

# BANK INDONESIA

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REPORT FOR THE FINANCIAL YEAR 1990/91

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# BANK INDONESIA

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TASIKMALAYA, TEGAL, TERNATE, UJUNG PANDANG, YOGYAKARTA

Position as per end of March 1991

**ISSN 0376 - 4303**

**BANK INDONESIA  
GOVERNMENT COMMISSIONER AND BOARD OF DIRECTORS**



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*Governor*



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## NOTES, SYMBOLS, AND SOURCE OF DATA

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

Source of data: Bank Indonesia, unless mentioned otherwise.

## PREPACE

This annual report on the state of the Indonesian economy in fiscal year 1990/91 is prepared by Bank Indonesia in its capacity as the country's monetary authority. The report discusses economic developments in the second year of the Fifth Five Year Development Plan, the last stage of the first long-term development plan. In this phase, the basic structure for achieving a just and prosperous society based on PANCASILA has been strengthened continuously as stipulated by the State Guidelines (GBHN) of 1988. Taking into consideration the challenges, opportunities, and constraints in the coming year, the report also discusses the nearterm outlook of Indonesian economy in 1991/92.

This report introduces modifications concerning coverage and sequencing of topics for discussion with a view to providing a more comprehensive coverage of the relevant issues. Monetary policy and developments remain the focus of the discussion. This report introduces discussion on a new topic namely base money. A new separate chapter is devoted to a discussion of money and capital markets in view of their increasing importance to the Indonesian economy. Some topics, including domestic production and international financial institutions, have been streamlined while others -- investment, population, and cooperatives -- are incorporated into various chapters of this report. Finally, this report features a special topic dealing with the February 28, 1991 Policy Package.

The Indonesian economy in 1990/91 faced major challenges especially in dealing with inflationary and balance of payments pressures, as well as foreign exchange speculation against the rupiah. Because of the openness of the economy, Indonesia was adversely affected by developments in the world economy which went through a slowdown of growth in output and trade partly due to the Gulf crisis. Protracted trade negotiations under the Uruguay Round have dimmed the prospect of a successful conclusion. At the same time, the spectacular growth of the Indonesian banking sector has provided a challenge to policy making in promoting a sound and efficient banking system.

Faced with these challenges, the Government responded in the timely adoption of prudential measures, including the Policy Package of February 28, 1991. This package represents a finetuning of policies designed to promote sound banking practices in the aftermath of the major deregulation of the financial and banking sectors. In addition, the Government also continued efforts to enhance consistency of economic policies, through better coordination of policymaking in the monetary, fiscal, and real sectors.

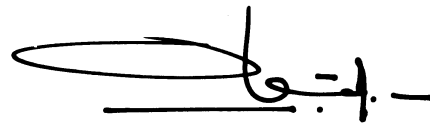
The favorable impacts of the policies were reflected in the 1990 economic performance featuring a relatively high rate of economic growth, a tolerable rate of inflation, and a surplus in the overall balance of payments.

Performance was also satisfactory in other areas as reflected in a better diversification of the economic structure and more equitable distribution of the benefits of the development. Against this background of successful adjustment over the past several years, new challenges also emerge. The year 1991/92 continues to pose challenges which require vigorous and coordinated efforts to be undertaken by all parties concerned, including business community and the public.

Finally, I hope the information contained in this report will be useful to all of us. I also

wish to express my sincere gratitude to colleagues in other government agencies and institutions for their excellent cooperation which made the preparation of this report possible.

Jakarta, October 1991

A handwritten signature in black ink, consisting of a large, stylized loop followed by a series of smaller, connected strokes, ending with a horizontal line.

Prof. Dr. Adrianus Mooy  
Governor of Bank Indonesia

## I. INDONESIA'S ECONOMIC DEVELOPMENTS IN 1990/91 AND OUTLOOK FOR 1991/92

### A. General Remarks

The policies adopted by the Government in the past few years were in line with the State Guidelines (GBHN) aimed at improving the welfare of the people more equitably. To attain this objective, the Government has increasingly sought to promote the participation of the business community and the general public in development activities. Specifically, the Government continued to foster the development of a strong business sector -- comprising public enterprises, cooperatives, and private enterprises -- capable of stimulating economic growth, promoting equitable development and its benefits, and expanding employment opportunities.

The series of policies introduced by the Government covers all areas of economy including monetary and financial, fiscal, trade, and investment. In the **monetary and financial area**, the Government continued to adopt various adjustment policies mainly designed to promote the effectiveness of monetary policy as well as to encourage a sound, competitive, and efficient financial and banking sector. In the **area of fiscal**, the major policy included tax reform which was subsequently followed by improvements in tax administration so as to increase domestic revenues. In the **area of trade**, various barriers were removed in stages while continuing to promote the development of domestic industries and to provide incentives for non-oil/gas industries, especially export oriented industries. In the **area of investment**, the policy has been directed toward creating a conducive business climate

and providing a greater opportunity to the private sector --including those under the Domestic Investment (PMDN) and Foreign Direct Investment (PMA) schemes -- intended, among others, to promote export-oriented industries. With regard to regional development, efforts to accelerate development in eastern part of Indonesia were made by the introduction of various facilities designed to encourage investment in that area, *inter alia*, by providing concessionary treatment on tax and financing.

Amid the unfavorable world economic developments, the **Indonesian economy** appeared to have performed favorably in the past few years. It was reflected, *inter alia*, in a relatively high economic growth associated with a moderate rate of inflation, and a sustainable balance of payments position. These developments were mainly supported by improvements in the structures of production, export, and government revenues.

The strong economic growth in the past few years was mainly stimulated by a surge in manufacturing output that followed rapid growth of private sector investment. Along with the high economic growth, the birth rate was controlled at a relatively low rate; hence, per capita income increased.

In the past few years, the banking industry in Indonesia, in responding to the policy package of October 1988, showed rapid growth as reflected in the increase in the number of banks and the expansion of banking networks and services. In line with this progress, there was a commensurate increase in savings

mobilization which became available for financing productive sectors.

## **B. The Policy Stance and Economic Developments in 1990/91**

During 1990/91, Indonesia's economy was confronted with pressures on the balance of payments and domestic prices, foreign exchange speculation against the rupiah and increasing constraints on infrastructure. At the same time, the longer-term problems which needed to be addressed included the equitable development and its benefits, such as equitable interregional development, especially in Indonesia's eastern region. On the external side, the Indonesian economy was adversely affected by several developments, including a slowdown in the economic growth of the industrial countries which resulted in a deceleration in the growth of world trade and deterioration of the prices of various primary commodities on world market. The high level of interest rates in most industrial countries and the continued protectionist measures by the industrial countries as well as the on-going process of economic reform in the Eastern Europe also adversely affected Indonesia's economic performance; The Gulf crisis had a mixed impact on Indonesia's economy. On one hand, it brought about increased oil revenues. On the other hand, it contributed to a moderation in the growth of non-oil/gas exports and a heightened speculative activities against the rupiah in foreign exchange markets.

As a result of the series of policies adopted by the Government, during the reporting year Indonesia's economy sustained a high **growth rate** of 7.4%, compared with 7.5% in the preceding year. Given the extent of the slowdown in the world economy, Indonesia's performance

was quite satisfactory. The sustained growth in 1990 was mainly bolstered by robust domestic demand, both investment and consumption. Gross domestic capital formation grew by 16.2% in 1990 as against 13.4% in the preceding year. Domestic consumption rose by 8.8% as compared with 5.1% in 1989. On the other hand, the external sector contributed negatively to the growth of the GDP. It is noted, however, since much of this impact was accounted for by a substantial increase in imports of capital and raw material, it would in due course contribute favorably to Indonesia's economy. By sector, the high economic growth in 1990 was mainly attributable to the strong performance of the manufacturing sector as well as trade, hotel, and restaurant sector. The agricultural sector also continued to provide a significant contribution to the GDP.

The rise in the **inflation rate** in 1990 was due to higher production cost following the increases in the domestic prices of fuel oils, transportation fares, and cement. There were also signs of capacity constraints affecting certain products, such as cement and certain commercial vehicles. Furthermore, buoyant domestic demand also contributed to the rise in the inflation rate. The strong domestic demand in the past few years resulted mainly from a surge in investment activities due to a more favorable investment climate following the adoption of a series of deregulation measures by the Government. In addition, an increase in domestic liquidity during 1989/90 facilitated borrowings to finance investment activities. This development in turn induced high growth in imports, especially capital goods and raw materials, which, coupled with the deceleration in the growth of non-oil/gas exports brought about an increasing pressure on the current account.



Efforts to control the inflation rate during the reporting year were carried out by enhancing coordination of monetary, fiscal, and other policies. As regards monetary policy, the Government slowed down the growth of money supply by conducting open market operation through transactions in Bank Indonesia certificates (SBIs) and money market securities (SBPUs) and phasing out Bank Indonesia liquidity credit gradually in accordance with the Policy Package of January 1990. The efforts to tighten money supply were also reflected in an increase in the interest rate on SBIs. The signs of intensifying speculation on foreign exchange which started to emerge toward the end of the reporting year prompted the Government to speed up the tightening of money supply. This was carried out by converting a portion of the funds of a number of public enterprises deposited at state and private banks to SBIs, although the effect of this measure on liquidity was partly offset by Bank Indonesia's purchase of SBPUs at varying maturities. It should be noted that this activity was basically intended to promote the development of a two-way monetary control and gradually encouraged the development of the secondary market of SBIs and SBPUs. With respect to fiscal policy, since October 1990 the Government imposed a ceiling for each Treasury Office's deposits maintained with banks and required banks to transfer all tax receipts promptly to Bank Indonesia. This reflected an improvement in the coordination between monetary and fiscal policies so as to maintain monetary stability. Through those policies, combined with efforts to expedite the flow of goods, the inflation rate was contained at a level of 9.11%.

This stance of **monetary policy** was also reflected in the deceleration in the growth of

various monetary aggregates. Reserve money grew by 5.4% as against 18.6% in the preceding year. The growth of narrow money (M1) dropped from 47.6% in 1989/90 to 6.4% in the reporting year. The growth of broad money (M2) also moderated from 45.% in 1989/90 to 26.0% in the reporting year. Along with these developments, interest rate rose markedly, thereby inducing the shifting of deposits from demand deposits to time and savings deposits.

Domestic **interest rates** showed a rising tendency since mid 1990. This increase was closely related to the rapid growth in investment and economic activities which stimulated the increase in the demand for credit. Meanwhile, the growth of domestic liquidity started to level off as a result of the monetary tightening which was aimed at containing inflation. Interest rates rose further toward the end of the reporting year due to further tightening of liquidity resulting from the shifting of a portion of bank deposits of public enterprises to SBIs which was intended to stem speculation against the rupiah in the foreign exchange markets.

The rise in interest rates had encouraged banks to turn to **off-shore borrowings** as an alternative means of financing their domestic lending activities either in rupiah or foreign currency. This was facilitated by the removal of ceiling on banks' off-shore borrowings in 1989 in spite of the existence of a regulation governing net open foreign exchange position in 1989. As a consequence, banks' off-shore borrowings rose substantially during the reporting year. While this had the effect of increasing net-private capital inflows, it reduced the effectiveness of monetary policy and had the longer-term consequence of increasing the stock of external debt.

In the area of **fiscal policy**, the Government intensified efforts to raise domestic revenues and to allocate expenditures effectively and efficiently. In line with its cautious policy, the Government sterilized the windfall revenue from oil/gas in the form of development budget reserves. This reflected the Government efforts to improve the coordination between monetary and fiscal policies designed to support the attainment of sustained economic growth while striving to achieve balance in its internal and external accounts. In 1990/91, government revenues reached a level of Rp49.451 trillion which was 23.3% higher than that of the preceding year. The increase in government revenues originated from higher oil/gas and non-oil/gas revenues. As was the case in the preceding year, non-oil/gas revenues was higher than oil/gas revenues. The increase in non-oil/gas revenues reflected the Government's achievement in raising tax revenues, while the increase in oil/gas revenues was mainly brought about by the buoyant oil prices in the world market. The high revenues contributed to higher expenditures, both routine and development. During the reporting year, routine and development expenditures rose respectively by 23.3% and 40.6% from the preceding year's outturn.

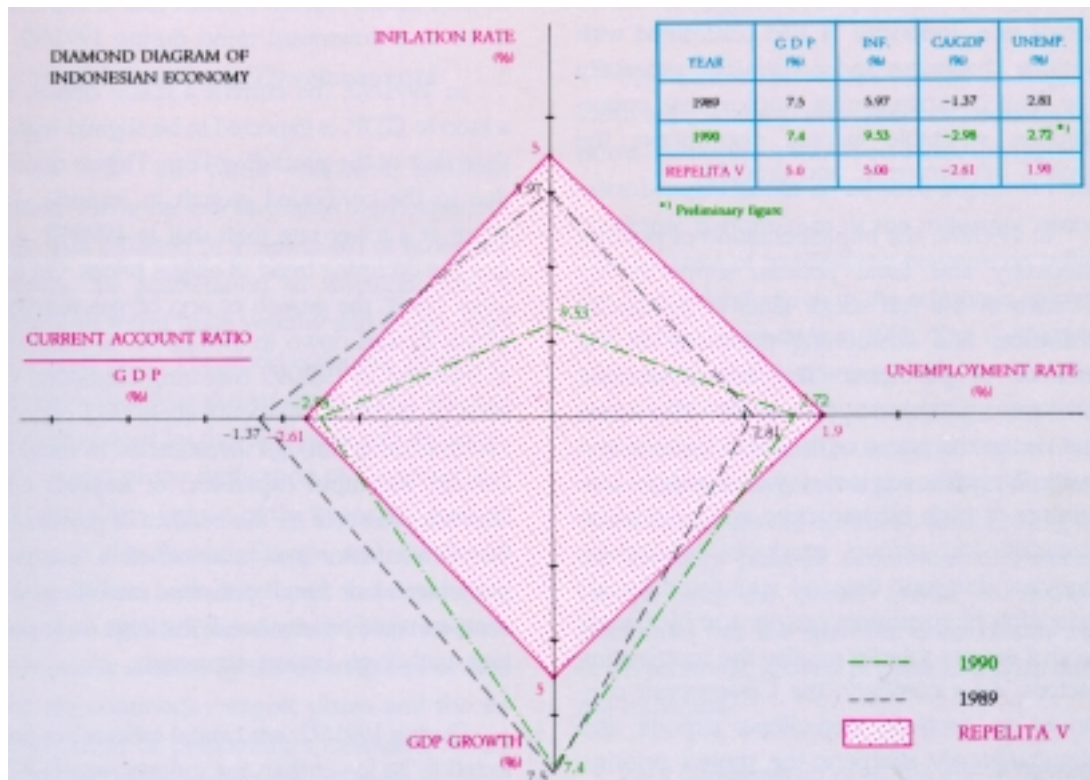
The overall **balance of payments** for the year recorded a surplus in spite of a marked increase in current account deficit. The widening current account deficit was largely attributable to a deterioration in the trade balance - - from a surplus of \$6,456 million in 1989/90 to \$5,155 million in 1990/91 - - brought about by an acceleration of import growth, while exports decelerated. Much of the increase in imports, consisting of capital goods and raw material, was attributable to the direct impact of the adjustment policies aimed at encouraging

production and investment. The deceleration in the growth of exports occurred in spite of a surge in oil/gas exports; lower growth rate of non-oil/gas exports resulted from the sluggishness in world trade and a deterioration in the prices of a number of commodities. Also, a buoyant domestic demand had the effect of reducing export availability for a number of products. The rise in oil/gas exports was due mainly to a sharp increase in world oil prices following the Gulf crisis. The deficit in the services account widened during 1990/91 as a result of a rise in interest payments on external debt and higher freight charges on imports. Hence, the current account deficit widened from \$1,599 million in 1989/90 to \$3,741 million in 1990/91.

During the reporting year, the capital account surplus showed a substantial increase, reflecting larger inflows of net private capital -- of \$575 million to \$5,856 million -- which more than offset a decline in net official inflows from \$1,830 million to \$924 million. The increase in net private capital inflows, which followed the removal of ceiling on banks' offshore borrowings in 1989, reflected both the large differential between domestic and foreign interest rates, and greater foreign confidence in the Indonesian economy.

The comparison of Indonesia's macroeconomic performance between 1989 and 1990 involving economic growth, inflation rate, ratio of current account deficit to GDP and unemployment is presented in Chart I. The smaller shaded area for 1990 in the chart depicts a less favorable performance compared with that of 1989. This is reflected mainly in the wider current account deficit and higher inflation rate due, inter alia, to a surge in private investment, while economic growth and unemployment rate do not show a significant difference. Chart I also

**CHART 1**  
**INDONESIAN ECONOMY 1989-1990**



illustrates a comparison of the economic performance between the years 1989 and 1990 and the targets set during the Fifth Five-Year Development Plan (Repelita V).

The rapid growth of the banking sector and the tendency for globalization of banking activity have created a need for increased professional banking personnel, upgrading of banking techniques and operations, and a more responsible mental attitude in securing public interest. In order to derive the benefit from the emerging opportunities while simultaneously improving their competitiveness and soundness, it is necessary that banks in Indonesia comply with the international standards. For this purpose, through stages banks in Indonesia are required to meet the capital adequacy

requirement set by the Bank for International Settlements (BIS). In view of these developments, the Government introduced the Policy Package of February 1991 containing five elements, namely licensing, ownership, and management; guidelines for prudential banking practices; reporting system; procedures to assess the soundness of bank operations and to impose sanctions in case of violation; and supporting elements for promoting banking business. As regards the capital adequacy requirement, it is stipulated that banks shall meet the minimum requirement of 5% by the end of 1992, 7% by the end of March 1993, and 8% by the end of 1993.

Along with the efforts to promote savings mobilization by the banking system, the Government also continued to encourage

alternative ways to finance development through equity participation by the public in the stock market. This process was aided by the Presidential Decree No. 53 of 1990 which outlines rules for protecting investors' interests and creating an orderly, open, and efficient market. Under this decree, the private sector is entrusted to operate a stock exchange.

### **C. Economic Outlook for 1991/92**

In 1991/92, the Indonesian economy is encountering a host of unfavorable external developments. The world economy has not yet recovered from the slowdown which has affected most major industrial countries. As a consequence, the growth of world trade volume is estimated to remain low and the prices of non-oil/gas primary commodities weak. Uncertainties still cloud the oil price outlook with lower prices than in 1990/91. Protectionist measures by the major industrial countries persist and the outcomes of the multilateral trade negotiations under the Uruguay Round is still uncertain. Protectionism could even intensify as a result of the establishment of economic blocs in various regions and the growing tendency of bilateralism. At the same time, given the limited supply of aid resources, the flow of funds to developing countries, including Indonesia, could be curtailed because of increased aid for economic reforms in Eastern Europe. On the internal side, Indonesia is also confronted with various challenges and constraints, especially the limited expansion of employment opportunities, equitable income distribution, the limited infrastructure, and drought.

In 1991/92, the implementation of prudent monetary and fiscal policies supported by policies in the real sector aims at containing **inflation**

and cushioning pressures on the balance of payments. The factors exerting pressure on domestic prices in 1991/92 include the rise in the prices of domestic fuel oils and particular public services, as well as supply constraints of both infrastructure and production capacity for certain products. Moreover, buoyant domestic demand stimulated by acceleration of investment activity and by the rise in civil servant salaries are also the contributing factors. As a corollary, the Government continues to promote non-oil/gas exports and simultaneously sharpens the project priority, especially those with high import contents.

The pursuit of prudent monetary policy is expected to slow down the growth of broad money (M2). The moderation in the expansion of banking would contribute to the deceleration of M2, as would the implementation of the capital adequacy ratio as stipulated in the Policy Package of February 1991. The package is designed to encourage banks to consolidate their operation and to be more cautious in their credit extension. Meanwhile, narrow money (M1) is expected to grow more rapidly in line with the increasing need for demand deposits to finance strong economic activities in 1991/92.

The high **interest rates** prevailing especially toward the end of the reporting year were mainly affected by the undue expectation on the sharp depreciation of the rupiah exchange rate which prompted the Government to convert the deposits of a number of public enterprises at banks to SBIs. Following the revival of confidence in the rupiah, interest rate is expected to be in a downward trend during 1991/92.

In 1991/92, the current account deficit, as a ratio to GDP, is expected to be slightly higher than

that of the preceding year. This is mainly due to the continued growth in imports albeit at a lower rate than that in 1990/91 and the declining trend of oil/gas prices. On the other hand, the growth of non-oil/gas exports, which slowed down in 1990/1991, is expected to rebound in 1991/92 reflecting continued efforts to improve competitiveness and expand manufacturing through investments. In order to contain the rapid expansion of imports and alleviate pressures on the balance of payments, the Government has maintained a prudent monetary and fiscal policies, including the sharpening of priority involving large scale projects with high import contents.

During 1991/92, net capital inflows are projected to be lower than the inflows recorded in the previous year. However, the inflows are

estimated to surpass the deficit in the current account, thereby leaving the overall balance in a small surplus.

By way of summary, during 1991/92 the Indonesian economy is projected to record a slightly lower growth rate than in the preceding year. The **economic growth** in 1991/92 is expected to benefit from strong domestic demand, and, unlike in 1990/91, foreign demand would also provide a positive contribution to growth in 1991/92. During the year, monetary policy is expected to remain cautious, thereby alleviating pressure on domestic prices. At the same time, interest rates could eventually tend to come down and the balance of payments would remain sustainable. These developments are based on the continued pursuance of prudent macroeconomic policy.



## **II. WORLD ECONOMIC DEVELOPMENTS AND INTERNATIONAL COOPERATION**

### **A. World Economic Developments**

In 1990, the world economic situation turned out to be less favorable than expected. This was reflected in a slowdown of economic growth, an acceleration in inflation rate, a decline in world trade volume and a high level of interest rates. The world economic growth in the preceding year slowed down and it was further aggravated by the Gulf crisis and the short-run impact of the unification of Germany and the immediate impact of the economic restructuring in the Eastern Europe and the Soviet Union. While both developed and developing countries suffered, developing countries were additionally affected by the deterioration of their primary commodity export prices and the intensification of protectionist measures, which aggravated their external debt situation.

This slowdown in world economic growth was recorded in developed and developing countries in the past two years, except some industrial countries, especially Japan and Germany, and a number of developing countries in Asia. The slowdown in the growth rate of most industrial countries was reflected in the marginal expansion of employment opportunities; hence, unemployment remained virtually unchanged.

In 1990, a number of major industrial countries adopted tight monetary policy stance intended to contain inflationary pressure. The fiscal policy stance was generally neutral and in some cases restrictive. While those policies assisted in containing inflationary pressure, they also contributed to low economic growth.

The Gulf crisis, which started in August 1990, has the temporary effect of boosting oil prices. Although it was short-lived, the high oil price brought about an adverse impact on the economic performance of the industrial countries in terms of intensifying pressure on inflation and a deceleration in the economic growth rate in the last quarter of 1990. The Gulf crisis had particularly adverse effects on the economics of several developing countries highly dependent on the countries in the Gulf area for their foreign exchange earnings. Furthermore, the process of economic restructuring in the centrally planned economies of Eastern Europe and the Soviet Union to market economies had the short-run effect of slowing down economic activity in these countries during transition.

As a consequence of all the above factors, the growth of world trade volume in 1990 declined to 3.9% compared to 7.1% in the preceding year. Nevertheless, external imbalances among the major industrial countries, especially between the United States on one hand, and Germany and Japan on the other hand, narrowed. Prices of most primary commodities weakened, bringing about a deterioration in the terms of trade of developing countries. The net effect was that the deficit of the current account of developing countries widened and a number of developing countries were faced with heavy external debt burden and lower capital inflows.

#### **1. Industrial countries**

The economic growth of the OECD countries decelerated from 3.3% in 1989 to 2.6% in 1990 (Table II.1) mainly reflecting a slowdown of

**TABLE II.1**  
**ECONOMIC GROWTH, CONSUMER PRICE INDEX,**  
**AND UNEMPLOYMENT RATE**  
**(percent per annum)**

Countries	Real economic growth			Consumer price index			Unemployment rate		
	1988	1989	1990	1988	1989	1990	1988	1989	1990
<b>1. World</b>	<b>4.5</b>	<b>3.3</b>	<b>2.1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>2. OECD <sup>1)</sup></b>	<b>4.5</b>	<b>3.3</b>	<b>2.6</b>	<b>3.4</b>	<b>4.4</b>	<b>4.6</b>	<b>6.9</b>	<b>6.4</b>	<b>6.2</b>
– Seven major OECD countries	4.7	3.3	2.6	2.8	3.9	4.1	6.2	5.7	5.6
United States of America	4.5	2.5	0.9	3.9	4.5	5.0	5.5	5.3	5.5
Japan	6.2	4.7	5.6	-0.1	1.8	2.4	2.5	2.3	2.1
Fed. Rep. of Germany	3.7	3.8	4.5	1.4	3.0	2.5	6.2	5.6	5.1
France	4.2	3.9	2.8	2.7	3.4	3.0	10.0	9.4	9.0
Italy	4.1	3.0	2.0	5.3	6.3	6.2	12.2	12.1	11.0
United Kingdom	4.2	1.9	0.6	5.0	5.6	4.7	8.2	6.2	5.5
Canada	4.4	3.0	0.9	4.0	4.7	4.2	7.8	7.5	8.1
– Other OECD countries	3.3	3.5	2.8	6.7	7.8	7.9	9.4	8.8	8.6
<b>3. Developing countries <sup>2)</sup></b>	<b>4.4</b>	<b>3.1</b>	<b>1.3</b>	<b>70.2</b>	<b>105.0</b>	<b>117.7</b>	<b>--</b>	<b>--</b>	<b>--</b>
– By region :									
Africa	2.9	3.3	1.9	19.3	20.0	15.6	--	--	--
Latin America	0.2	1.5	-1.0	286.4	533.1	768	--	--	--
Asia	9.0	5.5	5.3	14.3	11.7	7.9	--	--	--
Europe	1.6	-0.7	-4.7	63.5	169.7	166.4	--	--	--
Middle East	4.7	3.2	-1.5	16.1	14.4	13.3	--	--	--
– By other criteria :									
Oil exporting countries	3.4	3.2	1.0	32.9	19.6	16.5	--	--	--
Non-oil exporting countries	4.8	3.1	1.4	88.3	148.8	167.8	--	--	--
– Four newly-industrialized countries	9.5	6.9	6.8	4.7	5.5	7.5	--	--	--

1) Measured by GNP, except the United Kingdom, Italy, and France (by GDP).

3) Measured by GDP and NMP.

Sources : – IMF, World Economic Outlook, May, 1991.  
– OECD, Economic Outlook, No. 49 July 1991.

**TABLE II.2**  
**CURRENT ACCOUNT IN DEVELOPED AND DEVELOPING COUNTRIES**  
(billions of \$)

Countries	Exports			Imports			Trade balance			Services balance			Current account		
	1988	1989	1990	1988	1989	1990	1988	1989	1990	1988	1989	1990	1988	1989	1990
<b>1. O E C D</b>	--	--	--	--	--	--	-6.3	-34.9	-37.2	-42.5	-42.1	-58.0	-49.8	-78.3	-93.5
<b>2. Seven major O E C D countries</b>	<b>1,434.1</b>	<b>1,541.3</b>	<b>1,747.5</b>	<b>1,425.2</b>	<b>1,546.0</b>	<b>1,754.7</b>	<b>8.8</b>	<b>-4.9</b>	<b>-7.2</b>	<b>-54.1</b>	<b>-52.6</b>	<b>-66.6</b>	<b>-44.9</b>	<b>-57.5</b>	<b>-73.8</b>
United States of America	319.3	360.5	389.3	446.5	475.3	498.0	-127.2	-114.9	-108.7	-1.7	4.9	9.4	-128.9	-110.0	-99.3
Japan	259.8	269.6	280.2	164.8	192.7	216.3	95.0	76.9	63.9	-15.4	-19.7	-28.1	79.6	57.2	35.8
Fed. Rep. of Germany	309.1	325.0	390.9	230.4	247.0	318.1	78.6	77.9	72.8	-30.1	-20.7	-24.9	50.5	57.2	47.9
France	160.1	171.1	206.7	168.4	181.2	220.3	-8.3	-10.1	-13.7	4.9	5.5	5.9	-4.4	-4.6	-7.8
Italy	127.4	140.1	169.3	128.6	142.2	168.9	-1.2	-2.2	0.5	-4.9	-8.4	-13.9	-5.8	-10.6	-14.4
United of Kingdom	143.7	151.8	182.5	180.6	191.1	214.3	-36.9	-39.3	-31.8	10.3	6.7	9.1	-27.6	-32.6	-22.7
Canada	114.7	123.2	128.6	105.9	116.5	118.8	8.8	6.8	9.8	-17.2	-20.9	-23.5	-8.3	-14.1	-13.7
<b>3. Developing countries</b>	<b>674.5</b>	<b>756.8</b>	<b>832.2</b>	<b>640.7</b>	<b>712.7</b>	<b>777.4</b>	<b>33.8</b>	<b>44.1</b>	<b>54.8</b>	<b>-50.2</b>	<b>-58.4</b>	<b>-63.0</b>	<b>-16.4</b>	<b>-14.3</b>	<b>-8.2</b>
Oil exporting countries	150.8	182.3	218.3	123.8	131.5	139.9	26.9	50.8	78.4	-50.5	-57.2	-69.8	-23.6	-6.4	8.6
Non-oil exporting countries	523.8	574.5	614.0	516.9	581.2	637.5	6.9	-6.7	-23.6	0.3	-1.2	6.8	7.2	-7.9	-16.8
Four newly-industrialized countries	217.3	250.2	265.6	195.1	231.8	258.1	22.2	18.4	7.5	5.2	3.7	5.4	27.4	22.1	12.9

Source : - OECD Economic Outlook, No. 49, July 1991  
- IMF, World Economic Outlook - Statistical Appendix, May 1991.

the economic growth of the seven major industrial countries from 3.3% to 2.6%. Among these countries, Japan attained the highest growth (5.6%) which was mainly buoyed by strong domestic demand resulting from an expansionary stance of fiscal policy. The lowest growth was recorded in the United Kingdom (0.6%) attributable to weak domestic demand.

The inflation rate in industrial countries increased somewhat from 4.4% in 1989 to 4.6% in 1990. This was also attributable to the jump in oil price. During the same period, non-oil primary commodity prices declined, thereby moderating the influence on inflation. Among the major industrial countries, the highest inflation rate was recorded in Italy (6.2%), whereas the lowest was in Japan (2.4%).

Despite the slowdown in economic growth, unemployment rate in the industrial countries remained virtually unchanged, i.e. 6.2% in 1990 as against 6.4% in the preceding year. The slight decline in the unemployment rate resulted from the lower growth of the labor force and the expansion of employment opportunities in some industrial countries, notably Japan and some European countries. Among the seven major industrial countries, the highest unemployment rate was recorded in Italy (11.0%), whereas the lowest was in Japan (2.1%).

As earlier mentioned, in 1990 the external imbalances among the three major industrial countries, namely the United States, Japan and Germany narrowed (Table II.2). The current account deficit of the United States declined following the weakening of domestic demand and the improvement in export competitiveness stemming from depreciation of the US dollar. The current account surplus of Japan narrowed

on account of strong domestic demand and the jump in oil price. The surplus in the current account of Germany also narrowed following the appreciation of German mark and the unification of Germany which, in the short run, diverted resources to the domestic market and raised the demand for imports.

The economic growth of the **United States** decelerated to only 0.9% in 1990 compared with 2.5% in the preceding year. This deceleration was accounted for by the weakening domestic and external demand. The weakening domestic demand stemmed from lower growth of private consumption and investment as a consequence of tight monetary policy and the contraction in the growth of bank credits. In addition, the Gulf crisis had an adverse impact on domestic demand due mainly to high oil price. The slowdown in the growth of external demand was mainly attributable to the decline of exports.

The inflation rate of the United States rose from 4.5% in 1989 to 5.0% in 1990 due mainly to the rise in oil price and an increase in import duties. Meanwhile, with the economic slowdown, the unemployment rate rose from 5.3% to 5.5%.

On the international trade front, the trade account deficit narrowed from \$114.9 billion in 1989 to \$108.7 billion in 1990 due to the smaller increase in imports relative to that of exports. The current account deficit also improved from \$110.0 billion to \$99.3 billion, which was brought about by an improvement in the services account surplus from \$4.9 billion to \$9.4 billion in 1990.

The economic growth of **Japan** accelerated from 4.7% in 1989 to 5.6% in 1990 due mainly to strong domestic demand buoyed by robust

growth of investment, especially in housing and government sectors. The latter stemmed from increased spending for social infrastructure. The slower growth of foreign demand was reflected in the lower growth in export volumes relative to that of imports.

The Japan inflation rate stood at 2.4% in 1990 compared to 1.8% in the preceding year. The higher rate was due mainly to rises in wage rate and consumer goods prices. The unemployment rate declined slightly from 2.3% in 1989 to 2.1% in 1990 owing to a higher expansion of employment opportunities.

The surplus in the trade account narrowed to \$63.9 billion in 1990 from \$76.9 billion in the preceding year. This was due to a smaller increase in exports (\$10.6 billion) relative to that of imports (\$23.6 billion). The small increase in exports was due to a slowdown of external demand and a deterioration in the competitiveness of Japanese products in the international market following the appreciation of Japanese yen. As mentioned earlier, the steady increase in import values was primarily buoyed by the robust domestic demand and the jump in oil price. With the widening services account deficit from \$19.7 billion to \$28.1 billion, the current account surplus preceded year.

As was the case with Japan, the **Federal Republic of Germany** also recorded a higher growth rate of 4.5% in 1990, compared with 3.8% in 1989. This growth stemmed from strong domestic demand despite the slackening growth in external demand. The strong growth of domestic demand was reflected in the high growth of private consumption, government consumption, and gross fixed investment. Much of the growth in the private consumption was

accounted for by the cut of value added tax and a rise in wage rate, whereas the faster growth in gross fixed investment was closely related to the market prospects in East Germany and Eastern Europe. The lower growth in external demand was reflected in the decline in the growth of export volume, whereas imports increased, driven by strong domestic demand.

The German inflation rate decelerated from 3.0% in 1989 to 2.5% in 1990. The deceleration was attributable to the appreciation of German mark which helped dampen the inflationary pressure of the rise in oil price. Reflecting buoyant economic activity, the unemployment rate declined from 5.6% to 5.1%.

The surplus in the trade account of Germany narrowed from \$77.9 billion in 1989 to \$72.8 billion in 1990. Taking into account the increase in the services account deficit from \$20.7 billion in 1989 to \$24.9 billion, the current account surplus declined by \$9.3 billion to \$47.9 billion in 1990.

The economic growth of the **United Kingdom** slowed down from 1.9% in 1989 to 0.6% in 1990. This slowdown was brought about by a moderation in the growth of domestic demand in spite of the higher growth of external demand. The moderation in the growth of domestic demand was largely accounted for by the decline in investment, especially private residential and nonresidential, and the deceleration in the growth of private consumption. The higher growth in external demand was reflected in the higher growth of export volume of goods and services relative to that of imports.

The inflation rate declined from 5.6% in 1989 to 4.7% in 1990 stemming mainly from



the adoption of tight monetary policy and the slackened growth of domestic demand. The unemployment rate declined from 6.2% in 1989 to 5.5% in 1990 as a result of the larger expansion of employment creation relative to the growth of the labor force.

The deficit in the trade account narrowed from \$39.3 billion in 1989 to \$31.8 billion in 1990 with the increase in exports mainly originating from higher oil price. With the widening services account deficit from \$6.7 billion to \$9.1 billion, the current account deficit narrowed from \$32.6 billion in 1989 to \$22.7 billion in 1990.

## **2. Developing countries**

In 1990, developing countries were faced with various internal as well as external problems. The internal problems included, inter alia, high inflation rate, a heavy burden of external debt, economic restructuring in the Eastern Europe and the Soviet Union, and the Gulf crisis. The external factors hampering the economic performance of the developing countries included, among others, the high level of interest rate and the weakening of import demand from the industrial countries.

This external environment contributed to a deceleration in the economic growth of the developing countries from 3.1% in 1989 to 1.3% in 1990 with the most pronounced -- as indicated by a negative growth rate -- occurring in Europe, Middle East, and Western Hemisphere (Table II.1). By region, the highest growth rate was recorded in Asia (5.3%), whereas the lowest in Europe (-4.7%). The high growth rate in Asia stemmed mainly from the robust growth in foreign investment and exports.

The negative growth in Europe was attributable to the impact of economic restructuring during transition from socialist to a market based system in Eastern Europe. The inflation rate of the developing countries went up from 105.0% in 1989 to 117.7% in 1990 which was mainly influenced by the hyperinflation in Argentina, Brazil, and Peru.

The economic growth of **oil exporting developing countries** slowed down from 3.2% in 1989 to 1.0% in 1990 owing mainly to the slowdown in the economic activities in the Middle East. The inflation rate declined from 19.6% to 16.5% in 1990 following the moderation in the inflation rates of Saudi Arabia, Venezuela, and Nigeria. The surplus in the trade account widened by \$27.6 billion reaching a level of \$78.4 billion in 1990. Hence, the current account swung from a deficit of \$6.4 billion in 1989 to a surplus of \$8.6 billion in spite of the substantial increase in the services account deficit from \$57.2 billion to \$69.8 billion.

In 1990, the economic growth of **non-oil exporting developing countries** decelerated from 3.1% to 1.4%. Much of this deceleration was accounted for by the deterioration in the prices of non-oil primary commodities, on which export dependence is still high, and the decline in import demand from the industrial countries. The inflation rate went up from 148.8% in 1989 to 167.8% in 1990. The deficit in the trade account widened from \$6.7 billion in 1989 to, \$23.6 billion in 1990 owing to a higher increase in imports relative to that of exports. Hence, the current account deficit increased from \$7.9 billion in 1989 to \$16.8 billion despite a sharp turnaround in the services account from a deficit of \$1.2 billion in 1989 to a surplus of \$6.8 billion in 1990.

Despite the slowdown in the growth of world economy, the **newly-industrialized economies (NIEs)** comprising Hong Kong, South Korea, Singapore, and Taiwan continued to sustain a high growth rate averaging 6.8% in 1990. This growth was mainly attributable to higher- than-average growth in South Korea (8.7%) due primarily to a surge in private consumption following the increase in wage rate and higher investment. Among the NIEs, Hong Kong recorded the lowest growth of 2.3% which was mainly due to the slowdown in the economic growth of the industrial countries, which are its main trading partners. Meanwhile, Taiwan and Singapore recorded lower growth, respectively 5.1% and 8.3% in 1990 as against 7.6% and 9.2% in the preceding year.

The inflation rate of NIEs reached 7.5% in 1990 as compared with 5.5% in 1989. The higher inflation rate was mainly driven up by rising production cost resulting from increases in wages and higher oil prices. The trade account surplus declined from \$18.4 billion to \$7.5 billion following slower growth of external demand, especially from the United States. With

a surplus of \$5.4 billion in the services account, the surplus in the current account declined from \$22.1 billion in 1989 to \$12.9 billion in 1990.

### 3. ASEAN countries (Association of South-East Asian Nations)

The **ASEAN** economies continued to show an impressive performance in 1990 (Table II.3), in spite of the unfavorable performance of the industrial countries and other developing countries. Compared with other developing countries in other regions, the ASEAN countries attained the highest economic growth rate, averaging 7.5% in 1990, though lower than that of the preceding year (8.6%). Among the ASEAN countries, Malaysia recorded the highest growth (10.0%) subsequently followed by Thailand (9.8%), Singapore (8.3%), and Indonesia (7.4%). Low economic growth was experienced by Brunei Darussalam (3.0%) and the Philippines (2.5%).

The high economic growth in ASEAN as a group was mainly attributable to robust domestic demand. Adjustment policies adopted by some

**TABLE II.3**  
**ECONOMIC GROWTH AND CONSUMER PRICE INDEX**  
**IN ASEAN COUNTRIES**  
(percent per annum)

Countries	Real economic growth			Consumer price index		
	1988	1989	1990	1988	1989	1990
<b>ASEAN</b>	<b>8.6</b>	<b>8.6</b>	<b>7.5</b>	<b>5.0</b>	<b>6.1</b>	<b>8.0</b>
1. Brunei Darussalam	2.2	3.5	3.0	2.0	2.5	2.5
2. Indonesia	5.8	7.5	7.4	5.5	6.0	9.5
3. Malaysia	8.9	8.8	10.0	2.5	2.8	3.1
4. Philippines	6.2	5.6	2.5	8.8	10.6	12.7
5. Singapore	11.1	9.2	8.3	1.5	2.4	3.4
6. Thailand	13.2	12.0	9.8	3.8	5.4	6.1

Source : Various publication/reports.

**TABLE II.4**  
**CURRENT ACCOUNT IN ASEAN COUNTRIES**  
(billions of \$)

Countries	Export			Import			Trade balance			Service balance			Current account		
	1988	1989	1990	1988	1989	1990	1988	1989	1990	1988	1989	1990	1988	1989	1990
<b>A S E A N <sup>1)</sup></b>	<b>101.3</b>	<b>118.6</b>	<b>136.3</b>	<b>95.4</b>	<b>116.2</b>	<b>140.0</b>	<b>5.9</b>	<b>2.4</b>	<b>-3.7</b>	<b>-6.1</b>	<b>-5.4</b>	<b>-5.7</b>	<b>1.2</b>	<b>-1.4</b>	<b>-11.2</b>
1. Brunei Darussalam	...	...	...	...	...	...	...	...	...	...	...	...	1.4	1.6	-1.8
2. Indonesia	19.5	23.0	26.7	13.8	16.3	21.6	5.7	6.7	5.1	-7.0	-7.9	-8.5	-1.3	-1.2	-3.4
3. Malaysia	20.9	24.8	28.7	15.3	21.0	26.1	5.6	3.8	2.6	-3.8	-3.9	-4.4	1.8	-0.1	-1.8
4. Philippines	7.1	7.8	8.2	8.2	10.4	12.1	-1.1	-2.6	-3.9	0.7	1.1	1.3	-0.4	-1.5	-2.6
5. Singapore	38.0	43.2	49.3	40.3	45.7	52.1	-2.3	-2.5	-2.8	3.6	4.8	5.2	1.3	2.3	2.4
6. Thailand	15.8	19.8	23.4	17.8	22.8	28.1	-2.0	-3.0	-4.7	0.4	0.5	0.7	-1.6	-2.5	-4.0

1) Excluding data on Brunei Darussalam, except its current account.  
Source : Various publications/reports.

ASEAN countries, namely Malaysia, Thailand, and Indonesia since 1980s were largely responsible for these favorable outcomes. The adjustment policies had, inter alia, contributed to an improvement in the utilization of resources and the strong growth in the manufacturing sector. On the other hand, the deterioration in the world prices of primary commodities in 1990 had brought about sluggish growth of the agricultural sectors in Malaysia, Thailand, the Philippines, and Indonesia.

With the exception of Malaysia which continued to record higher growth, the economic growth of other ASEAN countries slowed down in 1990 with the most pronounced being experienced by the Philippines, from 5.6% to 2.5%. Much of the slowdown in the Philippines was accounted for by the domestic political instability which complicated the pursuit of sound adjustment policies and by higher oil prices.

The average inflation rate of the ASEAN countries went up from 6.1% in 1989 to 8.0% in 1990. The highest inflation rate was recorded in the Philippines (12.7%), whereas the lowest was in Brunei Darussalam (2.5%).

Compared with developing countries in other regions, the inflation rate of the ASEAN countries was relatively low. As in the preceding year, most ASEAN countries continued to follow prudent monetary and fiscal policies to contain the inflationary pressures in 1990.

The higher inflation rate of the ASEAN countries in 1990 was attributable to the strong domestic demand and an increase in production cost. Capacity constraint in some sectors was a contributing factor. The increase in production cost stemmed from the hike in oil price in the

second semester of 1990. In the case of Singapore, the increase in The labor force did not sufficiently meet the expansion in economic activities which drove wage rate upward.

In the area of international trade, exports of the ASEAN countries (excluding Brunei Darussalam) rose from \$118.6 billion in 1989 to \$136.3 billion in 1990 (Table II.4), while imports rose from \$116.2 to \$140.0 billion. The higher imports reflected strong growth in investment in most of the ASEAN countries. Hence, the combined trade account deficit widened from \$2.4 billion in 1989 to \$3.7 billion in 1990 and the current account deficit jumped from \$1.4 billion in 1989 to \$11.2 billion in 1990.

## **B. International Monetary Developments**

In 1990, the international monetary developments were characterized by the weakening US dollar against most other major currencies, rising interest rate, continued heavy debt burden of developing countries, and the moderate growth of international liquidity.

The US dollar weakened especially in the third and fourth quarter of 1990, a development closely related to the economic consequences of the Gulf crisis which, among other things, had an upward pressure on oil price. Another factor was the low level of interest rate prevailing in the US compared with that in Japan and Germany in the last quarter of 1990. On the average, during 1990 the US dollar depreciated by 14.7% against French franc, 14.1% against German mark, 12.7% against Italian lira, and 5 0% against Japanese yen.

On average, long-term nominal interest rate of the major industrial countries rose from 8.1%

in 1989 to 9.0% in 1990. This rise was affected by the expectation of the need for funds which exceeded the growth of savings. The expectation was based on the need for funds to finance the unification of Germany and the process of economic reform in the Soviet Union and Eastern Europe. Furthermore, the excess demand for funds was also closely related to the changing pattern of investment which was more oriented toward high technology and capital intensive investment.

The short-term nominal interest rate in the major industrial countries went up from 8.7% in 1989 to 9.1% in 1990. The increase occurred in all countries except the United States and Italy which declined respectively from 8.1% and 12.6% to a level of 7.5% and 12.1%. A marked increase was recorded in Japan, from 5.4% to 7.7% and the Federal Republic Germany from 7.1% to 8.5%. For major industrial countries that experienced an increase in the interest rate, this was closely related to the adoption of tight monetary policy stance designed to reduce domestic demand pressures. It is worth noting that the decline in the interest rate in the United States was an effort on the part of the Federal Reserve Board to stimulate a sluggish economic activity which had become apparent in the second semester of 1990.

Developing countries, particularly those classified as heavily indebted, were still confronted with the heavy debt burden owing partly to the higher interest rates and the substantial amount of outstanding debt. Total outstanding debt increased from \$1,244.8 billion in the end of 1989 to \$1,459.5 billion by the end of December 1990 of which \$509.2 billion accounted for the total debt of the heavily indebted countries. Nonetheless, because of the

rescheduling and -- for a number of heavily indebted countries -- the increase in export earning due to higher oil prices, the debt service ratio (DSR) declined from 16.8% to 15.4% and the ratio of total debt to total exports declined from 130.6% to 126.5%.

International liquidity, measured on the basis of total world foreign exchange reserves, rose by SDR44.9 billion to reach a level of SDR668.9 billion (equivalent to \$907.6 billion at end of 1990 exchange rates). The international liquidity of the industrial countries was up from SDR410.1 billion to SDR441.9 billion (\$599.6 billion), sufficient to finance three months' imports. The increase was recorded in the United States and Italy, whereas the decline occurred in Japan and the United Kingdom. The international liquidity of the developing countries rose from SDR213.8 billion to SDR226.9 billion (\$307.9 billion). This was adequate to finance 4.8 months' imports. The increase in international liquidity was recorded in Asia (the largest), followed by Western Hemisphere, Africa, and Europe. The international liquidity of oil exporting developing countries declined by SDR0.3 billion to SDR44.1 billion as a result of reductions in the oil exporting countries of the Middle East. Non-oil exporting developing countries recorded an increase of SDR13.4 billion reaching a level of SDR182.9 billion by the end of 1990.

### **C. International Financial Institutions**

Indonesia has been a member of various financial institutions, including the International Monetary Fund, World Bank group, Asian Development Bank, and Islamic Development Bank. Through this stance, Indonesia could derive benefits in terms of economic and



financial cooperation with other countries, as well as the financial assistance to support economic development in Indonesia.

At meetings in May and September 1990, the **IMF** recommended that the industrial countries should coordinate their policies in order to alleviate external imbalances among them and to restore the growth momentum in a noninflationary environment. The meetings also urged member countries to move forward toward liberalization of world trade within the context of an early and successful conclusion of the Uruguay Round. In addition to its usual support of members' adjustment efforts, the IMF provided technical and financial assistance to a number of East European countries in support of their transition from central planning to a market economy.

In response to the economic consequences arising from the Gulf crisis, the IMF adapted its policies with a view to assisting member countries whose balance of payments were directly or indirectly affected by the crisis. With this in mind the Compensatory Financing Facility (CFF) was amended, on a temporary basis, by making it possible to provide assistance to finance payments difficulties arising from higher oil import prices, as well those arising from shortfalls in export earnings.

The amendment also stipulated the possible inclusion of certain services transactions -- such as insurance and freight -- in the calculation of export shortfalls. The provisions of other facilities were also modified with a view to making resources available more promptly and, in some cases, in larger amounts to support countries' adjustment efforts to deal with the crisis.

With a view to enhancing the capacity of

the IMF to deal with future demands for financial assistance, the resolution for quota increase was adopted in July 1990. The resolution also includes an amendment of the IMF Articles of Agreement designed to deal with the situation of members in arrears with their payments to the IMF. The resolutions stipulate a 50% increase in quotas to SDR135.2 billion, which will become effective once a sufficient number of countries completed their approval procedures.

During the reporting year, the **International Bank for Reconstruction and Development (IBRD)** in cooperation with the United Nation Development Program (UNDP), established the Global Environment Facility (GEF) intended to provide assistance to developing countries in coping with the environment problems. The GEF was funded from contributions by the countries concerned and grants from the donor countries.

In November 1990, an agreement was reached on the cooperation between the **International Finance Cooperation (IFC)** with Credit Lyonnais to promote the development of small-scale and medium-scale enterprises under Multicountry Loan Facility (MLF). Under the cooperation, all branches of Credit Lyonnais would represent the IFC in identifying prospective investors and borrowers in particular countries and conduct feasibility studies on prospective projects. The amount of loan for each project was fixed between \$3 million and \$6 million in which Credit Lyonnais would provide 50% of the loan approved.

As a development bank, the **Asian Development Bank (ADB)** provides long term loans and equity participation in addition to providing technical assistance. Loans granted by

the ADB are mainly used for financing projects in the agro-industry, education, energy, financial sector, health and population, industry, and clean water supply and urban housing improvements. As is the case with the World Bank, since 1988 the ADB has increased its emphasis on environment aspects of projects financed by the Bank.

The source of the ADB financing mainly originates from equity participation of its members. Furthermore, there is also a source of financing for which certain countries can borrow at a more concessional terms with longer maturity and relatively lower interest rate. In order to promote its concessional lending capacity for the lower income member countries until 1994, the ADB has targetted an increase of special fund in the amount of \$10.4 billion.

The **Islamic Development Bank** provides assistance in the forms of equity participation, loans, installment sale, and technical assistance. To finance import of goods for the development of its member countries, the IDB provides a scheme called Import Trade Financing Operation (ITFO). Furthermore, the IDB also provides assistance in the form of Longer-Term Trade Financing Scheme (LTTFS) designed to promote exports of the participating member countries.

#### **D. Cooperation of the South-East Asian Nations (ASEAN)**

Cooperation among the ASEAN countries continued to strengthen, and efforts were made to promote cooperation between ASEAN and industrial countries. During the 22nd ASEAN Economic Ministers (AEM) meeting in Bali, October 1990, new proposals were put forward and agreements were reached in the areas of

trade, finance, and banking. In the area of trade, a new proposal, Common Effective Preferential Tariff (CEPT), aims at promoting trade among the ASEAN countries. In addition to adopting a common effective tariff, the proposal embraces a liberalization of various obstacles to trade including removal of non-tariff barriers and adherence to the principles of a free foreign exchange system for goods produced under the Asian Industrial Joint-Venture (AIJV). The 22nd ASEAN Economic Ministers meeting also agreed on the need for further improving and extending the Preferential Trade Arrangement for the period 1992 - 1999. The program includes a deepening of the Margin of Preference (MOP) and a reduction of the Exclusion List as well as lowering the local content requirements. Under the 1990 PTA program, 500 commodities were granted a 25% MOP and 3,544 commodities enjoyed a deepening of MOP. Up to 1990, a total of 15,295 commodities were granted MOP.

The ASEAN countries also adopted a common strategy for the multilateral trade negotiations on services under the Uruguay Round. In the area of trade in services, the ASEAN countries have pursued an active dialog through the South East Asian Central Banks Association (SEACEN). As part of this common strategy, the SEACEN submitted a counter proposal to the draft on trade liberalization proposed by the industrial countries.

In the area of finance and banking, the commitment to expand cooperation in fiscal, finance, and monetary management as well as cooperation in the area of capital market was reemphasized. It is noteworthy that the use of currencies of the ASEAN countries, especially the Singapore dollar, as a means of payment for the transactions among the ASEAN countries continued to expand.

With a view to promoting cooperation with industrial countries, during the reporting year ASEAN conducted dialogs with the United States, Japan, New Zealand, and South Korea. Emphasis was placed on long-term economic cooperation. A dialog between ASEAN and the United States which took place in September 1990 in Bangkok discussed the establishment of ASEAN Private Investment and Trade Opportunities (PITO) aimed at removing trade barriers and the establishment of ASEAN Growth Fund intended to develop a capital market. In another dialog held in the same month in Vancouver, an agreement was reached to establish the ASEAN - US Working Group on Economic Relation and the Trade and Investment Cooperation Committee.

During the 12th ASEAN - Japan meeting in September 1990, it was expressed that the ASEAN development fund for all member countries be raised in view of the appreciation of the Japanese yen. Regarding the Committee on Finance and Banking (COFAB), ASEAN

expected that the ASEAN - Japan Development Fund (AJDF) for financing regional projects could be utilized by all ASEAN countries on the common terms and requirements. Furthermore, it was also expected that a greater flexibility be given in considering project costs proposed by the ASEAN countries.

During the ASEAN - New Zealand 10th meeting in Wellington, New Zealand, May 1990, ASEAN expressed the need for improving New Zealand's Generalized System of Preferences (GSP) including an expansion of its coverage and a deeper cut in tariffs. ASEAN also expected that New Zealand would review its import restrictions on agricultural products, sawn timber, and other forest products.

The first ASEAN - Republic of Korea Joint Sectoral Cooperation Committee (JSCC) meeting in Jakarta, August 1990, approved several projects intended to promote tourism and trade between ASEAN countries and South Korea.

### III. NATIONAL INCOME AND PRICES

#### A. National Income

In 1990, the economy of Indonesia continued to perform favorably, recording a growth rate of 7.4% as measured by real Gross Domestic Product (GDP). The high economic growth was attributable to a series of adjustment measures undertaken by the Government in recent years which brought about a business climate attractive to the private sector. The increasing role of the private sector was mainly recorded in the manufacturing sector. Unlike in the previous year, economic growth in 1990 was marked by a rapid increase of domestic demand and a sharp decrease in the external sector (net). Partly because of the rise in investment activity, imports increased significantly. Meanwhile, export growth only rose slightly due to lower economic growth in industrial countries as well as weakening of primary commodity prices. It could be noted that in 1990 Gross National Product of Indonesia grew by 7.2% and National Income rose by 7.3%.

GDP measured in current prices in 1990 reached Rpl97,721.0 billion. Taking into account the mid-year population, GDP per capita in 1990 rose by 17.5% reaching Rpl,109.8 thousand. Based on the population census of 1990, with the success of family planning program, the growth rate of population during the period of 1981-1990 decreased from 2.32% during 1971-1980 to 1.97%, resulting in a mid-year population of 178 million inhabitants.

From the **expenditure side**, the high growth of the economy in 1990 was brought about

by a substantial growth of domestic demand, namely 11.6%, mainly caused by increases in consumption expenditure (8.8%) and gross domestic capital formation (16.2%).

However, the remarkable growth of gross domestic capital formation was not supported by a sufficient level of domestic savings so that foreign funds were still required as reflected in a significant surplus in the capital account.

Significant growth of consumption took place in the household subsector, i.e. by 9.9%, compared with 4.2% in the preceding year. The developments were attributable to the increase in income and consumer credits from banks. Meanwhile, government consumption expenditure grew by only 3.4% compared with 10.5% in 1989. The lower growth was closely related to prudent fiscal management.

Growth of gross domestic capital formation in 1990 accelerated to 16.2% compared with 13.4% in 1989. This acceleration was broadly in line with a significant increase in the realization of approved investment projects under the domestic investment (*penanaman modal dalam negeri* or PMDN) as well as foreign direct investment (*penanaman modal asing* or PMA) schemes. The developments showed an increasing role of the private sector in the development process and a success of the Government in fostering a favorable investment climate. In addition, to stimulate the utilization of regional potentialities, the Government encouraged investors to conduct business in the eastern part of Indonesia by providing tax relief in the forms of longer compensation period upon

**TABLE III.1**  
**EXPENDITURE ON GROSS DOMESTIC PRODUCT**  
**AT 1983 CONSTANT MARKET PRICES**

Types of expenditures	Billions of rupiah			Percentage change (%)		
	1988	1989	1990 *	1988	1989	1990 *
1. Consumption	64,149.3	67,441.0	73,391.3	4.4	5.1	8.8
– Private	54,225.0	56,475.7	62,053.2	3.9	4.2	9.9
– Government	9,924.3	10,965.3	11,338.1	7.6	10.5	3.4
2. Gross domestic capital formation	25,200.9	28,568.1	33,182.5	11.5	13.4	16.2
3. Change in stock <sup>1)</sup>	1,119.9	1,431.3	2,142.5	–77.8	27.8	49.7
4. Exports of goods and services	26,015.5	27,850.5	30,278.0	1.1	7.1	8.7
5. <i>Less</i> Imports of goods and services	16,504.2	17,768.1	23,547.2	–18.7	7.7	32.5
<b>Gross Domestic Product</b>	<b>99,981.4</b>	<b>107,522.8</b>	<b>115,447.1</b>	<b>5.8</b>	<b>7.5</b>	<b>7.4</b>
6. Net factor income from abroad	–3,481.7	–3,597.9	–4,071.3	–18.0	3.3	13.2
<b>Gross National Product</b>	<b>96,499.7</b>	<b>103,924.9</b>	<b>111,375.8</b>	<b>6.9</b>	<b>7.7</b>	<b>7.2</b>
7. <i>Less</i> Net direct taxes	6,356.1	8,042.1	8,596.2	17.7	26.5	6.9
8. <i>Less</i> Depreciation	4,996.2	5,376.4	5,657.7	5.7	7.6	5.2
<b>National Income</b>	<b>85,147.4</b>	<b>90,506.4</b>	<b>97,121.9</b>	<b>6.2</b>	<b>6.3</b>	<b>7.3</b>

<sup>1)</sup> Residual.

Source : Central Bureau of Statistics.

**TABLE III.2**  
**EXPENDITURE'S WEIGHTED GROWTH**  
**AT 1983 CONSTANT MARKET PRICES**  
**(percentage)**

Types of expenditures	1988	1989	1990 *
1. Consumption	49.8	43.7	75.1
– Private	37.0	29.9	70.4
– Government	12.8	13.8	4.7
2. Gross domestic capital formation	47.6	44.7	58.2
3. Change in stock <sup>1)</sup>	–71.8	4.1	9.0
4. Exports of goods and services	5.0	24.3	30.6
5. <i>Less</i> Imports of goods and services	–69.4	16.8	72.9
<b>Gross Domestic Product</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1)</sup> Residual.

Source : Central Bureau of Statistics.

**TABLE III.3**  
**APPROVED DOMESTIC INVESTMENT PROJECTS**

Sectors/Provinces	Billions of Rupiah			Shares		
	1988	1989	1990 *	1988	1989	1990 *
<b>A. Sectors</b>						
Agriculture, forestry, and fishery	3,184.4	3,667.6	9,403.9	21.4	18.7	15.7
Mining	110.5	94.4	147.1	0.7	0.5	0.2
Manufacturing	9,746.9	12,933.7	40,863.5	65.3	66.0	68.2
Construction	31.4	146.1	86.5	0.2	0.7	0.1
Hotel	537.0	1,265.3	4,661.7	3.6	6.5	7.8
Transportation	230.7	288.7	2,083.3	1.5	1.5	3.5
Real estate and office	846.1	936.2	2,101.3	5.7	4.8	3.5
Other services	228.9	261.9	531.1	1.6	1.3	1.0
<b>T o t a l</b>	<b>14,915.9</b>	<b>19,593.9</b>	<b>59,878.4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>B. Region</b>						
Jawa and Madura	8,734.9	14,459.0	39,165.6	58.6	73.8	65.4
Sumatera	3,665.6	3,034.8	10,781.7	24.6	15.5	18.0
Kalimantan	1,353.5	829.8	5,221.3	9.1	4.2	8.7
Sulawesi	250.4	332.5	1,245.0	1.7	1.7	2.1
Others	911.5	937.8	3,464.8	6.0	4.8	5.8
<b>T o t a l</b>	<b>14,915.9</b>	<b>19,593.9</b>	<b>59,878.4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source : Capital Investment Coordinating Board.

previous losses and reduction in land and building tax.<sup>1)</sup>

By sector, most of the approved PMDN and PMA projects in 1990 were intended for the manufacturing sector, namely Rp40.9 trillion or 68.2% of the total PMDN approvals and \$5.6 billion or 64.5% of the total PMA approvals. By country of origin, the approved PMAs were mainly originated from Japan, Hong Kong, and South Korea.

The remarkable growth of investments were also attributable to the relocation of industries, especially from Japan and newly industrialized economies (NIEs) due, among other things, to

relatively high cost of production in those countries. The relocation was also due to a deterioration in those countries' competitiveness in the international market following appreciation in their currencies. Moreover, the cancellation of Generalized System of Preferences assigned for NIEs made their exportable commodities lose the special treatment.

The growth rate of the external sector (net) decreased as growth of imports was much higher than that of exports. The high increase in imports was in line with the large import demand for investment and production purposes.

The terms of trade in 1990 rose substantially by 14.0% compared with 0.1% in the preceding year. The rise was due to the increase in export

1) Minister of Finance Decrees Nos. 747 and 748/ KMK.04/ 1990, June 28, 1990.

**TABLE III.4**  
**APPROVED FOREIGN DIRECT INVESTMENT PROJECTS**

Sectors/Regions/Countries	Millions of \$			Share		
	1988	1989	1990 *	1988	1989	1990 *
<b>A. Sectors</b>						
Agriculture, forestry, and fishery	79.7	173.1	191.6	1.8	3.7	2.2
Mining	--	--	115.5	--	--	1.3
Manufacturing	3,828.0	4,246.1	5,646.9	86.3	90.0	64.5
Construction	2.4	15.9	76.8	0.1	0.3	0.9
Hotel	404.6	97.8	874.4	9.1	2.1	10.0
Transportation	2.5	4.5	802.0	0.1	0.1	9.2
Real estate and office	74.5	66.6	901.7	1.7	1.4	10.3
Other services	42.8	114.8	140.2	0.9	2.4	1.6
<b>Total</b>	<b>4,434.5</b>	<b>4,718.8</b>	<b>8,750.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>B. Regions</b>						
Jawa and Madura	1,666.8	4,020.7	6,432.6	37.6	85.4	73.5
Sumatera	1,594.9	567.1	871.0	36.0	12.0	10.0
Kalimantan	83.6	18.9	700.8	1.9	0.4	8.0
Sulawesi	43.8	11.3	134.4	1.0	0.3	1.5
Others	1,045.4	90.8	611.3	23.5	1.9	7.0
<b>Total</b>	<b>4,434.5</b>	<b>4,718.8</b>	<b>8,750.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>C. Countries</b>						
Europe	1,433.4	604.5	1,070.4	32.3	12.8	12.2
America	759.6	366.6	202.8	17.1	7.8	2.3
Asia	1,868.2	2,064.6	4,991.3	42.1	43.8	57.0
- Hong Kong	231.4	406.8	993.3	5.2	8.6	11.4
- Japan	247.0	768.7	2,240.8	5.6	16.3	25.6
- South Korean	209.0	466.1	722.9	4.7	9.9	8.3
Others	373.3	1,683.1	2,485.6	8.5	35.6	28.5
<b>Total</b>	<b>4,434.5</b>	<b>4,718.8</b>	<b>8,750.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source : Capital Investment Coordinating Board.

deflator, of 10.8%, while import deflator declined by 2.7%. Along with this developments, the rate of growth of Gross Domestic Income (GDY) rose from 7.6% in 1989 to 10.3% in 1990.

From the **production side**, the remaining high GDP growth in 1990 was mainly due to the rapid growth of the manufacturing sector as well as the trade, hotel, and restaurant sector. The increase of the manufacturing sector growth, from 9.1% to 12.3%, raised the share

of this sector in GDP from 18.4% to 19.3%. Meanwhile, the decline of the share of the agricultural sector in GDP from 20.5% to 19.6%, and the increase in the share of other sectors, from 45.5% to 45.9%, indicated that the structure of Indonesian economy became more diversified. Classified by oil/gas and non-oil/gas, in 1990 the non-oil/gas sector grew by 7.9%, as compared with 8.4% in the preceding year, while the oil/gas sector grew by 5.3% compared with 4.0% in the preceding year.

**TABLE III.5**  
**GROSS DOMESTIC PRODUCT BY SECTOR**

Sectors	At current market prices			At 1983 constant market prices					
	Total (billions of rupiah)			Total (billions of rupiah)			Change (%)		
	1988	1989	1990 *	1988	1989	1990 *	1988	1989	1990 *
1. Agriculture	34,277.9	39,547.0	43,062.1	21,213.7	21,996.2	22,604.5	4.9	3.7	2.8
2. Mining and quarrying	17,161.8	22,140.4	28,748.2	15,892.8	16,817.7	17,537.6	-2.9	5.8	4.3
3. Manufacturing	26,252.4	30,573.3	38,601.5	18,182.3	19,835.9	22,276.7	12.0	9.1	12.3
4. Others	64,412.7	75,234.0	87,309.2	44,692.6	48,873.0	53,028.3	7.2	9.4	8.5
<b>Gross Domestic Product</b>	<b>142,104.8</b>	<b>167,494.7</b>	<b>197,721.0</b>	<b>99,981.4</b>	<b>107,522.8</b>	<b>115,447.1</b>	<b>5.8</b>	<b>7.5</b>	<b>7.4</b>
1. Non-oil/gas	121,606.0	142,782.4	164,646.7	80,714.1	87,476.8	94,346.4	7.4	8.4	7.9
2. Oil/gas	20,498.8	24,712.3	33,074.3	19,267.3	20,046.0	21,100.7	-0.6	4.0	5.3

Source : Central Bureau of Statistics.

**TABLE III.6**  
**GROSS DOMESTIC PRODUCT**  
**AT 1983 CONSTANT MARKET PRICES**  
**(percentage)**

Sectors	Distribution on GDP formation			Change of expenditure on GDP		
	1988	1989	1990 *	1988	1989	1990 *
1. Agriculture	21.2	20.5	19.6	18.1	10.4	7.6
2. Mining and quarrying	15.9	15.6	15.2	-8.7	12.3	9.1
3. Manufacturing	18.2	18.4	19.3	35.6	21.9	30.8
4. Others	44.7	45.5	45.9	55.0	55.4	52.5
<b>Gross Domestic Product</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
1. Non-oil/gas	80.7	81.4	81.8	102.3	89.7	86.6
2. Oil/gas	19.3	18.6	18.2	-2.3	10.3	13.4

Source : Central Bureau of Statistics.



The growth of the agricultural sector in 1990 was 2.8% compared with 3.7% in the preceding year. The deceleration was mainly caused by the slowdown in the growth of rice production from 2.6% in 1989 to 1.2% in 1990 due to drought and decreasing planting areas.

The manufacturing sector in 1990 recorded a growth rate of 12.3% compared with 9.1% in the preceding year. The high growth rate of the manufacturing sector took place both in the non-oil/gas (13.0%) and oil/gas (10.1%) subsectors. It may be noted that the high growth in the oil/gas manufacturing subsector in 1990 compared with that in 1989 was mainly attributable to the increase in domestic oil consumption.

The rate of growth of the trade, hotel, and restaurant sector remained high, namely 8.3% mainly due to the growth of the wholesale and retail trade subsector (8.2%). The high growth rate was in line with the significant growth of other sectors. Meanwhile, the growth of the hotel and restaurant subsector kept increasing at a high rate, i.e. by 8.7%, resulting from a pickup in tourist activity associated with Visit Indonesia Year 1991.

In 1990, the growth rate of the mining and quarrying sector declined to 4.3% compared with 5.8% in the preceding year. The decline took place both in the oil/gas and other subsectors. Especially for other subsector, the slowdown of growth was caused by the weakening in the prices of several mining commodities in the international market. Some mining commodities experiencing decreases in production were tin, silver, and nickel matte.

The relatively high GDP growth was supported by the high level of activity in the

wide-ranging sectors of the economy. This development was accompanied by an expansion of employment opportunity and a higher level of income of the majority of population, including wage earners. In this regard, the average minimum wage in 1990 increased by 14.41% in nominal terms, or 4.88% in real terms.

The enhanced role of the private sector in the economy had also increased the role of cooperatives. The number of cooperatives in 1990 increased from 36,147 to 36,502 units and their members rose from 25,601 to 29,134 thousand. The activities of cooperatives covered various production sectors, particularly agriculture and manufacturing.

## **B. Prices**

In the reporting year, the Government made efforts to dampen increased inflationary pressures in order to maintain external competitiveness. With a view to containing demand pressures, the Government conducted a tight monetary policy supported by prudent fiscal policy. In addition, the Government took measures to increase the supply of certain goods, such as cement by exempting them from import duty and improving their distribution.

Starting April 1990, a new consumer price index (CPI) was introduced; the index measures consumer prices in a sample of 27 cities with 1988/89 as the base year (the previous sample consisted of 17 cities using 1977/78 as the base year). The new consumer price index used consumption pattern based on the Cost of Living Survey conducted in the period of April 1988-March 1989 in the 27 provincial capitals of the country. Based on the new consumption pattern, the number of consumed goods and services has

**TABLE III.7**  
**CONSUMER PRICE INDEX**  
**(COMPOSITE OF 27 CITIES) <sup>1)</sup>**  
**(April 1988 through April 1989 = 100)**

Period	Foodstuffs		Housing		Clothing		Miscellaneous		General index	
	Index	Change (%)	Index	Change (%)	Index	Change (%)	Index	Change (%)	Index	Change (%)
1988	320.07	7.81	335.35	4.25	280.02	3.52	307.38	3.14	317.56	5.47
1988/89	329.63	9.30	340.53	5.34	281.40	3.69	311.06	3.65	323.94	6.55
1989	341.98	6.66	356.48	6.13	293.45	4.71	321.87	4.62	336.96	5.97
1989/90	348.25	5.54	362.20	6.19	295.65	4.97	325.58	4.58	342.05	5.48
1990	111.49	6.98	123.94	12.42	113.41	4.79	118.55	11.61	116.98	9.53
<b>1990/91</b>		<b>6.99</b>		<b>11.38</b>		<b>4.72</b>		<b>11.34</b>		<b>9.11</b>
April	108.90	2.76	112.11	0.70	110.44	1.38	107.51	0.57	109.55	1.42
M a y	109.52	0.57	112.74	0.56	110.89	0.41	108.41	0.84	110.19	0.58
June	110.38	0.79	114.68	1.72	111.03	0.13	110.65	2.07	111.61	1.29
July	111.55	1.06	117.75	2.68	111.55	0.47	114.98	3.91	114.08	2.21
August	110.56	-0.89	120.14	2.03	112.27	0.65	115.79	0.70	114.75	0.59
September	110.27	-0.26	122.10	1.63	112.52	0.22	116.18	0.34	115.34	0.51
October	111.23	0.87	123.83	1.42	113.12	0.53	117.33	0.99	116.53	1.03
November	111.18	-0.05	124.20	0.30	113.21	0.08	118.50	1.00	116.91	0.33
December	111.49	0.28	123.94	-0.21	113.41	0.18	118.55	0.04	116.98	0.06
January	113.50	1.80	124.21	0.22	114.24	0.73	118.80	0.21	117.87	0.76
February	113.82	0.28	124.45	0.19	113.92	-0.28	119.46	0.56	118.22	0.30
March	113.57	-0.22	124.62	0.14	114.17	0.22	119.59	0.11	118.26	0.03

1) - Up to March 1990, CPI (Composite of 17 cities, April 1977 - March 1978 = 100) was used.

- Annual changes of the CPI are calculated on a cumulative basis as a summation of the monthly percentage changes.

Source : Central Bureau of Statistics.

been changed to 200-224 from 115-150 (under the 1977/78 survey). The new index reflects the change in the consumption pattern associated with rapid developments since the late 1970s.

Inflation rate in the reporting year rose sharply to 9.11% from 5.48% in the preceding year. Of the 9.11% inflation rate, 3.26% originated from housing, 2.93% from miscellaneous goods and services, 2.37% from foodstuffs and 0.55% from clothing. The high rate of inflation in the reporting year was

attributable to cost-push factors which resulted from adjustments on fuel oils' prices and transportation fares undertaken by the Government. Moreover, the rate of inflation was also influenced by demand-pull factors originating from the increase in income and the rapid growth of financial sector which could not be matched by the increase in domestic production.

The average monthly price increase in the reporting year, as measured by the CPI, was

0.76% compared with 0.46% in the preceding year. High price increase occurred particularly in the first semester of the reporting year, especially in April (1.42%), June (1.29%), and July (2.21%). In the following semester, the price increase was lower, except in October (1.03%).

The high price increase in April was closely related to seasonal activities associated with The Idul Fitri Day. It was reflected mainly in higher foodstuffs and clothing prices. In June, the high price increase was recorded mainly in miscellaneous goods and services as a result of adjustments made to transportation fares, value-added tax (VAT) on tobacco, and the excise on cigarettes. Furthermore, the fuel-oils price adjustment on May 25, 1990 also caused price increases in the housing group. Owing to transportation fares adjustment in June-July 1990 and increases in tobacco VAT as well as cement prices, a high price increase took place in July 1990. Price increases were registered mainly in miscellaneous goods and services group

and housing group. In October, the high price increase was mainly recorded in housing group as prices of cement kept increasing in some regions. Moreover, increase in medical costs in some regions caused a rise in the index for the miscellaneous goods and services group.

Another indicator to measure price developments, the Wholesale Price Index (WPI), reached an average increase of 10.30% in 1990/91 compared with 8.55% in the preceding year. The increase in the reporting year was mainly caused by rises in export prices (21.48%), particularly of oil/gas (32.48%). Prices of non-oil/gas export commodities increased by 0.51%. Moreover, prices of agricultural products rose by 7.78%, the same rate as in the preceding year, those of mining products by 9.43% compared with 8.90%, and those of manufacturing products by 7.14% compared with 5.66% in the preceding year. Meanwhile, prices of imported goods grew by 6.01% compared with 10.24% in 1989/90.

#### IV. MONETARY POLICY AND DEVELOPMENT

##### A. Monetary Policy

Monetary policy, along with other macroeconomic policies, aims at serving the goal of economic development by maintaining domestic and external balances. In this context, the Government continued to adopt appropriate policies in monetary, fiscal, balance of payments, and real sectors. To achieve this it was then necessary to encourage mobilization of domestic savings thereby providing more funds for domestic investment. For this purpose, a series of structural adjustments in finance, money, and banking has been initiated since the introduction of policy package of June 1983. As the monetary authority, Bank Indonesia conduct its monetary policy mainly through the use of market operations and discount facilities.

It is worth noting that the positive impacts of the structural adjustment policies were reflected in the high growth of investment and the rapid development of the banking sector. The surge of investment activity was facilitated by a rapid increase in bank credits which fueled domestic aggregate demand. On the other hand, a high economic growth has led to an improvement in per capita income, thereby increasing consumers' purchasing power. The increase in production cost and aggregate demand, coupled with a shortage of certain commodities such as cement and selected commercial vehicles, have led to pressure on domestic prices. The cost of a high rate of inflation would result in a deterioration in the balance of payments, and ultimately the pace of economic growth and distribution of income. On the other hand, fears of the drop in world oil price

following the Gulf crisis brought about speculation against the rupiah. Bank Indonesia has responded promptly by tightening monetary policy, and this policy stance was supported by a restrictive fiscal policy. The main thrust of the monetary policy stance was to control domestic inflation and cope with speculative attacks in the foreign exchange market. In the fiscal front, measures to raise revenue and cut expenditure included a reduction of budget subsidy on fuel oils, a broadening of coverage of value added taxes to include services, and a raising of transport fares. In addition to above measures, the Government sought to secure an adequate supply and smooth distribution of goods and services.

The rapid growth of the banking system following successive stages of deregulation called for a prudent regulatory framework. Bank Indonesia responded by introducing a new set of rules regarding banking supervision. This is particularly designed to promote a sound and efficient banking system so as to secure the interest of depositors and to foster the development of an efficient financial market.

It is worth noting that the monetary policy undertaken several years prior to 1990 contributed to the rapid growth in reserve money and money supply. This growth was needed to meet growing demand for liquidity to finance investment and production. The high growth of money supply was attributable to a rapid expansion of bank credits. A series of deregulations in finance, monetary and banking has provided more room for banks to expand their credits to the private sector, and this made

possible a large increase in funds mobilization. Bank Indonesia liquidity credits also played a role. In 1989/90, the rapid increase in money supply was also influenced by a marked increase in offshore borrowing following the removal of ceiling on banks' offshore borrowing in March 1989. Moreover, the sharp reduction in reserve requirements -- from 15% to 2% in October 1988 has created a large excess reserve which in turn enabled banks to expand credits to the private sector. This phenomenon was also reflected in the continued increase in the money multiplier.

In line with the strong demand for investment and consumption goods, money and credits grew rapidly in 1989/90 by 47.6% for M1, 45.7% for M2, and 53.8% for credits. These developments, on the one hand, resulted in a high growth of production; on the other hand, they added pressure on domestic prices.

Efforts to curb inflation at the beginning of the reporting year were also supported by the rigorous implementation of the January 1990 policy package, especially the reduction of Bank Indonesia's liquidity credits. In the long run the January 1990 policy package was aimed at improving the national credit system, but in the short run it led to the tightening of domestic liquidity, especially since June 1990.

As mentioned above, the strong growth of domestic demand coupled with an increase in production costs induced pressures on domestic inflation, which reached 3.29% in the first quarter of 1990/91. In order to curb this inflationary pressure, Bank Indonesia tightened domestic liquidity further by continuing the phasing out of liquidity credits and conducting contractionary open market operations. This was

reflected in a large increase in SBIs sales which was accompanied by a jump in the discount rate from an average of 11.33% in March to an average of 16.13% in June to 19.95% in November 1990.

In addition, efforts to curb the inflation rate were also conducted through a better coordination between monetary policy and other policies including in the trade and fiscal areas. In the real sector, attempts have been made to smoothen the distribution of goods and services, e.g. easing restrictions on imports of cement and commercial vehicles. In the fiscal area, the Government in October 1990 introduced ceilings on each Treasury office's deposits maintained with banks and reinforced the regulation that deposit money banks should immediately transfer all tax receipts to Bank Indonesia.

With the coordination among various economic policies, the inflation rate was brought down to 0.33% in November and 0.06% in December from their levels of 2.21% in July and 1.03% in October 1990. The high figures in the foregoing two months were mainly attributable to the increase in transport fares and cement price. As a consequence of these movements, the inflation rate for 1990 as a whole averaged 9.53%.

The uncertainties concerning the external sector stemming from fears of a drop in the world oil price due to the Gulf crisis resulted in excessive speculation in the foreign exchange transactions during the late 1990/91. This reflected in a large outflow of foreign exchange in the period. In order to maintain monetary stability, monetary policy was tightened further through the policy action taken on February 27, 1991, which took effect at the beginning of March

1991. With this action, Rp8.1 trillion <sup>1)</sup> from state-owned enterprises and agencies' deposits with domestic banks was converted into special certificates of Bank Indonesia (SBIs) at 22.0% annual discount rate with one year maturity. At the same time, Bank Indonesia purchased special money market securities (SBPUs) amounted to Rp6.1 trillion <sup>2)</sup> with shorter maturities at interest rates ranging from 18.75% to 23.00% per annum. Netting out the above transactions, the liquidity squeeze of the February 27, 1991 policy action amounted to Rp2.0 trillion. It is worth noting that such a policy was also aimed at improving the effectiveness of open market operation in two directions.

The tightening of monetary policy has led to an increase in interest rates, which in turn had the intended effect of encouraging financial savings and restrained the growth of bank credits, particularly during the last quarter of the reporting year. These developments resulted in slowing down the growth of domestic demand, which helped reduce the inflation rate in the last quarter of 1990/91 to only at 1.09%, inflation rate to 9.11% in the fiscal year 1990/91. The lowering of the inflation rate helped restore credibility of the Government's policy and confidence in the rupiah.

At the end of February 1991 Bank Indonesia introduced a new set of measures designed to promote a sound development of banking system. These measures encourage banks to improve their management, strategy, and operational system in order to better cope with the rapid development of banking operation both domestic and overseas. An important element in this new

policy is the introduction of new capital adequacy requirements which are expected to encourage banks to consolidate their financial conditions and to be more cautious in managing their operations.

## **B. Reserve Money and the Money Supply**

The tight monetary policy adopted during the reporting year resulted in slower growth of reserve money and the money supply both in narrow (M1) as well as broad (M2) terms. This was mainly attributable to the declining trend of bank credits as a result of the phasing out of Bank Indonesia's liquidity credits and the contractionary impact of the government sector due to higher revenues from taxes.

Despite the expansionary effect of foreign assets with Bank Indonesia, reserve money increased only by Rp0.6 trillion (5.4%) in the year under view, compared with an increase of 18.6% in the previous year (Table IV.1). This was due to the offsetting impact of other factors including government sector, Bank Indonesia's liquidity credits, and other items.

The expansionary impact of foreign assets (net) with Bank Indonesia amounted to Rp9.8 trillion, reflecting a considerable surplus in the balance of payments. This surplus in the balance of payments emanated from a sizable capital inflow mainly in the private sector that more than offset the deficit in the current account. The large private capital inflow increased the sale of foreign exchange to Bank Indonesia. It is worth noting that part of the capital inflow resulted from offshore-borrowing by banks intended to acquire more domestic liquidity (rupiah) to meet the growing demand for credits. Foreign exchange sales by deposit money banks

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1) The special SBIs sales amounted to Rp9.9 trillion.

2) The special SBPUs sales amounted to Rp7.2 trillion.

(DMBs) to Bank Indonesia resulted in a rapid decline of DMBs net foreign assets (Chart 2).

In 1990, the government sector, showed a contraction of Rp5.4 trillion in the reserve money, compared with an expansion of Rp0.6 trillion in the previous year. This contraction took place during the third and fourth quarters of 1990/91, and resulted mainly from the imposition of ceilings on Treasury offices' deposits with deposit money banks and the regulation stipulating that banks have to immediately transfer their tax collection to Bank Indonesia. The data shows that the tax collection was significantly high during the third and fourth quarter.

The implementation of the January 1990 policy measures has squeezed the Bank Indonesia's liquidity credits by Rp4.4 trillion, thereby reducing the outstanding amount to Rp13.1 trillion at the end of March 1991. As seen in Chart 3, the liquidity credits continued to increase until the end of 1989/90, and at the same time, contributed a major share of reserve money. By streamlining various sectors eligible for liquidity credits, the share of the liquidity credits in reserve money has declined markedly since June 1990.

Overall, factors affecting reserve money excluding the above monetary instruments had an expansionary effect of Rp1.1 trillion (8.7%). Bank Indonesia prevented this from spilling over into an excessive expansion of money supply through open market operation. This was carried out through the sizeable increase in SBIs sales, and the purchase of SBPUs in smaller amount. To compensate for the shortage of banks' liquidity, Bank Indonesia also provided discount facilities which were increasingly used by banks, albeit very

small in comparison to SBIs transactions. On a net basis, the open market operations resulted in a contraction of Rp0.5 trillion.

The tight monetary stance was also mirrored in the decline of banks' excess reserves. The ratio of excess reserves to total deposits declined from 4.0% at the end of 1989/90 to 2.7% at the end of the reporting year (Table IV.2).

As a result of the slowdown in the growth of reserve money in 1990/91 M2 increased only by 26.0%, reaching Rp81.1 trillion, compared with an increase of 45.7% in the previous year. Furthermore, M1 increased only by 6.4% in comparison to an increase of 47.6% in the year before. The considerable declining trend of the money growth was mainly accounted for by a noticeable decline in the growth of demand deposits to 1.2% from 70.1% in the previous year (Table IV.3). The tightening of monetary policy to some extent, contributed to a shift in public's portfolio preference as reflected in the trend of M1 and M2 during the fourth quarter of 1990/91. In this quarter M1 declined slightly by 1.0%, resulting from a decline in demand deposits by 1.2% and in currency by 0.8%. In the absence of the measure forcing the state owned enterprises to convert their deposits into SBIs, quasi money would have risen even faster. Moreover, demand deposits in February 1991 rose drastically, reflecting a temporary increase in bank transfers associated with a shift in time deposits from one bank to another to exploit earnings from interest rate differentials among banks. As all transactions related to such bank transfers cleared, at the end of March 1991 demand deposits fell back to a modest level. As a result of the conversion of state-owned enterprises deposits to SBIs in March 1991, quasi money declined by 5.4% during the last quarter of the 1990/91.

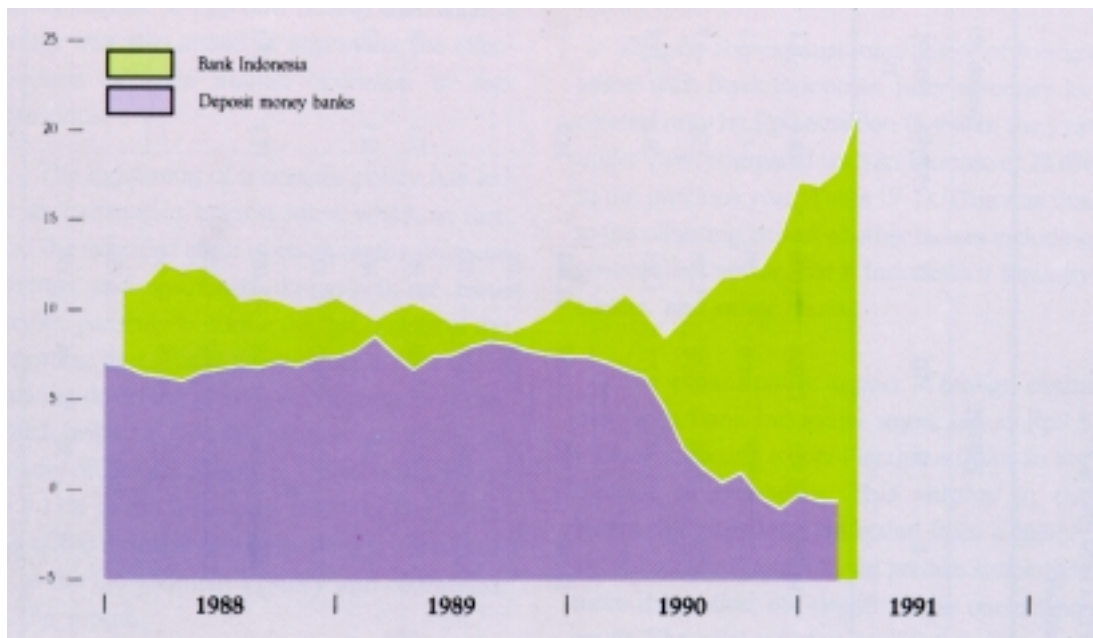
**TABLE IV.1**  
**RESERVE MONEY DEVELOPMENTS 1)**  
(billions of rupiah)

Items	1987/88	1988/89	1989/90	1990/91				Growth (%)	
				I	II	III	IV	1989/90	1990/91 IV
<b>1. Reserve money</b>	<b>9,107</b>	<b>8,805</b>	<b>10,442</b>	<b>10,357</b>	<b>10,951</b>	<b>12,006</b>	<b>11,002</b>	<b>18.6</b>	<b>-8.4</b>
Private sector demand deposits	77	145	139	127	134	193	175	-4.1	-9.3
Currency in circulation	5,873	6,559	7,780	8,279	8,930	9,094	9,026	18.6	-0.7
Deposit money banks' reserves	3,157	2,101	2,523	1,951	1,887	2,719	1,801	20.1	-33.8
<b>2. Factors affecting reserve money</b>	<b>9,875</b>	<b>11,174</b>	<b>12,406</b>	<b>12,380</b>	<b>12,333</b>	<b>13,489</b>	<b>13,485</b>	<b>11.0</b>	<b>-</b>
<b>Autonomous factors</b>									<b>8.7</b>
Net foreign assets	12,260	10,015	10,827	9,580	11,792	17,086	20,676		
Net claims on central government	-6,988	-6,301	-5,722	-5,375	-5,005	-8,440	-11,090		
Liquidity credits	10,311	13,210	17,451	16,538	14,460	13,668	13,061	32.1	-4.4
Direct claims	1,541	1,701	812	818	820	860	862	-52.3	0.2
Other items (net)	-7,249	-7,451	-10,962	-9,181	-9,734	-9,685	-10,024		
<b>3. Monetary instruments</b>	<b>-768</b>	<b>-2,369</b>	<b>-1,964</b>	<b>-2,023</b>	<b>-1,382</b>	<b>-1,483</b>	<b>-2,483</b>	<b>-17.1</b>	<b>67.4</b>
Open market operation	-768	-2,369	-1,964	-2,061	-1,412	-1,529	-2,633		
- S B I	-768	-2,369	-2,216	-2,061	-1,412	-1,529	-9,415		
- S B P U	--	--	252	--	--	--	6,782		
Discount facility	--	--	--	38	30	46	150		

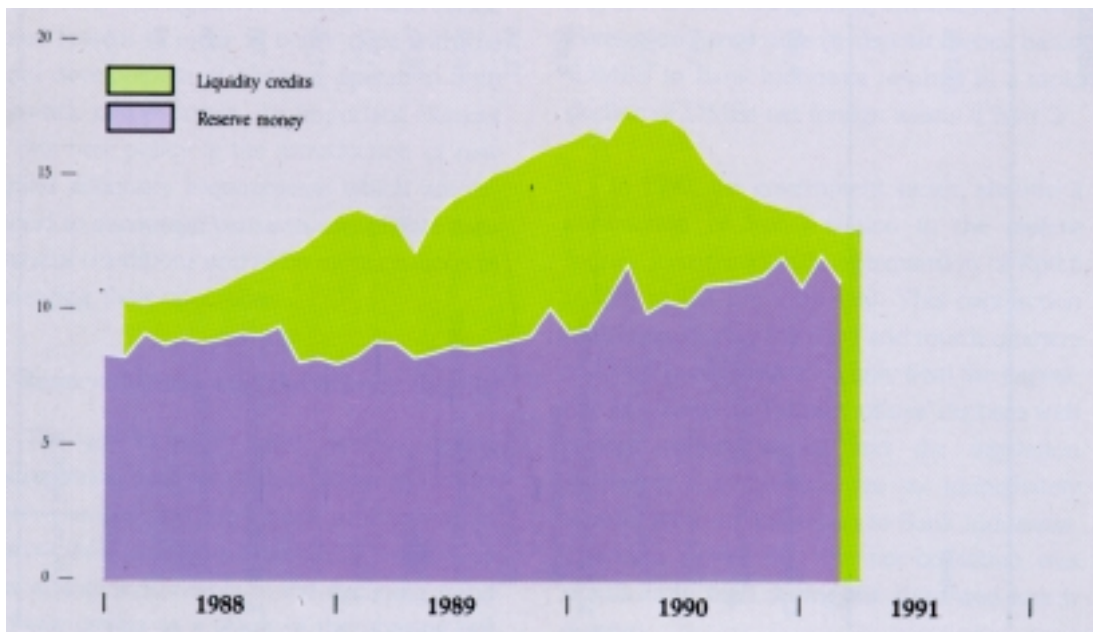
1) Outstanding of end of period.



**CHART 2**  
**NET FOREIGN ASSETS**  
(trillions of rupiah)



**CHART 3**  
**RESERVE MONEY**  
(trillions of rupiah)



**TABLE IV.2**  
**LIQUIDITY POSITION OF BANKS <sup>1)</sup>**  
(billions of rupiah)

	1988/89	1989/90	1990/91					
			I	II	III	Jan.	Feb.	Mar.
Total reserves	2,123	2,794	2,308	2,185	2,709	2,058	3,501	2,687
Current liabilities	31,629	46,288	51,448	59,777	61,621	62,955	63,893	57,482
Reserve requirement	633	926	1,029	1,196	1,232	1,259	1,278	1,150
Excess reserves	1,490	1,868	1,279	989	1,477	799	2,223	1,537
– in percentage	4.7	4.0	2.5	1.7	2.4	1.3	3.5	2.7

<sup>1)</sup> Outstanding of end of period.

The money multipliers for both M1 and M2 continued to increase, from a monthly average of 1.9 and 5.9 in 1989/90 to 2.1 and 7.4 in 1990/91, respectively. The continued increase in money multipliers during the last few years were mainly caused by the sharp reduction in the required reserves ratio from 15% to 2% coupled with the rapid growth of the banking system following the October 1988 deregulation. From October 1988 onwards, the money multiplier of M2 grew faster than that of M1. This was closely associated with the switch of portfolio preference of depositors from demand deposits toward time and savings deposits to exploit the higher interest rates paid on time and savings deposits, and the introduction of new savings schemes with features that are close to demand deposits.

Efforts to expand the banking networks throughout the country have accelerated the monetization of the economy. This progress was reflected in the increase in the ratio of M2 to Gross Domestic Product (GDP). From October 1988 onwards, this ratio continued to rise, from 0.31 at the end of 1988 to 0.38 at the end of

1989 and 0.41 at the end of 1990 (Table IV.3). The higher level of monetization coupled with the flourishing banking system will be supportive of continued growth of productive economic activities.

### C. Factors Affecting Money Supply

In the reporting year, the expansion of money supply, was contributed by both domestic and external factors. As regards domestic sources, the expansion emanated from continued rapid expansion of bank credits, despite a noticeable contraction of the government sector and other assets (Table IV.3). Moreover, the external sector as reflected in the change of foreign assets was expansionary, i.e. by Rp2.3 trillion, compared with a contraction of Rp0.7 trillion in the preceding year. The expansionary trend which was closely related to the higher export earnings from oil and gas due to the increase in the world price of oil took place in the last two quarters of the year.

The contractionary impact of the government finance increased sizeably, from Rp60 billion

**TABLE IV.3**  
**MONEY SUPPLY AND ITS DETERMINANTS 1)**  
(billions of rupiah)

Items	1988/89	1989/90	1990/91				Growth (%)			
			I	II	III	Jan.	Feb.	Mar.	1989/90	1990/91 IV
<b>1. M2 (Broad money)</b>	<b>44,168</b>	<b>64,367</b>	<b>70,125</b>	<b>76,907</b>	<b>84,630</b>	<b>84,344</b>	<b>84,392</b>	<b>81,124</b>	<b>45.7</b>	<b>-4.1</b>
M1 (Narrow money)	15,010	22,155	23,205	22,982	23,819	23,017	26,258	23,570	47.6	-1.0
- Currency	6,559	7,780	8,279	8,930	9,094	8,586	8,721	9,026	18.6	-0.7
- Demand deposits	8,451	14,375	14,926	14,052	14,725	14,431	17,537	14,544	70.1	-1.2
Quasi money	29,158	42,212	46,920	53,925	60,811	61,327	58,134	57,554	44.8	-5.4
- Rupiah time deposits	20,053	26,158	27,846	33,092	36,508	36,683	33,402	32,315	30.4	0.5
- Rupiah savings deposits	2,247	6,851	8,112	8,629	9,642	9,795	9,882	9,702	204.9	1.6
- Others	6,858	9,203	10,962	12,204	14,661	14,849	14,850	15,537	34.2	1.3
<b>2. Determinants</b>										
Foreign assets (net)		18,628	17,891	14,157	12,125	16,122	16,544	16,962		
- Bank Indonesia	10,015	10,827	9,580	11,792	17,086	16,813	17,506	20,676		
- Deposit money banks	8,613	7,064	4,577	333	-964	-269	-544	-508		
Claims on central government (net)	-7,798	-7,858	-9,644	-9,971	-12,226	-12,943	-13,639	-12,678		
Claims on government institutions and enterprises										
Claims on private enterprises and individuals	7,680	8,790	8,482	8,514	7,904	7,620	7,298	7,287	14.5	-7.8
Others	41,893	70,450	81,875	91,255	97,464	98,089	98,892	101,700	68.2	4.3
	-16,235	-24,906	-24,745	-25,016	-24,634	-24,966	-25,121	-35,353		
<b>3. Memorandum Items</b>										
Share 2)										
- M1/GDP	0.10	0.13			0.12					
- M2/GDP	0.31	0.38			0.41					
Multiplier (end of period)										
- M1	1.70	2.12	2.24	2.10	1.98	2.14	2.17	2.14		
- M2	5.02	6.16	6.77	7.02	7.05	7.83	6.99	7.37		
Multiplier (average)										
- M1	1.56	1.95	2.11	2.13	2.03	2.14	2.17	2.14		
- M2	4.65	5.92	6.42	6.94	7.12	7.83	6.99	7.37		
Share										
- C/D	0.78	0.54	0.55	0.64	0.62	0.59	0.50	0.62		
- T/D	3.45	2.94	3.14	3.84	4.13	4.25	3.31	3.96		

1) Outstanding of end of period.

2) Calendar year.

in 1989/90 to Rp4.8 trillion in 1990/91. This was mainly due to considerably high revenues from oil and gas as well as from taxes and other levies. The continued increase in the tax collection was made possible by the government efforts to improve tax administration coupled growth of national income. Revenues from import duties also increased considerably, as a result of the surge of imports associated with the rise in domestic demand. It is important to notice that the continued increase in tax revenues during the last five years resulted in a higher share of non-oil and gas revenues than that of oil and gas revenues. In line with this favorable development, government savings rose steadily, thereby increasing its share in development expenditures.

Claims on official entities and public enterprises and on private enterprises and individuals in the period under review still increased substantially by Rp29.7 trillion (37.5%) compared with an increase of the same amount in the preceding year. Claims on private enterprises and individuals continued to rise rapidly by Rp31.3 trillion (44.4%) in 1990/91 after increasing by Rp28.6 trillion (68.2%) in the preceding year. Nevertheless, on a quarterly basis claims on private enterprises and individuals showed a declining trend, particularly in the last quarter of 1990/91. This was mainly attributable to the increase in interest rates and the further withdrawal of Bank Indonesia liquidity credits that led banks to be more prudent in their credit policy. It is worth noting that the rapid expansion of the claims on the private sector was made possible by the remarkable growth of funds mobilized domestically as well as easier banks' access to offshore borrowing. The substantial offshore borrowing largely contributed to the more rapid

growth of bank credits than that of banks' deposit as mirrored in a higher loan to deposit ratio, from an average of 118% at the end of 1989 to 130% at the end of the reporting year.

As far as Bank Indonesia liquidity credits are concerned their share in total bank credits declined to 13% compared with 25% at the end of March 1990. To meet the strong demand for credits, banks not only relied on deposits but also raised their own capital and offshore borrowing.

Net other assets contracted by Rp10.4 trillion in 1990, compared with Rp8.7 trillion in the preceding year. This contraction took place in the last quarter of the reporting year, reaching about Rp10.7 trillion, which was related mainly to the sale of special SBIs to state-owned enterprises and higher capitalization of banks. During the first three quarters, however, other assets had an expansionary impact of Rp0.3 trillion.

#### **D. Bank Credits and Funds**

In the year under review, bank funds and credits continued to rise substantially, albeit at a declining trend. The sizeable growth of mobilized domestic funds was largely attributable to the expansion of banking network, the diversification of banking products, higher interest rates, and the improvement of national income. Meanwhile, the fast growth of bank credits facilitated the robust economic activities in 1990/91.

Bank funds consisting of demand deposits, time deposits, and savings deposits both in rupiah and foreign exchange increased by Rp18.3 trillion (30.9%) in the reporting year, compared with

**TABLE IV.4**  
**BANKS' FUNDS BY TYPE 1)**  
(billions of rupiah)

Funds	1988/89	1989/90	1990/91					Growth				
			I	II	III	Jan.	Feb.	Mar.	1989/90		1990/91	
									Nominal	%	Nominal	%
1. Demand deposits	10,543	15,978	19,120	18,991	19,254	18,814	20,039	17,949	5,435	51.6	1,971	12.3
Rupiah	9,101	13,611	16,048	15,491	15,124	14,845	15,873	13,520	4,510	49.6	91	0.7
Foreign currency	1,442	2,367	3,072	3,500	4,130	3,969	4,166	4,429	925	64.1	2,062	87.1
2. Time deposits	26,475	36,350	39,699	48,556	54,239	53,406	50,796	49,840	9,875	37.3	13,490	37.1
Rupiah	20,984	28,028	29,866	35,823	38,789	38,985	35,782	33,750	7,044	33.6	5,722	20.4
Foreign currency	5,491	8,322	9,833	12,733	15,450	14,421	15,014	16,090	2,831	51.6	7,768	93.3
3. Savings deposits 2)	2,485	6,864	8,130	8,648	9,661	9,827	9,905	9,722	4,379	176.2	2,858	41.6
Total banks' funds	39,503	59,192	66,949	76,195	83,154	82,047	80,740	77,511	19,689	49.8	18,319	30.9
Rupiah	32,570	48,503	54,044	59,962	63,574	63,657	61,560	56,992	15,933	48.9	8,489	17.5
Foreign currency	6,933	10,689	12,905	16,233	19,580	18,390	19,180	20,519	3,756	54.2	9,830	92.0

1) Outstanding of end of period.

2) As regulated, savings deposits are only available in rupiah.

Rpl9.7 trillion (49.8%) in the preceding year (Table IV.4). Time and savings deposits grew more rapidly by 37.1% and 41.6%, respectively, whereas demand deposits rose only by 12.3%. Higher interest rates paid on time and savings deposits after mid 1990 were the major factor driving the higher growth of time and savings deposits. In addition, innovative savings schemes whose characteristics are nearer to those of demand deposits also played an important role in this regard. Despite the conversion of the state-owned enterprises deposits to SBIs 1990/91, time deposits still contributed a major share in total bank funds. The share increased from 61.4% in the previous year to 64.3% in the reporting year. Meanwhile, the share of savings deposits in total bank fund stabilized at around 12.5%, whereas that of demand deposits decreased from 27.0% to 23.2%. Of total deposits, the share of deposits with state banks fell from 51.4% to 44.0% at the end of the reporting year, and that of deposits with private national banks rose from 39.1% to 44.9%.

With respect to foreign exchange deposits, a marked increase was recorded during 1990/91. Demand deposits and time deposits in foreign exchange increased more rapidly by 87.1% and 93.3%, respectively, in comparison to an increase of 64.1% and 51.6% in the preceding year. This trend was closely related to foreign exchange speculation emanating from the rumors about an exchange rate devaluation. In reverse, demand deposits in rupiah decreased by 0.7%, compared with a high increase of 49.6% in the preceding year. This decline was also attributed to a shift from rupiah demand deposits to savings deposits induced by the emergence of new schemes of saving deposits with more attractive features including higher interest rates.

By maturity, rupiah time deposits of 1-3 month grew by 71.5% compared with 16.7% in the preceding year, whereas those of 3-24 months decreased by 6.6% compared with an increase of 44.6% in the preceding year. The higher interest rates paid on time deposits with shorter maturities than those with longer maturities resulted in the more rapid growth of time deposits with shorter maturities. This higher interest rates with shorter maturities reflected banks' efforts to meet the need for short-term funds arising from liquidity shortage associated with the tightening of monetary policy. By ownership, rupiah time deposits of individuals still contributed a major share of 52.6% followed by private and state enterprises with a share of 20.1% and 10.7%, respectively (Table IV.5).

Slow growth of bank funds has in turn led to a deceleration of the expansion of bank credits. During the reporting year, the growth of bank credits in rupiah and foreign exchange slowed down to 40.3% compared with 53.8% in the previous year. This slowdown of bank credits occurred primarily in rupiah credits which increased only by 33.9% compared with 47.5% in the preceding year (Table IV.6). Meanwhile, bank credits in foreign exchange still grew considerably by 113.9%. This was attributable to the lower interest rates on foreign exchange credits and higher confidence of business community in the stability of rupiah.

By types of credits, consumer credits increased considerably by 100.7%, mainly extended to housing sector and vehicles. Still, the share of consumer credits in total bank credits was relatively small, 8.1% at the end of the reporting year. In line with the growing demand for investment, investment credits increased further by 35.7%, compared with 31.0% in the

**TABLE IV.5**  
**DEVELOPMENTS OF RUPIAH TIME DEPOSITS BY GROUP OF OWNERSHIP 1)**  
(billions of rupiah)

Group of ownership	1988/89		1989/90		1990/91				Growth			
					1989/90		1990/91		1989/90		1990/91	
					I	II	III	Jan.	Feb.	Mar.	Nominal	%
<b>1. Residents</b>	<b>20,970</b>	<b>27,998</b>	<b>29,855</b>	<b>35,780</b>	<b>38,756</b>	<b>38,851</b>	<b>35,620</b>	<b>33,579</b>	<b>7,028</b>	<b>33.5</b>	<b>5,581</b>	<b>19.9</b>
Government	577	1,548	1,668	1,873	1,523	1,541	1,530	513	971	168.3	-1,035	-66.9
Insurance companies	2,204	3,344	3,507	4,091	4,583	4,474	2,719	1,335	1,140	51.7	-2,009	-60.1
State enterprises	3,858	2,905	2,858	3,626	3,145	3,065	2,074	1,735	-953	-24.7	-1,170	-40.3
Private enterprises	1,762	4,033	5,036	6,637	7,529	7,426	7,305	6,788	2,271	128.9	2,755	68.3
Social foundations	2,178	2,689	2,676	3,201	3,503	3,462	3,602	3,620	511	23.5	931	34.6
Individuals	8,870	11,789	12,508	14,609	16,244	16,653	16,402	17,748	2,919	32.9	5,959	50.5
Others 2)	1,521	1,690	1,602	1,743	2,229	2,230	1,988	1,840	169	11.1	150	8.9
<b>2. Non-residents</b>	<b>14</b>	<b>30</b>	<b>11</b>	<b>43</b>	<b>78</b>	<b>114</b>	<b>162</b>	<b>171</b>	<b>16</b>	<b>114.3</b>	<b>141</b>	<b>470.0</b>
<b>Total</b>	<b>20,984</b>	<b>28,028</b>	<b>29,866</b>	<b>35,823</b>	<b>38,834</b>	<b>38,965</b>	<b>35,782</b>	<b>33,750</b>	<b>7,044</b>	<b>33.6</b>	<b>5,722</b>	<b>20.4</b>

1) Outstanding of end of period.

2) Includes official entities, non-bank financial institutions (NBFIs), and cooperatives.

**TABLE IV.6**  
**DEVELOPMENTS OF BANKS' CREDITS BY TYPE OF**  
**CREDITS, GROUP OF BANKS, ECONOMIC SECTOR, AND RUPIAH AND FOREIGN EXCHANGE 1)**  
**(billions of rupiah)**

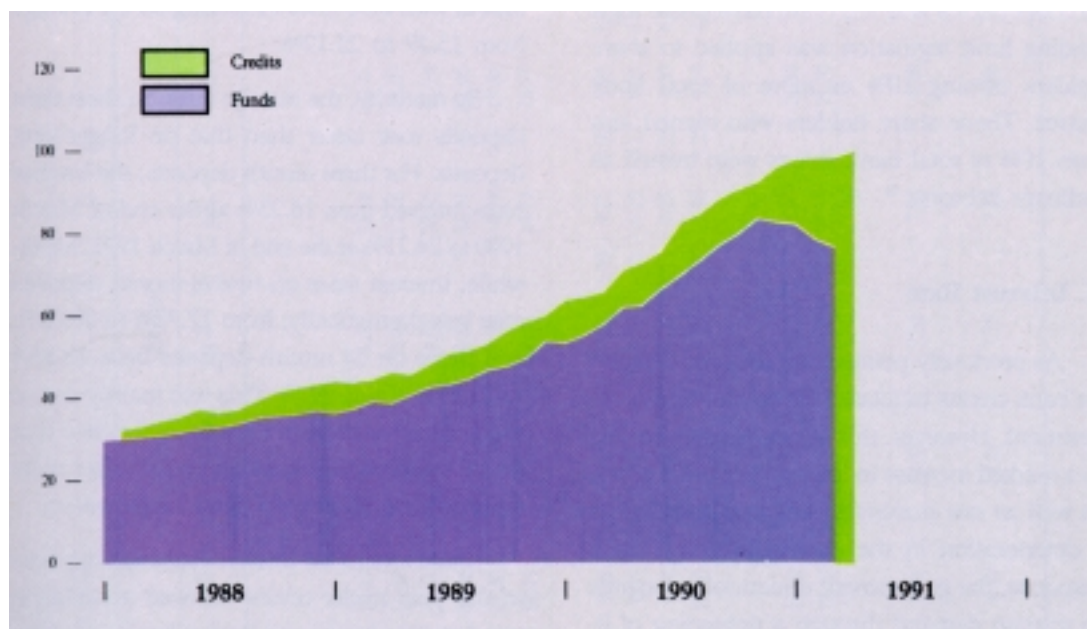
Items	1988/89	1989/90	1990/91						Growth			
			I	II	III	Jan.	Feb.	Mar.	1989/90		1990/91	
									Nominal	%	Nominal	%
<b>1. By type of credits</b>	<b>46,526</b>	<b>71,564</b>	<b>82,334</b>	<b>91,036</b>	<b>97,696</b>	<b>97,518</b>	<b>97,798</b>	<b>100,413</b>	<b>25,038</b>	<b>53.8</b>	<b>28,849</b>	<b>40.3</b>
Investment	12,541	16,423	17,446	19,528	21,452	21,770	21,432	22,288	3,882	31.0	5,865	35.7
Working capital	31,694	51,073	59,850	63,384	68,043	67,583	68,256	69,962	19,379	61.1	18,889	37.0
Consumption	2,291	4,068	5,038	8,124	8,201	8,165	8,110	8,163	1,777	77.6	4,095	100.7
<b>2. By group of banks</b>	<b>46,526</b>	<b>71,564</b>	<b>82,334</b>	<b>91,036</b>	<b>97,696</b>	<b>97,518</b>	<b>97,798</b>	<b>100,413</b>	<b>25,038</b>	<b>53.8</b>	<b>28,849</b>	<b>40.3</b>
State banks	30,270	42,589	46,915	51,028	53,524	53,542	53,221	54,699	12,319	40.7	12,110	28.4
Private national commercial banks	11,441	22,684	28,272	31,890	34,975	34,593	34,968	35,641	11,243	98.3	12,957	57.1
Regional development banks	1,238	1,814	1,995	2,171	2,302	2,331	2,401	2,512	576	46.5	698	38.5
Foreign banks	1,994	3,786	4,463	5,265	6,177	6,324	6,485	6,837	1,792	89.9	3,051	80.6
Bank Indonesia 2)	1,583	691	689	682	718	728	723	724	-892	-56.3	33	4.8
<b>3. By economic sector</b>	<b>46,526</b>	<b>71,564</b>	<b>82,334</b>	<b>91,036</b>	<b>97,696</b>	<b>97,518</b>	<b>97,798</b>	<b>100,413</b>	<b>25,038</b>	<b>53.8</b>	<b>28,849</b>	<b>40.3</b>
Agriculture	4,311	5,982	6,525	6,974	7,176	7,324	7,100	7,629	1,671	38.8	1,647	27.5
Mining	388	519	594	603	615	615	651	645	131	33.8	126	24.3
Manufacturing	15,683	22,449	25,257	26,712	30,502	30,917	29,977	31,313	6,766	43.1	8,864	39.5
Trade	14,687	22,814	26,260	29,355	29,737	29,110	29,146	29,590	8,127	55.3	6,776	29.7
Service	7,590	11,862	13,871	16,553	17,897	17,838	17,450	17,809	4,272	56.3	5,947	50.1
Others	3,867	7,938	9,827	10,839	11,769	11,714	13,474	13,427	4,071	105.3	5,489	69.1
<b>4. In rupiah and foreign currency</b>	<b>46,526</b>	<b>71,564</b>	<b>82,334</b>	<b>91,036</b>	<b>97,696</b>	<b>97,518</b>	<b>97,798</b>	<b>100,413</b>	<b>25,038</b>	<b>53.8</b>	<b>28,849</b>	<b>40.3</b>
Rupiah	44,615	65,814	74,732	80,862	85,863	86,123	86,166	88,115	21,199	47.5	22,301	33.9
Foreign currency	1,911	5,750	7,602	10,174	11,833	11,395	11,632	12,298	3,839	200.9	6,548	113.9

1) Outstanding of end of period.

2) Bank Indonesia's direct credits.



**CHART 4**  
**BANK FUNDS AND CREDITS**  
**trillions of rupiah**



previous year, whereas working capital credits increased at a declining rate from 61.1% in 1989/90 to 37.0% in the year under review.

By group of banks, state banks still dominated total bank credits, although their share declined from 59.5% to 54.5% at the end of the reporting year. On the other hand, the share of private national banks and foreign banks rose respectively from 31.7% and 5.3% to 35.5% and 6.8% at the end of the year under review.

By economic sector, a major increase in borrowing took place in the manufacturing sector, i.e. 39.5%, and their share in total bank credits at the end of the reporting year was a dominant (31.2%). This increase was mainly extended to finance investment in textile, pulp, chemicals and pharmaceuticals. Credits extended to the trade sector rose by 29.7% which were used to

finance retail trading, distribution, stock building of domestic merchandise, restaurants and hotels. A major increase was also recorded in the agricultural sector, i.e. 27.5%, which was mainly used to finance the purchase of food and sugar under its stockpile and price support programme, and high investment in plantation estate.

Credits extended to small-scale enterprises, the so called KUK, progressed satisfactorily as reflected in an increase in their share in total bank credits to 22.4% as of the end of the reporting year. Meanwhile, credits extended to cooperatives, as part of the credits to small-scale enterprises, which was refinanced by the Bank Indonesia liquidity credits, increased by 10.6%. This increase reflects government efforts to promote a wider public participation in the economic development. In line with the attempts

to improve farmers' income and to increase food production, credits to farmers (Kredit Usaha Tani or KUT) for intensification of paddy/secondary crops rose to Rp725.9 billion at end of reporting year, and those for small holders sugar cane intensification reached Rpl,936.0 billion.

The February 1991 policy package includes several measures to promote a sound national credit system in were introduced. The extension of credits to finance stock exchange transactions was prohibited in order to minimize credit risk resulting from large fluctuation in stock prices. For this purpose, banks are also prohibited from engaging in stock holding, except for equity participation.<sup>3)</sup> In addition, all types of credits extended by banks and non-bank financial institutions including bank guarantees and share holdings were subject to legal lending limit. Exemptions from the legal lending limit included credits covered by a guarantee issued either by government, credit insurance agencies, prime banks overseas, or guarantee under a risk sharing arrangement with other banks. Also included in the exemptions were credits extended to BULOG, the state agency for food procurement, for food and sugar procurement and to cooperatives and KUT. Moreover, the legal lending limit regulation was applied to share holders owning 10% or more of total bank shares. Those share holders who owned less than 10% of total bank shares were treated as ordinary debtors.<sup>4)</sup>

## E. Interest Rate

As previously pointed out, the high demand for bank credits facilitated the acceleration of

investment. However, this strong investment led to a marked increase in imports of capital goods as well as raw materials, which in turn led to a deterioration in the current account. As a response, the government undertook measures to restrain demand through a tightening of liquidity. This tightening of liquidity was also aimed at curbing inflationary pressures and dampening foreign exchange speculation against rupiah. This measure and the consequence increase of SBIs discount rate has led to a squeeze of bank's liquidity that in turn caused a jump in average interest rates on interbank transactions, deposits and credits. On average interbank interest rates soared from 10.77% at the end of March 1990 to 21.53% at the end of December 1990 and reached 26.99% at the end of March 1991. At the same time, average interest rates on rupiah time deposits rose from 16.86% to 19.84% at the end of December 1990 and 23.17% at the end of March 1991. The higher increase in interest rates on time deposits occurred at state banks which raised interest rates drastically at the end of February 1991 as a response to the monetary action which stipulated the conversion of state-owned enterprise deposits into SBIs. The increase in interest rates also affected foreign banks, with their rates increasing on the average from 15.29 to 23.12%.

By maturity, the interest rates on short-term deposits rose faster than that on longer-term deposits. For three month deposits, the interest rates jumped from 16.23% at the end of March 1990 to 24.21% at the end of March 1991. Meanwhile, interest rates on twelve-month deposits rose less dramatically, from 17.79% to 20.03%, and those on 24 month deposits from 18.56% to 20.35% (Table IV.7). This was mainly due to the implementation of tight money policy that forced banks in the transition period to put more emphasis on short-term fund mobilization.

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3) Bank Indonesia Circular Letter No. 23/3/UKU, February 28, 1991.

4) Bank Indonesia Circular Letter No. 23/3/UKU, February 28, 1991.

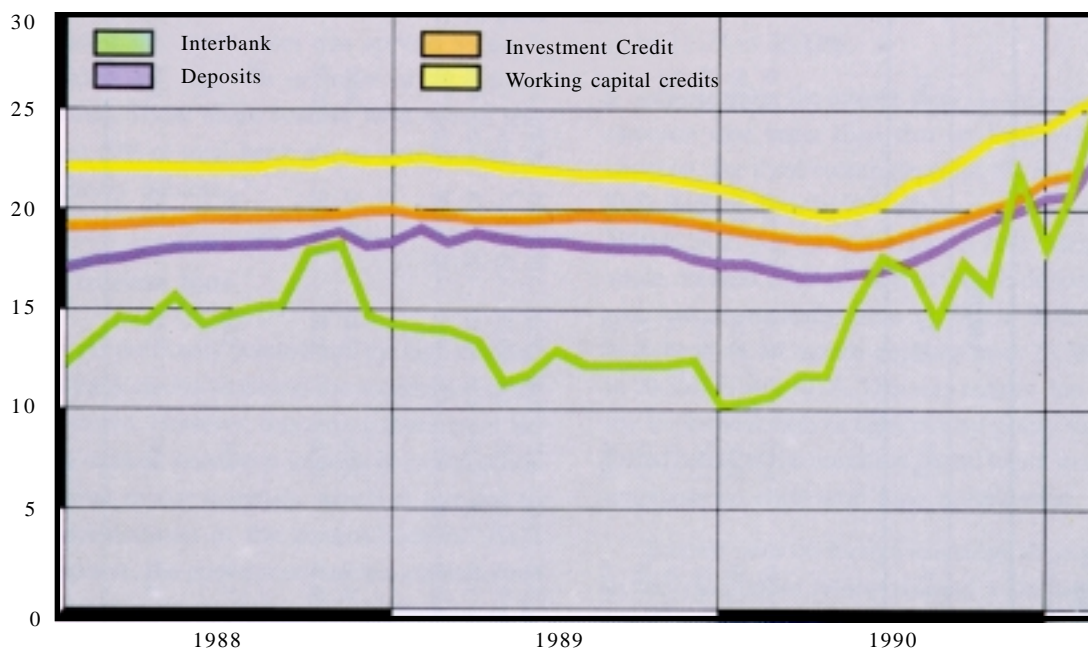
**TABLE IV.7**  
**INTEREST RATES 1)**  
(percent per annum)

Particulars	1988/89 2)	1989/90 2)	1990/91						
			I 2)	II 2)	III 2)	Jan.	Feb.	Mar.	
<b>1. Time deposits</b>									
Rupiah									
1 month	18.15	15.46	15.87	19.19	21.60	22.16	22.43	26.13	
3 months	17.95	16.23	16.09	18.36	20.99	21.36	22.09	24.21	
6 months	19.16	16.90	16.31	17.47	19.63	20.45	21.14	23.42	
9 months	19.21	17.94	17.36	17.54	21.14	21.31	21.65	22.08	
12 months	18.82	17.79	17.30	17.65	18.58	18.93	19.36	20.03	
24 months	16.92	18.56	18.14	18.09	18.52	18.73	18.97	20.35	
Foreign currency									
1 month	5.25 - 9.35	5.00 - 9.25	5.00 - 9.25	5.00 - 9.25	5.00 - 9.25	5.00 - 9.25	5.00 - 9.25	5.00 - 9.25	
3 months	5.75 - 9.70	5.75 - 9.25	5.75 - 9.25	4.15 - 9.25	4.15 - 9.25	4.15 - 9.25	4.15 - 9.25	4.15 - 9.25	
6 months	6.00 - 9.95	6.00 - 9.25	6.00 - 9.25	5.15 - 9.25	4.25 - 9.25	4.25 - 9.25	4.25 - 9.50	4.25 - 9.50	
12 months	6.25 - 10.07	6.25 - 9.25	6.25 - 10.00	5.35 - 9.25	4.25 - 9.50	4.25 - 9.50	4.25 - 9.50	4.25 - 9.50	
<b>2. Credits</b>									
Working capital	22.30	20.20	19.60	21.20	23.40	23.90	24.30	26.70	
Investment	19.60	18.80	18.10	19.20	20.20	21.30	21.70	23.20	
<b>3. LIBOR</b>									
3 months	10.31	8.50	8.31	8.31	7.56	7.06	6.88	6.38	
<b>4. SIBOR</b>									
3 months	10.19	8.50	8.37	8.37	7.75	7.13	6.88	6.44	

1) Weighted average interest rates, except for foreign exchange time deposits, LIBOR, and SIBOR.

2) End of period.

**Chart 5**  
**INTEREST RATES**  
(percent per annum)



Interest rates on foreign exchange deposits in the year under review showed a declining trend at state banks and foreign banks, whereas those at private national banks rose drastically. The decline in the foreign exchange deposits at foreign banks was a reflection of the lower interest rates on US dollar deposits abroad, as evidenced by the decline in the three-month LIBOR from 8.50% at the end of 1990 to 6.38% at the end of March 1991. Interest rates on foreign exchange deposits with state banks that were consistently higher than those with other banks in the previous year dropped remarkably to the level approaching the interest rates of foreign exchange deposits with foreign banks. For illustration, the range of interest rates on foreign exchange deposits of three-month maturity with state banks declined from around 7.72% - 8.35% to 4.15% - 8.25%. In their efforts to acquire more funds, private national banks

raised their interest rates on foreign exchange deposits as reflected in the increase in the range of interest rates on three-month foreign exchange deposits from 7.25% - 9.25% to 8.50% - 9.25%. Meanwhile, the lower interest rates overseas provided more room for banks to attract offshore loans.

Interest rates on loans rose slower than those on deposits. Interest rates on working capital and investment credits increased from 20.20% and 18.80% to 26.70% and 23.20%, respectively at the end of the reporting year. The sluggish response of interest rates on investment credits was partly associated with the continued extension of Bank Indonesia liquidity credits to refinance investment credits. On the other hand, the quick response of the interest rates on working capital credits followed more closely the trend of interest rates on short-term time deposits.

## V. MONEY AND CAPITAL MARKET

### A. General Policy

According to the Fifth Five-year Development Plan, the funds needed to finance the development are to be raised from domestic sources, especially funds mobilized from the private sector. To enhance the mobilization of funds through financial institutions as well as the capital market, the Government continued efforts to promote the functioning of the money and capital markets. Sound development of the money market can improve the effectiveness of the central bank's monetary management, mainly through the open market operations. In addition, the efforts to improve the functioning of the interbank money market will allow banks and non-bank financial institutions (NBFIs) to manage their funds more efficiently, which in turn could encourage the mobilization of funds from the private. Meanwhile, the Government continued to improve the working of the capital market in order to encourage the mobilization of long-term funds.

Efforts to promote the money market were undertaken, among other things, through the improvement of its instruments and institutional framework. With respect to instrument, in 1971 the Government opened up opportunity for banks to issue certificates of deposits (CDs), in addition to other short-term papers traded in the money market. In addition, the reactivation of Bank Indonesia certificate (*Sertifikat Bank Indonesia* or SBI) in early 1984 and the introduction of money market securities (*Surat Berharga Pasar Uang* or SBPU) in early 1985 have also increased the utilization of money market instruments by banks and NBFIs in managing their liquidity as both papers are marketable. With regard to the institutional framework, Bank Indonesia has

organized the interbank money market since 1974 and has particularly since 1987 promoted the secondary market for SBIs and SBPU through the issuance of relatively long-term SBIs and the appointment of some banks and NBFIs as market makers and brokers.

In the meantime, the adjustment measures in various sectors undertaken up to the reporting year and the effects of globalization of the economy in conjunction with the free exchange system, have increased transactions in the foreign exchange market. Besides, a closer link has also evolved between domestic foreign exchange and rupiah markets as well as between domestic and overseas foreign exchange markets. These developments increased the need for a sound and integrated policy in both foreign exchange and rupiah markets to achieve monetary stability and a sustainable balance of payments. The Government has also made efforts to develop a sound foreign exchange market in order to meet the need for foreign exchange for development. This was expressed especially in 1989 by removing the ceiling on bank foreign borrowing and replacing it with a limit on the net open foreign exchange position (NOP) of banks and NBFIs. The foregoing restriction was intended to contain bank excessive exposure on foreign exchange risks. Meanwhile, foreign exchange selling by banks originating from exports, swap and reswap, and foreign currency bill transactions are carried out in the morning using an indicative rate. In the afternoon, Bank Indonesia is ready to buy or sell foreign exchange, at a rate determined by Bank Indonesia, based on market developments.

Efforts to enhance the efficiency in rupiah and foreign exchange transactions continued to be

undertaken. With the February 1991 Policy Package, Bank Indonesia extended the opportunities for the establishment of brokerage firms in these two markets. Furthermore, terms and conditions of Discount Facility I were extended by allowing banks to make use of the facility through the sale of securities on a repos (repurchase agreement) basis. To promote foreign exchange market and investment activities, conditions with respect to NOP and swap transactions with Bank Indonesia have also been adjusted. To increase the protection for banks from risks in foreign exchange transactions, Bank Indonesia also introduced a regulation on margin trading.

To encourage companies and investors to participate in the capital market, with the December 1987 Policy Package the Government simplified emission requirements for going public through the elimination of a 10% minimum profit requirement. Foreign investors are also offered the opportunity to participate in stock ownership and private parties to operate securities and parallel bourses. In addition, with the December 1988 Policy Package the Government introduced a company-listing system which was expected to improve price mechanism in the securities market. It should be noted that through this system, companies are allowed to list all of their issued and fully paid shares at the bourse. In December 1990, the Government introduced a policy package providing for an adjustment of Bapepam's functions, the plan in privatization of the Jakarta Stock Exchange (JSE), and the establishment of a capital market clearing-house.

## **B. Money Market**

In order to integrate the rupiah and foreign exchange markets and enhance the efficiency of

the markets, Bank Indonesia introduced with February 1991 Policy Package the rules for the establishment of brokerage firms for those markets. A brokerage firm has to be located in Jakarta and must have the legal form of a limited company, whether a national or a joint-venture company, and a minimum paid-up capital of Rp1 billion is required. If the brokerage firm is a joint-venture company, the domestic partner could be a company, a group of companies, an individual, or a group of experts, while the foreign partner should be a well-known broker in the international money market. Equity participation of the national partner is fixed at a minimum of 15%. The brokerage firm is allowed to act only as an intermediary providing services for banks and NBFIs in the rupiah and foreign exchange markets; the company is not allowed to take open positions.<sup>1)</sup>

To minimize risks in foreign exchange transactions faced by banks as well as by customers, the February 1991 Policy Package also contains provision regarding margin trading. According to the provision, margin trading can only be carried out by foreign exchange banks, whether for their own account or for the account of their customers, and should be based on a contract specifying at least the currency, settlement, recording of profit and loss, and amount of margin deposits. Margin trading for a bank's own account is based on the amount of margin deposits which is limited to 10% of the bank's capital. In case of a loss reaching 5% of its capital during the prevailing fiscal year, the bank has to terminate the trading and can resume only with Bank Indonesia's permission. If the trading is for the account of the customer, the initial margin deposits is fixed at a minimum of 10% of the agreed maximum trading position.

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1) Board of Directors of Bank Indonesia Decree No. 23/83/KEP/DIR, February 28, 1991.

The balance of this margin deposits at all times can not be lower than 50% of the initial margin deposits. In case of a loss causing the balance of the margin deposits to go down reaching 50% threshold (maintenance deposits), the customer has to replenish the margin deposits within 24 hours. If the customer can not fulfill, the obligation, the bank has to terminate the contract (cut loss). In addition, banks are not permitted to carry out margin trading for customers belonging to the same business group, board of directors, commissioners, supervisors, or owners of the bank concerned.<sup>2)</sup>

Along with the new regulation on margin trading, a more restrictive provision was introduced on the maximum NOP of banks. The maximum NOP for all currencies was reduced from 25% to 20% of the bank's capital. In addition, a maximum of 25% of the bank's capital was imposed on NOP for each currency.<sup>3)</sup> Meanwhile, the maximum amount of a bank's swap with Bank Indonesia, which was formerly fixed at 25% of the bank's capital, is revised downwards to 20%, while the maturity of the swap eligible for reswap with Bank Indonesia should be longer than one month but not exceeding three years in maturity. Furthermore, upon the initiative of Bank Indonesia, banks and NBFIs can deal in a swap transaction with Bank Indonesia with the terms and conditions mutually agreed upon by Bank Indonesia and the banks/NBFIs concerned.<sup>4)</sup>

## 1. Rupiah money market

In the reporting year, government efforts to control the growth of domestic demand through

a tight monetary policy affected rupiah money market developments. This was reflected in the volume of transactions and interest rates in the interbank money market, primary and secondary markets of SBIs and SBPUs, and the number of CD transactions.

The tight liquidity of banks influenced the supply of funds in the interbank money market, especially from state banks. Meanwhile, banks' and NBFIs' demand for funds in the interbank money market rose significantly bringing about a sharp increase in the interbank interest rate. In the reporting year, weighted average overnight rate in the interbank money market rose from 10.26% in March to 14.50% in June and jumped up to 21.20% in December 1990. A side from the withdrawals of Bank Indonesia liquidity credit, the squeeze in rupiah liquidity at banks was also due to the increased foreign exchange speculations in December 1990. The interbank interest rate rose further to 26.90% in March 1991 due to the conversion of state-owned enterprises' funds with banks to SBIs (Table V.1).

The increasing demand for funds in the interbank money market was also reflected in a significant increase in the transaction volume in the reporting year, reaching Rp44.3 trillion or 67.9% over that of 1989/90. The increase in the transaction volume mainly occurred in the last two quarters of the reporting year which was related to the increase in demand for funds in the money market as a result of foreign exchange speculation. There were indications that funds supplied in the money market originated mainly from sales of foreign exchange to Bank Indonesia.

Monetary policy in the reporting year also affected trade of SBIs, SBPUs, and CDs in the rupiah money market. In the reporting year, sales

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2) Bank Indonesia Circular Letter No. 23/23/UD, February 28, 1991.

3) Bank Indonesia Circular Letter No. 23/22/UD, February 28, 1991.

4) Bank Indonesia Circular Letter No. 23/25/UD, February 28, 1991.



**TABLE V.1**  
**TRANSACTIONS AND INTEREST RATES**  
**IN THE JAKARTA MONEY MARKET**

Transaction/ interest rate	1988/89 <sup>1)</sup>	1989/90	1990/91						1990/91
			I	II	III	Jan.	Feb.	Mar.	
<b>1. One day <sup>2)</sup></b>									
Transaction value (billions of rupiah)	—	22,277	7,602	8,864	9,797	3,563	3,269	4,466	37,561
Interest rate (%) <sup>3)</sup>	—	10.26	14.50	13.67	21.20	17.61	20.38	26.90	26.90
<b>B. Total</b>									
Transaction value (billions of rupiah)	12,712	26,376	10,078	10,371	11,367	3,946	3,597	4,937	44,296
Interest rate (%) <sup>3)</sup>	13.66	10.77	15.24	14.11	21.53	17.85	20.69	26.99	26.99

1) Before October 1988, the recording of interbank money market transactions only covers those of the maturities of 7 days and over.

2) Afternoon transactions.

3) Weighted average interest rate in the last month of the period.

of SBIs reached Rp32.3 trillion, comprising sales through auction in the framework of open market operation (Rp22.4 trillion) and special SBIs originating from the conversion of state-owned enterprises' funds with banks (Rp9.9 trillion). The sales of SBIs through the auction system decreased sharply by 54.7% compared with last year's sales of Rp49.5 trillion. Taking maturing SBIs amounting to Rp25.1 trillion into account, in the reporting year outstanding SBIs reached a total amount of Rp9.4 trillion (Table V.2). The decrease in SBI sales through the auction system was connected to the banks' tight liquidity position due, among other things, to the withdrawal of maturing and not renewed KLBI and foreign exchange speculation.

SBI quarterly sales through the auction system reached Rp6.5 trillion and Rp5.9 trillion in the first and second quarter, respectively, although the SBI discount rate rose by 4.80 percentage points to 16.13% at the end of June 1990. The low sales of SBIs pointed to the impact

of the withdrawals of Bank Indonesia liquidity credit. It should be noted, however, that the SBI discount rate was significantly higher and thus more attractive than the weighted average rate of interest on three month time deposits of 16.09% and the interbank money market rate of 15.2%. Furthermore, in the third quarter, SBI sales reached only Rp4.8 trillion although the SBI discount rate increased further to 17.87% at the end of December 1990. This was strongly connected with the increased tightness of banks' liquidity, and also with decrease in SBI sales through the auction system continued in the fourth quarter, amounting to Rp5.2 trillion, was closely related due to the continued speculation in the foreign exchange market and the conversion of state-owned enterprises' funds with banks to special SBIs.

Along with the decrease in SBI sales in the primary market, SBI transactions in the secondary market decreased significantly to Rp1.4 trillion, compared with Rp9.5 trillion in



**TABLE V.2**  
**ISSUANCE, REPAYMENT, AND OUTSTANDING OF BANK INDONESIA**  
**CERTIFICATES (SBIs) AND MONEY MARKET SECURITIES (SBPUs)**  
**(billions of rupiah)**

Particulars	1988/89	1989/90	1990/91						
			I	II	III	Jan.	Feb.	Mar.	Total
<b>1. S B I</b>									
SBI by auction									
– Issuance	35,629	49,478	6,463	5,923	4,849	3,179	1,113	903	22,430
– Repayment	34,027	49,632	6,619	6,572	4,731	3,556	1,797	1,061	24,336
– Outstanding	2,370	2,216	2,060	1,411	1,529	1,152	468	310	310
– Interest rate (%) <sup>1)</sup>	15.23	11.33	16.13	16.58	17.87	18.58	19.07	22.75	--
Special SBI									
– Issuance	--	--	--	--	--	--	--	9,866	9,866
– Repayment	--	--	--	--	--	--	--	762	762
– Outstanding	--	--	--	--	--	--	--	9,104	9,104
– Interest rate (%) <sup>2)</sup>	--	--	--	--	--	--	--	...	--
<b>B. S B P U</b>									
SBPU by auction									
– Issuance	1,265	1,302	1,856	--	--	--	753	392	3,001
– Repayment	1,265	1,049	2,109	--	--	--	--	1,008	3,117
– Outstanding	--	253	--	--	--	--	753	137	137
– Interest rate (%) <sup>1)</sup>	15.80	13.37	--	--	--	--	28.24	30.87	--
Special SBPU									
– Issuance	--	--	--	--	--	--	--	7,315	7,315
– Repayment	--	--	--	--	--	--	--	669	669
– Outstanding	--	--	--	--	--	--	--	6,646	6,646
– Interest rate (%) <sup>3)</sup>	--	--	--	--	--	--	--	...	--

1) The last month of the period.

2) Interest rate for one year maturity was 22.00%.

3) Interest rate for :

- 7 day was 18.75%.
- 14 day was 19.25%.
- 21 day was 19.75%.
- 1 month was 20.25%.
- 3 month was 21.00%.
- 6 month was 22.00%.
- 1 year was 23.00%.

**TABLE V.3**  
**SBI TRANSACTIONS IN THE SECONDARY MARKET**

Period	Transaction value (billions of rupiah)	Weighted average interest rate (percent per annum)
1988/89		
Quarter III	--	--
Quarter IV	1,064.2	15.83
1989/90		
Quarter I	1,893.6	14.06
Quarter II	2,943.5	13.48
Quarter III	2,634.6	12.85
Quarter IV	1,980.7	12.67
1990/91		
Quarter I	858.2	13.42
Quarter II	83.5	19.87
Quarter III	214.0	21.95
Quarter IV	199.5	21.39

the preceding year (Table V.3). The decrease was due, among other things, to a relatively tight economic liquidity and relatively more attractive investment opportunities in time and demand deposits. For example, SBI transactions in the secondary market which amounted to Rp858.2 billion in the first quarter dropped sharply to only Rp199.5 billion in the fourth quarter, although the SBI discount rate rose sharply from 13.42% in the first quarter to 21.39% in the fourth quarter.

In the reporting year, SBPU's purchased by Bank Indonesia amounted to Rp10.3 trillion, comprising special SBPU's of Rp7.3 trillion and SBPU's purchased through the auction system of Rp3.0 trillion. It should be noted that purchase of special SBPU's was intended to aid banks facing a decrease in liquidity due to the conversion of state-owned enterprises deposits in March 1991. In line with banks' liquidity developments,

the purchase of SBPU's through the auction system was conducted only in the first and fourth quarter amounting to Rp1.9 trillion and Rp1.1 trillion, respectively. It was intended to assist banks in overcoming liquidity problems due to the withdrawal of maturing Bank Indonesia liquidity credits since early 1990/91 and conversion of state-owned enter prices deposits in early March 1991 (Table V.2). Meanwhile, in conformity with money market developments, the SBPU discount rate rose. The discount rate on seven-day SBPU's rose from 13.50% in early 1990/91 to 28.33% at the end of March 1991.

As previously mentioned, the policy package of February 1991 expanded the opportunity for banks to make use of Discount Facility I by selling securities on the basis of a repurchase agreement in addition to the existing facility accessible upon submission of securities as collateral. A modification was also introduced in the

maximum amount and maturity of the facility. The eligible securities include SBIs and SBPUs which have been endorsed by the borrowing bank. The use of SBIs under the new regulation is limited to 5% of the total deposits with the borrowing bank and for SBPUs the maximum is set at 3%. The maturity of Discount Facility I is set at 7 days, which can be extended to a maximum of 14 days; the rate is linked to the morning interbank money market rate.<sup>5)</sup>

Up to the end of March 1991, the transaction volume under the Discount Facility I on the basis of repurchase agreement reached Rp41.8 billion. The average discount rate for the 7 days maturity was 27.94%. In the reporting year, the recourse by 44 banks to the non-repo Discount Facility I reached Rp1.8 trillion. The significantly high utilization of the facility can be attributed to the tightness of the banks' liquidity. It is worthy to note that in 1989/90 the recourse to the facility was nil.

The issuance of CDs, which has been encouraged since 1971, rose remarkably from Rp102 billion at the end of March 1983 to Rp445 billion at the end of March 1985 to a peak of Rp590 billion at the end of September 1985 (Table V.4). It can be noted that approximately 90% of the issuance has been conducted by state banks and the remainder by foreign banks. In the subsequent four years, the issuance of CDs decreased significantly to Rp152 billion at the end of March 1989. The decrease took place in the CDs issued by state banks (from Rp418 billion to Rp61 billion at the end of March 1989). Meanwhile, private national commercial banks started to issue CDs only since October 1984.

The decline in the CDs was closely related, among other things, to the imposition of a tax on the sales of CDs before maturity and the increase of SBI and SBPU transactions.

In the reporting year, the issuance of CDs increased by 155.3% to Rp434 billion; this compares with an increase of 11.8% in the preceding year. The substantial increase was mainly attributable to the increase of interest rates and the growing number of private banks issuing CDs. The CDs issued by private and foreign banks rose by 255.9%, compared with 33.8% for those by state banks. As such, the share of private national and foreign banks in the issuance of CDs rose to 75%.

## **2. Foreign exchange market**

In 1990/91, foreign exchange market activities increased, which is reflected in the number of participants as well as in the type and the volume of transactions. The increase was in line with the growth of economic activities and the growing tendency of economic globalization. The number of foreign exchange market participants, comprising foreign exchange banks and NBFIs, increased in the reporting year by 5 joint-venture banks and 4 private foreign exchange banks to a total number of 67 banks and NBFIs at the end of March 1991. The increase of the number of bank participants was closely related to the easier requirements for banks to become foreign exchange banks through the October 1988 Policy Package.

Along with the increase in the number of market participants, in the reporting year interbank foreign exchange transactions rose by 119.6% to \$172.6 billion comprising spot (70.7%), swap (15.4%), and forward (13.9%)

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5) Bank Indonesia Circular Letter No. 23/23/UPG, February 28, 1991.

**TABLE V.4**  
**CERTIFICATES OF DEPOSITS <sup>1)</sup>**  
**(billions of rupiah)**

End of period	State banks	Foreign banks <sup>2)</sup>	Total
1982/83	91	11	102
1983/84	346	30	376
1984/85	418	27	445
1985/86	184	59	243
1986/87	86	34	120
1987/88	64	158	222
1988/89	61	91	152
1989/90 :			
June	56	95	151
September	64	98	162
December	64	102	166
March	77	93	170
1990/91 :			
June	66	110	176
September	64	172	236
December	121	236	357
March	103	331	434

1) The outstanding certificates of deposits are the accumulation of the balance of the preceding period and total sales subtracted with total repayment of the concerned period.

2) Before March 1985 constituting outstanding certificates of deposits at foreign banks and after March 1985 including those of private national commercial banks.

transactions. These developments are connected mainly with the increase in non-oil/gas exports earnings and the increase in businesses' needs for foreign exchange, in conformity with the increase in economic activities. In addition, the abolition of a ceiling for offshore borrowing and the establishment of indication rupiah rate for foreign exchange in the morning and a transaction rate in the afternoon also promoted activities in the foreign exchange market.

The net foreign exchange transactions between Bank Indonesia and foreign exchange banks comprising spot, including the purchase of export usance bills of exchange, and swap transactions resulted in a net buying of foreign

exchange amounting to \$3.9 billion in the reporting year, which compares with net selling of \$1.2 billion in the preceding year. All the buying operations of \$3.9 billion was attributed to swap transactions. The bank's need for liquidity resulted from the withdrawals of Bank Indonesia liquidity credit coupled with the public's speculation against rupiah in the last two quarters of the reporting year has led to substantial swap transactions with Bank Indonesia.

### **C. Capital Market**

Various measures taken by the Government since 1987 have accelerated the growth of the

**CHART 6**  
**BANK INDONESIA'S NET FOREIGN EXCHANGE TRANSACTION WITH BANKS**  
**1988 - 1991**  
**(billions of \$)**

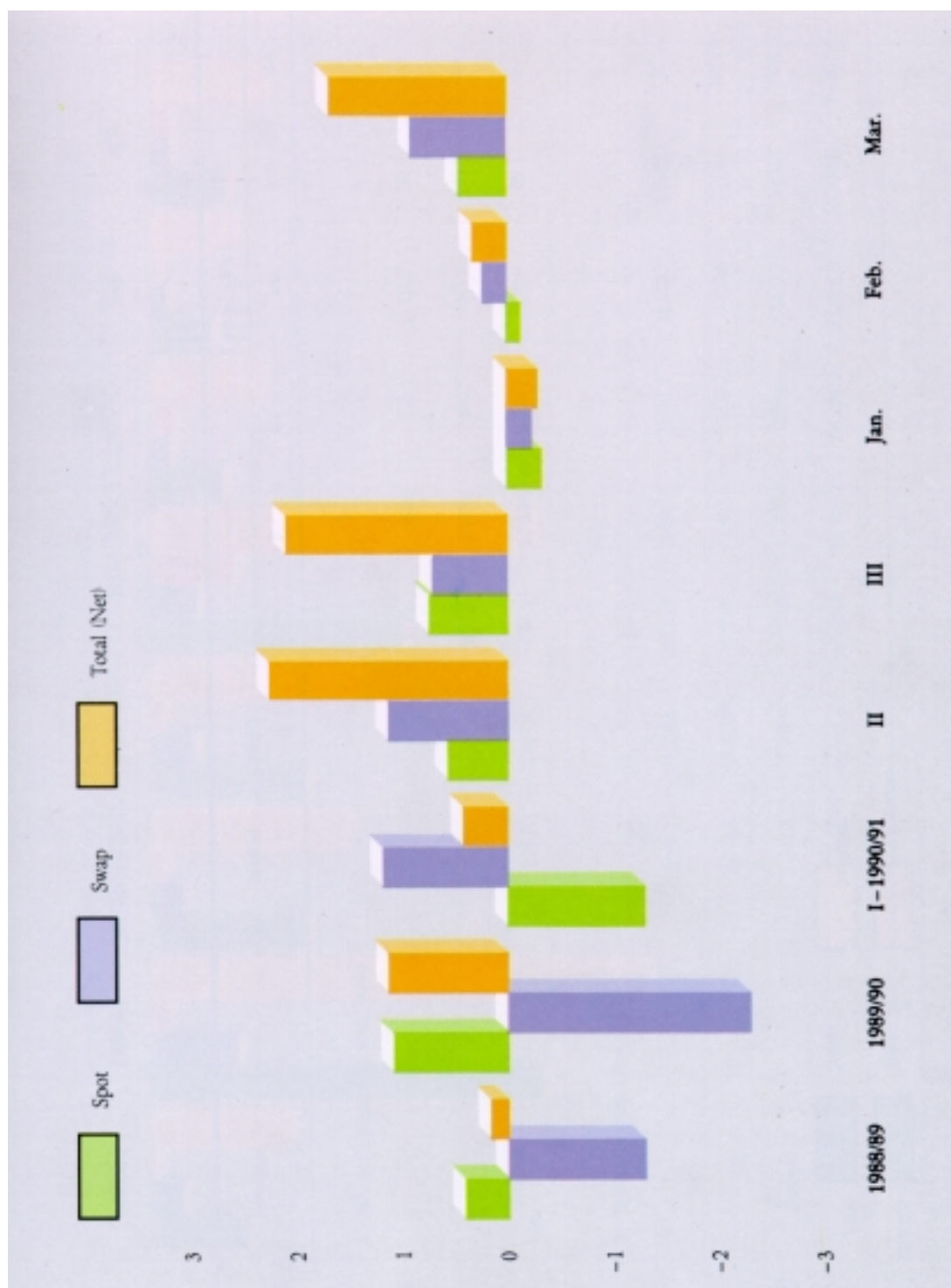
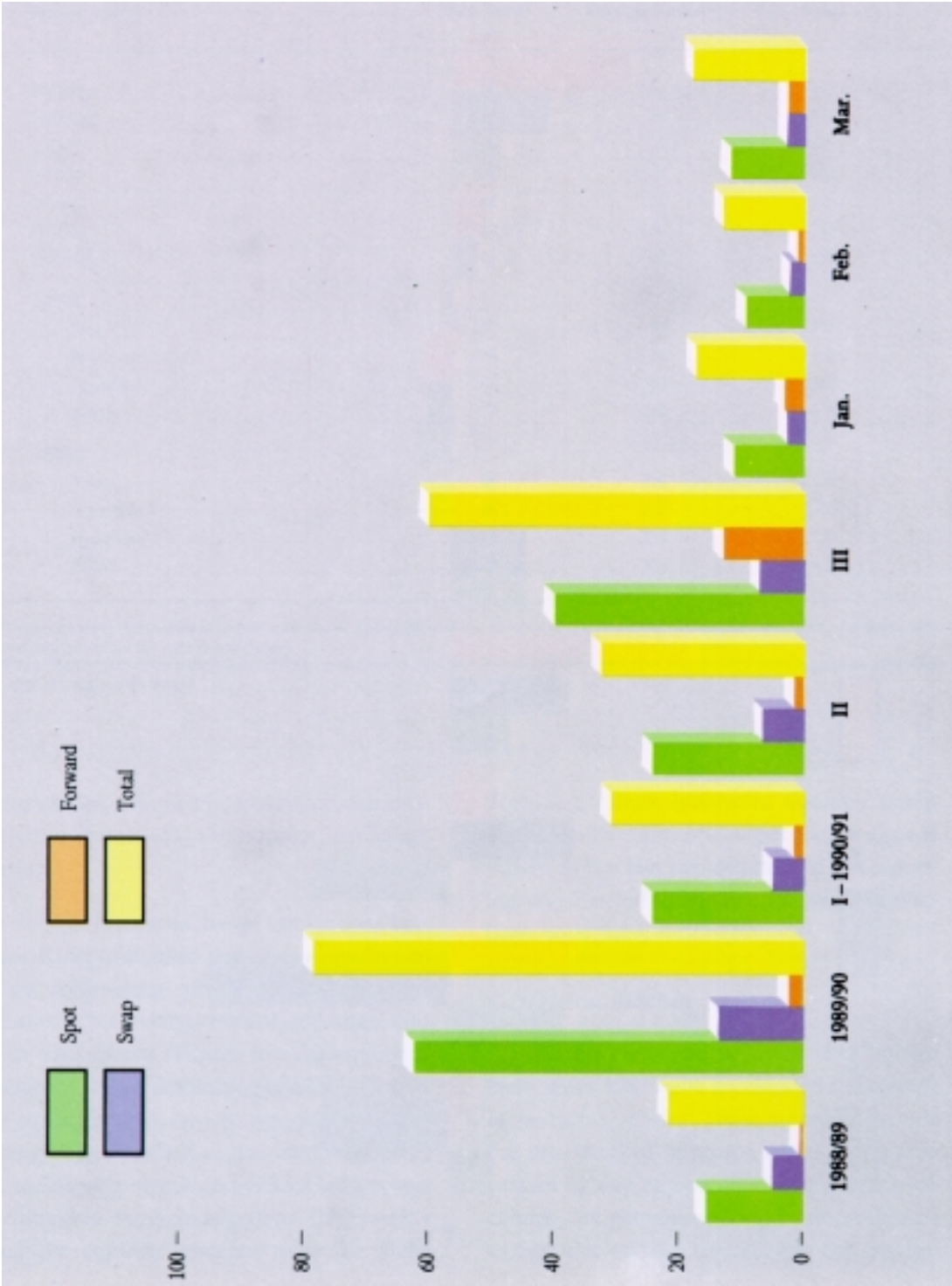


CHART 7  
INTERBANK FOREIGN EXCHANGE TRANSACTION VALUE  
1988 - 1991  
(billions of \$)



**TABLE V.5**  
**BANK INDONESIA'S NET FOREIGN EXCHANGE TRANSACTIONS WITH BANKS**  
**AND INTERBANK FOREIGN EXCHANGE TRANSACTION VALUE**  
(million \$)

Particulars	1988/89	1989/90	1990/1991					Total	
			I	II	III	Jan.	Feb.		Mar.
1. BI's net transactions with banks									
Spot <sup>1)</sup>	394.9	1,083.6	-1,314.6	564.6	710.0	-335.7	-126.9	465.7	-36.9
Swap	-172.9	-2,271.4	1,182.1	1,147.4	696.1	-244.2	225.2	918.6	3,925.2
Total	222.0	-1,187.8	-132.5	1,712.0	1,406.1	-579.9	98.3	1,384.3	3,888.3
2. Interbank transaction value									
Spot	15,965.1	62,534.6	24,546.8	24,301.8	39,941.9	11,525.2	9,603.1	12,177.5	122,096.3
Swap	4,997.6	13,492.8	4,792.8	6,658.8	7,122.5	2,755.6	2,314.1	2,938.9	26,582.7
Forward	712.3	2,366.0	1,597.8	1,773.6	13,064.6	3,137.5	1,416.6	2,931.0	23,921.1
Total	21,675.0	78,393.6	30,937.4	32,734.2	60,129.0	17,418.3	13,333.8	18,047.4	172,600.1

1) Including intervention and usance export bills of exchange.

**TABLE V.6**  
**CAPITAL MARKET DEVELOPMENTS IN THE JAKARTA STOCK EXCHANGE**

Up to the end of period	S T O C K S						B O N D S		
	Number of companies	Emission value		Bought by foreign investor		Transaction 1)	Composite stock price index	Number of companies	Emission value of bonds
		(billions of rupiah)	(million certificates)	(billions of rupiah)	(million certificates)				
1988/89	25	240.1	5.6	38	18.7	112.9	335.54	9	856.0
1989/90	66	2,739.2	151.5	1,968	230.3	1,691.3	609.02	19	1,307.5
1990/91	128	8,824.8	504.4	4,250	746.0	7,042.9	408.11	20	1,987.5
Quarter I	93	5,554.2	276.0	3,429	189.1	2,356.4	624.33	20	1,987.5
Quarter II	116	8,306.5	402.2	4,077	183.6	1,936.3	468.51	20	1,987.5
Quarter III	123	8,471.9	442.5	3,562	182.0	1,316.6	417.79	20	1,987.5
Quarter IV	128	8,824.8	504.4	4,250	191.3	1,433.6	408.11	20	1,987.5

1) Data in the period.



capital market. These measures include the provision of opportunity for foreign investors to buy stocks listed in the stock exchange, the permission for private companies to organize parallel bourse, and the imposition of income-tax on interest earned from time and savings deposits. The rapid growth of the capital market was reflected in the number of companies going public, the value of stocks issued, the stocks traded and the daily trading in the secondary market, and the stocks purchased by foreign investors. The number of companies going public and the value of stocks issued rose from 25 with a value of Rp240 billion at the end of March 1989 to 66 with a more than 11 time higher value of Rp2.7 trillion at the end of March 1990 (Table V.5). Meanwhile, stocks traded in the secondary market rose from Rp12.9 billion in 1988/89 to Rp1,691.3 billion in 1989/90. The remarkable rise in the secondary market is also reflected in a sharp increase in daily trading in 1989/90 reaching Rp10.4 billion, compared with Rp0.5 billion in 1988/89. The number of stocks purchased by foreign investors, which amounted to 5.6 million at a capitalized value of Rp38.0 billion in 1988/89, increased to 151.5 million with a value of Rp1.9 trillion at the end of 1989/90. The significant increase in transactions coincided with an increase in stock paces as measured by the increase in the composite stock pace index (Indeks Harga Saham Gabungan or IHSG), from 335.54 at the end of 1988/89 to 609.02 at the end of 1989/90.

The rapid increase in the number of companies issuing stocks coincided with an increase in the number of companies issuing bonds. In 1989/90, 10 companies issued bonds with a total value of Rp451.5 billion bringing the number of issuing companies to 19 with a

total value of bonds issued to Rp1.3 trillion at the end of March 1990.

Capital market activities continued to increase significantly up to the middle of the second quarter of the reporting year. In the two quarters, the number of companies going public increased by 50. The value of stocks issued rose by Rp5.6 trillion and the transactions in the secondary market reached a total value of Rp4.3 trillion. Furthermore, the average value of daily trading reached Rp40.1 billion in the first quarter and Rp29.8 billion in the second quarter. The number of stocks bought by foreign investors also rose from 151.5 million to 402.2 million. However, the IHSG-index, which continued to increase to a level of 624.33 in the first quarter, declined to 468.51 at the end of the second quarter.

In the last two quarters of the reporting year, capital market activities slowed down as reflected in among other things, the decrease in the number of companies going public, namely 12. The average daily trading reached only Rp21.4 billion in the third quarter and Rp23.8 billion in the fourth quarter. Furthermore, the number of stocks purchased by foreign investors declined to 504.4 million with a value of Rp4.3 trillion. The bearish mood was expressed in the declining IHSG-index reaching 408.11 at the end of the reporting year. The decrease in stock sales was followed by a decrease in the issuance of bonds by companies. In 1990/91, only 1 company issued bonds with a value of Rp685 billion. With the decision taken by the Government to privatize the management of the JSE and to automate stock clearing, it is expected that the bourse's services will be improved.

## VI. BANKS AND OTHER FINANCIAL INSTITUTIONS

### A. Banks

#### 1. Banking policy

In the reporting year, the banking policy continued to be directed at enhancing the role of banks to promote economic development. Deregulation measures undertaken by the Government in the financial, monetary, and banking sectors since June 1983 have had remarkable impacts on the development of the banking industry. The number of banks has increased substantially, the network of banking services widened, banking activities and the variety of banking products offered have expanded; and so has the diversity of instruments used in the money market. These developments created a situation where more professional bankers are needed, technical changes are required, and a more efficient banking operation is called for. Consequently, it is necessary for the banking industry to make adjustments in management, strategy, and operation. In order to be able to compete internationally, it is necessary for banks in Indonesia to apply international standards in their financial management.

Through the February 1991 Policy Package, the Government set comprehensive guidelines relating to bank supervision. The guidelines cover 5 main aspects, namely licensing, bank ownership and management; bank operation; reporting system; bank evaluation system and sanctions; and supporting factors for improving bank operation. The policy is aimed at creating a sound and more efficient banking system which safeguards the interest of the general public and contributes to Indonesian economic development;

Easier requirements were introduced for setting up bank's domestic and overseas offices. Commercial and development banks are allowed to open overseas branches or representative offices, and to undertake equity participation in banks or other financial institutions abroad. For this purpose, a bank has to have at least one year the status of foreign exchange bank. In addition, the bank's rating for the overall bank performance and the capital adequacy for the last 24 months should be classified as sound for at least 20 months and fairly sound for the remaining months.<sup>1)</sup> Commercial, development, and savings banks are allowed to establish sub-branch offices. To open such office, for the last 12 months the bank should be considered sound at least for 10 months and fairly sound in the remaining months.<sup>2)</sup> To promote soundness of rural banks, adjustments of the requirements for establishing a new office and conducting a merger was made. Rural banks established after October 1988 (post pakto rural banks) may open a branch or another office in the same district or in the neighboring districts where the principal office is located, but outside Jakarta, provincial capitals, and municipal capitals. Furthermore, bank rating for the overall performance as well as the capital adequacy of the bank within the last 24 months, should be at least classified as sound within 20 months and fairly sound in the remaining months. Merger is allowed for a rural bank with a commercial or development bank which meets the requirements for opening a branch. Merger can also be conducted among rural banks located in the

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1) Bank Indonesia Circular Letters Nos. 23/9/BPPP and 23/10/BPPP, February 28, 1991.

2) Bank Indonesia Circular Letters No. 23/7/BPPP, February 28, 1991.

neighboring districts to become commercial or development bank as long as they jointly meet the requirements for opening a commercial or development bank.

However, with regard to capital, each of the merging rural banks should fulfil the requirements for opening a new commercial or development bank.<sup>3)</sup>

Prudential guidelines on bank ownership and management require the majority of the executive board members of commercial, development, and savings banks to be Indonesian citizens and have at least a 3-year experience in banking operation. Similar conditions are applied to rural banks, with a more lenient requirement of a minimum 1-year experience in banking operation. Moreover, family ties up to the second degree should not exist among the majority of board members and commissioners, including husband, wife, and parents, daughters, and sons in laws. An individual may hold the position of a commissioner in not more than 5 banks.<sup>4)</sup>

To prevent banks from taking on excessive risks, prudential regulations were also issued on their operations. A bank is required to maintain capital at a minimum of 8% of its risk weighted assets, in line with the standard set by the Bank for International Settlements (BIS). In meeting this requirement, banks are allowed to do it in steps as follows : 5% by the end of March 1992, 7% by the end of March 1993, and 8% by the end of December 1993<sup>5)</sup> Considering that the soundness of a bank is very

much affected by the quality of its investments as well as its capability to anticipate possible losses in the investments, adequate provisioning for risk assets was made mandatory. Provision of allowances was fixed at a minimum of 1% of the total earning assets plus 3% of earning assets classified as substandard, 50% of earning assets classified as doubtful, and 100% of earning assets classified as uncollectible. The required amount of provision can be achieved gradually by the end of 1993.<sup>6)</sup>

In the context of legal provision that all bank loans have to be secured, a definition was given of the security as a bank's conviction on debtor's ability to repay according to the terms agreed. The security is to be established on the basis of a thorough evaluation of the character, capability, capital, collateral, and the business prospects of the debtor. Collateral is defined as property, project, or receivables financed with the proceeds of the loan. A bank is not required to ask for additional collateral.<sup>7)</sup> Banks are also allowed to have their own policy regarding overdraft facility which is basically a credit facility.<sup>8)</sup> To improve the flow of goods and services, and to facilitate securities trading, the bank is allowed to issue guarantees in foreign currencies. However, the total amount of guarantees issued to secure the repayment of a foreign loan is limited to a maximum of 20% of the issuing bank's capital.<sup>9)</sup>

Along with the efforts to improve banking operation, a new bank reporting system has been

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3) Bank Indonesia Circular Letter No. 23/8/BPPP February 28, 1991.

4) Minister of Finance Decrees Nos. 277/KMK.01/1991 and 228/KMK.01/1991, February 28, 1991.

5) Bank Indonesia Circular Letter No. 23/11/BPPP, February 28, 1991.

6) Bank Indonesia Circular Letter No. 23/12/BPPP, February 28, 1991.

7) Bank Indonesia Circular Letter No. 23/6/UKU February 28, 1991.

8) Bank Indonesia Circular Letter No. 23/14/BPPP, February 28, 1991.

9) Bank Indonesia Circular Letter No. 23/7/UKU March 18, 1991.

put in place, including a mandatory publication of a bank's financial statements in a newspaper. In the face of the growing number of overseas bank offices and the international agreement on the capital adequacy standards, overseas bank offices are now also required to send reports.<sup>10)</sup>

To ensure a sound development in the banking industry, the bank rating system was improved. Bank rating is now based on a more comprehensive evaluation of the capital, quality of productive assets, management, profitability, liquidity position, and other aspects affecting the soundness of a bank. Sanctions for the violations of the banking rules were strengthened by the imposition of financial penalties, in addition to adverse effects on the bank's rating.<sup>11)</sup>

In addition to the main aspects above, improvements were made on a number of areas important to support banking activities, such as human resources development, information system, cheque clearing system, and Bank Indonesia's Discount Facility I. As regards human resources development, a bank is required to allocate at least 5% of its budget for human resources aimed at improving the quality of bank personnel, which, in turn, will sustain the development of banking activities.<sup>12)</sup>

## 2. Institutional development

During the reporting year, the increase in the number of banks and the expansion of the banking networks was less rapid than that in

the preceding year. However, a larger number was recorded in the opening of new rural banks and the setting up of bank offices in the eastern part of Indonesia. In the reporting year, there were 18 new banks, consisting of 13 private national commercial banks and 5 joint-venture banks. In addition, there were 2 private national commercial banks conducting a merger, 1 rural bank merging with a private national commercial bank, and 8 rural banks acquiring the status of commercial bank. At the end of the reporting year, the total number of commercial, development, and savings banks was 176 compared with 151 in the preceding year. The number of bank offices rose by 874 to 3,715 (Table VI.1).

The number of commercial banks grew by 25, reaching a total of 144 at the end of March 1991, comprising 5 state commercial banks, 111 private national commercial banks, and 28 foreign/joint venture banks. The number of offices of commercial banks went up by 782 to 3,173, consisting of 957 state commercial bank offices, 2,168 private national commercial bank offices, and 48 foreign/joint venture bank offices. In addition, there were 68 foreign bank representative offices and 51 overseas bank offices comprising 33 of state commercial banks and 18 of private national banks.

In the reporting year, the number of development and savings banks remained unchanged. But the number of offices of the development banks increased by 63 to 420, consisting of 30 offices of state development banks, 376 offices of regional development banks, and 14 offices of private development banks. Offices of the savings banks rose by 29 to 122, consisting of 43 offices of state savings banks and 79 offices of private savings banks.

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10) Bank Indonesia Circular Letter No. 23/18/BPPP February 28, 1991.

11) Bank Indonesia Circular Letter No. 23/21/BPPP, February 28, 1991.

12) Board of Directors of Bank Indonesia Decree No. 23/80/KEP/DIR, February 28, 1991.

**TABLE VI.1**  
**NUMBER OF BANKS AND THEIR OFFICES IN INDONESIA**

Particulars	March 31, 1990	1990/91		March 31, 1991
	Number of bank offices	Established	Licences revoked	Number of bank offices
<b>1. Commercial banks</b>				
State commercial banks				
– Number of banks	5	--	--	5
– Number of offices	892	65	--	957
Private national commercial banks				
– Number of banks	91	21	1	111
– Number of offices	1,460	709	1	2,168
Foreign/joint venture banks				
– Number of banks	23	5	--	28
– Number of offices	40	8	--	48
<b>2. Development banks</b>				
State development banks				
– Number of banks	1	--	--	1
– Number of offices	26	4	--	30
Regional development banks				
– Number of banks	27	--	--	27
– Number of offices	326	50	--	376
Private development banks				
– Number of banks	1	--	--	1
– Number of offices	5	9	--	14
<b>3. Savings banks</b>				
State savings banks				
– Number of banks	1	--	--	1
– Number of offices	22	21	--	43
Private savings banks				
– Number of banks	2	--	--	2
– Number of offices	71	8	--	79
<b>4. Number of commercial banks, development banks, and savings banks</b>				
– Number of banks	151	26	1	176
– Number of offices	2,842	874	1	3,715
Rural credit banks <sup>1)</sup>				
– BPR-non rural				
– Post pakto BPR	137	239	--	376
– Petty traders' banks/village banks	195	--	13	182
– BKPD	217	--	--	217
– BPR-rural				
– Village banks	3,279	12	--	3,291
– Paddy banks	2,056	--	--	2,056
– LDKP	1,936	--	--	1,936 <sup>8</sup>
<b>Total number of banks</b>	<b>7,971</b>	<b>277</b>	<b>14</b>	<b>8,234</b>
<b>Total number of offices <sup>2)</sup></b>	<b>10,662</b>	<b>1,125</b>	<b>14</b>	<b>11,773</b>

1) The number of banks is equivalent to the number of bank offices.

2) The number of bank offices comprises head-offices, branch-offices, and sub-branch offices.

3) The status of 71 of them has been promoted to BPR-non rural under old regulation since October 1990.

**TABLE VI.2**  
**CONSOLIDATED BALANCE SHEET OF DEPOSIT MONEY BANKS**  
(billions of rupiah)

Items	March 31, 1990					March 31, 1991				
	State banks	Private national commercial banks	Regional development banks	Foreign banks	Total	State banks	Private national commercial banks	Regional development banks	Foreign banks	Total
<b>1. ASSETS</b>										
Cash in hand	663	227	161	20	1,071	784	316	167	21	1,288
Bank Indonesia	2,408	1,190	92	55	3,745	1,367	580	77	107	2,131
Securities	204	36	--	113	353	522	349	1	4	876
Domestic draft	1,943	2,338	205	333	4,819	1,480	3,190	252	218	5,140
Outstanding loans	45,716	18,746	1,815	2,582	68,859	54,376	31,043	2,466	3,158	91,043
Foreign exchange assets										
- Loans	3,009	1,657	--	1,204	5,870	4,767	3,866	--	3,577	12,210
- Others	8,616	3,607	2	1,376	13,601	9,391	3,501	6	2,206	15,104
Participations	134	107	1	1	243	139	186	2	2	329
Premises, furniture, and fixtures	594	503	95	96	1,288	768	1,082	123	117	2,090
Other assets	1,968	1,210	84	160	3,422	3,693	2,760	915	846	8,214
<b>ASSETS = LIABILITIES</b>	<b>65,255</b>	<b>29,621</b>	<b>2,455</b>	<b>5,940</b>	<b>103,271</b>	<b>77,287</b>	<b>46,873</b>	<b>4,009</b>	<b>10,256</b>	<b>138,425</b>
<b>2. LIABILITIES</b>										
Paid up capital	52	1,455	168	608	2,283	50	2,309	211	1,084	3,654
Reserves/profit and loss account	3,257	291	136	164	3,848	3,195	1,929	209	233	5,566
Borrowings	6,997	265	145	136	7,543	11,373	721	263	74	12,431
Demand deposits	7,168	4,634	1,115	693	13,610	7,203	4,065	1,539	685	13,492
Time and savings deposits	17,858	14,401	626	1,178	34,063	18,900	21,365	983	1,601	42,849
Draft payable	817	615	87	85	1,604	1,184	1,063	115	59	2,421
Guarantee deposits	181	--	12	3	196	217	57	19	5	298
Foreign exchange liabilities										
- Demand deposits	1,079	904	--	795	2,778	1,626	1,209	--	932	3,767
- Time and savings deposits	4,292	2,796	--	1,314	8,402	6,403	7,763	--	3,258	17,424
Borrowings	1,744	931	--	162	2,837	1,744	2,473	--	1,976	6,193
Others	2,346	913	--	187	3,446	2,988	969	--	222	4,179
Bank Indonesia	15,480	2,227	86	218	18,011	15,089	2,155	613	--	17,857
Other liabilities	3,984	189	80	397	4,650	7,315	795	57	127	8,294

**TABLE VI.3**  
**INVESTMENT AND SOURCES OF FUNDS OF**  
**NON-BANK FINANCIAL INSTITUTIONS <sup>1)</sup>**  
**(billions of rupiah)**

Items	March 31, 1990			March 31, 1991		
	Development type <sup>2)</sup>	Investment type	Total	Development type <sup>2)</sup>	Investment type	Total
<b>1. Investment of funds</b>						
Call money	--	87	87	--	34	34
Marketable securities	394	2,369	2,763	440	2,533	2,973
Loans extended	850	--	850	1,255	--	1,255
Equity participation	10	48	58	31	61	92
Total	19	10	29	69	11	80
<b>Total</b>	<b>1,273</b>	<b>2,514</b>	<b>3,787</b>	<b>1,795</b>	<b>2,639</b>	<b>4,434</b>
<b>2. Sources of funds</b>						
Call money	--	158	158	--	87	87
Securities issued	436	1,554	1,990	631	1,560	2,191
Loans received	673	405	1,078	971	566	1,537
Subordinated loans	62	110	172	61	142	203
Capital	103	243	346	205	310	515
<b>Total</b>	<b>1,274</b>	<b>2,470</b>	<b>3,744</b>	<b>1,868</b>	<b>2,665</b>	<b>4,533</b>

1) Excludes NBFIs, mutual funds type.

2) Includes NBFIs, house ownership type.

To encourage the expansion of banking services in rural areas, 251 rural banks were opened during the reporting year. With 6 rural banks changing their status into commercial banks and 4 rural bank being merged into commercial bank, the total number of rural banks rose from 7,820 to 8,058.

In the same period, more banks extended their office networks to provinces in the eastern part of Indonesia, namely Central Kalimantan, East Nusa Tenggara, West Nusa Tenggara, East Timor, Central Sulawesi, Southeast Sulawesi, Maluku, and Irian Jaya.<sup>13)</sup> The number of bank offices in the eastern part of Indonesia increased from 116 to 203.

<sup>13)</sup> The eastern part of Indonesia is defined to include provinces with a relatively low level of economic development.

Bank activities rose in line with the increasing number of banks and bank offices. Total assets of deposit money banks went up by 34.0% compared with 42.6% in the previous year, reaching Rp138,425 billion at the end of 1990/91 (Table VI.2). Funds mobilized and credit extended increased by 39.2% and 38.2%, respectively.

## **B. Other Financial Institution**

### **1. Non-bank Financial Institution (NBFIs)**

Since the October 1988 Policy Package, non-bank financial institutions have been gradually treated as banks, especially in the conduct of supervision. Accordingly, regulations in the February 1991 Policy Package are also

**TABLE VI.4**  
**CONSOLIDATED BALANCE SHEET OF**  
**NON-BANK FINANCIAL INSTITUTIONS <sup>1)</sup>**  
**(billions of rupiah)**

Items	March 31, 1990			March 31, 1991		
	Development type <sup>2)</sup>	Investment type	Total	Development type <sup>2)</sup>	Investment type	Total
<b>Current assets</b>						
Cash at banks	31	44	75	7	36	43
Call money	--	87	87	--	34	34
Marketable securities						
– Share and bonds	4	165	169	6	210	216
– Others	341	2,116	2,457	376	2,155	2,531
Loans and advances	106	--	106	300	--	300
Other current assets	93	147	240	175	107	282
<b>Other assets</b>						
Non-marketable securities						
– Shares and bonds	5	11	16	21	10	31
– Others	49	88	137	58	168	226
Loans and advances	744	--	744	955	--	955
Equity participation	5	37	42	10	51	61
Fixed assets	20	12	32	18	16	34
Others	19	10	29	69	11	80
<b>ASSETS = LIABILITIES</b>	<b>1,417</b>	<b>2,717</b>	<b>4,134</b>	<b>1,995</b>	<b>2,798</b>	<b>4,793</b>
<b>Current liabilities</b>						
Call money	--	158	158	--	87	87
Securities issued	241	1,538	1,779	380	1,543	1,923
Loans received	100	357	457	159	538	697
Other current liabilities	123	208	331	89	100	189
<b>Other liabilities</b>						
Securities issued	195	16	211	251	17	268
Loans received	573	48	621	812	28	840
Others	20	39	59	38	33	71
<b>Capital and subordinated loans</b>						
Paid-in capital	69	90	159	140	135	275
Reserves	10	12	22	13	45	58
Retained earnings	24	141	165	52	130	182
Subordinated loans	62	110	172	61	142	203

1) Excludes NBFI, mutual funds type.

2) Includes NBFI, house ownership type.



**TABLE VI.5**  
**TOTAL ASSETS, GROSS PREMIUMS, CLAIMS, AND**  
**INVESTMENT BY INSURANCE COMPANIES**  
(billions of rupiah)

Type of insurance	Total assets			Gross premiums			Claims			Investment		
	1988	1989	1990	1988 <sup>r</sup>	1989	1990	1988 <sup>r</sup>	1989	1990	1988 <sup>r</sup>	1989	1990
Life insurance	799	986	1,181	299	347	438	426	435	176	596	730	890
Social insurance	1,930	2,424	2,885	350	392	458	172	175	214	1,781	2,248	2,680
Indemity insurance and reinsurance <sup>1)</sup>	1,177	1,581	2,138	889	1,094	1,341	345	484	524	710	1,011	1,402
<b>Total</b>	<b>3,906</b>	<b>4,991</b>	<b>6,204</b>	<b>1,538</b>	<b>1,833</b>	<b>2,237</b>	<b>943</b>	<b>1,094</b>	<b>914</b>	<b>3,087</b>	<b>3,989</b>	<b>4,972</b>

1) Includes PT Askrindo and PT Asei.

Source : Ministry of Finance.

applied to NBFIs except those regarding the licensing of branch offices or representative offices, equity participation in overseas banks or other financial institutions, and margin trading activities.

The number of NBFIs remained 14 at the end of the reporting year, comprising 3 NBFIs of the development type, 9 of the investment type, 1 of the housing type, and 1 of other type, with the total number of offices reaching 22. Although less than that at the end of the preceding year, the mobilization of funds and investment recorded a considerable increase. The total funds mobilized, mostly through the issuance of securities and borrowings, reached Rp4,533 billion, or rose by 21.1% compared with 31.5% in the preceding year (Table VI.3). During the same period, securities issued went up by 10.1% compared with 34.9% in the previous year, while borrowings rose, 42.6% compared with 17.0% in the previous year. The deceleration in securities issuance was related to higher interest rates on time deposits compared with potential earnings from portfolio investments. Along with the slow growth in the mobilization of funds,

investment by NBFIs posted only a 17.1% increase compared with 32.1% in the previous year, reaching Rp4,434 billion at the end of the reporting year. NBFIs' investment in securities, which had a predominant share in total investments, recorded the biggest share with a 7.6% increase compared with 27.2% in the previous year. The decline in securities investment was related to the bearish capital market. The loans extended, with a 28.3% share, rose by 47.6% compared with 43.3% in the previous year.

In the reporting year, total assets of NBFIs rose by 16.0% compared with 36.2% in the preceding year, reaching Rp4,793 billion. Total assets of investment-type NBFIs grew by 3.0% to Rp2,798 billion compared with 33.4% in the previous year, while that of the development type (including the housing type) rose 40.9% to Rp1,995 billion compared with a 41.8% rise in the previous year (Table VI.4).

## 2. Insurance companies

The insurance companies, grouped into life

insurance, social insurance, indemnity insurance, and reinsurance companies, showed a significant development in the reporting year as reflected by a remarkable increase in the number of companies, total assets, and volume of activities. The number of insurance companies rose from 118 to 130 at the end of 1990, comprising 37 life insurance, 5 social insurance, 84 indemnity insurance, and 4 reinsurance companies. Total assets of insurance companies at the end of 1990 reached Rp6,204 billion or increased by 24.3% compared with 27.8% in the previous year. As the main source of funds, the gross premium rose 22.0% to reach Rp2,237 billion compared with 19.2% in the preceding year. Claims on indemnity decreased by 16.5% to Rp914 billion compared with 16.0% in the previous year. The decline was related to a lower claim in the life insurance of 59.5%. With this development, investment of insurance companies totaled up to Rp4,972 billion, or increased by 24.6% at the end of 1990 compared with 29.2% in the previous year. (Table VI.5).

As an indemnity insurance company, **PT Askrindo's** main responsibility is to provide insurance for small-scale investment credit, permanent working capital credit, and working capital credit up to Rp75 million as well as other credits extended to small-scale enterprises. In 1990, insurance coverage by PT Askrindo reached Rp4,379.3 billion or increased by 65.8% compared with 106.5% in the previous year. Premiums recorded a total of Rp102.1 billion, or rose by 6.9% compared with 94.1% in the year before, while claims in 1990 reached Rp70.0 billion, a 34.6% increase compared with 15.6% in 1989.

**PT Asuransi Ekspor Indonesia (PT Asei)** is an indemnity insurance company

providing export insurance and export credit guarantee. In 1989/90, for which data is available, insurance coverage, premiums, and claims on export insurance amounted to Rp284.4 billion, Rp1.9 billion, and Rp1.7 billion respectively, while insurance coverage, premiums, and claims on export credit guarantee were Rp3,596.6 billion, Rp24.9 billion, and Rp149.8 billion, respectively.

Another financial institution engaged in indemnity insurance is the **State Corporation for the Financial Development of Cooperatives (Perum PKK)**, whose main task is to cover risks on credits extended by banks to cooperatives. Since July 1990, insurance for bank loans to village cooperative units has been covered by Perum PKK. In 1990/91, Perum PKK covered Rp564 billion insurance for Rp608 billion bank loans extended to cooperatives. The amount of premium charged was 2% at the maximum.

### 3. Financing companies

A financing company is a company other than bank and NBFIs which provides funds or capital goods without directly mobilizing funds from the public through demand deposits, time deposits, savings deposits, and promissory notes. A financing company is allowed to issue promissory notes only as a securing of bank loans. By type of activities financing companies can be grouped into leasing, venture capital, securities trading, factoring, credit card business, and consumer financing.

In the reporting year, the number of financing companies rose by 18 to 120, each may engage in more than one financing activities. There were 120 companies engaged in leasing,

**TABLE VI.6**  
**DEVELOPMENT OF PAWNSHOP'S ACTIVITIES**  
(billions of rupiah)

Particular	1985	1986	1987	1988	1989	1990
Number of offices <sup>1)</sup>	479	479	480	483	488	505
Total loans extended	274	285	330	357	383	433
Redemption	271	280	319	349	375	418
Outstanding loans	65	70	81	90	98	109

<sup>1)</sup> In units of accounts.  
Source : Perum Pegadaian.

38 in factoring, 26 in venture capital, 26 in credit card business, and 41 in consumer financing. There were 1 state-owned company, 83 private national companies, and 36 joint-venture companies engaged in leasing activities.

The main activity of a **leasing company** is to provide financing in the form of capital goods on a financing lease or an operating lease for certain period of time based on scheduled installment. In 1990, leasing activities rose remarkably as shown by a significant increase in the total assets from Rp3,090.4 billion to Rp11,673.9 billion. The increase was mainly brought by a sharp rise in the total assets of state-owned leasing companies, whose share in the total assets of all leasing companies jumped up from 4.1% to 55.3%. The shares of private national leasing companies and of joint-venture leasing companies declined from 26.9% and 69.0% to 18.4% and 26.3%, respectively. Activities of leasing companies also rose, as reflected by the growing contract value to Rp3,290.4 billion at the end of 1990.

#### 4. Pawnshops

By the Government Regulation No. 10, 1990 the legal status of Perjan Pegadaian (state Pawnshop), whose activity is to provide small loans to those in financial difficulty, was changed in to Perum Pegadaian. In 1990, pawnshop activities recorded an increase as reflected in the higher amount of loans and repayments. At the end of 1990 the amount of loans extended rose by 13.1% to Rp433 billion, and repayment rose by 11.5% to Rp418 billion. Outstanding loans went up by 11.2% to Rp109 billion (Table VI.6).

Increased activities of the state pawnshop were brought about by improvement in the service and the growing number of its offices. In 1990, the maximum amount of loans extended was increased from Rp500 thousand to Rp1,500 thousand per collateral, while interest rates remained between 3% - 4% per month with a maximum maturity of 6 months. The number of offices increased by 17, making a total of 505 at the end of December 1990.

## VII. GOVERNMENT FINANCE

### A. Government Financial Policy

To support the achievement of overall targets of development, in the fiscal year 1990/91 the Government continued to adopt a prudent fiscal policy stance. The government sector continued to be directed to increasing revenues and promoting more efficient and more effective expenditures. As an instrument of policy, the government budget continued to be based on a balanced concept to promote self-support in providing development funds.

In raising domestic revenues, the Government continued to make efforts to increase receipts both from tax and non-tax sectors. Those efforts covered the provision of tax information service, imposition of legal sanction on tax delinquents, improvement of customs, enhancement of the efficiency of state-owned enterprises, and intensification of non-tax receipts from ministries/institutions. Furthermore, to expedite the development process, foreign aid, especially project aid, continued to complement domestic funds.

On the expenditure side, routine expenditures continued to be directed to improving the efficiency of government operations, preserving development outcomes and price stability, and fulfilling timely debt amortization and interest payment obligations. Development expenditures were directed mainly to infrastructures which directly supported economic activities, the expansion of facilities to raise people's standard of living, and the acceleration of human resource development.

Concurrent with the government efforts to continuously promote development, budget outturn has been increasing from year to year. A series of government adjustment measures on taxation, supported by robust economic growth, succeeded in raising various tax receipts with the result that government receipts from non-oil/gas have surpassed those from oil/gas in the last five years.

The government budget for the fiscal year 1990/91 was fixed at Rp42.9 trillion or 17.2% higher than the budget and 1.2% higher than the outturn in the preceding year. The outturn for 1990/91 budget reached Rp49.4 trillion or increased by 23.3%, compared with that in the preceding year. The larger revenues mainly originated from an increase in domestic receipts from oil/gas and taxes. Meanwhile, the larger expenditures were mainly allocated to the increased fuel oils subsidy and to the establishment of a development budget reserve. It should be noted that in order to support monetary stability, a part of the increase in oil/gas receipts was allocated to the development budget reserve. Taking into account the inflation rate of 9.11% in 1990/91, both government revenues and expenditures, in the real terms, increased by 14.2% over those in the preceding year.

Government savings, representing the difference between domestic revenues and routine expenditures, reached Rp9.5 trillion in 1990/91 or more than double of that in the preceding year. This brought about an increase in the share of government savings in development financing from 31.9% in 1989/90 to 49.1% in the reporting year. In the meantime,

**TABLE VII.1**  
**GOVERNMENT REVENUE AND EXPENDITURE**  
(billions of rupiah)

Particulars	1986/87	1987/88	1988/89	1989/90	1990/91		1991/92
					Budget	Actuals	Budget
<b>I. Revenue</b>	<b>21,893</b>	<b>26,961</b>	<b>32,995</b>	<b>38,169</b>	<b>42,873</b>	<b>49,451</b>	<b>50,556</b>
1. Domestic	16,141	20,803	23,004	28,740	31,584	39,546	40,184
2. Development	5,752	6,158	9,991	9,429	11,289	9,905	10,372
<b>II. Expenditure</b>	<b>21,891</b>	<b>26,959</b>	<b>32,990</b>	<b>38,165</b>	<b>42,873</b>	<b>49,450</b>	<b>50,556</b>
1. Routine	13,559	17,482	20,739	24,331	26,648	29,998	30,558
2. Development	8,332	9,477	12,251	13,834	16,225	19,452	19,998
<b>III. Public savings</b> (I.1 - II.1)	<b>2,582</b>	<b>3,321</b>	<b>2,265</b>	<b>4,409</b>	<b>4,936</b>	<b>9,548</b>	<b>9,626</b>
<b>IV. Total development fund</b> (I.2 + III)	<b>8,334</b>	<b>9,479</b>	<b>12,256</b>	<b>13,838</b>	<b>16,225</b>	<b>19,453</b>	<b>19,998</b>
<b>V. Surplus (+)/deficit (-)</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>--</b>	<b>1</b>	<b>--</b>

Source : Ministry of Finance.

the share of government savings in GDP formation increased from 2.5% to 4.9%.

## B. Government Revenues

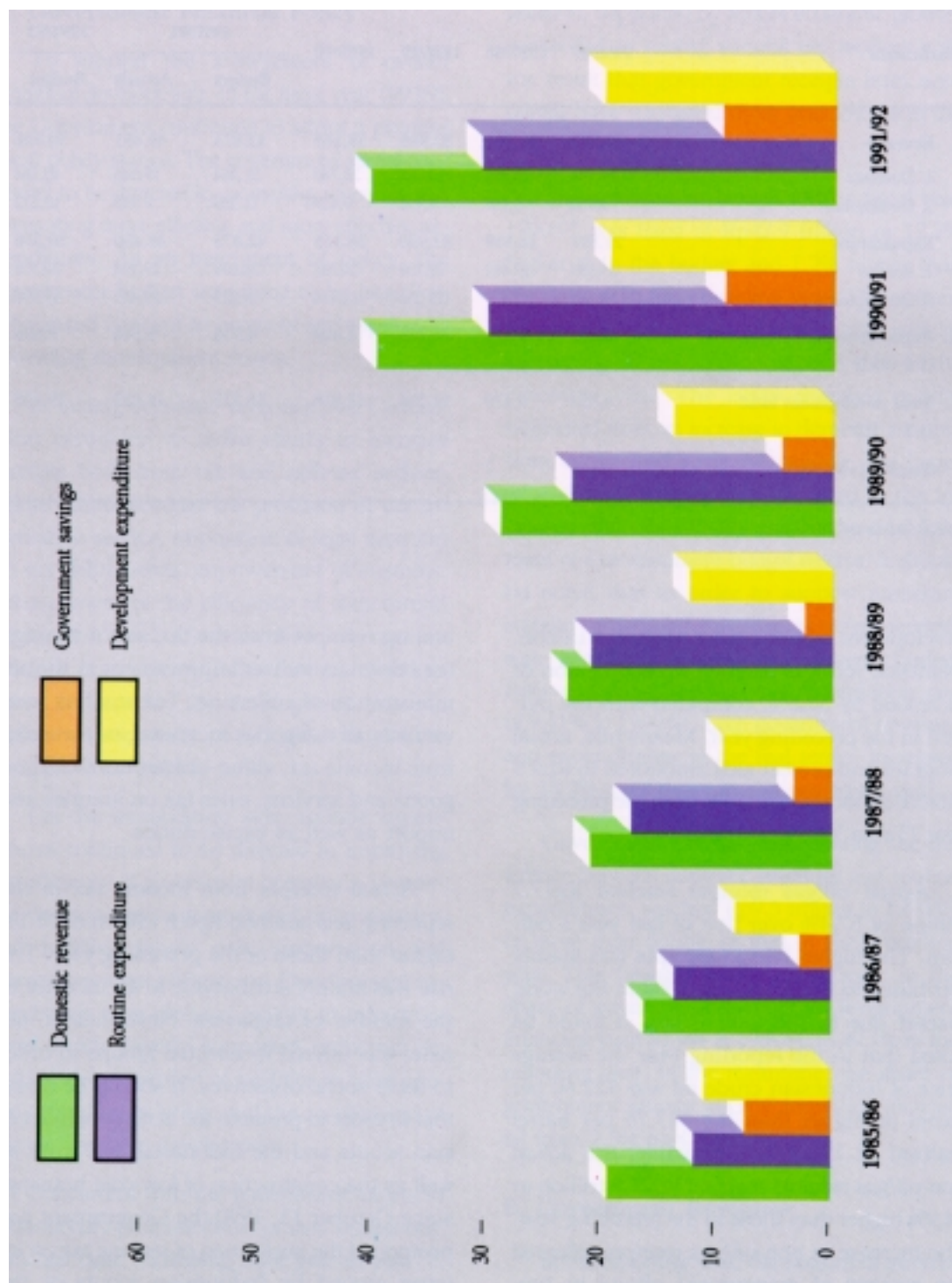
In the reporting year, the outturn of government revenues, comprising domestic and development receipts, reached Rp49.5 trillion. Domestic receipts reached Rp39.6 trillion or increased by 37.6%, compared with the outturn in the preceding year. Meanwhile, actual program and project aids amounted to Rp9.9 trillion, an increase of 5.1% from the preceding year (Table VII.2).

Actual oil/gas receipts reached Rp17.7 trillion or 57.4% over that of last year's outturn. The higher oil/gas receipts was mainly attributed to higher prices of oil in the world market due to the Gulf Crisis. It could be noted that in the reporting year the average price of Indonesian

crude oil was \$22.60 per barrel or higher than the \$17.76 per barrel realized in 1989/90. Meanwhile, the actual non-oil/gas receipts reached Rp21.8 trillion or 24.9% higher than those in the preceding year. The increase in non-oil/gas receipts reflected the success of government efforts in promoting receipts from the tax sector through tax reform as well as improvement in the administration of collection. Tax receipts from virtually all categories increased, in particular from income tax, value-added tax (VAT) on goods and services, sales tax on luxuries and import as well as excise duties.

Actual receipts from income tax in the reporting year reached Rp6.8 trillion or 23.1% higher than those of the preceding year. The rise was mainly attributable to an increase in the number of taxpayers. Nevertheless, tax relief was offered to selected groups in order to serve social

**CHART 8**  
**GOVERNMENT REVENUE AND EXPENDITURE**  
 (trillions of rupiah)

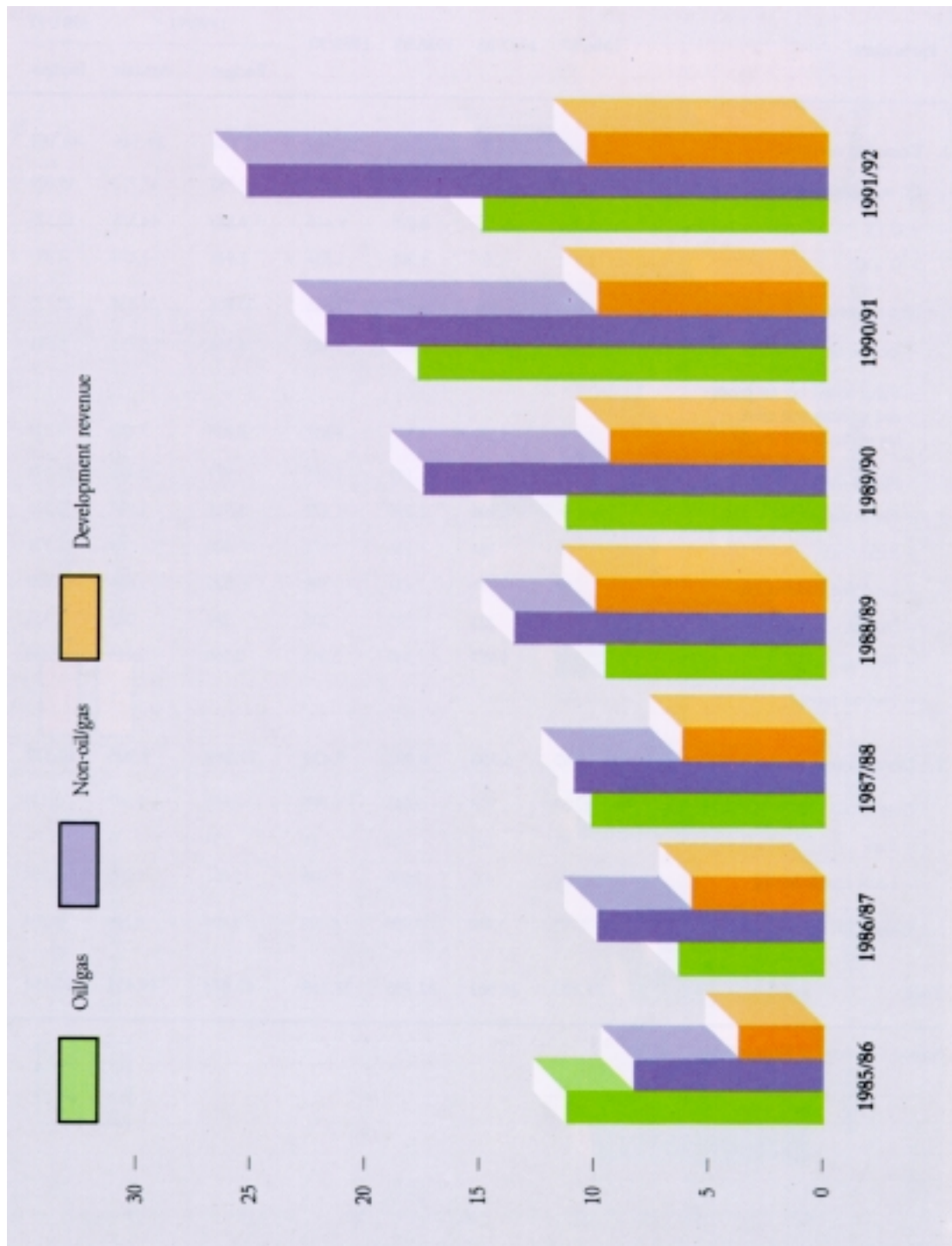


**TABLE VII.2**  
**GOVERNMENT REVENUE**  
(billions of rupiah)

Particulars	1986/87	1987/88	1988/89	1989/90	1990/91		1991/92
					Budget	Actuals	Budget
<b>1. Domestic revenue</b>	<b>16,141</b>	<b>20,803</b>	<b>23,004</b>	<b>28,740</b>	<b>31,584</b>	<b>39,546</b>	<b>40,184</b>
Oil and gas receipt	6,338	10,047	9,527	11,252	10,783	17,712	15,009
- Oil	5,264	8,720	8,326	9,418	8,835	14,578	12,522
- Gas	1,074	1,327	1,201	1,834	1,948	3,134	2,487
Non-oil/gas receipt	9,803	10,756	13,477	17,488	20,801	21,834	25,175
- Income tax	2,271	2,663	3,949	5,488	6,516	6,755	8,021
- Value added tax on goods and services and sales tax on luxurious goods	2,900	3,390	4,505	5,837	6,825	7,463	8,224
- Import duties	960	938	1,192	1,587	1,972	2,486	2,574
- Excise duties	1,056	1,106	1,390	1,477	1,911	1,917	2,215
- Export tax	79	184	156	171	108	44	121
- Land and building tax	190	275	424	590	620	811	839
- Others	190	223	292	276	289	243	351
- Non-tax receipt	1,147	1,977	1,569	2,062	2,560	2,115	2,830
- Fuel oil receipt	1,010	--	--	--	--	--	--
<b>2. Development receipt</b>	<b>5,752</b>	<b>6,158</b>	<b>9,991</b>	<b>9,429</b>	<b>11,289</b>	<b>9,905</b>	<b>10,372</b>
Program aid	1,957	728	2,041	1,007	2,885	1,397	1,538
- Pure	81	103	33	11	34	35	--
- Local cost financing	1,876	625	2,008	996	2,851	1,362	1,538
Project aid	3,795	5,430	7,950	8,422	8,404	8,508	8,834
<b>Total</b>	<b>21,893</b>	<b>26,961</b>	<b>32,995</b>	<b>38,169</b>	<b>42,873</b>	<b>49,451</b>	<b>50,556</b>

Source : Ministry of Finance.

**CHART 9**  
**GOVERNMENT REVENUE**  
 (trillions of rupiah)





objectives. It should be noted that in order to promote the activity of Indonesian scouts and the Indonesian red cross as well as the construction of low-cost housing, since October 13, 1990 the Government has postponed the imposition of income tax on interest earned by Indonesian scouts or the Indonesian red cross from time deposits, certificate of deposits, and/or savings deposits and on interest earned from savings deposits intended for the ownership of low-cost housing.<sup>1)</sup> In addition, to relieve tax burden for the low-income group, in 1990 the Government raised the maximum amount of nontaxable income from Rp2,880,000.00 to Rp4,320,000.00 for a family of three children.<sup>2)</sup>

Receipts originating from VAT and sales tax on luxuries reached Rp7.5 trillion, an increase of 27.9% over those in the preceding year. This was attributable to the growing economic activity and the broadening of VAT coverage to include wholesalers<sup>3)</sup> since April 1989; formerly, the VAT was only collected from main distributors/agents.

Government receipts originating from import duties reached Rp2.5 trillion or increased by 56.6%, compared with those in the preceding year. The substantial increase was mainly resulted from the increase in imports, concurrent with rises in investment and production activities and the success in combating smuggling. Meanwhile, receipts from excise duties comprising duties on tobacco, sugar, and liquors reached Rp1.9 trillion in the reporting year or increased by 29.8%, compared with those in the preceding year. This was mainly caused by rises in the tariffs on tobacco and the selling floor prices of sugar and liquors.

Actual receipts from land and building tax in the reporting year was Rp811 billion or 37.5% higher than the outturn of last year. This rise was mainly attributable to the increase in services and facilities in tax payment, adjustment in the classification of sale value of tax objects to prevailing land and building prices, and imposition of legal sanction on tax evasion. Meanwhile, taxpayers unable to make payments continued to be provided with relief, or even exemption, from land and building tax.<sup>4)</sup>

It is worth noting that the actual export tax collected in the reporting year only reached Rp44 billion or decreased by 74.3% under those in the year before. The decrease was caused by the stipulated export and additional export tax on sawn timber and processed wood which was intended to foster forest conservation and to increase exports of wooden finished products. Furthermore, the actual receipts originating from other taxes comprising stamp and auction duties reached Rp243 billion, a decrease of 12.0% from the outturn in the preceding year. Meanwhile, non-tax receipts reached Rp2.1 trillion, an increase of 2.6% over the actual amount in the preceding year.

The actual development revenues in the reporting year stood at Rp9.9 trillion or 5.1% higher than those in the preceding year. The revenues comprised project aid of Rp8.5 trillion, program aid for local-cost financing of Rp1.4 trillion, and food aid of Rp35 billion. The increase mainly originated from program aid for local-cost financing, concurrent with the increase in government investments for maintaining the momentum of development. C.

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1) Government Regulation No. 54/1990, October 13, 1990.

2) Minister of Finance Decree No. 1209/KMK.04/1989, October 31, 1989.

3) Government Regulation No.28/1988, December 27, 1988.

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4) Minister of Finance Decree No. 158/KMK.04/1991 February 13, 1991.

Government Expenditures 15. In the reporting year, actual government expenditures comprising routine and development expenditures reached Rp49.5 trillion. Routine expenditures rose by 23.3% to Rp30.0 trillion, most of which (44.7%) were used for the payment of foreign debt amortization. Meanwhile, development expenditures rose by 40.6% to Rp19.5 trillion, most of which (43.7%) was project aid (Table VII.3).

### **C. Government Expenditures**

In the reporting year, actual government expenditures comprising routine and development expenditures reached Rp49.5 trillion. Routine expenditures rose by 23.3% to Rp30.0 trillion, most of which (44.7%) were used for the payment of foreign debt amortization. Meanwhile, development expenditures rose by 40.6% to Rp19.5 trillion, most of which (43.7%) was project aid (Table VII.3).

Personnel expenditures reached Rp7.0 trillion representing an increase of 13.8% compared with the outturn in the preceding year. Actual material expenditures also rose, reaching Rp1.8 trillion, an increase of 7.5% compared with 1989/90. Meanwhile, actual subsidies to local governments increased by 18.8% reaching Rp4.2 trillion. This was closely related to the increase in payments for pensions in autonomous regions channeled through PT Taspen.

Amortization and interest payments, constituting the largest expenditures in the fiscal year 1990/91, amounted to Rp13.4 trillion, an increase of 122% over those in the preceding year. The higher outturn was caused by an increase in overdue foreign debt and stronger currencies of donor countries.

Outturn of other routine expenditures rose from Rp0.8 trillion in 1989/90 to Rp3.5 trillion in the reporting year. Of that amount, Rp3.3 trillion was used for fuel oils subsidies associated with higher oil prices in the world market and higher domestic consumption of fuel oils.

Development expenditures, comprising local-cost financing and project aid, reached Rp19.4 trillion in the reporting year or 40.6% higher than those in 1989/90. The high outturn brought about an increase in its contribution in GDP, from 8.0% in 1989/90 to 9.9% in the reporting year. In addition, project aid amounted to Rp8.0 trillion and local-cost financing to Rp10.9 trillion. The local-cost financing was used to finance the expenditures of ministries and other government institutions of Rp4.9 trillion, various presidential instruction programs of Rp3.0 trillion, and subsidies on fertilizer, government equity participation, and others of Rp1.1 trillion. In addition, particularly in the reporting year, a development budget reserve of Rp2.0 trillion was allocated as safeguard against future shortfalls in government revenues.

By sector, most development expenditures continued to be allocated to finance the economic sector, namely 45.1% amounting to Rp8.8 trillion or 19.3% higher than those in the year before. Expenditures for regions, businesses, and living environment rose by 13.9% reaching Rp2.8 trillion; it is in line with the Government's effort to achieve a balanced distribution of development. Meanwhile, expenditures for education and culture rose by 41.7% reaching Rp2.6 trillion; it reflected Government's effort to promote the quality of human resources (Table VII.4).

**TABLE VII.3**  
**GOVERNMENT EXPENDITURE**  
(billions of rupiah)

Particulars	1986/87	1987/88	1988/89	1989/90	1990/91		1991/92
					Budget	Actuals	Budget
<b>1. Routine expenditure</b>	<b>13,559</b>	<b>17,482</b>	<b>20,739</b>	<b>24,331</b>	<b>26,648</b>	<b>29,998</b>	<b>30,558</b>
Personnel expenditure	4,311	4,617	4,998	6,201	6,909	7,054	7,753
- Rice allowance	406	451	518	588	636	640	769
- Salaries and pensions	3,330	3,561	3,833	4,826	5,486	5,570	6,068
- Food allowances	288	299	327	373	381	382	436
- Other domestic personnel expenditure	177	176	185	243	216	264	266
- Overseas personnel expenditure	110	130	135	171	190	198	214
Material expenditure	1,366	1,329	1,492	1,702	1,721	1,830	2,201
- Domestic	1,293	1,239	1,378	1,569	1,568	1,670	2,038
- Overseas	73	90	114	133	153	160	163
Subsidies to local governments	2,650	2,816	3,038	3,566	4,227	4,236	4,660
- Non-personnel expenditure	240	224	259	228	273	275	314
- Personnel expenditure	2,410	2,592	2,779	3,338	3,954	3,961	4,346
Amortization and interest payment	5,058	8,205	10,940	11,939	12,984	13,395	14,381
- Domestic debt	—	39	77	149	245	250	251
- Foreign debt	5,058	8,166	10,863	11,790	12,739	13,145	14,130
Food stock expenditure	29	—	—	—	—	—	—
Others	145	515	271	923	807	3,483	1,563
<b>2 Development expenditure</b>	<b>8,332</b>	<b>9,477</b>	<b>12,251</b>	<b>13,834</b>	<b>16,225</b>	<b>19,452</b>	<b>19,998</b>
Departments/institutions including national defense and security	2,004	1,385	1,856	2,509	4,316	4,853	6,447
Regional development	1,466	1,334	1,491	1,719	2,835	2,998	3,958
- Subsidies to villages	86	102	112	112	181	181	250
- Subsidies to regencies (kabupaten)	188	263	267	270	392	392	591
- East Timor	7	5	6	—	—	—	—
- Subsidies to provinces	293	291	334	324	486	486	594
- Land and building tax	171	223	344	478	502	657	679
- Construction of primary schools	496	193	130	100	370	374	522
- Subsidies for construction/ reconstruction of markets	11	3	3	3	3	3	3
- Public health services	108	74	99	122	189	193	269
- Subsidies for afforestation and reforestation	31	16	16	16	33	33	75
- Presidential instruction on road infrastructure	75	164	180	294	679	679	975
Other expenditure	1,067	1,328	954	1,184	670	1,093	759
- Subsidies for fertilizer	467	756	200	278	155	265	175
- Government capital participation	86	57	125	141	75	323	95
- Others	514	515	629	765	440	505	489
Development budget reserve	—	—	—	—	—	2,000	—
Project aid	3,795	5,430	7,950	8,422	8,404	8,508	8,834
<b>Total</b>	<b>21,891</b>	<b>26,959</b>	<b>32,990</b>	<b>38,165</b>	<b>42,873</b>	<b>49,450</b>	<b>50,556</b>

Source : Ministry of Finance.

**TABLE VII.4**  
**DEVELOPMENT EXPENDITURE BY SECTOR**  
(billions of rupiah)

Particulars	1986/87	1987/88	1988/89	1989/90	1990/91		1991/92
					Budget	Actuals	Budget
<b>1. Government</b>	<b>215</b>	<b>138</b>	<b>179</b>	<b>188</b>	<b>183</b>	<b>250</b>	<b>290</b>
State apparatus	190	118	152	163	142	215	235
L a w	25	20	27	25	41	35	55
<b>2. National defense and security</b>	<b>554</b>	<b>514</b>	<b>555</b>	<b>720</b>	<b>982</b>	<b>996</b>	<b>1,085</b>
<b>3. Education and culture</b>	<b>1,365</b>	<b>1,359</b>	<b>2,327</b>	<b>1,840</b>	<b>2,471</b>	<b>2,607</b>	<b>3,005</b>
Education, youth, culture, and religion	1,184	1,181	1,606	1,507	2,065	2,052	2,503
Science, technology, and research	181	178	721	333	406	555	502
<b>4. Health, social welfare, women's role, population, and family planning</b>	<b>326</b>	<b>225</b>	<b>338</b>	<b>470</b>	<b>592</b>	<b>723</b>	<b>783</b>
<b>5. Housing and settlement</b>	<b>337</b>	<b>431</b>	<b>481</b>	<b>495</b>	<b>729</b>	<b>677</b>	<b>833</b>
<b>6. Religion and manpower</b>	<b>331</b>	<b>218</b>	<b>284</b>	<b>306</b>	<b>591</b>	<b>621</b>	<b>797</b>
Religion	39	18	18	25	35	42	52
Manpower and transmigration	292	200	266	281	556	579	745
<b>7. Economy</b>	<b>3,881</b>	<b>5,243</b>	<b>6,487</b>	<b>7,347</b>	<b>8,163</b>	<b>8,766</b>	<b>10,084</b>
Agriculture and irrigation	890	1,937	1,611	2,049	2,392	2,308	2,816
Manufacturing	465	215	447	400	447	547	493
Mining and energy	1,176	1,206	2,074	1,418	1,973	1,874	2,446
Transportation and tourism	1,131	1,598	2,012	3,006	3,042	3,744	3,968
Information, press, and social communication	33	28	28	59	65	94	73
Trade and cooperatives	186	259	315	415	244	199	288
<b>8. Regional, business, and environment</b>	<b>1,323</b>	<b>1,349</b>	<b>1,600</b>	<b>2,468</b>	<b>2,514</b>	<b>2,812</b>	<b>3,121</b>
Regional, rural, and urban development	939	930	1,137	1,369	1,873	1,938	2,409
Business development	211	219	238	625	339	334	377
Resources and environment	173	200	225	474	302	540	335
<b>9. Development budget reserve</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2,000</b>	<b>--</b>
<b>Total</b>	<b>8,332</b>	<b>9,477</b>	<b>12,251</b>	<b>13,834</b>	<b>16,225</b>	<b>19,452</b>	<b>19,998</b>

Source : Ministry of Finance.

#### **D. Government Budget for Fiscal Year 1991/92**

In fixing the budget for fiscal year 1991/92, the Government continued to adhere to the balanced budget principle. With the aim of continuously promoting economic growth and maintain price stability as well as foster income distribution, the Government continued to implement measures to enhance efficiency and to allocate expenditures to high priority sectors and activities. The government budget for 1991/92 (the third year of the Fifth Five-year Development Plan) was fixed at a balance of Rp50.6 trillion or 2.2% higher than the budget outturn in the reporting year. Domestic revenues were budgeted at Rp40.2 trillion or increased by 1.6% compared with the outturn in this reporting year, comprising oil/gas receipts of Rp15 trillion and non-oil/gas receipts of Rp25.2

trillion. Development revenues were budgeted at Rp10.4 trillion, comprising project aid of Rp8.8 trillion and program aid for local-cost financing of Rp1.5 trillion. Routine expenditures were budgeted at Rp30.6 trillion, an increase of 1.9% over the outturn in the reporting year, mostly (47.1%) would be used for amortization and interest payments of Rp14.4 trillion.

Government savings was expected to reach Rp9.6 trillion or 0.8% higher than the outturn in the reporting year. Concurrently, development expenditures were budgeted at Rp20.0 trillion, an increase of 2.8% from the outturn in the reporting year. The allocation of development expenditures continued to be directed toward achieving economic growth, creating job opportunities, and reducing disparities in regional growth.

## VIII. BALANCE OF PAYMENTS

Indonesia's balance of payments was influenced by various factors, both internal and external during the reporting year. The rapid growth of domestic demand boosted significantly the demand for imported goods, especially capital goods and raw material, as well as the demand for exportable goods thereby affecting adversely the export performance. The high domestic interest rate following the adoption of tight monetary policy stance since the second quarter of the reporting year had induced an influx of net private capital inflow, by banks as well as non-banks, surpassing that of official capital. Especially for the capital inflow by bank, it was facilitated by the removal of the ceiling on offshore borrowing by banks. At the external side, several factors, such as the slowdown in the growth of the world economy and trade, the deterioration in the prices of several primary commodities and continuing protectionist measures taken by the industrial countries contributed to the slackening of non-oil/gas exports growth. The rise in oil prices during the 3rd and 4th quarter following the Gulf crisis boosted oil/gas exports significantly. On the other hand, the Gulf crisis also brought about unfavorable consequences for non-oil/gas exports, especially to the Middle East region, and the tourism sector during the period. It could be added that before the end of the Gulf crisis, there was an upheaval of speculation in foreign exchange arising from undue concerns about the weakening of oil prices which prompted the Government to shift the deposits of state enterprises in commercial banks to Bank Indonesia. With those developments, the current account deficit widened significantly, but it was offset by the higher net capital inflow. Hence, the overall balance of payments recorded a significant surplus.

### A. Balance of Payments Policy

A series of deregulation policies taken since the early 1980s which were supported by prudent macro economic policies have combined to bring about positive impacts on Indonesia's balance of payments in the past few years. The policies have strengthened the structure of Indonesia's balance of payments which was reflected in the further lowering of dependence on oil/gas exports. As was the case with the preceding years, the balance of payments policies were consistently directed to obtaining sustainable balance of payments by continuously promoting non-oil/gas exports. For that purpose, the Government continuously made an effort to expand investment and production in export activities, while offering a wider role for the private sector. To achieve this objective, the government is continuously adhering to a free foreign exchange system, while continuing a managed floating exchange rate policy to maintain the competitiveness of exports in the international market as well as domestic products against imported goods. In addition, the balance of payments policy formed a part of an overall policy framework encompassing policies in monetary, fiscal and real sectors.

Concerning **exports**, in the reporting year the Government continuously made improvements in export procedures, quality control and taxation. As regards trade regulation, to provide wider opportunities for the business community in taking advantage of opportunities in the international market, the Government removed the regulation requiring exporters to use Marketing Board of Indonesian Coffee Exporters in carrying out their exports. In

addition, the Government also revoked the regulation which prohibited exports of commodities made of certain luxurious woods.<sup>1)</sup> In the meantime, to make an optimum use and to ensure a fair distribution of quota for textile and textile products, exporters who fail to fulfill their quotas will be subject to quota reduction and conversely additional quota might be granted for more capable exporters.<sup>2)</sup> In the meantime, to expand markets and to insure the fulfillment of quota for dried cassava exported to the European Community (EC) countries, the formula for quota distribution was revised with an objective to encourage export to countries outside the EC.<sup>3)</sup>

To insure the continuity of marketing and to maintain competitiveness of Indonesia's export commodities, especially fishery products, the Government took measures to expedite quality testing procedure of fresh and frozen fish for export. The measure includes, among others, allowing private sector to administer the test without ignoring the quality.<sup>4)</sup> Meanwhile, to assure the quality and international reputation for exported cacao seeds, it has been decided that only fermented cacao seeds will be allowed for export.<sup>5)</sup>

In an effort to promote exports of finished goods made of woods thereby encouraging the development of downstream industry, and to create more value added domestically, the Government increased export tax on certain categories of sawn timber and unprocessed woods. Meanwhile for 15 categories of processed wood

products, they are no longer required to pay export tax.<sup>6)</sup>

Regarding **imports**, the Government has improved the policies related to import regulation and excise tax. As regards import regulation, the Government removed the regulation on imported goods for industry. The step was aimed at improving the distribution of goods for domestic needs, and providing a fair protection for production activity.<sup>7)</sup> Furthermore, to meet domestic demand for completely built up trucks which was previously subject to import prohibition, the Government allowed truck imports with lower tariff.<sup>8)</sup>

In the area of tariff, with a view to promoting the development of industrial and health sectors, improvement were made in the classification of the 1986 Guide on the Rates of Import Duties and changes for the rate of import duties and additional import duties for certain goods.<sup>9)</sup> In addition, to meet the demand for production activities, the imports of diesel engines were exempted from import duties provided the engines were used to generate electricity for industry and industrial estate.<sup>10)</sup> Further, to provide a fair protection and to satisfy the demand by domestic industry, the Government made some changes for import duties and additional import duties on some imported commodities.<sup>11)</sup>

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- 1) Minister of Trade Decree No. 140/Kp/V/90 and No. 146/Kp/V/90, May 28, 1990.
  - 2) Minister of Trade Decree No. 224/Kp/IX/90 September 21, 1990.
  - 3) Director General of Foreign Trade Decree, No 1298/ DAGLU/ Kp/XI/90, November 8, 1990.
  - 4) Presidential instruction No. 2 of 1990, May 28, 1990.
  - 5) Director General of Foreign Trade Decree, No. 204/DAGLU/ Kp/III/90, March 14, 1990.

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- 6) Minister of Finance Decree No 1223/KMK.013/1990, March 14, 1990.
  - 7) Minister of Trade Decree No 147/Kp/7/90, May 28, 1990.
  - 8) - Minister of Trade Decree No. 255/Kp/X/90, October 27 1990.
  - Minister of Finance Decree No. 1345/KMK.00/1990, October 30, 1990.
  - 9) Minister of Finance Decree No. 618/KMK.00/1990, May 28, 1990.
  - 10) Minister of Finance Decree No. 82/KMK.00/1991, January 24, 1991.
  - 11) - Minister of Finance Decree No. 478/KMK.00/90, April 17 1990.
  - Minister of Finance Decree No. 507/KMK.00/1990, April 30, 1990.
  - Minister of Finance Decree No. 618/KMK.00/1990, May 28, 1990.

In the area of **services**, the Government continued its efforts to promote the generating and the efficient use of foreign exchange. In an effort to increase foreign exchange earnings, the Government continued to promote the growth and development of tourism sector through promotion, among others, by declaring the year 1991 as the Visit Indonesia Year. Furthermore, to establish a transparent legal basis for conducting activity, the Tourism Act had been issued which specifies the activities covered in the tourism sector.<sup>12)</sup> In addition, to further enhance the efficiency in the use of foreign exchange for productive activity and at the same time to raise government revenues, since July 1990 it has been determined that the exit permit fee by sea is Rp100.000.<sup>13)</sup> In the area of manpower, the Government improved the regulation which limits the employment of foreign workers and encouraged training and education program for Indonesian workers.<sup>14)</sup>

In the area of **capital flow**, the Government continued to encourage foreign capital inflow as a resources for financing development that complements domestic financing. The foreign capital consists of official borrowing, borrowing by state enterprises and private borrowers and foreign direct investment. As regards official borrowing, the Government continuously adopted a prudent policy on foreign borrowing, by giving priority to soft term, untied borrowing, considering the ability to repay, and using the

funds for productive projects in accordance with the development plan, therefore it will not put a burden for balance of payments in the future. Meanwhile, in the area of private capital inflow, the Government continued to enhance the role of private sector and to encourage its uses in productive activity.

With a view, to promoting investment, the Government simplified the procedure for the procurement of capital goods included in the master list. The step was taken by allowing procurement through a domestic leasing company. To prepare a climate conducive for investment in the Eastern Part of Indonesia, some incentives were granted to companies investing in certain fields including export oriented activities, among others, by way of concessionary income tax and lower land and building taxes.

## B. Balance of Payments Development

During the reporting year, Indonesia's Balance of Payments showed a substantial surplus, although it was characterized by a widening current account deficit which reached more than double that of the preceding year. The widening current account deficit was caused mainly by a declining of the trade balance surplus. On the export side, it was characterized by a weakening export growth, although oil/gas exports was increased, while on the import side, it was characterized by high import growth. At the same time the deficit on service account rose sharply. Capital account showed a large surplus resulting mainly from a surge of private capital inflow. With the surplus of balance of payments, foreign exchange reserve in Bank Indonesia increased by a significant amount.

The growth of non-oil/gas export decelerated from 19.0% to 6.1% during the reporting year,

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- 11) - Minister of Finance Decree No. 478/KMK.00/90, April 17 1990.  
- Minister of Finance Decree IN'o. 507/KMK.00/1990, April 30, 1990.  
- Minister of Finance Decree No. 618/KMK.00/1990, May 28, 1990.
  - 12) Tourism Act. No. 9 of 1990, October 18, 1990.
  - 13) - Presidential Decree No. 28 of 1990, July 1, 1990.  
- Minister of Finance Decree No. 768/KMK.04/1990, July 14, 1990.
  - 14) Minister of Manpower Decree No. KEP-416/MEN/90, August 2, 1990.



**TABLE VIII.1**  
**INDONESIA'S BALANCE OF PAYMENTS**  
(millions of \$)

Transaction	1986/87	1987/88	1988/89	1989/90	1990/91 *
<b>A. Current Account</b>	<b>-4,051</b>	<b>-1,707</b>	<b>-1,859</b>	<b>-1,599</b>	<b>-3,741</b>
1. Merchandise	2,246	5,391	5,513	6,456	5,115
a. Exports f.o.b.	13,697	18,343	19,824	23,830	28,143
i. Non-Oil/gas	6,731	9,502	12,184	14,493	15,380
ii. Oil/gas	6,966	8,841	7,640	9,337	12,763
- Oil	4,798	6,159	5,007	6,288	8,053
- L N G	2,168	2,628	2,508	2,801	4,304
- L P G <sup>1)</sup>	--	54	125	248	406
b. Imports f.o.b.	-11,451	-12,952	-14,311	-17,374	-23,028
i. Non-Oil/gas	-9,356	-10,597	-12,239	-14,845	-19,448
ii. Oil/gas	-2,095	-2,355	-2,072	-2,529	-3,580
- Oil	-1,908	-2,190	-1,912	-2,342	-3,388
- L N G	-187	-165	-160	-187	-192
2. Services	-6,297	-7,098	-7,372	-8,055	-8,856
a. Non-Oil/gas	-4,010	-4,372	-4,864	-5,158	-5,683
b. Oil/gas <sup>2)</sup>	-2,287	-2,726	-2,508	-2,897	-3,173
- Oil	-1,464	-1,635	-1,560	-1,635	-1,783
- L N G	-823	-1,091	-948	-1,262	-1,390
<b>B. Capital Account, excluding Reserves</b>	<b>4,575</b>	<b>3,235</b>	<b>2,614</b>	<b>2,405</b>	<b>6,780</b>
1. Official Transfer & Capital, net	3,343	1,526	2,825	1,830	924
a. Official inflows	5,472	4,575	6,588	5,516	5,006
i. IGGI	3,978	4,368	5,468	4,668	4,897
- Food aid	48	30	23	6	--
- Program Aid	--	828	862	1,031	718
- Project Aid	3,930	3,510	4,583	3,631	4,179
ii. Non IGGI (Project Aid)	1,494	207	1,120	848	109
b. Official Debt Repaymant	-2,129	-3,049	-3,763	-3,686	-4,082
- Pre-July 1966 debts	-123	-84	-88	-87	-158
- Pre-July 1966 debts	-2,006	-2,965	-3,675	-3,599	-3,924
2. Miscellaneous Capital, net	1,232	1,709	-211	575	5,856
a. Direct Investment	252	544	585	722	1,424
b. Government Enterprises and others	980	1,165	-796	-147	4,432
<b>C. Total (A through B)</b>	<b>524</b>	<b>1,528</b>	<b>755</b>	<b>806</b>	<b>3,039</b>
<b>D. Net Errors and Omissions</b>	<b>-1,262</b>	<b>57</b>	<b>-1,432</b>	<b>-558</b>	<b>263</b>
<b>E. Reserves <sup>3)</sup></b>	<b>738</b>	<b>-1,585</b>	<b>677</b>	<b>-248</b>	<b>-3,302</b>
1. Reserves position in the Fund	-9	-8	5	--	-7
2. Short-term foreign liabilities	--	--	--	--	--
3. Short-term foreign assets	747	-1,577	672	-248	-3,295
Memorandum :					
<b>F. Official Reserves</b>	<b>5,103</b>	<b>6,688</b>	<b>6,011</b>	<b>6,259</b>	<b>9,561</b>
eq. of month of non-oil/gas import	5.9	6.8	5.3	4.6	5.4

1) Before fiscal year 1987/88 LPG export was included in oil export as an oil product.

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

3) Negative is for reserve accumulation and vice versa.

while the value of oil/gas export increased by 36.7% compared with 22.2% during the preceding year which was caused mainly by the rise in oil prices as a result of the Gulf crisis. However, non-oil/gas export continued to have the biggest share in total export. This achievement indicated the government's success in reducing the dependence on oil/gas exports through increasing non-oil/gas exports.

Low growth in industrial countries and the slowdown in the growth of world trade volume, which was followed by a deterioration in the international prices of primary commodities were among the factors responsible for the weakening of the growth of non-oil/gas export. In addition, the Gulf crisis since August 1990 was also the factor which affected adversely the growth of non-oil/gas exports, especially to the Middle East. Another factor which also contributed to the slackening of non-oil/gas export growth was a rise on domestic demand for certain exportable products. In addition, the imposition of high exports tax for sawn timber and other unprocessed woods has decreased exports of wood and wood products temporarily.

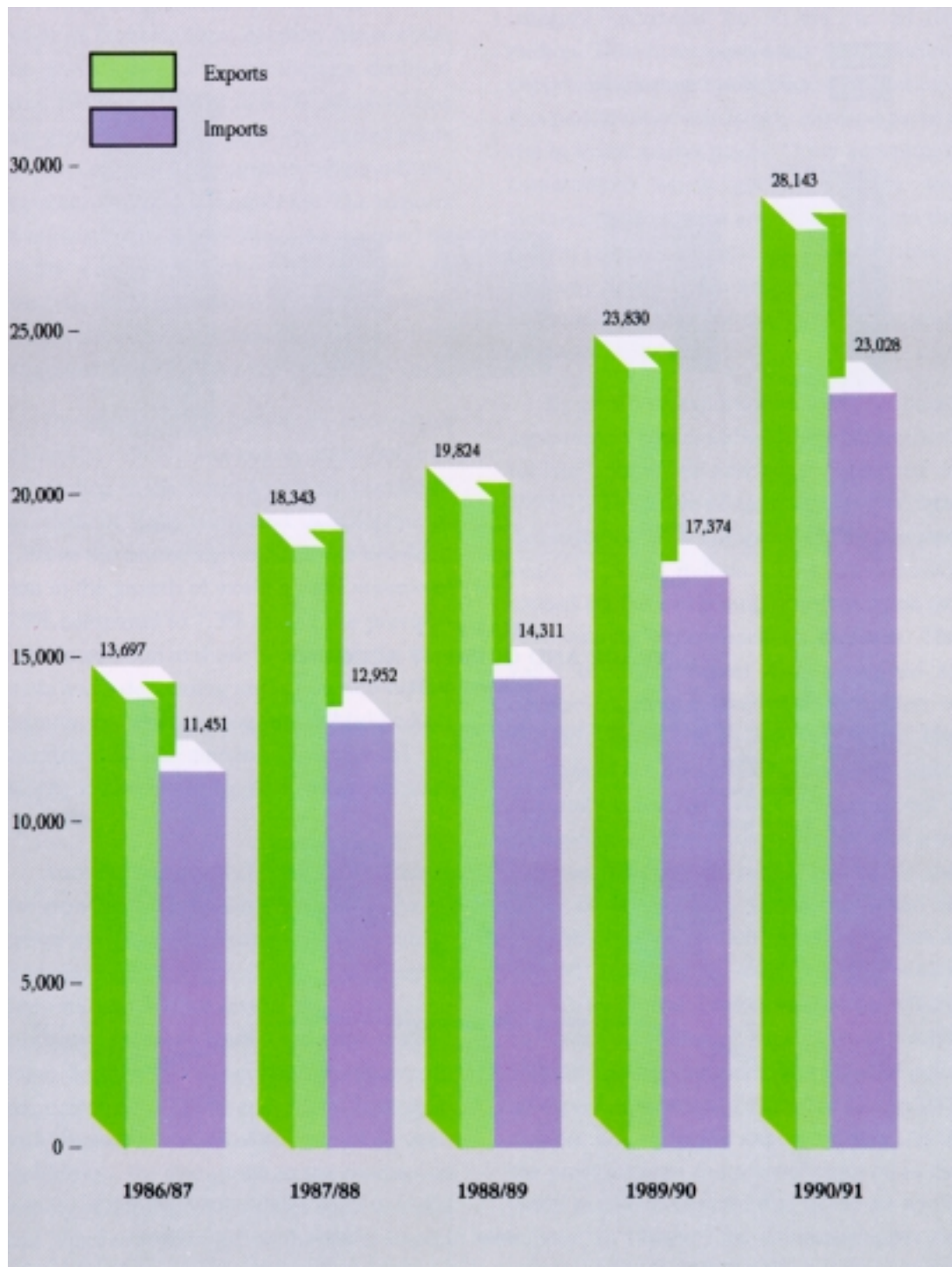
Increasing production and investment activities by private sector in the past two years were the main factors which led to the increase in import growth by 32.5% compared to 21.4% in the previous year. This substantial increase occurred in the imports of capital and raw material goods. In addition, the fast growth of import was caused by government policies which simplified the imports procedures and lowered import duties on industrial commodities. The policy was aimed at improving the competitiveness and the availability of supplies for domestic economic activity. On the other side,

the monetary tightening by the Government since the middle of 1990 had been able to slowdown import growth from further accelerating which was evident in the monthly import for the last quarter of the reporting year. With that development, the trade surplus in 1990/91 decreased from \$6,456 million to \$5,115 million.

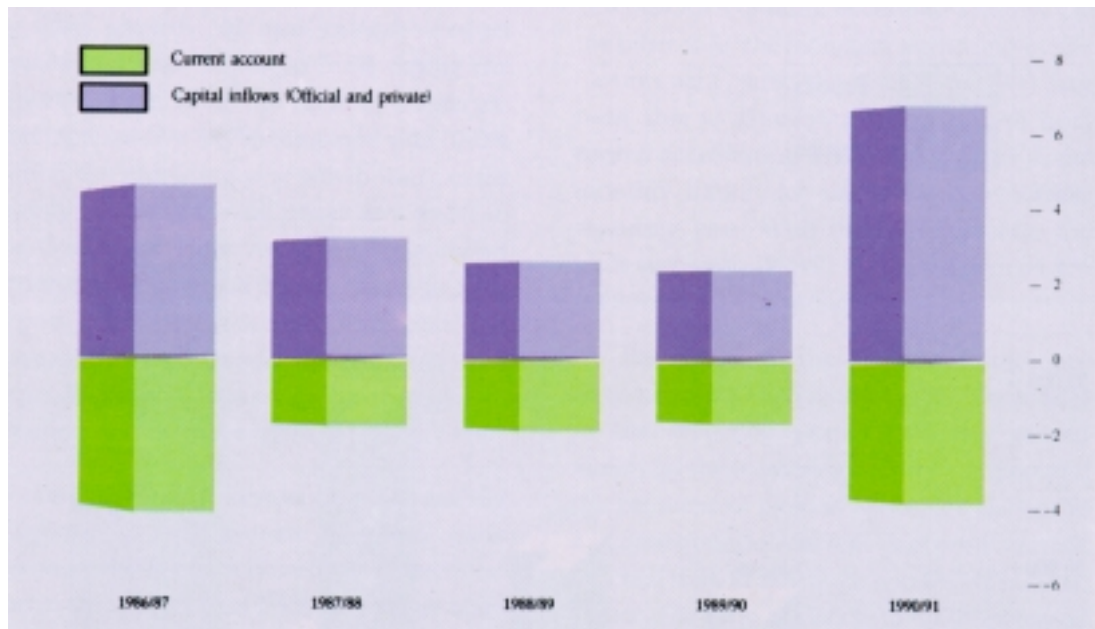
The deficit of the services account increased from \$8,055 million to \$8,856 million in the reporting year which was caused mainly by the increasing freight on import and the payment of interest on foreign debts. As a consequence current account deficit widened from \$1,599 million to \$3,741 million. Hence, the ratio of deficit to GDP increased from 1.7% to 3.5% which reflected the need of foreign fund to complement the requirement for development financing.

The surplus on capital account increased significantly mostly as a result of higher private capital inflow. The development made the role of private sector in financing current account deficits larger than that of official capital inflow; it was a first occurrence during the first period of the long range development plan. Off-shore borrowing by banks which had important role in financing private sector activity increased significantly. This was related with the high domestic interest rates and the removal of the ceiling on the offshore borrowing, besides the availability of swap facility by Bank Indonesia. In addition, foreign direct investment and offshore borrowing by private non-bank increased significantly in line with continuously improving investment climate domestically, besides the high level of domestic interest rates.

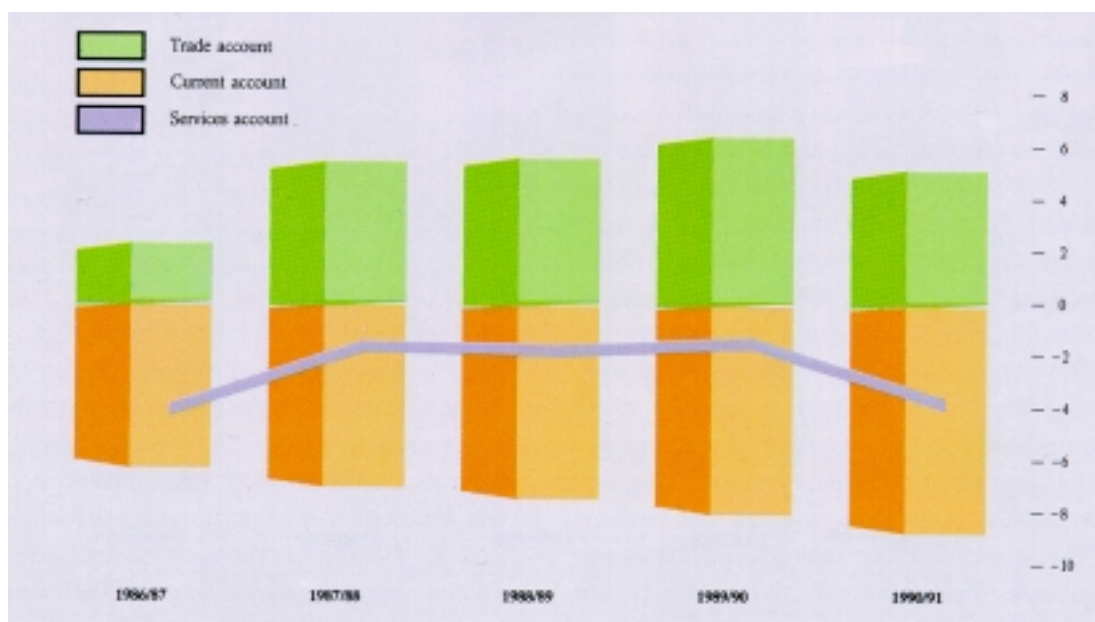
**CHART 10**  
**INTERNATIONAL TRADE**  
(millions of \$)



**CHART 11**  
**NET CAPITAL INFLOWS CURRENT ACCOUNT**  
**(billions of \$)**



**CHART 12**  
**TRADE AND CURRENT ACCOUNT**  
**(billions of \$)**



## 1. Exports

During 1990/91, export value increased by 18.1% reaching \$28.143 million, mainly as a result of higher oil/gas exports. Meanwhile, the growth of non-oil/gas exports declined from 19.0% in 1989/90 to 6.1%. Much of this low-growth resulted from the unfavorable market conditions for primary commodities, especially mining commodities. The exports of mining commodities showed a decline by 11.5% compared with 1.9% during the previous year. Meanwhile, the export growth of agricultural commodities increased by 8.1% compared with 12% for the preceding year.

The slackening of growth for non-oil/gas exports in 1990/91 was mainly attributable to the decline in the world's primary commodity prices of 7.9% compared to a decline of 1.7% in the preceding year and the deceleration in the growth of world's trade volume of 3.9% compared to 7.3% during the previous year. In addition to those two factors, the Gulf crisis had a depressing impact on non-oil/gas exports. For example, exports to Middle East countries which previously increased by 81.4%, in the reporting year, increased only by 17.6%.

Another factor which adversely affected the growth of non-oil/gas exports was the increase in domestic demand. The high rate of economic activity stimulated an increase in domestic demand for several exportable commodities, such as cement and steel. Export value for the two commodities decreased respectively by 42.9% and 38.9% compared with the export values of the preceding year. In addition, the disruption in the production activity of mining commodities such as nickel and aluminum also led to the lower export values for these commodities.

**Agricultural exports** which increased significantly in 1990/91 included shrimp, and other animal products; overall, exports for this category increased by 41.6%, to \$1.106 million. This increase primarily due to shrimp exports which rose by 38.7% to \$721 million; this performance was largely attributable to a rise in world market prices. Other agricultural commodities which got an increase are, among others, tapioca and food stuff with the growth rate of 17.5% and 25.6% respectively, reaching \$114 million and \$314 million, the increases were also due mainly to higher price increases.

By contrast, exports of major traditional agricultural commodities such as, natural rubber, coffee, tea and pepper declined in 1990/91. The value of natural rubber exports decreased by 5.7% compared to the previous year, to \$901 million. This was mainly caused by the weakening of prices while export volume experienced an increase. The value of coffee export also continued to decline reaching a level of \$366 million in 1990/91, again due to a lower prices. The collapse of the quota system under the International Coffee Agreement brought about a depressing effect on world coffee price because it created excess global supplies. Similarly, the value of tea exports, which had risen in 1989/90 declined by 15.0% to \$154 million in 1990/91. This outcome was caused by declines in both volume and price, which were related to lower world demand, especially from some Middle Eastern countries. The value of palm oil export experienced a slight increase to \$282 million, due to higher export volume. As in the previous year, the price of palm oil in the world market decreased due to excess world supply. In 1990/91, the value of pepper exports only reached \$77 million, a decrease of 18.1% compared with the previous year's, which was caused by lower market prices.

**TABLE VIII.2**  
**VALUE OF EXPORTS <sup>1)</sup>**  
**(millions of \$)**

Items	1986/87	1987/88	1988/89	1989/90	1990/91 *
<b>1. Non-oil/gas</b>	<b>6,731</b>	<b>9,502</b>	<b>12,184</b>	<b>14,493</b>	<b>15,380</b>
Timber	1,593	2,469	2,903	3,465	3,423
– L o g	3	3	9	6	5
– Plywood	1,160	1,851	2,095	2,438	2,764
– Sawn timbers	321	483	592	600	87
– Others	109	132	207	421	567
Rubber	749	1,037	1,229	956	901
Coffee	749	1,037	1,229	956	901
Palm oil	114	214	313	279	282
Animal and produce	390	488	839	781	1,106
– Shrimps	297	352	541	520	721
– Others	93	136	298	261	385
T e a	106	119	136	181	154
Foodstuffs	174	246	357	347	428
– Tapioca	52	93	154	97	114
– Others	122	153	203	250	314
Pepper	152	158	144	94	77
Tobacco	71	47	43	44	70
Copra cakes	34	41	42	51	55
Hides	45	60	69	70	58
Rattan	124	231	153	235	217
– Raw rattan	99	162	37	--	--
– Rattan products	19	46	51	86	19
– Rattan furniture	3	19	58	132	178
– Others	3	4	7	17	20
Textiles and textile products	713	1,128	1,571	2,219	2,731
Handicrafts	30	67	184	250	350
Electrical appliances	46	55	106	176	249
Urea fertilizer	97	117	136	167	209
Cement	47	54	86	128	73
Iron steel	79	221	317	490	299
Paper	47	113	153	224	236
Glassware	15	45	108	94	96
Footwear	13	33	126	304	648
Mining products	719	1,112	1,556	1,582	1,401
– Tin	156	143	165	213	167
– Copper	144	186	238	321	447
– Aluminum	201	245	301	267	202
– Nickel	112	152	438	404	287
– Gold	51	315	323	218	68
– Others <sup>2)</sup>	55	71	91	159	230
Others	620	949	1,037	1,904	1,951
<b>2. O i l <sup>3)</sup></b>	<b>4,798</b>	<b>6,159</b>	<b>5,007</b>	<b>6,288</b>	<b>8,053</b>
<b>3. G a s</b>	<b>2,168</b>	<b>2,682</b>	<b>2,633</b>	<b>3,049</b>	<b>4,710</b>
– LNG	2,168	2,628	2,508	2,801	4,304
– LPG <sup>4)</sup>	--	54	125	248	406
<b>Total (1+2+3)</b>	<b>13,697</b>	<b>18,343</b>	<b>19,824</b>	<b>23,830</b>	<b>28,143</b>

1) Based on f.o.b., classification system was changed from CCCN to HS, causing changes in the grouping of commodities and their value.

2) Includes natural sand, which for 1986/87 through 1990/91 were \$6.7 million, \$5.4 million, \$4.6 million, \$4.4 million, and \$4.8 million.

3) Includes crude oil and oil products.

4) Before fiscal year 1987/88, LPG export was included in oil export as an oil product.

The export value of **mining commodities** experienced a decline of 11.5%. The decline occurred in several important mining commodities such as tin, nickel, aluminum, and gold; copper was an exception with its value increasing by 39.1%. The value of tin export decreased by 21.6% which was mainly caused by lower prices in international market, while exports of nickel and aluminum declined by 29.0% and by 24.3% respectively due mostly to lower volumes on account of interruption in the production process as well as lower prices. Similarly, the value of gold exports experienced a 68.8% drop which reduced its value from \$218 million in 1989/90 to \$68 million in 1990/91.

During the reporting year, the growth in the value of **manufactured exports** decreased from 42.0% to only 8.2%. This was mainly caused by capacity constraint for some manufacturing industries; export supply was also constrained by diversion of supply of some commodities such as cement and steel to meet domestic demand, in line with the expanding economic activity and society's income. Although non-oil/gas exports growth was lower than that of oil/gas, the share of non-oil/gas exports in the reporting year, remained higher than that of oil/gas exports.

As a consequence of the imposition of the high tax rate on sawn timber exports, earnings from exports of sawn timber, which reached \$600 million in 1989/90, shrank to only \$87 million. An increase in exports of wood products other than plywood from \$416 million to \$572 million provided only partial offset; while this policy has had a short term effect of reducing aggregate export earnings from wood and wood products, in the long run, it is intended to raise aggregate earnings by encouraging the growth of domestic wood industry in order to increase industry's

value added and in turn it can increase exports of wood and wood products. Meanwhile the exports of plywood increased further from \$2.438 million to \$2,764 million in the reporting year.

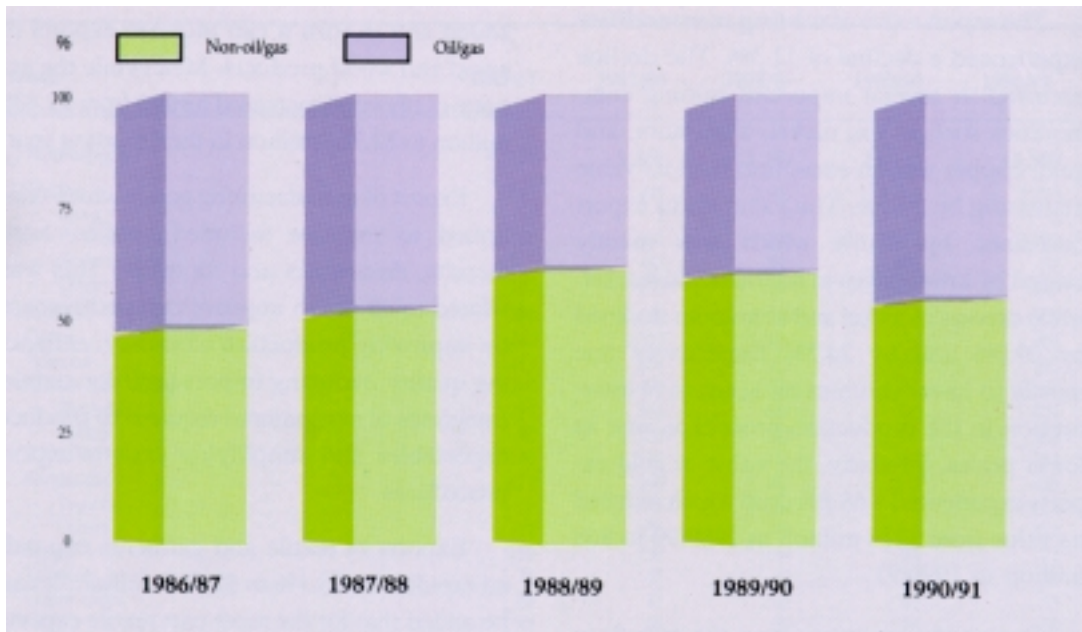
Export of manufacturing goods which continued to increase included textiles, handicrafts, electronics and footwear. This was related to efforts to improve competitiveness by improving production efficiency, enhancing quality, reducing import tariff for certain categories of raw material required to produce exportables and simplifying exports/import procedures.

Exports of textile and garments expanded rapidly, by 23.1% to \$2,731 million. It can be added that for the most part textile exports were still directed to the US, Singapore, Japan, and ME countries. Exports of certain categories of garment exported to the US had used up the available quota. Exports of handicrafts and electronics products increased, respectively by 39.9% to \$350 million and by 41.5% to \$249 million. Meanwhile, exports of footwear were more than doubled reaching a value of \$648 million.

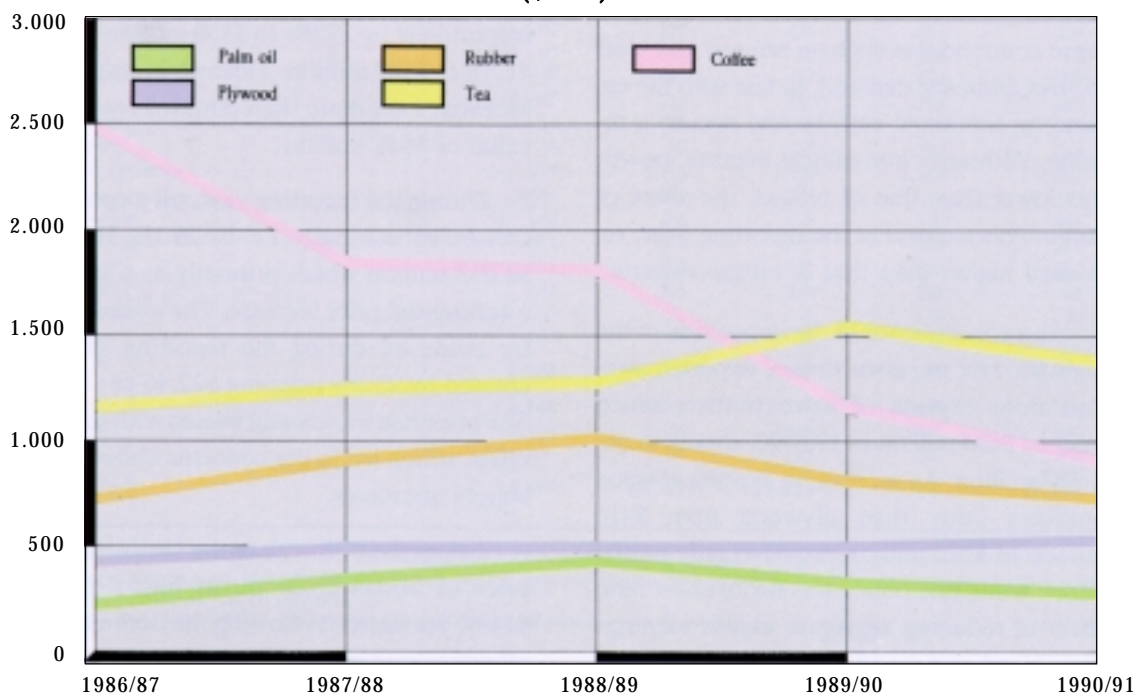
During the reporting year, **oil exports** increased substantially, i.e. by 28.1%, reaching \$8.053 million which primarily as a result of a substantial price increase. The average price for crude oil during the reporting year increased by 25.5% reaching \$22.46 per barrel. The price-rise was closely related with the Gulf crisis, which led to the concerns about global supply shortages.

Before the outbreak of the Gulf crisis, the price of Minas crude oil in July 1990 was \$14.81 per barrel. Following the outbreak, the oil prices

**CHART 13**  
**THE SHARES OF EXPORTED COMMODITIES**



**CHART 14**  
**UNIT PRICES OF SELECTED EXPORT COMMODITIES**  
**(\$/ton)**





**TABLE VIII.3**  
**VOLUME OF EXPORTS**  
(thousands of ton)

Items <sup>1)</sup>	1986/87	1987/88	1988/89	1989/90	1990/91 *
<b>1. Non-oil/gas</b>	<b>74,743</b>	<b>62,975</b>	<b>47,855</b>	<b>38,778</b>	<b>37,045</b>
Timber	5,521	6,768	7,764	9,914	6,951
- Log	168	146	276	136	108
- Plywood	2,959	3,849	4,381	5,086	5,351
- Sawn timber	1,600	1,872	2,093	1,739	94
- Others	794	901	1,014	2,953	1,398
Rubber	1,062	1,187	1,220	1,222	1,244
Coffee	309	275	323	399	413
Palm oil	569	703	808	943	1,090
Animal and produce	132	194	243	316	406
- Shrimps	53	86	91	137	126
- Others	79	108	152	179	280
T e a	93	98	110	118	118
Foodstuffs	1,777	2,954	2,592	2,446	2,435
- Tapioca	439	833	1,368	1,303	1,288
- Others	1,338	2,121	1,224	1,143	1,147
Pepper	33	36	53	44	51
Tobacco	24	20	20	17	20
Copra cakes	348	384	355	466	621
Hides	10	6	4	4	2
Rattan	124	151	63	70	82
- Raw rattan	116	135	30	--	--
- Rattan products	4	8	8	12	5
- Rattan furniture	2	7	23	50	67
- Rattan	2	1	2	8	10
Textiles and textile products	147	210	545	367	371
Handicrafts	26	41	71	72	91
Electrical appliances	14	14	40	48	61
Urea fertilizer	1,212	1,266	1,011	1,727	1,440
Cement	2,012	2,316	3,343	4,008	1,753
Iron steel	334	800	1,261	956	570
Paper	173	208	229	318	383
Glassware	44	125	235	219	205
Footwear	3	8	20	48	97
Mining products	59,654	42,280	24,014	12,716	17,554
- T i n	24	32	24	26	29
- Copper	271	290	318	341	476
- Aluminum	177	151	124	165	124
- Nickel	1,288	1,456	1,592	1,965	1,580
- Gold <sup>2)</sup>	--	--	--	--	--
- Others <sup>3)</sup>	57,894	40,351	21,956	10,219	15,345
Miscellaneous	1,122	2,931	3,531	2,340	1,087
<b>2. Oil <sup>4)</sup></b>	<b>384</b>	<b>355</b>	<b>336</b>	<b>351</b>	<b>360</b>
<b>3. Gas</b>					
- L N G <sup>5)</sup>	793	894	945	967	1,100
- L P G <sup>6)</sup>	--	514	1,353	2,414	2,635

1) Classification system was changed from CCCN to HS, causing changes in the grouping of commodities.

2) Volume of gold exports in kg.

3) Includes natural sands, which for 1986/87 through 1990/91 were 55,170 thousand tons, 38,173 thousand tons, 19,610 thousand tons, 3,615 thousand tons, and 7,498 thousand tons.

4) Includes crude oil and oil products.

5) MMBTU = Mile British Thermal Unit.

6) Before fiscal year 1987/88, LPG export was included in oil export as an oil product.

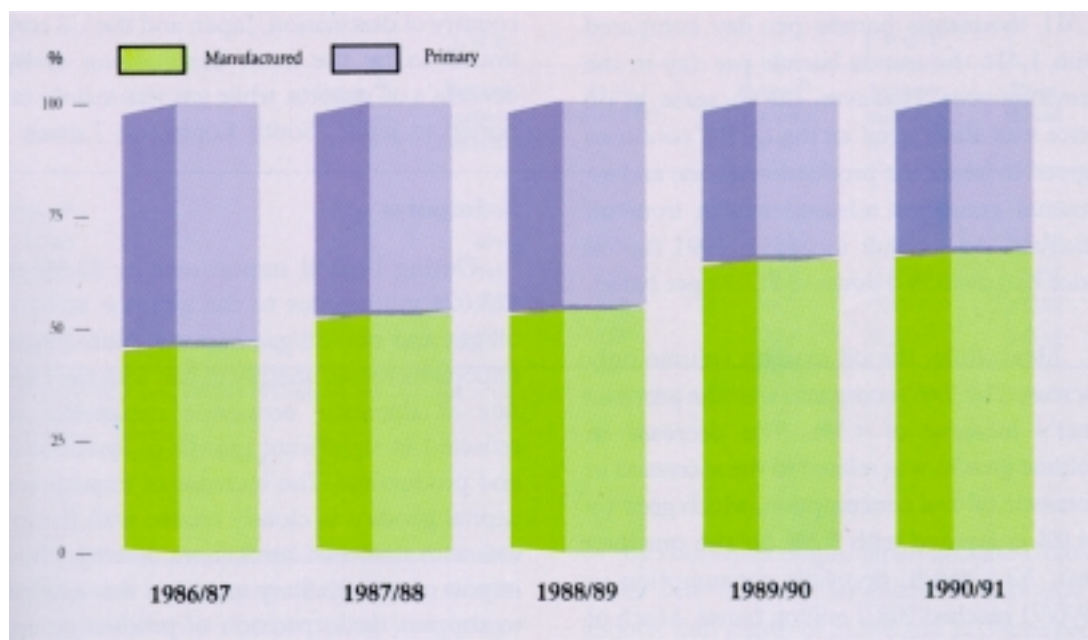
**TABLE VIII.4**  
**OIL EXPORT BY COUNTRY OF DESTINATION<sup>1)</sup>**  
(millions of barrel and millions of \$)

Items	1986/87			1987/88			1988/89			1989/90			1990/91		
	Volume	Share	Value	Volume	Share	Value	Volume	Share	Value	Volume	Share	Value	Volume	Share	Value
<b>1. Oil</b>															
United States of America	108.2	28.2	1,331.2	27.7	87.6	24.7	1,532.2	24.9	87.4	26.0	1,331.8	26.6	75.9	21.7	1,353.3
– Crude oil	94.8		1,168.9	79.3			1,400.8		79.9		1,238.5		68.7		1,221.2
– Oil products	13.4		162.3	8.3			131.5		7.5		93.3		7.2		132.1
Japan	176.6	46.0	2,255.7	47.0	209.8	59.1	3,592.0	58.3	204.8	61.0	3,004.0	60.0	210.2	60.0	3,783.5
– Crude oil	141.0		1,802.4	152.3			2,651.6		154.5		2,359.5		165.5		2,974.8
– Oil products	35.6		453.3	57.5			940.4		50.3		644.5		44.7		808.7
Others	99.0	25.8	1,211.8	25.3	57.5	16.2	1,035.1	16.8	43.8	13.0	670.9	13.4	64.4	18.4	1,150.4
– Crude oil	94.0		1,146.9	57.0			1,014.0		40.1		538.7		61.2		1,097.3
– Oil products	5.0		64.9	0.5			21.1		3.7		132.2		3.2		53.1
Total	383.8	100.0	4,798.7	100.0	354.9	100.0	6,159.4	100.0	336.0	100.0	5,006.7	100.0	350.5	100.0	6,287.2
– Crude oil	329.8		4,118.2	288.6			5,066.4		274.5		4,136.7		295.4		5,293.3
– Oil products	54.0		680.5	66.3			1,093.0		61.5		870.0		55.1		993.9
<b>2. Gas</b>															
Gas (LNG)															
– Japan	780.7	98.5	2,139.7	98.7	795.6	89.0	2,295.7	87.4	842.2	89.1	2,213.3	88.3	862.8	89.2	2,444.8
– Korea	12.1	1.5	28.5	1.3	98.4	11.0	332.2	12.6	103.0	10.9	294.5	11.7	104.2	10.8	356.6
– Taiwan	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	792.8	100.0	2,168.2	100.0	894.0	100.0	2,627.9	100.0	945.2	100.0	2,507.8	100.0	967.0	100.0	2,801.4
L P G															
– Japan	--	--	--	--	289.6	56.4	30.5	56.2	1,088.7	80.5	101.2	81.7	2,039.7	84.5	210.5
– Singapore	--	--	--	--	179.8	35.0	19.0	35.1	140.2	10.4	12.0	9.7	94.3	3.9	9.5
– Korea	--	--	--	--	--	--	--	--	21.9	1.6	1.9	1.6	152.2	6.3	15.4
– Others	--	--	--	--	44.2	8.6	4.7	8.7	101.9	7.5	8.7	7.0	127.9	5.3	12.8
Total	--	--	--	--	513.6	100.0	54.2	100.0	1,352.7	100.0	123.8	100.0	2,414.1	100.0	248.2
													1,026.5	100.0	3,950.9
													2,635.2	100.0	406.3

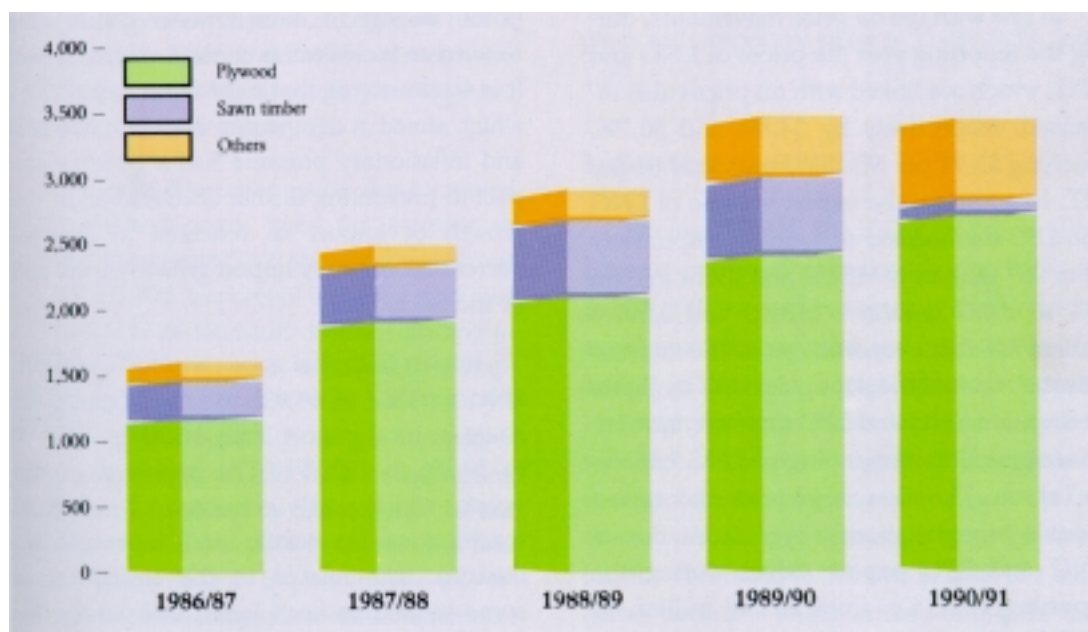
1) F.o.b. value

2) Petroleum in barrel, LNG in MMBTU and LPG in tons.

**CHART 15**  
**THE SHARE OF NON-OIL/GAS EXPORTED COMMODITIES**



**CHART 16**  
**THE EXPORTS OF WOODS AND WOOD PRODUCTS**  
 (millions of \$)



rose steadily, reaching its peak level of \$35.29 per barrel in October 1990. Along with the oil price increase, Indonesia was able to increase its oil production to an average of 1,511 thousands barrels per day compared with 1,411 thousands barrels per day in the previous year. However, the increase in oil price was short lived as the OPEC countries agreed to freeze the production quota, and industrial countries released stocks from oil reserves. As a result in March 1991 the oil price had dwindled down to \$17.72 per barrel.

Meanwhile, the oil exports volume only increased by 2.6% compared with the previous year's increase of 4.5%. The decrease in volume growth was related to the increased in domestic oil-fuel consumption, which grew by 14.0% compared with 5.5% for the previous year. As a result, domestic consumption in 1990/91 reached 208.2 million barrel. Much of the strong growth in domestic oil consumption was accounted for by the expansion of domestic economic activities, especially in the transportation and industrial sectors.

In line with the oil price movements, during the reporting year the prices of LNG and LPG, which are linked with oil prices also increased, respectively by 34.8% and 50.7%, reaching \$3.91 per MMBTU and \$154.81 per MT. In addition, the export volume of LNG and LPG also showed an increase, respectively from 967 million MMBTU and 2,414 million MT to 1,027 million MMBTU and 2,602.0 million MT in the reporting year. The increase was the result of the strong demand by Japan as the main LNG and LPG importer from Indonesia, and the beginning of LNG exports to Taiwan. The increase of price and export volume brought about a significant rise of LNG and LPG export values

during the reporting year, i.e. from \$3.049 million to \$4,710 million.

With those developments, during the reporting year, earnings from oil/gas exports increased by 36.7% to \$12,763 million. By country of destination, Japan and the US continued to be the main destinations of Indonesia's oil exports, while gas was mainly exported to Japan, South Korea and Taiwan.

## **2. Imports**

During 1990/91 import rose by 32.5% to \$23,028 million due to the increase in both oil/gas and non-oil/gas imports. Non-oil/gas imports increased sharply in line with the high rate of domestic economic expansion as reflected in significant growth of investment and production. The increase of imports for capital goods was closely related with the increase in domestic investment activity while import of raw/auxiliary materials was needed to support the expansion of production activities. The increase in imports was facilitated by the availability of foreign financing, which was obtained both directly by the companies or indirectly through the banking sector. Along with the increase of capital goods imports, import of consumption goods also showed an increased as domestic income rose. It is worth noting that tight monetary policy, which aimed at dampening domestic demand and inflationary pressure had a positive impact in preventing further acceleration in the growth of import as reflected in gradual decrease of monthly import growth by the end of the fiscal year.

Import of capital goods showed a remarkable increase of 64.8% which increased its share in total import from 24.2% in 1989/90 to 30.1% in 1990/91. The imported capital goods, which

**TABLE VIII.5**  
**LNG AND LPG EXPORTS**

Year	L N G			L P G <sup>1)</sup>		
	Value <sup>2)</sup> (millions of \$)	Volume (millions of MMBTU)	Price (\$/MMBTU)	Value <sup>2)</sup> (millions of \$)	Volume (millions of tons)	Price (\$/ton)
1986/87	2,168	793	2.73	43.3	514.8	84.11
1987/88	2,628	894	2.94	54.2	513.6	105.53
1988/89	2,508	945	2.65	123.8	1,352.6	91.53
1989/90	2,801	967	2.90	248.2	2,414.0	102.82
1990/91	3,951	1,027	3.85	370.6	2,602.0	142.43

1) Before fiscal year 1987/88 LPG export was included in oil export as a product export.

2) F.o.b. value.

Sources : - Pertamina  
- Ministry of Mining.

partly consisted of industrial machineries for textile and footwear industries, was related to the relocation of some industries from Japan and Newly Industrialized Countries (NIE's).

Imports of raw and auxiliary materials also experienced an increase of 22.9%, a slower growth rate than in the preceding year bringing about its share in total import decreased from 70.4% to 65.3% in 1990/91. The slower growth rate of imported raw material and auxiliary goods was partly related to nearly full capacity utilization in some industries. However, as capital investment grew strongly in recent years under the PMA and PMDN schemes, imports of raw materials and auxiliary are expected to rebound in near future.

Imports of consumer goods also increased which resulted partly from the increase in domestic income as GNP showed a significant increase in 1990. Imports of nonfood stuff rose while imports of foodstuff declined leading to a decrease in the share of imported consumption goods in total import from 5.4% to 4.6% in 1990/91. 36. Imports by oil/gas companies rose by 41.6% to \$3.580

million, consisting mainly of crude oil and oil fuel imports; the rise was due to an increase of both volumes and prices. The increase in import volume was attributable to increasing domestic consumption of oil fuel.

By country of origin, Japan and the United States were the main suppliers of Indonesia's imports with shares of 25.0% and 11.3% respectively, whereas the shares of the EC and ASEAN countries were 18.4% and 8.9% respectively. Among the ASEAN countries, Singapore still accounted for the biggest share, of 75.4%, followed by Malaysia, Thailand, and the Philippines with respective share of 13.4%, 9.3%, and 1.9%.

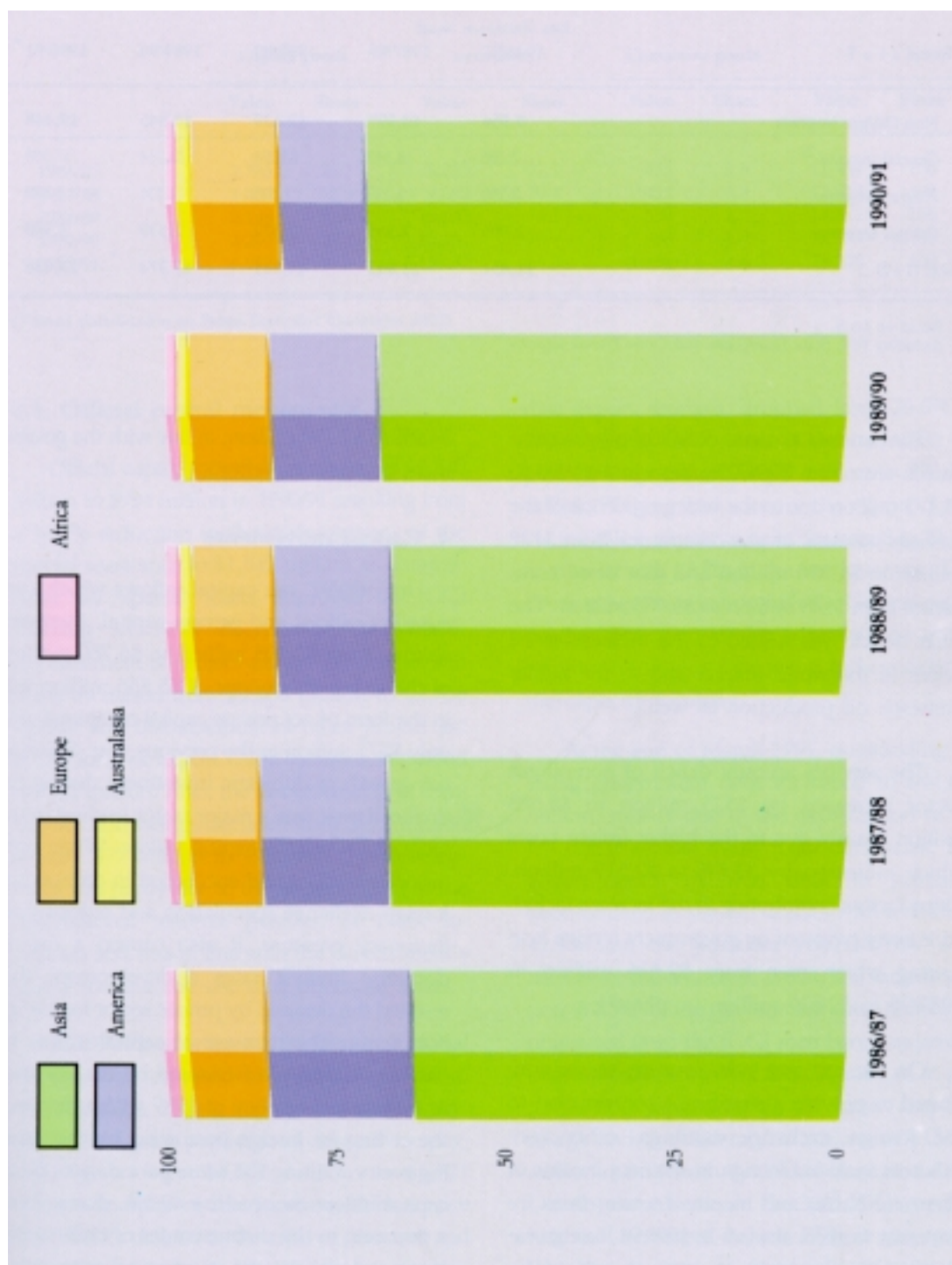
### **3. Services account**

During 1990/91, the deficit in the services account increased significantly by 9.9% to \$8,856 million which was mainly due to the increase in interest payment and freight costs. Net interest income from foreign exchange deposits by foreign exchange banks decreased

**CHART 17**  
**THE AVERAGE MONTHLY PRICES OF INDONESIAN OIL EXPORTS, MINAS**  
**(\$/barrel)**



**CHART 18**  
**EXPORT BY COUNTRY OF DESTINATION**  
**(percentage)**



**TABLE VIII.6**  
**VALUE OF IMPORTS <sup>1)</sup>**  
(millions of \$)

Items	1986/87	1987/88	1988/89	1989/90	1990/91 <sup>*</sup>
<b>1. Non-Oil/gas imports</b>	<b>9,356</b>	<b>10,597</b>	<b>12,239</b>	<b>14,845</b>	<b>19,448</b>
General imports <sup>2)</sup>	7,106	8,347	10,294	13,314	17,558
Program imports	2,250	2,250	1,945	1,531	1,890
<b>2. Oil/gas imports</b>	<b>2,095</b>	<b>2,355</b>	<b>2,072</b>	<b>2,529</b>	<b>3,580</b>
<b>Total (1+2)</b>	<b>11,451</b>	<b>12,952</b>	<b>14,311</b>	<b>17,374</b>	<b>23,028</b>

1) Based on f.o.b.

2) Including FDI, State Enterprises and Other Private imports.

compared with that of the previous year as foreign borrowing of the banking sector increased. On the other hand, foreign exchange earnings from tourism continued to increase in spite of a temporary decline of tourist arrivals during the last quarter of 1990/91 due to the Gulf crisis.

The services account deficit of oil/gas companies rose from \$2,897 million in 1989/90 to \$3,173 million due to the widening deficit of the services account of gas companies from \$128 million to \$1.390 million and that of oil companies from \$148 million to \$1,783 million. The latter deficit was related to the increase of oil prices in the world market and to the higher domestic oil production as well.

The services account deficit of non-oil/gas sector increased by \$525 million to \$5,683 million mainly due to the higher freight costs which increased by 33.6% to \$2,519 million. Other factors contributing to the increase included interest payment on government foreign borrowing which rose from \$2,516 million in 1989/90 to 52,639 million in 1990/91.

On the revenue side, tourism sector continued to provide a significant contribution to the foreign exchange earnings; other contributors included foreign investment income of domestic banks and income transfer from Indonesian workers abroad. In 1990/91, foreign exchange earnings from tourism increased by 34.9% to \$2,199 million, in line with the government promotional efforts.

#### **4. Capital movements**

In 1990/91, net capital inflows which consisted of official and private capital, increased sharply from \$2,405 million to \$6,780 million; of the latter, an amount of \$5.856 million was in the form of net private capital compared with only \$575 million in the previous year. Substantial growth of domestic investment during the financial year was a major factor leading to the increase in private capital inflow. While tight monetary policy had succeeded in dampening foreign exchange speculation and reducing inflationary pressure, it also caused a rise in domestic interest rates a development that resulted the demand by private sector for foreign



**TABLE VIII.7**  
**IMPORTS BY ECONOMIC CATEGORY <sup>1)</sup>**  
(percentage)

	Capital goods		Basic materials and auxiliaries		Consumer goods		T o t a l	
	Value	Share	Value	Share	Value	Share	Value	Share
1986/87	2,783	24.3	8,233	71.9	435	3.8	11,451	100
1987/88	3,432	26.5	9,092	70.2	427	3.3	12,952	100
1988/89	3,148	22.0	10,633	74.3	530	3.7	14,311	100
1989/90	4,205	24.2	12,231	70.4	938	5.4	17,374	100
1990/91 *	6,932	30.1	15,037	65.3	1,059	4.6	23,028	100

1) Based classification on Broad Economic Categories (BEC).

borrowing. The increase of capital inflow by banking sector was facilitated by the issuance of Government policy of 1989 which removed the ceiling on foreign borrowing by the banking sector. During the same period, net official capital inflow dropped by 49.5%, due to both a decrease in the disbursement of commercial loans and an increase in principal repayment.

#### 4.1. Official capital movements

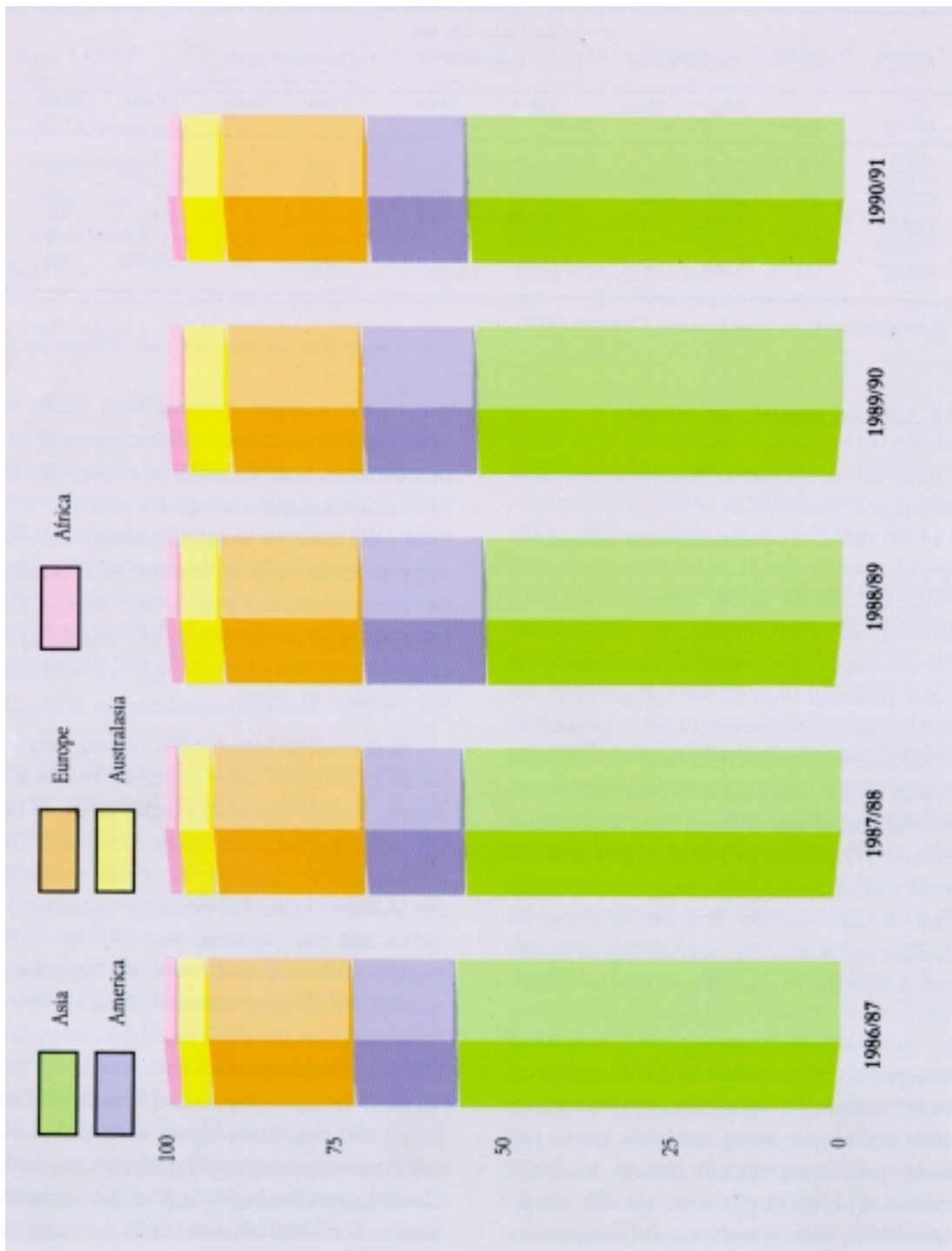
Official capital inflow decreased from \$1,830 million to \$924 million in 1990/91 resulting from a 14.7% reduction in the disbursement of the special assistance to \$1,542 million as commitment for special loans approved in IGGI meeting in 1990 decreased. Meanwhile, disbursement of project aid in the forms of soft loans increased from \$2,300 million to \$2,766 million and disbursement of other project aid in the form of export credit facilities increased to \$621 million. Also, the disbursements of commercial borrowings declined from \$818 million to only \$77 million in 1990/91. This development was partly due to the improvement in the international reserves position of Bank Indonesia and was in line with the Government's

policy to limit the use of commercial loans.

In 1990/91 amortization payments on official foreign debt increased from \$3,686 million to \$4,082 million. Taking into account interest payment in the same period, total debt service payment grew from \$6,202 million to \$6,721 million. In spite of this increase, debt service ratio (DSR), defined as the ratio of principal and interest payments on official debt to merchandise export receipts, dropped from 26.0% to 23.9% mainly as a result of the increased export earnings from \$23,830 million to \$28,143 million. Taking into account the export of services, DSR is shown to have decreased to 21.7% compared with 23.7% in the previous year. This development was in line with the Government's prudent policy on foreign borrowing by giving priority to soft-term borrowing and considering the capacity to repay.

At the end of March 1991, outstanding external government debt increased to \$44,876 million, mostly due to the depreciation of the US dollar against most major currencies. The government's external debt is primarily denominated in the US dollars with a share of

**CHART 19**  
**IMPORTS BY COUNTRY OF ORIGIN**  
**(percentage)**



**TABLE VIII.8**  
**SERVICES PAYMENTS (NET)**  
(millions of \$)

<b>Items</b>	<b>1986/87</b>	<b>1987/88</b>	<b>1988/89</b>	<b>1989/90</b>	<b>1990/91 *</b>
<b>1. Freight on imports</b>	<b>1,237</b>	<b>1,401</b>	<b>1,555</b>	<b>1,886</b>	<b>2,519</b>
Non-Oil/gas	1,029	1,166	1,347	1,633	2,161
Oil	190	219	191	234	338
Gas	18	16	17	19	20
<b>2. Other transportation</b>	<b>229</b>	<b>237</b>	<b>317</b>	<b>462</b>	<b>607</b>
Non-Oil/gas	208	220	230	298	343
Oil	21	17	87	164	264
Gas	--	--	--	--	--
<b>3. Investment income</b>	<b>3,153</b>	<b>3,825</b>	<b>4,198</b>	<b>4,611</b>	<b>5,392</b>
Non-Oil/gas	2,032	2,588	2,956	2,920	3,261
Oil	740	890	809	1,035	1,303
Gas	381	347	433	656	828
<b>4. Others</b>	<b>1,678</b>	<b>1,635</b>	<b>1,302</b>	<b>1,096</b>	<b>338</b>
Non-Oil/gas	741	398	331	307	-82
Oil	513	509	473	202	-122
Gas	424	728	498	587	542
<b>Total</b>	<b>6,297</b>	<b>7,098</b>	<b>7,372</b>	<b>8,055</b>	<b>8,856</b>
Non-Oil/gas	4,010	4,372	4,864	5,158	5,683
Oil	1,464	1,635	1,560	1,635	1,783
Gas	823	1,091	948	1,262	1,390

42.9% and the Japanese yen (38.5%). With respect of the source of credit, the largest portion (82.3%) of the government total borrowing originated from the IGGI members comprising bilateral arrangements of \$23,035 million, in particular from Japan, the United States, and Germany, and multilateral institutions of \$13,912 million mainly from the World Bank and Asian Development Bank. At the 33rd IGGI meeting held in The Hague in June 1990, it was agreed that the amount of financial assistance for Indonesia would be \$4,751 million, including

special assistance of \$1,278 million. The amount consisted of bilateral assistance of \$2,206 million and multilateral assistance of \$2,545 million. At the end of March 1991, outstanding debt from non-IGGI members was \$6,749 million, most of which (73.3%) was obtained from international commercial banks. Classified with respect to terms of borrowings, the debt under Official Development Assistance (ODA) amounted to \$29,750.2 million (66.3%) which consisted of program aid in the form of food aid (pure program) amounting to \$2,104 million, program

**TABLE VIII.9**  
**DISBURSEMENT OF GOVERNMENT BORROWING AND FOREIGN ASSISTANCE**  
(millions of \$)

Items	1986/87	1987/88	1988/89	1989/90	1990/91 *
<b>1. IGGI</b>	<b>3,978</b>	<b>4,368</b>	<b>5,468</b>	<b>4,668</b>	<b>4,897</b>
ODA	1,980	2,837	3,996	3,589	3,766
– Food aid <sup>1)</sup>	48	30	23	6	--
– Program aid <sup>2)</sup>	--	828	862	1,031	718
– Project aid	1,932	1,979	3,111	2,552	3,048
Non-ODA	1,998 <sup>3)</sup>	1,531 <sup>3)</sup>	1,472 <sup>3)</sup>	1,079 <sup>3)</sup>	1,131
<b>2. Non-IGGI (Project aid)</b>	<b>1,494</b>	<b>207</b>	<b>1,120</b>	<b>848</b>	<b>109</b>
ODA	75	7	135	30	23
Non-ODA	1,419	200	985	818	86
<b>Total (1 + 2)</b>	<b>5,472</b>	<b>4,575</b>	<b>6,588</b>	<b>5,516</b>	<b>5,006</b>

1) Borrowings under food aid program.

2) Special loans under concessional term to assist government program.

3) Includes loans from Eximbank Japan.

aid in the form of special assistance amounting to \$3,200 million, and project aid of \$24,446 million. Outstanding debt under non-ODA terms amounted to \$15,126 million, consisting of special assistance, partly obtained from the Exim Bank of Japan (\$2,364 million), borrowing within the framework of export credit facilities amounting to \$7,813 million, and commercial borrowings amounting to \$4,949 million.

#### **4.2. Private capital movements**

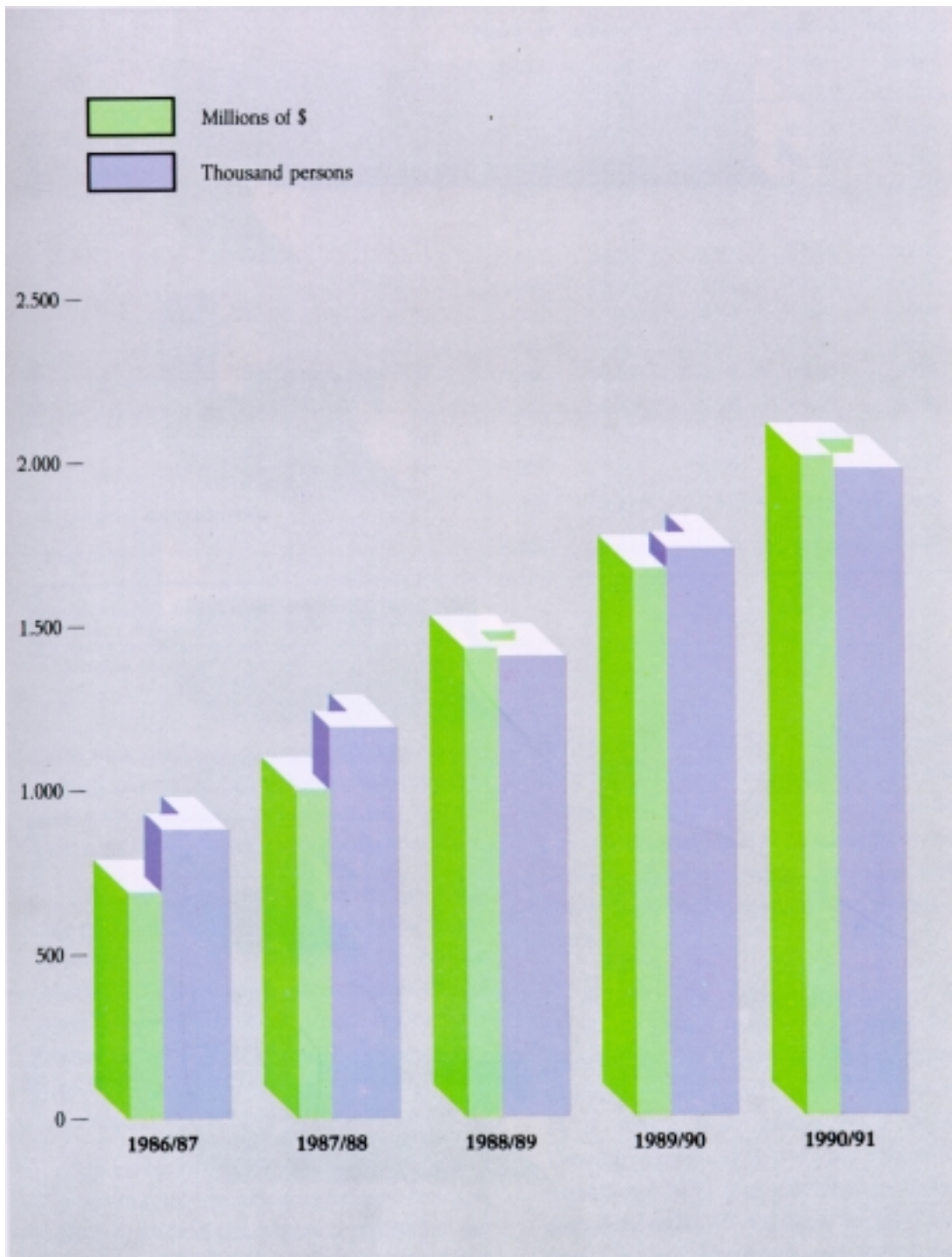
In 1990/91, net inflow of private capital showed a tenfold increase to \$5,856 million compared with \$575 million in previous year. The inflow of private capital comprising capital flows of PMA companies and non-PMA companies rose from \$2,755 million to \$8,211 million mainly due to the sharp increase of non PMA capital inflow amounting to \$6,382 million, compared with \$1,684 million in 1989/90. Higher capital inflow

brought in by non-PMA companies were mainly accounted for by foreign borrowing of the banking sector and other private companies, as well as purchases of stocks by foreign investors in the stock market. Meanwhile, net capital inflow of PMA companies also rose from \$1,071 million to \$1,849 million in line with the increase in investment approval in previous years. In 1990, the Government approved investment proposals of PMA with a value of \$8,750 million compared with \$4,719 million in the previous year. In the other direction, private capital outflow slightly increased from \$2,127 million to \$2,286 million, mainly as a result of increased amortization of private foreign debt.

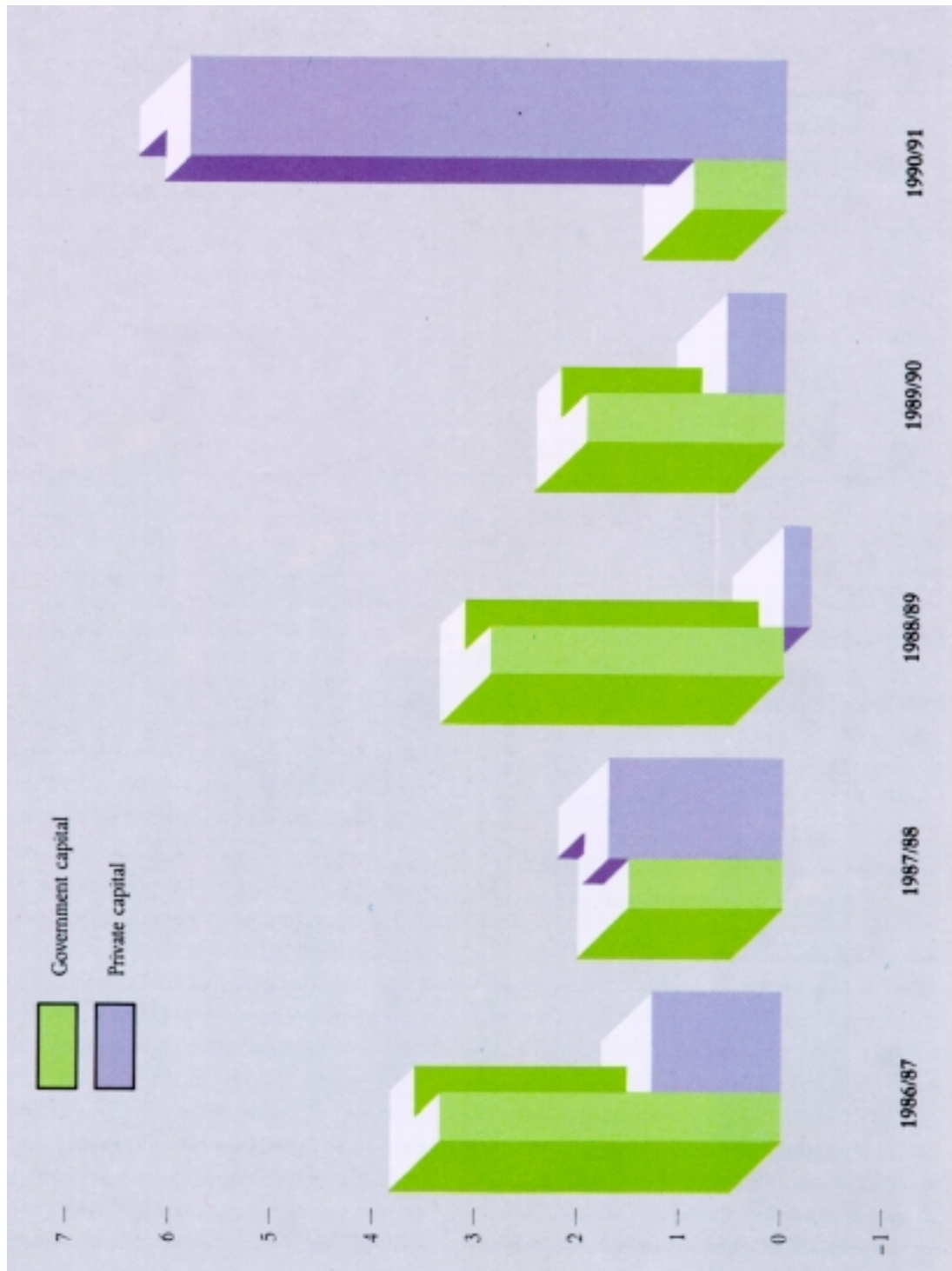
#### **5. Developments of debt from international institutions**

In 1990/91, International Bank for Reconstruction and Development (IBRD)

**CHART 20**  
**THE REVENUE AND NUMBER OF TOURISTS**  
**ENTERING TO INDONESIA**



**CHART 21**  
**NET CAPITAL INFLOWS**  
(millions of \$)



**TABLE VIII.10**  
**GOVERNMENT'S OUTSTANDING EXTERNAL DEBTS**  
(millions of \$)

Items	March, 31 1987	March, 31 1988	March, 31 1989	March, 31 1990	March, 31 1991
<b>I. Government debts</b>	<b>33,168</b>	<b>38,386</b>	<b>40,520</b>	<b>40,354</b>	<b>44,876</b>
Old debts <sup>1)</sup>	1,476	1,568	1,312	1,252	1,180
New debts	31,692	36,818	39,208	39,102	43,696
a. IGGI	22,239	27,382	30,640	31,431	36,947
i. ODA	13,037	16,214	19,896	21,986	27,057
– Food aid <sup>2)</sup>	2,180	2,554	2,504	2,485	2,104
– Program aid <sup>3)</sup>	–	828	2,554	2,647	3,200
– Project aid <sup>4)</sup>	10,857	12,832	14,838	16,854	21,753
ii. Non-ODA	9,202	11,168	10,744	9,445	9,890
b. Non-IGGI	9,453	9,436	8,568	7,671	6,749
– ODA	2,029	1,621	1,671	1,466	1,513
– Non-ODA	7,424	7,815	6,897	6,205	5,236
<b>2. Debts of state enterprises</b>	<b>1,456</b>	<b>1,237</b>	<b>911</b>	<b>712</b>	<b>606</b>
<b>Total (1+2)</b>	<b>34,624</b>	<b>39,623</b>	<b>41,431</b>	<b>41,066</b>	<b>45,482</b>

1) Old debts are those obtained prior to July 1966.

2) Includes borrowing for price stabilization program.

3) Special borrowing with soft terms to assist government program.

4) Including special borrowing from Exim Bank of Japan.

approved new loans to Indonesia in the amount of \$1,339.5 million compared with \$2,070.5 million in 1989/90 so that cumulative loans extended to Indonesia reached to \$14,045.2 million by the end of March 1991. At the same time, of the approved loans with an amount of \$10,170.1 million had been disbursed; at the end of 1990/91 the outstanding IBRD loans to Indonesia amounted to \$9,373.6 million. The loans were used to finance various projects, involving various sectors, namely transportation, electricity, irrigation, communication, agriculture, rural development, and export promotion.

Meanwhile, outstanding borrowings from International Development Association (IDA) amounting to \$842.4 million at the end of

1990/91. It is worth noting that Indonesia has been classified as being not eligible for assistance from IDA because Indonesia has been considered capable of obtaining semiconcessional loans from other sources.

Up to the end of 1990, International Finance Corporation has extended cumulative financial assistance to Indonesia private companies in the amount of \$390.2 million comprising \$326.6 million in loans and \$63.6 million in equities. Of the total financial assistance, \$158.5 million originated from IFC's funds and the remainder from syndicated loans. The assistance was extended to 25 private companies dealing with industry, non-bank financial institutions, and tourism.

In 1990, the Asian Development Bank (ADB) approved loan to Indonesia in the amount of \$599.8 million, \$556.9 million of which originated from Ordinary Resources and \$42.9 million from special Fund of Asian Development Fund. Up to the end of 1990, cumulative ADB loan extended to Indonesia amounted to \$6,207.4 million, \$5,592.7 million from Ordinary Resources and \$614.7 million from Special Fund. Out of the total approved loans, \$3,634.9 million or 58.6% had been disbursed. At the end of 1990/91, outstanding ADB loans to Indonesia amounted to \$3,214.1 million.

Financial assistance from the Islamic Development Bank (IDB) to Indonesia amounted to ID39.5 million or equivalent to \$47.7 million up to the end of 1990/91. The assistance comprised equity participation to various companies in the amount of ID 16.8 million, loans in the amount of ID15.0 million, and installment sales in the amount of ID7.7 million. Of the total approved assistance, ID19.0 million (48.1%) had been disbursed comprising ID11.5 million for equity participation and ID7.5 million for loans.

At the end of 1991, outstanding financial assistance from the International Monetary Fund (IMF) to Indonesia amounted to SDR289.3 million, which was drawn in 1987 under the Compensatory Financing Facility (CFF). During the financial year, Indonesia earned remuneration and interest income on the reserve position in the fund and SDR balances in the total amount of SDR0.8 million. It can be added that at the end of reporting year, the overall SDR allocated to Indonesia amounted to SDR239.0 million.

### **C. International Reserves and Exchange Rate**

As mentioned earlier in this chapter the current account deficit in 1990/91 was \$3,741 million and capital account surplus was \$6,780 million. Overall foreign exchange reserves held by Bank Indonesia increased substantially by \$3,302 million reaching a level of \$9,561 million compared with a slight increase of only \$248 million in the previous year. Taking into account the foreign exchange reserves held by foreign exchange banks of \$2,584 million at the end of 1990/91, national foreign exchange reserves reached \$12,145 million or equivalent of 6.7 months of non-oil/gas imports.

Taking into account the average inflation differential between Indonesia and its major trading partners, it showed that the real effective exchange rate of the rupiah could be maintained during 1990/91. As a result, this development contributed in maintaining the competitiveness of non-oil/gas exportable commodities. The development of the nominal rupiah exchange rate during 1990/91, measured by comparing rupiah exchange rate at the end of March 1991 with March 1990 showed that rupiah depreciated against the dollar (5.40%), Deutsche Mark (14.93%), British Pound Sterling (18.16%), Japanese yen (14.15%), Netherlands guilder (14.87%), Singapore dollar (12.42%), and Australian dollar (6.84%). While, inflation rates in major trading partners were 5.45% in the United States, 2.85% in Germany, 9.9% in the United Kingdom, 3.25% in Japan, 2.42% in the Netherlands, 3.7% in Singapore, and 6.22% in Australia.



## IX. PRODUCTION

As mentioned in Chapter III, Indonesian Gross Domestic Product (GDP) in 1990 grew by 7.4%. In terms of GDP composition, large contributions were originated from the agricultural sector (19.6%) and the manufacturing sector (19.3%), while the mining and quarrying sector contributed as much as 15.2%. Although some sectors experienced some deceleration in their growth, the overall performance was favorable. The favorable business climate stimulated a rapid growth in the manufacturing sector; however, the conversion of land from agricultural to non-agricultural purposes over the past few years has caused the growth of the agricultural sector to decline. In the meantime, the growth of the mining and quarrying sector also recorded a deceleration due to decreases in the production of several major mining products experiencing lower prices in the international markets.

### A. Agriculture

In 1990, the growth of the agricultural sector was slower than in the preceding year; however, it was still the largest contributor to GDP formation, namely 19.6%. The slower growth was primarily due to a deceleration in the growth of rice production and a decrease in cassava production. Moreover, international trade and lower prices of several non-oil/gas primary commodities also affected the production of several agricultural commodities. In the meantime, prospects for horticultural commodities -- namely fruits, vegetables, cut flowers, and decorative plants -- appeared to be favorable due to strong demand, domestically as well as abroad. Unfortunately, most of

horticultural commodities have not been intensively cultivated as is the case with other foodcrops so that the quantity and quality of the products are still modest, although Indonesia has comparative advantages, for example climate, type of soils, and elevation, enabling year-round cropping. Therefore, efforts to promote the production continued to be undertaken.

In the reporting year, policies to stimulate agricultural production were undertaken by the Government among other things by raising the floor prices of dry paddy (*gabah kering giling*) and cloves and by stimulating soybean production through a new scheme called "special effort" (*upaya khusus*). Furthermore, the Government improved clove trade procedure, simplified the licensing procedure of livestock businesses, and allowed the utilization of foreign fishing boats in fishery. To foster the conservation of natural forests and to assure sufficient supply of wooden raw materials, the Government raised the Reforestation Fund collected from the holders of Forest Exploitation Rights.

Agricultural policies, regarding foodcrops, continued to be directed towards maintaining self-sufficiency in rice, increasing the production of other foodcrops, and enhancing farmers' as well as public welfare by promoting foodcrops production, in terms of quantity as well as quality. In this respect, integrated efforts' were undertaken through diversification, extensification, and intensification schemes. It may be added that in the reporting year mixed farming using foodcrops to replace cover crops on smallholders' plantation estates was initiated.

**TABLE IX.1**  
**SELECTED AGRICULTURAL PRODUCTION**  
(thousands of tons)

Particulars	1988	Growth (%)	1989	Growth (%)	1990 *	Growth (%)
<b>1. Foodcrops</b>						
Rice	28,340	4.0	29,072	2.6	29,426	1.2
Corn	6,652	29.0	6,193	-6.9	6,766	9.3
Cassava	15,471	7.8	17,117	10.6	15,591	-8.9
Soybeans	1,270	9.4	1,315	3.5	1,427	8.5
<b>2. Cashcrops</b>						
Rubber	1,176	4.1	1,209	2.8	1,263	4.5
- Smallholder	839	5.5	853	1.7	902	5.7
- Plantation estates	337	0.6	356	5.6	361	1.4
Copra	2,139	3.1	2,208	3.2	2,245	1.7
Palm oil	1,800	19.5	1,965	9.2	2,413	22.8
Palm kernels	360	12.9	393	9.2	504	28.2
Cane sugar	1,918	-11.9	2,108	9.9	2,116	0.4
Coffee	386	1.6	401	3.9	424	5.7
- Smallholder	362	0.8	377	4.1	398	5.6
- Plantation estates	24	14.3	24	--	26	8.3
Cloves	61	5.2	55	-9.8	63	14.5
- Smallholder	59	3.5	53	-10.2	61	15.1
- Plantation estates	2	100.0	2	--	2	--
<b>3. Forestry</b>						
Logs <sup>1)</sup>	28,485	0.8	24,409	-14.3	25,312	3.7
<b>4. Livestocks</b>						
Meat	937	4.7	971	3.6	1,082	11.4
Eggs	443	-2.0	456	2.9	472	3.5
Milk <sup>2)</sup>	265	12.8	338	27.6	360	6.5
<b>5. Fishery</b>						
Sea	2,170	7.6	2,272	4.7	2,374	4.5
Inland	711	8.9	765	7.6	795	3.9

1) Thousands of cubic meters.

2) Millions of liters.

Source : - Supplement to the President's Report to Parliament, August 16, 1991.

In 1990, the harvested areas of paddy decreased by 0.5% to 10,479 thousand hectares as a result of land conversion from paddy fields to non-agricultural purposes. However, rice production kept increasing, by 1.2% reaching 29,426 thousand tons which surpassed the domestic demand for rice in 1990, estimated at 28,237 thousand tons. The increase in rice production was the result of a higher productivity, of 1.6%, in relation to the success in the intensification program and improvement in post-harvest treatment. Meanwhile, in order to increase rice production as well as farmers' income the Government raised the floor price of dry paddy (*gabah kering giling*) from Rp270.00 to Rp295.00 per kg as from January 1, 1991.

Secondary crops experiencing significant increases in production in 1990 were corn (9.3%) and **soybeans** (8.5%). The increases were attributable to larger harvested areas and higher productivity, supported by a favorable climate. It is worth noting that in order to promote soybean production to meet domestic consumption and to reduce imports, starting in the reporting year the Government undertook a special program to increase the production of soybean (*Upaya Khusus Kedelai*). The program was intended to be implemented on 180.7 thousand hectares of land in 19 provinces and consisted of improved intensification and extensification. Furthermore, to stimulate higher production and increase farmers' income the Government raised the floor price of soybeans by 20% to Rp500.00 per kg.<sup>1)</sup> Meanwhile, the production of **cassava** decreased by 8.9% due to lower productivity and smaller harvested areas which was affected among other things by a decrease in the cassava price in the preceding year.

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1) Presidential Instruction No. 6/1990, October 20, 1991.

In 1990, the areas of **plantation** estate reached 11,388 thousand hectares, which is an increase of 2.3% compared with that in the preceding year. Private-and state-owned estates accounted for most of the increase. It may be noted that 85.1% of the total plantation areas can be characterized as smallholders' estates. Cash crops recording significant increases in production in 1990 were oil palm and cloves.

In 1990, **rubber** production rose by 4.5% reaching 1,263 thousand tons, although the productive areas of rubber estates declined by 4.2% to 1,760 thousand hectares. Thus, the rise in production was attributable to an increase in productivity, of 9.1% reaching 718 kg per hectare. Of the total production, 71.4% was produced by smallholders' estates and the remainder by state and private estates. Meanwhile, rubber rejuvenation program showed a favorable development, reflected in a 2.1% decrease of areas that were no longer in production, to 368 thousand hectares and a 33.7% increase of areas that were not yet in production, reaching 1,113 thousand hectares. The rejuvenation program was supported by a sharp growth of investment credits for rubber estates. Moreover, attempts to enhance the quality of rubber, especially the slabs produced by smallholders' estates, were continued.

Efforts to increase **sugarcane** production were also continued in the reporting year, especially those cultivated in non-irrigated land. Sugarcane production in 1990 increased by 0.4% to 2,116 thousand tons and sugarcane areas rose by 2.9% reaching 363 thousand hectares. Out of the total areas, 66.2% were under the smallholders' sugarcane intensification program (*Tebu Rakyat Intensifikasi* or TRI) which was mostly carried out in East and Central Jawa. In

addition to the non-irrigated land cultivation program, efforts to increase cane sugar production as well as the income of sugarcane farmers were carried out by linking the production sharing method and the sugarcane quality premium with sugar content of the sugarcane processed in sugar mills.<sup>2)</sup> The extension of the sugarcane quality premium started on April 1, 1990. The capacity of sugar mills in 1990 amounted to 159,202 tons of sugarcane per day, which is an increase of 2.0% compared with that in the preceding year. Meanwhile, to adjust the price of sugar to people's purchasing power and to maintain adequate income level of farmers as well as sugar mills, the Government raised the new floor price of cane sugar by 8.3% to Rp65,000.00 per quintal.<sup>3)</sup> effective April 1, 1991.

Due to the sharply increased areas of productive **oilpalm** estates (24.1% reaching 717 thousand hectares), palm oil production increased significantly by 22.8% reaching 2,413 thousand tons. Of the total production, 67.3% was produced by state estates, 32.7% by private estates, and the remainder by smallholders' estates. Oil palm estates which were not yet in production covered 427 thousand hectares, and most of these were smallholders' estates. Of the total 1,146 thousand hectares of oilpalm plantation, most of which are located in North Sumatera and Riau, 36.2% was cultivated by state estates, 35.8% by smallholders' estates, and the remainder by private estates. To encourage palm oil production and to support the price of its products, the Government announced a new selling price for crude palm oil for domestic industries of Rp475.00 per kg FOB Belawan,

effective July 1, 1990.<sup>4)</sup> It may be added that most of the produced palm oil has been used domestically for the production of cooking oil, soap, and margarine. Exports of palm oil in 1990 increased compared to the preceding year.

In 1990, the production of **copra** rose by 1.7% to 2,245 thousand tons. The increase was supported by an increase in productive areas of 1.9% to 2,236 thousand hectares and an increased role of cooperatives in procurement and marketing. Of the total copra production, 99.2% was accounted for by smallholders' estates which increased by 1.4% to 3,246 thousand hectares in 1990. The main producing areas of coconut can be found in North Sulawesi, Maluku, and Riau. Meanwhile, plantation areas not yet in production covered 865 thousand hectares and those no longer in production were 232 thousand hectares. In line with the higher production of copra, exports of copra cakes in 1990 showed an increase.

Production of **coffee** in 1990 rose by 5.7% reaching 424 thousand tons, of which 93.9% originated from smallholders' estates. The rise was mainly due to a 5.9% increase in productivity, to 573 kg per hectare. Coffee areas enlarged by 1.3% to 1,056 thousand hectares, which comprised mainly smallholders' estates which in turn expanded by 1.4% to 1 million hectares. The main coffee variety produced and exported by Indonesia was robusta. In order to benefit from the international coffee market, the Government promoted the cultivation of arabica coffee and replaced robusta coffee with arabica coffee in suitable areas. It may be added that in line with the increase in production, exports of coffee in 1990 recorded an increase.

2) Minister by Agriculture/Chairman of Badan Pengendali Bimas Decrees No. 05/SK/Mentan/Bimas/IV/1990 and No. 06/SK/Mentan/Bimas/IV/1990, April 17, 1990.

3) Minister of Finance Decree No. 391/KMK.013/1990, March 29, 1990.

4) Minister of Trade Decree No. 164/Kp/VI/90, June 30, 1990.

**Clove** production in 1990 increased by 14.5% reaching 63 thousand tons. The significant increase was attributable to the increase in clove productive areas, of 6.4% reaching 407 thousand hectares and a rise in productivity, of 7.6% reaching 154.9 kg per hectare. Clove areas not yet in production rose by 1.8% to 273 thousand hectares. Of the total areas of 723 thousand hectares, 97.2% were smallholders' estates. In 1990, the latter produced 96.8% of the total clove production. To assure the sufficient supply of clove for clove cigarette industry and to increase farmers' income as well as the role of KUDs in marketing cloves, the Government improved the stipulation on clove trade procedures and appointed Badan Penyangga dan Pemasaran Cengkeh (BPPC) to coordinate marketing.<sup>5)</sup> In a related move, Badan Cengkeh Nasional (BCN) was established to supervise and control the trade of cloves<sup>6)</sup> and new minimum and maximum prices of Rp7,000.00 and Rp8,500.00 per kg were set respectively.<sup>7)</sup> Moreover, in line with the requirement for farmers in main producing areas to sell cloves only to KUDs, the number of KUDs marketing cloves rose significantly by 50.7% reaching 541 units.

Log production in the reporting year reached 25,312 thousand cubic meters or 19.4% lower than the annual maximum production stated in Repelita V. This development reflects the success in restricting the production of logs from natural forests as an effort to preserve the forests. Meanwhile, the number of Forest Exploitation Rights decreased from 574 to 515, comprising 499 national enterprises and 16 joint-venture enterprises, with an increase in areas of 1.9% reaching 59,988 thousand hectares. Other

important forest products were rattan, cinnamon, *jelutung* and copal; with the production and export of these products still having room to increase.

To foster the conservation of forests and to assure sufficient supply of raw materials for industries processing forest products, the Government raised the amount of the compulsory contribution to the Reforestation Fund (*Dana Reboisasi*) to \$10.00 per cubic meter of logs extracted.<sup>8)</sup> Furthermore, the Government improved the administration, collection, and distribution system of Forest Exploitation Fee (*iuran hasil hutan*).<sup>9)</sup>

In the reporting year, 90.3 thousand hectares of Industrial Forest Estates (*hutan tanaman industri* or HTI) were established which correspond with an increase of 87.2% as compared with that in the previous year. The remarkable increase was due among other things to the enhanced role of the private sector and the increased significance of the Reforestation Fund. The development of HTI, mainly with pine, *sengon*, and rubber trees as the major crops, was conducted in and outside HPH areas by giving priority to futile areas (*tanah kosong*), wild grass fields (*padang alang-alang*), and unproductive forests. It may be added that most of HTI areas developed in the reporting year were located in South Sumatera, Riau, and North Sumatera. However, at the end of the reporting year the largest HTI areas were located in East Kalimantan (26.5%).

Production and population of **livestocks** in 1990 continued to record increases. Production of **meats**, **eggs**, and **milk** increased by 11.4%, 3.5%, and 6.5%, respectively, due to among

5) Minister of Trade Decree No. 306/KP/XII/1990, December 28, 1990.

6) Minister of Trade Decree No. 307/KP/XII/1990, December 28, 1990.

7) Minister of Trade Decree No. 23/KP/I/1991, January 30, 1991.

8) - Presidential Decree No. 29/1990, July 1, 1990.

- Minister of Forestry Decree No. 404/Kpts/IV/1990, August 7, 1990.

9) Presidential Decree No. 30/1990, July 1, 1990.

other things improvements in counseling, feed procurement, credit facilities, and favorable surroundings. Most of the total meat production of 1,082 thousand tons consisted of poultry meat and beef. Meanwhile, the production of eggs reached 472 thousand tons, mainly produced by layers. Production of milk reached 360 million liters, an increase of 6.5% from that in the previous year. The increase was in line with the increased number of imported productive milch cows and the improved domestic market for milk. Furthermore, the increase in milk production was also due to the success of milk cooperatives in supporting the production and marketing activities of their members. In 1990, the number of cooperatives/village cooperative units (KUDs) dealing with milk production and marketing rose by 3.2% to 196 units. In addition, to increase farmers' income and employment opportunities, the Government improved the smallholders' nucleus estates scheme for milk (*PIR Persusuan*) to the new scheme (*PIR Persusuan Pola Baru*).<sup>10)</sup>

Livestocks experiencing significant population increases in 1990 were broilers (31.7%) and milch cows (6.3%). The rise in the population of broilers was in line with the removal of the limit on farm size which enabled farmers to reach the economies scale of production. The increase in the number of milch cows was attributable among other things to the importation of milch cows and the success in artificial insemination. Meanwhile, the role of cooperatives dealing with livestock farming to increase livestock population was enhanced by distributing baby stocks. It may be noted that in October 1990 Indonesia was declared free from Foot and Mouth Disease (***Apthae epizootica***).

In order to promote smallholders' farm businesses and to preserve a healthy environment, in December 1990 the Government introduced a grouped farming scheme in certain areas. The new scheme was expected to generate higher farmers' income and more export earnings from livestock. Moreover, the Government simplified the licensing procedures and broadened the use of the license in order to promote livestock production.<sup>11)</sup>

In 1990, **fishery** production grew by 4.3% reaching 3,169 thousand tons, most of which originated from sea-fishery. Sea-fishery production rose by 4.5% reaching 2,374 thousand tons due among other things to an increase in private investments and promotion of smallholders' fishery. Moreover, the rise in sea-fishery production was also supported by the establishment of new fishing ports and the improvement in fishing techniques. To promote fishing in Indonesian exclusive economic zone, national fishing enterprises were allowed to rent foreign fishing boats.<sup>12)</sup> Meanwhile, supervision of fishermen groups and promotion of the role of KUDs in fishery activity were maintained.

The production of inland-fishery rose by 3.9% reaching 795 thousand tons, attributable to increases in fish cultivation in rice fields (27.5%), fresh water ponds (8.8%), and in brackish water ponds (5.4%). The increases were achieved among other things through the implementation of farming diversification and intensification methods as well as the promotion of private investments.

## B. Manufacturing

As in previous years, the manufacturing

10) Minister of Agriculture Decree No. 571/Kpts/TN.320/8/90, August 15, 1990.

11) Minister of Agriculture Decree No. 362/Kpts/TN.120/5/1990, May 28, 1990.

12) Minister of Agriculture Decree No. 816/Kpts/Ik. 120/11/90, November 1, 1990.

sector continued to be the second largest contributor to GDP next to the agricultural sector. The growth rate of the manufacturing sector in 1990 reached 12.3% compared with 9.1% in the preceding year. A sharp growth took place in the non-oil/gas manufacturing industry. To accelerate the growth of local manufacturing activity, the Government gradually entitled chairmen of the Ministry of Industry provincial offices to extend licenses for manufacturing businesses.<sup>13)</sup> It may be, added that in line with efforts to enhance the role of cooperatives in promoting smallscale industries, the number of cooperatives participating in the procurement and marketing of traditional handicrafts increased to 495 units.

To encourage investment in export-oriented manufacturing industries, the Government improved the regulation on industrial estate development. Industrial estates, either state-or privately-owned, may now be administered as bonded zones.<sup>14)</sup> To fulfil the need for infrastructures supporting the production in these estates, the Government established a limited liability company to manage the bonded industrial zone.<sup>15)</sup>

Furthermore, to meet the demand for electricity in industrial estates, the Government removed import duties on diesel generators with outputs of more than 375 KVA.<sup>16)</sup> Moreover, to improve the quality of industrial products, the Government continued the efforts to draw up and to implement Indonesian industrial standard (*Standar Industri Indonesia* or SII), among others, by requiring producers of packaged

drinking water to meet the SII to protect consumers and to foster a fair competition among producers.<sup>17)</sup> In the reporting year, 230 SIIs were completed compared with 145 in 1989/90.

The production of **fuel oils** in 1990 rose by 10.7% reaching 189.8 million barrels. The rise was closely related to the attempts to fulfil domestic fuel oils' consumption which increased by 13.1% reaching 202.4 million barrels.

Policies regarding oil refinery continued to be aimed at fulfilling the growing demand for fuel oils and increasing the value added of oil refinery as well as foreign exchange earnings. In this connection, a fuel oils refinery in Balongan (West Jawa) with an installed capacity of 125 thousand barrels per day was under construction in the reporting year and was expected to commence production in 1994.

Furthermore, to reduce fuel oils' subsidies for domestic consumption, in May 1990 the Government raised the prices of fuel oils.<sup>18)</sup> The selling prices of avgas and avtur were raised by 32% to Rp330.00, gasoline by 16.9% to Rp450.00, kerosene by 15.1% to Rp190.00, gas oil (minyak solar) by 22.5% to Rp245.00, diesel oil by 17.5% to Rp235.00, and fuel oil by 10.0% to Rp220.00.

In 1990/91, the production of **liquefied natural gas (LNG)** rose by 15.7% reaching 1,142.0 million MMBTUs produced by the Arun plant in Aceh and the Badak plant in Bontang. All of the LNG production was destined for Japan, South Korea, and Taiwan. In line with the growing overseas demand, in March 1991 train F in Badak

13) Minister of Industry Decree No. 16/M/SK- 1/4/1990, April 2, 1990.

14) Government Regulation No. 14/1990, May 25, 1990.

15) Government Regulation No. 34/1990, July 24, 1990.

16) Minister of Finance Decree No. 82/KMK.00/1991, January 24, 1991.

17) Minister of Industry Decree No. 120/M/SK/10/1990, October 24, 1990.

18) Presidential Decree No. 20/1990, May 24, 1990.

**TABLE IX.2**  
**SELECTED MANUFACTURING PRODUCTION**

Particulars	Units	1988/89	Growth (%)	1989/90	Growth (%)	1990/91 * (%)	Growth (%)
<b>1. Fuel oils <sup>1)</sup></b>	<b>million barrels</b>	<b>158.6</b>	<b>3.5</b>	<b>171.5</b>	<b>8.1</b>	<b>189.8</b>	<b>10.7</b>
<b>2. L N G</b>	<b>million MMBTU</b>	<b>963.2<sup>f</sup></b>	<b>6.4</b>	<b>986.7</b>	<b>2.4</b>	<b>1,142.0</b>	<b>15.7</b>
<b>3. L P G</b>	<b>thousand tons</b>	<b>1,717.4</b>	<b>--</b>	<b>2,576.9</b>	<b>50.0</b>	<b>2,770.4</b>	<b>7.5</b>
<b>4. Wood product</b>							
Plywood	thousand m3	6,940.0	12.7	7,691.5	10.8	8,370.0	8.8
Sawn timber	thousand m3	10,319.5	1.3	10,853.8	5.2	11,100.0	2.3
<b>5. Fertilizer</b>							
Urea fertilizer	thousand tons	4,245.9	2.2	4,891.6	15.2	5,131.1	4.9
ZA and TSP fertilizer	thousand tons	1,752.1	-1.6	1,888.1	7.8	1,881.0	-0.4
<b>6. Cement</b>	<b>thousand tons</b>	<b>13,218.0</b>	<b>7.2</b>	<b>14,099.0</b>	<b>6.7</b>	<b>15,783.0</b>	<b>11.9</b>
<b>7. Paper</b>	<b>thousand tons</b>	<b>948.2</b>	<b>19.6</b>	<b>1,149.0</b>	<b>21.2</b>	<b>1,399.7</b>	<b>21.8</b>
<b>8. Textile and weaving yarn</b>							
Textile	million meters	3,503.0	19.7	4,493.6	28.3	5,028.2	11.9
Weaving yarn	thousand bales	2,712.3	19.2	3,405.0	25.5	3,572.7	4.9
<b>9. Basic metal</b>							
Steel ingot	thousand tons	1,360.6	1.8	1,583.1	16.4	1,988.1	25.6
Concrete steel bar	thousand tons	829.9	-7.3	928.1	11.8	1,391.3	49.9
Steel pipe	thousand tons	244.3	0.1	272.8	11.7	326.8	19.8
Aluminum plate	thousand tons	32.7	12.8	28.4	-13.1	47.2	66.2
<b>10. Transportation means</b>							
Automobiles	thousand units	166.7	4.0	174.8	4.9	271.4	55.3
Motorcycles	thousand units	259.9	4.1	281.0	8.1	410.0	45.9
Airplanes	units	5.0	-37.5	12.0	140.0	6.0	-50.0
Helicopters	units	13.0	85.7	17.0	30.8	13.0	-23.5
Steel vessels	thousand BRT	17.4	-3.3	22.5	29.3	32.6	44.9
<b>11. Others</b>							
Light bulbs/TL bulbs	million units	107.9 <sup>f</sup>	17.8	137.8	27.7	171.7	24.6
Television sets	thousand units	521.9	-18.5	796.6	52.6	1,082.0	35.8
Refrigerators	thousand units	104.0	-34.6	138.3	33.0	158.9	14.9
Batteries	thousand units	6,146.9	-0.1	6,411.9	4.3	7,980.0	24.5
Radio and radio cassette recorders	thousand units	1,535.9 <sup>f</sup>	42.2	2,338.6	52.3	3,091.7	32.2
Car radio cassette	thousand units	444.8	86.3	2,240.4	403.7	3,797.8	69.5

1) End of calendar year.

Sources : - Supplement to the President's Report to Parliament, August 16, 1991.  
- Ministry of Industry.  
- Ministry of Mining and Energy.



plant in Bontang with an installed capacity of 2.3 million tons (119.0 million MMBTUs) per year was under construction. The construction is expected to be in production in 1993. By then, the total installed capacity of LNG processing units will rise to 1,223.6 million MMBTUs per year.

The production of **liquefied petroleum gas (LPG)** in the reporting year increased by 7.5% reaching 2,770.4 thousand tons, mostly destined to export. Of the total production, 59.0% was produced by the Arun plant and the remainder by other plants, including the new LPG plant in Arun, Sorong, Irian Jaya which just started the production in the reporting year. The new plant with an installed capacity of 13,870 tons per year was the first LPG plant in the eastern part of Indonesia.

In the reporting year, the production of **plywood** and **sawn timber** rose by 8.8% and 2.3%, respectively, reaching 8,370.0 thousand cubic meters and 11,100.0 thousand cubic meters. The increase in the outputs of plywood was closely related to the increasing domestic demand and to exports. It may be noted that plywood remained the most important non-oil/gas export commodity of Indonesia that dominated 85% of world plywood market. In the meantime, the rise in the outputs of sawn timber was closely related to the increase in domestic demand.

Policies regarding wood industries in the reporting year continued to be directed towards promoting exports of wooden finished goods. To this end, in order to optimize the utilization of forests, while taking into consideration the conservation of the forests, the Government allowed the exports of sandalwood, "laka" wood, and aloeswood in certain forms by certain exporters. Moreover, to assure sufficient supply

of raw materials for the domestic wood industry, the Government exempted imported logs from import duties.<sup>19)</sup>

In the reporting year, the production of **fertilizer** increased by 3.4% reaching 7,012.1 thousand tons. Urea fertilizer rose by 4.9% to 5,131.1 thousand tons while ZA and TSP fertilizer decreased by 0.4% to 1,881.0 thousand tons. To meet the domestic demand for fertilizer, Pusri 1-B plant with an installed capacity of 570 thousand tons of urea per year was constructed and is expected to be in production in 1993, bringing about the total installed capacity of urea manufacturing plants to 5,510 thousand tons per year.

The production of **cement** in the reporting year rose by 11.9% reaching 15,783.0 thousand tons, due mainly to the high domestic demand for cement. Meanwhile, problems in the distribution of cement in some regions caused an insufficient supply in the market and a significant increase in domestic demand caused a remarkable increase in prices. Owing to this situation, in October 1990 the Government suspended the exports of cement and exempted imported cement from import duties.<sup>20)</sup>

At the end of the reporting year, there were 10 cement manufacturing plants with a total installed capacity of 17,400 thousand tons per year. Of the total installed capacity, approximately 31% were managed by state enterprises and the remainder by private enterprises.

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19) -Minister of Trade Decree No. 146/Kp/V/1990, May 28, 1990.  
- Minister of Finance Decree No. 1225/KMK.00/1990, October 20, 1990.  
- Director General of Foreign Trade Circular Letter No. KUM 703/DAGLU/0547/90, September 6, 1990.  
20) Minister of Finance Decree No. 1131/KMK.00/1990, October 10, 1990.

Owing to the expectation of a growing demand for cement, in the reporting year installed capacity of several cement manufacturing plants, namely Semen Padang, Semen Gresik, Semen Tonasa; and Semen Cibinong were expanded. The expansions were expected to be completed in the beginning of 1993.

Although **paper** production in the reporting year kept increasing significantly, namely by 21.8% reaching 1,399.7 thousand tons, yet it could not fulfil the growing domestic demand for paper. Therefore, particularly for imports of newsprint, the Government exempted importers from import duties.<sup>21)</sup> Paper utilization per capita in Indonesia remained lower than those in other southeast Asia countries. Policies regarding promotion of paper industries aimed at utilizing the comparative advantages of Indonesia's paper industries, such as the availability of raw materials supported, among others, by the establishment of industrial forest estates.

In the reporting year, the production of **textile** and **weaving yarn** increased by 11.9% and 4.9% reaching 5,028.2 million meters and 3,572.7 thousand bales, respectively. These increases were accounted for, among others, the favorable circumstances of exporting textile I and weaving yarn to non-quota countries and the production of several new textile manufacturing plants.

Policies regarding the promotion of textile industry in the reporting year continued to be aimed at promoting the partnership between smallscale industries and medium-scale industries to encourage specialization based on

efficiency and product diversification. Furthermore, there were efforts to enhance the competitiveness of textile exports, to improve the quota system, and to expand countries for exports' destination. To promote the exports of textile and textile products (TPT), the Government improved the export procedures for TPT by reformulating the export quota distribution system.<sup>22)</sup>

**Basic metal** production in the reporting year recorded a favorable developments, attributed mainly to the increase in the domestic use of basic metal, particularly in the construction sector. Basic metals experiencing substantial increases in production were aluminum plate (66.2%), concrete steel bar (49.9%), steel ingot (25.6%), and steel pipe (19.8%). Meanwhile, to further develop basic metal industries, the Government in the reporting year allowed the private sector to directly import the raw materials, namely hot rolled coils and cold rolled coils.<sup>23)</sup>

The **transportation vehicle** industry in the reporting year grew remarkably as reflected in the increases in the production of four-wheeled and two-wheeled motor vehicles by 55.3% and 45.9%, respectively, reaching 271.4 thousand units and 410.0 thousand units.

These remarkable increases were closely related to the high domestic demand. It may be added that in the reporting year the Government allowed the importation of small and medium-size commercial trucks in order to fulfil the growing domestic demand.<sup>24)</sup>

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21) Minister of Finance Decree No. 1503/KMK.05/1990, November 20, 1990.

22) Minister of Trade Decree No. 224/Kp/IX/90, September 21, 1990.

23) Minister of Trade Decree No. 147/Kp/V/90, May 28, 1990.

24) Minister of Trade Decree No. 131/Kp/V/90, May 14, 1990.

Similar to the production of motor vehicles, the production of steel vessels in the reporting year rose by 44.9% reaching 32.6 thousand BRT. The rise was related to increases in overseas as well as domestic demand.

In the reporting year, **other manufacturing products** experiencing sharp increases in production were car radio cassette recorders, of 69.5% reaching 3,797.8 thousand units, television sets, of 35.8% reaching 1,082.0 thousand units, and radio and radio cassette recorders, of 32.2% reaching 3,091.7 thousand units. Other products recording significant increases were light bulbs/ TL bulbs and batteries.

### C. Mining and Quarrying

In 1990, the mining and quarrying sector grew by 4.3% compared with 5.8% in the preceding year, affected by the decelerating growth of coal, ferro-nickel, and bauxite production and decreases in tin, nickel matte, and silver production. The decelerated growth of the mining and quarrying sector caused its share in GDP to be smaller, namely 15.1%, compared with 15.6% in 1989.

In 1990/91, **oil** production recorded an increase of 20.2% reaching 619.5 million barrels, comprising 553.0 million barrels of crude oil and 66.5 million barrels of condensate. Out of the total oil production, 576.4 million barrels were produced by Production Sharing contractors, 28.6 million barrels by Pertamina, and 14.5 million barrels by Contract of Work contractors. The increase in oil production was related not only to the improved prices in the world market resulting from the Gulf Crisis, but also to the starts in production of several new oil fields and the increase in the production of enhanced oil recovery projects.

As regards oil exploration, in the reporting year 17 new oil agreements were signed consisting of 15 Production Sharing Agreements and 2 Joint-venture Agreements. With the additional contracts, at the end of the reporting year the total number of Production Sharing Agreements and Joint-venture Agreements were 117 and 19, respectively. Meanwhile, exploration activities succeeded in discovering 123 wells, of which 8 were drilled by Pertamina, 1 by a Contract of Work contractor, and 114 by Production Sharing contractors. Of 114 wells drilled by Production Sharing contractors, 69 were drilled off-shore.

In the past few years, **natural gas** production continued to record increases. In 1990/91, natural gas production rose by 9.7% reaching 2,206.9 million MSCF, of which 1,910.2 million MSCF were produced by Production Sharing contractors, 267.0 million MSCF by Pertamina, and the remainder by Contract of Work contractors. The increase in natural gas production was closely related to the increase in demand for LNG to fulfil the long-term (20 years) contract of sales, mainly with Japan.

**Coal** production in 1990/91 rose by 18.3% reaching 11,211.6 thousand tons compared with 83.1% in the preceding year. The deceleration was mostly caused by a slowdown in private mines' production. Out of the total production, 5,119.7 thousand tons were produced by state mines in Bukit Asam and Ombilin and the remainder by private national and foreign mines, mainly in East Kalimantan.

In line with policies aimed at the efficient use of fuel oils and diversification of sources of energy, domestic consumption for coal rose by 6.5% to 5,542.6 thousand tons in 1990/91. The

**TABLE IX.3**  
**SELECTED MINING OUTPUT**

Particulars	Units	1988/89	Growth (%)	1989/90	Growth (%)	1990/91*	Growth (%)
1. Oil	million barrels	496.9	-2.2	515.5	3.7	619.5	20.2
- Crude oil	million barrels	435.2	-3.3	450.8	3.6	553.0	22.7
- Condensate	million barrels	61.7	6.8	64.7	4.9	66.5	2.8
2. Natural gas <sup>1)</sup>	million MSCF	1,887.0	8.6	2,011.6	6.6	2,206.9	9.7
3. Tin	thousand tons	30.5	11.7	31.5	3.3	29.8	-5.4
4. Coal	thousand tons	5,175.7	160.4	9,478.2	83.1	11,211.6	18.3
5. Copper (concentrate)	thousand tons	302.7	12.8	329.9	9.0	499.3	51.3
6. Nickel							
- Nickel ore	thousand tons	1,830.3	2.7	1,652.4	-9.7	2,296.7	39.0
- Ferro-nickel <sup>2)</sup>	thousand tons	4.8	20.0	5.0	4.2	5.1	2.0
- Nickel matte <sup>2)</sup>	thousand tons	29.9	19.1	30.0	0.3	27.1	-9.7
7. Bauxite	thousand tons	514.1	-21.4	994.8	93.5	1,324.5	33.1
8. Gold	kilograms	5,096.3	30.2	6,672.3	30.9	13,102.1	96.4
9. Silver	kilograms	64,562.4	4.6	73,324.9	13.6	68,202.6	-7.0

1) MSCF = Mille Standard Cubic Feet.

2) The data indicate the amount of nickel-content.

Source : Supplement to the President's Report to Parliament, August 16, 1991.

rise was mainly attributable to the increasing use of coal in cement industry and steam-powered electricity generating plants as well as in smallscale industries, such as brick and roof tile industries. It may be added that export of coal mainly destined for ASEAN countries recorded a significant increase.

**Other important mining products** were copper, tin, nickel, bauxite, gold, and silver. In the reporting year, the production of concentrated **copper** rose substantially by 51.3% reaching 499.3 thousand tons. The rise was due not only to the increase in copper ore production, from 26 thousand tons to 32 thousand tons per day, but also to the increase in overseas demand. The produced concentrated copper was exported because there was no such a plant to process concentrated copper to copper metal in Indonesia.

**Tin** production in 1990/91 experienced a decline of 5.4% to 29.8 thousand tons compared with a rise of 3.3% in the preceding year. The decline was mainly attributable to the deteriorated tin prices in the international market. It is worth mentioning that the unfavorable price development was due not only to the falling demand for tin as its substitutions, such as plastic and aluminum foil, were progressively developed, but also to the large export of tin by Brazil and the high world stocks of this commodity (42.5 thousand tons). In the meantime, domestic use of tin remained relatively small, averaging 1.2 thousand tons per year or 4.2% of production.

In order to improve tin prices in the international market and to reduce world stocks to around 20 thousand tons, the Association of Tin Producing Countries continued to assign

export quota to its members. For the period of March 1, 1990 up to December 31, 1990, the total exports of tin were fixed at 84.2 thousand tons; the allotment for Indonesia was 24.9 thousand tons or decreased by 5.396 from that of the same period in the preceding year.

The productions of **nickel ore** and **ferro-nickel** in the reporting year rose respectively by 39.0% and 2.0% reaching 2,296.7 thousand tons and 5.1 thousand tons. Meanwhile, the production of nickel matte declined by 9.7% to 27.1 thousand tons mainly due to manufacturing plant failures.

In the reporting year, **bauxite** production surged by 33.1% reaching 1,324.5 thousand tons. The surge was attributed not only to the growing demand from Japan, the main importer of Indonesian bauxite, but also to the marketing break-through to the United States of America and Norway. It may be noted that all of bauxite production were destined for exports. However, to increase the value added of bauxite, the Government renewed the plan for the construction of an alumina plant in Bintan island with an installed capacity of 600 thousand tons per year. The plant is expected to produce 450 thousand tons of alumina, which partly will be used for the Asahan aluminum plant in North Sumatera which has been importing alumina from Australia.

**Gold** production in 1990/91 boosted by 96.4% reaching 13,102.1 kg. The marked increase was attributed to increases in the production of several private gold mines. In the meantime, the production of **silver** decreased by 7.0% to 68,202.6 kg due, among others, to lower silver content in the deposits.

#### D. Others

The growth of **other sectors** outside the agricultural, manufacturing, and the mining and quarrying sectors in 1990 registered a favorable development. Satisfactory performance was recorded in the fields of transportation, tourism, telecommunication, and electricity generation.

To foster and to make a success the program of Visit Indonesia Year 1991 -- the program mainly aims to raise the number of foreign tourists visiting Indonesia -- the Government made efforts to provide sufficient **transportation** means connecting tourist points of interest among other things by promoting the role of airlines and increased infrastructural capacities for air transportation.<sup>25)</sup> Besides, the Government continued the policies regarding other transportation means to expedite the flow of passengers, cargo, as well as information. In the meantime, owing to increases in fuel oils' prices, in the reporting year the Government adjusted transportation fares.<sup>26)</sup>

In the reporting year, the number of means of transport and the production of transportation services in general underwent a favorable developments. The largest increase in the number of means of transport registered in interisland shipping lines, while the services concentrated in road transportation. However, there were still some constraints in the provision of sea transportation means and infrastructures, particularly in the eastern part of Indonesia.

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25) Minister of Transportation Decree No. KM 94/1990, October 11, 1990.

26) Minister of Transportation Decree No. KM 94/1990, October 11, 1990.

The development of **tourism** continued to be conducted by promoting national tourism potentialities for the purpose of increasing foreign exchange earnings as well as expanding and distributing equally the opportunity of conducting businesses. To these ends, the Government put Act No.9/1990 on tourism into effect in October 1990.

To increase the number of tourists visiting Indonesia, in January 1991 the Government proclaimed the beginning of Visit Indonesia Year 1991. In this connection, in the reporting year the Government designated the addition of 7 tourist-visa-free countries and 4 tourist points of interest as well as determined Juanda airport in Surabaya as an international airport and an entry for visa-free tourists. As well, the number of star-rated hotels rose to 410 with 34,971 rooms with an occupation rate of 62.9%, while unstar-rated hotels increased to 5,062 with 81,812 rooms. Meanwhile, the number of travel agencies went up from 917 to 1,078.

In 1990, the number of foreign tourists visiting Indonesia rose by 33.9% reaching 2,177,566 persons, most of which came through the main entries, namely Batam island, Jakarta, Bali, and Medan. By nationality, most of the tourists came from Singapore, Japan, and Australia.

As regards **telecommunication**, its development continued to be aimed at enhancing the role of the private sector and expanding the telecommunication networks. To promote the role of the private sector, in line with Act No. 3/1989 on telecommunication, the Government introduced guidelines regarding the provision of telecommunication facilities by institutions

other than Perumtel.<sup>27)</sup> In this connection, intelnet service was provided through cooperation of PT Indosat with Intelsat and Perumtel to fulfil the need of quick and reliable data transmission through satellite.<sup>28)</sup> Moreover, sixty cities were determined as international gates for conducting intelnet services.<sup>29)</sup> In the reporting year, the Government adjusted the tariffs for certain telecommunication services.<sup>30)</sup>

To expand telecommunication networks, the Government made an effort to gradually increase the number of public telephones and telecommunication stalls (*wartel*) to reach villages. Efforts to promote, acknowledge, and utilize high technology to produce new telecommunication services continued to be executed by among other things launching Palapa B-2R satellite in April 1990 replacing Palapa B-1 satellite which is expected to terminate at end 1990. It is worth noted that starting with the reporting year Indonesian automatic telegram center (*Sentral Telegram Otomatis Indonesia*) and Intelsat Business Service were utilized for conducting international integrated telecommunication services.

In anticipation of a growing demand for telecommunication means in line with the booming investment activity, in the reporting year cooperations with private parties through Production Sharing, Impure Grant, and

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27) Minister of Tourism, Post, and Telecommunication Decree No. KM54/UM.001/MPPT-90, May 29, 1990.

28) Minister of Tourism, Post, and Telecommunication Decree No. KM 90/PT.102/MPPT-90, September 11, 1990.

29) Minister of Tourism, Post, and Telecommunication Decree No. KM 91/PT.102/MPPT-90, September 11, 1990.

30) - Board of Directors of Perusahaan Umum Telekomunikasi Decree No. KD 2518/NGOO/ OPE-00/ 1990, October 9, 1990.

- Board of Directors of Perusahaan Umum Telekomunikasi Decree No. KD 2519/NGOO/ OPE-00/ 1990, October 9, 1990.

Compensation schemes were accomplished. The cooperations were carried out in constructing motor-vehicle telephone networks (*Sambungan Telepon Kendaraan Bermotor*) and automatic central telephone (*Sentral Telepon Otomat* or STO) as well as in providing telecommunication appliances, such as cable networks, fiber-optic, and radio-link. Several achievements in 1990 were the increased number of STOs as well as the capacity, the increased number of earth stations and *wartels*, larger capacity of general telex, and expansion in the coverage of long-distance direct dialing networks, international direct dialing networks, and package data communication networks.

Policies on **electricity** continued to be aimed at enhancing public welfare and promoting economic activity. In this regard, the construction of electricity infrastructures continued to be conducted to satisfy the demand for electricity.

Electricity distributed by the State Electric Company (PLN) in 1990/91 showed a significant increase, of 17.9%, reaching 34,868.0 million KWH. The increase was caused by rises in electricity production of PLN (18.4%) reaching 34,012.0 million KWH and of non-PLN (2.4%) reaching 856.0 million KWH. Meanwhile, the amount of electricity sold in 1990/91 rose by 18.3% to 27,734.9 million KWH mainly due to the rise in electricity used in the manufacturing sector, of 24.0% reaching 14,155.4 million KWH. Sales to households and others increased by 13.3% and 12.4% reaching 9,005.4 million KWH and 4,574.1 million KWH, respectively.

Although the production of electricity recorded an increase, a shortage of electricity occurred in the reporting year as sharp increase in demand from the manufacturing sector took

place. Initially, the growth of electricity demand in Repelita V was projected at 15.0% per year ; in fact, in 1989/90 and 1990/91 it reached 17.0% and 17.2% per year, respectively. PLN, as a sole distributor of electricity, encountered constraints in anticipating the demand, namely the needed large costs.

To meet the increasing demand for electricity, the Government continued to expand and speed up the construction of electricity generating plants. In addition, the Government allowed private investors to participate in the construction of electricity generating plants in cooperation with PLN and encouraged them to fulfil their own need by facilitating imports of diesel engines.

In 1990/91, the construction of water-powered electricity generating plants of Bakaru in South Sulawesi with an installed capacity of 126 MW was completed. In total, the installed capacity of electricity generating plants in 1990/91 recorded an increase of 8.7% reaching 9,275 MW. In the meantime, the construction of steam-powered electricity generating plant of Paiton in East Jawa with an installed capacity of 800 MW and steam/gas-powered electricity generating plant of Gresik in East Jawa and of Belawan in North Sumatera with installed capacities of 1,500 MW and 720 MW, respectively, were hastened.

In addition, to promote regional economic development, the Government continued to provide electricity to villages. At end of 1990, the number of villages benefiting from electricity services were 22,936, or 32.8% of all villages throughout Indonesia. Meanwhile, the number of KUDs distributing electricity to villages rose by 35.5% reaching 1,539 units.

# **APPENDICES**



## APPENDIX A

### DETAILS OF IMPROVEMENT ON BANK SUPERVISION THROUGH THE POLICY PACKAGE OF FEBRUARY 28, 1991

#### A. Improvement on bank licensing, ownership, and management

##### A.1. Opening overseas branches or representative offices, and equity participation in financial institutions abroad

Old	New
No formal requirements	<ul style="list-style-type: none"><li>– Holding the status of foreign exchange bank for at least 1 year.</li><li>– In the last 24 months, bank evaluation on the overall performance and capital adequacy is at least classified sound for 20 months, and fairly sound for the remaining months.</li></ul>

##### A.2. Establishing bank offices

Old	New
Commercial and development banks may open an office which status is lower than a branch office under following conditions: <ul style="list-style-type: none"><li>– the office is located in the same clearing area of the coordinating branch office.</li></ul> <ul style="list-style-type: none"><li>– report to Bank Indonesia.</li></ul>	The old regulation remains valid with the following additional requirement : <ul style="list-style-type: none"><li>– bank evaluation on the overall performance and capital adequacy in the last 12 months is at least classified sound for 10 months and fairly sound for the remaining months.</li></ul>

##### A.3. Opening bank office and merger of rural bank

Old	New
<ul style="list-style-type: none"><li>– Rural banks established after October 1988 are allowed to open a branch or an office in districts outside the state capital/provincial capitals/municipalities.</li><li>– Requirement for merger is not clearly defined.</li></ul>	<ul style="list-style-type: none"><li>– Rural banks may open a branch office or an other office as long as during the last 24 months bank evaluation on overall performance and capital adequacy is at least considered sound for 20 months and fairly sound for the remaining months.</li><li>– Rural banks which meet the above requirement are allowed to open a branch or an office in the same district or the neighboring districts where the existing bank is located.</li></ul>

- The rural banks established before October 1988 are allowed to enter into agreement for merger with a commercial or a development bank which meets the condition to open a branch.
- Merger among rural banks to promote their status to a commercial or a development bank with the purpose of converting one or more rural banks to branches or other offices shall be given approval as long as each rural bank meets the requirement on capital adequacy for opening new commercial or development bank.

#### **A.4. Bank ownership and management**

##### **Old**

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Act No. 14/1967 and the October 1988 policy package define that bank owner, board of directors, and commissioner of commercial and rural banks should be Indonesian citizens.

##### **New**

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In addition to the citizenship, the following requirements should be fulfilled :

- Bank owner and members of the board should possess upright moral character, never involved in any activities that harm national interest or engaged in unethical banking activities.
- Majority of the board members of commercial, development, savings banks and NBFIs should have at least 3 year banking experience.
- For rural banks, majority of the board should have at least 1 year banking experience.
- There should not be any family ties up to the second degree including husband, wife, parents in laws, daughter and son in laws among the majority of the board and commissioners of commercial, development, savings banks and NBFIs.
- Members of the board of commercial, development, savings, and rural banks are not allowed to hold executive positions in other companies.

- An individual is not allowed to hold the position of commissioner in more than 5 banks.

## **B. Prudential Regulations**

### **B.1. Capital adequacy**

Old	New
<ul style="list-style-type: none"> <li>– Capital adequacy is based on capital adequacy ratio, defined as the ratio of capital adequacy based on the quality of assets and capital availability.</li> <li>– Off balance sheet items are not included in calculating capital adequacy.</li> </ul>	<ul style="list-style-type: none"> <li>– Capital adequacy is based on the standard set by BIS, which minimum amount is 8% of the risk-weighted assets and can be done gradually as the following : <ul style="list-style-type: none"> <li>* 5% at the end of March 1992</li> <li>* 7% at the end of March 1993</li> <li>* 8% at the end of December 1993.</li> </ul> </li> <li>– Off balance sheet items are included in calculating minimum capital adequacy.</li> </ul>

### **B.2. Quality of assets and provision for bad debt**

Old	New
<ul style="list-style-type: none"> <li>– Earning asset classification is only for loans.</li> <li>– No obligation for bank to reserve allowances for classified assets.</li> </ul>	<ul style="list-style-type: none"> <li>– Earning asset classification covers all earning assets either loan, securities, equity participation, and investment in other banks.</li> <li>– Banks are required to have reserve allowances to cover risks for all classified assets at the minimum of 1% of total earning assets plus : <ul style="list-style-type: none"> <li>* 3% of total earning assets classified as substandard</li> <li>* 50% of earning assets classified as doubtful</li> <li>* 100% of earning assets classified as unproductive.</li> </ul> </li> </ul>

### **B.3. Loan security**

Old	New
<ul style="list-style-type: none"> <li>– Act No. 14, 1967 states that security in its broad sense covers material and immaterial securities.</li> </ul>	<ul style="list-style-type: none"> <li>– Elucidation of security in the Banking Act 14, 1967 is further clarified as follows :</li> </ul>

- \* Loan security is bank's conviction on debtor's capability to repay according to the terms agreed.
- \* Security can be determined by a thorough evaluation on the character, capability, capital, collateral, and business prospects of the debtor.
- \* Bank is not required to ask for additional collateral.

#### **B.4. Loan for stock trading**

##### **Old**

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- Loan for stock trading is not regulated.

##### **New**

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- Bank is prohibited from extending loan for stock trading and working capital for stock trading.
- Upon maturity, loans that have been provided for the above purposes should be discontinued.
- Bank is allowed to possess stocks for equity participation only.
- Possession of stocks for purposes other than the above should be discontinued by the end of December 1991 at the latest.

#### **B.5. Legal lending limit**

##### **Old**

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- Credit facilities are subject to legal lending limit excluding bank guarantee.
- Credits related to Bank Indonesia liquidity credit are not subject to legal lending limit.
- Loans granted to share holders are subject to legal lending limit regardless the value of the shares. It is not defined whether stocks obtained from capital market are subjected to legal lending limit.

##### **New**

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- Credit facilities include all facilities provided by banks or NBFIs covering loans, SBPU, bank guarantees, equity participation, and other facilities.
- Loans excluded from legal lending limit cover credits for farm's enterprises (KUT), credits to cooperatives, and to the State Logistics Agency (BULOG).
- Loans granted to shareholders are subject to legal lending limit if the value of stocks reaches 10% or more of the bank's capital stock, whether the stocks are obtained directly or from capital market. If loan granted

- It is not defined whether loans extended by overseas branch are subject to legal lending limit.

- to debtor possessing the bank stocks is less than 10% of the bank's capital stocks, the debtor is subject to customer's legal lending limit.
- Credits granted by overseas branch are subject to legal lending limit.

## B.6. Bank guarantee

### Old

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- Bank is not allowed to provide guarantee in rupiah to non-residents and guarantee in foreign currencies to both residents and non-residents including guarantee for loan.

### New

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- Bank is allowed to provide guarantee on foreign loan at a maximum 20% of the capital.
- Guarantee provided for contract/tender can be given without special permit/license.

## B.7. Margin trading

### Old

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- Margin trading is not regulated.

### New

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- Margin trading in foreign currencies should be based on :
  - \* policy of the board
  - \* formal contract.
- Contract should include at least base currency, settlement, recording of profit and loss in the trading, and the amount of margin deposit.
- Margin trading is carried out based on the availability of margin deposit.
- Margin trading carried out for customer is limited to a maximum 10 times margin deposit delivered to the bank. Bank is prohibited to adopt open position for its group or companies belonging to its group.
- Margin trading is to be discontinued when bank suffers a loss up to 5% of its capital, and can be reactivated upon permission from Bank Indonesia.

## B.8. Net open position (NOP)

### Old

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- NOP is fixed at 25% of capital with no limit for foreign currency.

### New

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- NOP for all currencies is at the maximum 20% of the capital.
- The maximum amount for each currency is 25% of the capital.

## B.9. Swap and reswap

### Old

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- Maximum bank swap to Bank Indonesia is 25% of the capital.
- Maturity of reswap is 1 month to 3 years.

### New

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- Maximum bank swap to Bank Indonesia is 20% of the capital.
- Maturity of reswap is longer than 1 month and up to 3 years.

## C. Report

Bank reports to Bank Indonesia are improved, including the one announced in the newspaper. The growing number of overseas bank offices and the international agreement on the minimum capital adequacy have led to a decision where overseas banks are to send reports to Bank Indonesia.

## D. Bank Evaluation and Cease and Desist Order

### D.1. Bank evaluation

#### Old

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- Penalty is given to problem points of each factors, from 200-900.
- Evaluation on financial condition is based on the regulation.
- Evaluation on management is based on bank's obedience to the regulation.

#### New

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- Reward is given to credit points of each factor, from 0-100.
- Evaluation on financial condition is based on the ratio applied to bank financial management.
- Evaluation on management is based on the implementation of management functions (including human resources). In addition, the implementation of certain regulation which sanction is related to bank rating, may add or reduce the credit points.

\* Fulfilment on KUK and KE regulations will add credit points, failure on fulfilling the regulations will reduce credit points.

- Principle of judgment is not emphasized.

- \* Negligence on stipulations set for legal lending limit and net open position will reduce credit points.
- Bank evaluation system is basically a qualitative evaluation where supervisory judgment plays an important role.

## D.2. Cease and desist order

### Old

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- To assure liquidity and solvency of private national banks, Bank Indonesia may take over bank's management if there are warning signals on the solvency or liquidity of the bank.

- Bank Indonesia grants liquidity credit in emergency to rescue a bank.

### New

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- When there are signals of deviation from sound banking principles, Bank Indonesia may ask commitment from the bank owner, the board, and the commissioner to take immediate steps for improvement. Failure upon implementing the commitment will give greenlight to Bank Indonesia to take necessary actions, such as :

- \* prohibiting certain activities, for example cancelling office establishment
- \* replacing board members or commissioner
- \* transferring bank ownership
- \* suggesting merger or consolidation.

Poor performance evaluation of a bank should be improved within 9 months. Otherwise its operational permit is revoked.

- Under certain conditions and consequences, Bank Indonesia may provide bridging finance or clearing credit to bank suffering from negative balance. Clearing credit is not a regular facility available to bank, but a means to maintain efficient clearing activities. Bridging finance is provided for bank under suspension and available only under certain conditions.

## **E. Supporting facilities**

### **E.1. Establishment of brokerage firm**

Old

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No brokerage firms to support efficient transactions of rupiah and foreign currency money markets.

New

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- Brokerage firm can be established in the form of limited liability.
- The firm is an independent firm.
- Minimum paid up capital is Rp1 billion.
- National sharing is 15% of the capital.
- The number of brokerage company is temporarily limited. Appointment of firm is done through tender.

### **E.2. Improvement on Discount Facility I**

Old

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Discount Facility I is provided by extending loan, which collateral is securities.

New

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- Discount Facility I is provided through SBI and SBPU trading.
- Repo maturity is 1–7 days.
- Discount rate is determined by Bank Indonesia in accord with the monetary policy.
- Total value of SBI and SBPU sold to Bank Indonesia is a maximum 5% of funds from third party.

### **E.3. Human resources development**

Old

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Not regulated

New

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- Bank is obliged to allocate at least 5% of its personnel budget for developing human resources.
- If the fund allocated for the above purpose is not used, bank may donate it to a training institution specializing in banking or to LPPI.



# APPENDIX B

## BANK INDONESIA CONDENSED BALANCE SHEET as per 31 March, 1991 (billions of rupiah)

ASSETS		LIABILITIES	
1. Gold and foreign assets	21,319	1. Monetary liabilities	11,045
a. Gold and foreign exchange	20,737	a. Currency in circulation	10,302
b. Other foreign assets	582	b. DMBs' demand deposits	571
2. Claims on public sector	5,657	c. Private sector's demand deposits	172
a. Central Government	4,622	2. Foreign exchange banks' deposits	532
b. Official entities and public enterprises	1,035	3. Other demand deposits in foreign currency	29
3. Claims on deposits money banks	11,909	4. Foreign liabilities	1,700
4. Claims on private sector	822	a. Foreign exchange liabilities	—
5. Other assets	18,510	b. Other foreign liabilities	1,700
		5. Government deposits	15,913
		a. Current account	13,456
		b. Blocked account	24
		c. Counterpart funds	692
		d. Import guarantee deposits	312
		e. Others	1,429
		6. Capital and reserves	2,260
		7. Other liabilities	26,738
Jumlah	58,216	Jumlah	58,216

**BANK INDONESIA PROFIT AND LOSS  
FOR THE 1990/91 FINANCIAL YEAR 1)**  
(billions of rupiah)

EXPENDITURE		REVENUE
<b>Expenses</b>		
- Personnel, material, operational	221	3,047
- Currency issues	200	--
- Miscellaneous	1,782	
- Depreciation	216'	49
<b>Profit</b>		
- Profit before tax	677	
	<u>3,096</u>	<u>3,096</u>

1) As submitted to the Government.

## **APPENDIX C**

### **MANAGEMENT OF BANK INDONESIA as of 31 March, 1991**

#### **GOVERNMENT COMMISSIONER**

Acting Government Commissioner : Drs. Oskar Surjaatmadja, MA.Sc.

#### **BOARD OF DIRECTORS**

Governor : Prof. Dr. Adrianus Mooy  
Managing Director : Drs. Binhadi  
Managing Director : Sujitno Siswowidagdo, S.E.  
Managing Director : T.M. Sjakur Machmud, S.H.  
Managing Director : R. Rachmad  
Managing Director : Drs. Hendrobudiyanto  
Managing Director : Dr. Syahril Sabirin  
Managing Director : Dr. Hasudungan Tampubolon

## APPENDIX D

### 1. ORGANIZATION AND PERSONNEL

In the reporting year, Bank Indonesia organization was improved by developing the Private Bank Supervision Department into Private Non-Foreign Exchange Bank Supervision Department and Private Foreign Exchange Bank and Non-Bank Financial Institution Supervision Department, making the total number of departments into 17. The number of represen-

tative offices, branch offices, and regional coordinating offices remained the same.

The total number of personnel at the end of the reporting year was 7,802 persons, comprising 4,471 persons at the head office, 3,300 persons at the branch offices, and 31 persons at the representative offices.

#### PERSONNEL <sup>1)</sup> (person)

Person	1988/89	1989/90	1990/91
1. Head Office	4,599	4,517	4,471
2. Branch Offices	3,363	3,303	3,300
3. Representative Offices	36	26	31
<b>Total</b>	<b>7,998</b>	<b>7,846</b>	<b>7,802</b>

<sup>1)</sup> End of period.

## **2. DEPARTMENT DIRECTORS**

Accounting Department	: Sukanto
Banking Research and Development Bureau	: Dr. Subarjo Joyosumarto
Communication and Security Department	: Mohd. Kurdi, S.E.
Cooperative and Small Scale	
Credit Department	: Ibrahim Zarkasi, S.E.
Currency Circulation Department	: Thamrin Soerawisastra, S.H.
Economics and Statistics Department	: Siswanto, S.E.
Foreign Exchange Department	: Paul Soetopo Tjokronegoro, S.E., M.A., M.A.P.E.
General Credit Department	: Mukhlis Rasyid, S.E., M.A.
Human Resources Department	: Ekotjipto, S.H.
Internal Control Department	: Dr. Heru Soeprapto, S.E.
Internal Resources Research and	
Development Department	: R. Permadi Gandapradja, M.M.
International Department	: Djamalius Luddin, S.E.
Legal and Secretariat Department	: Aibar Durin, S.H.
Logistics Department	: Hartono, S.H.
Money Market and Clearing Department	: Dahlan M. Sitalaksana, S.E., M.A., M.P.A., M.A.P.E.
Private Bank Supervision Department	: Ibrahim Zarkasi, S.E.
State Bank Supervision Department	: Haryono, S.H.

## **3. REPRESENTATIVES**

London	: Dr. Kilian Sihotang
New York	: Ir. Achmad Darsana
Singapore and Kuala Lumpur	: Subijanto Suronegoro, S.E., M.M.
Tokyo	: Sutedja Trisnaatmadja, S.H.

## **4. REGIONAL DIRECTORS**

Regional Director for	
Central Jawa and Yogyakarta	: Jusup Kartadibrata, S.E., M.A.
Regional Director for	
East Jawa	: Koesen, S.E.
Regional Director for	
North Sumatera	: Ir. R. Sulistijo
Regional Director for	
West Jawa	: Irfano Chamra, S.E., M.P.A.

## 5. BRANCH MANAGERS

Ambon	: Ahmad Fuad
Balikpapan	: Muhamad Rovky, S.E.
Banda Aceh	: Ahmad Sukandar, S.H.
Bandar Lampung	: Drs. Ahmad Mufti
Bandung	: Irfano Chamra, S.E., M.P.A.
Banjarmasin	: Djedi
Bengkulu	: Goegoen Roekawan, S.E.
Cirebon	: Suryanto, S.E.
Dili	: Prihono Bagio, S.E.
Denpasar	: Johanes Irawan, S.E.
Jambi	: Warjoto
Jayapura	: Moh. Ma'ruf Saleh, S.H.
Jember	: Urip Koendarto, S.H.
Kediri	: Soediono, S.E.
Kendari	: M. Thobroni, S.E.
Kupang	: Drs. Djumiran Indrojatmoko
Lhokseumawe	: Nasihun
Malang	: Drs. Afnan
Manado	: Soesantoro, S.E.
Mataram	: Abdul Muis Hamid, S.E.
Medan	: Ir. R. Sulistijo
Padang	: Moeharno, S.E., M.A.
Padang Sidempuan	: Moh. Ali Said Kasim, S.E.
Palembang	: Mahmud Arsin
Palu	: Sidik Suharto, M.Sc.
Pekanbaru	: Soeparman, S.H.
Pematang Siantar	: Anang Atje
Pontianak	: Mohamad Saih, Bc. Hk.
Purwokerto	: Djoko Sutrisno, S.E.
Samarinda	: Adji Mulawarman Hasan, S.E.
Sampit	: J. Parnawi Pudjokunarto, S.E.
Semarang	: Jusup Kartadibrata, S.E., M.A.
Sibolga	: Aris Anwari, S.E.
Solo	: Much. Sjarief, S.H.
Surabaya	: Koesen, S.E.
Tasikmalaya	: R.M. Budihardja, P.M.D.
Tegal	: H. Akihary, S.E.
Ternate	: Ir. Hadi Hassim
Ujung Pandang	: Drs. Tontowi Djauhari Lintang
Yogyakarta	: Sri Hastjarja Poerwasoeparta, S.E.

**TABLE 1**  
**EXPENDITURE ON GROSS DOMESTIC PRODUCT**  
(billions of rupiah)

Types of expenditure	At 1983 constant market prices					At current market prices				
	1986 <sup>f</sup>	1987 <sup>f</sup>	1988 <sup>f</sup>	1989	1990 <sup>*</sup>	1986 <sup>f</sup>	1987 <sup>f</sup>	1988 <sup>f</sup>	1989	1990 <sup>*</sup>
1. Consumption	59,771.3	61,426.1	64,149.3	67,441.0	73,391.3	74,684.0	83,752.4	93,801.1	104,449.9	123,855.0
– Private	50,530.0	52,200.4	54,225.0	56,475.7	62,053.2	63,355.3	71,988.9	81,045.3	88,752.3	106,312.3
– Government	9,241.3	9,225.7	9,924.3	10,965.3	11,338.1	11,328.7	11,763.5	12,755.8	15,697.6	17,542.7
2. Gross domestic capital formation	21,421.7	22,596.8	25,200.9	28,568.1	33,182.5	24,781.9	30,980.2	36,802.6	45,649.6	55,537.6
3. Change in stock 1)	6,332.8	5,049.1	1,119.9	1,431.3	2,142.5	4,243.0	8,165.8	8,006.9	13,287.7	16,616.0
4. Export of goods and services	22,460.3	25,744.8	26,015.5	27,850.5	30,278.0	20,009.9	29,874.3	34,665.6	42,502.6	51,197.0
5. Less Imports of goods and services	19,905.6	20,299.0	16,504.2	17,768.1	23,547.2	21,036.2	27,955.8	31,171.4	38,395.1	49,484.6
Gross Domestic Product	90,080.5	94,517.8	99,981.4	107,522.8	115,447.1	102,682.6	124,816.9	142,104.8	167,494.7	197,721.0
6. Net factor income from abroad	-3,802.2	-4,247.7	-3,481.7	-3,597.9	-4,071.3	-4,192.5	-6,022.0	-6,921.7	-8,158.7	-8,807.6
Gross National Product	86,278.3	90,270.1	96,499.7	103,924.9	111,375.8	98,490.1	118,794.9	135,183.1	159,336.0	188,913.4
7. Less Net indirect taxes	5,727.4	5,399.0	6,356.1	8,042.1	8,596.2	6,528.7	7,129.8	9,032.7	12,464.2	14,247.8
8. Less Depreciation	4,504.0	4,725.9	4,996.2	5,376.4	5,657.7	5,134.1	6,240.8	7,105.4	8,377.8	9,904.2
National Income	76,046.9	80,145.2	85,147.4	90,506.4	97,121.9	86,827.3	105,424.3	119,045.0	138,494.0	164,761.4

1) Residual.  
Source : Central Bureau of Statistics.

**TABLE 2**  
**EXPENDITURE'S WEIGHTED GROWTH AND ITS SHARE IN GDP GROWTH**

Types of expenditure	1986		1987		1988		1989		1990*	
	Weighted growth	Share in GDP growth	Weighted growth	Share in GDP growth	Weighted growth	Share in GDP growth	Weighted growth	Share in GDP growth	Weighted growth	Share in GDP growth
1. Consumption	1.56	26.65	1.83	37.30	2.88	49.85	3.29	43.65	5.54	75.09
– Private	1.27	21.65	1.85	37.65	2.14	37.06	2.25	29.85	5.19	70.39
– Government	0.29	5.00	-0.02	-0.35	0.74	12.79	1.04	13.80	0.35	4.70
2. Gross domestic capital formation	2.12	36.12	1.30	26.48	2.76	47.66	3.37	44.65	4.29	58.23
3. Change in stock	-0.36	-6.17	-1.43	-28.93	-4.16	-71.92	0.31	4.13	0.66	8.98
4. Exports of goods and services	3.49	59.33	3.65	74.02	0.29	4.95	1.83	24.33	2.26	30.63
5. Less Imports of goods and services	0.94	15.93	0.44	8.87	-4.01	-69.46	1.26	16.76	5.37	72.93
<b>Gross Domestic Product</b>	<b>5.9</b>	<b>100.0</b>	<b>4.9</b>	<b>100.0</b>	<b>5.8</b>	<b>100.0</b>	<b>7.5</b>	<b>100.0</b>	<b>7.4</b>	<b>100.00</b>

Source : Central Bureau of Statistics.



TABLE 3  
PERCENTAGE CHANGE ON GROSS DOMESTIC PRODUCT BY EXPENDITURE

Types of expenditure	At 1983 constant market prices					At current market prices				
	1986 <sup>f</sup>	1987 <sup>f</sup>	1988 <sup>f</sup>	1989	1990 *	1986 <sup>f</sup>	1987 <sup>f</sup>	1988 <sup>f</sup>	1989	1990 *
1. Consumption	2.3	2.8	4.4	5.1	8.8	9.7	12.1	12.0	11.4	18.6
- Private	2.2	3.3	3.9	4.2	9.9	10.8	13.6	12.6	9.5	19.8
- Government	2.8	-0.2	7.6	10.5	3.4	4.0	3.8	8.4	23.1	11.8
2. Gross domestic capital formation	9.2	5.5	11.5	13.4	16.2	10.8	25.0	18.8	24.0	21.7
3. Change in stock <sup>1)</sup>	-4.6	-20.3	-77.8	27.8	49.7	-12.3	92.5	-1.9	66.0	25.0
4. Export of goods and services	15.2	14.6	1.1	7.1	8.7	-7.1	49.3	16.0	22.6	20.5
5. Less Import of goods and services	4.2	2.0	-18.7	7.7	32.5	6.1	32.9	11.5	23.2	28.9
<b>Gross Domestic Product</b>	<b>5.9</b>	<b>4.9</b>	<b>5.8</b>	<b>7.5</b>	<b>7.4</b>	<b>5.9</b>	<b>21.6</b>	<b>13.9</b>	<b>17.9</b>	<b>18.0</b>
6. Net factor income from abroad	-1.1	11.7	-18.0	3.3	13.2	6.4	43.6	14.9	17.9	8.0
<b>Gross National Product</b>	<b>6.2</b>	<b>4.6</b>	<b>6.9</b>	<b>7.7</b>	<b>7.2</b>	<b>5.8</b>	<b>20.6</b>	<b>13.8</b>	<b>17.9</b>	<b>18.6</b>
7. Less Net indirect taxes	81.6	-5.7	17.7	26.5	6.9	81.5	9.2	26.7	38.0	14.3
8. Less Depreciation	5.9	4.9	5.7	7.6	5.2	5.9	21.6	13.9	17.9	18.2
<b>National Income</b>	<b>3.0</b>	<b>5.4</b>	<b>6.2</b>	<b>6.3</b>	<b>7.3</b>	<b>2.6</b>	<b>21.4</b>	<b>12.9</b>	<b>16.3</b>	<b>19.0</b>

<sup>1)</sup> Residual  
Source : Central Bureau of Statistics.

**TABLE 4**  
**EXPENDITURE'S SHARE IN GDP FORMATION**

Types of expenditure	At 1983 constant market prices					At current market prices				
	1986 <sup>f</sup>	1987 <sup>f</sup>	1988 <sup>f</sup>	1989	1990 *	1986 <sup>f</sup>	1987 <sup>f</sup>	1988 <sup>f</sup>	1989	1990 *
1. Consumption	66.4	65.0	64.1	62.7	63.6	72.7	67.1	66.0	62.4	62.6
- Private	56.1	55.2	54.2	52.5	53.8	61.7	57.7	57.0	53.0	53.7
- Government	10.3	9.8	9.9	10.2	9.8	11.0	9.4	9.0	9.4	8.9
2. Gross domestic capital formation	23.8	23.9	25.2	26.6	28.7	24.2	24.8	25.9	27.2	28.1
3. Change in stock <sup>1)</sup>	7.0	5.4	1.2	1.3	1.9	4.1	6.6	5.6	7.9	8.4
4. Exports of goods and services	24.9	27.2	26.0	25.9	26.2	19.5	23.9	24.4	25.4	25.9
5. Less Imports of goods and services	22.1	21.5	16.5	16.5	20.4	20.5	22.4	21.9	22.9	25.0
<b>Gross Domestic Product</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
6. Net factor income from abroad	-4.2	-4.5	-3.5	-3.3	-3.5	-4.1	-4.8	-4.9	-4.9	-4.5
<b>Gross National Product</b>	<b>95.8</b>	<b>95.5</b>	<b>96.5</b>	<b>96.7</b>	<b>96.5</b>	<b>95.9</b>	<b>95.2</b>	<b>95.1</b>	<b>95.1</b>	<b>95.5</b>
7. Less Net indirect taxes	6.4	5.7	6.4	7.5	7.4	6.4	5.7	6.4	7.4	7.2
8. Less Depreciation	5.0	5.0	5.0	5.0	4.9	5.0	5.0	5.0	5.0	5.0
<b>National Income</b>	<b>84.4</b>	<b>84.8</b>	<b>85.1</b>	<b>84.2</b>	<b>84.2</b>	<b>84.5</b>	<b>84.5</b>	<b>83.7</b>	<b>82.7</b>	<b>83.3</b>

<sup>1)</sup> Residual

Source : Central Bureau of Statistics.

**TABLE 5**  
**GROSS DOMESTIC PRODUCT BY SECTOR**  
(billions of rupiah)

Sectors	At 1983 constant market prices					At current market prices				
	1986 <sup>I</sup>	1987 <sup>I</sup>	1988 <sup>I</sup>	1989	1990 <sup>*</sup>	1986 <sup>I</sup>	1987 <sup>I</sup>	1988 <sup>I</sup>	1989	1990 <sup>*</sup>
1. Agriculture	19,799.1	20,223.5	21,213.7	21,996.2	22,604.5	24,870.9	29,116.0	34,277.9	39,547.0	43,062.1
– Food crops	12,286.6	12,415.4	12,974.0	13,471.5	13,595.9	15,084.9	17,540.1	21,123.8	24,489.1	26,065.5
– Smallholders' plantation crops	2,580.5	2,693.1	2,835.0	3,015.9	3,158.4	3,534.3	4,140.4	4,388.7	4,743.7	5,056.4
– Estates crops	561.8	564.5	623.1	635.5	709.2	690.4	978.4	1,244.8	1,441.2	1,797.1
– Livestock and products	2,063.7	2,110.8	2,211.7	2,264.6	2,433.5	2,639.6	3,014.6	3,544.8	3,849.2	4,560.1
– Forestry	888.7	967.9	1,013.0	973.8	1,013.3	1,000.6	1,246.8	1,448.3	1,681.9	1,931.3
– Fishery	1,417.8	1,471.8	1,536.9	1,634.9	1,694.2	1,921.1	2,195.7	2,527.5	3,341.9	3,651.7
2. Mining and quarrying	16,308.6	16,365.5	15,892.8	16,817.7	17,537.6	11,502.8	17,266.8	17,161.8	22,140.4	28,748.2
– Oil and natural gas	15,237.0	15,219.3	14,691.6	15,390.7	15,973.6	10,501.8	15,979.4	15,524.7	19,283.0	24,695.4
– Others	1,071.6	1,146.2	1,201.2	1,427.0	1,564.0	1,001.0	1,287.4	1,637.1	2,857.4	4,052.8
3. Manufacturing	14,678.1	16,235.3	18,182.3	19,835.9	22,276.7	17,184.7	21,150.4	26,252.4	30,573.3	38,601.5
– Non-oil/gas	10,828.1	12,064.4	13,606.6	15,180.6	17,149.6	13,300.8	17,233.4	21,278.3	25,144.0	30,222.6
– Oil/gas	3,850.0	4,170.9	4,575.7	4,655.3	5,127.1	3,883.9	3,917.0	4,974.1	5,429.3	8,378.9
□ Oil refinery	927.2	937.7	981.2	990.0	1,089.7	1,915.4	1,819.7	2,025.9	2,148.1	3,531.2
□ LNG	2,922.8	3,233.2	3,594.5	3,665.3	4,037.4	1,968.5	2,097.3	2,948.2	3,281.2	4,847.7
4. Electricity, gas, and water supply	429.8	494.6	548.9	615.6	725.7	647.1	746.9	869.0	1,008.3	1,258.1
5. Construction	4,609.0	4,802.9	5,259.1	5,878.0	6,715.3	5,313.8	6,087.4	7,169.2	8,884.2	10,827.8
6. Trade, hotel, and restaurant	13,398.5	14,356.2	15,656.9	17,214.2	18,644.6	17,121.8	21,048.3	24,379.2	28,330.4	32,153.7
– Wholesale and retail trade	11,238.1	12,004.9	13,035.4	14,322.9	15,501.3	14,235.3	17,561.2	20,388.5	23,915.9	26,865.7
– Hotel and restaurant	2,160.4	2,351.3	2,621.5	2,891.3	3,143.3	2,886.5	3,487.1	3,990.7	4,414.5	5,288.0
7. Transportation and communication	4,668.4	4,938.5	5,211.5	5,811.4	6,391.7	6,406.9	7,442.6	8,139.7	9,305.5	11,040.9
– Transportation	4,178.1	4,393.7	4,626.0	5,151.2	5,620.2	5,769.7	6,638.8	7,227.2	8,280.1	9,734.8
– Communication	490.3	544.8	585.5	660.2	771.5	637.2	803.8	912.5	1,025.4	1,306.1
8. Banking and other financial intermediaries	3,483.1	3,659.3	3,752.2	4,288.4	4,788.1	4,036.7	4,795.1	5,322.4	6,550.8	7,902.3
9. Ownership of dwelling	2,545.1	2,653.9	2,762.2	2,877.7	2,998.8	2,976.0	3,349.1	3,736.0	4,151.1	4,890.8
10. Public administration and defence	6,862.1	7,366.1	7,932.1	8,396.9	8,783.3	8,307.3	8,911.8	9,446.2	11,174.2	12,801.4
11. Other services	3,298.7	3,422.0	3,569.7	3,790.8	3,980.8	4,314.6	4,902.5	5,351.0	5,829.5	6,434.1
<b>Gross Domestic Product</b>	<b>90,080.5</b>	<b>94,517.8</b>	<b>99,981.4</b>	<b>107,522.8</b>	<b>115,447.1</b>	<b>102,682.6</b>	<b>124,816.9</b>	<b>142,104.8</b>	<b>167,494.7</b>	<b>197,721.0</b>
1. Non-oil/gas	70,993.5	75,127.6	80,714.1	87,476.8	94,346.4	88,296.9	104,920.5	121,606.0	142,782.4	164,646.7
2. Oil/gas	19,087.0	19,390.2	19,267.3	20,046.0	21,100.7	14,385.7	19,896.4	20,498.8	24,712.3	33,074.3

Source : Central Bureau of Statistics.

**TABLE 6**  
**SECTORAL WEIGHTED GROWTH AND ITS SHARE IN GDP GROWTH**

Sectors	1986			1987			1988			1989			1990*		
	Weighted growth	Share in GDP growth		Weighted growth	Share in GDP growth		Weighted growth	Share in GDP growth		Weighted growth	Share in GDP growth		Weighted growth	Share in GDP growth	
1. Agriculture	0.58	9.9		0.46	9.6		1.05	18.1		0.78	10.4		0.58	7.6	
- Food crops	0.35	6.0		0.14	2.9		0.59	10.2		0.50	6.6		0.12	1.6	
- Smallholders' plantation crops	0.01	0.1		0.12	2.5		0.15	2.6		0.18	2.4		0.13	1.8	
- Estates crops	0.06	1.0		--	0.1		0.06	1.1		0.01	0.2		0.07	0.9	
- Livestock and products	0.03	0.5		0.05	1.1		0.11	1.8		0.05	0.7		0.16	2.1	
- Forestry	0.04	0.8		0.09	1.8		0.05	0.8		-0.04	-0.5		0.04	0.5	
- Fishery	0.09	1.5		0.06	1.2		0.09	1.6		0.08	1.0		0.06	0.7	
2. Mining and quarrying	0.97	16.6		0.06	1.3		-0.50	-8.7		0.93	12.3		0.67	9.1	
- Oil and natural gas	0.85	14.5		-0.02	-0.4		-0.56	-9.7		0.70	9.3		0.54	7.4	
- Others	0.12	2.1		0.08	1.7		0.06	1.0		0.23	3.0		0.13	1.7	
3. Manufacturing	1.47	25.0		1.72	35.1		2.06	35.6		1.65	21.9		2.27	30.8	
- Non-oil/gas	1.27	21.7		1.37	27.9		1.63	28.2		1.57	20.9		1.83	24.8	
- Oil/gas	0.20	3.3		0.35	7.2		0.43	7.4		0.08	1.0		0.44	6.0	
□ Oil refinery	0.19	3.2		0.01	0.2		0.05	0.8		0.01	0.1		0.09	1.3	
□ L N G	0.01	0.1		0.34	7.0		0.38	6.6		0.07	0.9		0.35	4.7	
4. Electricity, gas, and water supply	0.08	1.4		0.07	1.5		0.06	1.0		0.07	0.9		0.10	1.4	
5. Construction	0.12	2.0		0.22	4.4		0.48	8.4		0.62	8.2		0.78	10.6	
6. Trade, hotel, and restaurant	1.17	20.0		1.06	21.6		1.38	23.8		1.56	20.6		1.33	18.1	
- Wholesale and retail trade	0.97	16.5		0.85	17.3		1.09	18.9		1.29	17.0		1.10	14.9	
- Hotel and restaurant	0.20	3.5		0.21	4.3		0.29	4.9		0.27	3.6		0.23	3.2	
7. Transportation and communication	0.21	3.6		0.30	6.0		0.29	5.0		0.60	8.0		0.54	7.3	
- Transportation	0.17	2.9		0.24	4.8		0.25	4.3		0.53	7.0		0.44	5.9	
- Communication	0.04	0.7		0.06	1.2		0.04	0.7		0.07	1.0		0.10	1.4	
8. Banking and other financial intermediaries	0.54	9.3		0.20	4.0		0.10	1.7		0.54	7.1		0.46	6.3	
9. Ownership of dwelling	0.10	1.7		0.12	2.4		0.11	2.0		0.12	1.5		0.11	1.5	
10. Public administration and defence	0.48	8.1		0.56	11.4		0.60	10.4		0.46	6.2		0.36	4.9	
11. Other services	0.14	2.4		0.14	2.8		0.16	2.7		0.22	2.9		0.18	2.4	
<b>Gross Domestic Product</b>	<b>5.9</b>	<b>100.0</b>		<b>4.9</b>	<b>100.0</b>		<b>5.8</b>	<b>100.0</b>		<b>7.5</b>	<b>100.0</b>		<b>7.4</b>	<b>100.0</b>	
1. Non-oil/gas	4.8	82.2		4.6	93.2		5.9	102.3		6.7	89.7		6.4	86.6	
2. Oil/gas	1.1	17.8		0.3	6.8		-0.1	-2.3		0.8	10.3		1.0	13.4	

Source : Central Bureau of Statistics.

**TABLE 7**  
**PERCENTAGE CHANGE OF GROSS DOMESTIC PRODUCT BY SECTOR**

Sectors	At 1983 constant market prices					At current market prices				
	1986 <sup>f</sup>	1987 <sup>f</sup>	1988 <sup>f</sup>	1989	1990 *	1986 <sup>f</sup>	1987 <sup>f</sup>	1988 <sup>f</sup>	1989	1990 *
1. Agriculture	2.6	2.1	4.9	3.7	2.8	10.5	17.1	17.7	15.4	8.9
- Food crops	2.5	1.0	4.5	3.8	0.9	8.8	16.3	20.4	15.9	6.4
- Smallholders' plantation crops	0.2	4.4	5.3	6.4	4.7	18.7	17.1	6.0	8.1	6.6
- Estates crops	10.0	0.5	10.4	2.0	11.6	-3.4	41.7	27.2	15.8	24.7
- Livestock and products	1.3	2.3	4.8	2.4	7.5	8.8	14.2	17.6	8.6	18.5
- Forestry	4.5	8.9	4.7	-3.9	4.1	6.7	24.6	16.2	16.1	14.8
- Fishery	5.8	3.8	5.8	5.0	3.6	20.5	14.3	15.1	32.2	9.3
2. Mining and quarrying	5.3	0.3	-2.9	5.8	4.3	-15.2	50.1	-0.6	29.0	29.8
- Oil and natural gas	5.0	-0.1	-3.5	4.8	3.8	-16.5	52.2	-2.8	24.2	28.1
- Others	10.7	7.0	4.8	18.8	9.6	1.4	28.6	27.2	74.5	41.8
3. Manufacturing	9.3	10.6	12.0	9.1	12.3	10.8	23.1	24.1	16.5	26.3
- Non-oil/gas	11.1	11.4	12.8	11.6	13.0	18.6	29.6	23.5	18.2	20.2
- Oil/gas	4.5	8.3	9.7	1.7	10.1	-9.4	0.9	27.0	9.2	54.3
□ Oil refinery	20.9	1.1	4.6	0.9	10.1	2.8	-5.0	11.3	6.0	64.4
□ L N G	0.1	10.6	11.2	2.0	10.2	-18.8	6.5	40.6	11.3	47.7
4. Electricity, gas, and water supply	19.1	15.1	11.0	12.2	17.9	63.5	15.4	16.3	16.0	24.8
5. Construction	2.2	4.2	9.5	11.8	14.2	0.2	14.6	17.8	23.9	21.9
6. Trade, hotel, and restaurant	8.1	7.1	9.1	9.9	8.3	11.1	22.9	15.8	16.2	13.5
- Wholesale and retail trade	7.9	6.8	8.6	9.9	8.2	9.8	23.4	16.1	17.3	12.3
- Hotel and restaurant	8.7	8.8	11.5	10.3	8.7	17.6	20.8	14.4	10.6	19.8
7. Transportation and communication	4.0	5.8	5.5	11.5	10.0	5.0	16.2	9.4	14.3	18.6
- Transportation	3.6	5.2	5.3	11.4	9.1	4.2	15.1	8.9	14.6	17.6
- Communication	7.7	11.1	7.5	12.8	16.9	13.4	26.1	13.5	12.4	27.4
8. Banking and other financial intermediaries	15.3	5.1	2.5	14.3	11.7	15.5	18.8	11.0	23.1	20.6
9. Ownership of dwelling	3.4	4.3	4.1	4.2	4.2	7.2	12.5	11.6	11.1	17.8
10. Public administration and defence	6.3	7.3	7.7	5.9	4.6	4.8	7.3	6.0	18.3	14.6
11. Others	3.7	3.7	4.3	6.2	5.0	7.9	13.6	9.1	8.9	10.4
<b>Gross Domestic Product</b>	<b>5.9</b>	<b>4.9</b>	<b>5.8</b>	<b>7.5</b>	<b>7.4</b>	<b>5.9</b>	<b>21.6</b>	<b>13.9</b>	<b>17.9</b>	<b>18.0</b>
1. Non-oil/gas	6.1	5.8	7.4	8.4	7.9	10.2	18.8	15.9	17.4	15.3
2. Oil/gas	4.9	1.6	-0.6	4.0	5.3	-14.7	38.3	3.0	20.6	33.8

Source : Central Bureau of Statistics.

**TABLE 8**  
**SECTORAL SHARE IN GDP FORMATION**

Sectors	At 1983 constant market prices					At current market prices				
	1986 <sup>f</sup>	1987 <sup>f</sup>	1988 <sup>f</sup>	1989	1990 *	1986 <sup>f</sup>	1987 <sup>f</sup>	1988 <sup>f</sup>	1989	1990 *
1. Agriculture	22.0	21.4	21.2	20.5	19.6	24.3	23.4	24.2	23.6	21.8
– Food crops	13.6	13.1	13.0	12.5	11.8	14.7	14.1	14.9	14.6	13.2
– Smallholders' plantation crops	2.9	2.9	2.8	2.8	2.7	3.4	3.3	3.1	2.8	2.6
– Estates crops	0.6	0.6	0.6	0.6	0.6	0.7	0.8	0.9	0.9	0.9
– Livestock and products	2.3	2.2	2.2	2.1	2.1	2.6	2.4	2.5	2.3	2.3
– Forestry	1.0	1.0	1.0	1.0	0.9	1.0	1.0	1.0	1.0	1.0
– Fishery	1.6	1.6	1.6	1.5	1.5	1.9	1.8	1.8	2.0	1.8
2. Mining and quarrying	18.1	17.3	15.9	15.6	15.2	11.2	13.8	12.1	13.2	14.5
– Oil and natural gas	16.9	16.1	14.7	14.3	13.8	10.2	12.8	10.9	11.5	12.5
– Others	1.2	1.2	1.2	1.3	1.4	1.0	1.0	1.2	1.7	2.0
3. Manufacturing	16.3	17.2	18.2	18.4	19.3	16.7	17.0	18.5	18.3	19.5
– Non-oil/gas	12.0	12.8	13.6	14.1	14.9	12.9	13.8	15.0	15.0	15.3
– Oil/gas	4.3	4.4	4.6	4.3	4.4	3.8	3.2	3.5	3.3	4.2
□ Oil refinery	1.0	1.0	1.0	0.9	0.9	1.9	1.5	1.4	1.3	1.8
□ L N G	3.3	3.4	3.6	3.4	3.5	1.9	1.7	2.1	2.0	2.4
4. Electricity, gas, and water supply	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6
5. Construction	5.1	5.1	5.3	5.5	5.8	5.2	4.9	5.0	5.3	5.5
6. Trade, hotel, and restaurant	14.9	15.2	15.6	16.0	16.1	16.7	16.9	17.2	16.9	16.3
– Wholesale and retail trade	12.5	12.7	13.0	13.3	13.4	13.9	14.1	14.4	14.3	13.6
– Hotel and restaurant	2.4	2.5	2.6	2.7	2.7	2.8	2.8	2.8	2.6	2.7
7. Transportation and communication	5.1	5.2	5.2	5.4	5.6	6.2	5.9	5.7	5.5	5.6
– Transportation	4.6	4.6	4.6	4.8	4.9	5.6	5.3	5.1	4.9	4.9
– Communication	0.5	0.6	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.7
8. Banking and other intermediaries	3.9	3.9	3.8	4.0	4.1	3.9	3.8	3.7	3.9	4.0
9. Ownership of dwelling	2.8	2.8	2.8	2.7	2.6	2.9	2.7	2.6	2.5	2.5
10. Public administration and defence	7.6	7.8	7.9	7.8	7.6	8.1	7.1	6.6	6.7	6.5
11. Other services	3.7	3.6	3.6	3.5	3.5	4.2	3.9	3.8	3.5	3.2
<b>Gross Domestic Product</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
1. Non-oil/gas	78.8	79.5	80.7	81.4	81.8	86.0	84.0	85.6	85.2	83.3
2. Oil/gas	21.2	20.5	19.3	18.6	18.2	14.0	16.0	14.4	14.8	16.7

Source : Central Bureau of Statistics.

**TABLE 9**  
**TERMS OF TRADE ON GDP**  
**AT 1983 CONSTANT MARKET PRICES**  
(billions of rupiah)

Items	1986 <sup>r</sup>	1987 <sup>r</sup>	1988 <sup>r</sup>	1989	1990 <sup>*</sup>
1. Exports of goods and services at current market prices	20,009.9	29,874.3	34,665.6	42,502.6	51,197.0
2. Exports of goods and services at 1983 constant market prices	22,460.3	25,744.8	26,015.5	27,850.5	30,278.0
3. Export deflator (1983 = 100 [(1:2) × 100])	89.1	116.0	133.2	152.6	169.1
4. Imports of goods and services at current market prices	21,036.2	27,955.8	31,171.4	38,395.1	49,484.6
5. Imports of goods and services at 1983 constant market prices	19,905.6	20,299.0	16,504.2	17,768.1	23,547.2
6. Import deflator (1983 = 100 [(4:5) × 100])	105.7	137.7	188.9	216.1	210.2
7. Terms of trade index [(3:6) × 100]	84.3	84.2	70.5	70.6	80.5
8. Changes of terms of trade index (%)	-20.8	-0.1	-16.3	0.1	14.0
9. Import capacity (1:6)	18,930.8	21,695.2	18,351.3	19,668.0	24,362.0
10. Terms of trade effect (9-2)	-3,529.5	-4,049.6	-7,664.2	-8,182.5	-5,916.0
11. Changes of terms of trade effect (%)	-382.2	-14.7	-89.3	-6.8	-27.7
12. GDP at 1983 constant market prices	90,080.5	94,517.8	99,981.4	107,522.8	115,447.1
13. Change of GDP at 1983 constant market prices (%)	5.9	4.9	5.8	7.5	7.4
14. GDY (10+12)	86,551.0	90,468.2	92,317.2	99,340.3	109,531.1
15. Change of GDY (%)	0.3	4.5	2.0	7.6	10.3

Source : Central Bureau of Statistics.

**TABLE 10**  
**APPROVED DOMESTIC INVESTMENT PROJECTS**  
**BY SECTOR**  
**(billions of rupiah)**

Sectors	1986	1987	1988	1989	1990*	Total <sup>1)</sup> 1968 through 1990 *	
						Value	Project
<b>1. Agriculture, forestry, and fishery</b>	<b>1,900.1</b>	<b>3,525.5</b>	<b>3,184.4</b>	<b>3,667.6</b>	<b>9,403.9</b>	<b>23,276.4</b>	<b>1,281</b>
Agriculture	1,599.9	2,325.2	2,254.8	3,020.1	8,113.1	17,206.9	634
Forestry	20.7	640.1	486.6	222.7	593.0	3,281.1	323
Fishery	279.5	560.2	443.0	424.8	697.8	2,788.4	324
<b>2. Mining</b>	<b>89.1</b>	<b>289.7</b>	<b>110.5</b>	<b>94.4</b>	<b>147.1</b>	<b>2,053.9</b>	<b>118</b>
<b>3. Manufacturing</b>	<b>1,842.3</b>	<b>5,518.1</b>	<b>9,746.9</b>	<b>12,933.7</b>	<b>40,863.5</b>	<b>99,083.2</b>	<b>4,652</b>
Food	215.5	456.5	1,728.3	548.5	1,137.7	7,210.0	734
Textile	262.5	1,288.7	2,308.9	3,562.9	12,612.0	23,311.1	1,077
Wood	126.8	696.1	1,486.5	773.1	2,178.0	7,356.7	690
Paper	41.1	365.6	237.2	1,136.8	5,983.1	11,697.0	256
Chemical and pharmaceutical	813.5	2,084.1	3,057.4	4,051.1	12,667.8	27,664.0	891
Non-metal mineral	17.2	132.2	370.7	267.1	3,795.1	10,071.3	249
Basic metal	221.1	74.3	180.9	2,038.7	982.4	6,383.1	140
Metal product	141.7	410.4	279.0	507.5	1,323.3	5,091.6	545
Others	2.9	10.2	98.0	48.0	183.5	298.3	70.0
<b>4. Construction</b>	<b>74.4</b>	<b>49.6</b>	<b>31.4</b>	<b>146.1</b>	<b>86.5</b>	<b>871.6</b>	<b>72</b>
<b>5. Hotel</b>	<b>17.0</b>	<b>138.8</b>	<b>537.0</b>	<b>1,265.3</b>	<b>4,661.7</b>	<b>8,228.2</b>	<b>312</b>
<b>6. Transportation</b>	<b>102.4</b>	<b>367.8</b>	<b>230.7</b>	<b>288.7</b>	<b>2,083.3</b>	<b>3,774.4</b>	<b>238</b>
<b>7. Real estate and office</b>	<b>168.5</b>	<b>173.9</b>	<b>846.1</b>	<b>936.2</b>	<b>2,101.3</b>	<b>5,421.1</b>	<b>194</b>
<b>8. Other services</b>	<b>222.9</b>	<b>201.6</b>	<b>228.9</b>	<b>261.9</b>	<b>531.1</b>	<b>2,175.9</b>	<b>160</b>
<b>Total</b>	<b>4,416.7</b>	<b>10,265.0</b>	<b>14,915.9</b>	<b>19,593.9</b>	<b>59,878.4</b>	<b>144,884.7</b>	<b>7,027</b>

1) From July 1968 to December 1990, after taking into account the cancelation and shifting of projects from foreign to domestic investment .

Source : Capital Investment Coordinating Board.



**TABLE 11**  
**APPROVED DOMESTIC INVESTMENT PROJECTS**  
**BY PROVINCE**  
**(billions of rupiah)**

Provinces	1986	1987	1988	1989	1990*	Total <sup>1)</sup> 1968 through 1990*	
						Value	Project
1. Jakarta	441.8	776.7	1,031.4	1,419.6	3,272.3	11,872.6	903
2. West Jawa	1,113.8	3,853.7	5,640.4	9,275.0	27,333.4	59,106.7	2,221
3. Central Jawa	205.5	565.5	870.3	891.3	5,715.0	10,928.8	523
4. Yogyakarta	43.5	28.3	167.1	51.6	420.3	856.0	114
5. East Jawa	321.3	499.1	1,025.7	2,821.5	2,424.6	11,371.5	838
<b>Jawa &amp; Madura</b>	<b>2,125.9</b>	<b>5,723.3</b>	<b>8,734.9</b>	<b>14,459.0</b>	<b>39,165.6</b>	<b>94,135.6</b>	<b>4,599</b>
6. Aceh	123.5	25.1	291.4	221.2	228.2	1,785.6	85
7. North Sumatera	427.6	348.6	543.8	317.4	913.4	3,800.5	308
8. West Sumatera	55.9	43.4	118.1	138.3	456.2	1,372.6	106
9. Riau	440.8	642.2	1,198.8	1,307.9	5,821.8	10,403.9	220
10. Jambi	250.0	308.2	298.0	145.3	620.0	2,128.1	62
11. South Sumatera	92.4	346.7	714.7	337.1	1,771.4	4,544.3	196
12. Bengkulu	46.8	82.2	34.1	78.2	79.4	422.5	35
13. Lampung	25.8	152.7	466.7	489.4	891.3	2,670.6	142
<b>Sumatera</b>	<b>1,462.8</b>	<b>1,949.1</b>	<b>3,665.6</b>	<b>3,034.8</b>	<b>10,781.7</b>	<b>27,128.1</b>	<b>1,154</b>
14. West Kalimantan	87.6	457.4	708.7	269.1	1,793.4	3,908.8	183
15. Central Kalimantan	22.4	11.3	33.3	89.2	104.8	510.2	88
16. South Kalimantan	59.4	81.2	186.5	215.1	174.1	1,094.2	117
17. East Kalimantan	318.4	436.8	425.0	256.4	3,149.0	6,119.7	197
<b>Kalimantan</b>	<b>487.8</b>	<b>986.7</b>	<b>1,353.5</b>	<b>829.8</b>	<b>5,221.3</b>	<b>11,632.9</b>	<b>585</b>
18. North Sulawesi	145.3	103.4	67.7	165.3	144.0	1,093.0	67
19. Central Sulawesi	11.8	272.7	55.2	48.8	426.5	981.1	65
20. South Sulawesi	86.7	117.9	120.5	68.6	547.5	1,458.3	160
21. Southeast Sulawesi	--	16.0	7.0	49.8	127.0	687.6	15
<b>Sulawesi</b>	<b>243.8</b>	<b>510.0</b>	<b>250.4</b>	<b>332.5</b>	<b>1,245.0</b>	<b>4,220.0</b>	<b>307</b>
23. West Nusa Tenggara	37.2	11.4	25.3	60.7	357.3	572.4	46
24. East Nusa Tenggara	4.8	21.6	21.7	30.4	261.8	457.9	37
<b>Nusa Tenggara</b>	<b>42.0</b>	<b>33.0</b>	<b>47.0</b>	<b>91.1</b>	<b>619.1</b>	<b>1,030.3</b>	<b>83</b>
22. Bali	22.1	107.1	214.4	460.2	1,844.2	3,071.9	129
25. East Timor	1.2	--	1.1	--	22.6	24.9	6
26. Maluku	23.1	67.6	328.6	196.7	807.9	1,712.9	111
27. Irian Jaya	8.0	888.2	320.4	189.8	171.0	182.1	53
<b>Total</b>	<b>4,416.7</b>	<b>10,265.0</b>	<b>14,915.9</b>	<b>19,593.9</b>	<b>59,878.4</b>	<b>143,138.7</b>	<b>7,027</b>

1) From July 1968 to December 1990, after taking into account the cancelation and shifting of projects from foreign to domestic investments.

Source : Capital Investment Coordinating Board.

**TABLE 12**  
**APPROVED FOREIGN DIRECT INVESTMENT PROJECTS**  
**BY SECTOR**  
**(millions of \$)**

Sectors	1986	1987	1988	1989	1990 *	Total <sup>1)</sup> 1967 through 1990 *	
						Value	Project
<b>1 Agriculture, forestry, and fishery</b>	<b>129.8</b>	<b>133.3</b>	<b>79.7</b>	<b>173.1</b>	<b>191.6</b>	<b>1,750.5</b>	<b>142</b>
Agriculture	125.9	116.7	7.7	121.7	169.7	1,093.4	66
Forestry	--	4.6	26.3	4.4	2.4	398.8	32
Fishery	3.9	12.0	45.7	47.0	19.5	258.3	44
<b>2. Mining</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>115.5</b>	<b>3,269.8</b>	<b>120</b>
<b>3. Manufacturing</b>	<b>536.9</b>	<b>852.1</b>	<b>3,828.0</b>	<b>4,246.1</b>	<b>5,646.9</b>	<b>27,830.9</b>	<b>1,164</b>
Food	34.3	54.0	231.0	222.9	98.9	1,246.1	82
Textile	9.0	117.9	213.2	581.1	1,094.2	3,198.5	276
Wood	31.9	44.8	104.3	105.9	217.6	751.3	104
Paper	46.8	108.6	1,505.6	211.4	730.2	3,369.2	28
Chemical and pharmaceutical	293.8	208.8	1,544.3	2,512.4	1,998.0	8,983.5	266
Non-metal mineral	--	251.3	29.8	183.9	124.8	1,696.4	39
Basic metal	39.4	6.9	61.3	105.7	824.5	4,906.7	37
Metal product	81.7	56.9	128.8	292.3	460.1	3,476.8	293
Others	--	2.9	9.6	30.5	98.6	202.4	39
<b>4. Construction</b>	<b>64.7</b>	<b>42.2</b>	<b>2.4</b>	<b>15.9</b>	<b>76.8</b>	<b>544.3</b>	<b>110</b>
<b>5. Hotel</b>	<b>--</b>	<b>196.0</b>	<b>404.6</b>	<b>97.8</b>	<b>874.4</b>	<b>2,067.8</b>	<b>66</b>
<b>6. Transportation</b>	<b>70.0</b>	<b>213.0</b>	<b>2.5</b>	<b>4.5</b>	<b>803.0</b>	<b>1,154.9</b>	<b>20</b>
<b>7. Real estates and office</b>	<b>--</b>	<b>--</b>	<b>74.5</b>	<b>66.6</b>	<b>901.7</b>	<b>1,661.2</b>	<b>48</b>
<b>8. Other services</b>	<b>25.0</b>	<b>20.3</b>	<b>42.8</b>	<b>114.8</b>	<b>140.2</b>	<b>398.5</b>	<b>125</b>
<b>Total</b>	<b>826.4</b>	<b>1,456.9</b>	<b>4,434.5</b>	<b>4,718.8</b>	<b>8,750.1</b>	<b>38,677.9</b>	<b>1,795</b>

<sup>1)</sup> From June 1967 to December 1990, after taking into account the cancelation and shifting of projects from foreign to domestic investment.

Source : Capital Investment Coordinating Board.

**TABLE 13**  
**APPROVED FOREIGN DIRECT INVESTMENT PROJECTS**  
**BY PROVINCE**  
**(billions of \$)**

Provinces	1986	1987	1988	1989	1990 *	Total <sup>1)</sup> 1967 through 1990 *	
						Value	Project
1. Jakarta	258.2	440.4	335.4	521.2	1,651.5	6,593.0	526
2. West Jawa	422.2	605.8	1,069.4	1,476.3	3,691.7	12,321.0	646
3. Central Jawa	57.2	32.3	25.1	1,702.7	109.7	2,305.2	42
4. Yogyakarta	--	--	--	--	6.9	6.9	4
5. East Jawa	9.5	208.3	236.9	330.5	972.8	2,743.3	140
<b>Jawa &amp; Madura</b>	<b>747.1</b>	<b>1,286.8</b>	<b>1,666.8</b>	<b>4,030.7</b>	<b>6,432.6</b>	<b>23,969.4</b>	<b>1,358</b>
6. Aceh	7.5	--	--	50.0	192.0	1,125.3	12
7. North Sumatera	50.0	109.1	55.0	17.7	360.0	3,560.7	50
8. West Sumatera	--	1.5	5.7	5.2	1.5	67.2	12
9. Riau	0.8	--	614.3	318.5	247.0	1,674.3	56
10. Jambi	--	--	--	--	--	23.8	3
11. South Sumatera	1.1	2.1	919.9	56.7	44.4	1,275.6	19
12. Bengkulu	--	--	--	41.1	--	41.1	7
13. Lampung	2.3	2.0	--	77.9	26.0	603.3	13
<b>Sumatera</b>	<b>61.7</b>	<b>114.7</b>	<b>1,594.9</b>	<b>567.1</b>	<b>871.0</b>	<b>8,371.3</b>	<b>172</b>
14. West Kalimantan	--	--	24.3	--	6.8	111.9	27
15. Central Kalimantan	--	9.1	18.3	5.7	10.8	262.6	32
16. South Kalimantan	2.4	8.1	2.0	13.2	122.6	248.1	18
17. East Kalimantan	12.2	1.0	39.0	--	560.7	1,605.7	35
<b>Kalimantan</b>	<b>14.6</b>	<b>18.2</b>	<b>83.6</b>	<b>18.9</b>	<b>700.8</b>	<b>2,228.3</b>	<b>112</b>
18. North Sulawesi	--	25.0	--	2.4	8.0	213.1	12
19. Central Sulawesi	--	--	24.3	4.0	1.4	30.6	7
20. South Sulawesi	1.2	1.0	--	4.9	121.4	1,344.7	20
21. Southeast Sulawesi	--	--	19.5	--	3.6	39.0	7
<b>Sulawesi</b>	<b>1.2</b>	<b>26.0</b>	<b>43.8</b>	<b>11.3</b>	<b>134.4</b>	<b>1,627.4</b>	<b>46</b>
22. West Nusa Tenggara	--	--	3.0	1.6	--	6.6	5
23. East Nusa Tenggara	1.6	10.0	0.8	9.5	1.2	27.0	10
<b>Nusa Tenggara</b>	<b>1.6</b>	<b>10.0</b>	<b>3.8</b>	<b>5.1</b>	<b>1.2</b>	<b>33.6</b>	<b>15</b>
24. Bali	--	1.4	371.1	79.7	608.5	1,279.5	62
25. East Timor	--	--	--	--	--	--	--
26. Maluku	--	--	--	--	0.3	112.7	9
27. Irian Jaya	--	--	670.5	--	1.3	1,055.6	21
<b>Total</b>	<b>826.2</b>	<b>1,457.1</b>	<b>4,434.5</b>	<b>4,718.8</b>	<b>8,750.1</b>	<b>38,677.8</b>	<b>1,795</b>

1) From June 1967 to December 1990, after taking into account the cancelation and shifting of projects from foreign to domestic investments.  
Capital Investment Coordinating Board.

**TABLE 14**  
**APPROVED FOREIGN DIRECT INVESTMENT PROJECTS**  
**BY COUNTRY OF ORIGIN**  
(millions of \$)

Countries	1986	1987	1988	1989	1990 *	Total <sup>1)</sup> 1967 through 1990 *	
						Value	Project
<b>1. Europe</b>	<b>124.4</b>	<b>607.0</b>	<b>1,433.4</b>	<b>604.5</b>	<b>1,070.4</b>	<b>7,091.6</b>	<b>323</b>
Belgium	--	7.1	--	43.1	87.1	217.2	16
Fed. Rep. Of Germany	16.5	330.6	955.9	6.7	13.4	1,853.9	48
France	6.2	42.0	42.2	18.8	68.7	283.4	29
Netherlands	23.3	122.8	270.9	282.9	567.3	1,962.9	81
Switzerland	12.5	--	1.2	11.0	14.3	211.9	22
United Kingdom	46.1	12.7	120.9	43.5	57.8	733.3	93
Others	19.8	91.8	42.3	198.5	261.8	1,829.0	34
<b>2. America</b>	<b>191.8</b>	<b>106.3</b>	<b>759.6</b>	<b>366.6</b>	<b>202.8</b>	<b>2,648.6</b>	<b>156</b>
Canada	11.0	6.9	--	3.0	8.5	29.3	11
United States	153.8	72.7	671.8	348.0	153.7	2,196.8	123
Others	27.0	26.7	87.8	15.6	40.6	422.5	22
<b>3. Asia</b>	<b>478.8</b>	<b>707.3</b>	<b>1,868.2</b>	<b>2,064.6</b>	<b>4,991.3</b>	<b>19,075.1</b>	<b>1,083</b>
Hong Kong	9.6	134.8	231.4	406.8	993.3	3,731.2	175
Japan	328.9	531.8	247.0	768.7	2,240.8	9,645.1	390
Malaysia	2.5	1.0	20.2	22.7	7.2	167.8	197
Philippines	2.3	2.8	--	--	--	12.9	5
Singapore	101.5	6.0	240.2	166.1	264.3	993.4	100
South Korea	12.0	23.0	209.0	466.1	722.9	1,863.8	21
Taiwan	18.0	7.9	910.2	158.2	618.3	2,302.1	171
Thailand	4.0	--	10.2	17.0	9.5	39.6	9
Others	--	--	--	59.0	135.1	319.2	15
<b>4. Australia</b>	<b>13.9</b>	<b>2.5</b>	<b>53.2</b>	<b>42.5</b>	<b>186.5</b>	<b>876.2</b>	<b>112</b>
<b>5. Africa</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2.2</b>	<b>38.9</b>	<b>10</b>
<b>6. Group of countries</b>	<b>17.3</b>	<b>34.0</b>	<b>320.1</b>	<b>1,640.6</b>	<b>2,296.9</b>	<b>8,947.5</b>	<b>111</b>
<b>Total</b>	<b>826.2</b>	<b>1,457.1</b>	<b>4,434.5</b>	<b>4,718.8</b>	<b>8,750.1</b>	<b>38,677.9</b>	<b>1,795</b>

1) From June 1967 to December 1990, after taking into account the cancelation and shifting of projects from foreign to domestic investments.  
Source : Capital Investment Coordinating Board.

**TABLE 15**  
**CONSUMER PRICE INDEX <sup>1)</sup>**  
**(COMPOSITE OF 27 CITIES)**  
**(April 1988 through March 1989 = 100)**

End of	Food-stuffs	Housing	Clothing	Miscellaneous	General Index	Change in the General Index (%) <sup>2)</sup>
1986/87						+8.83
March	261.84	308.16	256.06	289.44	279.49	
1987/88						+8.29
March	300.53	322.90	271.23	299.94	303.52	
1988/89						+6.55
March	329.63	340.53	281.40	311.06	323.94	
1989/90						+5.48
June	335.78	348.66	288.89	315.75	330.42	+2.00
September	337.48	351.91	291.10	319.53	332.93	+0.76
December	341.98	356.48	293.45	321.87	336.96	+1.21
March	348.25	362.20	295.65	325.58	342.05	+1.51
1990/91						+9.11
April	108.90	112.11	110.44	107.51	109.55	+1.42
May	109.52	112.74	110.89	108.41	110.19	+0.58
June	110.38	114.68	111.03	110.65	111.61	+1.29
July	111.55	117.75	111.55	114.98	114.08	+2.21
August	110.56	120.14	112.27	115.79	114.75	+0.59
September	110.27	122.10	112.52	116.18	115.34	+0.51
October	111.23	123.83	113.12	117.33	116.53	+1.03
November	111.18	124.20	113.21	118.50	116.91	+0.33
December	111.49	123.94	113.41	118.55	116.98	+0.06
January	113.50	124.21	114.24	118.80	117.87	+0.76
February	113.82	124.45	113.92	119.46	118.22	+0.30
March	113.57	124.62	114.17	119.59	118.26	+0.03

1) Up to March, 1990 : composite of 17 cities.

2) Annual/quarterly of the CPI are calculated on a cumulative basis as summation of the monthly percentage changes.

Source : Central Bureau of Statistics.

**TABLE 16**  
**WHOLESALE PRICE INDEX <sup>1)</sup>**  
**(1983 = 100)**

Sectors	1986/87	1987/88	1988/89	1989/90	1990/91 *	1990/91 against
						1989/90 (%)
1. Agriculture	132	148	167	180	194	7.78
2. Mining and quarrying	127	134	146	159	174	9.43
3. Manufacturing	128	145	159	168	180	7.14
4. Imports	138	159	166	183	194	6.01
5. Exports	89	120	126	134	164	22.39
– Oil/gas	73	105	110	116	155	33.62
– Non-oil/gas	142	173	186	195	196	0.51
6. General Index	121	143	154	165	180	9.09

1) Average figures in the respective fiscal year.

Source : Central Bureau of Statistics.

**TABLE 17**  
**MONEY SUPPLY**  
(billions of rupiah)

End of period	M <sub>2</sub> <sup>1)</sup>			M <sub>1</sub> <sup>2)</sup>		Quasi money <sup>3)</sup>	
	Outstanding	Changes (%)		Outstanding	Share (%)	Outstanding	Share (%)
		Annual	Quarterly				
1978	3,809	21.7		2,488	65.3	1,321	34.7
1978/79	4,155	26.9		2,800	67.4	1,355	32.6
1979	5,222	37.1		3,385	64.8	1,837	35.2
1979/80	5,803	39.6		3,797	65.4	2,006	34.6
1980	7,691	47.3		4,995	64.9	2,696	35.1
1980/81	7,906	36.2		5,214	65.9	2,692	34.1
1981	9,716	26.3		6,486	66.8	3,230	33.2
1981/82	10,151	28.4		6,775	66.7	3,376	33.3
1982	11,075	14.0		7,121	64.3	3,954	35.7
1982/83	12,247	20.6		7,379	60.3	4,868 <sup>4)</sup>	39.7
1983	14,663	32.4		7,569	51.6	7,094	48.4
1983/84	15,759	28.7		8,055	51.1	7,704	48.9
1984	17,937	22.3		8,581	47.8	9,356	52.2
1984/85	19,447	23.4		8,988	46.2	10,459	53.8
1985	23,153	29.1		10,104	43.6	13,049	56.4
1985/86	24,168	24.3		10,475	43.3	13,693	56.7
1986	27,661	19.5	3.7	11,677	42.2	15,984	57.8
1986/87	28,491	17.9	3.0	11,500	40.4	16,991 <sup>5)</sup>	59.6
1987/88							
June	29,254		2.7	11,588	39.6	17,666	60.4
September	31,644		8.2	11,972	37.8	19,672	62.2
December	33,885	22.5	7.1	12,685	37.4	21,200	62.6
March	35,660	25.2	5.2	12,626	35.4	23,034	64.6
1988/89							
June	37,902		6.3	13,052	34.4	24,850	65.6
September	40,066		5.7	13,141	32.8	26,925	67.2
December	41,998	23.9	4.8	14,392	34.3	27,606	65.7
March	44,167	23.9	5.2	15,009	34.0	29,158	66.0
1989/90							
June	47,477		7.5	15,938	33.6	31,539	66.4
September	51,945		9.4	17,193	33.1	34,752	66.9
December	58,705	39.8	13.0	20,114	34.3	38,591	65.7
March	64,367	45.7	9.6	22,155	34.4	42,212	65.6
1990/91							
June	70,125		8.9	23,205	33.1	46,920	66.9
September	76,907		9.7	22,982	29.9	53,925	70.1
December	84,630	44.2	10.0	23,819	28.1	60,811	71.9
March	81,124	26.0	-4.1	23,570	29.1	57,554	70.9

1) Consists of money and quasy money.

2) Consists of currency and demand deposits.

3) Consists of time and savings deposits in rupiah and foreign currency and demand deposits in foreign currency held by the domestic private sector.

4) Includes valuation adjustments of foreign currency deposits amounting to Rp620 billion.

5) Includes valuation adjustments of foreign currency deposits amounting to Rp1.447 billion.

**TABLE 18**  
**MONEY SUPPLY (M<sub>1</sub>)**  
(billions of rupiah)

End of period	Outstanding	Changes		Currency		Demand deposits	
		Annual	Quarterly	Outstanding	Share (%)	Outstanding	Share (%)
1978	2,488	24.0		1,240	49.8	1,248	50.2
1978/79	2,800	32.6		1,369	48.9	1,431	51.1
1979	3,385	36.1		1,552	45.9	1,833	54.1
1979/80	3,797	35.6		1,774	46.7	2,023	53.3
1980	4,995	47.6		2,153	43.1	2,842	56.9
1980/81	5,214	37.3		2,229	42.8	2,985	57.2
1981	6,486	29.8		2,557	39.4	3,929	60.6
1981/82	6,775	29.9		2,542	37.5	4,233	62.5
1982	7,121	9.8		2,934	41.2	4,187	58.8
1982/83	7,379	8.9		3,001	40.7	4,378	59.3
1983	7,569	6.3		3,333	44.0	4,236	56.0
1983/84	8,055	9.2	6.4	3,554	44.1	4,501	55.9
1984	8,581	13.4		3,712	43.3	4,869	56.7
1984/85	8,988	11.6	4.7	3,785	42.1	5,203	57.9
1985	10,104	17.7		4,440	43.9	5,664	56.1
1985/86	10,475	16.5	3.7	5,044	48.1	5,431	51.9
1986	11,677	15.6	4.3	5,338	45.7	6,339	54.3
1986/87	11,500	9.8	-1.5	5,673	49.3	5,827	50.7
1987/88							
June	11,588		0.8	5,624	48.5	5,964	51.5
September	11,972		3.3	5,605	46.8	6,367	53.2
December	12,685	6.6	5.9	5,782	45.6	6,903	54.4
March	12,626	9.8	-0.5	5,873	46.5	6,753	53.5
1988/89							
June	13,052		3.4	6,022	46.1	7,030	53.9
September	13,141		0.7	6,029	45.9	7,112	54.1
December	14,392	13.5	9.5	6,246	43.4	8,146	56.6
March	15,009	18.9	4.3	6,559	43.7	8,450	56.3
1989/90							
June	15,938		6.2	6,632	41.6	9,306	58.4
September	17,193		7.9	6,900	40.1	10,293	59.9
December	20,114	39.8	17.0	7,426	36.9	12,688	63.1
March	22,155	47.6	10.1	7,780	35.1	14,375	64.9
1990/91							
June	23,205		4.7	8,279	35.7	14,926	64.3
September	23,982		3.3	8,930	38.9	14,050	61.1
December	23,819	18.4	-0.7	9,094	38.2	14,725	61.8
March	23,570	6.4	-1.0	9,026	38.3	14,544	61.7



**TABLE 19**  
**TOTAL AND INDEX OF MONEY SUPPLY**

End of period	M <sub>2</sub> (billions of Rp)	M <sub>1</sub> (billions of Rp)	Price index <sup>1)</sup> (April 1988 – March 1989 = 100)	M <sub>2</sub> in real terms (billions of Rp)	M <sub>1</sub> in real terms (billions of Rp)	Index of real M <sub>2</sub> (March 1979 = 100)	Index of real M <sub>1</sub> (March 1979 = 100)
1978	3,809	2,488	115.36	10,456	6,830	96.76	93.78
1978/79	4,155	2,800	121.77	10,806	7,282	100.00	100.00
1979	5,222	3,385	143.07	11,558	7,492	106.96	69.33
1979/80	5,803	3,797	147.14	12,517	8,190	115.83	112.47
1980	7,691	4,995	167.55	14,536	9,441	134.51	129.64
1980/81	7,906	5,214	172.14	14,544	9,592	134.59	131.71
1981	9,716	6,486	179.82	17,112	11,423	158.35	156.86
1981/82	10,151	6,775	189.63	16,952	11,314	156.87	155.37
1982	11,075	7,121	197.85	17,726	11,397	164.03	156.51
1982/83	12,247 <sup>2)</sup>	7,379	205.99	18,827	11,344	174.22	155.77
1983	14,663	7,569	221.53	20,959	10,819	193.95	148.57
1983/84	15,759	8,055	233.42	21,380	10,928	197.85	150.06
1984	17,937	8,581	241.63	23,509	11,246	217.55	154.44
1984/85	19,447	8,988	242.07	25,441	11,758	235.43	161.47
1985	23,153	10,104	252.20	29,072	12,687	269.03	174.22
1985/86	24,168	10,475	256.07	29,889	12,954	276.59	177.89
1986	27,661	11,677	275.27	31,820	13,433	294.46	184.46
1986/87	28,491 <sup>3)</sup>	11,500	279.49	32,281	13,030	298.72	178.93
1987/88							
June	29,254	11,588	285.79	32,414	12,840	299.96	176.32
September	31,644	11,972	290.49	34,497	13,051	319.23	179.22
December	33,885	12,685	300.75	35,680	13,357	330.18	183.42
March	35,660	12,626	303.52	37,204	12,173	344.28	180.89
1988/89							
June	37,902	13,052	309.72	38,751	13,344	358.59	183.24
September	40,066	13,141	314.28	40,369	13,240	373.57	181.82
December	41,998	14,392	317.56	41,881	14,352	387.56	197.08
March	44,167	15,009	323.94	43,174	14,672	399.53	201.47
1989/90							
June	47,477	15,938	330.42	45,502	15,275	421.07	209.76
September	51,945	17,193	332.93	49,406	16,352	457.19	224.55
December	58,705	20,114	336.96	55,169	18,902	510.53	259.57
March	64,367	22,155	342.05	59,588	20,510	551.42	281.65
1990/91							
June	70,125	23,205	111.61	62,830	20,791	581.43	285.51
September	76,907	22,982	115.34	66,679	19,925	617.04	273.62
December	84,630	23,819	116.98	72,346	20,362	669.48	279.61
March	81,124	23,570	118.26	68,598	19,931	634.80	273.69

- 1) Based on Consumer Price Index; prior to March 1979 the index was based on the Cost of Living Index for Jakarta. Since June 1990 has been based on Indonesia's Consumer Price Index (27 cities) and April 1988 – March 1989 = 100.  
2) Includes valuation adjustment of foreign currency deposits amounting to Rp620 billion.  
3) Includes valuation adjustment of foreign currency deposits amounting to Rp1,447 billion.

**TABLE 20**  
**FACTORS AFFECTING MONEY SUPPLY**  
(billions of rupiah)

	1983/84	1984	1984/85	1985	1985/86	1986 <sup>2)</sup>	1986/87 <sup>2)</sup>	1987	1987/88	1988	1988/89	1989	1989/90	1990				1991	1990/91
														I	II	III	IV	I	
<b>Changes of broad money (M2) :</b>																			
A. Changes of M1	3,512	3,274	3,688	5,216	4,721	4,508	4,323	6,224	7,169	8,113	8,507	16,707	20,199	5,662	5,758	6,782	7,723	-3,506	16,757
1. Currency	676	1,012	933	1,523	1,487	1,573	1,025	1,008	1,126	1,707	2,383	5,722	7,145	2,041	1,050	-223	837	-249	1,415
2. Demand deposits	554	379	231	728	1,259	898	629	444	200	464	686	1,180	1,221	354	499	651	164	-68	1,246
B. Quasi money <sup>1)</sup>	122	633	702	795	228	675	396	564	926	1,243	1,697	4,542	5,924	1,687	551	-876	675	-181	169
	2,836	2,262	2,755	3,693	3,234	2,935	3,298	5,216	6,043	6,406	6,124	10,985	13,054	3,621	4,708	7,005	6,886	-3,257	15,342
<b>Factors affecting :</b>																			
A. Foreign assets (net)	3,299	3,654	2,935	1,813	1,071	1,841	2,344	2,442	2,359	-528	-179	409	-737	-402	-3,734	-2,032	3,997	4,046	2,277
B. Central Government	-2,335	-3,359	-3,004	-278	1,142	498	-1,475	1,539 <sup>3)</sup>	1,820 <sup>3)</sup>	229	-120	-1,175	-60	491	-1,785	-327	-2,255	-452	-4,819
C. Claims on entities, enterprises and individuals	2,656	3,836	3,465	3,847	3,834	4,797	5,568	6,975	8,200	11,728	11,931	23,576	29,666	8,759	11,117	9,412	5,599	3,619	29,747
1. Claims on official entities and public enterprises	278	190	138	513	177	253	641	730	533	659	1,213	1,444	1,110	-35	-309	32	-610	-617	-1,504
2. Claims on private enterprises and individuals	2,358	3,646	3,327	3,334	3,657	4,544	4,927	6,245	7,667	11,069	10,718	22,132	28,556	8,794	11,426	9,380	6,209	4,236	31,251
D. Net other items	-88	-857	292	-166	-1,326	-2,628	-2,114	-4,732	-5,210	-3,316	-3,125	-6,103	-8,670	-3,186	160	-271	382	-10,719	-10,448

1) Consist of time and savings deposits in rupiah and foreign currency held by the domestic private sector.

2) Includes valuation adjustments of rupiah devaluation on September 12, 1986 at the amount of Rp6,079 billion each at net foreign assets (net : Rp1,866 billion at the central government; Rp1 billion at claims on official entities and public enterprises; Rp354 billion at claims on private enterprises and individuals; Rp1,447 billion quasi money; and Rp3,121 billion net other items).

3) The significant change was due to the reconciliation of the foreign loan unused by the Government amounting to Rp1,725 billion which was initially recorded at the government sector, but since September 1987 transferred to net other items.

**TABLE 21**  
**BANKING FUND <sup>1)</sup>**  
**(billions of rupiah)**

End of period	Demand deposits			Time deposits			Savings deposits			Total
	Rupiah	Foreign currency	Sub-total	Rupiah <sup>2)</sup>	Foreign currency	Sub-total	Tabanas & Taska	Others	Sub-total	
1978	1,318	218	1,536	931	356	1,287	192	9	201	3,024
1979	1,997	563	2,560	991	467	1,458	213	13	226	4,244
1980	3,356	1,090	4,446	1,279	372	1,651	292	22	314	6,411
1981	4,412	968	5,380	1,754	456	2,210	385	35	420	8,010
1982	4,295	1,101	5,396	2,198	784	2,982	446	44	490	8,868
1983	4,365	1,666	6,031	4,441	1,341	5,782	532	52	584	12,397
1984	5,279	1,686	6,965	6,022	1,757	7,779	670	84	754	15,498
1985	6,456	971	7,427	8,888	2,839	11,727	936	84	1,020	20,174
1986	6,753	1,404	8,157	10,525	3,442	13,967	1,218	169	1,387	23,511
1987 :										
March	6,162	1,400	7,562	11,448	3,464	14,912	1,286	300	1,586	24,060
June	6,469	1,631	8,100	11,798	3,645	15,443	1,213	353	1,566	25,109
September	6,911	1,302	8,213	14,491	3,414	17,905	1,176	243	1,419	27,537
December	7,441	1,355	8,796	15,366	3,541	18,907	1,332	296	1,628	29,331
1988 :										
March	7,189	1,292	8,481	16,656	3,998	20,654	1,402	433	1,835	30,970
June	7,855	1,347	9,202	18,166	4,385	22,551	1,388	400	1,788	33,541
September	7,949	1,274	9,223	19,907	4,696	24,603	1,415	445	1,860	35,686
December	8,920	1,430	10,350	19,732	5,254	24,986	1,569	605	2,174	37,510
1989 :										
March	9,101	1,442	10,543	20,984	5,491	26,475	1,646	839	2,485	39,503
June	10,117	1,501	11,618	23,078	5,584	28,662	1,647	1,155	2,802	43,082
September	10,937	1,591	12,528	25,069	6,025	31,094	1,650	2,035	3,685	47,307
December	13,032	2,118	15,150	27,069	6,943	34,012	1,883	3,330	5,213	54,375
1990 :										
January	11,860	2,074	13,934	27,782	6,726	34,508	1,870	3,774	5,644	54,086
February	12,538	2,142	14,680	27,977	6,931	34,908	1,848	4,375	6,223	55,811
March	13,611	2,367	15,978	28,029	8,321	36,350	1,892	4,972	6,864	59,192
April	14,204	2,367	16,571	29,488	8,428	37,916	1,858	5,523	7,381	61,868
May	14,442	2,292	16,734	28,932	8,664	37,596	1,852	5,920	7,772	62,102
June	16,048	3,073	19,121	29,866	9,833	39,699	1,750	6,379	8,129	66,949
July	16,245	3,051	19,296	31,266	10,890	42,156	1,762	6,657	8,419	69,871
August	15,837	3,368	19,205	33,724	12,034	45,758	1,714	6,784	8,498	73,461
September	15,491	3,500	18,991	35,823	12,734	48,557	1,707	6,940	8,647	76,195
October	15,333	3,808	19,141	36,754	12,870	49,624	1,698	7,180	8,878	77,643
November	14,882	4,099	18,981	37,539	13,858	51,397	1,716	7,536	9,252	79,630
December	15,124	4,130	19,254	38,789	15,450	54,239	1,793	7,868	9,661	83,154
1991										
January	14,845	3,969	18,814	38,985	14,421	53,406	1,743	8,084	9,827	82,047
February	15,873	4,166	20,039	35,782	15,014	50,796	1,678	8,227	9,905	80,740
March	13,520	4,429	17,949	33,751	16,089	49,840	1,689	8,033	9,722	77,511

<sup>1)</sup> Includes funds owned by the Central Government and by non-residents.

<sup>2)</sup> Includes certificates of deposits.

**TABLE 22**  
**DEMAND DEPOSITS IN RUPIAH AND FOREIGN CURRENCY BY GROUP OF BANKS <sup>1)</sup>**  
**(billions of rupiah)**

End of period	State banks <sup>2)</sup>			Private national banks <sup>3)</sup>			Regional development banks			Foreign & joint venture banks			Total		
	Rupiah	Foreign currency	Sub- total	Rupiah	Foreign currency	Sub- total	Rupiah	Foreign currency	Sub- total	Rupiah	Foreign currency	Sub- total	Rupiah	Foreign currency	Sub- total
1978	931	104	1.035	147	7	154	149	--	149	91	107	198	1.318	218	1.536
1979	1.446	442	1.888	222	5	227	205	--	205	124	116	240	1.997	563	2.560
1980	2.526	923	3.449	330	9	339	327	--	327	173	158	331	3.356	1.090	4.446
1981	3.514	753	4.267	413	13	426	315	--	315	170	202	372	4.412	968	5.380
1982	3.194	835	4.029	566	33	599	359	--	359	179	234	413	4.298	1.102	5.400
1983	2.960	1.301	4.261	766	49	815	415	--	415	223	317	540	4.364	1.667	6.031
1984	3.641	1.355	4.996	824	29	853	587	--	587	227	303	530	5.279	1.687	6.966
1985	4.353	580	4.933	1.177	44	1.221	655	--	655	271	348	619	6.456	972	7.428
1986	4.562	768	5.330	1.354	129	1.483	564	--	564	273	506	779	6.753	1.403	8.156
1987															
March	3.848	829	4.677	1.507	109	1.616	500	--	500	308	461	769	6.163	1.399	7.562
June	4.135	1.017	5.152	1.486	115	1.601	554	--	554	294	500	794	6.469	1.632	8.101
September	4.445	757	5.202	1.546	94	1.640	608	--	608	312	452	764	6.911	1.303	8.214
December	4.735	751	5.486	1.725	113	1.838	671	--	671	311	491	802	7.442	1.355	8.797
1988															
March	4.419	706	5.125	1.807	91	1.898	632	--	632	331	495	826	7.189	1.292	8.481
June	4.815	734	5.549	1.908	111	2.019	795	--	795	337	504	841	7.855	1.349	9.204
September	4.780	739	5.519	1.957	111	2.068	878	--	878	334	424	758	7.949	1.274	9.223
December	5.456	814	6.270	2.192	155	2.347	945	--	945	327	461	788	8.920	1.430	10.350
1989															
March	5.619	810	6.429	2.332	137	2.469	807	--	807	343	495	838	9.101	1.442	10.543
June	6.124	805	6.929	2.654	164	2.818	943	--	943	396	532	928	10.117	1.501	11.618
September	6.394	774	7.168	3.022	260	3.282	1.060	--	1.060	461	537	1.018	10.937	1.591	12.528
December	7.686	1.073	8.759	3.673	397	4.070	1.153	--	1.153	520	648	1.168	13.032	2.118	15.150
1990															
January	6.417	1.065	7.482	3.722	336	4.058	1.170	--	1.170	551	673	1.224	11.860	2.074	13.934
February	6.814	1.029	7.843	3.938	398	4.336	1.183	--	1.183	603	715	1.318	12.538	2.142	14.680
March	7.168	1.055	8.223	4.634	550	5.184	1.115	--	1.115	694	762	1.456	13.611	2.367	15.978
April	7.635	1.002	8.637	4.767	517	5.284	1.050	--	1.050	752	849	1.601	14.204	2.368	16.572
May	7.894	936	8.830	4.772	595	5.167	1.247	--	1.247	730	760	1.490	14.443	2.291	16.734
June	9.237	1.273	10.510	4.772	964	5.736	1.312	--	1.312	728	834	1.562	16.049	3.071	19.120
July	9.100	1.223	10.323	4.980	1.000	5.980	1.398	--	1.398	766	828	1.594	16.244	3.051	19.295
August	8.720	1.277	9.997	4.871	1.022	5.893	1.504	--	1.504	742	1.069	1.811	15.837	3.368	19.205
September	8.614	1.258	9.872	4.584	1.204	5.788	1.567	--	1.567	726	1.038	1.764	15.491	3.500	18.991
October	8.491	1.275	9.766	4.374	1.207	5.581	1.608	--	1.608	860	1.326	2.186	15.333	3.808	19.141
November	8.126	1.310	9.436	4.395	1.303	5.698	1.694	--	1.694	665	1.486	2.151	14.882	4.099	18.981
December	8.271	1.268	9.539	4.451	1.610	6.061	1.728	--	1.728	674	1.252	1.926	15.124	4.130	19.254
1991															
January	8.164	1.332	9.496	4.205	1.475	5.680	1.734	--	1.734	742	1.162	1.904	14.845	3.969	18.814
February	9.075	1.393	10.468	4.332	1.570	5.902	1.742	--	1.742	724	1.203	1.927	15.873	4.166	20.039
March	7.203	1.622	8.825	4.093	1.538	5.631	1.539	--	1.539	685	1.249	1.934	13.520	4.429	17.949

1) Includes certificates of deposits.  
2) Includes State Development Bank (Bapindo) and State Savings Bank (BTN).  
3) Includes private development banks and private savings banks.

**TABLE 23**  
**OUTSTANDING RUPIAH TIME DEPOSITS OF ALL BANKS BY GROUP OF OWNERSHIP**  
(billions of rupiah)

End of period	Residents										Non-residents		Total
	Government	Official entities	Non-bank financial institution	Insurance companies	State enterprises	Private enterprises	Social foundations	Cooperatives	Individuals	Others	Sub-total		
1985/86	334	344	109	1,044	921	645	1,110	11	4,069	508	9,085	4	9,089
1986	289	570	89	1,589	984	740	1,337	30	4,375	520	10,523	2	10,525
1986/87	303	685	71	1,657	1,077	918	1,478	27	4,719	502	11,437	11	11,448
1987	357	420	101	2,050	1,889	1,483	1,632	39	6,948	441	15,360	6	15,366
1987/88	412	420	98	2,011	2,098	2,222	1,747	58	7,109	474	16,649	7	16,656
1988	504	494	138	2,583	2,304	2,271	1,989	51	8,212	1,181	19,727	5	19,732
1988/89	577	632	168	2,204	3,858	1,762	2,178	51	8,870	670	20,970	14	20,984
1989	1,428	540	225	3,245	2,928	3,362	2,633	61	11,618	971	27,011	58	27,069
1989/90	1,548	545	258	3,344	2,905	4,033	2,689	59	11,789	828	27,998	30	28,028
1990													
January	1,476	545	304	3,334	3,140	3,598	2,810	62	11,624	832	27,725	57	27,782
February	1,519	567	294	3,435	3,052	3,507	2,831	61	11,871	825	27,962	15	27,977
March	1,548	545	258	3,344	2,905	4,033	2,689	59	11,789	828	27,998	30	28,028
April	1,587	662	236	3,872	3,457	4,011	2,911	63	11,853	813	29,465	23	29,488
May	1,626	640	238	3,315	2,890	4,597	2,843	65	11,921	779	28,914	17	28,931
June	1,668	515	221	3,507	2,858	5,036	2,676	61	12,508	805	29,855	11	29,866
July	1,682	547	200	3,466	2,941	5,677	2,942	62	12,819	901	31,237	29	31,266
August	1,817	552	205	3,832	3,455	6,138	2,961	59	13,698	981	33,698	26	33,724
September	1,873	579	166	4,091	3,626	6,637	3,201	73	14,609	925	35,780	43	35,823
October	1,870	700	164	4,189	3,269	6,816	3,377	73	15,197	1,012	36,667	87	36,754
November	1,976	707	152	4,356	3,374	6,521	3,375	70	15,786	1,101	37,418	121	37,539
December	1,523	683	169	4,538	3,145	7,529	3,503	72	16,244	1,305	38,711	78	38,789
1991													
January	1,541	704	166	4,474	3,065	7,426	3,482	97	16,653	1,263	38,871	114	38,985
February	1,530	499	181	2,719	2,074	7,305	3,602	81	16,402	1,227	35,620	162	35,782
March	513	505	185	1,335	1,735	6,788	3,620	79	17,748	1,071	33,579	171	33,750

**TABLE 24**  
**TIME DEPOSITS IN RUPIAH AND FOREIGN CURRENCY OF ALL BANKS BY MATURITY**  
(billions of rupiah)

End of period	24 months			12 months			6 months			3 months			1 month <sup>1)</sup>			Others			Total		
	Rp		FC	Rp		FC	Rp		FC	Rp		FC	Rp		FC	Rp		FC	Rp		FC
	Total	FC	Total	Total	FC	Total	Total	FC	Total	Total	FC	Total	Total	FC	Total	Total	FC	Total	Total	FC	
1978	612	--	612	97	14	111	104	255	359	42	38	80	73	49	122	3	--	3	931	356	1,287
1979	612	--	612	99	28	127	126	346	472	32	42	74	103	50	53	19	1	20	785	467	1,252
1980	679	--	679	128	13	141	183	293	476	100	36	136	168	28	140	21	2	23	943	372	1,315
1981	834	--	834	231	14	245	237	300	537	161	31	192	252	109	361	39	2	41	1,754	456	2,210
1982	966	1	967	322	21	343	275	420	695	195	58	253	358	282	640	82	2	84	2,198	784	2,982
1983	683	1	684	1,265	51	1,316	843	698	1,541	605	145	750	1,062	789	1,851	111	1	112	4,441	1,341	5,782
1984	396	--	396	2,352	110	2,462	1,132	538	1,670	877	317	1,194	1,062	789	1,851	203	3	206	6,022	1,757	7,779
1985	536	--	536	9,327	223	9,550	1,504	320	1,824	1,403	521	1,924	1,329	1,774	3,103	189	1	190	14,288	2,839	17,127
1986	671	--	671	5,227	468	5,695	1,767	431	2,198	1,448	725	2,173	1,280	1,817	3,097	132	1	133	10,525	3,442	13,967
1987 :																					
March	640	--	640	5,786	407	6,193	1,583	425	2,008	1,767	782	2,549	1,459	1,849	3,308	213	1	214	11,448	3,464	14,912
June	898	2	900	5,576	457	6,033	1,625	476	2,101	1,657	774	2,431	1,820	1,917	3,737	222	19	241	11,798	3,645	15,443
September	719	1	720	5,384	471	5,855	1,266	330	1,596	3,727	744	4,471	3,170	1,850	5,020	225	18	243	14,491	3,414	17,905
December	909	1	910	6,061	479	6,540	1,543	416	1,959	3,331	691	4,022	3,314	1,931	5,245	208	23	231	15,366	3,541	18,907
1988 :																					
March	1,239	--	1,239	6,106	486	6,592	2,071	508	2,579	3,257	837	4,094	3,751	2,164	5,915	232	3	235	16,656	3,998	20,654
June	1,497	1	1,498	6,392	502	6,894	2,250	560	2,810	4,434	844	5,278	3,374	2,477	5,851	219	1	220	18,166	4,385	22,551
September	1,804	1	1,805	6,604	559	7,163	2,942	612	3,554	4,700	1,026	5,726	3,618	2,497	6,115	239	1	240	19,907	4,696	24,603
December	2,052	--	2,052	6,903	686	7,589	2,716	1,022	3,738	4,133	1,209	5,342	3,464	2,333	5,797	464	4	468	19,732	5,254	24,986
1989 :																					
March	2,072	1	2,073	7,227	687	7,914	3,019	993	4,012	4,723	1,429	6,152	3,578	2,381	5,959	365	1	366	20,984	5,492	26,476
June	2,262	--	2,262	7,787	715	8,502	3,894	728	4,622	4,915	1,155	6,070	3,652	2,983	6,635	569	4	573	23,079	5,585	28,664
September	2,220	--	2,220	8,466	758	9,224	4,457	697	5,154	5,536	1,182	6,718	4,042	3,358	7,400	404	8	412	25,125	6,003	31,128
December	2,217	--	2,217	9,423	807	10,230	4,945	633	5,578	5,313	1,374	6,687	4,680	4,060	8,740	491	69	560	27,069	6,943	34,012
1990 :																					
January	2,199	--	2,199	9,962	606	10,568	5,198	949	6,147	5,577	1,864	7,441	4,389	3,307	7,696	457	--	457	27,782	6,726	34,508
February	2,186	--	2,186	10,151	749	10,900	5,325	690	6,015	5,406	1,509	6,915	4,416	3,963	8,379	493	20	513	27,977	6,931	34,908
March	2,177	--	2,177	10,290	859	11,149	5,381	700	6,081	5,116	1,730	6,846	4,575	5,012	9,587	490	20	510	28,029	8,321	36,350
April	2,454	--	2,454	10,762	1,158	11,920	5,658	729	6,387	5,460	1,736	7,196	4,592	4,784	9,376	562	21	583	29,488	8,428	37,916
May	2,103	--	2,103	10,796	927	11,723	5,615	702	6,317	5,150	1,881	7,031	4,738	5,119	9,857	530	35	565	28,932	8,664	37,596
June	2,222	--	2,222	10,793	1,018	11,811	5,787	813	6,600	5,253	2,211	7,464	5,130	5,762	10,892	681	29	710	29,866	9,833	39,699
July	2,386	2	2,388	10,894	1,004	11,898	5,841	871	6,712	5,226	1,938	7,164	6,184	7,045	13,229	735	30	765	31,266	10,890	42,156
August	2,464	1	2,465	11,403	1,035	12,438	6,120	952	7,072	5,672	2,063	7,735	7,126	7,980	15,106	938	4	942	33,723	12,033	45,756
September	2,573	--	2,573	11,335	1,060	12,395	6,121	986	7,107	5,880	2,157	8,037	8,476	16,952	1,438	54	1,492	35,823	12,733	48,556	
October	2,707	4	2,711	11,420	1,081	12,501	6,107	1,055	7,162	5,952	2,278	8,230	9,336	8,426	17,762	1,232	26	1,258	36,754	12,870	49,624
November	2,872	--	2,872	11,529	1,041	12,570	6,039	1,193	7,232	5,880	2,124	8,004	10,000	9,476	19,476	1,219	24	1,243	37,539	13,858	51,397
December	3,069	--	3,069	10,841	1,116	11,957	5,958	1,314	7,272	5,886	2,705	8,591	11,899	10,246	22,145	1,136	69	1,205	38,789	15,450	54,239
1991 :																					
January	3,098	--	3,098	10,815	1,509	11,874	6,195	1,395	7,590	6,197	2,449	8,646	11,650	9,515	21,165	1,030	3	1,033	38,985	14,421	53,406
February	1,972	--	1,972	9,762	995	10,721	5,986	1,209	7,195	6,330	2,716	9,046	10,541	10,090	20,631	1,227	4	1,231	35,782	15,014	50,796
March	814	2	816	8,177	808	8,985	5,821	1,220	7,041	7,052	3,341	10,393	9,569	10,709	20,278	2,317	10	2,327	33,750	16,090	49,840

1) Includes mature time deposits.

**TABLE 25**  
**SAVINGS DEPOSITS**  
(billions of rupiah)

End of period	Tabanas/Taska		Others		Total	
	Number of depositors <sup>1)</sup>	Outstanding	Number of depositors <sup>1)</sup>	Outstanding	Number of depositors <sup>1)</sup>	Outstanding
1978	7,466	192	2,045	9	9,511	201
1979	8,002	213	2,192	13	10,194	226
1980	8,879	292	2,317	22	11,196	314
1981	9,493	384	2,346	35	11,839	419
1982	9,968	446	2,649	44	12,617	490
1983	11,069	532	2,509	52	13,578	584
1984	12,441	670	2,715	84	15,156	754
1985	14,730	936	2,637	84	17,367	1,020
1986	16,395	1,218	871	169	17,266	1,387
1987 :						
March	16,746	1,287	1,218	299	17,964	1,586
June	17,096	1,212	1,493	354	18,589	1,566
September	17,284	1,176	1,646	243	18,930	1,419
December	17,806	1,331	1,730	296	19,536	1,627
1988 :						
March	18,501	1,402	1,945	433	20,446	2,378
June	18,325	1,388	2,070	400	20,395	2,470
September	18,881	1,415	2,381	446	21,262	2,827
December	20,406	1,569	3,261	605	23,667	3,866
1989 :						
March	19,361	1,646	3,305	839	22,666	2,485
June	19,687	1,647	3,649	1,155	23,336	2,802
September	20,472	1,349	4,690	2,036	25,162	3,385
December	20,673	1,883	5,700	3,330	26,373	5,213
1990 :						
January	20,350	1,870	6,136	3,774	26,486	5,644
February	20,256	1,848	6,576	4,375	26,832	6,223
March	20,250	1,892	6,956	4,972	27,206	6,864
April	20,196	1,858	7,247	5,523	27,443	7,381
May	19,858	1,852	7,751	5,920	27,609	7,772
June	19,818	1,750	8,308	6,379	28,126	8,129
July	20,942	1,762	8,741	6,657	29,683	8,419
August	20,013	1,714	9,242	6,784	29,255	8,498
September	19,995	1,707	9,915	6,941	29,910	8,648
October	23,911	1,699	10,466	7,179	34,377	8,878
November	18,901	1,717	10,917	7,536	29,818	9,253
December	19,028	1,793	11,285	7,868	30,313	9,661
1991 :						
January	18,220	1,743	11,869	8,084	30,089	9,827
February	18,211	1,678	12,267	8,227	30,478	9,905
Maret	18,041	1,689	12,596	8,033	30,637	9,722

<sup>1)</sup> In thousands of accounts.

**TABLE 26**  
**BANK CREDITS IN RUPIAH AND FOREIGN CURRENCY**  
**BY ECONOMIC SECTOR <sup>1)</sup>**  
**(billions of rupiah)**

Specification	March 31					Jun. 30	Sep. 30	Dec. 31	Mar. 31
	1986	1987	1988	1989	1990	1990	1990	1990	1991
<b>1. Credits in rupiah</b>	<b>22,134</b>	<b>27,349</b>	<b>33,962</b>	<b>44,615</b>	<b>65,814</b>	<b>74,732</b>	<b>80,862</b>	<b>85,863</b>	<b>88,115</b>
Agriculture	1,825	2,197	2,854	4,273	5,834	6,371	6,726	6,884	7,308
Mining	258	394	281	371	462	545	568	570	603
Manufacturing	7,504	9,355	11,374	14,632	19,508	21,505	22,890	25,002	25,341
Trade	7,127	8,400	10,821	14,374	21,811	24,740	26,414	27,267	26,966
Services	3,784	4,188	5,676	7,165	10,549	12,083	13,807	14,943	15,022
Others	1,636	2,815	2,956	3,800	7,650	9,488	10,457	11,197	12,875
<b>2. Credits in foreign currency</b>	<b>296</b>	<b>503</b>	<b>1,119</b>	<b>1,911</b>	<b>5,750</b>	<b>7,602</b>	<b>10,174</b>	<b>11,833</b>	<b>12,298</b>
Agriculture	--	--	37	38	148	154	248	292	321
Mining	--	--	13	17	57	49	35	45	42
Manufacturing	133	153	554	1,051	2,941	3,752	3,822	5,500	5,972
Trade	33	104	176	313	1,003	1,520	2,941	2,470	2,624
Services	129	215	302	425	1,313	1,788	2,746	2,954	2,787
Others	1	31	37	67	288	339	382	572	552
<b>Total</b>	<b>22,430</b>	<b>27,852</b>	<b>35,081</b>	<b>46,526</b>	<b>71,564</b>	<b>82,334</b>	<b>91,036</b>	<b>97,696</b>	<b>100,413</b>
Agriculture	1,825	2,197	2,891	4,311	5,982	6,525	6,974	7,176	7,629
Mining	258	394	294	388	519	594	603	615	645
Manufacturing	7,637	9,508	11,928	15,683	22,449	25,257	26,712	30,502	31,313
Trade	7,160	8,504	10,997	14,687	22,814	26,260	29,355	29,737	29,590
Services	3,913	4,403	5,978	7,590	11,862	13,871	16,553	17,897	17,809
Others	1,637	2,846	2,993	3,867	7,938	9,827	10,839	11,769	13,427

1) Excludes interbank credits, credits to Government and non-residents, and foreign currency component of project aid.



**TABLE 27**  
**BANK CREDITS**  
**BY TYPE OF CREDIT AND ECONOMIC SECTOR <sup>1)</sup>**  
**(billions of rupiah)**

Specification	March 31					Jun. 30	Sep. 30	Dec. 31	Mar. 31
	1986	1987	1988	1989	1990	1990	1990	1990	1991
<b>1. Working capital</b>	<b>15,983</b>	<b>19,927</b>	<b>25,533</b>	<b>33,985</b>	<b>55,141</b>	<b>64,888</b>	<b>71,508</b>	<b>76,244</b>	<b>78,125</b>
Agriculture	771	848	1,092	1,606	2,261	2,545	2,708	2,656	2,903
Mining	36	25	64	66	198	260	238	242	254
Manufacturing	5,054	6,256	8,122	10,717	15,740	18,169	19,366	21,582	22,106
Trade	6,769	8,081	10,563	13,978	21,394	24,771	26,810	27,580	27,398
Services	2,525	2,881	3,782	4,828	7,829	9,602	11,884	12,901	12,541
Others	828	1,836	1,910	2,790	7,719	9,541	10,502	11,283	12,923
<b>2. Investment credits</b>	<b>6,447</b>	<b>7,925</b>	<b>9,548</b>	<b>12,541</b>	<b>16,423</b>	<b>17,446</b>	<b>19,528</b>	<b>21,452</b>	<b>22,288</b>
Agriculture	1,054	1,349	1,799	2,705	3,721	3,980	4,266	4,520	4,726
Mining	222	369	230	322	321	334	365	373	391
Manufacturing	2,583	3,252	3,806	4,966	6,709	7,088	7,346	8,920	9,207
Trade	391	423	434	709	1,420	1,489	2,545	2,157	2,192
Services	1,388	1,522	2,196	2,762	4,033	4,269	4,669	4,996	5,268
Others	809	1,010	1,083	1,077	219	286	337	486	504
<b>Total</b>	<b>22,430</b>	<b>27,852</b>	<b>35,081</b>	<b>46,526</b>	<b>71,564</b>	<b>82,334</b>	<b>91,036</b>	<b>97,696</b>	<b>100,413</b>
Agriculture	1,825	2,197	2,891	4,311	5,982	6,525	6,974	7,176	7,629
Mining	258	394	294	388	519	594	603	615	645
Manufacturing	7,637	9,508	11,928	15,683	22,449	25,257	26,712	30,502	31,313
Trade	7,160	8,504	10,997	14,687	22,814	26,260	29,355	29,737	25,590
Services	3,913	4,403	5,978	7,590	11,862	13,871	16,553	17,897	17,809
Others	1,637	2,846	2,993	3,867	7,938	9,827	10,839	11,769	13,427

1) Excludes interbank credits, credits to Government and to non-residents, foreign currency components to project aid.

**TABLE 28**  
**CREDITS TO**  
**THE ECONOMICALLY – WEAK GROUP <sup>1)</sup>**  
**(billions of rupiah and thousands of customers)**

Items	March 31					Jun. 30	Sep. 30	Dec. 31	Mar. 31
	1986	1987	1988	1989	1990	1990	1990	1990	1991
1. Small Scale Investment Credits (KIK)									
– Number of application approved (customers)	272	290	298	316	334	...	...	...	...
– Value of application approved	1,054	1,176	1,294	1,484	1,947	...	...	...	...
– Outstanding credits	326	311	312	427	749	721	703	773	743
2. Permanent Working Capital Credits (KMKP)									
– Number of application approved (customers)	2,053	2,216	2,281	2,391	2,491	...	...	...	...
– Value of application approved	2,869	3,438	3,837	4,478	5,854	...	...	...	...
– Outstanding credits	889	879	946	1,127	1,784	1,870	1,720	1,699	1,699
3. KIK/KMKP (1 + 2)									
– Number of application approved (customers)	2,325	2,506	2,579	2,707	2,798	...	...	...	...
– Value of application approved	3,923	4,614	5,131	5,962	7,801	...	...	...	...
– Outstanding credits	1,215	1,190	1,258	1,554	2,533	2,591	2,423	2,472	2,412
4. Kupedes <sup>2)</sup>	273	383	462	607	938	1,082	1,231	1,322	1,451
– Investment	12	15	16	29	79	106	126	135	144
– Working capital	261	368	446	578	859	976	1,105	1,187	1,307
5. Working capital credits under Keppres No. 29/1984	67	46	54	77	161	105	88	79	52
6. Credits with maximum of Rp75 million	185	324	525	997	2,938	2,967	2,869	2,508	2,367
– Investment	78	143	208	372	1,145	1,172	1,233	1,178	1,190
– Working capital	107	181	317	625	1,793	1,795	1,636	1,330	1,177
7. Credits for Teachers (KPG) <sup>3)</sup>	112	283	306	317	380	355	334	303	276
8. Credits for Indonesian Students (KMI)	35	45	52	57	56	52	52	48	45
9. Credits for Cooperatives	300	275	340	405	416	454	464	457	460
– Investment	76	71	74	54	57	58	57	71	65
– Working capital	224	204	266	351	359	396	407	386	395
10. Bimas <sup>4)</sup>	145	137	134	133	132	--	--	--	--
11. Inpres Pasar	94	96	92	91	91	--	--	--	--
12. Pension Credits	35	45	50	62	196	--	--	--	--
13. Viability Credits up to Rp75 million	89	100	100	--	--	--	--	--	--
14. Keppres No.14A/1980 credits	69	63	63	--	--	--	--	--	--
15. House ownership Credits (KPR)									
State Savings Bank (BTN)									
– Customers	333	363	425	539	626	639	654	672	687
– Outstanding credits	1,196	1,391	1,613	2,120	2,370	2,330	2,313	2,297	2,273
16. Credits for Students Dormitories	4.8	6.1	4.6	7.5	3.9	0.3	7.7	7.9	7.9
17. Perusahaan Inti Rakyat (PIR) Plasma	132	210	339	445	497	526	543	563	584
18. Rejuvenation, Rehabilitation, and extension of export plantation (PRPTE)	148	158	326	338	181	128	121	163	157
19. House Ownership Credits (KPR)									
P.T. Papan Sejahtera									
– Customers	2.84	4.67	9.05	13.20	16.54	17.00	20.95	21.90	23.03
– Outstanding credits	41	68	132	190	236	240	250	229	242
20. Kredit Candak Kulak									
– Customers	15,271	16,171	16,503	16,795	17,046	17,707	17,057	17,090	17,110
– Outstanding credits	12	14	14	15	15	15	15	15	15
<b>Total</b>	<b>4,153</b>	<b>4,834</b>	<b>5,865</b>	<b>7,416</b>	<b>11,144</b>	<b>10,845</b>	<b>10,711</b>	<b>10,464</b>	<b>10,342</b>

1) Includes credits extended by non-bank institutions.

2) Prior to January 1984 known as Mini and Midi Credits, now includes unpaid Kupedes, Mini and Midi Credits.

3) Provided for motor-cycle ownership.

4) Includes credits for farm's enterprises (KUT).

**TABLE 29**  
**BANK CREDITS IN RUPIAH AND FOREIGN CURRENCY**  
**BY PRIORITY AND NON-PRIORITY**  
**(billions of rupiah)**

Specification	March 31					Jun. 30	Sep. 30	Dec. 31	Mar. 31
	1986	1987	1988	1989	1990	1990	1990	1990	1991
<b>1. State banks <sup>1)</sup></b>	<b>15,240</b>	<b>18,902</b>	<b>22,894</b>	<b>30,270</b>	<b>42,589</b>	<b>46,915</b>	<b>51,028</b>	<b>53,524</b>	<b>54,699</b>
Priority	5,295	5,522	6,941	9,485	15,860	16,396	16,772	16,378	15,818
– Working capital	4,285	4,291	5,426	7,386	13,207	13,707	13,914	13,083	12,385
– Investment	1,010	1,231	1,515	2,099	2,653	2,689	2,858	3,295	3,433
Non-priority	9,945	13,380	15,953	20,785	26,729	30,519	34,256	37,146	38,881
– Working capital	5,708	8,067	9,689	12,992	15,465	18,563	20,869	22,557	23,845
– Investment	4,237	5,313	6,264	7,793	11,264	11,956	13,387	14,589	15,036
<b>2. Private national commercial</b>	<b>4,487</b>	<b>5,772</b>	<b>8,210</b>	<b>11,441</b>	<b>22,684</b>	<b>28,272</b>	<b>31,890</b>	<b>34,975</b>	<b>35,641</b>
Priority	275	394	813	1,405	3,083	2,789	2,557	2,304	1,954
– Working capital	189	252	626	1,092	2,070	1,771	1,500	1,302	992
– Investment	86	142	187	313	1,013	1,018	1,057	1,002	962
Non-priority	4,212	5,378	7,397	10,036	19,601	25,483	29,333	32,671	33,687
– Working capital	4,117	5,252	7,223	9,698	18,977	24,654	28,132	31,261	32,157
– Investment	95	126	174	338	624	829	1,201	1,410	1,530
<b>3. Regional development banks</b>	<b>633</b>	<b>786</b>	<b>994</b>	<b>1,238</b>	<b>1,814</b>	<b>1,995</b>	<b>2,171</b>	<b>2,302</b>	<b>2,512</b>
Priority	202	252	319	444	798	785	750	699	616
– Working capital	106	116	158	229	381	368	336	294	245
– Investment	96	136	161	215	417	417	414	405	371
Non-priority	431	534	675	794	1,016	1,210	1,421	1,603	1,896
– Working capital	353	436	561	656	851	998	1,183	1,320	1,574
– Investment	78	98	114	138	165	212	238	283	322
<b>4. Foreign banks</b>	<b>1,072</b>	<b>1,219</b>	<b>1,520</b>	<b>1,994</b>	<b>3,786</b>	<b>4,463</b>	<b>5,265</b>	<b>6,177</b>	<b>6,837</b>
Priority	19	470	130	230	401	291	455	447	580
– Working capital	19	70	130	230	401	291	455	447	580
– Investment	--	--	--	--	--	--	--	--	--
Non-priority	1,053	1,149	1,390	1,764	3,385	4,172	4,810	5,730	6,257
– Working capital	1,045	1,127	1,375	1,757	3,321	4,089	4,701	5,585	5,989
– Investment	8	22	15	7	64	83	109	145	268
<b>Total (1 through 4)</b>	<b>21,432</b>	<b>26,679</b>	<b>33,618</b>	<b>44,943</b>	<b>70,873</b>	<b>81,645</b>	<b>90,354</b>	<b>96,978</b>	<b>99,689</b>
Priority	5,791	6,238	8,203	11,564	20,142	20,261	20,534	19,828	18,968
– Working capital	4,599	4,729	6,340	8,937	16,059	16,137	16,205	15,126	14,202
– Investment	1,192	1,509	1,863	2,627	4,083	4,124	4,329	4,702	4,922
Non-priority	15,641	20,441	25,415	33,379	50,731	61,384	69,820	77,150	80,721
– Working capital	11,223	14,882	18,848	25,103	38,614	48,304	54,885	60,723	63,565
– Investment	4,418	5,559	6,567	8,276	12,117	13,080	14,935	16,427	17,156

<sup>1)</sup> Since May 1989 includes States Savings Bank (BTN). Bank Indonesia's direct credits to Bulog and Pertamina have been transferred to state commercial banks since April and November 1984.

**TABLE 30**  
**INTEREST RATES ON TIME DEPOSITS**  
**IN RUPIAH AND FOREIGN CURRENCY**  
**(percent per annum)**

Maturity	March 1990		March 1991	
	Rupiah	Foreign currency	Rupiah	Foreign Currency
<b>1. State banks</b>				
1 month	14.00	7.90–8.50	23.00–27.50	5.00–8.25
3 months	14.50	7.72–8.35	24.00–27.50	4.15–8.25
6 months	15.25	7.48–8.42	24.00–27.50	5.15–8.14
12 months	15.50	7.32–8.48	22.00–24.00	5.35–8.21
24 months	15.75	--	19.00–24.00	--
<b>2. Private national banks</b>				
1 month	13.00–17.25	7.25–9.25	21.50–28.00	8.25–9.25
3 months	14.75–18.00	7.25–9.25	21.50–28.00	8.50–9.25
6 months	15.50–18.50	7.25–9.25	21.00–28.00	8.25–9.50
12 months	15.75–19.00	7.25–9.25	20.00–28.50	8.25–9.50
24 months	17.50–21.00	7.25–9.25	21.00–25.00	--
<b>3. Foreign banks</b>				
1 month	14.00–16.25	5.00–7.50	16.50–24.00	5.25–7.50
3 months	14.25–16.00	5.75–7.50	16.75–24.00	4.25–7.50
6 months	14.25–16.75	6.00–7.50	17.00–23.75	4.25–7.63
12 months	14.38–16.75	6.25–7.50	17.25–24.00	4.25–7.63

**TABLE 31**  
**JAKARTA INTERBANK CALL MONEY**

Period		Volume of transaction (billions of rupiah)	Weighted average of interest rate (percent per annum)
1979 :	January – December	1,795	13.24
1980 :	January – December	1,364	12.91
1981 :	January – December	3,394	16.31
1982 :	January – December	4,746	17.29
1983 :	January – December	8,592	12.90
1984 :	January – December	12,250	19.39
1985 :	January – December	8,055	9.95
1986 :	January – December	8,022	13.26
1987 :	January – December	9,323	11.86
1988 :	January – March	3,398	13.49
	April – June	2,884	14.65
	July – September	3,044	14.98
	October – December	3,165	16.69
1989 :	January – March	3,619	13.83
	April – June	5,252	12.04
	July – September	6,182	12.25
	October – December	7,853	12.09
1990 :	January	2,345	10.09
	February	2,060	10.26
	March	2,684	10.77
	January – March	7,089	10.40
	April	2,420	11.57
	May	3,191	11.53
	June	4,467	15.24
	April – June	10,078	13.18
	July	3,549	17.37
	August	3,280	16.72
	September	3,542	14.11
	July – September	10,371	16.05
	October	3,561	17.17
	November	3,643	15.79
	December	4,163	21.53
	October – December	11,367	18.32
1991 :	January	3,946	17.85
	February	3,597	20.69
	March	4,937	26.99
	January – March	12,480	22.28

**TABLE 32**  
**CERTIFICATES OF DEPOSITS <sup>1)</sup>**  
**(billions of rupiah)**

End of period	State banks	Foreign banks <sup>2)</sup>	Total
1978	14	33	47
1979	14	19	33
1980	52	27	79
1981	55	26	81
1982	59	13	72
1983	352	22	374
1984	112	18	130
1985	279	42	321
1986 : March	184	59	243
June	110	53	163
September	94	40	134
December	94	37	131
1987 : March	86	34	120
June	75	46	121
September	68	144	212
December	69	132	201
1988: March	64	158	222
June	68	185	253
September	52	169	221
December	59	148	207
1989 : March	61	91	152
June	56	95	151
September	64	98	162
December	64	102	166
1990 : January	67	97	164
February	68	88	156
March	77	93	170
April	67	99	166
May	68	106	174
June	66	110	176
July	61	115	176
August	63	132	195
September	64	172	236
October	77	207	284
November	92	236	328
December	121	236	357
1991 : January	118	241	359
February	120	258	378
March	103	331	434

1) Outstanding certificates of deposits represent the amount outstanding at the end of the previous period plus the amount sold and less the amount redeemed during the concerned period.

2) Before March 1985 included certificates of deposits owned by foreign banks, since March 1985 has included outstanding certificates of deposits owned by private national commercial banks.

**TABLE 33**  
**INTEREST RATES ON CERTIFICATES OF DEPOSITS**  
**(percent per annum)**

<b>Maturity</b>	<b>1990</b>				<b>1991</b>
	<b>March</b>	<b>June</b>	<b>September</b>	<b>December</b>	<b>March</b>
1 month	14.00–16.20	13.75–16.20	13.75–17.00	13.75–17.20	16.50–28.00
3 months	14.50–17.00	14.50–17.25	14.10–17.25	14.50–17.25	16.75–28.00
6 months	14.30–17.75	14.70–17.75	15.00–17.75	15.00–17.75	17.00–27.00
12 months	14.30–18.70	14.30–18.00	14.25–18.00	14.30–18.00	17.00–28.50
24 months	13.50–18.35	13.50–18.35	13.20–18.70	13.20–18.70	19.00–24.00

**TABLE 34**  
**ISSUANCE, REPAYMENT, AND OUTSTANDING POSITION OF**  
**BANK INDONESIA CERTIFICATES (SBIs) <sup>1)</sup>**  
**(billions of rupiah)**

Period	Issuance	Accumulated amount	Repayment	Accumulated amount	Outstanding
1984/85	2,046	2,142	1,849	1,899	243
April – March	2,046	2,142	1,849	1,899	243
1985/86	6,186	8,328	5,035	6,934	1,394
April – March	6,186	8,328	5,035	6,934	1,394
1986/87	7,141	15,469	8,374	15,308	161
April – March	7,141	15,469	8,374	15,308	161
1987/88	27,874		27,267		768
April – June	371	15,840	163	15,471	369
July <sup>2)</sup> – September	7,625	23,465	6,210	21,681	1,784
October – December	10,511	33,976	11,424	33,105	871
January – March	9,367	43,343	9,470	45,575	768
1988/89	35,629		34,027		8,282
April – June	7,900	51,423	7,483	50,058	1,185
July <sup>2)</sup> – September	5,055	56,298	5,178	55,236	1,062
October <sup>3)</sup> – December	12,306	68,604	9,703	64,939	3,665
January – March	10,368	78,972	11,663	76,602	2,370
1989/90	49,478		49,632		2,216
April – June	10,900	89,872	10,639	87,241	2,631
July <sup>2)</sup> – September	12,967	102,839	12,642	99,883	2,956
Oktober <sup>3)</sup> – December	15,758	118,597	15,413	115,296	3,301
January – March	9,853	128,450	10,938	126,234	2,216
1990/91					
April	1,782	130,070	2,093	128,166	1,905
May	2,687	132,757	2,661	130,827	1,931
June	1,995	134,752	1,865	132,692	2,061
July	2,045	136,797	1,740	134,432	2,366
August	2,096	138,893	2,322	136,754	2,140
September	1,782	140,675	2,510	139,264	1,412
October	2,429	143,104	2,762	142,026	1,079
November	1,203	144,307	1,187	143,213	1,094
December	1,217	145,524	782	143,995	1,529
January	3,182	148,706	3,559	147,554	1,152
February	1,112	149,818	1,797	149,351	468
March	10,769	160,587	1,823	151,174	9,414

1) The issuance of SBI was started in February 1984.

2) Since July 1987, the 7-day SBI has been put at auction.

3) Since October 27, 1988 the 180-day SBI has been added.



**TABLE 35**  
**INTEREST RATES ON BANK INDONESIA CERTIFICATES <sup>1)</sup>**  
**(percent per annum)**

Period	7 days	15 days	30 days	90 days
1984/85				
April – March	--	14.75–16.00	14.50–18.50	15.00–18.50
1985/86 :				
April – March	--	15.00	14.00–16.00	15.00
1986/87 :				
April – June	--	--	14.00	15.00
July – September	--	--	14.00	15.00
October – December	--	--	14.00	15.00
January – March	--	--	14.00	15.00
1987/88 :				
April – June	--	--	14.00–16.37	15.00–18.00
July – September	14.25–20.00	--	--	--
October – December	13.63–14.50	--	--	--
January – March	13.50–15.44	--	--	--
1988/89				
April – June	15.30–15.44	--	--	--
July – September	15.00–15.50	--	--	--
October – December	13.63–16.50	--	15.00–15.50	--
January – March	13.00–15.50	--	14.63–17.75	--
1989/90				
April – June	12.75–13.75	--	15.25–16.75	16.25–16.50
July – September	11.75–12.81	--	14.63–15.25	15.69–16.25
October – December	10.25–11.75	--	13.50–14.50	14.50–15.50
January – March	10.00–10.25	--	13.13–13.25	13.94–14.25
1990/91				
April	10.10–10.00	--	13.12–13.12	13.94–13.94
May	10.00–12.50	--	13.00–14.00	13.90–14.75
June	13.00–12.50	--	15.37–17.75	15.50–17.87
July	15.50–15.75	--	15.25–17.75	17.50–17.87
August	15.50–15.62	--	17.37–17.50	17.65–17.75
September	15.62–15.75	--	17.50–17.62	17.75–17.87
October	16.25–16.25	--	18.25–18.25	19.25–19.25
November	16.25–16.87	--	18.25–18.75	19.25–19.87
December	16.87–17.25	--	18.75–18.75	19.87–19.87
January	17.75–17.75	--	19.25–19.25	20.00–20.00
February	17.75–17.75	--	19.25–19.25	20.00–20.00
March	19.00–24.00	--	21.50–25.00	20.50–26.00

1) The 15-day SBI had been issued since October 1984 but was lifted on May 18, 1985. Since July 23, 1987 the issuance of the 7-day has been started while the 30-day and 90-day SBIs were postponed temporarily. Since October 1988 the 30-day and the 90-day SBIs have been re-issued in addition to the 180-day SBI. The 360-day Special SBI has been issued in February 1991

**TABLE 36**  
**TRANSACTIONS OF MONEY MARKET SECURITIES**  
(billions of rupiah)

Period	Buying	Selling	Outstanding
1984/85			
February – March	224.2	19.2	205.0
1985/86			
April – March	6,113.4	5,704.8	613.6
1986/87			
April – June	4,279.8	4,452.4	441.0
July – September	5,678.3	6,005.1	114.2
October – December	7,287.7	6,435.2	966.7
January – March	14,382.3	14,426.2	922.8
1987/88			
April – June	15,784.9	16,302.4	405.3
July – September	74.9	480.2	--
October – December	--	--	--
January – March	--	--	--
1988/89			
April – June	240.7	190.4	50.3
July – September	740.3	790.6	--
October – December	139.8	139.8	--
January – March	144.6	144.6	--
1989/90			
April – June	369.1	369.1	--
July – September	--	--	--
October – December	--	--	--
January – March	933.0	680.3	252.7
1990/91			
April	1,035.9	305.2	983.4
May	820.2	1,803.6	--
June	--	--	--
July	--	--	--
August	--	--	--
September	--	--	--
October	--	--	--
November	--	--	--
December	--	--	--
January	--	--	--
February	753.1	--	753.1
March	7,706.0	1,677.0	6,782.4

**TABLE 37**  
**INDONESIA'S BALANCE OF PAYMENTS <sup>1)</sup>**  
(millions of \$)

Items	1986/87	1987/88	1988/89	1989/90	1990/91
<b>A. Balance of goods and services</b>	<b>-4,051</b>	<b>-1,707</b>	<b>-1,859</b>	<b>-1,599</b>	<b>-3,741</b>
1. Merchandise goods, exports f.o.b.	13,697	18,343	19,824	23,830	28,143
imports f.o.b.	-11,451	-12,952	-14,311	-17,374	-23,028
2. Freight and insurance on imports	-1,237	-1,401	-1,555	-1,886	-2,519
3. Other transportation	-229	-226	-317	-462	-607
4. Travel	157	477	806	871	1,380
5. Investment income	-3,153	-3,825	-4,198	-4,612	-5,392
5.1. Oil and LNG sector	(-1,121)	(-1,237)	(-1,242)	(-1,692)	(-2,131)
5.2 Direct investment and others	(-2,032)	(-2,588)	(-2,956)	(-2,920)	(-3,261)
6. Government, not included elsewhere	-125	-130	-142	-150	-160
7. Other services	-1,710	-1,993	-1,966	-1,816	-1,558
Balance of goods (1)	2,246	5,391	5,513	6,456	5,115
Balance of services (2 through 7)	-6,297	-7,098	-7,372	-8,055	-8,856
<b>B. Grants</b>	<b>115</b>	<b>165</b>	<b>166</b>	<b>171</b>	<b>226</b>
8. Private	(--)	(--)	(--)	(--)	(--)
9. Government	(115)	(165)	(166)	(171)	(226)
<b>C. Current account (A+B)</b>	<b>-3,936</b>	<b>-1,542</b>	<b>-1,693</b>	<b>-1,428</b>	<b>-3,515</b>
<b>D. Capital movements</b>	<b>5,198</b>	<b>1,485</b>	<b>3,125</b>	<b>1,986</b>	<b>3,252</b>
D.1. Other than reserves	4,460	3,070	2,448	2,234	6,554
10. Direct investment and other long-term capital movements	3,440	1,983	2,425	2,287	6,623
10.1. Direct investment	252	544	585	722	1,424
10.2 Bonds	--	--	169	--	--
a. Government	(--)	(--)	(169)	(--)	(--)
b. Private	(--)	(--)	(--)	(--)	(--)
10.3 Other long-term capital movements	3,188	1,439	1,671	1,565	5,199
a. Government	(3,228)	(1,361)	(2,490)	(1,659)	(698)
b. Private	(-40)	(78)	(-819)	(-94)	(4,501)
11. Short-term capital movements	1,020	1,087	23	-53	-69
11.1 Government	(--)	(--)	(--)	(--)	(--)
11.2. Private	(1,020)	(1,087)	(23)	(-53)	(-69)
D.2. Reserves	738	-1,585	677	-248	-3,302
12. Monetary gold	-178	-138	163	-37	97
13. Special drawing rights	17	35	5	-1	--
14. Reserves position in the fund	-9	-8	5	--	--
15. Foreign exchange	908	-1,474	505	-210	-3,392
16. Others	--	--	-1	--	-7
<b>E. Errors and Omissions (between C and D)</b>	<b>-1,262</b>	<b>57</b>	<b>-1,432</b>	<b>-558</b>	<b>263</b>

1) - The presentation follows the IMF standard presentation.  
- Positive is for credit and negative is for debit.

**TABLE 38**  
**EXPORTS BY COUNTRY OF DESTINATION**  
(millions of \$)

Countries	1986/87		1987/88		1988/89		1989/90		1990/91	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>1. Africa</b>	<b>161</b>	<b>1.2</b>	<b>147</b>	<b>0.8</b>	<b>262</b>	<b>1.3</b>	<b>215</b>	<b>0.9</b>	<b>231</b>	<b>0.9</b>
<b>2. America</b>	<b>2,880</b>	<b>21.3</b>	<b>3,453</b>	<b>18.8</b>	<b>3,331</b>	<b>17.0</b>	<b>3,695</b>	<b>16.1</b>	<b>3,515</b>	<b>13.1</b>
Canada	61		101		103		118		134	
United States	2,745		3,292		3,193		3,520		3,260	
Others	74		60		35		57		121	
<b>3. Asia</b>	<b>8,722</b>	<b>64.4</b>	<b>12,446</b>	<b>67.9</b>	<b>13,175</b>	<b>67.4</b>	<b>15,819</b>	<b>69.2</b>	<b>19,068</b>	<b>70.9</b>
Hong Kong	340		424		594		543		619	
India	64		56		71		49		69	
Iraq	3		4		15		160		44	
Japan	5,885		7,981		8,003		9,631		11,391	
Malaysia	84		118		191		231		270	
Pakistan	19		25		44		42		58	
Philippines	86		80		90		152		167	
Singapore	1,096		1,576		1,664		1,878		1,977	
Thailand	59		104		179		217		208	
Others	1,086		2,078		2,324		2,916		4,265	
<b>4. Australasia</b>	<b>225</b>	<b>1.7</b>	<b>379</b>	<b>2.1</b>	<b>360</b>	<b>1.8</b>	<b>416</b>	<b>1.8</b>	<b>547</b>	<b>2.0</b>
Australia	154		346		310		360		475	
New Zealand – Oceania	71		33		50		56		73	
<b>5. Europe</b>	<b>1,544</b>	<b>11.4</b>	<b>1,899</b>	<b>10.4</b>	<b>2,439</b>	<b>12.5</b>	<b>2,760</b>	<b>12.0</b>	<b>3,534</b>	<b>13.1</b>
Belgium–Luxemburg	98		128		176		183		226	
Denmark	7		14		25		39		61	
France	95		112		180		226		311	
Germany, Fed.Rep.	328		388		496		518		1,132	
Italy	150		184		219		249		299	
Netherlands	445		534		668		691		751	
Norway	8		9		8		9		14	
Sweden	15		23		25		28		38	
United Kingdom–Ireland	199		253		353		440		611	
Others	199		254		289		377		91	
<b>Total</b>	<b>13,532</b>	<b>100.0</b>	<b>18,324</b>	<b>100.0</b>	<b>19,567</b>	<b>100.0</b>	<b>22,905</b>	<b>100.0</b>	<b>26,895</b>	<b>100.0</b>

Source : Central Bureau of Statistics.

**TABLE 39**  
**IMPORTS BY COUNTRY OF ORIGIN**  
(millions of \$)

Countries	1986/87		1987/88		1988/89		1989/90		1990/91	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>1. Africa</b>	<b>124</b>	<b>1.1</b>	<b>164</b>	<b>1.3</b>	<b>231</b>	<b>1.7</b>	<b>162</b>	<b>1.0</b>	<b>164</b>	<b>0.7</b>
<b>2. America</b>	<b>1,957</b>	<b>16.9</b>	<b>1,909</b>	<b>15.3</b>	<b>2,611</b>	<b>18.6</b>	<b>2,988</b>	<b>17.6</b>	<b>3,610</b>	<b>15.4</b>
Canada	212		336		291		392		328	
United States	1,533		1,380		2,069		2,156		2,653	
Others	212		193		251		440		629	
<b>3. Asia</b>	<b>6,576</b>	<b>56.8</b>	<b>6,874</b>	<b>55.2</b>	<b>7,415</b>	<b>52.9</b>	<b>9,310</b>	<b>54.9</b>	<b>13,078</b>	<b>55.7</b>
Burma	1		1		1		1		--	
China, Rep. of	353		408		465		574		1,393	
Hong Kong	101		106		140		199		276	
India	29		38		33		89		173	
Japan	3,267		3,576		3,450		3,954		5,876	
Malaysia	59		175		288		367		281	
Pakistan	33		35		64		60		49	
Philippines	61		52		49		60		41	
Singapore	1,356		657		905		1,080		1,584	
Thailand	74		90		182		163		195	
Others	1,242		1,736		1,838		2,763		3,210	
<b>4. Australasia</b>	<b>471</b>	<b>4.1</b>	<b>565</b>	<b>4.6</b>	<b>735</b>	<b>5.2</b>	<b>1,055</b>	<b>6.2</b>	<b>1,375</b>	<b>5.8</b>
Australia	396		489		633		952		1,259	
New Zealand – Oceania	75		76		102		103		116	
<b>5. Europe</b>	<b>2,439</b>	<b>21.1</b>	<b>2,943</b>	<b>23.6</b>	<b>3,018</b>	<b>21.6</b>	<b>3,455</b>	<b>20.3</b>	<b>5,256</b>	<b>22.4</b>
Belgium – Luxemburg	106		148		147		175		256	
Czechoslovakia	16		9		21		17		24	
France	309		389		436		500		610	
Germany, Dem. Rep.	4		15		6		16		12	
Germany, Fed. Rep.	789		874		822		980		1,730	
Italy	172		249		251		359		494	
Netherlands	217		310		262		274		579	
Spain	47		77		132		109		116	
Sweden	120		114		118		162		203	
Switzerland	121		138		169		153		253	
United Kingdom – Ireland	380		326		365		351		539	
Others	158		294		289		359		440	
<b>Total</b>	<b>11,567</b>	<b>100.0</b>	<b>12,455</b>	<b>100.0</b>	<b>14,010</b>	<b>100.0</b>	<b>16,970</b>	<b>100.0</b>	<b>23,483</b>	<b>100.0</b>

Source : Central Bureau of Statistics.

**TABLE 40**  
**AGRICULTURAL PRODUCTION**  
(thousands of tons)

Products	1986	1987	1988	1989	1990 *
<b>1. Foodstuffs</b>					
Rice	27,014	27,253	28,340	29,072	29,426
Corn	5,920	5,155	6,652	6,193	6,766
Cassava	13,312	14,356	15,471	17,117	15,591
Sweet potatoes	2,091	2,013	2,159	2,224	1,962
Peanuts	642	533	589	620	643
Soybeans	1,227	1,161	1,270	1,315	1,427
Mung beans	213	204	285	262	272
<b>2. Cash crops</b>					
Rubber	1,109	1,130	1,176	1,209	1,263
– Smallholder	763	795	839	853	902
– Estate	346	335	337	356	361
Copra	2,114	2,075	2,139	2,208	2,245
Palm oil	1,350	1,506	1,800	1,965	2,413
Palm kernels	266	319	360	393	504
Cane sugar	1,894	2,176	1,918	2,108	2,116
Tea	136	126	137	141	144
– Smallholder	31	25	26	25	28
– Estate	105	101	111	116	116
Coffee	339	380	386	401	424
– Smallholder	316	359	362	377	398
– Estate	23	21	24	24	26
Tobacco	164	113	116	81	81
– Smallholder	159	110	113	77	77
– Estate	5	3	3	4	4
Pepper	40	49	56	68	70
Nutmeg	15	15 <sup>f</sup>	15	15	16
Cloves	55	58	61	55	63
<b>3. Forestry</b>					
Logs <sup>1)</sup>	27,403	28,255	28,485	24,409	25,312
<b>4. Livestocks</b>					
Meat	860	895	937	971	1,082
Egg	432	452	443	456	472
Milk <sup>2)</sup>	220	235	265	338	360
<b>5. Fishery</b>					
Sea	1,923	2,017	2,170	2,272	2,374
Inland	607	653	711	765	795

1) Thousands of cubic meters.

2) Millions of liters.

Source : – Supplements to the President's Reports to Parliament, August 16, 1989 and 1991.  
– Ministry of Agriculture.

**TABLE 41**  
**PADDY PRODUCTION, HARVESTED AREA, AND**  
**AVERAGE YIELD PER HECTARE**

Year	Output <sup>1)</sup> (thousands of tons)	Harvested area (thousands of hectare)	Average yield <sup>1)</sup> (tons/hectare)
1986	27,014	9,988	2.70
1987	27,253	9,923	2.75
1988	28,340	10,138	2.80
1989	29,072	10,531	2.76
1990 *	29,426	10,479	2.81

1) Equivalent of rice.

Source : Supplements to the President's Reports to Parliament, August 16, 1989 and 1991.

**TABLE 42**  
**OUTPUT, HARVESTED AREA, AND AVERAGE YIELD**  
**OF SECONDARY CROPS**

Particulars	1986	1987	1988	1989	1990 *
<b>1. Output (thousands of tons)</b>					
Corn (kernel)	5,920	5,155	6,652	6,193	6,766
Cassava	13,312	14,356	15,471	17,117	15,591
Sweet potatoes	2,091	2,013	2,159	2,224	1,962
Peanuts	642	533	589	620	643
Soybeans	1,227	1,161	1,270	1,315	1,427
Mung beans	213	204	285	262	272
<b>2. Harvested area (thousands of hectares)</b>					
Corn	3,143	2,626	3,406	2,944	3,175
Cassava	1,170	1,222	1,303	1,408	1,300
Sweet potatoes	253	229	248	240	209
Peanuts	601	551	608	621	629
Soybeans	1,254	1,101	1,177	1,198	1,285
Mung beans	293	277	362	332	343
<b>3. Average yield (quintals/hectare)</b>					
Corn (kernel)	18.8	19.6	19.5	21.0	21.3
Cassava	113.8	117.5	118.7	121.6	119.9
Sweet potatoes	83.0	87.9	87.1	92.6	93.9
Peanuts	10.7	9.7	9.7	10.0	10.2
Soybeans	9.8	10.6	10.8	11.0	11.1
Mung beans	7.3	7.4	7.9	7.9	7.9

Source : – Supplements to the President's Reports to Parliament, August 16, 1989 and 1991.  
– Ministry of Agriculture.

**TABLE 43**  
**LIVESTOCK BY THE YEAR END**  
**(thousands of heads)**

<b>Items</b>	<b>1986</b>	<b>1987</b>	<b>1988</b>	<b>1989</b>	<b>1990 *</b>
1. Slaughtering cows	9,516	9,510	9,776	10,094	10,520
2. Milch cows	222	233	263	288	306
3. Buffaloes	3,496	3,296	3,194	3,224	3,282
4. Goats	10,738	10,392	10,606	10,996	11,230
5. Sheeps	5,284	5,364	5,825	5,910	5,928
6. Horses	715	658	675	683	703
7. Pigs	6,216	6,339	6,484	6,936	7,104
8. Ducks	27,002	26,025	25,080	24,315	25,214
9. Layer hens	38,689	39,968	38,413	40,452	41,346
10. Broiler chickens	173,795	218,183	227,044	262,918	346,394
11. Domestic chickens	162,991	168,405	182,879	191,433	200,286

Source : Supplements to the President's Reports to Parliament, August 16, 1989 and 1991.



**TABLE 44**  
**SELECTED MANUFACTURING PRODUCTION**

Products	Units	1986/87	1987/88	1988/89	1989/90	1990/91 *
<b>1. Fuel oils <sup>1)</sup></b>	<b>million barrel</b>	<b>142.0</b>	<b>153.3</b>	<b>158.6</b>	<b>171.5</b>	<b>189.8</b>
<b>2. LNG</b>	<b>million MMBTU</b>	<b>811.8</b>	<b>905.4</b>	<b>963.2<sup>r</sup></b>	<b>986.7</b>	<b>1,142.0</b>
<b>3. LPG</b>	<b>thousand tons</b>	<b>821.1</b>	<b>767.3</b>	<b>1,717.4</b>	<b>2,576.9</b>	<b>2,770.4</b>
<b>4. Plywood and sawn timber</b>						
Plywood	thousand m3	5,175.0	6,160.0	6,940.0	7,691.5	8,370.0
Sawn timber	thousand m3	9,900.0	10,183.0	10,319.5	10,853.8	11,100.0
<b>5. Fertilizer</b>						
Urea fertilizer	thousand tons	3,957.0	4,154.0	4,245.9	4,891.6	5,131.1
Z.A. and TSP fertilizer	thousand tons	1,744.0	1,781.3	1,752.1	1,888.1	1,881.0
<b>6. Cement</b>	<b>thousand tons</b>	<b>11,322.2</b>	<b>12,331.1</b>	<b>13,218.0</b>	<b>14,099.0</b>	<b>15,783.0</b>
<b>7. Paper</b>	<b>thousand tons</b>	<b>629.3</b>	<b>792.5</b>	<b>948.2</b>	<b>1,149.0</b>	<b>1,399.7</b>
<b>8. Textile and weaving yarn</b>						
Textile	million meters	2,761.5	2,925.6	3,503.0	4,493.6	5,028.2
Weaving yarn	thousand bales	2,147.8	2,275.7	2,712.3	3,405.0	3,572.7
<b>9. Motor vehicle tires</b>						
Automobile tires	thousand units	4,935.0	5,086.1	6,396.3	7,376.8	8,220.3
Motorcycle tires	thousand units	3,093.0	3,370.1	4,869.5	5,489.8	5,829.2
<b>10. Basic metal</b>						
Sponge iron	thousand tons	1,283.0	1,337.0	984.8	1,210.4	1,356.9
Steel ingot	thousand tons	1,144.0	1,337.0	1,360.6	1,583.1	1,988.1
Concrete steel bar	thousand tons	716.0	895.0	829.9	928.1	1,391.3
Wire rod	thousand tons	407.0	446.0	452.1	449.0	537.0
Steel wire	thousand tons	115.0	120.0	113.8	113.9	125.0
Steel pipe	thousand tons	259.5	244.0	244.3	272.8	326.8
Galvanized iron sheet	thousand tons	195.0	186.0	159.4	144.5	159.0
Aluminum plate	thousand tons	24.7	29.0	32.7	28.4	47.2
<b>11. Transportation means</b>						
Automobiles	thousand units	162.5	160.3	166.7	174.8	271.4
Motorcycles	thousand units	310.9	249.6	259.9	281.0	410.0
Aeroplanes	units	5.0	8.0	5.0	12.0	6.0
Helicopters	units	12.0	7.0	13.0	17.0	13.0
Steel vessels	thousand BRT	7.7	18.0	17.4	22.5	32.6
<b>12. Others</b>						
Clove cigarettes	billion pieces	96.3	112.3	124.2	130.4	139.3
White cigarettes	billion pieces	21.2	21.5	17.6	30.3	34.8
Refined coconut oil	thousand tons	256.5	445.6	477.8	486.1	490.4
Olein	thousand tons	587.8	663.7	728.4	846.5	968.9
Laundry soap	thousand tons	162.3	164.2	165.5	165.7	191.2
Detergent	thousand tons	160.5	162.1	175.0	193.2	212.6
Toothpaste	million tubes	474.8	484.2	515.0	573.0	635.0
Matches	million boxes	2,364.0	2,425.4	2,669.5	2,806.8	2,907.6
Electric/telecommunication cords	thousand tons	58.7	58.8	58.9	64.6	72.4
Light bulbs/TL bulbs	million units	87.7	91.6	107.9	137.8	171.7
Radio and radio cassette recorders	thousand units	1,649.8	1,080.1	1,535.9	2,338.6	3,091.7
Car radio cassette recorders	thousand units	306.4	238.8	444.8	2,240.4	3,797.8
Television set	thousand units	700.5	640.0	521.9	796.6	1,082.0
Refrigerators	thousand units	147.7	159.0	104.0	138.3	158.9
Sewing machines	thousand units	127.5	136.7	51.8	34.0	29.3
Storage batteries	thousand units	5,844.8	6,150.6	6,146.9	6,411.9	7,980.0
Dry batteries	million units	1,000.0	1,000.6	1,016.7	1,076.7	1,158.4
Pesticide sprayers	thousand units	242.6	248.6	249.0	283.9	310.6
Hand tractors	units	1,891.0	3,000.0	2,490.0	5,533.0	6,330.0
Diesel engines	thousand units	23.9	31.5	32.4	44.3	49.7
Hullers	units	1,212.0	1,976.0	830.0	1,263.0	1,337.0

1) End of calendar year.

Sources : - Ministry of Mining and Energy.

- Supplements to the President's Reports to Parliament, August 16, 1989 and 1991.

**TABLE 45**  
**SELECTED MINING OUTPUT**

Items	Units	1986/87	1987/88	1988/89	1989/90	1990/91 *
1. Oil	million barrels	516.1	508.0	496.9	515.5	619.5
— Crude oil	million barrels	461.4	450.2	435.2	450.8	553.0
— Condensate	million barrels	54.7	57.8	61.7	64.7	66.5
2. Natural gas	million MSCF <sup>1)</sup>	1,657.7	1,737.0	1,887.0	2,011.6	2,206.9
3. Tin	thousand tons	24.9	27.3	30.5	31.5	29.8
4. Coals	thousand tons	1,732.8	1,987.6	5,175.7	9,478.2	11,211.6
5. Copper	thousand tons	249.2	268.4	302.7	329.9	499.3
6. Nickel						
— Nickel ore	thousand tons	1,680.6	1,782.1	1,830.3	1,652.4	2,296.7
— Ferro-nickel <sup>2)</sup>	thousand tons	4.4	4.0	4.8	5.0	5.1
— Nickel matte <sup>2)</sup>	thousand tons	31.8	25.1	29.9	30.0	27.1
7. Bauxite	thousand tons	636.4	654.2	514.1	994.8	1,324.5
8. Gold	kilograms	619.6	3,913.0	5,096.3	6,672.3	13,102.1
9. Silver	kilograms	5,786.0	61,727.0	64,562.4	73,324.9	68,202.6

1) MSCF = Mille Standard Cubic Feet.

2) The data indicate the amount of nickel-content.

Source : Supplements to the President's Reports to Parliament, August 16, 1989 and 1991.

**TABLE 46**  
**LAND TRANSPORTATION VEHICLES**  
**AND OUTPUT OF SEVERAL LAND TRANSPORTATION SERVICES**  
**(thousands)**

Particulars	Units	1986/87	1987/88	1988/89	1989/90	1990/91 *
<b>1. Land transportation vehicles <sup>1)</sup></b>						
Buses	units	291.1	334.4	371.6	412.4	438.1
Cargo vehicles	units	880.7	1,012.8	1,124.2	1,247.8	1,306.5
Passenger cars	units	1,034.6	1,189.8	1,320.6	1,465.9	1,641.3
Motorcycles	units	5,366.3	6,178.3	6,857.9	7,612.2	8,387.2
<b>2. Output of railways transportation</b>						
Passengers	persons	49,630	50,062	53,833	55,400	64,000
Passengers — km	persons X km	7,327,186	7,744,000	7,997,300	8,594,000	14,913,000
Cargo	ton	7,680	9,083	10,775	12,200	12,700
Cargo — ton — km	ton X km	1,458,000	1,901,000	2,448,670	3,043,000	4,092,000
<b>3. Output of river, lake, and ferry transportation services</b>						
Passengers	persons	37,804	41,583	41,560	42,058	46,067
Cargo	ton	6,112	6,355	10,741	10,920	11,953
Vehicles	units	2,901	3,046	3,067	3,169	3,433

1) Cumulative figures at end of the years.

Source : Supplements to the President's Reports to Parliament, August 16, 1989 and 1991.

**TABLE 47**  
**NUMBER OF VESSELS AND THEIR SAILING SERVICES <sup>1)</sup>**

Types of shipping	Units	1986/87	1987/88	1988/89	1989/90	1990/91 *
<b>1. Ocean going transportation</b>						
Number of vessels	units	35	35	35	35	35
Capacity	thousand DWT	447	447	447	447	354
Cargo	thousand tons	15,687	16,471	17,878	21,983	21,917
<b>2. Interisland shipping</b>						
Number of vessels	units	259	244	274	259	311
Capacity	thousand DWT	391	379	503	466	611
Cargo	thousand tons	8,514	8,306	9,295	9,932	10,126
<b>3. Local shipping</b>						
Number of vessels	units	992	1,036	1,018	1,097	1,097
Capacity	thousand BRT	144	154	152	158	158
Cargo	thousand tons	2,746	2,918	3,266	3,784	3,820
<b>4. Traditional shipping</b>						
Number of vessels	units	3,641	3,641	3,740	3,721	3,721
Capacity	thousand BRT	194	194	199	199	199
Cargo	thousand tons	2,736	3,004	2,951	2,901	3,000
<b>5. Pioneer sailing services</b>						
Number of vessels	units	21	14	16	16	26
Capacity	thousand DWT	12	9	...	...	...
Cargo	thousand tons	40	40	27	35	36

<sup>1)</sup> Total number of vessels at end of the years.

Source : Supplements to the President's Reports to Parliament, August 16, 1989 and 1991.

**TABLE 48**  
**AIR TRANSPORTATION FLEET AND OUTPUT OF THEIR SERVICES**

Fleet/output	Units	1986/87	1987/88	1988/89	1989/90	1990/91 *
<b>A. Fleet <sup>1)</sup></b>	units	177	177	164 <sup>f</sup>	182	193
<b>B. Output</b>						
1. Passengers	thousand persons	6,831	7,649	8,823	9,219	8,841
– Domestic flights		5,547	6,160	6,934	7,308	7,319
– Overseas flights		1,284	1,489	1,889	1,911	1,522
2. Cargo	thousand tons	96	119	138	150	148
– Domestic flights		60	71	77	76	92
– Overseas flights		36	48	65	72	54

<sup>1)</sup> Scheduled air transportation fleet as of end of the reporting year.

Source : Supplements to the President's Reports to Parliament, August 16, 1989 and 1991.

**TABLE 49**  
**SELECTED INDICATORS OF TOURISM**

Particulars	Units	1986	1987	1988	1989	1990 *
<b>1. Foreign tourist</b>	<b>persons</b>	<b>825,097</b>	<b>1,050,014</b>	<b>1,301,049</b>	<b>1,625,965</b>	<b>2,177,566</b>
<b>2. Ports of entry :</b>						
Airport		8	8	12	12	13
Seaport		9	10	11	11	11
<b>3. Tourist points of interest</b>	<b>areas</b>	<b>10</b>	<b>17</b>	<b>17</b>	<b>19</b>	<b>23</b>
<b>4. Facility</b>	<b>units</b>					
Star-rated hotel		282	334	347	402	410
– Number of rooms		23,108	25,877	27,407	31,093	34,971
– Occupation rate		47.3	48.3	53.8	63.3	62.9
Unstar-rated hotel <sup>1)</sup>		3,266	3,336	3,619	4,364	5,062
– Number of rooms		66,890	68,462	74,616	74,616	81,812
<b>5. Travel agents</b>		<b>502</b>	<b>596</b>	<b>751</b>	<b>917</b>	<b>1,078</b>

<sup>1)</sup> More than 10 rooms.

Source : Ministry of Tourism, Post, and Telecommunication Monthly Reports of June 1989, July 1990, and February 1991.

**TABLE 50**  
**SELECTED INDICATORS OF TELECOMMUNICATION DEVELOPMENTS**

Particulars	Units	1986	1987	1988	1989	1990 *
<b>1. Telephone</b>						
Telephone exchanges						
– Automatic	units	195	211	223	266	364
– Manual	units	509	503	496	480	419
Capacity of telephone						
– Automatic	line units	728,000	749,976	909,211	1,003,685	1,320,841
– Manual	line units	110,555	117,046	121,230	116,950	101,983
Percentage of capacity						
– Automatic	percent	81.9	84.1	83.7	79.5	75.7
– Manual	percent	66.9	77.0	80.5	80.7	85.2
Public telephone	line units	4,106	4,636	5,736	6,748	13,518
Motor-vehicle telephone networks (Sambungan Telepon Kendaraan Bermotor or STKB)						
– Capacity	line units	10,000	10,000	13,024	15,452	21,300
– Subscription	line units	4,513	6,321	9,008	12,928	18,096
– Number of cities having STKB facility	cities	1	1	5	5	5
Long-distance telephone subscription	line units	467	637	732	785	785
Long-distance direct dialing coverage	cities	112	117	129	147	181
International direct dialing coverage						
– Cities of origin	cities	...	8	35	51	95
– Countries of destination	countries	106	127	138	145	182
<b>2. Telecommunication stalls</b>	<b>units</b>	<b>--</b>	<b>42</b>	<b>84</b>	<b>174</b>	<b>386</b>
<b>3. Earth stations for supporting satellite telecommunication</b>	<b>units</b>	<b>120</b>	<b>126</b>	<b>141</b>	<b>143</b>	<b>229</b>
<b>4. Telex</b>						
Central telex	units	34	36	36	36	35
Capacity of central telex	line unit	16,200	17,300	17,300	17,700	20,850
Subscription	line unit	11,738	13,733	15,441	14,880	16,222
General telex offices	offices	242	800	794	879	1,039
Coverage	countries	...	24	24	24	...
<b>5. Package data communication networks (Sambungan Komunikasi Data Paket or SKDP)</b>						
Central SKDP	units	...	...	3	7	7
Capacity	line units	512	512	512	704	704
Subscription	line units	93	146	269	396	452
Cities of origin	cities	3	3	9	12	...
Coverage	countries	19	21	26	26	26
<b>6. Birofax coverage</b>	<b>countries</b>	<b>21</b>	<b>30</b>	<b>36</b>	<b>36</b>	<b>36</b>

Source : – Ministry of Tourism, Post and Telecommunication June 1989, July 1990, and February 1991.  
– Directorate General of Post and Telecommunication Annual Report of 1990 and  
PT. Indosat Annual Reports of 1988 and 1989.

**TABLE 51**  
**PLN CAPACITY FOR ELECTRIC POWER**  
**(MW)**

Year	Generators					Total
	PLTD	PLTU	PLTA	PLTG	PLTP	
1986/87	1,326	2,487	1,240	1,117	30	6,200
1987/88	1,652	2,817	1,512	1,117	140	7,238
1988/89	1,769	3,417	1,970	1,234	140	8,530
1989/90	1,795	3,947	1,973	1,234	140	9,089
1990/91 *	1,869	3,941	2,095	1,230	140	9,275

Source : State Electric Company (PLN).

**TABLE 52**  
**PRODUCTION OF ELECTRIC POWER**  
**(millions of KWH)**

Year	Generated by PLN	Generated by non-PLN <sup>1)</sup>	Total
1986/87	18,202	1,253	19,455
1987/88	21,559	747	22,306
1988/89	24,940	683	25,623
1989/90	28,734	836	29,570
1990/91 *	34,012	856	34,868

1) Only those distributed to the general public through PLN.

Source : State Electric Company (PLN).

**TABLE 53**  
**THE SPREAD OF POPULATION BY MAJOR ISLANDS**

Particulars	1971		1980		1990	
	Number of population (thousand persons)	Share (%)	Number of population (thousand persons)	Share (%)	Number of population (thousand persons)	Share (%)
1. Jawa	76,086.3	63.83	91,269.5	61.88	107,573.7	59.99
2. Outside Jawa	43,121.9	36.17	56,220.8	38.12	71,747.9	40.01
– Sumatera	20,808.1	17.46	28,016.2	19.00	36,455.3	20.33
– Kalimantan	5,154.8	4.32	6,723.1	4.56	9,109.8	5.08
– Sulawesi	8,526.9	7.15	10,409.5	7.06	12,521.4	6.98
– Nusa Tenggara	6,619.1	5.55	8,487.1	5.75	10,163.9	5.67
– Others	2,031.0	1.69	2,584.9	1.75	3,497.5	1.95
<b>Indonesia</b>	<b>119,208.2</b>	<b>100.00</b>	<b>147,490.3</b>	<b>100.0</b>	<b>179,321.6</b>	<b>100.00</b>

Source : Central Bureau of Statistics

**TABLE 54**  
**LABOR MARKET**  
**(persons)**

<b>Registered</b>	<b>1986</b>	<b>1987</b>	<b>1988</b>	<b>1989</b>	<b>1990 <sup>1)</sup></b>
1. Registered as job seekers	888,554	985,291	961,800	1,143,196	652,572
2. Vacancies	151,775	167,848	180,301	239,770	168,078
3. Occupied vacancies	120,954	128,480	127,293	145,290	120,534

<sup>1)</sup> Up to September 1990.

Source : Ministry of Manpower.

**TABLE 55**  
**NUMBER OF REGISTERED JOB SEEKERS AT THE MANPOWER BOURSE**  
**BY EDUCATIONAL LEVEL**  
**(persons)**

<b>Educational attainment</b>	<b>1986</b>	<b>1987</b>	<b>1988</b>	<b>1989</b>	<b>1990 <sup>1)</sup></b>
1. Illiterate and elementary school drop-outs	31,708	48,470	51,443	64,697	...
2. Elementary school	122,143	151,576	179,862	198,614	99,862
3. Junior high school	108,692	168,441	167,956	177,947	71,684
4. Senior high school	569,546	548,304	509,779	617,235	395,556
5. University	56,465	68,500	52,760	84,703	85,470
<b>Total</b>	<b>888,554</b>	<b>985,291</b>	<b>961,800</b>	<b>1,143,196</b>	<b>652,572</b>

1) Up to September 1990.

Source : Ministry of Manpower.

**TABLE 56**  
**AVERAGE MONTHLY WAGE BY ECONOMIC SECTOR**  
**(rupiah)**

<b>Sectors</b>	<b>Average minimum wage</b>			<b>Average maximum wage</b>		
	<b>1988</b>	<b>1989</b>	<b>1990<sup>1)</sup></b>	<b>1988</b>	<b>1989</b>	<b>1990<sup>1)</sup></b>
1. Plantation	50,266	67,538	84,810	590,385	758,043	882,042
2. Mining	146,081	185,187	191,674	1,593,079	1,979,561	2,001,561
3. Manufacturing	115,701	130,263	163,225	1,856,189	1,856,189	1,925,434
4. Construction	112,500	119,892	154,410	1,188,131	1,188,131	1,881,166
5. Electricity	80,608	94,998	94,998	551,809	683,794	683,794
6. Trade/bank and insurance	209,313	212,896	221,516	1,193,838	1,442,426	1,631,706
7. Transportation	115,509	117,678	133,671	923,062	1,047,077	1,172,333
8. Services	102,146	112,000	140,345	680,100	1,121,810	1,312,867
9. Others	55,500	55,500	69,200	368,880	369,880	461,900

1) Data up to September 1990.

Source : Ministry of Manpower.



**TABLE 57**  
**NUMBER OF BIRTH CONTROL CLINICS AND TARGET AS WELL AS REALIZATION OF**  
**NEW AND ACTIVE PARTICIPANTS OF FAMILY PLANNING PROGRAM**

Year	Number of birth control clinics	New participants			Active participants <sup>1)</sup>		
		Target	Realization	%	Target	Realization	%
1986/87	8,464	5,323,000	4,929,008	92.6	17,162,000	16,680,373	97.2
1987/88	8,880	5,579,207	5,185,674	92.9	18,160,000	18,309,634	100.8
1988/89	9,388	4,730,644	5,423,836	114.7	18,976,300	18,768,596	98.1
1989/90	9,674	4,377,700	4,284,300	97.9	19,079,700	18,525,300	97.1
1990/91 *	10,206	4,612,900	4,478,724	97.1	19,805,500	18,772,000	94.8

1) At end of period.

Source : National Family Planning Coordinating Board.

**TABLE 58**  
**REALIZATION OF TRANSMIGRATION**  
**(families)**

Year	Target	Realization		
		Official transmigration	Spontaneous transmigration	Jumlah
1986/87	150,000	46,351	126,508	172,859
1987/88	165,000	23,134	140,813	163,947
1988/89	175,000	27,697	117,412	145,109
1989/90	27,000	10,558	15,975	26,533
1990/91 *	60,000	21,865	25,385	47,250

Source : Ministry of Transmigration.

**TABLE 59**  
**SELECTED INSTITUTIONAL INDICATORS OF COOPERATIVES**

Particulars	Unit	1986	1987	1988	1989	1990 *
<b>1. Number of cooperatives</b>	<b>units</b>	<b>30,446</b>	<b>31,299</b>	<b>33,324</b>	<b>36,147</b>	<b>36,502</b>
KUD	units	7,350	7,480	7,873	7,732	7,449
Self-supporting KUD	units	—	—	—	544	885
Non-KUD	units	23,096	23,819	25,451	27,871	28,168
<b>2. Membership</b>	<b>thousand persons</b>	<b>21,578</b>	<b>25,545</b>	<b>25,056<sup>f</sup></b>	<b>25,601</b>	<b>29,134</b>
KUD	thousand persons	15,733	16,682	17,494	16,473	16,914
Self-supporting KUD	thousand persons	—	—	—	1,430	1,441
Non-KUD	thousand persons	5,845	8,863	7,562	7,698	10,779
<b>3. Number of cooperatives management, members, and management trainees</b>	<b>thousand persons</b>	<b>14</b>	<b>2</b>	<b>7</b>	<b>9</b>	<b>18</b>
<b>4. Accumulated savings</b>	<b>billion rupiah</b>	<b>415.0</b>	<b>435.7</b>	<b>518.0</b>	<b>518.0</b>	<b>469.2</b>
<b>5. Accumulated capital</b>	<b>billion rupiah</b>	<b>870.4</b>	<b>1,183.8</b>	<b>926.0</b>	<b>1,242.9</b>	<b>458.4</b>
<b>6. Total assets</b>	<b>billion rupiah</b>	<b>1,453.0</b>	<b>2,218.0</b>	<b>2,031.6</b>	<b>3,284.1</b>	<b>1,649.4</b>
<b>7. Bank credit to cooperatives <sup>1)</sup></b>	<b>billion rupiah</b>	<b>275.3</b>	<b>339.6</b>	<b>404.9</b>	<b>416.0</b>	<b>460.0</b>
Investment	billion rupiah	71.0	73.4	53.5	57.0	65.0
Working capital	billion rupiah	204.3	266.1	351.4	359.0	395.0

1) Outstanding amount as of end of reporting year (March 31, the following year).

Source : — Supplements to the President's Reports to Parliament, August 16, 1989 and 1991.  
— Department of Cooperatives.  
— Bank Indonesia.

**TABLE 60**  
**SELECTED OPERATIONAL ACTIVITIES OF COOPERATIVES/KUDs**

Activities	Units	1986	1987	1988	1989	1990 *
<b>1. Procurement of food (rice)</b>						
– Number of KUDs	units	1,992	1,791	2,022	2,341	2,124
– Total amount purchased	million tons	1.4	1.3	1.1	2.2	1.0
<b>2. Procurement and distribution of fertilizer</b>						
– Number of KUDs	units	2,197	1,478	1,718	2,607	2,696
– Total amount distributed	million tons	0.4	1.3	3.4	4.4	4.3
<b>3. Distribution of pesticides</b>						
– Number of KUDs	units	751	450	424	755	...
– Total amount distributed	million liters	0.5	0.3	1.5	1.5	...
<b>4. Marketing of copra</b>						
– Number of KUDs	units	194	130	130	137	129
– Total amount purchased	thousand tons	57.8	31.6	27.8	26.2	28.4
– Total amount sold	thousand tons	57.0	30.8	26.1	24.9	27.5
<b>5. Marketing of cloves</b>						
– Number of KUDs	units	125	321	448	359	541
– Total amount purchased	thousand tons	2.9	11.4	8.3	3.9	0.3
– Total amount sold	thousand tons	3.0	9.9	5.4	3.8	0.1
<b>6. Livestock farm</b>						
– Number of cooperatives	units	494	499	499	510	568
– Membership	thousand persons	53.8	53.8	53.9	55.0	56.0
– Total assets	billion rupiah	89.6	92.7	102.5	104.8	105.7
<b>7. Dairy farm</b>						
– Number of cooperatives/KUDs	units	173	173	173	190	196
– Membership	thousand persons	52.4	59.5	72.0	98.0	98.0
– Number of milch cows	thousand heads	173	176	225	250	258
– Amount of milk received	million liters	302.7	307.4	534.6	250.0	257.0
<b>8. Fishery</b>						
– Number of cooperatives	units	669	669	677	726	726
– Membership	thousand persons	153.3	153.4	154.1	170.2	779.1
– Total assets	billion rupiah	88.8	88.8	88.8	112.0	141.1
<b>9. Handicrafts</b>						
– Number of cooperatives	units	1,010	1,288	1,253	1,379	495
– Membership	thousand persons	199.9	277.0	290.8	296.6	115.4
– Total assets	billion rupiah	341.0	392.2	411.8	421.0	58.4
<b>10. Distribution of electricity</b>						
– Number of cooperatives	units	591	890	966	1,136	1,539
– Number of customers	thousand customers	635.4	1,199.7	2,042.5	2,478.8	3,151.9
– Number of villages	villages	1,632	2,087	6,593	8,108	9,774
<b>11. Channelization of credits to petty traders (KCK)</b>						
– Number of cooperatives	units	5,476	5,981	5,981	5,981	5,979
– Amount of credits	billion rupiah	225.1	234.5	244.3	253.4	258.4
– Number of customers	million persons	16	16	17	17	17

Source : – Supplement to the President's Report to Parliament, August 16, 1989, 1990, and 1991.  
– Bank Indonesia.

## APPENDIX E

### GLOSSARY

**Asian Development Fund** is a special fund provided by Asian Development Bank (ADB) since 1968 on concessionary basis.

**Bruto Registered Tonnage** (BRT) is a unit of measurement for capacity of spaces underneath the deck of a ship (1 BRT = 100 cubic feet).

**BPR non-BKD**, rural banks which operational license is issued by the Ministry of Finance.

**Compensation scheme in the field of telecommunication** is a cooperation scheme in favor of other-than Perumtel institutions interested in providing telecommunication services. According to the scheme, a telecommunication facility established by the institutions would be connected with Perumtel telecommunication network and submitted to Perumtel. Upon the submission, the institution is exempted from installment costs and from any charges relating to the utilization of the telecommunication facility for certain period of time.

**Exclusion list** is a list of commodities which are excluded from the ASEAN Preferential Trading Arrangement.

**Enhanced Oil Recovery** (EOR) is a technique to increase the ultimate oil recovery by injecting energy into a reservoir. The EOR could be done as secondary or tertiary recovery. Secondary recovery would not cause any physical changes to the sediment, while tertiary recovery would.

**Harmonized Commodity Description and Coding System** (HS) is an improved classification and numbering system related to international trade. The new system has been effective in Indonesia since January 1, 1989 and it replaced the old system of CCCN (Customs Cooperation Council Nomenclature).

**IMF Quota** is the main source of IMF lendable resources contributed by and determined the voting power or individual member countries.

**Import Trading Financing Operation** (ITFO) is an IDB financial assistance to member countries for import financing. The IDB imposes 8% mark-up on the import price with possible 15% discount if payment is made prior to the predetermined date.

**Indonesian Exclusive Economic Zone** (Zona Ekonomi Eksklusif Indonesia or ZEEI) is the line outside and bordering upon the sea of Indonesian region, as stipulated on the basis of the prevailing Act on Indonesian waters including the sea bed, earth underneath and water thereabove with the outermost border of 200 (two hundred) sea miles measured from the coast line of Indonesian region.

**Lembaga Dana dan Kredit Pedesaan** is another type of rural bank and credit institution, which bank license is from the Minister of Finance, and engaged in mobilizing funds and extending credits in rural district areas.

**Longer Term Trade Financing Scheme** (LTTFS) was established to finance

nontraditional exports of participating OIC member countries to other member countries.

**Livestock Industrial Zone** (Kawasan Industri Peternakan or Kinak) is a designated area for smallholders' livestock businesses integratively promoted with large-scale livestock businesses to efficiently and effectively use of land so as to facilitate control on supply and demand equilibrium of livestock products as well as to facilitate supervision on production techniques. Kinak was designed in three models, namely agribusiness scheme, smallholder nucleus estate scheme, and export-oriented scheme.

**Multilateral Investment Guarantee Agency** (MIGA) was established in June 1988 with the objective of promoting investment in MIGA's member countries by other members through the provision of guarantee against noncommercial risks.

**Margin deposit**, an amount of deposit required to cover possible losses in margin trading transactions.

**Maintenance margin**, the minimum amount of margin deposit required to carry out margin trading.

**Margin trading**, foreign exchange transactions with no delivery to exploit possible earnings from margin between buying/selling rate of a currency and its selling/buying rate on the closing transaction.

**MMBTU** ( $10^6$  British Thermal Unit). One British Thermal Unit is the amount of heat needed to raise the temperature of one pound of water as much as one Fahrenheit under an absolute pressure of 14.7 pounds per square inch, from sixty Fahrenheit.

**Official Development Assistance** (ODA) is a loan used for development provided

by foreign government (bilateral) and international institutions (multilateral) for the Indonesian government. In general, this loan is provided in soft terms.

**Ordinary Resources** is the main source of funds from capital contribution of member countries.

**Program Aid** is a foreign aid or loan with concessionary basis which can be disbursed directly to overcome balance of payments pressures and to meet the need of local cost financing for government projects.

**Pure Program Aid** is obtained in the form of foodstuffs.

**Production sharing scheme in the field of telecommunication** is a cooperation scheme in favor of other-than Perumtel institutions interested in providing telecommunication services. According to the scheme, a telecommunication facility established by the institution would be connected with Perumtel telecommunication network and submitted to Perumtel. Upon the submission, the institution has the right to receive part of the earnings obtained from the operation of the telecommunication facility, as stated in the provisions set by Perumtel.

**Reserve money**, liabilities of the Monetary Authority, consisting of currencies circulating outside Bank Indonesia and the Treasury, and all demand deposits of Deposit Money Banks and private sector with Bank Indonesia.

**Steam/gas-powered electricity generating plant** (Pembangkit listrik tenaga gas dan uap or PLTGU) is a combination of steam powered and gas-powered electricity generating plants in which waste product of gas-powered electricity generating plant, in the form of gas, is used to heat up steam in the steam-powered electricity generating plant.

**Sugarcane quality premium** is a premium extended to sugarcane farmers who milled their sugarcane of more than 7.00 sugar content and at least 95% are in good condition in sugar mills. The extension of such

premium is intended to stimulate the farmers to enhance the quality of sugarcane and productivity of land; the amount of the premium depended on sugar content of the sugarcane and the farmer's sugar allotment.