oils. By contrast, the rate of

inflation in February was far below the above average, 0.14% only, in fact in the following month there was even a decrease by 0.60% due, among others, to the sufficient supply of consumption goods, especially essential commodities. Significant price increases were registered in July and October 1982, respectively, by 1.11% and 1.24%. The increase in July 1982 was connected with the increased demand for goods during Idulfitri and that of October 1982 was primarily due to the increase in the prices of rice and cement.

During the reporting year the wholesale price for agricultural commodities rose by 6.29%, mining products 6.49%, industrial goods 12.60%, imported goods 5.02% and exported goods 4.46%. In aggregate the wholesale price index rose by 7.02% and, without oil exports, by 8.46% compared with 7.55% and 9.66% in the preceding year.

2) Presidential Instruction No. 14 of 1982, December 1, 1982.

TABLE 8.8
APPROVED DOMESTIC INVESTMENT PROJECTS BY SECTOR 1)
(millions of rupiah)

Sector	1968–1978	1979	1980	1981	1982	Total	
						Value	Project
Agriculture	283,056	36,410	126,942	165,142	511,452	1,123,002	203
Forestry	308,321	81,802	397,620	362,132	182,523	1,332,398	488
Mining	68,392	32,882	37,092	13,462	453,606	605,434	33
Manufacturing	3,037,105	502,343	861,462	1,469,529	2,513,980	8,384,419	2,692
Construction	15,804	2,060	1,531	15,076	16,222	50,693	14
Hotel and tourism	92,055	12,418	1,032	52,620	70,246	228,371	129
Housing and offices	90,369	3,778	23,961	— 12,489	70,860	176,479	30
Other services	264,324	16,936	53,923	71,712	41,665	448,560	208
Total	4,159,426	688,629	1,503,563	2,137,184	3,860,554	12,349,356	3,797

1) After taking into account the cancellations and shifting of projects from foreign to domestic investment.

Source : Investment Coordinating Board.

After experiencing declines, the domestic prices of several export products started to rise towards the end of the reporting year. The market prices in Jakarta for rubber RSS I on average rose by 2.79% to Rp 533.06 per kg, robusta coffee by 6.70% to Rp 787.08 per kg, and BOP tea by 9.06% to Rp 752.08 per kg (Table 8.6). These price increases were caused, among others, by the higher domestic transportation costs as a result of fuel oil price increases and setback in production because of the long dry season. By contrast, the international prices for RSS I rubber and robusta coffee declined by 11.03% to \$ 0.45 per lb and 4.14% to Sin. \$ 3.18 per kg, respectively, whereas of tea BOP registered a significant increase, by 28.91% to £ 0.99 per kg. Nevertheless, the price of RSS I rubber in the last few months of 1982/83 began to improve and in March 1983 reached \$ 0.5475 per lb. This was due to the increased demand for rubber in the developed countries. The decline in the price of coffee was caused, among others, by the still larger supply than demand, although production declined. In the case of tea, the price increase was due to a setback in production in almost all major tea producing countries.

C. Capital Investment

In 1982 capital investment showed an optimistic growth, despite continuing world recession. The combined value of intended domestic capital investment (PMDN) and foreign capital investment (PMA) rose by 78.3% compared with 40.3% in the preceding year. This sharp increase was attributable to the political stability in Indonesia, more effective promotion activities, better servicing and initiations of large projects. It may be added that the activities of

national entrepreneurs operating under PMDN were improving, especially in the application of appropriate technology, whereas PMA emphasized on the development of capital intensive and high technology industry, such as, basic chemicals, basic metal and machinery.

In the reporting year, the Investment Coordinating Board (BKPM) intensified its efforts to simplify the process of issuing permits and encourage the implementation of investment activities. The function of Regional Investment Coordinating Boards (BKPMs) was escalated to enable them undertake feasibility studies and it is hoped that in the near future these institutions could also issue Temporary Letter of Agreements (SPS) and Permanent Letter of Agreements (SPT). At the first stage, due to its limited capability, each BKPM was assigned to handle five projects with a maximum value of Rp 100 million per project.

In 1982, the Government revised the Priority List (DSP) for capital investment. The DSP was reclassified towards increasing the role of the private sector in the development of this nation.

This revised DSP encompassed various areas of business activities. These activities were classified into 7 sectors, 18 sub-sectors and 72 programs. Under this new DSP, 750 fields of activities were open for PMDN, 326 for PMA and 1,277 fields of activities for enterprises outside the PMDN and PMA categories. Further, 110 fields of activities were closed, among others, fishery (the use of trawls for fish and shrimps catching), logging and production of pasteurized milk.

As commonly known, fields of activities open for PMDN and PMA were granted tax facilities, such as, tax holiday and/or investment allowance. Such facilities were granted on the

TABLE 8.9
DOMESTIC CAPITAL INVESTMENT PLAN BY PROVINCE
(millions of rupiah)

Province	1968–1978	1979	1980	1981	1982	Total	
						Value	Project
1. DKI Jakarta	287,607	53,704	102,705	524,462	629,014	1,597,492	784
2. West Jawa	2,038,913	284,688	246,284	489,819	773,783	3,833,487	851
3. Central Jawa	196,287	40,485	35,752	75,416	160,055	507,995	325
4. D.I. Yogyakarta	28,707	385	3,196	13,266	7,958	53,512	49
5. East Jawa	454,892	53,363	62,278	263,602	611,420	1,445,555	463
Jawa and Madura	3,006,406	432,625	450,215	1,366,565	2,182,230	7,438,041	2,472
6. D.I. Aceh	16,653	12,900	1,561	46,118	16,768	94,000	41
7. North Sumatra	210,013	31,967	83,722	34,106	109,817	469,625	202
8. West Sumatra	24,049	404	51,732	8,051	188,357	272,593	59
9. Riau	46,547	37,483	50,873	108,982	20,214	264,099	85
10. Jambi	23,827	13,897	18,141	3,893	23,821	83,579	51
11. South Sumatra	242,678	11,231	15,214	16,373	476,043	761,539	70
12. Bengkulu	9,419	1,344	3,723	— 242	8,879	23,123	12
13. Lampung	37,961	6,261	14,311	13,466	70,538	142,537	63
Sumatra	611,147	115,487	239,277	230,747	914,437	2,111,095	583
14. West Kalimantan	33,737	25,385	58,318	9,171	133,903	260,514	102
15. Central Kalimantan	64,152	15,471	27,518	28,573	42,434	178,148	103
16. South Kalimantan	16,404	10,877	59,383	87,996	33,494	208,154	68
17. East Kalimantan	148,386	49,952	266,446	172,722	224,439	861,945	206
Kalimantan	262,679	101,685	411,665	298,462	434,270	1,508,761	479
18. North Sulawesi	36,978	938	— 1	3,321	4,972	46,208	29
19. Central Sulawesi	9,200	15,820	20,130	18,162	9,603	72,915	23
20. South Sulawesi	80,515	10,933	53,923	— 32,713	217,223	329,881	80
21. Southeast Sulawesi	37,559	— —	1,157	7,580	3,489	49,785	9
Sulawesi	164,252	27,691	75,209	— 3,650	235,287	498,789	141
22. Bali	28,923	804	1,435	37,108	2,254	70,524	30
23. West Nusa Tenggara	44,798	— —	— 125	666	6,012	51,351	7
24. East Nusa Tenggara	8,031	2,837	3,471	1,719	22,683	38,741	9
25. East Timor	— —	— —	— —	— —	— —	— —	— —
26. Maluku	18,248	10,906	10,243	71,517	55,909	166,823	52
27. Irian Jaya	14,941	— 3,406	36,573	134,050	7,472	189,630	16
28. Others	— —	— —	275,601	— —	— —	275,601	8
Total	4,159,426	688,629	1,503,563	2,137,184	3,860,554	12,349,356	3,797

Source : Capital Investment Coordinating Board.

basis of the scale of priorities. Fields of activities of high priority, enjoying the most favorable facilities, included the development of natural resources such as agriculture, mining and fishery and certain industries, such as, metal processing and machinery.

Fields of activities closed for investment were listed in a so-called negative list.

1. Domestic Capital Investment (PMDN)

In 1982, the Government approved 235 PMDN projects with a value of Rp 3,860.6 billion, an increase of 80.6% over the preceding year. Large increases were registered in virtually every sector, except the forestry and services sectors which experienced a decline, by 49.6% and 41.9%, respectively.

Since the enactment of the Domestic Investment Law in July 1968 up to the end of 1982, PMDN activities approved by the Government reached 3,797 projects amounting to Rp 12,349.3 billion (Table 8.8). Of these investments the industrial sector occupied the largest share with 2,692 projects (71%) amounting to Rp 8,384 billion (68%), followed by forestry with 488 projects (13%) amounting to Rp 1,332.4 billion (11%) and the agricultural sector with 203 projects (5%) amounting to Rp 1,123.0 billion (9%).

By regional distribution, West Java held the first rank with 851 projects (22%) amounting to Rp 3,833.5 billion (31%), followed by Jakarta with 784 projects (21%) amounting to Rp 1,597.5 billion (13%), East Java with 463 projects (12%) amounting to Rp 1,445.5 billion (12%), East Kalimantan with 207 projects (5%) amounting to Rp 861.9 billion (16%) and Central Java with 325 projects (9%) amounting to Rp 507.9 billion (4%).

From 1968 to March 1983, total disbursement amounted to Rp 5,025.8 billion involving 2,611 projects.

2. Foreign investment

In 1982 the Government approved 39 projects with an intended investment of \$ 1,919.6 million or 63.9% above the value of investment in the preceding year. Large increases were registered in the fields of chemical industry (\$ 162.6 million or 60%), **basic metal industry (\$ 616.1 million or 431%) and in hotels (from nil in 1981 to \$ 17.0 million in 1982). In contrast, a sharp decline occurred in the field of forestry (\$ 100 million or 61%) and in basic metal industry (\$ 80 million or 96%).**

Since the promulgation of the Foreign Investment Law (UU PMA) in 1967 up to 1982, total intended foreign capital investments reached 794 projects to the amount of \$ 11,865.9 million.

By field of activities, since 1967 the largest share was invested in the industrial sector, covering 484 projects (61%) totaling \$ 8,243.3 million (69%). These projects involved chemical industry in 140 projects (\$ 1,735.3 million) basic metal industry in 23 projects (\$ 2,068.2 million) and metal industry with 134 projects (\$ 1,464.5 million). Other fields with large intended investment were mining covering 20 projects (\$ 1,688.1 million) forestry in 58 projects (\$ 519.2 million) and agriculture in 55 projects (\$ 222.2 million).

By regional distribution, 287 projects were located in Jakarta (36%), followed by West Java with 163 projects (21%), East Java with 70 projects (9%), North Sumatra with 41 projects (5%) and Central Java with 23 projects (3%).

By country of origin, Japan remained

TABLE 8.10
APPROVED FOREIGN INVESTMENT PROJECTS BY SECTOR 1)
(millions of \$)

Sector	1967-1976	1977	1978	1979	1980	1981	1982	Total	
								Volume	Project
Agriculture, forestry and fishery	<u>286,9</u>	<u>52,6</u>	<u>64,7</u>	<u>102,2</u>	<u>84,4</u>	<u>216,8</u>	<u>85,0</u>	<u>892,6</u>	<u>138</u>
— Agriculture	84,4	21,4	3,0	22,2	43,4	31,9	15,9	222,2	55
— Forestry	147,2	28,5	38,6	39,7	38,6	163,2	63,4	519,2	58
— Fishery	55,3	2,7	23,1	40,3	2,4	21,7	5,7	151,2	25
Mining	<u>1.057,3</u>	<u>200,5</u>	<u>38,1</u>	<u>150,0</u>	<u>3,0</u>	<u>12,8</u>	<u>226,4</u>	<u>1.688,1</u>	<u>20</u>
— Metal	906,3	200,0	22,0	150,0	—	0,8	214,4	1.493,5	6
— Others	151,0	0,5	16,1	—	3,0	12,0	12,0	194,6	14
Manufacturing	<u>3.208,8</u>	<u>327,4</u>	<u>275,5</u>	<u>1.525,4</u>	<u>710,2</u>	<u>869,4</u>	<u>1.326,6</u>	<u>8.243,3</u>	<u>484</u>
— Food	175,4	8,3	5,5	64,4	14,2	40,3	6,3	314,4	43
— Textile and leather	890,0	70,8	114,6	103,4	78,7	138,9	46,9	1.443,3	73
— Wood and wood products	43,3	—	1,0	6,0	11,2	123,6	15,5	200,6	22
— Paper and paper products	86,5	9,7	0,4	10,5	2,3	48,5	—	157,9	11
— Chemical and rubber	310,5	49,3	25,5	365,0	282,2	270,1	432,7	1.735,3	140
— Non metallic minerals	346,2	98,3	19,7	76,7	222,1	20,2	62,5	845,7	31
— Basic metals	1.096,6	18,4	9,9	854,9	—	84,8	3,6	2.068,2	23
— Metal products	254,5	72,6	92,0	44,5	98,8	143,0	759,1	1.464,5	134
— Others	5,8	—	6,9	—	0,7	—	—	13,4	7
Construction	<u>64,2</u>	<u>0,8</u>	<u>5,4</u>	<u>0,5</u>	<u>7,7</u>	<u>48,8</u>	<u>40,3</u>	<u>167,7</u>	<u>65</u>
Trade and hotels	<u>167,8</u>	<u>7,0</u>	<u>9,7</u>	<u>3,0</u>	<u>38,6</u>	<u>—</u>	<u>19,2</u>	<u>245,3</u>	<u>16</u>
— Trade	11,7	—	—	—	—	—	2,2	13,9	3
— Hotels	156,1	7,0	9,7	3,0	38,6	—	17,0	231,4	13
Transportation and communication	<u>45,0</u>	<u>—</u>	<u>—</u>	<u>0,2</u>	<u>31,6</u>	<u>0,1</u>	<u>17,9</u>	<u>94,8</u>	<u>18</u>
— Transportation	45,0	—	—	0,2	31,6	0,1	17,9	94,8	18
— Communication	—	—	—	—	—	—	—	—	—
Services	<u>236,0</u>	<u>20,3</u>	<u>4,4</u>	<u>45,8</u>	<u>—</u>	<u>23,4</u>	<u>204,2</u>	<u>534,1</u>	<u>53</u>
— Trade services	221,3	20,3	2,4	45,8	—	23,4	204,2	517,4	42
— Personnel services	14,7	—	2,0	—	—	—	—	16,7	11
Total	<u>5.066,0</u>	<u>608,6</u>	<u>397,8</u>	<u>1.827,1</u>	<u>875,5</u>	<u>1.171,3</u>	<u>1.919,6</u>	<u>11.865,9</u>	<u>794</u>

1) After taking into account the cancellations and shifting of projects from foreign to domestic investment.

TABLE 8.11
PLANNED AND REALIZATION OF FOREIGN
CAPITAL INVESTMENT BY PROVINCE
(millions of \$)

Province	1967-1976	1977	1978	1979	1980	1981	1982	Investment plan		Realiza- tion 1)
								Value	Project	
1. DKI Jakarta	900.3	103.6	91.9	209.8	103.6	205.2	894.1	2,508.5	287	826.4
2. West Jawa	1,197.4	164.5	125.3	117.7	226.0	269.7	487.4	2,588.0	163	1,017.8
3. Central Jawa	191.2	12.8	4.8	5.8	20.1	--	16.7	251.4	23	174.7
4. D.I. Yogyakarta	1.6	--	--	--	6.6	--	--	8.2	3	0.5
5. East Jawa	257.8	26.9	28.3	40.9	39.6	97.5	15.6	506.6	70	191.0
Jawa and Madura	2,548.3	307.8	250.3	374.2	395.9	572.4	1,413.8	5,862.7	546	2,210.4
6. D.I. Aceh	3.6	--	6.0	316.0	6.2	110.5	--	442.3	7	28.7
7. North Sumatra	953.4	2.1	1.3	851.0	40.7	25.7	9.9	1,884.1	41	751.4
8. West Sumatra	2.0	17.0	6.2	--	14.2	16.0	7.1	62.5	4	13.1
9. Riau	56.5	20.3	19.1	0.5	56.8	68.9	24.1	246.2	23	49.5
10. Jambi	5.0	0.5	--	--	6.5	8.0	--	20.0	4	3.9
11. South Sumatra	52.2	2.3	3.1	2.5	8.1	10.9	3.4	82.5	14	30.0
12. Bengkulu	--	--	--	--	--	--	--	--	--	--
13. Lampung	71.3	1.1	2.0	0.5	2.0	8.3	--	85.2	8	54.3
Sumatra	1,144.0	43.3	37.7	1,170.5	134.5	248.3	44.5	2,822.8	101	930.9
14. West Kalimantan	8.5	6.4	--	0.2	--	--	1.0	16.1	8	6.4
15. Central Kalimantan	22.6	12.9	15.9	12.8	5.6	10.6	26.4	106.8	15	48.3
16. South Kalimantan	10.1	3.7	--	--	--	49.0	6.0	68.8	10	15.7
17. East Kalimantan	80.4	4.8	13.3	26.1	7.4	60.0	2.2	194.2	16	82.7
Kalimantan	121.6	27.8	29.2	39.1	13.0	119.6	35.6	385.9	49	153.1
18. North Sulawesi	76.3	--	--	--	1.4	--	--	77.7	3	11.9
19. Central Sulawesi	16.5	--	2.6	--	--	52.8	--	71.9	6	8.0
20. South Sulawesi	11.0	--	3.3	1.1	--	2.7	0.3	18.4	6	10.1
21. Southeast Sulawesi	--	15.0	4.2	10.5	--	--	--	29.7	3	6.8
Sulawesi	103.8	15.0	10.1	11.6	1.4	55.5	0.3	197.7	18	36.8
22. Bali	23.2	4.8	2.4	--	--	--	17.0	47.4	5	6.4
23. West Nusa Tenggara	--	--	--	--	--	--	--	--	--	--
24. East Nusa Tenggara	0.8	3.1	--	--	--	--	17.9	21.8	2	0.4
25. East Timor	--	--	--	--	--	--	--	--	--	--
26. Maluku	5.4	1.4	6.1	23.9	--	--	--	36.8	6	6.6
27. Irian Jaya	270.8	1.3	6.8	8.8	2.4	44.5	34.7	369.3	18	202.8
28. Miscellaneous	848.1	204.1	55.2	199.0	328.3	131.0	355.8	2,121.5	49	1,163.7
Total	5,066.0	608.6	397.8	1,827.1	875.5	1,171.3	1,919.6	11,865.9	794	4,711.1

1) Through September 1982.

the largest investor with \$ 4,297.0 million (36%), followed by Hong Kong \$ 1,352.2 million (11%), the United States \$ 516.4 million (4.4%) and the Netherlands \$ 436.5 million (3.7%).

Up to the end of 1982, total disburse-

ment of PMA amounted to \$ 4,868.8 million or 41% of total intended investments for 630 projects (Table 8.13). The largest investment was placed in industry (66%), followed by mining (12%), forestry (8%) and services (3%).

TABLE 8.12
APPROVED FOREIGN INVESTMENT PROJECTS BY ORIGIN 1)
(millions of \$)

Country of origin	1967-1976	1977	1978	1979	1980	1981	1982	Total	
								Volume	Project
1. Europe	<u>509.1</u>	<u>31.3</u>	<u>48.0</u>	<u>93.7</u>	<u>228.1</u>	<u>141.8</u>	<u>356.4</u>	<u>1,408.4</u>	<u>159</u>
— United Kingdom	46.6	7.8	4.9	45.3	4.8	14.9	163.6	287.9	42
— Netherlands	171.4	6.9	27.9	3.0	147.5	49.2	30.6	436.5	43
— France	20.2	0.2	5.5	—	0.4	—	0.3	26.6	8
— Germany Fed.									
Rep. of	183.7	6.5	1.4	3.9	23.4	15.3	52.3	286.5	22
— Belgium	39.7	1.6	0.8	8.0	40.7	53.1	—	143.9	15
— Switzerland	30.4	—	7.5	9.1	1.4	2.5	94.9	145.8	15
— Others	17.1	8.3	—	24.4	9.9	6.8	14.7	81.2	14
2. America	<u>200.2</u>	<u>29.4</u>	<u>29.6</u>	<u>49.6</u>	<u>137.3</u>	<u>24.6</u>	<u>80.3</u>	<u>551.0</u>	<u>82</u>
— United States of America	184.1	27.0	22.0	49.4	136.9	16.7	80.3	516.4	74
— Canada	2.5	2.4	4.6	—	—	—	—	9.5	2
— Others	13.6	—	3.0	0.2	0.4	7.9	—	25.1	6
3. Asia	<u>2,796.9</u>	<u>249.2</u>	<u>225.1</u>	<u>1,183.7</u>	<u>147.9</u>	<u>741.6</u>	<u>979.0</u>	<u>6,323.4</u>	<u>428</u>
— Japan	2,102.0	104.1	162.2	1,033.7	72.7	219.9	602.4	4,297.0	211
— Hongkong	489.3	127.3	61.9	115.6	24.7	286.8	246.6	1,352.2	130
— Thailand	2.5	—	0.2	—	1.8	3.1	—	7.6	4
— Singapore	37.1	2.1	0.8	6.1	31.6	20.6	44.1	142.4	28
— Philippines	12.6	3.9	—	—	—	3.8	40.0	60.3	8
— Malaysia	19.8	—	—	4.8	—	1.2	—	25.8	14
— Others	133.6	11.8	—	23.5	17.1	206.2	45.9	438.1	33
4. Africa	<u>11.4</u>	<u>—</u>	<u>4.6</u>	<u>—</u>	<u>4.3</u>	<u>—</u>	<u>—</u>	<u>20.3</u>	<u>2</u>
— Liberia	11.4	—	4.6	—	4.3	—	—	20.3	2
5. Australia	<u>236.5</u>	<u>2.2</u>	<u>—</u>	<u>8.3</u>	<u>1.8</u>	<u>19.4</u>	<u>13.3</u>	<u>281.5</u>	<u>34</u>
6. Group of country	<u>1,311.9</u>	<u>296.5</u>	<u>90.5</u>	<u>491.8</u>	<u>356.1</u>	<u>243.9</u>	<u>490.6</u>	<u>3,281.3</u>	<u>89</u>
Total	<u>5,066.0</u>	<u>608.6</u>	<u>397.8</u>	<u>1,827.1</u>	<u>875.5</u>	<u>1,171.3</u>	<u>1,919.6</u>	<u>11,865.9</u>	<u>794</u>

1) After taking into account the cancellations and shifting of projects from foreign to domestic investment.

TABLE 8.13
IMPLEMENTATION OF FOREIGN INVESTMENT BY SECTOR
JUNE 1967 THROUGH DECEMBER 1982
(millions of \$)

Sector	Project ¹⁾	1967-1976	1977	1978	1979	1980	1981	1982	Total
Agriculture, forestry and fishery	<u>115</u>	<u>368.3</u>	<u>37.4</u>	<u>38.6</u>	<u>34.0</u>	<u>48.6</u>	<u>48.3</u>	<u>25.8</u>	<u>601.0</u>
— Agriculture	45	40.2	12.5	10.1	4.3	14.5	13.0	5.8	100.4
— Forestry	57	260.3	22.1	15.0	19.2	26.2	34.9	11.0	388.7
— Fishery	13	67.8	2.8	13.5	10.5	7.9	0.4	9.0	111.9
Mining	<u>11</u>	<u>299.2</u>	<u>20.1</u>	<u>57.3</u>	<u>47.5</u>	<u>49.4</u>	<u>70.0</u>	<u>32.2</u>	<u>575.7</u>
Manufacturing	<u>392</u>	<u>1,726.6</u>	<u>186.2</u>	<u>267.0</u>	<u>192.0</u>	<u>235.4</u>	<u>243.5</u>	<u>378.9</u>	<u>3,229.6</u>
— Food	38	136.4	11.9	14.9	7.1	7.4	15.8	7.1	200.6
— Textiles and leather	61	716.9	27.9	31.4	41.7	78.7	102.5	69.7	1,068.8
— Wood and wood products	13	20.7	1.4	0.4	0.1	3.3	2.2	23.9	52.0
— Paper and paper products	10	17.9	9.6	11.8	1.4	6.1	2.5	1.6	50.9
— Chemicals and rubber	119	237.9	28.0	71.7	44.8	32.0	44.5	164.9	623.8
— Non metallic minerals	22	210.8	42.9	9.0	3.2	30.0	30.9	49.4	376.2
— Basic metal	19	111.8	27.8	37.8	47.5	23.9	7.9	28.5	285.2
— Metal products	103	263.4	35.4	89.9	36.0	52.0	35.3	33.8	545.8
— Others	7	10.8	1.3	0.1	10.2	2.0	1.9	—	26.3
Construction	<u>53</u>	<u>34.5</u>	<u>3.0</u>	<u>1.4</u>	<u>12.0</u>	<u>0.8</u>	<u>0.6</u>	<u>6.9</u>	<u>59.2</u>
Trade and hotels	<u>13</u>	<u>79.8</u>	<u>6.2</u>	<u>17.2</u>	<u>4.3</u>	<u>0.4</u>	<u>2.9</u>	<u>—</u>	<u>110.8</u>
— Trade	3	10.1	—	0.7	—	—	2.5	—	13.3
— Hotels	10	69.7	6.2	16.5	4.3	0.4	0.4	—	97.5
Transportation and Communication	<u>14</u>	<u>16.3</u>	<u>2.0</u>	<u>4.7</u>	<u>21.9</u>	<u>4.8</u>	<u>1.3</u>	<u>—</u>	<u>51.0</u>
— Transportation	14	9.7	1.8	1.3	0.1	2.1	0.2	—	15.2
— Communication	—	6.6	0.2	3.4	21.8	2.7	1.1	—	35.8
Services	<u>32</u>	<u>76.5</u>	<u>3.8</u>	<u>14.0</u>	<u>6.9</u>	<u>7.2</u>	<u>12.4</u>	<u>6.1</u>	<u>126.9</u>
— Trade services	23	67.7	3.5	5.1	6.9	7.2	12.0	6.1	108.5
— Personal services	9	8.8	0.3	8.9	—	—	0.4	—	18.4
Others	<u>—</u>	<u>109.5</u>	<u>0.1</u>	<u>5.0</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>114.6</u>
Total	<u>630</u>	<u>2,710.7</u>	<u>258.8</u>	<u>405.2</u>	<u>318.6</u>	<u>346.6</u>	<u>379.0</u>	<u>449.9</u>	<u>4,868.8</u>

1) Through September 1982.

Source : — BKPM and Bea Cukai (Import).

— Monthly Bulletin of Foreign Exchange Banks (Cash in flows).

D. Population

The 1980 census indicated that Indonesia's population reached 148 million and the average annual population growth for the period 1971-1980 was 2.34%, bringing forth Indonesia's population to 155.3 million at end of 1982. This high rate of growth was due to the rapid decline in mortality and slower decline in fertility. As a result, the layer in the age pyramid of the population was heavily concentrated in the young people, namely, 60% of the population were below the age of 24 years, bringing forth a strong growth in labor force. Another important feature of the Indonesian population is its uneven distribution. About 63% of the Indonesian population live on the Jawa Island, which has only 7% of Indonesia's land area. This composition makes it hard to maximize the use of human as well as natural resources to develop the country.

The main objective of the national pop-

ulation and family planning program is to create economic and social welfare for the people through Keluarga Berencana or KB (family planning). The long term target of this program is to reduce the fertility rate by 50% at the latest by the year 2000 from the condition in 1971. Integrated efforts have been developed, among others, the KB-Gizi (family nutrition improvement program). This KB-Gizi program was carried out in villages in Jawa, Bali, Lampung and West Sumatra.

In 1982/83, this program reached 20,000 villages compared with 18,288 villages in 1981/82. Efforts to expand KB participants were implemented through intensive nationwide motivating information on the benefits of KB (among others improvement of welfare), knowledge and positive attitude on the use of contraceptives (such as pills, IUD and condoms). The result of these efforts was encouraging. For three consecutive years, 1980/81, 1981/82 and 1982/83, the number of KB participants exceeded the target (Table 8.14).

TABLE 8. 14
NUMBER OF NEW ACCEPTORS BY
CONTRACEPTION METHODS

Methods of contraception	1980/81	Percentage	1981/82	Percentage	1982/83	Percentage
1. Pill	2,120,854	69.5	1,908,551	64.3	2,055,260	52.9
2. I. U. D.	496,846	16.3	596,784	20.1	892,477	23.0
3. Condom + Tub. Vag.	269,215	8.8	170,370	5.7	188,227	4.8
4. Injection	112,031	3.7	227,731	7.7	660,056	17.0
5. Others	52,298	1.7	63,461	2.2	89,456	2.3
Total	3,051,244	100	2,966,897	100	3,885,476	100

Source : National Family Planning Coordinating Board.

TABLE 8.15
NUMBER OF HEALTH CLINICS, TARGET AND
REALIZATION OF FAMILY PLANNING PROGRAM

Province	Number of health clinics			1980/81		1981/82		1982/83				
	1980/81	1981/82	1982/83	Target	Realisation		Target	Realisation				
					Total	%		Total	%			
1. DKI Jakarta	238	265	292	140,000	167,644	119.8	95,200	181,947	191.1	188,912	234,633	124.2
2. West Jawa	684	741	787	500,000	626,200	125.2	292,900	596,654	203.7	710,225	1,002,244	141.1
3. Central Jawa	725	737	747	680,000	770,439	113.3	352,400	667,795	189.5	764,930	863,552	112.8
4. D.I. Yogyakarta	125	129	128	45,000	68,423	152.1	37,500	53,383	142.4	103,372	52,722	51.0
5. East Jawa	1,211	1,270	1,311	150,000	470,072	313.4	436,800	528,725	121.1	875,706	622,639	71.1
6. Bali	157	159	160	45,000	42,624	94.7	34,300	46,525	135.6	44,578	50,148	112.4
Total	3,140	3,301	3,425	1,560,000	2,145,402	137.5	1,249,100	2,075,029	166.1	2,687,723	2,825,938	105.1
7. D.I. Aceh	153	161	169	42,000	41,273	98.2	30,000	32,592	108.6	39,684	41,216	103.8
8. North Sumatra	275	318	371	179,600	208,820	116.3	126,200	137,447	108.9	153,786	218,745	142.2
9. West Sumatra	214	234	237	75,200	62,591	83.3	38,100	69,473	182.3	51,020	62,735	122.9
10. South Sumatra	253	286	231	93,600	66,483	71.1	56,400	71,990	127.6	79,831	99,247	124.3
11. Lampung	106	141	139	113,200	77,386	68.4	71,200	73,809	103.7	100,027	103,970	103.9
12. West Nusa Tenggara	94	125	136	60,000	64,939	108.2	40,300	75,315	186.9	83,213	67,214	80.7
13. West Kalimantan	117	136	142	60,400	49,513	82.0	39,900	43,894	110.0	51,292	54,495	106.2
14. South Kalimantan	118	130	139	56,600	44,705	78.9	58,600	49,293	84.1	25,376	42,403	167.0
15. North Sulawesi	127	129	128	71,100	52,740	74.1	24,300	40,330	165.9	42,462	46,827	110.2
16. South Sulawesi	232	252	271	100,000	100,542	100.5	110,900	122,947	110.9	95,080	114,746	120.6
17. Riau	108	114	118	46,000	23,804	51.8	23,300	23,738	101.9	29,537	25,776	87.2
18. Jambi	83	95	97	24,200	15,614	64.6	18,700	22,158	118.5	24,806	34,377	138.5
19. Bengkulu	83	87	90	12,000	20,036	167.1	12,200	15,492	126.9	15,218	19,442	127.7
20. East Nusa Tenggara	111	131	132	59,800	19,145	32.0	31,800	21,074	66.4	36,991	27,029	73.0
21. Central Kalimantan	96	106	110	15,100	9,685	64.0	12,800	22,200	173.4	15,071	20,276	134.5
22. East Kalimantan	117	129	130	15,900	15,654	98.2	17,900	20,670	115.5	21,247	25,610	120.5
23. Central Sulawesi	94	99	102	17,300	13,530	78.3	16,200	17,189	106.1	17,706	21,570	121.8
24. Southeast Sulawesi	59	62	60	16,500	6,789	41.1	10,300	10,536	102.3	17,272	9,473	54.8
25. Maluku	70	84	90	26,500	8,049	30.4	14,300	11,005	76.9	17,836	11,509	64.5
26. Irian Jaya	46	62	69	18,900	3,679	19.5	10,300	7,461	77.4	11,318	10,048	88.7
27. Timor Timur	13	27	32	13,300	865	6.5	5,300	3,255	61.4	5,099	2,830	55.5
Total	2,469	2,808	2,993	1,117,200	905,842	81.0	769,000	891,868	115.9	933,872	1,059,538	113.5
Grand total	5,609	6,109	6,418	2,677,200	3,051,244	113.9	2,018,100	2,966,897	147.0	3,621,595	3,885,476	107.3

Source : National Family Planning Coordinating Board.

The result of efforts to solve two other key issues of the population problem, namely manpower and transmigration, were encouraging.

1. Manpower

The structure and growth rate of the population were unfavorable for solving the problem on manpower. Based on the 1980 census, the labor force³⁾ in that year reached 52.4 million or 35.5% of the total population. Of the total population, 51.5 million were employed.⁴⁾ The large number of labor force was due to the structure of the population in which 60% were below 24 years old.

The annual growth rate of the labor force in the past 10 years stood at 2.5% or in line with the 2.34% population growth rate. However, the pattern of employment by economic sectors were encouraging. According to the 1980 census of the employed population, 55.9% were in the agricultural sector, 13.9% in services, 13.0% in trade, 9.1% in industry, 2.8% in transportation and 5.3% in other sectors. Compared with the previous censuses, the percentage of the employed population working in the agricultural sector declined from 71.9% in 1961 to 64.2% in 1971 and 55.9% in 1980. By contrast, the percentage of industrial sector increased from 5.7% in 1961 to 6.5% in 1971 and 9.1% in 1980.

In view of this high growing labor force, the Government placed great attention on the creation of employment opportunities. During the reporting year, the Government continued to

place emphasis on measures to implement and stimulate labor intensive activities. These measures were conceived in line with the prevailing fiscal, monetary and investment policies so as to enable a smooth coordination towards creating employment opportunities, such as, giving high priority on labor intensive projects and transferring manpower to areas with labor shortage. The steps undertaken to deal with the short-term objective of this manpower program involved, among others, providing information on the labor markets, village development programs, utilization and distribution of manpower and improve the productivity of manpower through training and skill development.

In 1982 labor force seeking employment registered by the Labor Department totaled 502,459 persons. Of this employment seekers, 95,777 persons (19.06%) were from the elementary school, 70,938 persons (14.10%) from the lower secondary high school, 308,469 persons (61.40%) from the higher secondary school and 27,275 persons (5.4%) from the higher education (Table 8.16 and Table 8.17).

The number of vacancies offered by the labor Department was for 137,014 persons, of which 21.5% was for women (Table 8.18). Viewed from the field of activities, 33.1% of the jobs offered came from the services sector, 22.7% from industry, 14.6% from agriculture and 10.5% from construction. Of the job seekers in 1982, 96,009 persons were absorbed, representing 19.1% of the job seekers or 70.1% of the vacancies offered.

2. Transmigration

The long-term objective of the transmigration program is to distribute more evenly the population and the work force as well as to open

3) Work force comprises those already employed and those above ten years old seeking jobs.

4) According to the 1980 population survey, those employed are defined as those who work at least one hour in a week prior to the survey.

TABLE 8. 16
NUMBER OF REGISTERED WORK SEEKING PEOPLE
BY CLASSIFICATION OF EDUCATION LEVEL
IN 1982

Educational attainment	January	February	March	April	May	June	July	August	September	October	November	December	Total	%
1. Primary school/in complete	6,915	6,465	7,457	7,152	5,795	7,844	6,331	9,925	11,488	8,580	6,744	11,081	95,777	19.06
2. Junior High School Includes : Junior Technical School	4,166	6,722	5,093	3,072	5,203	5,448	3,589	8,713	14,416	7,493	4,734	4,289	70,938	14.12
	750	737	823	602	493	850	850	--	--	--	--	--	5,105	1.02
3. Senior High School Includes : Senior Technical School	13,721	11,780	11,740	10,080	17,616	28,977	24,321	55,160	50,283	37,432	30,143	17,216	308,469	61.39
	3,969	3,598	4,242	3,383	4,979	8,350	5,648	11,768	11,577	7,458	5,794	3,655	74,421	14.81
Senior Agriculture High School	346	129	129	514	366	1,488	459	586	703	688	508	331	6,247	1.24
4. University	1,551	1,376	1,903	1,360	1,562	1,562	1,567	3,494	5,782	3,511	1,997	1,610	27,275	5.43
Total	26,353	26,343	26,193	21,664	28,176	43,831	35,808	77,292	81,969	57,016	43,618	34,196	502,459	100

Source : Labor Market News No. 1 - 9, 1982.

TABLE 8. 17
LABOR MARKET SITUATION IN 1982

Information	January	February	March	April	May	June	July	August	September	October	November	December	Total
A. Manpower Registered	26,353	26,343	26,193	21,664	28,176	43,831	35,808	77,292	81,969	57,016	43,618	34,196	502,459
B. Manpower Required	11,467	8,584	10,414	10,966	13,385	10,827	9,974	10,394	11,238	11,391	13,112	15,262	137,014
C. Manpower Placed	8,290	6,718	9,923	6,539	3,754	6,475	7,018	7,320	9,037	7,275	7,425	16,235	96,009
D. % B : A	43.51	32.58	39.76	50.62	49.88	24.70	27.85	13.45	13.71	19.32	30.06	44.63	27.27
E. % C : A	31.46	25.50	37.88	30.18	13.99	14.77	19.60	9.47	11.02	12.76	17.02	47.48	19.11
F. % C : B	72.29	78.26	95.29	59.63	28.05	59.80	70.36	70.43	80.43	63.86	56.62	106.38	70.07
Total report unit (General Directorate of Manpower and Utilization, Department of Manpower) 1)	101	101	115	113	109	108	109	109	108	112	105	108	± 108

1) General Directorate of Manpower and Utilization, Department of Manpower has 120 offices through out Indonesia.

Source : Labor Market News No. 1 — 9, 1982.

TABLE 8.18
NUMBER OF REGISTERED JOB VACANCIES
BY FIELDS OF ACTIVITY IN 1982

Period		Agriculture, livestock, forestry, hunting, and fishery	Mining and quarrying	Manufactur- ing indus- try	Electricity, gas and water supply	Cons- truction	Wholesale trade and retail trade restaurant and hotels	Transport- ation, stor- age and communi- cation	Finance, in- surance, real estate and business services	Community social and personal services	Activities not adequa- tely defined	Total
1. Januari	M	884	695	1,494	120	1,196	256	355	437	3,378	--	8,815
	F	637	77	492	8	82	113	7	135	1,101	--	2,652
2. February	M	537	266	1,561	154	563	420	340	282	2,241	--	6,364
	F	76	6	765	11	11	197	229	177	748	--	2,220
3. March	M	568	255	2,104	124	1,735	311	166	365	2,316	--	7,944
	F	292	4	682	6	35	146	6	209	1,090	--	2,470
4. April	M	662	666	2,030	154	2,079	332	162	243	2,485	--	8,813
	F	163	12	770	4	34	227	12	153	778	--	2,153
5. May	M	7,246	113	1,730	114	412	358	184	238	1,417	--	11,812
	F	252	1	524	38	17	52	119	136	434	--	1,573
6. June	M	796	431	1,873	179	867	223	687	324	3,085	--	8,465
	F	248	12	819	4	31	39	33	153	1,023	--	2,362
7. July	M	1,049	747	2,134	298	1,217	115	88	249	2,150	--	8,047
	F	191	1	660	11	82	134	14	87	747	--	1,927
8. August	M	753	1,515	972	587	864	261	224	527	2,690	--	8,393
	F	166	1	485	155	13	88	1	165	927	--	2,001
9. September	M	983	198	1,378	588	1,264	372	303	361	3,880	--	9,327
	F	151	5	347	9	27	72	47	508	745	--	1,911
10. October	M	1,378	154	1,381	192	1,182	253	562	461	3,503	--	9,066
	F	137	4	392	4	42	187	94	195	1,270	--	2,325
11. November	M	514	956	1,690	346	529	231	545	293	3,286	--	8,390
	F	104	115	3,058	10	58	243	10	287	837	--	4,722
12. December	M	1,742	107	2,960	360	2,043	335	190	629	3,788	--	12,154
	W	491	6	744	6	65	177	32	226	1,361	--	3,108
Total	M	17,112	6,103	21,307	3,216	13,951	3,467	3,806	4,409	34,219	--	107,590
	F	2,908	244	9,738	266	497	1,675	604	2,431	11,061	--	29,424

Note : M = Male; F = Female.

Source : Labor Market News No. 1 - 9, 1982.

TABLE 8. 19
NUMBER OF EMPLOYED WORK SEEKING PEOPLE
BY FIELDS OF ACTIVITY IN 1982

Period		Agriculture, livestock, forestry, hunting, and fishery	Mining and quarrying	Manufactur- ing indus- try	Electricity, gas and water supply	Cons- truction	Wholesale trade and retail trade restaurant and hotels	Transport- ation, stor- age and communi- cation	Finance, in- surance, real estate and business services	Community social and personal services	Activities not adequa- tely defined	Total
1. January	M	654	364	738	113	1,101	87	302	147	2,833	--	6,339
	F	483	78	308	22	76	30	2	30	922	--	1,951
2. February	M	420	279	1,129	174	754	144	323	155	1,876	--	5,254
	F	86	4	362	21	10	39	3	77	862	--	1,464
3. March	M	414	245	1,636	110	2,089	193	125	378	2,485	--	7,675
	F	270	--	785	17	31	57	--	200	888	--	2,248
4. April	M	330	417	768	50	883	141	226	185	2,290	--	5,290
	F	40	11	274	1	2	125	13	155	628	--	1,249
5. May	M	219	235	913	111	347	309	97	42	726	--	2,999
	F	107	--	214	--	20	44	8	25	337	--	755
6. June	M	559	325	981	83	1,001	120	432	124	1,761	--	5,386
	F	253	6	400	4	4	46	6	90	280	--	1,089
7. July	M	1,029	367	1,493	186	440	142	75	148	1,547	--	5,427
	F	183	1	280	9	13	155	12	45	893	--	1,591
8. August	M	713	534	511	566	723	96	168	140	2,570	--	6,021
	F	112	1	139	153	10	45	--	28	811	--	1,299
9. September	M	495	420	1,213	366	1,311	315	290	228	2,999	--	7,637
	F	71	3	394	8	9	63	3	101	748	--	1,400
10. October	M	1,434	247	879	148	815	190	256	91	1,587	--	5,647
	F	121	4	236	18	46	101	116	44	942	--	1,628
11. November	M	821	103	785	318	515	124	144	145	2,806	--	5,761
	F	155	6	500	4	37	43	5	74	840	--	1,664
12. December	M	1,644	98	1,800	223	2,000	131	168	822	3,761	--	10,647
	W	489	4	3,334	6	24	115	30	263	1,323	--	5,588
Total	M	8,732	3,634	12,846	2,448	11,979	1,992	2,606	2,605	27,244	--	74,083
	F	2,370	118	7,226	263	282	863	168	1,132	9,474	--	21,926

Note : M = Male; F = Female

Source : Labor Market News No. 1 -- 9, 1982.

TABLE 8.20
REALIZATION OF TRANSMIGRATION 1)

Year	Families
1978/79	14,421
1979/80	22,474
1980/81	73,653
1981/82	88,066
1982/83	120,353

1) Realization of transmigration during Pelita III included 27,887 head of families carried over from Pelita II.

Source : Department of Transmigration.

up and develop production areas. Transmigration was also meant to support the policy towards better spreading of development activities as well as a more equitable distribution of income and greater employment opportunities. The target of the transmigration program in Repelita III, was to move 500,000 families to 250 transmigration areas. In 1982/83 the priority was stressed on speeding up transmigration and induced spontaneous transmigration.

In the reporting year, 120,353 families were migrated, an increase of 36.7% from the preceding year (Table 8.20). This figure did not include spontaneous transmigration of which during the reporting year totaled 47,124 families. The high increase reflected the success of the government policy which placed high priority on the speed of transmigration as well as increased coordination among government agencies.

During the first four years of Repelita III, 276,659 families were migrated or 55.3% of the target. It is expected that the remainder will be implemented in the next fiscal year.

E. Agriculture

During 1982 output of the agricultural sector deteriorated due to unfavorable weather conditions and weak demand (especially export products). A long drought took place in virtually every region. However, some plantation crops were not influenced by reduced rainfall, such as, sugarcane, palm oil and nutmeg as well as fishery, livestock and dairy products still showed substantial increases. In food crops, especially rice, although adversely affected by the long dry season, still showed good performance due to intensification efforts. In forestry, log production continued to decline due to the policy of restricting export of logs.

1. Food crops

Government effort to raise production of food crops (primarily rice and secondary crops) were continued through intensification, expansion of planting areas and diversification of crops. Intensification efforts were implemented through Bimbingan Masal (Bimas) and Intensifikasi Masal (Inmas) programs, and further intensified through Intensifikasi Khusus (Insus) program, i.e. Bimas and Inmas applied to selected groups of farmers having land in adjacent. For isolated areas with serious food problems, the increase of productivities were implemented through Operasi Khusus (Opsus), i.e. a variant of Bimas and Inmas programs especially applied to such areas.

Expansion of planting areas were pursued through cultivating new rice fields, including tidal-irrigated rice fields. These efforts were linked with the transmigration and resettlement

TABLE 8.21
AGRICULTURAL PRODUCTION
(thousand tons)

Product	1978	1979	1980	1981	1982*
1. Foodstuffs					
— Rice	17,525	17,872	20,163	22,286	23,191
— Corn	4,029	3,606	3,991	4,509	3,207
— Cassava	12,902	13,751	13,726	13,301	12,676
— Sweet potatoes	2,083	2,194	2,079	2,094	1,897
— Peanuts	446	424	470	475	434
— Soybeans	617	680	653	704	514
— Smallgreen peans	100	103	141	148	144
2. Plantation crops					
— Rubber	884	898	1,002	1,046	861
— Smallholder	(612)	(616)	(705)	(740)	(549)
— Estate	(272)	(282)	(297)	(306)	(312)
— Copra	1,575	1,582	1,759	1,812	1,736
— Palm oil	532	642	701	748	873
— Palm kernels	94	108	126	135	147
— Granulated sugar	1,160	1,291	1,249	1,250	1,629
— Tea	91	125	106	110	92
— Smallholder	(17)	(17)	(21)	(22)	(18)
— Estate	(74)	(108)	(85)	(88)	(74)
— Coffee	223	228	285	295	265
— Smallholder	(206)	(209)	(266)	(276)	(245)
— Estate	(17)	(19)	(19)	(19)	(20)
— Tobacco	81	87	116	118	117
— Smallholder	(68)	(73)	(101)	(103)	(106)
— Estate	(13)	(14)	(15)	(15)	(11)
— Pepper	46	47	37	39	37
— Nutmeg	15	17	18	18	19
— Cloves	21	35	39	40	31
3. Forestry					
— Timber ¹⁾	31,094	26,427	21,740	15,954	13,015
4. Fishery					
— Sea	1,227	1,318	1,395	1,408	1,490
— Inland	420	430	455	506	530
5. Livestock					
— Meat	475	486	571	596	629
— Eggs	151	164	259	275	297
— Milk ²⁾	62	72	78	86	117

1) Thousand cubic meters.

2) Million liters.

Source : — Supplement to the President's Report to Parliament, August 16, 1983.
— Department of Agricultural.

program, supported by the development of infrastructure and production facilities. In the reporting year, tidal irrigation was expanded by 63 thousand ha of which approximately 23 thousand ha were allocated to tidal rice fields. Accordingly, during the first four-year of Repelita III, 278,861 ha of tidal irrigated land were opened, located in Riau, Jambi, South Sumatra, West Kalimantan, Central Kalimantan, and South Kalimantan. Of this area, 109 thousand ha were allotted to tidal rice fields. During the reporting year, 154 ha rice fields (regular ones) were opened.

To support those intensification and expansion efforts, the role and activities of institutions engaged in the agricultural extension services were expanded and intensified. The number of Bank Rakyat Indonesia (BRI) village units was expanded from 3,619 to 3,648 units, the village cooperative units (KUDs) from 5,176 to 5,911 units, of which 3,671 of the latter units were promoted to Model-KUDs. The number of farm input stalls was expanded from 18,173 to 18,315 units whereas the personnel of field extension services (PPL) as well as extension services advisers were raised from 13,242 to 16,037 persons.

Although expansion of plantation areas continued to be pursued, because of the prolonged dry season, the harvested areas for food stuffs in 1982 declined to 13.94 million ha, a fall of 10.5%. Of the above harvested areas, 9 million ha were rice fields, including 7 million ha cultivated under the Bimas and Inmas programs, of which 3.7 million ha were under the Insus.

In order to raise income of farmers and encourage production, in the reporting year the Government increased the prices of paddy, rice and soy bean.

a. Rice

Although the harvested area of rice decreased, its output increased by 4.1% reaching 23,191 thousand tons. The harvested area of rice in 1982 decreased to 9,022 thousand ha or a drop of 3.8%, whereas the average yield rose by 8.0% to 2.57 tons per ha (Table 8.22). The increase in the average yield per ha was due, among others, to expansion of areas implemented under the intensification programs, up by 18.1%.

In order to increase rice production, the postharvest operations were improved *through* intensification of extension services and by providing infrastructural facilities. Extension services were intensified through increasing the manpower of PPL and PPM personnel, whereas infrastructural support were provided by adding rice mills and warehouses (godowns). In this connection, in 1982 the Government, among others, added 3.9 thousand units of rice mills with the capacity of 1 million tons and constructed 105 warehouses with an aggregate storage capacity of 180 thousand tons. At the end of 1982 there were 59,010 units of ricemills with a milling capacity of 19.3

TABLE 8.22
PRODUCTION, HARVESTED AREA AND
AVERAGE YIELD PER HA

Year	Output (thousand tons) ¹⁾	Harvested area (thousand ha)	Average yield (tons/ha) ¹⁾
1978	17,525	8,929	1.96
1979	17,872	8,803	2.03
1980	20,163	9,005	2.24
1981	22,287	9,382	2.38
1982*	23,191	9,022	2.57

TABLE 8.23
NUMBER AND CAPACITY OF
PRODUCTION OF RICE MILLS

Year	Number of rice mills (thousand units)	Capacity of production (million tons) ¹⁾
1978	38.4	16.1
1979	51.4	14.7
1980	54.1	18.0
1981	55.1	18.3
1982*	59.0	19.3

1) Equivalent of rice.

Source : Department of Agriculture.

million tons and 428 units of rice godowns with a total storage capacity of 1,310.5 thousand tons.

To stabilize prices and ensure adequate supply of rice, especially in period of shortage, the Government purchased rice domestically as well as overseas. In 1982/83, the domestic procurement of paddy and rice slightly declined to 1,928 thousand tons rice equivalent, whereas rice imports rose from 428 thousand tons to 505 thousand tons or about 2.2% of total rice output.

The Government continued to place the floor purchase prices of paddy and rice as a policy means to increase the income of farmers and encourage production. In February 1983 the **floor purchase prices** of unhusked rice were raised from Rp 135.00 to Rp 145.00 for KUDs' purchases from farmers, and from Rp 214.00 to Rp 238.00 per kg for Dologs purchases from KUDs.⁵⁾

The prices of rice in large cities during the reporting year generally increased. In Mataram, Surabaya, and Palembang, the price rose by approximately 30.0%, Ujung Pandang, Manado,

Medan and Semarang, rose by about 20.0%, whereas in Pontianak, Jakarta and Bandung the price increased by 10.0%.

b. Secondary crops

Due to the long dry season, the planting area for secondary crops decreased by 20.8% reaching 4,915 thousand ha. Consequently, in 1982 output of secondary crops declined by 1.1.1%.

The production of maize and soybean declined by 28.9% and 27.0% to 3,207 thousand tons and 514 thousand tons, respectively. This reduction was due to the shrinking of planting areas of maize and soybean by 30.2% and 25.2% to 2,064 thousand ha and 606 thousand ha, respectively. In order to meet domestic demand, in the reporting year 206 thousand tons of soybean were imported. Imports of maize, which in 1981/82 was discontinued, in the reporting year was resumed with the import of 243 thousand tons, principally to meet the need of pellet factories for feed stock.

Output of cassava, sweet potato, groundnut and small green bean, declined by 4.7%, 9.4%, **8.6% and 2.7% to 12,676** thousand tons, 434 thousand tons and 144 thousand tons, respectively (Table 8.25). However, the average yield per ha increased as the result of intensification efforts.

In order to encourage secondary crop farmers to increase their production, the Government raised the floor purchase price. Beginning with December 1982, the floor purchase price for soybean was increased from Rp 270.00 to Rp 280.00 per kg⁶⁾.

5) Presidential Instruction No. 14 of 1982, December 1, 1982.

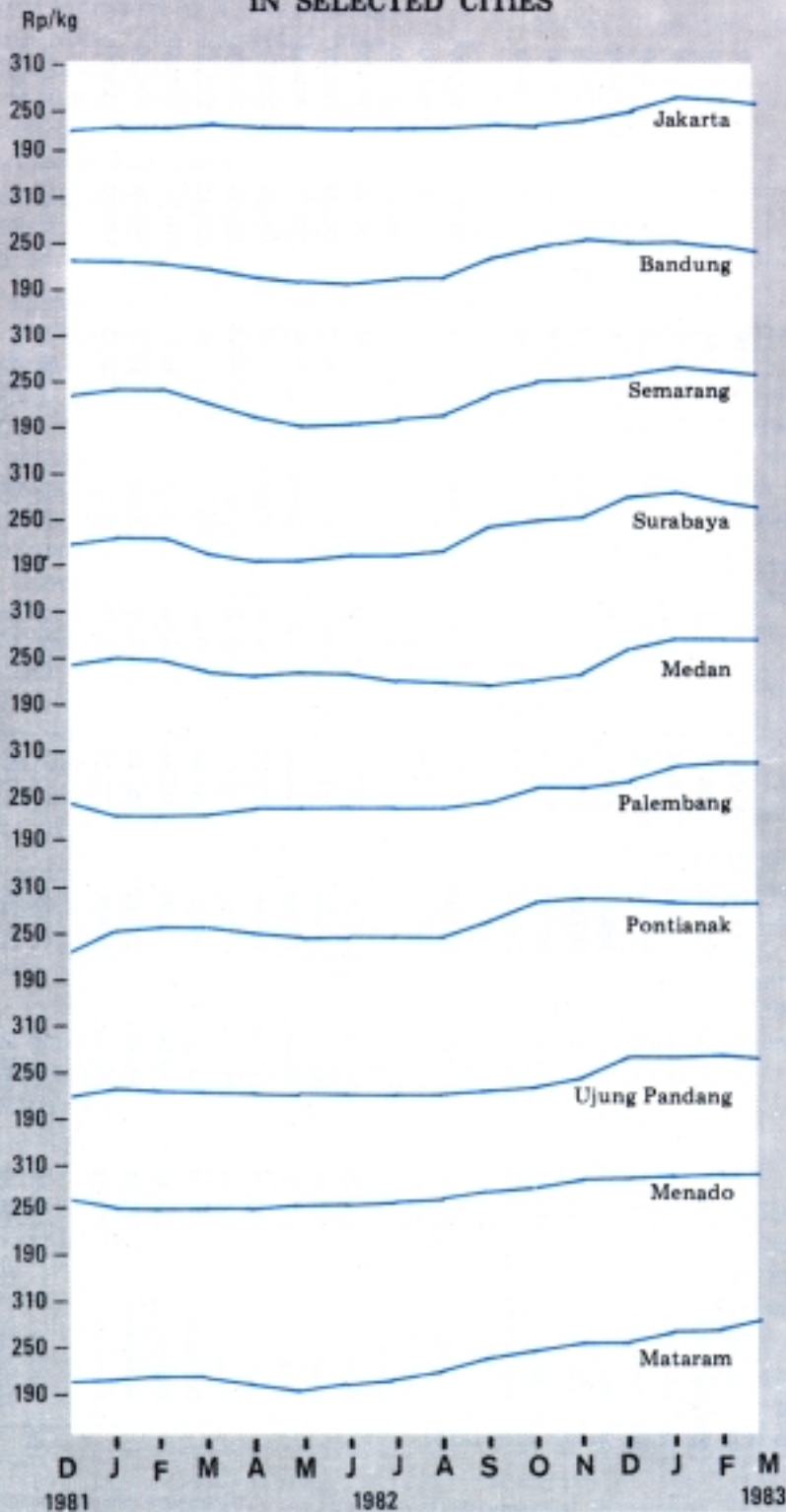
6) Presidential Instruction No. 13 of 1982, December 1, 1982

TABLE 8. 24
PRICES OF MEDIUM QUALITY RICE IN SELECTED CITIES
(average price in Rp/kg)

Period	Jakarta	Bandung	Semarang	Surabaya	Medan	Palembang	Pontianak	Ujung Pandang	Menado	Mataram
1977 December	133.54	134.11	132.14	132.53	144.50	147.23	142.50	126.75	145.00	125.80
1978 December	140.32	141.60	139.39	161.17	152.94	152.94	157.91	125.00	150.00	120.00
1979 December	183.18	180.00	186.46	178.88	190.45	183.04	190.00	181.25	185.00	170.00
1980 December	213.42	221.66	217.76	212.90	225.00	219.61	240.16	190.77	215.00	208.65
1981 March	215.42	206.73	199.52	206.51	216.58	215.00	243.55	206.15	220.00	215.38
June	213.26	202.87	193.68	195.23	212.80	228.00	238.69	191.54	225.00	198.46
September	213.56	202.37	201.64	199.19	208.98	230.83	238.80	200.00	230.00	215.19
December	224.43	231.17	236.56	221.48	245.48	245.50	227.09	220.19	265.00	208.65
1982 January	228.28	230.83	243.94	230.72	252.54	226.64	256.02	230.00	255.00	210.00
February	228.59	228.15	244.16	229.34	250.63	226.64	261.83	226.04	255.00	213.00
March	232.53	221.19	225.59	207.71	234.51	229.66	260.20	225.00	255.00	215.00
April	230.36	210.38	207.46	200.28	232.69	238.77	253.64	225.00	254.00	205.00
May	230.36	207.62	196.22	201.57	234.42	239.10	249.72	225.00	260.00	196.87
June	230.36	206.48	199.00	208.96	234.62	239.10	250.11	225.11	260.00	205.00
July	230.36	211.96	206.04	209.99	225.00	239.10	250.29	225.00	264.13	210.00
August	230.36	212.13	211.93	211.12	222.60	239.10	249.94	225.00	267.80	222.60
September	232.99	238.53	241.63	247.06	220.00	247.20	271.21	229.00	278.20	240.40
October	233.42	252.00	256.95	253.91	226.16	265.67	296.27	234.20	284.80	249.60
November	242.53	263.65	259.86	257.20	235.16	265.67	299.24	247.69	295.00	260.00
December	253.62	260.00	264.96	283.23	269.85	273.31	298.37	275.00	295.00	259.00
1983 January	270.69	261.00	275.00	292.36	280.00	293.12	296.31	275.00	297.20	274.60
February	268.60	255.83	271.29	280.98	280.00	297.24	295.67	277.29	300.00	275.00
March	261.26	245.00	264.00	273.68	280.00	297.24	295.00	270.00	300.00	290.00

Source : BULOG.

PRICES OF MEDIUM QUALITY RICE IN SELECTED CITIES



2. Plantation crops

The policy on plantation crops continued to be emphasized on the development of smallholders estates. These efforts were carried out through increasing productivity, extending and diversifying crops. The implementation of Perkebunan Inti Rakyat or PIR (Nucleus Smallholders Estates or NES) and Unit Pelaksana Proyek or UPP (Project Management

Unit or PMU) were intensified. The PIR system required large estates develop smallholders estates in adjacent areas in the technique of planting and cultivation as well as in the processing and marketing of their products. In the UPP system, a specialized team was set up for providing extension services and assistance to smallholders estates in organizing KUDs and thereby improve their processing and marketing operations.

TABLE 8.25
OUTPUT, HARVESTED AREA AND AVERAGE YIELD
OF SECONDARY CROPS

Particulars	1978	1979	1980	198	1982*
Output (thousand tons)					
— Corn	4,029	3,606	3,991	4,509	3,207
— Cassava	12,902	13,751	13,726	13,301	12,676
— Sweet potatoes	2,083	2,194	2,079	2,094	1,897
— Peanuts	446	424	470	475	434
— Soybeans	617	680	653	704	514
— Small green peas	100	103	141	148	144
Harvested area (thousand ha)					
— Corn	3,205	2,594	2,735	2,955	2,064
— Cassava	1,383	1,439	1,412	1,388	1,303
— Sweet potatoes	301	287	276	275	244
— Peanuts	506	473	506	508	467
— Soybeans	733	784	732	810	606
— Small green peas	193	194	252	270	231
Average yield (quintal/ha)					
— Corn 1)	13.3	13.9	14.6	15.3	15.5
— Cassava	93.0	96.0	97.0	95.8	97.3
— Sweet potatoes	69.0	76.0	75.0	76.2	77.8
— Peanuts	8.8	9.0	9.3	9.4	9.3
— Soybeans	8.4	8.7	8.9	8.7	8.5
— Small green peas	5.2	5.3	5.6	5.5	6.2

1) Equivalent of corn bean.

Source — Supplement to the President's Report to Parliament, August 16, 1983.

— Department of Agriculture.

In 1982, major plantation crops were adversely affected by the prolonged dry season, resulting a decrease in production, such as rubber, coconut, coffee, tobacco, and tea, whereas pepper and cloves might also be affected in the next year's output. Palm oil output was better off since the plantations of this tree crop were largely located in North Sumatra which did not experience long drought. The decline in the production of cloves was due to plant disease (phylosticta) whereas that of pepper was caused by deterioration of the world prices.

a. Rubber

In 1982, for the first time in Repelita III, rubber production decreased because of unfavorable prices. The average prices for SIR20 rubber declined by 23.6% to \$ 0.68 per lb. As a result, the production of rubber declined to 861 thousand tons, a drop of 17.7%. This decline was recorded in smallholder rubber estates, down by 25.8% to 549 thousand tons since small farmers usually were reluctant to tap rubber in period of unfavorable prices. On the other hand, the production of rubber in large estates, which represented 37% of total production, increased slightly (2.0%) reaching 312 thousand tons.

The planting area of rubber remained almost the same as in the previous year, 2,473 thousand ha, located primarily in Sumatra (74.0%) and Kalimantan (24.0%). Of this planting area, 17.0% was not yet in production and 15.0% no longer in production.

Although rubber production declined, output of crumb rubber in 1982 increased to 657 thousand tons or up by 1.7%. This improvement was due to better quality and characteristics of the presently produced crumb rubber

TABLE 8.26
SHARE OF CRUMB RUBBER TO
TOTAL OUTPUT OF NATURAL RUBBER

Year	Crumb rubber (thousand tons)	Share (percentage)
1978	445	50.3
1979	572	64.1
1980	611	61.0 ^r
1981	646 ^r	67.1 ^r
1982*	657	76.4

Source : — Supplement to the President's Report to Parliament, August 16, 1983.

which were easier for further processing. It may be added that the share of crumb rubber continued to increase and in 1982 it reached 76.4% of total rubber output (Table 8.26).

The world rubber market, continued to be discouraging. Both world production and consumption of rubber (natural and synthetics) in the past four years showed a declining trend. In 1982, world rubber production declined by 5.1% to 11,530 thousand tons while consumption went down by 5.4% to 11,490 thousand tons (Table 8.27). This situation affected Indonesia's rubber exports which declined by 0.8% to 887 thousand tons in 1982/83. It may be added that the share of natural rubber to total world rubber output and consumption, both remained at 31.0%

b. Copra

As the case with rubber, the output of copra, for the first time in the period of Repelita III, declined by 4.2% to 1,736 thousand tons, although the planting area expanded. This decline was due to the long dry season which damaged the flower buds of coconut trees. This unfavorable situation might affect output in 1983

TABLE 8.27
WORLD PRODUCTION AND CONSUMPTION OF RUBBER
(thousand tons)

Year	Production			Consumption		
	Natural	Synthetic	Total	Natural	Synthetic	Total
1978	3,745 ^r	8,910	12,655 ^r	3,725	8,770	12,495
1979	3,860	9,330 ^r	13,190 ^r	3,870	9,125	12,995
1980	3,845 ^r	8,645 ^r	12,490 ^r	3,760	8,685 ^r	12,445 ^r
1981	3,685 ^r	8,465 ^r	12,150 ^r	3,700 ^r	8,445 ^r	12,145 ^r
1982*	3,705	7,825	11,530	3,625	7,865	11,490

Source : International Rubber Study Group (IRSG),
Rubber Statistical Bulletin Vol.37 No. 6, March 1983.

as well. It may be added that the expansion of planting area was primarily in large estates which increased by 3.5% to 75 thousand ha.

Almost all copra production was carried out by smallholders (99%) and the remaining by large estates. The largest planting areas were in Jawa (31%), followed by Sumatra (29%) and Sulawesi (21%). Of the planting area, which in 1982 totaled 2.9 million ha, about 26% was not yet in production and 7.0% no longer in production.

To increase production, the Government, among others, replanted and expanded cultivating areas. Furthermore, the Government provided high yielding seeds (hybrid), which can produce large number of coconuts at a short time. With increased production, it is hoped that the income of the farmers would increase.

Since 1977, almost all copra output were used to produce cooking oil for domestic consumption. In the course of the past several years, copra production could not meet the rising demand for cooking oil, therefore the domestic demand for cooking oil was partly met by palm oil.

c. Palm oil

In 1982, output of palm oil reached 873 thousand tons or an increase of 16.7% from the preceding year. This increase was due to the results of replanting, expansion of planting area, as well as better supervision, improved cultivation and processing methods. In 1982, the planting area of palm oil was 367 thousand ha or up by 15.2%.

Palm oil was generally cultivated by large estates. Most of the palm oil plantations are located in Sumatra, i.e. North Sumatra (86.0%), Aceh (8.0%) and Lampung (4.0%). Of the total acreage of plantations, 21% is not yet in production and 4% no longer in production.

In order to meet domestic demand for cooking oil, the Government imposed restrictions on exports of this product. However, during the reporting year, the volume of palm oil exports rose significantly, by 72.1% reaching 315 thousand tons.

d. Sugarcane

In 1982 total planting area of sugarcane increased by 10.4% to 382 thousand ha, of which 191 thousand ha were under the “Tebu Rakyat Intensifikasi” or TRI (Smallholders’ Sugarcane Intensification) Program. With the increase in the planting acreage and the establishment of new sugar factories, sugar production rose significantly, by 30.3% to 1,629 thousand tons.

The TRI program, initiated in 1975, was designed to increase the income of farmers and the production of granulated sugar. Under this program, the cultivation of sugarcane, which previously was executed by sugar factories on land leased from farmers, will be transferred gradually to the farmers themselves. The Government provided those TRI farmers with technical assistance as well as credit facilities. The cultivated area under this TRI program steadily increased and in 1982 its share reached 83% of total sugarcane plantation area. Farmers may also plant sugarcane without obtaining credit facilities from the Government. This pattern of sugar cultivation is called Tebu Rakyat Bebas or TRB (free smallholders’ sugarcane).

With rehabilitation and construction of sugarcane factories, in 1982 the capacity of these factories reached 113 thousand tons per day, an increase of 21.0%. In addition the number of milling days increased from 134 to 180 days per year. Nevertheless, in 1982/83, because increasing domestic demand, 500 thousand tons of sugar were still imported.

e. Tea

Tea production in 1982 only reached 92 thousand tons or 16.4% below the level of the

previous year. This is due to the long dry season and eruption of the volcano of Mt. Galunggung in West Jawa.

The largest share of tea production came from large estates (80.4%) and the remainder from smallholders. Black tea is produced by large estates and green tea by smallholders. The location of tea plantations are West Jawa (80.0%), North Sumatra (10.0%), Central Jawa (5.0%) and East Jawa (3.0%). In 1982, tea planting areas reached 112 thousand ha, of which 14% was not yet in production and 8.0% no longer in production. The Government’s effort to raise tea production was implemented through planting areas and replanting as well as rehabilitation of tea factories. In 1982, planting areas reached 112 ha or an increase of 5.4%.

Production of black tea constituted 71.7% of total production primarily destined for export, whereas the remainder was destined for domestic market. Due to a decrease in production, tea export in 1982/83 declined to 68 thousand tons or a fall of 18.1%, although there was a price increase in the world market. The world market price of tea rose by 32.0% to £1.02 per kg due to a decrease in output in major producing countries, such as India, Sri Lanka and Indonesia.

f. Coffee

Coffee which is primarily produced by smallholders, in 1982 went down by 10.2% to 265 thousand tons. The decline was primarily due to the long dry season in addition to a slow-down in cultivation, due to the excess in inventory in the international market. Planting area decreased to 779 thousand ha of a decline of 2.3%. Of the total planting area, 31.0% was not yet in production or no longer in production.

Coffee was cultivated in South Sumatra (24.0%), Lampung (20.0%), **Bengkulu** (8.0%), Aceh (7.0%) and East Jawa (5.0%). Improvement in cultivation was done by replanting and extension services on plant care. Due to excess supply in the world market, expansion of coffee plantations were restricted to slowdown increase in production. It may be added, although production declined, the volume of coffee exports in 1982/83 rose to 248 thousand tons or an increase of 13.2%. This increase was mainly recorded in coffee exports to nonquota countries, reaching 74 thousand tons or up by 80.0%.

g. Tobacco

Due to the long dry season, tobacco production in 1982 did not show a significant change, namely 117 thousand tons, although the cultivation area rose by 3.3% to 211 thousand ha. To increase production, during the reporting year the irrigation system was improved.

Tobacco plantations were mostly owned by smallholders (90.6%) and the remainder by state-owned estates. The type of tobacco cultivated by smallholders were largely local Virginia, whereas state's estates produce the Besuki, Deli, Vorstenland and the Lumajang tobacco. Cultivation of tobacco was principally located in East Jawa, Central Jawa, North Sumatra and South Sulawesi.

The Government's efforts to increase production and quality of tobacco were meant to increase the income of farmers, especially smallholders. These efforts involved supervision and extension services of planting methods, processing and the extension of soft loans.

The largest share of tobacco output went to the domestic cigarette factories. Certain types of tobacco necessary for cigarette factories, were

still imported and in 1982 reached 15 thousand tons. The Deli and Besuki tobacco were exported, among others, to the Federal Republic of Germany, the United States and Spain.

h. Spices

Major spices, consisting of pepper, clove and nutmeg were mostly cultivated by smallholders. In 1982, the production of pepper and clove experienced a decline, whereas nutmeg remained virtually unchanged.

Pepper production, largely exported, declined by 5.1% to 37 thousand tons due to deteriorating prices. Decline in prices was caused by over supply in the world market, following the entrance of Brazilian pepper, at low prices, to the United States and European market. Since the world market for pepper was not favorable, Indonesia's pepper export decreased by 7.9% to 35 thousand tons.

In 1982, clove production declined to 31 thousand tons or a decrease by 22.5%. The fall of production was due principally to phyllosticta which damaged clove plants in Lampung, Bengkulu, Aceh, Central Jawa and Bali. In order to meet domestic demand, 8 thousand tons of cloves were imported in 1982.

3. Forestry

In 1982, timber production which constituted the most important forest products, declined by 18.4% to 13,015 thousand m³. This was due to the Government's policy to limit the export of logs in order to encourage exports of processed timber and the domestic timber processing industries, thereby increasing em-

TABLE 8.28
REFORESTATION AND GREENING
(thousand ha)

Year	Reforestation	Greening
1978/79	237.3	596.5
1979/80	213.0 ^r	575.7 ^r
1980/81	180.2 ^r	558.1 ^r
1981/82	151.2 ^r	468.3 ^r
1982/83 *	35.4	214.5

Source : — Supplement to the President's Report
to Parliament, August 16, 1983.

ployment opportunities⁷⁾. In connection with the above policy, in the reporting year, the volume of timber exports declined by 16.2% to 5.0 million tons.

TABLE 8.29
EXPORT OF RATTAN, RESIN AND COPAL

Items	Volume (thousand tons)			Volume (millions of \$)		
	1980	1981	1982 *	1980	1981	1982 *
Rattan	82.8	80.4	52.7	80.0	81.0	53.2
Resin	6.3	5.8	1.7	2.0	1.6	0.6
Copal	1.5	2.8	3.4	0.7	1.2	1.0

The policy to conserve forestry resources, through forestation and reforestation continued to be pursued and supervision on forest exploitation was escalated. These policies were so designed that Hak Pengusahaan Hutan or HPH (Forestry Exploitation Rights) holders carried out their obligation as stipulated in the Forestry Agreement. Up to the end the reporting year,

519 enterprises under the PMDNs and PMAs, were HPH holders covering an area of 52.6 million ha.

Other forest output such as, rattan, resin and copal also constituted significant export commodities (Table 8.29).

4. Fishery

In 1982, fishery production rose by 5.5% reaching 2,020 thousand tons, largely contributed by the increase in sea fishery, by 5.8% to 1,490 thousand tons. The improvement in sea fishery was the result of the motorization of traditional fishing boats and better fishing techniques as well as the use of new equipments. The motorization program constituted the follow-up to the policy of prohibiting trawlers, which was implemented in stages since July 1980 so that since January 1, 1983, trawlers were no longer permitted to operate in Indonesia waters.

The production of fresh water fish increased by 4.7% reaching 530 thousand tons. This increase was due to the success in developing the cultivation method through running water ponds, improved equipments, fish seedling and better information.

The largest export product of fishery is shrimp. In the reporting year the volume of shrimp export increased to 48 thousand tons, arise of 23.1%.

5. Livestock

The most important production of livestock were meat, egg and milk which in 1982 reached 629 thousand tons, 297 thousand tons and 117 million liters or an increase of 5.5%, 8.0% and 36.1%, respectively. This increase occurred be-

7) Joint Decree of the Minister of Agriculture, Minister of Trade and Cooperatives, and Minister of Industry, dated May 8, 1980
No. 317/Kpts/Um/5/1980
No. 196/Kpb/V/1980
No. 182/M/SK/5/1980

cause of the success in raising productivity through the system of “Panca Usaha Ternak Potong” (PUTP), “Bimas Ayam” and “Pengembangan Usaha Sapi Perah” (PUSP).

In the effort to improve milking-cows, almost entirely owned by small cultivators, the Government imported special breeds and regulated the commercial activities of milk product. In order to protect small milk producers, milk powder companies were required to purchase fresh milk (as raw material) from the small farmers⁸⁾.

In addition, the implementation of Presidential Decision No. 50 of 1981 which regulated the number of broiler chickens and layers which may be owned by large poultry farms was intensified through increased supervision. The purpose of the policy was to spread more equitably the business and employment opportunities.

F. Mining

In the reporting year output of the mining sector declined, although some minerals experienced an increase. Production of petroleum and tin declined while coal and copper increased. However, the mining sector, especially petroleum, still occupied an important role in the Indonesian economy. In the reporting year, 82.9% of the foreign exchange and 65.8% of the State's domestic revenues was contributed by this sector. The contribution of this sector to the GDP at current prices was 19.6% in 1982.

In order to meet rising domestic and foreign demand, the Government constructed the

hydrocracker oil refinery in Dumai, expanded the oil refinery in Cilacap and Balikpapan as well as the LNG trains in Arun and Badak. These projects were expected to be on stream in the next reporting year.

To diversify energy sources, a number of foreign companies were conducting exploration for coal in East and South Kalimantan which was presumed to contain large deposits.

1. Petroleum

The high oil production growth rate until mid 1981/82, achieving a yearly average of 6.9% in the past ten years, could no longer be sustained because of the declining demand for oil in the world market as well as the increasing competition from non-OPEC countries. This resulted in a decline of Indonesian oil production of 19.6% to 458.8 million barrels or equivalent to 1.26 million barrels per day (Table 8.30). Of total oil output, 320.9 million barrel was exported and the remaining being refined. That level of production approached the maximum production ceiling imposed by OPEC in March 1982. The enforcement of ceiling on oil production was associated with weakening world

TABLE 8. 30
PRODUCTION OF CRUDE OIL
(millions barrels)

Year	Production	Average production per day
1978/79	589.2	1.61
1979/80	577.2	1.58
1980/81	581.1	1.59
1981/82	570.4	1.56
1982/83*	458.8	1.26

Source : Supplement to the President's Report
to Parliament, August 16, 1983.

8) Minister of Trade and Cooperatives Decree No.275/ KP/ VIII, August 4, 1982

demand for oil due to energy conservation programs, encrease in the application of alternative energy and the release of petroleum stockpiles by the industrialized consuming countries. In addition, output of non-OPEC countries increased so that in the past several years they have exceeded the production level of OPEC countries.

Although production decreased, oil exploration continued to increase. In 1982, 9 production sharing contracts were signed by existing as well as new contractors. With the signing of these contracts, the number of oil production contracts in 1982 rose to 75 from 66 in the preceding year. Of these contracts, 21 were already in operation. With the increase in the number of companies engaged in contractual agreements., the number of exploration also increased. In 1982 the number of oil drillings was 238 compared with 228 in 1981 and 193 in 1980.

Presently, the production has been directed principally to the export market both in the form of crude oil as well as bi-products of the domestic refinery. In the reporting year export of crude oil reached 320.9 million barrels⁹⁾ compared with 421.2 million barrels in the preceding year while oil products reached 39.1 million barrels compared with 46.8 million barrels in the preceding year.

In 1982/83 domestic need for fuel oil only increased slightly (0.01%), which was far below the average increase in the past five years (9.9%). The decrease in domestic consumption was directly associated with the increase in the price of fuel oil which was initiated in the past several years. It may be added that since January 1983 the Government has increased the prices of domestic fuel oils averaging 52.02% to lower further the subsidy on fuel oils.

Because domestic refineries were still unable to meet the demand for several types of fuel oils, some of these fuels were imported. In addition, crude oil imports were still needed as raw material for various refineries. In the reporting year, crude oil imports reached 27.7 million barrels and fuel oil imports reached 24.5 million barrels.⁹⁾ In order to limit these imports, the Government expanded the capacity of domestic oil refineries in Cilacap and Balikpapan which is expected to be in production in the third quarter of 1983.

It is expected that the demand for oil in the world market in 1983/84 would not yet rise, whereas domestic demand for oil would not significantly change. This conclusion is based on the estimation that world recovery is not yet in sight and that conservation measures would continue to be undertaken. The production of petroleum including condensate in 1983/84 would be expected to rise only slightly, to 1.4 million barrels per day.

2. Natural gas

The role of natural gas as a source of energy continued to increase since 1977. Production and utilization of natural gas rapidly increased since it entered the export market in the form of LNG and also since domestic industry began to use it as a source of energy. In the reporting year, the production of natural gas, which was derived as-gas associated with oil production as well as gas mined directly (non-associated gas), did not change from the level of the previous year, 1,098.6 million MSCF (Table 8.31).

Production of non-associated gas increased, however, output of associated gas declined due to lower production of crude oil. Of total gas output, 473.0 million MMBTU or equivalent to 747.2 million MSCF was exported to Japan in the form of LNG. In addition, 105.3 mil-

9) Includes cross purchase

TABLE 8. 31
OUTPUT AND USE OF NATURAL GAS

Year	Output 1)	Use 2)
	(million MSCF) 3)	(million MSCF)
1978/79	868.2	650.6
1979/80	1,028.8	795.1
1980/81	1,042.2	813.1
1981/82	1,136.2	914.8
1982/83*	1,098.6	932.6

1) The output of natural gas consists of associated gas and non associated gas.

2) The use of natural gas is the total volume of natural gas actually used for several purpose. Part of the natural gas output (especially associated gas), not or not yet used, was flared locally to prevent pollution and fires.

3) MSCF = Thousand Standard Cubic Feet.

Source : — Supplement to the President's Report to Parliament, August 16, 1983.

lion MSCF or 9.6% of total output was utilized by the domestic industry (cement, steel and fertilizer industries) and by Pertamina for injecting crude oil.

To obtain the full benefit of the abundance of natural gas, the Government constructed various factories using natural gas a source of energy as well as raw material. These factories are the urea fertilizer plants in Aceh (PT ASEAN Aceh Fertilizer and PT Pupuk Iskandar Muda) and in East Kalimantan (PT Pupuk Kalimantan Timur) each of which with a capacity of 570 thousand tons. It is expected that the three factories will be in operation by the end of 1983.

In addition, in the effort to increase the export of LNG, in 1981 an additional agreement was signed with Japan to export 6.6 million tons of LNG equivalent to 340.3 million MMBTU a year for 20 years. In this connection, the Badak LNG plant in East Kalimantan and the LNG in Aceh were expanded. With this expansion,

which is to be completed in 1983/84, the total capacity of the two plants will reach 14.4 million tons of LNG equivalent to 742.5 million MMBTU a year. It may be added that additional contracts will be signed with the Republic of Korea amounting to 2 million tons of LNG equivalent to 103.1 million MBTU per year. According to the plan, beginning 1986 Indonesia will begin to export to South Korea for 20 years.

3. Tin

In the reporting year, the production of tin, which is the third largest foreign exchange earner of Indonesian minerals, fell to 33.0 thousand tons or a decline by 8.1%. This decline in production is closely associated with the quota restriction on the exports of tin under the International Tin Council in order to restrict the supply of tin because of the release of tin from the US Government stockpiles. This resulted a decline in the export of tin by 12.9% to 27 thousand tons.

Mining of tin in Indonesia is done in Bangka, Belitung and Singkep both by offshore dredging as well as by onshore mining by state companies as well as by foreign companies working on the basis of production sharing contracts. Almost the entire production of Indonesia's tin is destined for the export market. Accordingly, Indonesia regards stabilization of the price of tin in the world market as an important objective. Stabilization of world tin prices is managed through the International Tin Council. In addition, in order to strengthen the International Tin Agreement, the producing countries have recently agreed to form the Association of Tin Producing Countries (ATPC).

4. Nickel

In the past three years the output of nickel ores produced by PT Aneka Tambang and PT INCO experienced a decline. This was mainly caused by declining demand in the world market due to the world recession. In the reporting year the production of nickel ores by PT Aneka Tambang in Pomalaa (Southwest Sulawesi) and in the isle of Gebe (Halmahera) declined by 0.4% to 1,591.2 thousand tons. The nickel ores produced were largely exported and the remaining processed domestically into ferro nickel. In 1982/83 the volume of nickel ore and Ferro nickel declined, respectively, by 35.7% and 9.8% (Table 8.32).

TABLE 8.32
OUTPUT AND EXPORT OF
NICKLE ORE AND FERRO NICKLE
(thousand tons)

Year	Nickel ore		Ferro nickel ¹⁾	
	Production	Exports	Production	Exports
1978/79	1,178.0	887.6	4.4	5.1
1979/80	1,771.5	1,192.4	4.0	3.6
1980/81	1,339.3	1,238.7	4.5	4.4
1981/82	1,598.1	1,207.5	4.8	5.1
1982/83 *	1,591.2	897.3	4.9	4.6

¹⁾ Equivalent to nickel metal.

Source : Supplement to the President's Report to Parliament, August 16, 1983.

PT INCO, a foreign company working on the basis of contract of work, operates in Soroako (South Sulawesi). Nickel ore produced by the company is entirely converted into nickel matte for exports. The production of nickel matte up to 1981/82 increased rapidly, at an average of 56.2% a year, while production and export of nickel in the reporting year respectively declined by 27.6% and 6.1% (Table 8.33).

TABLE 8.33
OUTPUT AND EXPORT OF
NICKLE MATTE ¹⁾
(ton)

Year	Output	Export
1978/79	5,705	7,420
1979/80	12,381	10,789
1980/81	17,827	19,896
1981/82	19,201	16,907
1982/83 *)	13,903	15,876

¹⁾ Equivalent to nickel metal.

Source : Supplement to the President's Report to Parliament, August 16, 1983.

In the effort to increase, domestic processing of nickel ore into ferro nickel, a plan has been underway to expand the nickel processing plant in Pomalaa, using energy from the hydro-electric power from the Larona river which is now under construction. When this plan is completed it is expected that PT Aneka Tambang in 1986 would be able to increase the production of ferro nickel from 4,000 to 16,000 ton a year.

5. Coal

In the effort to conserve oil and to diversify energy sources in Indonesia, the Government intensified exploration and exploitation of energy other than oil, which among others include coal. With decreasing oil production and increasing prices of fuel oils, the role of coal, which in the past has fluctuated, will assume an increasingly important role as a source of energy.

In the reporting, the production of coal increased to 456.5 thousand tons or a rise by 24.3%. Several industries such as cement, rail road and electricity generating plants increased the use of coal as an energy source. The use of coal for the melting process of tin and nickel also increased.

It is estimated that Indonesia's coal deposits are about 21 billion tons. The mines operated by PT Batu Bara Ombilin and PT Batu Bara Bukit Asari have deposits of 100 million tons and 200 million tons, respectively. In order to increase production of coal, several agreements have been signed in the reporting year with 3 foreign companies making the number of foreign companies with agreement reaching 6.

6. Other minerals

Other important minerals produced in Indonesia are, among others, bauxite, copper, iron sand, gold and silver.

Because of the decline in demand for *bauxite* in Japan, the only export market for Indonesian bauxite, in the reporting year production declined sharply to 721 thousand tons or a fall by 29.0%. The falling demand in Japan is caused by the rise of imports of aluminium which is

considered cheaper than manufacturing of aluminium from bauxite.

The mining of *copper* in Mount Bijih in Jayapura is done by Freeport Indonesia Inc. which processes into copper concentrate. In the reporting year, the production of copper concentrate rose by 14.5% reaching 225.4 thousand tons, which is almost entirely destined for exports. To raise production, Freeport Indonesia Inc. has expanded the mining area in the eastern part of Mount Bijih.

Iron sand is mined in Cilacap, Central Jawa. Production in 1982/83 reached 129.9 thousand tons or an increase of 23.0%. The rise in production is a response to increasing domestic demand. It may be added that the use of iron sand in southern coast of Yogyakarta, to be processed into iron ore as raw material for the steel mill in Cilegon, is still under investigation.

Gold and silver mines still operating today is found in Cikotok, West Jawa, exploited by

TABLE 8.34
SELECTED MINING OUTPUT

Items	Unit	1978/79	1979/80	1980/81	1981/82	1982/83
Crude oil	million barrels	589.2	577.2	581.1	570.5 ^r	458.8
Natural gas	million MSCF	868.2	1,028.8	1,042.2	1,136.2	1,098.6
Tin	thousand tons	27.4	30.2 ^r	33.6	35.9	33.0
Nickle :						
— Nickle ore	thousand tons	1,178.0	1,771.5	1,339.3	1,589.1	1,591.2
— Ferro nickle	tons	4,403.8 ^r	3,999.5 ^r	4,506.4 ^r	4,765.5 ^r	4,923.1
— Nickle matte	tons	5,705.0	12,381.0	17,827.0	19,201.0	13,903.0
Bauxite	thousand tons	964.9	1,160.7	1,269.9	1,015.1	721.0
Coal	thousand tons	256.0	267.3	329.3	367.2	456.5
Copper	thousand dry tons	184.9	188.5	178.7	196.9	225.4
Iron sand	thousand tons	120.2	78.5	68.3	105.6	129.9
Gold	kilograms	220.3 ^r	197.4 ^r	224.7 ^r	172.6 ^r	262.1
Silver	kilograms	2,216.0	1,806.0	2,383.0	1,940.0	3,127.4

Source : Supplement to the President's Report to Parliament, August 16, 1983.

the gold and silver mining unit of PT Aneka Tambang. In the reporting year, production of gold and silver increased by 51.5% and 61.2% reaching 262.1 kg and 3,127.4 kg, respectively. The rise in production of gold and silver, in addition to more stones produced, was also due to the higher gold and silver content in each stone. In order to find new deposits, PT Aneka Tambang, which is the sole state enterprise operating in the mining of gold and silver, continued to undertake exploration.

G. Electric Power

As was the case in preceding years, the government policy in the field of electricity had been directed principally to increasing generating capacity as well as expanding the net work of transmission and distribution. The objective is to assure a more equitable distribution of welfare of the society in the rural and urban areas as well as to induce economic activities.

After growing at an average of 8.6% in the past 4 years, in 1982 the installed generating capacity of the PLN rose by 18.5% reaching 3,343 MW (Table 8.35). The substantial increase was due to the coming into operation of

TABLE 8.35
CAPACITY OF ELECTRIC POWER
(MW)

Year	Generator					Total
	PLTD	PLTU	PLTA	PLTG	PLTP	
1978	519	450	350	881	—	2,200
1979	534	750	351	772	—	2,407
1980	522	756	378	896	—	2,552
1981	569	956	398	897	—	2,821
1982*	635	1,356	425	897	30	3,343

Source : State Electricity Company.

TABLE 8.36
PRODUCTION OF ELECTRIC POWER
(million KWH)

Year	Generated by PLN	Generated outside of PLN 1)	Total
1978	4,721	728	5,449
1979	5,850	802	6,652
1980	7,067	815	7,882
1981	8,229	1,502	9,731
1982*	10,103	1,289	11,392

1) Only those distributed to the community through PLN.

the steam-power electricity generating plant in the Muara Karang Unit IV and V (Jakarta) in November, 1982, each with a capacity of 200 MW, as well as the geothermal electrical plant Unit I in Kamojang, West Jawa, with a capacity of 30 MW.

In the reporting year, a rehabilitation was also undertaken of the high tension transmission network of 861 kmc¹⁰⁾ and the addition of 12 central transformer stations with a total capacity of 547 MVA. In addition, the expansion of high and medium voltage transmission lines of respectively 1,971 kmc and 1,652 kmc, as well as the addition of 204 distribution stations with a total capacity of 28,160 KVA had been completed. It may be added that rural and village electrification had reached 6,167 villages with 1,032,307 consumers, an increase of 48.0% and 41.6%, respectively.

With increased generating capacity and expanded distribution network, electricity produced by the state electricity company (PLN) in the preceding five years grew by 20.0% annually. In 1982, PLN production increased by 22.3% reaching a level of 10,103 million KWH, but the output outside PLN distributed

10) Kilometer circuit

TABLE 8.37
SELECTED INDUSTRIAL PRODUCTION

Products	Unit	1978/79	1979/80	1980/81	1981/82	1982/83*
I. Chemical industry						
— Urea fertilizer	thousand tons	1,437.2	1,827.0	1,985.1	2,006.7	1,944.1
— Non urea fertilizer ¹⁾	thousand tons	141.0	270.0	649.0	773.7	798.3
— Cement	thousand tons	3,629.0	4,705.1	5,851.8	6,844.2	7,650.0
— Paper	thousand tons	155.2	214.2	232.0	246.6	296.9
— Automobile tyres	thousand units	2,540.4	2,898.4	3,320.0	3,816.9	3,885.6
— Motorcycle tyres	thousand units	1,658.2	2,070.5	2,319.7	2,801.3	2,567.1
II. Metal industry						
— Sponge iron	thousand tons	—	99.5	281.8	384.5	391.0
— Steel ingot	thousand tons	80.0	122.4	397.1	436.1	693.5
— Wire rod	thousand tons	—	89.5	160.2	157.4	253.3
— Reinforcing steel bar	thousand tons	300.0	500.0	640.5	671.0	743.8
— Steel wire	thousand tons	100.0	108.0	143.2	159.7	128.3
— Steel pipe	thousand tons	118.3	129.5	153.8	243.0	282.5
— Galvanized iron sheet	thousand tons	185.0	250.0	294.2	301.6	316.7
— Aluminium plate	thousand tons	9.7	9.5	11.8	13.7	15.1
— Diesel engines	thousand units	30.4	25.0	34.1	69.4	64.6
— Hand tractors	units	280	550	877	1,074	1,271
— Hullers	units	2,200	2,500	1,868	1,078	1,687
— Automobiles	thousand units	180.7	102.6	170.1	209.9	188.4
— Motorcycles	thousand units	330.5	221.6	410.0	503.3	577.4
— Aeroplanes	units	16	16	12	17	21
— Helicopters	units	16	16	12	12	21
— Steel vessels	Thousand BRT	11.5	24.0	27.5	28.9	16.4
III. Miscellaneous industry						
— Weaving yarn	thousand bales	837.3	998.0	1,184.0	1,233.0	1,370.0
— Textile	million meters	1,576.0	1,910.0	2,027.3	2,094.0	1,708.9
— Coconut oil	thousand tons	319.1	452.0	610.0	480.8	442.1
— Cooking oil	thousand tons	37.8	266.2	278.9	326.4	326.2
— Clove cigarettes	million pieces	43,500.0	41,500.0	50,500.0	55,600.0	59,100.0
— White cigarettes	million pieces	25,700.0	28,600.0	33,400.0	28,400.0	27,100.0
— Salt	thousand tons	261.8	703.0	690.0	285.8	799.9
— Laundry soap	thousand tons	218.5	202.9	213.0	207.8	213.0
— Detergents	thousand	44.2	46.5	54.4	63.9	66.8
— Toothpaste	million tubes	108.5	113.9	123.0	137.5	145.0
— Matches	million boxes	539.8	553.0	586.2	864.8	681.4
— Plywood	thousand m3	424.0	575.0	1,144.6	1,609.9	2,377.2
— Sawn timber	million m3	1.8	5.7	7.4	7.8	8.0
— Electric/telecommuni- cation cords	thousand tons	15.7	17.4	19.1	18.7	20.1
— Black & white tele- vision sets	thousand units	687.6	574.0	631.4	643.6	421.1
— Color television sets	thousand units	45.6	85.8	98.7	203.3	232.4
— Radio cassette re- corders	thousand units	1,536.0	1,018.8	1,110.5	1,154.9	1,589.9
— Car radio cassette rec.	thousand units	488.0	560.5	616.6	672.0	355.9
— Refrigerators	thousand units	90.0	99.6	134.5	138.5	152.4
— Sewing machines	thousand units	600.0	477.6	525.4	551.6	393.5
— Sprayers	thousand units	36.5	78.0	134.2	154.3	159.7
— Storage batteries	thousand units	690.0	1,747.2	3,319.7	3,651.6	3,521.0
— Dry batteries	million units	420.0	462.0	526.7	553.6	576.6
— Light bulbs/TL bulbs	million units	30.4	29.9	33.8	36.5	30.4

1) Until 1978/79 consisting of ZA only, since 1979/80 consisting of ZA, TSP and NPK.

Source : — Supplement to the President's Report to Parliament, August 15, 1983.

through PLN decreased by 14.2% to 1,289 KWH. Reduced production of electricity outside PLN was associated with increased output of PLN in addition to higher prices of fuel oils. Nevertheless, total production increased by 17.1% reaching 11,392 million KWH (Table 8.36).

H. Manufacturing Industry

Although far below the level of the preceding year (10.1%), the manufacturing industry continued to register growth, as reflected in the increased value added, by 1.2%. The lower rate of growth was due to declining domestic and foreign demand due to recession. The manufacturing industries experienced a mixed development with some experiencing increased production whereas others declined. Similarly, in each manufacturing sector some products experienced growth while others experienced sharp declines (Table 8.37). In the basic chemical industry, increase of production took place in cement and paper, while a decline was registered in urea fertilizer production. In the basic metal industry a rise of production was registered for steel ingot, steel pipes as well as agricultural equipments such as hullers and hand tractors. By contrast, declines in production were registered in sewing machine and steel wire. In the grouping of transport equipments, which was classified in the field of basic metal industry, a rise of production in aircraft and helicopters was registered while four-wheeled vehicles and steel ships experienced declines. In diverse industrial sector, a rise of production was registered in electrical appliances, while radiocassette, and black and white television sets experienced decline. Plywood experienced an increase in production.

Consistent with the government policy in the past several years, progress was experienced

in downstream industry producing consumer products as well as import substituting industrial products. Upstream industry, which began to experience growth was only in cement, fertilizer and paper in the basic-chemical sector, while in the basic-metal industry, steel industry began to develop. This led to an increase in the need for raw material and semifinished products which must be imported in increasing quantities as the downstream industry continued to develop.

In the effort to overcome excessive dependency on import of raw materials, the Government continued to take measures to speed up the realization for an industrial pattern which would be more integrated. Up to the end of the reporting year, 57 projects have been prepared which would enable the production of raw materials for the chemical and metal based industry. Industrial growth areas are presently being identified and developed which will include industrial zones to ensure industrial integration which supports the expansion of upstream industry as well as the development of small-scale industries. However, because of deterioration of balance of payments in 1982/83, a number of these projects will be reconsidered.

In addition to the efforts to alleviate dependence on import of raw materials, the Government also developed the industrial sector which could be expanded so as to be able to play a larger role in expanding exports of the non-oil and non-LNG sector. Several measures of improvements have been initiated, including improvements in quality, design, packaging, standardizing and continuation in supply, proper delivery time as well as appropriate information concerning market condition, especially for exporters. To support the growth of industry and to protect consumers as well as to develop

better climate for the expansion of industries, the Government continued to standardize industrial products. The standards would be established by taking into account the link between sub-sector of industry and specific commodities. Up to the end of the reporting year, 698 standards have been established in the Indonesian Industrial Standard (SII) of which some have been applied.

Supervision and guidance of small industry continued to be implemented. Information and extension services already provided were expanded through the establishment of centers for extension services in specific areas known as the Small-Scale Industrial Clustering (lingkungan industri kecil/LIK). Up to the end of the reporting year, 7 LIKs were already operational (Tegal, Bandung, Sidoarjo, Semarang, Yogyakarta, Magetan and Tasikmalaya) and 8 additional LIKs are under construction (among others Padang, Medan, Sungai Puar and Bali). Furthermore, in order to give better opportunities for small industries to expand their business activities in the reporting year 10 units of small industrial villages (Perkampungan Industri Kecil/PIK) were constructed.

1. Basic chemical industry

After experiencing rapid growth in the preceding years, the production of all major basic chemical industries declined during the reporting year. The production of basic chemical industries is primarily intended to meet domestic needs. However, in the preceding two years the number of products exported had expanded to include calcium citrate, ammonia, bicycle tires, and paper. The Government policy to develop basic chemical industry is primarily aimed at increasing the use of domestic raw materials as

well as to expand the uses of coal and natural gas. In line with this objective, a number of basic chemical industries, such as cement and paper, have been established, the orientation of which is directed to using domestic raw materials and energy and whose locations are chosen according to these criteria.

a. Fertilizer

The aggregate output of urea and non-urea fertilizers went slightly down by 0.01% to 2,742 thousand tons. On the other hand, consumption rose by 15.4% to 2,674 thousand tons. Although during this reporting year the production of fertilizers exceeded consumption, the Government continued to push production in order to catch up with the expected rapid growth in consumption in the coming years. In the preceding five years, the annual consumption of fertilizers grew by 15.4% compared with 14.8% for production.

In the reporting year, the aggregate production capacity of urea fertilizer was 2,235 thousand tons and non-urea fertilizer 610 thousand tons. In line with the above policy, during the reporting year the Government pushed its efforts to finalize the construction of the Kaltim I and ASEAN fertilizer plants. It is expected that the Kaltim I fertilizer plant in Bontang and the ASEAN plant in Lhokseumawe, Aceh, each with an annual capacity of 570 thousand tons of urea, would be in production in 1983. Furthermore, the first phase of the expansion of TSP factory of the Petrokimia Gresik, with a capacity of 500 thousand tons a year, was expected to be completed in the third quarter of 1983.

b. Cement

In the past several years, the Government

continually increased the production capacity of cement in order to meet rising domestic demand. This policy was enabled by the ample availability of raw materials in many places in Indonesia. In the effort to increase production capacity, the Government induced the use of energy sources other than oil and develop supporting industries, such as, gypsum factories and paper factories to produce cement bags.

Demand for cement since the 1970's increased at the rate of 17% a year, reaching 7.8 million tons in 1982/83. Cement production, despite growing rapidly, during the same period, only reached 7.8 million tons in 1982/83. In the reporting year, production increased by 12.0% while demand rose by 17.0%.

The demand for cement, which continued to rise and which remained inelastic, often create disruptions in the domestic market. Accordingly, the Government still imported cement and regulated its price through the HPS or Harga Patokan Setempat (local price directives). Imports of cement during the reporting was 500 thousand tons. HPS for cement was last increased by an average of 18% following increase in prices of fuel oils in January, 1983.

In the coming years the Government planned to increase production capacity by expanding existing and establishing new plants. The Andalas cement factory in Lhok Nga, with a capacity of 1 million tons a year, will be in production beginning 1983/84. The Kupang factory and the expansion of the Indarung IIIA plant, with a capacity of 120 thousand tons and 600 thousand tons, respectively, are expected to be in production by the end of 1983. In 1984, 3 additional factories with an annual capacity of 2.69 million tons each, are expected to be in production. At the end of 1985, 3 more factories with total capacity of 3.5 million tons a year

will be in production, making the total cement production in 1985 to reach 16.4 million tons a year. With these factories in production, it is expected that the domestic demand would be met.

c. Paper

In the past several years, the paper industry experienced rapid growth, as reflected in the annual increase of production and capacity by 14% and 18%, respectively, in the past five years. In the reporting year, paper production reached 297 thousand tons, an increase of 20% (Table 8.38).

Although production experienced a rapid increase, it still could not meet the domestic demand, particularly certain types of papers which are not yet manufactured in Indonesia. Accordingly, in 1982, Indonesia still imported 306 thousand tons of paper.

In order to meet the rising demand for paper, in the reporting year, the capacity of 4 paper mills had been expanded, namely, the Perum Kertas Goa with an annual capacity of 10 thousand tons and 3 other mills with a total annual capacity of 50.8 thousand tons, bringing the

TABLE 8. 38
PRODUCTION CAPACITY AND
OUTPUT OF PAPER
(thousand tons)

Year	Production capacity	Output
1978/79	291.2	155.2
1979/80	324.1	214.2
1980/81	344.6	232.0
1981/82	430.0	246.6
1982/83 *	488.1	296.9

Source : — Supplement to the President's Report to Parliament, August 16, 1983.

— Ministry of Industry.

aggregate annual capacity to 488 thousand tons. For the coming years, the Government planned to continue expanding existing mills as well constructing new ones, especially to produce papers which up to now have been imported, such as, newsprints, craft papers, cement bags, coated paper and high quality paper products.

To encourage the growth of domestic industry and to save foreign exchange, imports of specific types of papers were restricted.¹¹⁾

d. Motor vehicle tires

Production of four-wheeled motor vehicle tires in the reporting year rose to 3,885.6 thousand tires, an increase of only 1.8% or far below that of the preceding year (15.0%). The production of two-wheeled motor vehicle tires even declined by 8.4% to 2,567.1 thousand tires. This unfavorable development was due to weakening domestic demand. In addition, export of two-wheeled motor vehicle tires, which was initiated for the first time in 1981/82 for 16.8 thousand, experienced a sharp decline, by 37.1% to only 10.6 thousand tires.

Since the beginning of Repelita III, domestic tire industry has been able to meet the domestic demand for tires except for large trucks, off-the-road heavy equipments and aircraft. Accordingly, the Government will continue its efforts so that the latter types of tires could also be manufactured in Indonesia. In the reporting year a new factory, producing such tires, was constructed with an annual capacity of 750 thousand tires and investment valued at \$ 158 million. In addition, with the completion of the first phase of the expansion of the PT Good

Year tire factory, the production capacity of tire factories producing four-wheeled vehicle tires rose from 4,335 thousand in 1981/82 to 4,935 thousand tires in the reporting year. Similarly, the annual production capacity of two-wheeled vehicle tires increased from 2.6 million in 1981/82 to 4 million at the end of the reporting year, as the result of the expansion of 5 factories.

2. Basic Metal Industry

Production of basic metal industry largely consisted of capital goods needed for the productive activities of other sectors. This places the sector in an important position in supporting the growth of other sectors including agriculture and communications. The development of the basic metal industry in Repelita III began to be directed upstream so that it was able to produce raw materials, components as well as several types of equipments. In order to encourage this development, the Government pursued a series of policies to further enhanced the transfer of technology, established centers of industrial growth, scheduled the utilization of domestically-produced components and upgraded the skills of labor.

Almost all production of basic metal industry showed an encouraging growth. The production of *metal and basic products* which recorded an increase included, among others, steel billet (59%a), steel pipes (16%), construction steel rods (11%) and zinc plate (5%). This improvement was closely related to the growth of the construction sector.

As in the case with the production of basic metals, output of machines and equipments in general also increased. The production of hullers rose to 1,687 units or an increase of 56%, hand-tractors rose to 1,271 units (18%) and

11) Minister of Trade and Cooperatives Decree No. 279/KP/III/83, May 5, 1983.

spraying equipments for insecticides rose to 160 thousand units (4%).

The transportation means industry still showed a substantial increase except fourwheeled motor vehicle and steel ships. Rapid growth was especially recorded in the field of aircraft industry, rising from 29 to 42 aircraft in 1982/83. This industry is handled by PT Nurtanio, the sole state enterprise engaged in manufacturing aircraft and helicopters. This company is considered to have good prospects as reflected in the number of orders, which between 1976 and the reporting year reached 231 aircraft and 118 helicopters. In addition to domestic, orders from overseas came from Thailand, Bangladesh, Burma, Malaysia and Pakistan. Production of two-wheeled motor vehicle, increased by 15% reaching 577 thousand, although the production of fourwheeled motor vehicle declined by 10%, to 188 thousand units. Similarly, the production of steel ships registered a slower growth and in the reporting year, it even experienced a sharp decline, by 43% to only 16.4 thousand BRT.

It may also be added that there have been a number of progress achieved in the field of basic metal industry since the first quarter of 1983, steel plates and its raw material in the form of slabs, needed as raw materials began to be produced by PT Krakatau Steel. The aluminium project has also begun to produce aluminium ingots which are entirely destined for the export market.

3. Other important and essential industries

Industries listed in this category includes garment industries, chemical-based fibres and

other chemical derivatives industry, various metal-based industries, transportation equipments and construction materials other than cement industry. This category of industry ranged from high technology industry on one hand, and low technology industry on the other; moreover the labor absorptive capacity also varies. This category of industry in the reporting year absorbed 343.4 thousand workers compared with 73.6 thousand in 1979/80.

a. Textile

Since the past several years, the Government has concentrated in strengthening the structure of textile industry. In this connection, the Government continued to strengthen the relation between textile industry and the sources of raw materials, particularly those produced by the petrochemical industries such as polyester and nylon. Moreover, the **Government** also encourages the development of garment industry as a further step in the development and integration of textile industry. With the development of more integrated textile industry, it is hoped that the dependence on imported raw materials would decrease and that domestically produced raw **materials** and natural resources could be further utilized. Presently, there are seven companies producing synthetic fiber (polyester and nylon), with an aggregate annual capacity of 105 thousand tons polyester and 11 thousand tons nylon. However, up to now, all raw materials are imported. In this connection, the Government planned to construct the aromatic factory in Plaju, South Sumatra, to produce the above needed raw materials.

After an increase of 3.3% in 1981/82, the production of textiles in the reporting year declined by 18.4%, the first decline since the be-

ginning of Pelita I. This decline was due to the weakening domestic market as well as the accumulated stocks from previous years. This situation led a number of textile factories to reduce their production and in fact a number of medium and small-scale factories even ceased operation.

The Government continued to encourage the export of textiles both through incentives, such as the Sertifikat Ekspor or SE (export certificate) facility as well as through increased market development overseas. It may be added that the export of textiles in 1982 reached 39 thousand tons, compared with total production of 170.9 thousand tons in the same year.

b. Plywood and sawn timber

In the reporting year, production of plywood, increased substantially, reaching 2,377.2 thousand m³ or an increase of 48.0%, whereas sawn timber reached 8.0 million m³ or an increase of 10.0%. The production of plywood, which in 1979/80 only reached 575 thousand m³ experienced sharp increases in the previous three years, averaging 63.0% a year, whereas sawn timber in the same period on the average rose by 13.0% a year. The increase of production above was closely associated with the Joint Decree of Three Ministers which limited the exports of logs and obligated the **holders of HPH** to establish timber-based industries concentrating on plywood and set aside timber products for domestic timber industry.

Indonesia's plywood industry developed since the beginning of Pelita II, and in 1976 14 plywood factories had been constructed with a capacity of 405 thousand m³. Since 1980, the number of factories increased rapidly, so that by the end of 1982 it reached 61 factories with

a total capacity of 4,583 thousand m³. By the end of 1983, several other factories came into operation and it is expected that the capacity would reach 5 million m³. Compared with the development of plywood, sawn timber production grew more slowly, because the majority of the machines are old and outdated.

The consumption of sawn timber is slower than the production capacity in 1982. The domestic consumption of timber only reached 850 thousand m³. Because of the world recession, Indonesia's export of plywood rose only by 32.5% reaching 791.4 thousand m³ compared with a very high rate of increase (144%) in the preceding year. In 1982, the increase of Indonesian export of plywood was principally due to higher exports to the Middle East.

c. Electrical and electronic products

In the reporting year, the output of electrical and electronic products generally showed significant increases, except automotive radio cassettes, light bulbs and automotive batteries. The products experiencing production increases were, among others, color television rising by 14% to 232 thousand units, radios by 38.0% to 1,590 thousand units, refrigerators by 10% to 152 thousand units, and dry cell batteries by 4.1% to 577 million units. By contrast, the production of radio cassettes for automobile declined by 47.0% to 356 thousand units, light bulbs by 15.0% to 30,400 thousand units and automotive batteries by 4.0% to 3,521 thousand units.

d. Salt

In the reporting year, the output of salt experienced a sharp increase of 180% reaching

800 thousand tons. The sharp increase was associated with the long dry season in 1982, which was favorable to salt production.

In addition to the sharp increase in production, the stock under the control of Perum Garam (which manages the national salt stock) in the beginning of 1982 reached a high figure of 894 thousand tons so that the expected demand for salt in the reporting year (700 thousand tons) could be met. It may be added that the salt stock in the end of 1982 reached 1,422 thousand tons.

To encourage production of salt and increase income of smallholders of salt producers, the Government in the reporting year further raised the prices of salt from Rp 17.00 to Rp 25.00 per kg for quality no. 1; Rp 14.00 to Rp 21.00 for quality no. 2; and Rp 10.50 to Rp 17.50 for quality no. 3.¹²⁾

I. Communication

Government policy in the field of communication in 1982 continued to be directed at facilitating the flow of goods, the mobility of passengers and better exchange of information, while the policy in tourism has been directed at increasing the flow of tourist as a source of foreign exchange earning outside oil and LNG. The policy objective has been implemented by improving the infrastructure and by ensuring that the transport sector could assist the development of other sectors. In this connection, price stability in the transport service and adjustability of transport fees constituted an important element in the Government transport policy. In

this connection, at the beginning of 1983, a number of adjustment in the rates for transport was made on a selective basis in connection with the increase of prices of fuel oils.

Although the communication sector was not immune from the economic recession, in 1982 the services provided by this sector continued to advance, as reflected in the upward movement of its value added, by 5.9%. Considerable improvements were primarily recorded in the so-called pioneer sea transportation lines and air transportation whereas passenger transport through rivers, lake and ferry-crossing experienced declines.

Services for postal, giro and telecommunication also improved due to the expansion of areas connected by the Perum Pos dan Giro (postal and giro) and Perum Telekomunikasi (telecommunication) services.

In the field of tourism, the Government stressed on the efforts to increase the quality of services as well as the number of tourist objects. In 1982, the number of foreign tourists visiting Indonesia increased due to better communication and hotel facilities in various tourist resorts.

1. Land transportation

In order to increase infrastructure for land transportation, 353 km of new roads were constructed and 9,056 km of road improvement were made in 1982. In addition, 2,108 m of new bridges have been constructed and 6,756 m of bridges were improved.

The above improvement on infrastructure was meant to meet the substantial increase in vehicles during 1982. The number of buses, passenger cars and cargo vehicle showed large increases, by 19.9%, 9.5% and 11.3%, reach-

12) Decree of the Directorate General of Domestic Trade, Department of Trade and Cooperatives No. 154/Kep/V/1982, May 19, 1982.

TABLE 8.39
NUMBER OF LAND TRANSPORTATION
VEHICLES
(thousand units)

Year	Buses	Truck/ Cargo vehicles	Passenger cars	Motor cycles
1978 ^r	58.4	336.8	535.4	1,990.3
1979	69.5	383.6	577.3	2,266.2
1980 ^r	85.6	472.1	636.9	2,655.9
1981	112.1	590.6	722.4	3,197.3
1982 [*]	134.4	657.1	791.0	3,764.4

Source : Supplement to the President's Report
to Parliament, August 16, 1983.

ing 134.4 thousand, 791.0 thousand and 6 5 7 .1 thousand, respectively, while the number of motorcycles rose by 17.7% to 3,764.4 thousand (Table 8.39).

In the efforts to increase pay-load capacity, the program of rehabilitation of rail-road was enhanced. In 1982, the following rehabilitation were completed, expansion-of rail road tracks by 379.38 km, improvement of 543 bridges, repairs of 136 locomotives, 300 passenger wagons and 3,452 freight cars.

For the period of 1982, the number of rail-way passengers reached 43,279 thousand or an increase of 8.3% compared with the preceding

TABLE 8.40
OUTPUT OF RAILWAY TRANSPORTATION
SERVICES

Year	Passenger transportation		Cargo transportation	
	Passenger (thou- sands)	Passenger-km (millions)	Cargo (thousand tons)	Cargo-km (millions)
1978	29,200	5,751	4,200	1,022
1979	37,709	5,981	4,241	1,016
1980	40,740	6,229	4,300	980
1981	39,951	6,080	5,310	1,016
1982 [*]	43,279	6,271	5,310	1,063

Source : Supplement to the President's Report
to Parliament, August 16, 1983.

TABLE 8.41
OUTPUT OF RIVER, LAKE AND
FERRY TRANSPORTATION SERVICES

Year	Passenger transported (thousands)	Cargo transported (thousand tons)
1978/79	10,221	922
1979/80	12,021	1,036
1980/81	13,127	1,326
1981/82	15,575	3,945
1982/83 [*]	14,796	3,979

Source : Supplement to the President's Report
to Parliament, August 16, 1983.

year, whereas the volume of cargoes transported did not show a significant change (Table 8.40).

In 1982, passengers carried by the river, lake and ferry transportation declined by 5.0% to 14,796 thousand, whereas cargo transport increased by 0.9% reaching 3,979 thousand tons.

2. Sea transportation

The program to develop sea transportation was directed to develop an integrated sea transportation for the entire national territory involving increased shipping lines, harbors and ships. In 1982, 4 harbors were designated to become principal harbors for the export of products other than oil and LNG in order to reduce harbor costs so that efficiency in transport could be achieved.

Ocean going fleet did not experience any change, remaining 61 ships, however, the carriage capacity increased by 5.0 thousand DWT reaching 807.0 thousand DWT. The tonnage transported increased by 4.7% reaching 18,465.0 thousand tons (Table 8.42). It may be added that the shipping routes for ocean going vessels did not experience change, with destinations to Japan, Hongkong, Taiwan, Canada, United States and Europe.

TABLE 8.42
NUMBER OF VESSELS AND THEIR SERVICES

Year	Number of vessels	Capacity (thousand DWT)	Cargo transportation (thousand tons)
1978/79	52	502	5,625
1979/80	50	513	5,820
1980/81	58	668	7,353
1981/82	61	802	17,637
1982/83*	61	807	18,465

Source : Supplement to the President's Report to Parliament, August 16, 1983.

In the reporting year, the number of ships used for *interinsular shipping* increased by 10.0% reaching 397 ship with the capacity of 503.0 thousand DWT. With the increase in the fleet, the increase of carriage was 6.7% reaching 6,353.0 thousand tons (Table 8.43). Interinsular shipping is also used to support transmigration program.

Local shipping fleet functions as the link between interinsular harbors and export harbors, by carrying cargo transported by interinsular vessels to ocean going vessels. In the reporting year, the number of vessels engaged in local shipping was 1,144 with carrying capacity of 172.0 thousand DWT and the volume being transported reached 2,445.0 thousand tons.

Traditional fleets were operated mainly by

TABLE 8.43
NUMBER OF VESSELS AND CARGO HANDLED

Year	Number of vessels	Capacity (thousand DWT)	Cargo transportation (thousand tons)
1978/79	322	312	3,529
1979/80	335	341	3,573
1980/81	390	406	5,816
1981/82	361	425	5,952
1982/83*	397	503	6,353

Source : Supplement to the President's Report to Parliament, August 16, 1983.

TABLE 8.44
NUMBER OF VESSELS AND PIONEER SAILING SERVICES

Year	Number of vessels	Capacity (thousand DWT)	Passenger (thousands)	Cargo (thousand tons)
1978/79	21	11.2	104.0	50.1
1979/80	28	12.9	132.0	66.5
1980/81	31	17.6	165.0	90.0
1981/82	33	17.6	121.8	98.0
1982/83*	36	19.0	151.8	97.0

Source : Supplement to the President's Report to Parliament, August 16, 1983.

small and economically weak owner, which require assistance in order to increase the quality of their service. In the reporting year 3,486 vessels, with carrying capacity of 180.0 thousand BRT, operated in this segment of shipping activities and carried 2,155.0 thousand tons in that period.

It may be added that the *pioneer shipping*, whose main purpose is to open shipping operation to isolated areas, showed substantial gains. In the reporting year, the fleet increased to 36 ships with carrying capacity of 19.0 thousand DWT. Increased of the services provided by this segment of shipping activities was particularly registered by a rise of 24.63% to 151.8 thousand passengers being carried for that period (Table 8.44).

3. Air transportation

In order to meet the needs of air transport services in the country, the Government endeavored to increase the frequency -of flights as well as to upgrade the capacity of landing strips and airport facilities.

In 1982, 164 aircrafts were in service, operated by 6 scheduled airlines, consisting of 82

TABLE 8.45
AIR TRANSPORTATION FLEET

Year	Type of airplanes			Jumlah
	Piston	Turboprop	Turbojet	
1978	8	53	58	119
1979	8	89	63	160
1980	8	92	69	169
1981	--	89	75	164
1982	--	82	82	164

Source : Supplement to the President's Report to Parliament, August 16, 1983.

turbojet aircraft and the remaining turboprop aircraft, (Table 8.42). Although the number of aircraft remained the same as the preceding year, the trend has been to utilize aircrafts with greater carrying capacity especially turbojet types so that in the three preceding years the number of turboprops in service has declined. This trend is particularly evidenced in PT Garuda.

With increased capacity of landing strips, 5 of the 58 airports can accomodate Boeing 747, 7 accomodate DC-10 and A-300, 13 accomodate DC-9, and 35 accomodate F-28 and 51 accomodate F-27.

TABLE 8.46
OUTPUT OF AIR TRANSPORTATION SERVICES

Year	Passenger carried (thousands)		Cargo carried (thousand tons)	
	Domestic flights	International flights	Domestic flights	International flights
1978	3,980	270	35.8	4.3
1979	4,193	343	38.5	5.7
1980	4,449r	487	44.5f	11.2
1981	5,588	661	50.5	12.7
1982*	6,264	772	56.6	15.6

Source : Supplement to the President's Report to Parliament, August 16, 1983.

Domestic air service in 1982 showed an increase of 12.1% in passenger carried and 12.1% in tonnage of cargo carried, respectively reaching 6,264 thousand tons and 56.6 thousand tons. Similarly, international air service of Indonesia airlines showed an increase of 16.8% of passengers carried reaching 772 thousand and 22.8% of cargo carried reaching 15.6 thousand tons.

It must be added that pioneer air services to serve isolated areas, were extended to reach 82 destinations. In general this type of air services is done by state-owned airlines, which in 1982 utilized 35 aircraft carrying 261 thousand passengers and 2 thousand tons cargo.

4. Postal and giro services

Postal and giro services, which have been continuously extended, have been able to serve the public to the villages throughout Indonesia. In 1982, 102 post offices had been constructed covering 3,168 kecamatan (sub-districts) or 91.2% of all subdistricts in Indonesia. With these additions, the number of post offices increased by 6.3% reaching 1,616 post offices of which 253 were subsidiary post offices and 1,163 were auxilliary post offices (Table 8.47).

TABLE 8.47
NUMBER OF POST OFFICES

Type of post offices	1978	1979	1980	1981	1982*
Main post offices	193	195	198	198	200
Subsidiary post offices	180	197	208	232	253
Auxilliary pos offices	978	1,023	1,041	1,091	1,163
Total	1,351	1,415	1,447	1,521	1,616

Source : Ministry of Communication.

With the increase of the number of offices above, the level of services produced increased as follows: postal drafts rose to Rp 370 billion or a rise of 22.5%, postal and giro checks rose by 10.5% reaching Rp 2,160 billion and postal savings rose by 130.2% reaching Rp 99 billion. The number of letters and postal packages declined by 22.0% and 10.6%, reaching 213 million letters and 1,085 thousand packages, respectively (Table 8.48).

TABLE 8.48
POSTAL AND GIRO SERVICES

Type of services	1978	1979	1980	1981	1982*
Postal letters (millions)	252	266	276	273	213
Postal parcels (thousands)	913 ^f	1,141	1,172	1,213	1 085
(Postal drafts (billions Rp)	139 ^f	174	246	302	370
Postal giro and cheques (billions Rp)	840 ^f	1,113	1,559	1,955 ^f	2,160
Savings	16	19	32	43	99

Source : Supplement to the President's Report to Parliament, August 16, 1983.

5. Telecommunication

The development of telecommunication in 1982 was directed at expanding the network and increasing the quality of telephone, telegraphic, telex and transmission services.

The number of centrals of automatic and manual telephones in 1983 rose to 664 centrals or a rise by 7.3% so that the number of telephone connection reached 644,542 lines or a rise of 4.0% (Table 8.49). The longdistance direct dialing network (SLJJ) including international direct dialing (SLI) showed an increase so that SLJJ covered 102 cities and SLI covered 53 cities compared with 89 and 41 cities re-

spectively, in 1981.

In the effort to increase services in telecommunication by telegraphic and telex system, an increase was made in the network by adding the number of telegraphic offices and raising the domestic telex capacity. In 1982, the number of telegraphic offices reached 643, an increase of 2.6%, located primarily in cities not yet able to utilize telex efficiently. Telegraphic network, in addition to reaching, regencies, also reached 76 foreign cities, of which 53 could be reached automatically. It may be added that in order to increase the service to the public, telegraphic system in stages has also increasingly utilized teleprinters which enable telegram to enter the telex network. Up to the end of 1982, 147 cities have utilized this system compared with 136 cities in the preceding year.

It may also be added that with termination of the service by the Palapa A domestic communication satellite system, at the end of the reporting year, steps have been taken to launch the Palapa B satellite to replace the Palapa A in mid 1978. The Palapa B satellite will be equipped with 24 transponders, twice the capacity of the Palapa A.

6. Tourism

In order to increase the quality of services in the field of tourism, in the reporting year facilities have been provided for training and education of the manpower in tourism including hotel personnel. In addition, supplementary trainings have also been extended to those involved in travel bureaus and operatives of restaurants as well as training for tourist guides.

In 1982, the number of foreign tourists entering Indonesia including those coming for business and official visits rose by 7.0% reach-

TABLE 8.49
NUMBER OF TELEPHONE EXCHANGES AND CAPACITY LINE UNITS

Year	Automatic		Manual		Total	
	Telephone exchanges	Capacity (line units)	Telephone exchanges	Capacity (line units)	Telephone exchanges	Capacity (line units)
1978	69	367,200	493	108,253	562	465,453
1979	101	460,100	468	88,172	569	548,272
1980	137	524,860	457	73,762	594	598,622
1981	150	545,500	469	74,130	619	619,630
1982*	164	557,963	500	86,579	664	644,542

Source : Ministry of Communications.

ing 642,162 visitors and the amount of spending rose to \$ 388.9 million, an increase of 25.8% and average daily spending per visitor rose to \$ 58.8 an increase of 17.6% (Table 8.50).

By country of origin, the three most important countries were Australia, Singapore and Japan, respectively held 13.6%, 11.9% and 11.4% of the total share of visitors. It may be added that the country of origin of tourists of 10,000 or more in 1982, in addition to the three countries were as follows: United Kingdom (55,222 visitors), United States (52,217), Malaysia (44,573), the Netherlands (53,409), the Federal Republic of Germany (28,549), France (25,568) and Italy (14,408). In general, these visitors came for holiday (65.9%) or business trip (19.1%). Average stay of these visitors were ten nights.

Of ten tourist areas, Jakarta Metropolitan, Bali and Yogyakarta were visited by more than 50.0% of these tourists, while other areas which began to be visited were West Jawa, East Jawa, North Sumatra, South Sulawesi, West Sumatra, Central Jawa and North Sulawesi. The rise of the number of tourists visiting the above areas was made possible by the increasing number quality of tourist infrastructure, hotels and tourist bureaus. The number of hotels in 1982 in-

creased 4.7% reaching 1,070 hotels with 38,627 rooms of which 283 hotels were starred hotels. Of the starred hotels, 244 with almost 20,000 rooms were located in the tourist areas. The number of tourist bureaus increased by 4.2% so that at the end of 1982 there were 426 tourist bureaus, 314 of which were located in tourist areas. It may be added that the number as well as the quality of the tourist bureaus showed a more satisfactory development, particularly after improvements had been made since the first year of Repelita III. The number of restaurants and souvenir shops did not register any change remaining respectively 483 and 356.

TABLE 8.50
NUMBER OF FOREIGN TOURISTS
VISITING INDONESIA
(thousand visitors)

Year	Total	Tourist's spending (in millions \$)
1978	468.614	94.3
1979	501.430	188.0
1980	561.178	289.0
1981	600.151	309.1
1982*	642.162	388.9

Source : Supplement to the President's Report to Parliament, August 16, 1983.

With the issuance of the Government Decree to free visa requirement for visitors from 26 countries to visit a maximum of two months, completion of the rehabilitation of the Borobudur temple, the expected total solar eclipse in several tourist areas as well as the 100

th anniversary of the volcanic eruption of Mt. Krakatau, is expected to increase the flow of tourist in 1983. In order to accommodate this expected flow of tourist at the end the reporting year, training of tourist guides and improvements of tourist infrastructure were intensified.

APPENDICES

BANK INDONESIA
CONDENSED BALANCE SHEET
as per March 31, 1983¹⁾
(billions of rupiah)

- 1) As submitted to the government.
- 2) Regarded as a component in international reserves.
- 3) Bank and non bank.

BANK INDONESIA
PROFIT AND LOSS ACCOUNT
as per March 31, 1983
(billions of rupiah)

EXPENDITURES		REVENUES
EXPENSES		
– Personnel, material, operational	71	Interest 548
– Currency issues	36	Commission 2
– Miscellaneous	136	Miscellaneous 161
– Depreciation	99	
	<u>342</u>	
PROFIT		
Profit after tax	369	
TOTAL	<u><u>711</u></u>	<u><u>711</u></u>

APPENDIX B

MANAGEMENT OF BANK INDONESIA As Per March 31, 1983

Government Commissioner : A.J. Witono S.

BOARD OF MANAGING DIRECTORS

Governor : DR. Arifin Mohamad Siregar
Managing Director : Durmawel Ahmad, S.H.
Managing Director : DR. J.E. Ismael
Managing Director : M. Djoko Soedomo, S.E.
Managing Director : Kamardy Arief, S.E.
Managing Director : Teuku Mohamad Zahirsjah, S.H.
Managing Director : Marjanto Danoesapoetro, S.E.

GENERAL MANAGER

Office of the Board : Soengkowo Prijoredjo Administration and
Organization Department : Bambang Susilo
Budget Department : Sjafri Chalik
Foreign Exchange Department : Wiardi
Economics and Statistics
Department : DR. Slangor
Legal Department : Mrs. Indrawati Soewarso, S.H.
International Department : N.A.L. Mailangkay, S.E.
General Services Department : Sukiyato
Money and Capital Market
Department : Mahfud Jakile
General Credit Department : Rijanto, S.E.
Cooperative and Small Credit
Department : Sujitno Siswowedagdo, S.E. Bank Supervision
Department : Binhadi, Drs.
Internal Control Department : Lulu Prawira Subrata
Issue Department : R. Soejoto
Credit Planning and Credit
Supervision Department : R. Martono, S.E.
Personnel Department : D.M. Gunawan

REPRESENTATIVES

Kuala Lumpur and Singapore : Sutadi, S.E.
London : R. Paryono, S.E.
New York : H. Hutagalung
Tokyo : Eddy Suwardi, S.E.

REGIONAL COORDINATORS

Coordinator of Bank Indonesia
for East Jawa : Achmad Effendie, S.H.
Coordinator of Bank Indonesia
for Central Jawa and Yogyakarta : Sumantri Hadisuryatno, S.E.

BRANCH MANAGERS

Ambon	: Soekisman
Balikpapan	: Sri Hastjarja Poerwasoeparta, S.E.
Banda Aceh	: Aibar Durin, S.H.
Bandung	: Masri Saleh
Banjarmasin	: A. Bakri Pangoriseng, Drs.
Bengkulu	: P.R.O. Sihombing, Drs.
Cirebon	: Abdullah Ali
Denpasar	: Sugiono, S.E.
Jambi	: Mohd. Kurdi, S.E.
Jayapura	: Soedharnindhito, S.H.
Jember	: C. Korompis, S.E.
Kediri	: Soediarto
Kendari	: Djedi
Kupang	: Husein Bratasuwignja
Lhokseumawe	: Soelasmo, Drs.
Malang	: Saptadi Baroto
Mataram	: Suryono Joyoprayitno, S.E.
Medan	: Thamrin Soerawisastra, S.H.
Menado	: Bistok Hutasoit, Drs.
Padang	: Kamaruddin
Palembang	: Kamaloeddin Chatab, Drs.
Palu	: Basuki Sumadibrata, BBA.
Pekanbaru	: Hilmy, S.E.
Pemantang Siantar	: Soediono, S.E.
Pontianak	: Ibnoe Soejachmoen N.P.
Purwokerto	: Muhajir
Samarinda	: Darwis Idroes, S.E.
Sampit	: Soetrisno
Semarang	: Sumantri Hadisuryatno, S.E.
Sibolga	: M.T. Naibaho, S.E.
Solo	: Djamalius Luddin, S.E.
Surabaya	: Achmad Effendie, S.H.
Tasikmalaya	: H. Afnan, Drs.
Tegal	: Djoko Sutrisno
Telukbetung	: Soegiarto, BSc.
Ternate	: Srie Slamet, Drs. Pend.
Ujung Pandang	: Sutedja Trisnaatmadja, S.H.
Yogyakarta	: Sukanto

APPENDIX C

TABLE I
CEILING ON BANK LOANS AND OTHER ASSETS
OF COMMERCIAL BANKS
(billions of rupiah)

Type of bank	1976/77	1977/78	1978/79 ¹⁾	1979/80	1980/81	1981/82	1982/83 ³⁾
1. State banks							
1.1. Ceiling	417	352	451	614	1,035	1,855	2,612
% ²⁾	23.6	16.8	18.7	20.6	27.9	39.8	40.0
1.2. Actual	410	317	482	727	1,156	1,983	2,495
%	23.2	15.1	20.0	24.4	31.2	42.5	38.2
2. National private banks							
2.1. Ceiling	69	95	129	163	325	502	650
%	37.3	38.5	37.5	34.4	47.9	51.4	47.5
2.2. Actual	62	97	127	165	301	382	573
%	33.5	39.3	36.9	34.8	44.3	39.1	41.9
3. Foreign banks							
3.1. Ceiling	22	25	52	51	111	171	200
%	13.7	13.5	24.8	17.4	30.7	33.9	30.1
3.2. Actual	25	25	51	57	104	161	258
%	15.5	13.5	24.3	19.4	25.6	31.9	38.9
4. Commercial banks							
4.1. Ceiling	508	472	632	828	1,471	2,528	3,462
%	24.0	18.7	21.3	22.1	30.7	41.2	40.4
4.2. Actual	497	439	660	949	1,561	2,526	3,326
%	23.5	17.4	22.3	25.3	32.5	41.1	38.8

1) Excludes increases caused by foreign exchange revaluation on November 15, 1978 i.e.

- State banks Rp 98 billion,
- National private banks Rp 1 billion and
- Foreign banks Rp 33 billion

2) Amount of bank loans and other assets at end of preceding financial year.

Due to adjustments, the base figure at the beginning of a financial year does not necessarily equal the base figure plus the actual amount implemented in the preceding year.

3) Excludes increases caused by foreign exchange revaluation on March 30, 1983 amounting to Rp 288 billion.

TABLE II
CEILING ON BANK LOANS OF COMMERCIAL BANKS
(billions of rupiah)

Type of bank	1976/77	1977/78	1978/79 ¹⁾	1979/80	1980/81	1981/82	1982/83 ³⁾
1. State banks							
1.1. Ceiling	401	303	421	592	974	1,781	2,524
% 2)	27.9	18.5	18.8	21.2	28.6	40.5	40.7
1.2. Actual	270	268	476	667	1,121	1,918	2,381
%	18.8	16.4	21.3	23.9	32.9	43.6	38.4
2. National private banks							
2.1. Ceiling	63	94	129	163	294	457	624
%	42.0	45.2	45.3	41.2	55.4	58.2	53.4
2.2. Actual	59	86	98	135	251	375	505
%	39.3	41.3	34.4	34.1	47.3	47.8	43.2
3. Foreign banks							
3.1. Ceiling	20	29	54	52	106	158	184
%	14.8	18.1	26.1	17.6	30.7	36.6	30.8
3.2. Actual	25	47	58	50	91	155	107
%	18.5	29.4	28.0	16.9	26.4	35.9	18.0
4. Commercial banks							
4.1. Ceiling	484	426	604	807	1,374	2,396	3,332
%	28.1	21.2	22.2	23.1	32.1	42.6	41.8
4.2. Actual	354	401	632	852	1,463	2,448	2,993
%	20.5	20.0	23.2	24.4	34.1	43.6	37.5

1) Excludes increases caused by foreign exchange revaluation on November 15, 1978 i.e.

- State banks Rp 94 billion,
- National private banks Rp 1 billion and
- Foreign banks Rp 32 billion.

2) Amount of bank loans and other assets at end of preceding financial year.

Due to adjustments, the base figure at the beginning of a financial year does not necessarily equal the base figure plus the actual amount implemented in the preceding year.

3) Excludes increases caused by foreign exchange revaluation on March 30, 1983 amounting to Rp 251 billion.

TABLE III
STATE BANK LENDING RATES AND REDISCOUNT RATES AND PERCENTAGE
OF REFINANCING FACILITIES PROVIDED BY BANK INDONESIA
(percentage)

Specification	Bank lending rates (annual)				Rediscount rates (annual)				Percentage of loan eligible for refinancing			
	Before Jan. 1, 1978	Jan. 1, 1978	Jan. 18, 1982	August 27, 1982	Before Jan. 1, 1978	Jan. 1, 1978	Jan. 18, 1982	August 27, 1982	Before Jan. 1, 1978	Jan. 1, 1978	Jan. 18, 1982	August 27, 1982
Short-term credits												
Category I												
1. Supply and distribution of rice, paddy and corn by BUUDs/KUDs	9	9	9	9	3	3	3	3	100	100	100	100
Category II												
2. Bimas and Inmas credits for rice and secondary crops	12	12	12	12	3	3	3	3	100	100	100	100
3. Collection and distribution of smallholders salt by BUUDs/KUDs and PN Garam and working capital credit for PN Garam	12	12	12	12	6	4	4	4	80	75	75	75
4. Operation of wheat flour mills	12	12	12	12	6	4	4	4	70	75	75	75
5. Export and production of export goods	12	12			5	4			70	75		
a. Before shipment												
i. Export of "strong" commodities			9	9			3	3			60	60
ii. Export of other commodities			6	6			3	3			60	60
b. Post shipment (Export of all commodities)			6	6			3	3			60	60
6. Production, import and distribution of fertilizer and insecticides for use by smallholders	12	12	12	12	6	4	4	4	85-80	75	75	75
7. Aid financed imports and distribution of non-food commodities	12-18	12	12	12	6-10	4	4	4	100-50	75	75	75
8. Collection and distribution of agricultural produce, animal husbandry and fishery by BUUDs/KUDs and cooperative	15	12	12	12	10	4	4	4	70	75	75	75
9. Smallholders agriculture and handicraft	15-18	12	12	12	10	4	4	4	50-70	75	75	75
10. Smallholders animal husbandry, poultry farming and fishery	15-18	12	12	12	10	4	4	4	50-70	75	75	75
Category III												
11. Manufacturing and service rendering industries												
a. Rice mills/hullers	15	13.5	13.5	13.5	10	6	6	--	70	70	70	--
b. Sugar mills	15	13.5	13.5	13.5	10	6	6	--	70	70	70	--
c. Coconut oil and palm oil	18	13.5	13.5	13.5	10	6	6	--	50	70	70	--
d. Textile	15	13.5	13.5	13.5	10	6	6	--	70	70	70	--
e. Agricultural equipment	18	13.5	13.5	13.5	10	6	6	--	50	70	70	--
f. Paper	18	13.5	13.5	13.5	10	6	6	--	50	70	70	--
g. Cement	18	13.5	13.5	13.5	10	6	6	--	50	70	70	--
h. Public transportation	15	13.5	13.5	13.5	10	6	6	--	70	70	70	--
i. Printing and publishing	18	13.5	13.5	13.5	10	6	6	--	50	70	70	--
j. Tourism	24	13.5	13.5	13.5	--	6	6	--	--	70	70	--
12. Other production activities	18	13.5	13.5	13.5	10	6	6	--	50	70	70	--
13. Import and distribution of supervised goods	18	13.5	13.5	13.5	10	6	6	--	50	70	70	--
14. Sugar stock	18	13.5	13.5	13.5	10	6	6	--	75	70	70	--
15. Domestic trade	18	13.5	13.5	13.5	10	6	6	--	50	70	70	--
16. Contractors of DIP, Inpres and local government financed projects and contractors of low-cost housing projects	21	13.5	13.5	13.5	10	6	6	--	20	70	70	--
Category IV												
17. Other contractors	21	15	15	15	10	6	6	--	20	60	60	--
Category V												
18. Imports and distribution of other import goods	24	18	18	18	--	6	6	--	--	40	40	--
Category VI												
19. Others, n.i.e.	24	21	21	21	--	6	6	--	--	25	25	--
Investment credits												
Category I	12	10.5	10.5	10.5	4	3	3	3	80	80	80	80
Category II	12	12	12	12	4	4	4	4	75	75	75	75
Category III	15	13.5	13.5	13.5	6	4	4	4	70	70	70	70
Category IV	16	13.5	13.5	13.5	6	4	4	4	65	65	65	65
Small Investment Credits (KIK)	12	10.5	10.5	10.5	4	3	3	3	80	80	80	80
Permanent Working Capital Credits (KMKP)	15	12	12	12	8	4	4	4	70	75	75	75

TABLE IV
INVESTMENT CREDITS BASED ON BANK INDONESIA REGULATION
(billions of rupiah)

Specification	March 31					June	Sep.	Dec.	March
	1978	1979	1980	1981	1982	30, 1982	30, 1982	31, 1982	31, 1983
Credit outstanding	<u>225</u>	<u>271</u>	<u>362</u>	<u>497</u>	<u>769</u>	<u>884</u>	<u>943</u>	<u>1,114</u>	<u>1,230</u>
1. By economic sector									
— Agriculture	21	28	29	50	102	119	121	150	158
— Mining	3	2	2	10	30	29	29	31	32
— Manufacturing	84	89	111	145	249	313	301	459	537
— Service rendering industry	106	144	203	264	351	381	447	419	438
— Others	11	8	17	28	37	42	45	55	65
2. By sources of fund									
— Bank Indonesia ²⁾	106	139	131	172	352	455	510	602	675
— State banks	119	132	231	325	417	429	433	512	555
Approved by banks									
(Credit—line)	<u>285</u>	<u>363</u>	<u>517</u>	<u>781</u>	<u>1,183</u>	<u>1,280</u>	<u>1,386</u>	<u>1,695</u>	<u>1,903</u>
1. By economic sector									
— Agriculture	28	34	49	106	164	172	193	216	238
— Mining	5	11	6	10	40	40	40	40	41
— Manufacturing	109	122	151	215	414	456	523	722	853
— Service rendering industry	127	185	288	408	506	549	559	636	681
— Others	16	11	23	42	59	63	71	81	90
2. By sources of fund									
— Bank Indonesia ³⁾	186	240	279	455	742	832	881	1,087	1,224
— State banks	99	123	238	326	441	468	505	608	679

1) Based on announcement of the Board of Directors of Bank Indonesia No. Peng.1/DIR/1969, March 7, 1969. Excludes foreign exchange component and rupiah financing of project aid (See Table V and Table VI).

Since 1971 the Government budget no longer provides rupiah financing for investment credits.

2) Includes the Government budget amounting to Rp 1 billion.

3) Includes the Government budget amounting Rp 3 billion for 1978, Rp 2 billion for 1979, 1980, 1981 and Rp 1 billion for 1982, 1983.

TABLE V
LOCAL CURRENCY (RUPIAH) FINANCING
OF PROJECT AID INVESTMENTS BY ECONOMIC SECTOR
(billions of rupiah)

Particulars	March 31					June	Sep.	Dec.	March
	1978	1979	1980	1981	1982	30, 1982	30, 1982	31, 1982	31, 1983
Outstanding amounts	<u>62</u>	<u>72</u>	<u>101</u>	<u>111</u>	<u>115</u>	<u>117</u>	<u>112</u>	<u>113</u>	<u>110</u>
1. By economic sector									
— Agriculture	36	42	49	49	53	54	49	49	47
— Mining	--	--	--	--	--	--	--	--	--
— Manufacturing	25	29	47	50	46	45	45	46	45
— Service rendering industry	--	--	4	12	16	18	18	18	18
— Others	1	1	1	--	--	--	--	--	--
2. By sources of fund									
— Bank Indonesia	50	58	81	97	101	105	101	101	100
— State banks	12	14	20	14	14	12	11	12	10
Approved by banks (Credit—line)	<u>77</u>	<u>85</u>	<u>145</u>	<u>141</u>	<u>144</u>	<u>144</u>	<u>143</u>	<u>171</u>	<u>184</u>
1. By economic sector									
— Agriculture	41	52	65	62	62	62	62	61	60
— Mining	--	--	--	--	--	--	--	--	--
— Manufacturing	34	31	61	60	62	63	62	90	105
— Service rendering industry	--	--	18	18	20	19	19	20	19
— Others	2	2	1	1	--	--	--	--	--
2. By sources of fund									
— Bank Indonesia	62	68	116	113	121	120	120	142	153
— State banks	15	17	29	28	23	24	23	29	31

TABLE VI
RUPIAH COUNTERVALUE OF PROJECT AID
BY ECONOMIC SECTOR
(billions of rupiah)

Specification	March 31					June	Sept.	Dec.	March
	1978	1979	1980	1981	1982	30, 1982	30, 1982	31, 1982	31, 1983*
Outstanding amounts	<u>198</u>	<u>249</u>	<u>464</u>	<u>563</u>	<u>663</u>	<u>751</u>	<u>692</u>	<u>826</u>	<u>887</u>
— Agriculture	31	37	36	40	45	46	51	52	115
— Mining	10	7	5	6	5	5	4	3	4
— Manufacturing	139	183	329	346	368	449	381	516	509
— Service rendering industry	8	11	82	140	211	218	223	223	226
— Others	10	11	12	31	34	33	33	32	33
Approved by banks	<u>445</u>	<u>541</u>	<u>866</u>	<u>1,455</u>	<u>1,540</u>	<u>1,540</u>	<u>1,563</u>	<u>1,595</u>	<u>1,619</u>
— Agriculture	58	69	71	106	106	106	122	127	135
— Mining	14	12	10	15	15	15	15	15	17
— Manufacturing	290	299	408	517	592	592	606	615	625
— Service rendering industry	51	122	336	751	765	765	760	762	760
— Others	32	39	41	66	62	62	60	76	82

TABLE VII
PLANNED AND ACTUAL GOVERNMENT REVENUES AND EXPENDITURES
DURING REPELIT A I, 1969/70 – 1973/74
(billions of rupiah)

Particulars	1969/70		1970/71		1971/72		1972/73		1973/74		Total	
	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals
Domestic revenues	228	244	276	344	324	428	374	590	428	968	1,630	2,574
Routine expenditures	204	217	243	288	281	349	319	438	357	713	1,404	2,005
Government savings	24	27	33	56	43	79	55	152	71	255	226	569
Foreign aid	99	91	120	120	180	136	209	158	225	203	833	709
– Project aid	(36)	(25)	(45)	(41)	(95)	(45)	(124)	(62)	(140)	(114)	(440)	(288)
– Program aid	(63)	(66)	(75)	(79)	(85)	(91)	(85)	(95)	(85)	(89)	(393)	(421)
Development funds	123	118	153	176	223	215	264	310	296	458	1,059	1,278
Development expenditures	123	118	153	169	223	196	264	298	296	451	1,059	1,233
– Rupiah	(87)	(93)	(108)	(128)	(128)	(151)	(140)	(236)	(156)	(337)	(619)	(945)
– Project aid	(36)	(25)	(45)	(41)	(95)	(45)	(124)	(62)	(140)	(114)	(440)	(288)
Surplus (+) / Deficit (–)	--	--	--	+ 7	--	+19	--	+12	--	+ 7	--	+45

Source : Department of Finance.

TABLE VIII
PLANNED AND ACTUAL GOVERNMENT REVENUES AND EXPENDITURES
DURING REPELITA II, 1974/75 – 1978/79
(billions of rupiah)

Particulars	1974/75		1975/76		1976/77		1977/78		1978/79		Total	
	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals
Domestic revenues	1,363	1,754	2,074	2,242	2,277	2,906	2,608	3,535	3,089	4,266	11,411	14,703
Routine expenditures	961	1,016	1,294	1,333	1,428	1,630	1,630	2,149	1,905	2,744	7,218	8,871
Government savings	402	738	780	909	849	1,276	978	1,386	1,184	1,522	4,193	5,832
Foreign aid	214	232	192	492	208	784	218	773	224	1,036	1,056	3,316
— Project aid	(—)	(196)	(—)	(472)	(—)	(774)	(—)	(737)	(—)	(988)	(—)	(3,166)
— Program aid	(—)	(36)	(—)	(20)	(—)	(10)	(—)	(36)	(—)	(48)	(—)	(150)
Development funds	616	970	972	1,401	1,057	2,060	1,196	2,159	1,408	2,558	5,249	9,148
Development expenditures	616	962	972	1,398	1,057	2,054	1,196	2,156	1,408	2,556	5,249	9,126
— Rupiah	(—)	(766)	(—)	(926)	(—)	(1,280)	(—)	(1,419)	(—)	(1,568)	(—)	(5,960)
— Project aid	(—)	(196)	(—)	(472)	(—)	(774)	(—)	(737)	(—)	(988)	(—)	(3,166)
Surplus (+) / Deficit (—)	—	+8	—	+3	—	+6	—	+3	—	+2	—	+22

Source Department of Finance.

TABLE IX
PLANNED AND ACTUAL GOVERNMENT REVENUES AND EXPENDITURES
DURING THE FIRST FOUR YEARS OF REPELITA III, 1979/80 – 1983/84
(billions of rupiah)

Particulars	1979/80		1980/81		1981/82		1982/83		1983/84	
	Repelita	Actuals	Repelita	Actuals	Repelita	Actuals	Repelita	Actuals	Repelita	Budget
Domestic revenues	5,440	6,697	6,090	10,227	6,804	12,213	7,526	12,418	8,412	13,823
Routine expenditures	3,446	4,062	3,845	5,800	4,294	6,978	4,767	6,996	5,308	7,275
Government savings	1,994	2,635	2,245	4,427	2,510	5,235	2,759	5,422	3,104	6,548
Foreign aid	1,494	1,381	1,647	1,494	1,840	1,709	2,019	1,940	2,237	2,742
a. Project aid	(1,429)	(1,316)	(--)	(1,430)	(--)	(1,664)	(--)	(1,925)	(--)	(2,737)
b. Program aid	(65)	(65)	(--)	(64)	(--)	(45)	(--)	(15)	(--)	(5)
Development funds	3,488	4,016	3,892	5,921	4,350	6,944	4,778	7,362	5,341	9,290
Development expenditures	3,488	4,014	3,892	5,916	4,350	6,940	4,778	7,360	5,341	9,290
a. Rupiah	(2,059)	(2,698)	(--)	(4,486)	(--)	(5,276)	(--)	(5,427)	(--)	(6,553)
b. Project aid	(1,429)	(1,316)	(--)	(1,430)	(--)	(1,664)	(--)	(1,925)	(--)	(2,737)
Surplus (+) / Deficit (-)	--	+2	--	+5	--	+4	--	+2	--	--

Source : Department of Finance.

TABLE X
DEVELOPMENT EXPENDITURES BY SECTOR 1)
(billions of rupiah)

Sector	1978/79	1979/80	1980/81	1981/82	1982/83		1983/84 Budget
					Budget	Actuals	
Agriculture and irrigation	450	508	929	953	1,253	931	1,324
Industry	157	356	415	528	366	506	448
Mining and energy	319	377	507	828	938	1,165	1,116
Transportation and tourism	413	466	780	806	1,098	876	1,307
Trade and cooperatives	13	31	103	58	106	132	107
Manpower and transmigration	95	162	325	417	606	436	622
Regional, rural and urban development	275	336	482	616	741	711	783
Religion	8	19	32	40	60	50	61
Education, youth, culture and belief							
in the Almighty God	251	361	575	726	1,302	704	1,329
Health, social welfare, role of woman,							
population and family planning	79	142	218	286	322	259	344
Housing and human settlement	56	117	191	166	281	151	297
Law	11	31	53	54	79	66	79
National defence and security	159	330	479	566	569	477	574
Information, press and social communi-							
cation	11	22	34	44	55	51	57
Science, technology and research	42	58	88	95	122	129	158
State apparatus	54	112	168	181	223	242	188
Development of business enterprises	162	466	389	390	265	281	265
National resources and environment	—	120	148	186	220	193	231
Total	2,555	4,014	5,916	6,940	8,606	7,360	9,290

1) Based on the sectoral breakdown of the Third Plan, while the figures for the fiscal year 1978/79 were adjusted accordingly.

Source : Department of Finance.

TABLE XI
DEVELOPMENT EXPENDITURES BY SECTOR
EXCLUDING PROJECT AID ¹⁾
(billions of rupiah)

Sector	1978/79	1979/80	1980/81	1981/82	1982/83		1983/84
					Budget	Actuals	Budget
Agriculture and irrigation	315	353	706	818	990	830	951
Industry	4	49	224	193	203	160	146
Mining and energy	66	120	207	275	394	271	352
Transportation and tourism	163	274	472	543	718	544	655
Trade and cooperatives	12	20	90	48	90	132	86
Manpower and transmigration	83	139	295	386	554	421	558
Regional, rural and urban development	267	318	458	599	714	709	743
Religion	8	19	32	40	60	50	61
Education, youth, culture and belief							
in the Almighty God	216	318	525	689	1,221	679	1,223
Health, social welfare, role of woman,							
population and family planning	57	108	182	252	278	236	279
Housing and human settlement	38	89	158	144	242	130	252
Law	11	31	53	54	79	66	79
National defence and security	108	176	342	388	401	418	401
Information, press and social communi-							
cation	7	11	28	42	54	51	53
Science, technology and research	34	51	78	91	112	102	125
State apparatus	50	91	151	179	219	218	178
Development of business enterprises	129	432	353	362	244	234	197
National resources and environment	— —	99	132	173	207	184	214
Total	1,568	2,698	4,486	5,276	6,780	5,435	6,553

¹⁾ Based on the sectoral breakdown of the Third Plan, while the figures for the fiscal year 1978/79 were adjusted accordingly.

Source : Department of Finance.

TABLE XII
PROJECT AID DEVELOPMENT EXPENDITURES BY SECTOR 1)
(billions of rupiah)

Sector	1978/79	1979/80	1980/81	1981/82	1982/83		1983/84
					Budget	Actuals	Budget
Agriculture and irrigation	135	155	223	135	263	101	373
Industry	153	307	191	335	163	346	302
Mining and energy	253	257	300	553	544	894	764
Transportation and tourism	250	192	308	263	380	332	652
Trade and cooperatives	1	11	13	10	16	--	21
Manpower and transmigration	12	23	30	31	52	15	64
Regional, rural and urban development	8	18	24	17	27	2	40
Religion	--	--	--	--	--	--	--
Education, youth, culture and belief							
in the Almighty God	35	43	50	37	81	25	106
Health, Social welfare, role of woman,							
population and family planning	22	34	36	34	44	23	65
Housing and human settlement	18	28	33	22	39	21	45
Law	--	--	--	--	--	--	--
National defence and security	51	154	137	178	168	59	173
Information, press and social communi-							
cation	4	11	6	2	1	--	4
Science, technology and research	8	7	10	4	10	27	33
State apparatus	4	21	17	2	4	24	10
Development of business enterprises	33	34	36	28	21	47	68
National resources and environment	--	21	16	13	13	9	17
Total	987	1,316	1,430	1,664	1,826	1,925	2,737

1) Based on the sectoral breakdown of the Third Plan, while the figures for the fiscal year 1978/79 were adjusted accordingly.

Source : Department of Finance.

TABLE XIII
INDONESIA'S BALANCE OF PAYMENTS 1)
(millions of \$)

Accounts	1978/79	1979/80	1980/81	1981/82 ^r	1982/83
A. Goods and services	- 1,155	2,198	2,131	- 2,790	- 7,073
1. Merchandise goods, exports f.o.b.	11,353	18,511	22,885	22,994	18,638
imports f.o.b.	- 8,443	- 10,722	- 14,242	- 17,911	- 18,496
2. Freight and insurance on imports	- 982	- 1,246	- 1,645	- 2,058	- 2,129
3. Other transportation	- 319	- 332	- 360	- 414	- 250
4. Travel	- 120	- 169	- 252	- 386	- 248
5. Investment income	- 1,864	- 2,678	- 2,943	- 2,996	- 3,070
5.1. Oil and LNG sector	(- 910)	(- 1,595)	(- 1,945)	(- 2,483)	(- 2,097)
5.2. Direct investment and others	(- 954)	(- 1,083)	(- 998)	(- 513)	(- 973)
6. Government, not included elsewhere	- 40	- 92	- 106	- 165	- 114
7. Other services	- 740	- 1,074	- 1,206	- 1,854	- 1,404
Balance of goods and services (1 through 7)	- 1,155	2,198	2,131	- 2,790	- 7,073
Balance of goods (1)	2,910	7,789	8,643	5,083	142
Balance of services (2 through 7)	- 4,065	- 5,591	- 6,512	- 7,873	- 7,215
B. Grants	125	218	195	185	108
8. Private	--	--	--	--	--
9. Government	125	218	195	185	108
C. Special Drawing Rights (SDRs)	64	65	62	--	--
D. Total (A + B + C)	- 966	2,481	2,388	- 2,605	6,965
E. Capital movements	1,135	- 1,225	- 1,223	4,655	9,052
E. 1. Other than reserves	1,843	465	1,513	3,667	5,772
10. Direct investment and other long-term capital movement	1,648	1,397	1,932	3,263	5,138
10.1. Direct investment	271	217	140	142	311
10.2. Bonds	100	62	46	47	315
a. Government	100	62	46	47	315
b. Private	--	--	--	--	--
10.3. Other long-term capital movement	1,277	1,118	1,746	3,074	4,512
a. Government	1,351	1,718	1,828	2,480	3,662
b. Private	- 74	- 600	- 82	594	850
11. Short-term capital movement	195	- 932	- 419	404	634
11.1. Government	--	--	--	--	--
11.2. Private	195	- 932	- 419	404	634
E. 2. Reserves	- 708	- 1,690	- 2,736	988	3,280
12. Monetary gold	- 36	- 343	- 789	113	- 102
13. Special Drawing Rights	- 120	- 91	- 97	56	48
14. Reserves position in the fund	- 6	- 16	- 26	- 104	- 5
15. Foreign exchange	- 546	- 1,172	- 1,820	923	3,339
16. Others	--	- 68	- 4	--	--
F. Errors and omissions (between D and E)	- 169	- 1,256	- 1,165	- 2,050	- 2,087

- 1) - The presentation basically follows the IMF 1977 Balance of Payments Manual.
- Positive is credit and negative is debit.

TABLE XIII
INDONESIA'S BALANCE OF PAYMENTS ¹⁾
(millions of \$)

Accounts	1978/79	1979/80	1980/81	1981/82 ^r	1982/83
A. Goods and services	- 1,155	2,198	2,131	- 2,790	- 7,073
1. Merchandise goods, exports f.o.b.	11,353	18,511	22,885	22,994	18,638
imports f.o.b.	- 8,443	- 10,722	- 14,242	- 17,911	- 18,496
2. Freight and insurance on imports	- 982	- 1,246	- 1,645	- 2,058	- 2,129
3. Other transportation	- 319	- 332	- 360	- 414	- 250
4. Travel	- 120	- 169	- 252	- 386	- 248
5. Investment income	- 1,864	- 2,678	- 2,943	- 2,996	- 3,070
5.1. Oil and LNG sector	(- 910)	(- 1,595)	(- 1,945)	(- 2,483)	(- 2,097)
5.2. Direct investment and others	(- 954)	(- 1,083)	(- 998)	(- 513)	(- 973)
6. Government, not included elsewhere	- 40	- 92	- 106	- 165	- 114
7. Other services	- 740	- 1,074	- 1,206	- 1,854	- 1,404
Balance of goods and services (1 through 7)	- 1,155	2,198	2,131	- 2,790	- 7,073
Balance of goods (1)	2,910	7,789	8,643	5,083	142
Balance of services (2 through 7)	- 4,065	- 5,591	- 6,512	- 7,873	- 7,215
B. Grants	125	218	195	185	108
8. Private	- -	- -	- -	- -	- -
9. Government	125	218	195	185	108
C. Special Drawing Rights (SDRs)	64	65	62	- -	- -
D. Total (A + B + C)	- 966	2,481	2,388	- 2,605	- 6,965
E. Capital movements	1,135	- 1,225	- 1,223	4,655	9,052
E. 1. Other than reserves	1,843	465	1,513	3,667	5,772
10. Direct investment and other long-term capital movement	1,648	1,397	1,932	3,263	5,138
10.1. Direct investment	271	217	140	142	311
10.2. Bonds	100	62	46	47	315
a. Government	100	62	46	47	315
b. Private	- -	- -	- -	- -	- -
10.3. Other long-term capital movement	1,277	1,118	1,746	3,074	4,512
a. Government	1,351	1,718	1,828	2,480	3,662
b. Private	- 74	- 600	- 82	594	850
11. Short-term capital movement	195	- 932	- 419	404	634
11.1. Government	- -	- -	- -	- -	- -
11.2. Private	195	- 932	- 419	404	634
E. 2. Reserves	- 708	- 1,690	- 2,736	988	3,280
12. Monetary gold	- 36	- 343	- 789	113	- 102
13. Special Drawing Rights	- 120	- 91	- 97	56	48
14. Reserves position in the fund	- 6	- 16	- 26	- 104	- 5
15. Foreign exchange	- 546	- 1,172	- 1,820	923	3,339
16. Others	- -	- 68	- 4	- -	- -
F. Errors and omissions (between D and E)	- 169	- 1,256	- 1,165	- 2,050	- 2,087

1) - The presentation basically follows the IMF 1977 Balance of Payments Manual.
- Positive is credit and negative is debit.

TABLE XIV
EXPORTS BY COUNTRY OF DESTINATION
(millions of \$)

Country	1978/79	1979/80	1980/81	1981/82	1982/83*
Europe					
Belgium and Luxemburg	16	20	27	15	21
Denmark	40	42	38	13	9
France	56	99	105	51	46
Germany, Federal Rep. of	236	361	364	220	250
Italy	150	215	237	194	113
Netherlands	360	374	441	308	263
Norway	3	5	5	3	2
Sweden	3	4	9	7	5
United Kingdom and Rep. of Ireland	55	114	135	140	129
Others	144	180	282	275	134
Total	1,063	1,414	1,643	1,226	972
Share	9.0%	8.2%	7.2%	5.6%	4.5%
America					
Canada	31	22	32	18	19
United States of America	2,904	3,431	4,461	3,804	3,287
Others	668	453	1,178	1,887	683
Total	3,603	3,906	5,671	5,709	3,989
Share	30.5%	22.7%	24.8%	25.9%	18.6%
Africa	46	25	56	42	59
Share	0.4%	0.2%	0.2%	0.2%	0.3%
Asia					
Hongkong	51	116	163	123	148
India	20	29	44	17	9
Iraq	53	33	34	5	4
Japan	4,737	8,159	11,282	10,496	10,954
Malaysia	29	69	123	60	60
Pakistan	32	24	30	20	26
Philippines	167	196	233	389	243
Singapore	1,323	2,171	2,425	2,252	3,265
Thailand	26	33	38	34	26
Others	521	754	612	835	808
Total	6,959	11,584	14,984	14,231	15,543
Share	59.0%	67.4%	65.6%	64.7%	72.6%
Australasia					
Australia	112	209	367	543	590
New Zealand and Oceania	19	57	137	220	264
Total	131	266	504	763	854
Share	1.1%	1.5%	2.2%	3.5%	4.0%
Others	4	4	--	41	--
Share	--	--	--	0.1%	--
Grand total	11,806	17,199	22,858	22,012	21,417

Source : Central Bureau of Statistics.

TABLE XV
IMPORTS BY COUNTRY OF ORIGIN
(millions of \$)

Country	1978/79	1979/80	1980/81	1981/82	1982/83*
Europe					
Belgium and Luxemburg	34	64	64	87	79
Czechoslovakia	5	6	8	9	5
France	164	149	278	359	467
Germany, Democratic Rep. of	3	9	4	7	5
Germany, Federal Rep. of	591	514	708	1,014	888
Italy	56	76	76	105	76
Netherlands	136	122	130	199	146
Spain	12	39	17	77	79
Sweden	34	37	58	82	62
Switzerland	53	70	69	158	238
United Kingdom and Rep. of Ireland	208	203	339	582	289
Others	186	161	174	209	217
Total	1,482	1,450	1,925	2,888	2,551
Share	22.2%	18.5%	16.2%	20.3%	19.8%
America					
Canada	92	65	100	98	120
United States of America	885	1,070	1,520	1,868	1,985
Others	56	79	102	306	94
Total	1,033	1,214	1,722	2,272	2,199
Share	15.5%	15.5%	14.5%	16.0%	17.0%
Africa	69	159	124	247	167
Share	1.0%	2.0%	1.0%	1.7%	1.3%
Asia					
Burma	51	57	47	9	25
China, Rep. of	113	155	232	421	379
Hongkong	141	103	141	86	56
India	140	99	55	140	142
Japan	2,007	2,421	3,652	4,023	3,268
Malaysia	24	33	38	63	42
Pakistan	41	25	14	33	10
Philippines	85	39	179	247	139
Singapore	463	541	1,059	1,751	2,075
Thailand	97	227	295	197	130
Others	676	1,025	1,902	1,390	1,364
Total	3,838	4,725	7,614	8,360	7,630
Share	57.5%	60.4%	64.2%	58.7%	59.2%
Australasia					
Australia	221	235	397	371	274
New Zealand and Oceania	36	46	85	98	76
Total	257	281	482	469	350
Share	3.8%	3.6%	4.1%	3.3%	2.7%
Grand total	6,679	7,829	11,867	14,236	12,897

Source : Central Bureau of Statistics.

TABLE XVI
LONG-TERM BORROWINGS 1)
(millions of \$)

Creditors	1978/79	1979/80	1980/81	1981/82	1982/83 *
Country					
Abu Dhabi	1	2	8	1	5
Austria	--	--	--	--	146
Australia	12	6	--	--	3
Belgium	33	7	43	19	26
Canada	19	16	16	17	65
Denmark	--	--	--	56	--
France	95	133	138	344	276
Germany, Federal Rep. of	235	678	639	309	344
India	10	--	--	55	16
Iran	111	--	--	--	--
Japan	373	355	404	777	1,254
Korea, Rep. of	--	49	2	26	43
Kuwait	3	5	6	7	3
Netherlands	48	67	85	77	132
Norway	--	--	--	--	7
Saudi Arabia	31	61	--	2	7
Spain	--	--	--	--	265
Sweden	48	7	--	--	--
Switzerland	--	30	7	--	7
United Kingdom	102	23	--	258	134
United States of America	271	262	253	107	57
U.S.S.R.	--	2	--	--	--
Yugoslavia	11	64	--	--	--
Institution					
ADB	104	124	58	84	49
IDA-IBRD	476	314	509	340	472
IFAD	--	--	--	--	2
Syndicate bank	--	175	275	810	1,275
Others					
Bond	100	62	46	47	315
Hire purchase	--	30	--	--	--
Total	<u>2,083</u>	<u>2,472</u>	<u>2,489</u>	<u>3,365</u>	<u>4,903</u>

1) Represent disbursements.

2) Commodity Credit Corporation of the United States Department of Agriculture.

TABLE XVII
GRANTS 1)
(millions of \$)

Country/Institution	1978/79	1979/80 ²⁾	1980/81	1981/82	1982/83 *
Country					
Australia	41	42	45	45	40
Belgium	5	5	8	6	5
Canada	3	3	5	5	--
France	4	2	--	4	2
Germany, Federal Republic of	8	15	15	20	20
Italy	1	1	1	1	1
Japan	15	29	18	20	18
Netherlands	11	34	31	24	2
Switzerland	2	3	4	3	--
United Kingdom	--	24	22	22	--
United States of America	23	31	46	35	20
Institution					
European Economic Community	--	--	--	--	--
United Nations Development Program	12	16	--	--	--
United Nations Fund for Population Activities	--	3	--	--	--
World Food Program	--	10	--	--	--
Total	<u>125</u>	<u>218</u>	<u>195</u>	<u>185</u>	<u>108</u>

1) Including technical assistance.

2) Excluding £ 35.5 million (\$ 70.9 million) loan from the United Kingdom which was transferred into grants on July 11, 1979.

Source : Bank Indonesia and embassies/representatives in Indonesia.

TABLE XVIII
LIVESTOCK
(thousand heads)

Breed	1978	1979	1980	1981	1981 *
Cows	6,330	6,362	6,440	6,516	6,594
Buffaloes	2,312	2,432	2,457	2,488	2,513
Goats	8,051	7,659	7,691	7,790	7,891
Sheep	3,611	4,071	4,124	4,177	4,231
Horses	615	596	616	637	658
Pigs	2,902	3,183	3,155	3,364	3,587
Ducks	17,541	18,089	21,078	22,426	23,861
Cultivated chickens	6,071	7,007	22,940	24,568	26,312
Non-cultivated chickens	108,916	114,350	126,310	132,878	139,787

Source : Supplement to the President's Report to Parliament, August 16, 1983.

APPENDIX D

GLOSSARY

Bank Perkreditan Rakyat (BPR) is rural bank comprising market bank, employees bank, village bank and paddy bank. This **type of bank is engaged primarily** in accepting savings and extending loans to traders (in market places) or villagers. The operation of this type of bank is limited to regencies (kotapraja)/villages.

Credit export guarantee is guarantee to cover probable risk of bad debts encountered by a bank in extending export credits.

Cross purchase/cross exchange is export of crude oil by Pertamina, the earnings of which are used to finance imports of oil products.

Dead Weight Tonnage (DWT) is the payload capacity of a ship expressed in long ton unit (1 long ton = 2,240 lbs = 1,016 kg).

Designation plan is the assignment given to an IMF member country to exchange a specified amount of convertible currencies in its possession with SDRs held by other member countries. Such an assignment is determined mainly on the basis of the balance of payments prospects and international reserves position of the respective member country.

Domestic liquidity (M2) comprises currency and demand deposits (M1), and quasi money (time and savings deposits and foreign currency deposits of the domestic private sector).

Emitent is a profit-oriented corporation established under the Indonesian law and engaged in emitting or intending to emit bonds.

Export Credit Facility is a package of credit extended by a Government and financial institution(s) to promote exports of the creditor country, the terms of which are softer than those of commercial credits. The portion of credits provided by the financial institutions is

guaranteed by the government or by a government insurance agency of the creditor country.

Export insurance is a guarantee against possible risks encountered by exporters due either to partial or no payments from importers abroad.

Industrial terms/definitions used in Indonesia. *Industrial estate* is an integral part in the conception of an industrial center development. The industrial estate provides infra-structure and economic facilities for the development of medium-scale industries. *Industrial growth center* is an area covering several industrial estates. The construction of these areas are intended to materialize equitable developments, especially those in remote regions in addition to increasing employment opportunities. *Rural Small-Scale Industrial Group (PIK)* is an industrial site smaller and more heterogeneous than a LIK, and accommodate industries uncovered in a LIK. Entrepreneurs under the PIK scheme must reside in their respective industrial sites. *SmallScale Industrial Area (LIK)* is a location designated for small-scale industries as a realization of equitable development in the field of small-scale industries. Through LIKs, the Government has: easier access to render guidance and information, and provide financial aids to small-scale entrepreneurs. Under the LIK scheme, entrepreneurs must reside apart from the site of industrial activities.

Inter-Governmental Group on Indonesia (IGGI) is a group of aid donors of Indonesia comprising governments and international institutions. The group, established in 1967, conducts regular meetings to assess Indonesia's need for credits. Aid donors include Australia, Belgium, Canada, France, the Federal Republic of Germany, Indonesia, Italy, Japan, the Nether-

lands, New Zealand, Switzerland, the United Kingdom, the United States, the Asian Development Bank, the IMF, the United Nations Development Program and the World Bank. The observers include Austria, Denmark, Finland, Norway, Spain and representatives of the Organizations for the Economic Cooperation and Development, the European Economic Community and the United Nations Children's Emergency Fund.

Kredit Candah Kulak (KCK) is a small-scale credit eligible for petty traders. KCK is a soft-term credit with simple procedures, extended to assist the financing of merchandise. Loanable funds for these credits are entirely appropriated by the State Budget. The distribution of this type of credit is entrusted to KUD, under the supervision of the Directorate General of Cooperatives.

Kredit Investasi Kecil (KIK) is a small-scale investment credit (medium or long term) extended on special terms and conditions with simple procedures. This credit is especially designed to assist indigenous smallscale entrepreneurs/ enterprises for financing their investments.

Kredit Midi is a type of credit extended to small-scale entrepreneurs in villages formerly enjoying mini credit due to expansion in their business. This type of credit is granted on the same terms and conditions as those applied to mini credit. Maximum amount of this credit is Rp 500,000.00 with maturity of 3 years for investment and 1 year for working capital.

Kredit Mini is a small-scale credit extended to small-scale entrepreneurs, mainly the village community, on a soft-term basis and simple procedures. Funds for this credit are provided by the State Budget and channeled through Bank Rakyat Indonesia except for the Irian Jaya

Province, which is entrusted to Bank Ekspor Impor Indonesia.

Kredit Modal Kerja Permanen (KMKP) or permanent working capital credit, is a credit on special terms and conditions, and simple procedures especially designed to assist indigenous small-scale entrepreneurs/enterprises for the financing of working capital needs.

Kredit Pemilihan Rumah (KPR) or house ownership credit, is a soft-term credit available to employees (government and nongovernment) with an income not exceeding that of a government employee of category IV, for financing low-cost housing extended through State-owned Savings Bank (BTN).

Koperasi Unit Desa (KUD) is village unit cooperative entrusted with distributing farm inputs, marketing farm products and channeling credits to farmers. Model KUD is one which has met certain requirements, i.e. the qualification of its personnel,

administration, social-economic role in the community, and sufficiency of facilities.

Liquid assets comprises cash on hand, demand deposits and clearing guarantee deposits with Bank Indonesia.

Liquidity credit is the refinancing facility of Bank Indonesia to finance banks' loans to borrowers or to assist banks in overcoming liquidity problems.

Money Supply (M1) comprises currency and demand deposits constituting the liabilities of the monetary system to the community.

Net assets of banks is the sum of banks' credit extended plus several other assets, having a similar monetary effect on those of bank credits extended, minus several items of liabilities.

Non-Bank Financial Institution (NBFI) is a nonbank and non-insurance financial institution, the main activity of which is mobilizing

funds from the community by issuing commercial papers. There are four types of NBFIs, namely development type, house ownership type, investment type and other type. *NBFI of development type* is an NBFI mainly engaged in extending medium and long-term credits in addition to joining equity participation in corporations. Primary source of funds of this type of NBFI originates from issuance of medium and long term commercial papers. *NBFI of house ownership type* is an NBFI primarily engaged in extending medium and long-term credits to medium-income group for the purchase of non-luxurious houses. Funds of this type of institution originate mainly from issuance of medium and long-term obligations, especially housing bonds in addition to accepting savings especially those of prospective house purchasers in order to meet the self-financing requirements. *NBFI of investment type* is an NBFI engaged primarily in brokerage in the issuance of commercial papers in addition to underwriting the sales of these papers. Funds of this type NBFI originate from the issuance of commercial papers. *NBFI of other type* is in fact PT Sarana Pembiayaan Bersama Indonesia (PT SBPI). PT SBPI was established in June 1981 to provide a channel for shareholders of ASEAN Finance Corporation Ltd. (AFC) in Indonesia. The main function of AFC is to mobilize domestic and overseas funds for the financing of regional projects of ASEAN countries.

Official Development Assistance (ODA) is an assistance in the form of aid or loan on concessionary terms, i.e. a grant element of 25% or more.

Operasi Khusus (opsus) Peningkatan Produksi Pangan is a special program aimed at increasing food crops production by placing priority in

the services rendered to the implementation of Bimas and Inmas schemes carried out mainly in isolated regions insufficient of food crops.

Operational Budget is the amount in local currencies of member countries which may be used by the Fund, subject to certain limitations, to finance credits to other member countries. The eligibility of a member country to be included in the Operational Budget is favorable balance of payments prospects and strong foreign exchange reserves.

Program import is a term used for import of raw material and consumer goods under the government program.

Project Executing Unit (UPP) is a scheme of smallholders plantation development carried out by a Project Executing Unit, a task force unit set up to assist smallholders in developing, cultivating and managing their plantations, and processing and marketing their products, in addition to incorporating them into a cooperative body.

Panca Usaha Tani, Bimas, Inmas, and Insus are terms used in agricultural program in Indonesia. Panca Usaha Tani is the "five elements of agricultural intensification program" comprising application of fertilizers, control of pests and diseases, planting of high yielding seeds, better farming methods and better irrigation.

Bimbingan Masal (Bimas) is a program to increase agricultural production by implementing Panca Usaha Tani. *Inmas* is a program to increase agricultural production by implementing some of "the five elements of agricultural intensification program", especially the application of fertilizers, and control of pests and diseases. *Intensifikasi*

Khusus (Insus) is a special intensification program, a variant of Bimas, applied to groups of farmers. The groups are formed on the basis of

location, type and nature of land. This program is intended to encourage mutual cooperation among farmers in the implementation of the Panca Usaha Tani scheme.

Reconstitutions is an obligation of the Fund's participants of the SDR scheme to maintain a minimum average daily balance of SDRs equivalent to 15% of their net cumulative allocations over successive periods of five years terminating at the end of each calendar quarter. Participants had to "reconstitute" their holdings, if necessary, to maintain this average balance.

Reserve Position in the Fund (RPF) is the amount in international reserves of a member country held with the Fund, generated by the amount of quota of the concerned member country being larger than that of its local currency held in the Fund.

Smallholders' Nucleus Plantation (PIR) is a scheme for developing smallholders' plantation by

assigning estates to provide guidance in cultivating, managing, processing and marketing their products.

Smallholders' Sugarcane Intensification Program (TRI) is a program aimed at improving smallholders' productivity (outside estates and sugar mills) by providing guidance and production facilities in addition to bank credits.

Trustee is a bank, NBFI or other institutions set up in Indonesia and acting as an agent representing the interests of bonds holders.

Under-writer is an institution acting as a broker and underwriter in the emission of stock and bonds.

Withholding Tax (MPO) is assessing a person's tax, thereby, a person or body, appointed by Head of Tax Inspection as an MPO agent, entrusted to assess, collect, submit and report other person's tax to the Office of Tax Inspection.