

BANK INDONESIA



REPORT FOR THE FINANCIAL YEAR 1991/92

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PADANG SIDEMPUAN, PALEMBANG, PALU, PEKANBARU,
PEMATANG SIANTAR, PONTIANAK, PURWOKERTO, SAMARINDA,
SAMPIT, SEMARANG, SIBOLGA, SOLO, SURABAYA,
TASIKMALAYA, TEGAL, TERNATE, UJUNG PANDANG, YOGYAKARTA.

Position as per end of March 1992

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BANK INDONESIA
GOVERNMENT COMMISSIONER AND BOARD OF DIRECTORS



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Governor



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Acting Government Commissioner



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Sujitno Siswowidagdo
Managing Director



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Managing Director

NOTES, SYMBOLS, AND SOURCE OF DATA

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

Source of data: Bank Indonesia, unless mentioned otherwise.

FOREWORD

Presenting an annual report is one of Bank Indonesia's tasks as the monetary authority as stipulated in Article 46 of the Act No. 13 of 1968 on the Central Bank. The annual report is expected to provide comprehensive and accurate information to the public regarding monetary and economic developments as well as the policies adopted by the Government, especially the monetary authority, during the fiscal year 1991/92. In this regard, Bank Indonesia keeps on improving its annual report so as to provide the public with the best account possible of recent monetary and economic developments. In the Annual Report for 1991/92, efforts have been made to improve its coverage and presentation, including the format of tables and graphs.

We still clearly bear in mind that upon entering the reporting year 1991/92, we were confronted with various challenges and problems arising from international as well as domestic events. The unfavorable external developments, particularly slow growth of the world economy and international trade, hampered our efforts to promote domestic industries, especially those oriented for exports. The prospect was made less promising by the emergence of a tendency toward regionalism, such as the establishment of the Single European Market, North American Free Trade Agreement, and similar developments in other regions, thereby intensifying the challenges in promoting exports due to its trade-diverting tendency. Another serious problem on the external front was the ebb in the flow of funds to the developing countries due to the increased funding needs of developed countries, including those that were formerly suppliers of funds to developing countries, as well as the new demand for investment capital from the former centrally-planned economies.

On the domestic front, the overheated economy brought on by strong growth in domestic demand in the past two years impeded efforts to promote sustainable economic growth. We will recall that up to the end of 1990/91, the inflation rate accelerated, the current account deficit, especially that of non-oil sector, widened, the external debt burden intensified, and speculative activities picked up. Such a situation obviously needs to be addressed immediately; otherwise, it would endanger economic stability and undermine long-run economic development. We are grateful that the stabilization efforts undertaken since mid-1990 have succeeded in dampening these adverse trends without sacrificing too much in terms of economic growth. In 1991, Indonesia's economy still recorded a sufficiently high real GDP growth of 6.6% although it slackened slightly from 7.5% and 7.1% in the past two years.

As we all know, in the efforts to cool down the economy since 1990/91, the Government adopted a cautious monetary policy by raising the discount rates on monetary instruments and considerably reducing the level of Bank Indonesia's liquidity credits. In 1990/91 the policy did not succeed significantly in slowing down the growth of domestic demand, as reflected in the high demand for bank credit in spite of the high lending rates. This was due in part to the expectation of the public that the high inflation rate, especially with regard to final prices, would exceed the cost of borrowing. Concurrently, amid the intensifying

competition, activities of banks were designed to expand their respective market shares. This led to excessive lending that lacked sufficient selectivity. Hence, in spite of tight monetary policy, the banks continued to expand their lending rapidly by borrowing offshore.

To cope with excessive credit expansion, the Government adopted stronger measures in 1991. On the domestic front, in March 1991 most of public enterprises' deposits with banks were converted to Bank Indonesia Certificate (SBI). On the external front, access of national banks to external borrowings was reduced. This was carried out by lowering ceilings on waps of individual banks, raising three-month swap premium, reducing swap transaction with Bank Indonesia, which was temporarily limited to approved investment, and tightening the regulation on bank's net open foreign exchange position. Along with those measures, the Government also decided to coordinate all foreign borrowings on commercial terms. In coordinating the borrowings, a ceiling was imposed on those for the financing of government-related projects. In addition, a number of major projects were rescheduled.

Furthermore, measures were adopted by Bank Indonesia in February 1991 to promote the soundness of banks. The measures include the requirements with regard to capital adequacy ratio (CAR), which is to be met in stages, loan-to-deposit ratio (LDR), and provision of reserves for writing off claims on the basis of assessment on assets. Furthermore, an improvement was also made on the banks' monthly reporting system in order to obtain more accurate and timely information on financial performance of individual banks. Under these measures, banks' perceptions on lending began to change and the weaknesses of the banking sector's asset portfolio were revealed, thereby urging banks to be more cautious in assessing credit proposals.

The tightening measures brought about a marked slowdown in the growth of money supply and credit during the reporting year. Bank credit expansion slowed down sharply from 53.8% in 1989/90 and 40.3% in 1990/91 to 16.1% in 1991/92. In line with this development, the growth of broad money (M2) decelerated to 24.2% from 26.0% in the previous year. In addition to the slowdown in credit expansion, the deceleration was also attributable to the sterilization of the expansion in foreign assets through the sales of SBIs. Monetary policy, which was supported by conservative fiscal policy, had helped curb the growth of domestic demand to 3.4% as against 12.2% in the preceding year. The inflation rate was contained at a level of 9.78%, only slightly higher than that of the preceding year (9.11%). The slight rise in the inflation rate was brought about by the adjustments in the prices of fuel oils, electricity, transportation, and drinking water as well as the announcement of a higher floor price for rice and the adverse effects of drought on agricultural output.

On the external side, during 1991/92 Indonesia's balance of payments showed a sustainable development. The overall balance recorded a surplus of \$1.0 billion resulting from net capital inflows that were higher than the current account deficit. Hence, foreign exchange reserves with Bank Indonesia reached a level of \$ 10.5 billion at the end of 1991/92, a rise of 10.3% from the preceding year. Taking account of the foreign exchange reserves held by banks, national reserves amounted to \$12.0 billion at the end of 1991/92.

A favorable development during 1991/92 was the buoyant increase in non-oil export earnings of 23.6%, which reached a level of \$19.0 billion, compared to a rise of 6.1 % in the preceding year. The robust growth, bolstered mainly by the strong performance of manufactured products, was achieved amid unfavorable trends in the world economy and international trade. This success was reflective of the increased competitiveness of our exports, the emergence of new products as the investment activities of previous years bore fruit, and a decline in domestic demand. On the import side, during 1991/ 92 import value rose 7.7% to \$24.8 billion. Of this amount, non-oil imports rose 11.4% to \$21.7 billion, which was well below the 31.0% in the previous year. This was in line with the policy to cool down the economy. Strong growth in exports coupled with a slowdown in imports brought about a deceleration in the growth of current account deficit, albeit still at a high level of \$4.4 billion. The substantial deficit stemmed mainly from deterioration in Indonesia's term of higher interest payments on the foreign debt and freight charges on imported goods.

With the above developments, it is evident that the efforts to cool down the economy has contributed to harnessing the factors that generated the overheating. We are aware, however, that the high interest rates resulting from the efforts and the slackening of credit expansion have put severe pressures on economic activities. On the one hand, such developments were in line with the objective of cooling down the economy. On the other hand, the prolonged pressure on the business activities would reduce investment and hamper economic growth in the coming years. In addition, this situation would undermine the business sector's confidence in the stability of our economy. Keeping this in mind and in view of the success in the efforts to cool down the economy as mentioned earlier, the monetary authority has started to lessen the tightness of monetary policy since April 1991 and tried to lower interest rate. These measures are expected to encourage bank lendings. These efforts have been carried out by lowering the interest rates on SBI and SBPU several times since April 1991, the resumption of Bank Indonesia's purchases of SBPUs issued by banks, and the concession accorded to banks tolerating a temporary decrease in their respective capitals to a level below the minimum required, as long as the capital adequacy requirement at the specified dates is fulfilled.

Banks responded favorably to the efforts to tower interest rates as reflected in the decline of interest rates on time deposits from around 25% in April 1991 to 20% in March 1992. Although still much too high, lending rates have also declined. However, it appears that efforts to boost lending activities may take a little longer to bearfruits in view of the overcautious attitude of banks in extending credits. Thus far, banks have shown their preference for investing their excess liquidity in SBIs in spite of the several cuts made in the discount rates on SBIs. As mentioned earlier, this has contributed to weak growth in lending and the money supply, which did not fully reflect the efforts of the monetary authority during the reporting year.

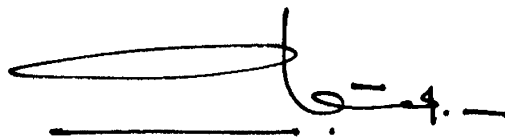
We are confident that with the efforts to continually improve domestic liquidity, in 1992/93 the economy will perform better. A further drop in interest rates and an increase in bank lending to their normal levels are expected. This expectation is based on the fact that an increasing number of bank will complete their process of consolidation as necessitated by the new banking regulations. The promulgation of Banking Act of 1991 in the reporting year has also provided a strong supervisory and operational basis for banks in the

coming years. This act provides greater room and flexibility in the ownership as well as the operation of banks, but also calls for greater responsibility on the part of the owners and management. In the presence of the more comprehensive and progressive legislation, our banking industry is expected to develop on a sounder basis, thereby enhancing their capability in supporting economic development.

At the macro level, with the support of stronger world economic recovery as well as sound domestic policies, the external as well as internal imbalances in our economy will be reduced. Hence, the constraints we currently encounter in promoting economic growth will be gradually eased. For 1992, economic growth is projected to be not much different from that achieved in 1991 (6.6%), although it might be lower due to the lagged effect of the slowdown in investment in the preceding year. However, given the improvements in the factors affecting economic activities, there is a stronger basis for more rapid growth in the coming years.

Finally, I wish to express my appreciation of the contribution and cooperation provided by all parties, especially the relevant ministries and government institutions as well as the banking and private sectors, which have enabled the successful completion of this report. Hopefully, this will be a useful addition to the documentation of the Indonesian economy.

Jakarta, September 1992

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line and a small flourish.

*Prof. Dr. Adrianus Mooy
Governor, Bank Indonesia*

INDONESIA'S ECONOMY IN 1991/92

International Environment

During fiscal year 1991/92 (ending March 31, 1992), Indonesia's economy was confronted with adverse external environment. The world economy, which recorded a growth rate of 2.2% in 1990, contracted by 0.2% in 1991. Economic activity contracted not only in Eastern European countries and the republics of former USSR, but also in several major industrial countries, in particular the United States, the United Kingdom, and Canada. At the same time, growth in other industrial countries, including Japan, decelerated. On average, the industrial countries grew by only 0.8% in 1991 compared to 2.5% in the preceding year. The developing countries, excluding Eastern European countries and the republics of former USSR, also experienced an economic slowdown due in large part to weakness in the Middle East. In contrast, the developing countries in Asia were resilient, maintaining their status as the most rapid growing economies in the world.

The marked deceleration in the growth of domestic demand, especially in the industrial countries, dampened growth in world trade. In 1991, the growth of world trade volume slowed down to 2.4% against 3.8% in the preceding year. During the same period, growth in imports of the industrial countries decelerated from 4.3% to 2.2%. Following the slowdown in world economic and trade growth, commodity prices in the international market deteriorated. Of particular importance to Indonesia, oil prices declined by 17.0% in 1991 compared to a rise of 28.3% in 1990. In addition to the weakening demand, the

decline in oil prices was also attributable to the increased production by the Gulf countries following the end of the Gulf war. After a decline of 7.8% in 1990, the index of nonfuel export prices declined by an additional 4.5% in 1991.

The unfavorable world economic environment was also reflected in the developments of Indonesia's main trading partners. The growth in demand by Indonesia's main trading partners weakened markedly, slowing, from 3.7% in 1990 to 1.8% in 1991. Correspondingly, the growth of total import volume as well as non-oil commodities also decelerated, from 6.5% and 6.9% in 1990 to 2.2% and 2.6% in 1991, respectively. In contrast, export prices of Indonesia's main trading partners rose by 3.4% in 1991 as compared with a rise of only 0.8% in 1990. These unfavorable developments contributed to a deterioration in Indonesia's terms of trade of 8.1% following a strengthening of 15.4% in the preceding year.

Another significant external factor during the fiscal year was the increasingly limited funds for investment available in international capital markets. This was closely related to the low growth of savings in countries which have recently provided surplus funds as a result of substantial public sector deficits run in a number of industrial countries as well as the decline in private sector savings associated with a demographic change in many industrial countries. Furthermore, the financial consolidation taking place in Japan's private sector coupled with the weakening stock prices also constrained the supply of funds available in international capital markets. On the other hand,

the developing countries' needs for external financing grew substantially. This was due to a marked increase in the current account deficit of those countries (which more than tripled during 1991) as a result of an acceleration in import growth coupled with weakening exports and worsening terms of trade.

Despite the unfavorable external environments, several developing countries benefited from the relocation of industries from new developed countries, such as Japan and new industrial economies (NIEs). The relocation was prompted, inter alia, by the significant rise in wages and the appreciation of their currencies which led to the decline in the comparative advantage of many of their export products. The relocation of industries contributed significantly in promoting investment and non-oil exports of many developing countries, including Indonesia.

Economic Problems and Policies

Problems

In addition to the unfavorable international environment, Indonesia was also confronted with an overheated economy in 1991/92. This phenomenon started to emerge in 1989/90 as domestic demand for goods and services increased rapidly and substantially exceeded the expansion in domestic supply. This situation led to an acceleration of inflation reaching nearly a double-digit rate in 1990/91 and a sharp rise in the current account deficit.

Overheating was an inevitable side effect of the deregulation and other supporting measures introduced by the Government since the Policy

Package of October 1988, which boosted domestic demand, especially investment.

The policy package, designed to expand the supply of banking services, brought rapid growth in the number of banks and range of services they provided. It also lowered the required reserve from 15% to 2% thus enabling banks to increase lending substantially. The rapid expansion in bank lending, coupled with increasing amount of capital inflows, contributed to a sharp increase in domestic demand.

The persistently high rate of inflation have posed a threat to the sustain ability of development efforts. This could have also retarded the promotion of equitable distribution of income and caused a worsening in the country's external imbalances due to a loss of competitiveness. In addition, the high inflation rate could have created a business climate that was not conducive for productive economic activities and ultimately could have compromised national political stability. Hence, controlling inflation was the major policy concern of the Government during that period.

The rapid growth of domestic demand also boosted the growth of imports of goods and services as well as depressing export growth, thus widening current account deficit. The ratio of current account deficit to gross domestic product rose significantly, especially in the past two years. In 1989, the ratio stood at 1.4%, but rose to 3.0% in 1990 and went up further to 3.8% in 1991. Of particular concern was that a major portion of the deficit was financed by foreign commercial loans.

In the past two years, offshore borrowing by the private sector, including public enterprises, rose

markedly due to the increasing need for funds to finance the booming investment activity. Scarcity of domestic funds and the relatively high domestic interest rate as a consequence of the ensuring stabilization measures made offshore borrowing even more attractive. In addition, the policy adopted in 1989 to remove the ceiling on foreign borrowing and allow the state and private foreign exchange banks to acquire funds offshore also contributed to the increase in commercial borrowing activities. If left uncontrolled, the increased borrowing activities would have given rise to a serious balance of payments problem and adversely affected Indonesia's credit-standing in international financial markets.

Since a major portion of the foreign commercial borrowings was short term at relatively high rates of interest, these borrowings may have caused a mismatch to the extent they were extended for financing long-term investment. This was further aggravated by the tendency of banks to finance a number of large-scale investment projects with long gestation periods. Furthermore, the high interest rate on the financing of investment activities that do not generate foreign exchange in the short-term would place an increasing burden in servicing external debts as reflected by rising debt service ratio (DSR).

Monetary and Fiscal Policies

To cool down the overheated economy, the Government in mid 1990 adopted tight monetary policy supported by conservative fiscal policy. The tight monetary policy resulted in the steady decline in the growth of broad money (M2). The conservative fiscal policy was implemented through controls on spending which entailed the establishment of a

special development budget reserves. Despite the smaller contribution to the development budget reserve (Rpl.5 trillion) in 1991/92 than that in the preceding year, fiscal policy had a contractionary impact on the growth of domestic demand. As mentioned earlier, government expenditure in 1991/92 was only slightly higher than in 1990/91 and even smaller in real terms.

Prudent monetary and fiscal policies have brought about a marked slowdown in the growth rate of domestic demand, thereby relieving further pressures on the inflation rate and the balance of payments. The psychological impact of the monetary policy, however, put upward pressure on domestic interest rates, which reached 27% for time deposit in March 1991. As a result, real interest rate were exceptionally high which in turn may have dampened domestic economic activities. First, it encouraged the private sector to seek funds offshore where interest rates were lower. This, in turn, posed a problem for the balance of payments. Second, the interest burden born by enterprises not only increased production costs but also increased the risk of bad debt, which in turn compromised the soundness of the banking system. Hence, allowing such a condition to prevail over an extended period would inevitably undermine the sustain ability of Indonesia's development.

In view of the concern over the high interest rates and the success in slowing down growth in domestic demand, the monetary authority began to relax the monetary conditions and took steps to lower domestic interest rates. This was implemented by allowing a greater flexibility in controlling bank liquidity and gradually lowering the discount rate of monetary instruments. The flexibility in controlling bank liquidity was carried out, inter alia,

through a resumption of the formerly suspended purchase of money market securities (SBPUs), including SBPUs of 1 year maturity, from banks experiencing tight liquidity. Furthermore, Bank Indonesia also guaranteed the purchase of SBPUs from banks that experienced liquidity problems resulting from lowering their interest rates on time deposits.

Banking Policy

With a view to relaxing the tight monetary stance and encouraging banks to extend loans at a sufficiently low interest rate, Bank Indonesia provided greater flexibility to banks by allowing their capital adequacy ratio (CAR) to decline to 4.25% after reaching 5% at the end of March 1992 without affecting the assessment of their respective soundness, provided that the target ratio of 7% is achieved at the end of 1992/93. As noted, banks had been required to comply with a new prudential regulation announced in the policy package of February 1991, of which CAR and loan to deposit ratio (LDR) were the major elements. The fulfillment of CAR was defined to be 5% by the end of March 1992, 7% by the end of March 1993, and 8% by the end of December 1993. This requirement has been considered most essential to the soundness of banking system.

External Borrowing Policy

To maintain a sound external debt management, particularly as regards commercial borrowing activities which continued to surge intensify during the 1991/92, in September 1991 the Government formed a committee to coordinate the management of foreign commercial borrowing (PKLN). Policies introduced by the PKLN include the imposition of

a ceiling on external commercial borrowings to finance projects with involvement of the Government, of state-owned enterprises, and the introduction of procedures for coordinating the entry of the public enter prices and commercial banks to offshore financial markets. These measures are designed to keep the amount of foreign commercial borrowings in line with the nation's capacity to repay.

In addition to the measures on foreign commercial borrowings, Bank Indonesia itself took fresh steps related to swap arrangements, the net open foreign exchange position of banks, and the provision of foreign exchange credit. Under the new regulation introduced in November 1991, Bank Indonesia provides two types of swaps, namely the liquidity swap and the investment swap. Liquidity swaps are initiated by Bank Indonesia while the investment swaps are initiated by foreign exchange banks. The new swap arrangements are aimed at reducing the access of banks to Bank Indonesia's swap facility for liquidity purposes and at the same time promoting the development of an interbank foreign exchange market and attracting long-term capital inflows. The improvement in the deregulation of net open foreign exchange position involves the restriction of net difference between off balance sheet assets and liabilities to a maximum of 20% of a bank's capital. This measure was intended to prevent excessive growth of the banks' foreign liabilities and to encourage them to operate prudentially. With respect to lending operations, banks are now required to allocate 80% of their credits denominated in foreign exchange to non-oil/gas export financing. Furthermore, it was stipulated that the amount of short-term external borrowings shall not exceed 30% of a bank's capital.

Exchange Rate Policy

In 1991/92, the Government continued to adopt a more flexible approach to exchange rate management focusing primarily on fluctuations in the cross rates of Indonesia's main trading partners. This was intended to maintain the competitiveness of Indonesia's productive structure. The need for maintaining a competitive exchange rate became more urgent in view of stiffer competition in the international market. During 1991/92, in nominal terms the rupiah depreciated by 4.2% against the US dollar as compared to 5.4% in the preceding year.

Investment and Trade Policies

The Government also attempted to enhance the efficiency and productivity of various business sectors as well as to improve the distribution of goods and services, with the introduction of measures in June 1991 to deregulate further the areas of industry, investment, and trade. The measures included:

- a reduction of import duties and the surcharges on import duties;
- simplification of trade licensing procedures on various commodities (especially raw materials, auxiliary goods, and commercial vehicles);
- streamlining of investment negative list; and,
- simplification of investment requirements.

Furthermore, during 1991/92 additional measures were adopted by the Government, aimed at promoting the private sector's initiative through the creation of a climate that is more conducive to investment at both the national and regional level. The measures included:

- the simplification of procedures in the

procurement of capital goods by companies operating under the foreign direct investment scheme (PMA) and domestic investment scheme (PMDN);

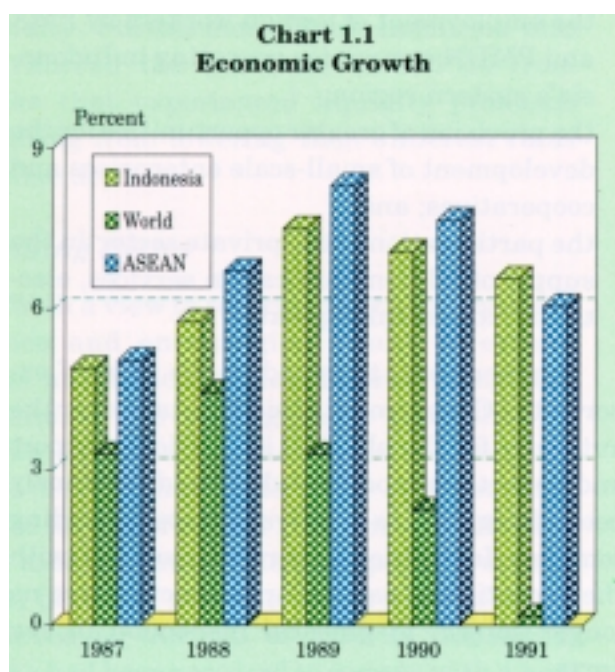
- the employment of foreign workers by PMA and PMDN companies operating in Indonesia's eastern region;
- the provision of greater opportunities for the development of small-scale enterprises and cooperatives; and,
- the participation of the private sector in the supply of telecommunication services, electricity, and drinking water.

Furthermore, to expedite the flow of exports, the Government decided to take over the authority for the physical inspection of export and import commodities which had previously been delegated to a private superintending company. In addition, export commodities (with the exception of particular products) were no longer subject to physical inspection in sea ports.

Economic Developments

Economic Growth

The measures adopted by the Government since mid 1990 slowed growth in domestic demand, which was the main impetus of economic growth in the preceding year. In addition, drought conditions during 1991 significantly reduced the growth of agricultural output. Nevertheless, those unfavorable factors were partly offset by the rapid growth in the exports of goods and services despite the unfavorable international environment. As a result, economic growth rate remained relatively high albeit lower than that of the preceding year. In 1991, the economy grew by 6.6% as against 7.5%



in 1989 and 7.1% in 1990. In spite of the deceleration, the growth was higher than that of the average growth of ASEAN countries, of 6.1%.

As mentioned earlier, on the demand side, the main catalyst of economic growth shifted from domestic to foreign demand as reflected in the buoyant growth of exports of goods and services in 1991. The growth of domestic demand slackened from 12.2% to 3.4%, whereas exports, which recorded growth of only 0.5% in 1990, rose rapidly at 24.3% in 1991. Non-oil/gas exports recorded impressive growth, especially manufactured products and minerals. These developments were attributable to expanded capacity resulting from strong investment in the preceding year as well as a slowdown in domestic demand, which increased the availability of the exportable goods. The slowdown in domestic demand was due to slower growth in both consumption and investment. The growth of consumption decelerated from 8.8% to 7.5% as reflected mainly in the household consumption due, inter alia, to the high interest rate

and the decline in consumer credit. On the other hand, the growth of government consumption accelerated from 3.2% to 7.2% mainly stemming from increase in the salaries of civil servant salaries.

A marked deceleration was recorded in gross fixed capital formation, namely from 19.6% to 2.0%. In addition to the deceleration in realized investment, there was a decline in total value of approval of the planned investments in 1991/92, especially those under the PMDN scheme. The value of approvals of the planned investment under the PMDN scheme fell by 31.4% to a level of Rp41.

**Table 1.1
Macroeconomic Indicators**

	1989	1990	1991
	Changes (%)		
Gross Domestic Product	7.5	7.1	6.6
By expenditure			
Consumption	5.1	8.8	7.5
Household	4.2	9.9	7.5
Government	10.5	3.2	7.2
Gross domestic capital formation	13.4	19.6	2.0
Exports of goods and service	10.4	0.5	24.3
Imports of goods and service	13.4	23.1	13.6
By sector			
Agriculture	3.3	2.0	1.3
Mining and quarrying	4.9	5.0	9.3
Manufacturing	9.2	12.2	9.8
Construction	11.8	13.5	10.9
Other services	6.2	5.0	5.3
Non-oil/gas	8.2	7.5	6.2
Oil/gas	4.1	5.4	8.2
Gross Domestic Income	6.6	11.6	3.6
Term of trade Index	0.1	15.4	-8.1
	1989/90	1990/91	1991/92
Price			
Consumer price index	5.48	9.11	9.78
Wholesale price index	7.84	10.31	3.85
	Percent		
Ratios			
Current account deficit/GDP	-1.4	-3	-3.8
Debt Service Ratio	33.0	28.9	29.0
Foreign exchange reserves as percent of non-oil imports (months)	4.6	5.4	5.3

1 trillion to the previous year. Planned investment under the PMA scheme, however, remained virtually unchanged at a level of \$8.8 billion. The decline in actual and planned investment in 1991 was closely related to high domestic interest rates, the coordination of external borrowings by the Government aimed at cooling down the economy, and the constraints coming from infrastructures such as electricity, transportation, and telecommunication as well as an inadequate pool of skilled workers.

On the supply side, the main thrust of economic growth was the expansion of output of sectors oriented for international market. Although showing a sign of leveling off, the manufacturing sector recorded a sufficiently high growth of 9.8% in 1991 against 12.2% in the preceding year. Growth was bolstered by manufactured products oriented for exports, such as foot wear, textiles, and plywood. The construction sector registered a growth rate of 10.9% as compared to 13.5% in the previous year stemming mainly from strong activities in highway construction and properties. Following a severe drought, the growth of the agricultural sector dropped from 2.0% to 1.3%, owing mainly to a contraction in the output of paddy rice. Other services sector grew slightly higher, namely 5.3% as against 5.0% in the preceding year. Mining and quarrying sector grew at a faster pace of 9.3% in 1991 compared with 5.0% in the previous year which was mainly supported by a rise in natural gas production. It is worth noting that in 1991 manufacturing replaced agriculture as the largest sector.

As mentioned earlier, unfavorable international developments and the deterioration in the price of primary commodities have led to a worsening of Indonesia's terms of trade. This deterioration keep

growth of gross domestic income lower than that of gross domestic product (GDP). The growth of gross domestic income drastically declined to 3.6% in 1991, as against 11.6% in the previous year. In real terms, the growth of national income remained virtually unchanged at a rate around 7.1%, but in nominal terms growth declined from 18.1% in 1990 to 15.9% in 1991.

Savings-Investment

In line with the slowdown in the growth of national income, gross national savings grew slower,

Table 1.2
Savings-Investment Gap

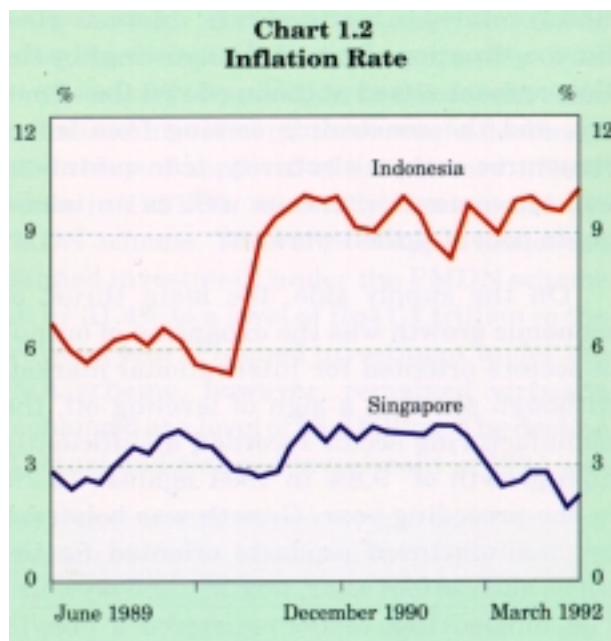
	1989	1990	1991
	Trillions of rupiah		
Public savings	5.7	9.9	12.3
Government investment	9.5	7.2	13.6
Deficit (-)/surplus (+)	-3.8	2.7	-1.3
Private savings	37.7	42.6	42.7
Private investment	36.2	51.2	50.0
Deficit (-)/surplus (+)	1.5	-8.6	-7.3
Gross national savings	43.4	52.5	55.0
Investment	45.7	58.4	63.6
Current account	-2.3	-5.9	-8.6
Current account (billion \$)	-1.3	-3.2	-4.4
Exchange rate (Rp/\$)	1,770.0	1,843.0	1,954.0
Gross Domestic Product	167.2	196.9	227.2
	(% GDP)		
Public savings	3.4	5.0	5.4
Government investment	5.7	3.7	6.0
Deficit (-)/surplus (+)	-2.3	1.4	-0.6
Private savings	22.5	21.6	18.8
Private investment	21.7	26.0	22.0
Deficit (-)/surplus (+)	0.9	-4.4	-3.2
Gross national savings	26.0	26.7	24.2
Investment	27.3	29.7	28.0
Current account deficit	-1.4	-3.0	-3.8

declining from 21.0% in 1990 to 4.8% in 1991. A large part of this decline was mainly accounted for by a sharp drop in the growth of government savings, from 73.7% in 1990 to 24.2% in 1991, whereas private savings fell from 13.0% to 0.2% over the same period. The decline in the growth of government savings was related to the significant increase in government consumption, mainly due to the rise in salaries of civil servants while the lower growth of private savings was attributed to the slower growth of national income. With these developments, the share of gross national savings as a percentage of gross national product declined slightly, from 26.7% to 24.2%.

In line with the slower growth in gross national savings, the growth of investment slowed down markedly from 27.8% to 8.9%. Despite this marked slowdown, the growth of investment exceeded that of savings, thereby widening the savings-investment gap. This widening gap was financed by external sources as reflected in the higher current account deficit which was equal to 3.8% of the GDP in 1991 as against 3.0% in the preceding year.

Inflation

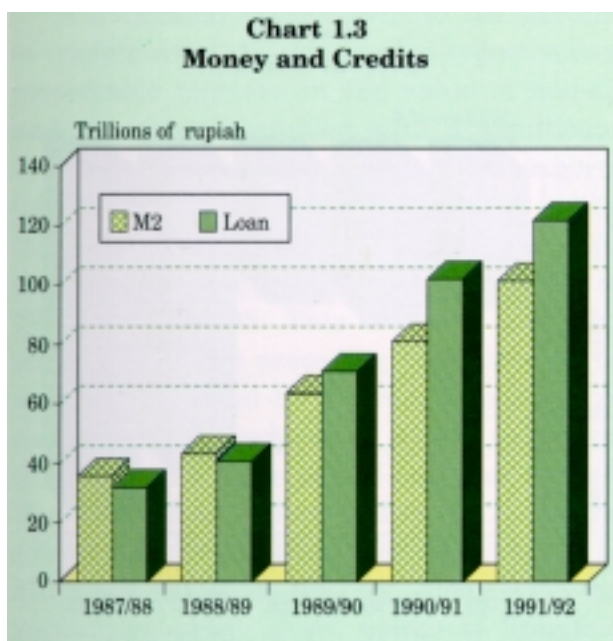
The easing of domestic demand pressures was not immediately reflected in a declining rate of inflation during 1991/92. This was due, inter alia, to the upward adjustments made in a number of administered prices (e.g. fuel oils, transportation, electricity, and drinking water in several cities) and the adverse effect of drought on the supply of agricultural commodities. It is judged that inflationary expectations responded sluggishly and thus impact of easing domestic demand pressures on domestic inflation occurred with a time lag. The inflation rate as measured by the consumer price index (CPI) stood at a high level of 9.78% in



1991/92, up from 9.11% a year earlier. Despite this high rate, inflation trended downward as shown in the cumulative inflation figure for the second semester of 3.36% which was well below the 6.42% recorded in the first semester. The inflation rate was even lower (on the same basis, measured in terms of wholesale price index), at 3.85% compared with 10.31% a year earlier, due mainly to a decline in the export price index of 7.93%.

Money Supply

The slowdown in the growth of domestic demand was achieved through the tightening of monetary conditions. Money supply in broad terms (M2) grew by 24.2% in 1991/92 which represented a slight decline from 26.0% in the earlier year. It should be noted, however, that the average growth rate was well below the figure of 24.2%. The high growth rate recorded between March 1991 and March 1992 was mainly attributable to a sharp drop in the growth of M2 in March 1991, following the conversion of a substantial amount of time deposits



of public enterprises to Bank Indonesia Certificates (SBIs). Taking into account the period preceding and following March, it appeared that M2 grew at a much slower pace. In February 1992, for example, M2 grew by only 17.7%. This was due to a deceleration in the growth of quasi money to 27.7% in 1991/92 as compared with 36.3% in the preceding year. In contrast with M2, the growth of narrow money (M1) accelerated by 15.9% in 1991/92 as against 6.4% in the earlier year.

The main factor affecting the slowdown in M2 growth was a marked deceleration in the growth of bank credits from 53.8% in 1989/90 and 40.3% in 1990/91 to only 16.1% in 1991/92. The deceleration in bank credits was attributable to a number of factors, mainly a more prudent policy of credit extended by banks in line with effort to comply with the requirements stipulated in the Policy Package of February 1991. Caution among banks concerning lending operations led banks to engage more actively in money market transactions, such as buying SBIs.

In addition to implementing prudent monetary policy, efforts to curb domestic demand was also supported by conservative fiscal policy. During the reporting year, government expenditures rose only by 5.1% in nominal terms as compared to 29.6% in the preceding year. Adjusted for the inflation rate of 9.78%, the contribution of government expenditures to aggregate demand declined by 4.7% in real terms. Conservative fiscal policy was also reflected in the establishment of the development budget reserves of Rpl.5 trillion. This surplus was intended to compensate for the possible inadequacy of funds to finance development expenditure in the future in case revenues fell short

Table 1.3
Monetary and Financial Indicators

	1989/90	1990/91	1991/92
	Changes (%)		
Monetary and banking sector			
M2	45.7	26.0	24.2
M1	47.6	6.4	15.9
Quasi money	44.8	36.3	27.7
Bank funds	49.8	30.9	23.5
Bank credits	53.8	40.3	16.1
	Percent		
Interest rate on SBI	11.3	22.8	19.8
Interest rate on deposit 3 month	16.2	24.2	21.3
Interest rate on credit			
Working capital	20.2	26.7	25.0
Investment	18.8	23.2	19.4
Ratio of credits to funds	119.7	128.6	120.9
	Trillions of rupiah		
Public sector			
Revenue	38.2	49.5	52.0
Expenditure	38.2	49.5	52.0
Public savings 1)	4.4	9.5	11.4
Development budget reserves	--	2.0	1.5
Ratio of public savings to development fund (%)	31.9	49.1	52.2
Ratio of public savings to GDP (%)	2.6	4.8	5.0

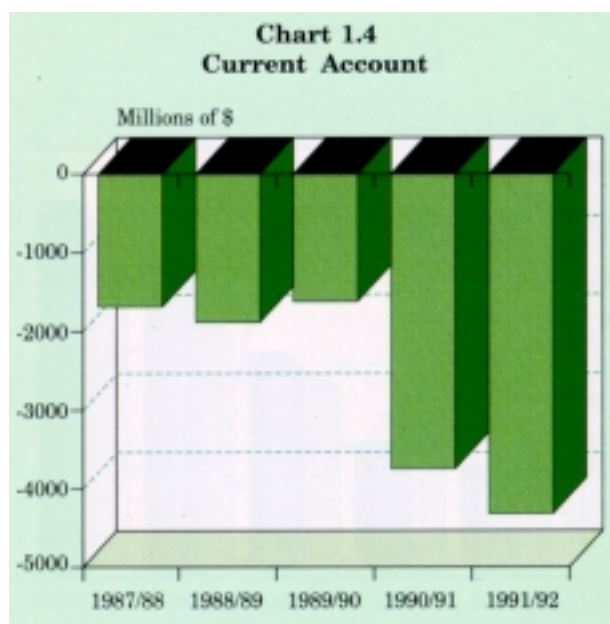
1) Public savings is the balance between domestic revenue and routine expenditure.

of the budget target. In spite of a sharp decline (15.1%) in government revenues from oil and gas, following the weakening of prices in the international market, the surplus of Rp1.5 trillion was achievable as a result of the substantial increase in non-oil/gas tax revenues of 22.0%. Hence, non-oil and gas revenues, especially direct taxes, constituted a major portion of the government revenues. The ratio of tax revenues to GDP rose to 10.6% in 1991/92, up from 10.0% in the preceding year. Furthermore, the ratio of tax revenues to total revenues rose to 46.3% as compared with 39.9% a year earlier. With a view to promoting tax revenues, the Government improved the collection effort regulations governing income taxes, the value added tax, the sales tax on luxury goods, and the building and land tax.

With respect to expenditures, a substantial increase was recorded in development outlays, of 11.9% in the reporting year, in line with the efforts to address infrastructure needs and promote regional development (especially through the implementation of projects under Presidential Instruction (Inpres). Routine expenditures, however, increased by only 0.8%, of which the largest increase took place in personnel expenditure and material expenditure, of 14.9% and 29.7%, respectively. This increase was attributable to a rise in civil servants' salaries of 15% and outlays for operation and maintenance.

Balance of Payments

Government efforts to ease domestic demand pressures had a favorable impact on the balance of payments. This was reflected in the buoyant growth of non-oil exports coupled with a marked slowdown in the growth of imports. However, due to the deterioration in the prices of a number of primary commodities, especially nil, and the strengthening



of import prices, the current account deficit widened to \$4.4 billion in 1991/92 as against \$3.7 billion in the preceding year. Though smaller than the preceding year, the capital account surplus exceeded the current account deficit and, hence, the overall balance recorded a surplus. In line with these developments, official foreign exchange reserves held by Bank Indonesia increased by \$981 million bringing the total to \$10.5 billion, which

**Table 1.4
Balance of Payments**

	1989/90	1990/91	1991/92
	Billions of \$		
Current account	-1.6	-3.7	-4.4
Exports f.o.b.	23.8	28.1	29.7
Imports f.o.b.	-17.4	-23.0	-24.8
Services (net)	-8.1	-8.9	-9.3
Capital account	2.4	6.8	5.6
Official transfer and capital (net)	1.8	0.9	1.4
Private capital	0.6	5.9	4.1
Monetary movement	-0.2	-3.3	-1.0

was adequate to finance 5.3 month worth of non-oil and gas imports (c & f).

A noticeable development in the pattern of trade during the year under report was a respectable increase in the value of non-oil and gas exports coupled with a significant decline in the value of oil and gas exports following the weakening of oil prices in the international market. Non-oil and gas exports reached a level of \$19.0 billion, a rise of 23.6% in 1991/92. This increase was well above that of the preceding year, only 6.1%, and was bolstered by a strong expansion of manufactured products of 31.4% compared to 8.0% in the same period one year earlier. The value of oil exports fell by 14.7% as the average oil prices decreased from \$22.5 to \$18.3 per barrel in 1991/92. Along with the weakening price of oil, prices of liquefied natural gas (LNG) and liquefied petroleum gas (LPG) also declined, yielding a lower value of gas exports of \$3.8 billion compared to \$4.7 billion a year earlier.

Total import value was up only by 7.7% in 1991/92 compared to 32.5% in the same period a year earlier. This development was brought about by the easing domestic demand pressures partly supported by the rescheduling of a number of mega-projects. The deficit in the services account widened slightly, by \$407 million reaching a level of \$9.3 billion. This slight increase was attributable to the slowdown in the growth of spending on freight cost, a contraction in interest payments on public debts, and an increase in foreign exchange earning from tourism.

The decline in net public and private capital inflows, from \$6.8 billion to \$5.6 billion, was in line with the slackening domestic investment including the rescheduling of several

mega-projects. Public borrowings increased from \$924 million to \$1,418 million and the private borrowings decreased from \$5.9 billion in 1990/91 to \$4.1 billion during the year under report. This decrease mainly occurred in non-PMA companies.

Economic Outlook for 1992/93

In 1992/93, the Indonesian economy will continue to encounter challenges and opportunities from changing domestic and international conditions. On the external front, world economic activity is expected to bring about mixed impacts on the domestic economy for several reasons. First, despite the projected improvements of world economy, economic activity in Japan, which is one of Indonesia's main trading partners, is expected to moderate. Second, prices of primary commodities, especially non-oil, is estimated to increase slightly; however, oil prices are projected to remain virtually unchanged. Finally, although the industrial relocation from Japan and other newly industrialized economies (NIEs) is expected to continue, its impact on investment in Indonesia will depend largely on the efforts to maintain its competitiveness against other recipient countries, especially in Asia.

With respect to domestic conditions, the slackened growth in credit and money supply during the reporting year and the high interest rate (despite a declining tendency during the reporting year) are expected to have a significant adverse impact on domestic economic activities during 1992/93. This is due to the lagged effect between the developments in the financial sector and its impact on the real sector. Hence, during 1992/93 the monetary authority will continue to relax the previous tight monetary policy by providing a greater

flexibility in its control of liquidity expansion and by pursuing efforts to lower interest rates to a more reasonable level. On the fiscal front, as reflected in the 1992/93 government budget, the Government will maintain a conservative stance. This will provide a greater room for the monetary authority to maneuver in reducing the tightness of monetary conditions. The Government will also continue to raise domestic revenue, especially from taxes, while the share of development revenue originating from external borrowing will be reduced. On the expenditure side, priority will be placed on development expenditure with the objective of expanding infrastructure so as to promote investment.

During 1992/93, along with a greater flexibility in monetary policy stance, the development of monetary aggregates are estimated to be contained within the target ranges. Money supply, both M2 and M1, will expand within a range which supports sustainable economic growth without exerting excessive pressures on the inflation rate and balance of payments. Although banks will continue the process of consolidation in order to comply with the new regulation on bank operations, especially CAR and LDR, their burden will be eased somewhat thereby enabling banks to extend loans. As a result of the relaxation of the monetary policy

coupled with the confidence of the community concerning the stability of rupiah, the entire structure of interest rates will likely continue to decline in 1992/93.

In 1992, Indonesia's economy is estimated to record a sufficiently high growth rate above the average rate targeted in the Fifth Five-Year Development Plan (Repelita V). In addition to a more conducive monetary environment, the favorable outlook for GDP growth is also based on the forecast of improved weather condition. The projected increase in the supply of agricultural goods, especially rice, will likely help mitigate inflationary pressures. The inflation rate, which nearly reached double-digits in each of the past two years, is projected to decelerate markedly during 1992/93.

The current account deficit, which trended upward in the past two years, is estimated to narrow in 1992/93 stemming from a stronger trade balance. The deregulation measures, which have been and will be adopted by the Government in the areas of investment and trade, should support high growth of exports. Meanwhile, efforts to coordinate foreign borrowings should help lessen an excessive pressure on the balance of payments in the future.

MONETARY DEVELOPMENTS

Beginning mid-1990, the Government embarked on a tight money policy, which was complemented by conservative fiscal policy, to cool down an overheated economy. Domestic demand was rising rapidly, the inflation rate approaching double digits, and the current account deficit widening. This situation was the outgrowth from the introduction of a series of deregulation measures over the last few years to boost the private sector, especially the October 1988 Policy Package. The growing macroeconomic imbalances left unchecked would have not only undermined business confidence regarding economic stability but would have also endangered the nation's economic development. Tight monetary policy was executed by reducing the amount of Bank Indonesia liquidity credit (*Kredit Likuiditas Bank Indonesia* or KLBI) and increasing SBI's discount rate or cut-off rate (COR) by a five-percentage points in mid-1990. Further actions were taken in March 1991 when the Government converted a substantial amount of time deposits held by state enterprises to SBIs. These steps successfully slowed monetary expansion, but required a sharp rise in interest rates on time deposits and loans.

With the February 1992 Policy Package, the Government has taken an important step which is necessary for the banking system to compete internationally. This package is an extension of the October 1988 package, emphasizing the importance of prudential aspects of bank management while providing expanded opportunities to establish newbanks and expand the services offered by banks. The new package, especially the stipulation dealing with the capital adequacy ratio (CAR) and loan to deposit ratio

(LDR), has led banks to consolidate in order to strengthen their financial structure, management, strategy, and operations in line with the prudential principles set forth. The banking community has contributed to the cooling down process by refraining from expanding lending activities. This in turn has led to sluggish growth of credit and liquidity while driving up interest rates.

At first, the increase of the domestic interest rates was needed to control the excessive domestic demand. More recently, however, interest rates have risen too high reducing domestic investment. Higher interest rates have boosted production costs, which could increase the level of bad debts held by the banking system if this situation persists. As the international interest rates were moving down, the differential between the domestic and international interest rates widened in nominal and real terms. This differential encouraged the private sector to increase commercial foreign borrowings substantially, which, in turn, through a rising level of debt-servicing obligations will burden the country's balance of payments.

To avoid this potentially serious situation, the monetary authority has loosened policy in large part by buying SBPU and reducing the SBI discount rates. Early in the reporting year, the SBI COR was reduced to between 18.00% and 21.50% per year. Afterward, it was gradually reduced to the 16.87%-20.00% range at the end of the reporting year. These efforts have successfully driven down domestic interest rates. The average interest rate on three-month time deposits, for example, went down from 24.35% at the end of March 1991 to 20.19% at the end of the reporting year.

Money Supply

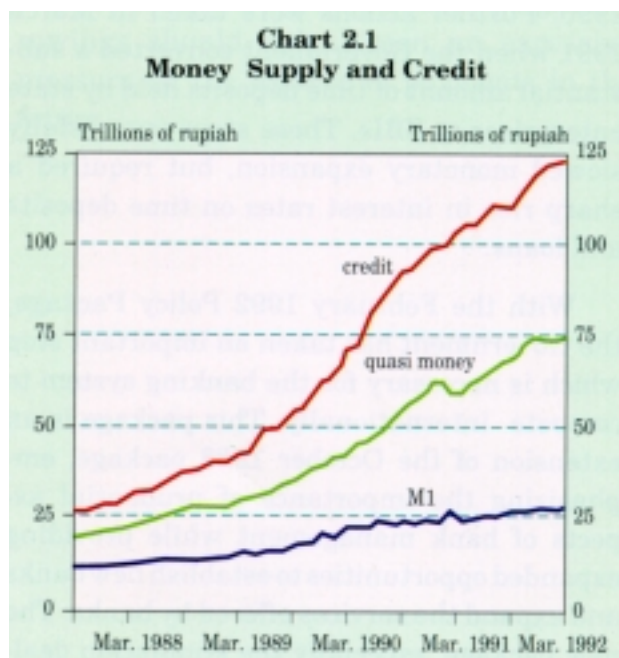
The gradual relaxation of monetary policy has improved the reserve position of the banking sector. However, domestic liquidity recorded a sharp decrease as banks attempted to meet CAR and LDR requirements and adopted a more cautious lending policy.

The growth of **broad money** (M2) comprising currency, demand deposit, and quasi money fell from 45.7% in 1989/90 and 26.0% in 1990/91 to 24.2% in 1991/92. A more pronounced decline in M2 growth is apparent if annual growth in the months before and after March 1992 are substituted. The higher rate of M2 growth between March 1991 to March 1992 was related to the sharp decline of M2 in March 1991 as a result of the conversion of a substantial amount of public enterprises' deposits to SBIs. This led to a sharp fall in the quasi money component of M2 and thus, total M2. The annual growth of M2 between February 1991 and February 1992 was 17.0%.

In the preceding year broad money (M2) recorded an expansion of Rp19.7 trillion. The majority of this expansion, Rp16.2 trillion, was related to the rise in domestic assets, while the remaining Rp3.5 trillion was related to the increase in net foreign assets. The expansion of domestic assets came mainly from the expansion in claims on private enterprises and individuals in the amount of Rp19.6 trillion. As in previous years, net claims on state enterprises/agencies and net claims on private enterprises and individuals, mostly originating from bank lending, were the main sources of money supply expansion. Credit expansion slowed to 16.1% in 1991/92 compared with a 53.8% increase in 1989/90 and a 40.3% increase in 1990/91. This was a result of the tight

monetary policy beginning in mid-1990 in addition to the consolidation among banks to meet new prudential and supervisory requirements. In addition, the control imposed by the coordination of commercial foreign borrowings also contributed to the deceleration in monetary aggregates.

The government sector had a significant contractionary impact on the money supply as reflected in the Rp2.4 trillion increase in the net surplus of the central government with the monetary system. The central government surplus resulted from the surplus in the state budget (*Anggaran Pendapatan dan Belanja Negara* or APBN) as well as the off budget surplus as government earnings rose sharply. This was in line with the conservative stance of fiscal policy and was clearly reflected in the rise in the development budget reserve (*Cadangan Anggaran Pembangunan* or CAP). The CAP was aimed at cooling down the economy as well as ensuring the availability of development funds in the future.



Other net domestic assets had a contractionary impact of Rp2.5 trillion on the money supply, mainly originating from the effort by banks to increase capital in order to meet the CAR requirement.

The change in net foreign assets had an expansionary impact on the money supply in 1991/92, rising by Rp3.5 trillion compared to Rp2.2 trillion in the preceding year. The impact was particularly apparent in the last two quarters

of 1991/92 as a result of balance of payments surplus resulting from increased capital inflow received by private sector enterprises which was mostly in the form of commercial foreign borrowings. On the other hand, foreign capital inflows by deposit money banks declined significantly reflecting the success of the Government's effort to curtail commercial foreign borrowings.

The decline in M2 growth was related to the slowdown in quasi money. Growth in quasi money, which covers savings and time deposits, slowed to 27.7% in 1991/92 compared to a 44.8% rise in 1989/90 and a 36.3% increase in 1990/91. The ratio of M2 to GDP, however, increased from 38.5% in 1989/90 and 41.2% in 1990/91 to 44.4% in 1991/92. This reflects the process of financial deepening in the Indonesian economy.

Growth in narrow money (M1), accelerated to 15.9% in 1991/92 compared to an increase of 6.4% in 1990/91. Acceleration occurred in both components of M1, namely currency and demand deposits, which rose by 22.1% and 12.0% respectively. This situation can be traced to the decline in interest rates on savings and time deposits as well as a tendency to raise interest rates on demand deposits. Currency increased, particularly in March 1992, due to the closing of fiscal year and the coming of the Idul Fitri celebration. The activities relating to the Idul Fitri celebration always boost the public's transactions demand for money which are mostly settled in currency.

The money multiplier for M2 rose significantly, from an average of 6.97 in 1990/91 to 8.03 in 1991/92, while that of M1 recorded a smaller rise. These developments were attributable to the deregulation of October 1988 which triggered a

Table 2.1			
Factors Affecting Money Supply			
	Changes		End of period
	1990/91	1991/92	1991/92
	Trillions of rupiah		
M2 Broad money)	16.8	19.7	100.8
M1 (Narrow money)	1.4	3.7	27.3
Currency	1.2	2.0	11.0
Demand deposit	0.2	1.7	16.3
Quasi money	15.3	16.0	73.5
Time and savings deposits in rupiah	9	11.4	53.3
Time deposits in foreign currency	6.3	4.6	20.2
Determinants			
Foreign assets (net)	2.2	3.5	23.6
Bank Indonesia	9.8	6.0	26.7
Deposit money banks	-7.6	-2.6	-3.1
Claims on central government (net)	-4.8	-2.4	-15.1
Claims on government institutions and enterprises	-1.5	1.5	8.8
Claims on private enterprises and individuals	31.3	19.6	121.3
Others	-10.4	-2.5	-37.9
Memorandum items 1)	1989/90	1990/91	1991/92
Ratios			
M1/GDP	0.13	0.12	0.12
M2/GDP	0.39	0.41	0.44
Quasi money/GDP	0.25	0.29	0.32
C/D	0.54	0.62	0.68
T/D	2.94	3.96	4.51
Multiplier			
M1	2.12	2.14	1.87
M2	6.16	7.37	6.89

1) Outstanding at end of period, except GDP during the calendar year.

Table 2.2 Money Supply					
End period	Currency	Demand deposits	Quasi	M1	M2
	Changes (%)				
1987/88	3.5	15.9	35.6	9.8	25.2
1988/89	11.7	25.1	26.6	18.9	23.9
1989/90	18.6	70.1	44.8	47.6	45.7
1990/91	16.0	1.2	36.3	6.4	26.0
1991/92	22.1	12.0	27.7	15.9	24.2
I	-2.2	8.5	9.7	4.4	8.2
II	2.3	6.3	6.9	4.9	6.3
III	3.6	1.3	7.7	2.1	6.1
IV	18.0	-4.1	1.0	3.7	1.8

rapid expansion in the number and service network of banks. Despite a marked deceleration in the reporting year, the expansion of banks' service networks to the outlying regions over the past few years has led to an increased monetization of the economy.

On average, growth in domestic liquidity remained low despite the increase in money multiplier during the reporting year. This was due to the relatively slow growth of reserve money despite the cautious relaxation of monetary policy through a reduction in the discount rate on SBIs which was aimed at lowering domestic interest rates: The increase in reserve money, which occurred in the last week of March 1992, was designed to meet the liquidity needs of banks. During that week, reserve money increased substantially. The increase, however, was of a temporary nature and declined in early April 1992. Excluding the jump of reserve money in the last week of March, 1992, reserve money increased by only 8.4% during the reporting year.

FINANCIAL DEEPENING 1983 - 1991

One of the objectives in the series of deregulation in banking and monetary sector is to stimulate the process of financial deepening. Financial depth can be measured by a ratio of financial assets to gross domestic product (GDP). Since money supply is the main component of financial assets, financial depth can also be measured by the ratio of money supply in broad term (M2) and GDP. This ratio shows the level of monetization in the economy.

Financial deepening has a strategic role in supporting sustainable economic growth and building a strong network for the transmission of monetary policy. It also shows how effective a financial system is, especially the banking sector, in mobilizing and allocating funds to most

productive and efficient users in the private sector. As is widely recognized, the financial sector, including banks, plays the important role of financial intermediary and limits, evaluates, and distributes financial risks. Financial deepening generally leads to lower transactions costs, an optimum distribution of risks and better investment choices. Thus, financial deepening encourages economic efficiency and is in line with economic development.

In a number of ASEAN countries, such as Indonesia, Singapore, Malaysia, Philippines, and Thailand financial deepening occurred following the liberalization or deregulation of the financial system. Prior to the deregulation, the financial system in these countries was marked with

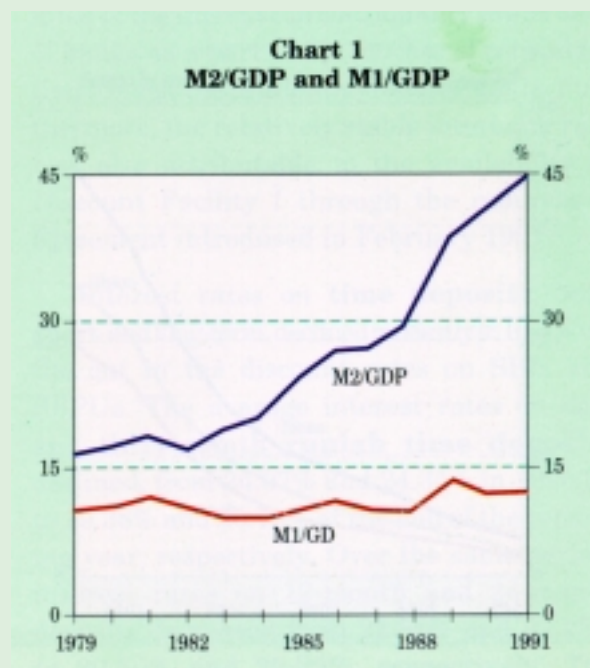
excessive regulations that inhibited financial deepening. These regulations, covering interest rate decisions by the monetary authority, credit ceilings, high minimum reserve requirements, and others, brought about slow development of the money/capital markets.

In its development process, Indonesia had experienced financial shallowing which was caused by heavy dependence on the government sector, especially in the 1970s. Financial shallowing was a result of heavy pressures on the financial sector, marked by excessive regulation of the financial sector, unrealistic exchange rates, and other regulations mentioned earlier. These regulations tended to have a negative impact on real interest rates, especially when inflation rate was high and uncontrollable. This condition discouraged savings and resulted in an inefficient allocation of funds, retarding the proper development of the banking sector and causing financial dependence on the government and central bank.

The negative impact of financial shallowing between 1970 and the early 1980s was not severe due to the oil boom. However, with the world economic recession in early 1980, followed by the decline in oil/gas price and domestic economic problems in Indonesia, the negative impacts of financial shallowing and heavy reliance on oil/gas earnings on balanced economic development were felt more significantly. To strengthen this development, the government has introduced a number of deregulation measures in financial sectors since 1 June, 1983. These measures have an essential impact on banking system development, and

consequently led to financial deepening. The strategy is basically designed to improve the operation of the financial sector by removing the credit ceilings and giving freedom to banks to decide interest rates on deposits and loans. The policy helped boost savings, which increased by 215% in the period of June 1983-June 1988 or at an annual average rate of 25.8%. During the same period, bank credit also rose remarkably by 177% or at annual rate of growth of 22.6%. The level of monetization, measured by the ratio of M2/GDP also increased, from 10.7% to 17.7% during 1971-1982. Since the introduction of deregulation measures in June 1983, the M2/GDP ratio rose 27.2% in 1987.

Despite successful achievements of the June 1983 deregulation, there were structural deficiencies obstructing sustainable growth of financial activities. The weaknesses were reflected in the lack of non-bank financial institutions,



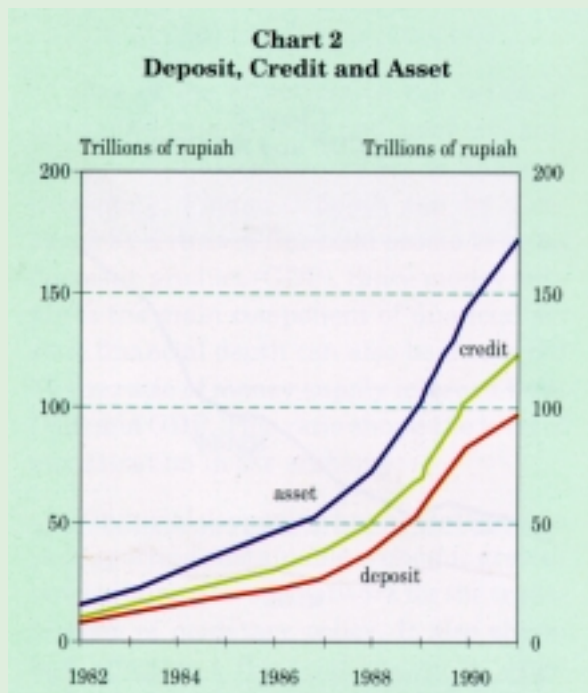
limited banking services, low efficiency, and the deterioration of bank balance sheets. To improve the situation, on October 27, 1988 the Government took two fundamental steps by promoting the expansion of the banking services network throughout the country. In addition, banks were also encouraged to develop new products to mobilize savings.

The positive impact of these measures was respected in the improvement of public's confidence in banks which led to a significant increase in savings mobilized by banks and an increased number of bank offices in Indonesia. Savings mobilization reached Rp95.1 billion by the end of 1991 compared with Rp12.3 trillion in 1983, an annual average growth of 31.0%. The number of bank offices, which was recorded at 1,518 in 1983, increased to 1,728 in 1988 and

jumped to 4,247 in 1991. Bank assets also significantly rose from Rp17.2 trillion in 1982 to Rp169.5 trillion in 1990. Credit extended by banks reached Rp113.6 trillion in 1991 or increased annually by 30.3% from Rp11.5 trillion in 1982. This rapid financial deepening can be seen more clearly by using the ratio of M2/GDP. In 1987 the ratio of M2/ GDP was 27.2%, in 1988 it increased to 38.5%, and in 1991 it reached 44.4%.

Despite the rapid increase in recent years, the level of financial deepening in Indonesia is low compared with industrialized countries as well as other Asean countries. In the United States, M2/GNP is about 61.2%, Germany 65.4%, and in Japan 115.5%, Singapore more than 95%, Malaysia more than 70%, and Thailand more than 70%. The high monetization in these countries is in line with the development of money market, especially secondary financial markets.

Financial deepening is also closely related to the implementation of monetary policy. Prior to 1 June 1983 deregulation, monetary control was exercised directly by determining credit ceilings, interest rate, and liquidity credits. Since 1 June 1983, monetary control is exercised indirectly through the control of reserve money. The impact of reserve money on monetary aggregate is very much influenced by the development of domestic money market. In this regard, the development of money market plays an important role in supporting effective monetary control. There is still ample scope for promoting the process of financial deepening in Indonesia.



Interest Rate and Money Market

As previously mentioned, since the beginning of the reporting year the monetary authority has taken steps to lower interest rates through the reduction of discount rates on monetary instruments and allowing greater flexibility in controlling the reserve money. These measures had an impact on the development of the money market and interest rates. A more marked decline in interest rates has been observed since the end of second quarter of 1991/92. Meanwhile, the money market has been stable as reflected by the level of transactions and interest rates on the interbank lendings.

Interest rate

After recording sharp increases in the preceding year, the **discount rates on SBIs and SBPU**s were lowered in stages so as to reach their normal levels in 1991/92. The discount rate on SBIs was cut in April (the largest), July, December, and the latest cut occurred in March 1992 bringing the seven-day rate to between 16.99% at the end of the reporting year compared to 20.17% in the preceding year. The discount rate on SBPU's was cut from 24.83% at the end of March 1991 to 20.97% in April 1991, to 19.00% in May 1991 and to 18.50% at the end of the reporting year.

Despite efforts on the part of monetary authorities to lower interest rates, domestic interest rates have failed to reach the levels originally anticipated. However, a more marked decline in **interbank rates** was recorded. The weighted average of interbank rates declined during the first quarter of 1991/92, reaching a level of 17.61% in April 1991 from 26.99% in the preceding month and declined further to 11.66% in June. From the second quar-

Table 2.3
Discount Rates on SBI and SBPU 1)

Period	SBI	SBPU
	Percent	
1990/91		
I	15.41	-
II	15.73	-
III	17.45	-
IV	20.17	24.83
1991/92		
April	18.39	20.97
May	18.00	19.00
June	17.97	19.00
July	17.72	-
August	17.38	18.88
September	17.38	18.88
October	17.38	18.88
November	17.38	18.88
December	17.37	18.75
January	17.00	18.50
February	17.00	18.50
March	16.99	18.50
1) 7-day rates.		

ter through the end of the reporting year, the interbank rates stabilized at an average of 12.62%. These developments were closely related to the increase in the liquidity preference of banks as a part of the process of consolidation to meet the prudential requirements. Furthermore, the relatively stable interbank rate was also attributable to the availability of Discount Facility I through the repurchase agreement introduced in February 1991.

Interest rates on **time deposits**, both short- and long-term, declined modestly in line with the cut in the discount rates on SBIs and SBPU's. The average interest rates on one and three-month **rupiah time deposits** declined, from 24.07% and 24.35% in 1990/91 to 19.38% and 20.19% at the end of the reporting year, respectively. Over the same period, interest rates on 12-month and 24-month deposits decreased from 22.85% and

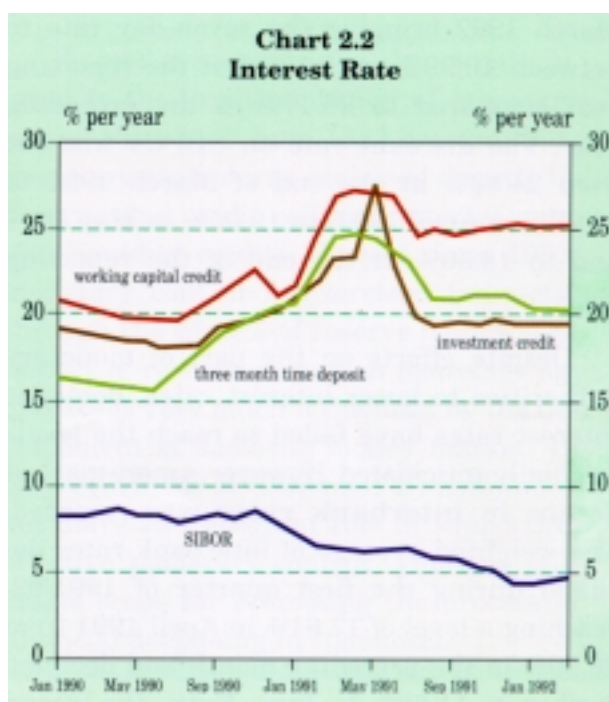
22.25% to 20.50% and 20.25%, respectively. The relatively small decline in the long-term interest rates reflected uncertainty among investors as to the direction of interest rates in the long run. There was also a tendency among banks to pursue longer-term funding.

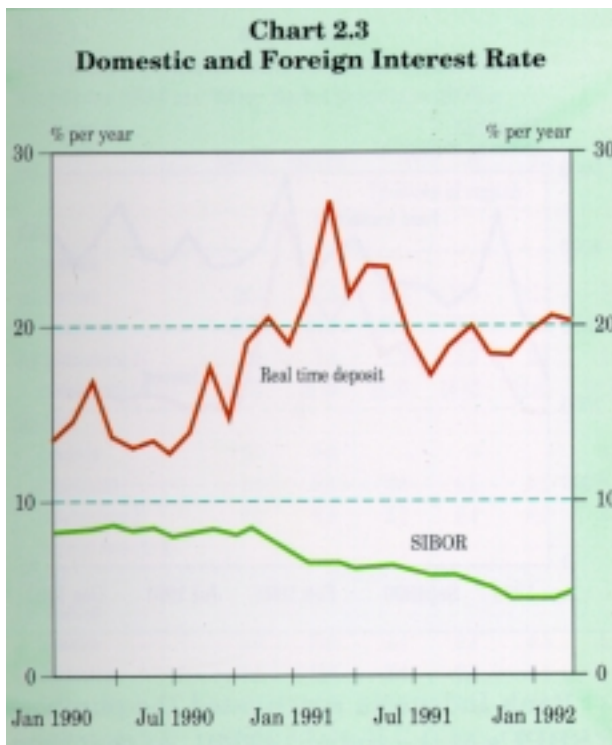
During the reporting year, interest rates on **foreign currency time deposits** offered by banks declined in response to a marked decrease in interest rates abroad. For example, the three-month London Interbank Offered Rate (LIBOR) fell from 6.38% in April 1991 to 4.38% in March 1992. Foreign banks lowered rates on deposits first which was subsequently followed by similar moves by state and private domestic banks.

During the reporting year, the decline in interest rates abroad, such as the Singapore Interbank Offered Rate (SIBOR), was larger than that of domestic interest rates. Taking into account the depreciation of rupiah vis-a-vis the Singapore dollar, the interest differential was still relatively large. Hence, domestic interest rates were still more attractive, which not only prevented capital outflows but were high enough to encourage capital inflows. On the other hand, the high interest rates were not conducive for promoting investment. Through the maintenance of a stable monetary environment by the Government, there should be room for banks to lower interest rates further. An ideal level of interest rate would be attractive enough to mobilize savings and encourage economic activities without necessarily triggering capital outflows.

Interest rates on **loans**, both for working capital and investment, decreased by different magnitudes during the reporting year. The weighted average of interest rates on working capital credits declined

Table 2.4 Interest Rates					
End of Period	1990/91	1991/92			
		I	II	III	IV
	Percent/year (end of period)				
Time deposit 1)					
Rupiah :					
1 month	24.07	23.10	20.47	20.15	19.38
3 months	24.35	23.60	20.85	20.89	20.19
6 months	24.16	23.07	21.38	21.62	20.82
12 months	22.85	22.50	20.83	21.39	20.50
24 months	22.25	21.00	20.00	20.00	20.25
Foreign currency :					
1 month	6.17-8.33	6.17-8.33	6.16-9.47	5.12-7.83	4.48-8.50
3 months	5.63-8.33	5.63-8.33	6.16-9.50	5.00-8.08	4.71-8.50
6 months	5.88-8.42	5.88-8.42	6.14-9.72	4.98-8.42	4.79-8.67
12 months	5.95-8.45	5.95-8.45	6.18-9.83	4.92-8.42	4.75-8.67
Credits 2)					
Working capital	26.70	26.90	24.60	25.10	24.60
Investment	23.20	22.40	19.50	19.30	19.10
LIBOR (3 months)	6.38	6.19	5.63	4.93	4.38
SIBOR (3 months)	6.44	6.25	5.69	4.63	4.38
1) Simple average.					
2) Weighted average.					





by less than those on investment credits, from 26.70% to 24.60% and from 23.20% to 19.10%, respectively. The decline in the interest rates on loans was also smaller than those on deposits. This was because the decrease in interest rates on deposits did not directly cut the cost of funds. In addition, these lower costs were offset to some extent by rising intermediation costs resulting from a deterioration in productive assets.

Money market

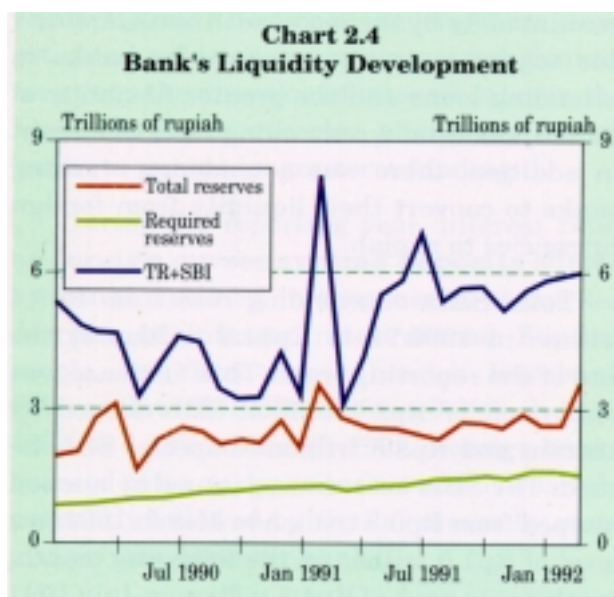
After recording sharp growth (67.9%) in the preceding year, transactions in the **interbank** market rose only 8.2% to Rp47.9 trillion in 1991/92. Furthermore, the average level of monthly transaction was more stable, moving within a range of Rp3.6 trillion and Rp4.6 trillion compared to Rp2.4 trillion and Rp4.9 trillion in the earlier year. These trends were accounted for by the increase in bank liquidity due to the restraint

exercised by banks in extending loans and the greater flexibility of Bank Indonesia in controlling reserve money. In addition, there was a tendency among banks to convert their liquidity from foreign currencies to rupiah.

Total **SBI**s outstanding rose from Rp9.4 trillion in 1990/91 to Rp11.2 trillion at the end of the reporting year. This increase was comprised of Rp2.4 trillion SBIs issued by auction and Rp8.8 trillion of special SBIs issued. The SBIs outstanding issued by auction jumped from Rp0.3 trillion in March 1991 to a level of Rp1.5 trillion in the following month, reaching its peak of Rp4.5 trillion in July 1991 which was closely related to the increase in bank liquidity. Special SBIs declined slightly from Rp9.1 trillion in March 1991 to Rp8.7 trillion in May 1991 where they remained virtually unchanged until the end of the reporting year. This development was due to a one-year extension of SBIs owned by public enterprises. This was intended to avoid a monetary disruption resulting from a sudden

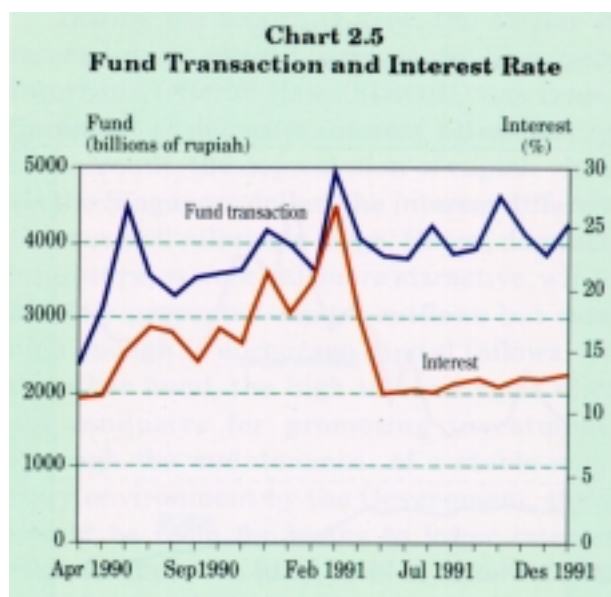
Table 2.5
Rupiah Liquidity of Deposit Money Banks

	March 1990	March 1991	March 1992
Billions of rupiah			
Total reserves	4.406	2.074	5.489
Primary reserve	2.523	1.764	3.096
Secondary reserve SBI	1.884	310	2.393
Current liabilities	46.109	64.180	78.825
Deposits	45.856	57.397	74.629
Outstanding SBPU	253	6.782	4.196
Percentage of liquidity			
Total liquidity/			
total current liabilities	9.6	3.2	7.0
Liquid assets/deposits	9.5	3.1	4.1



increase in the money supply when these special SBIs matured. With respect to the secondary market, its development was still not satisfactory as reflected in a drop in the level of transactions from Rp1.4 trillion in 1990/91 to Rp0.3 billion during the reporting year.

Bank Indonesia reactivated the purchase of **SBPUs** at the end of 1990/91. At that time,



outstanding SBPUs stood at Rp6.8 trillion, mostly comprising special SBPUs intended to assist banks experiencing a drain in liquidity following the conversion of the deposits of public enterprises to SBIs in March 1991. The outstanding special SBPUs subsequently declined to Rp3.5 trillion in September 1991 and Rp1.2 trillion at the end of the reporting year. Meanwhile, outstanding SBPUs by auction rose from Rp0.1 trillion in March 1991 to Rp1.4 trillion in June 1991, reaching its peak of Rp3.0 trillion at the end of the reporting year. This development was closely related to the purchase of SBPUs of a relatively long-term maturity (one year) by Bank Indonesia and a cut in the discount rate on them. Despite the significant increase, transactions of SBPUs between Bank Indonesia and banks were still limited.

Table 2.6
Transactions and Interest Rates in
the Jakarta Money Market

Transaction and Interest Rates	1990/91	1991/92	1991/92			
			I	II	III	IV
	Trillions of rupiah					
Trasaction value						
One day 1)	37.6	42.5	10.1	10.7	11.2	10.5
Total	44.3	47.9	11.5	11.9	12.5	12
Percent						
Interest rate 2)						
One day 1)	26.90	12.84	11.29	12.72	12.43	12.84
Total	26.99	13.01	11.92	12.80	12.78	13.01

1) Afternoon transaction.

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

The issuance of **certificate of deposits** (CDs) nearly tripled, reaching Rp1.2 trillion during the reporting year. The increase mainly occurred in the beginning of the first quarter of 1991/92 which was attributable to the intensive

Table 2.7
Issuance, Repayment, and Outstanding of Bank Indonesia
Certificates (SBIs) and Money Market Securities (SBPU)

	1991/92					
	1990/91	1991/92	I	II	III	IV
	Trillions of rupiah					
SBI						
By auction						
Issuance	22.4	57.0	16.4	15.5	12.3	12.9
Repayment	24.3	54.9	13.3	15.9	12.6	13.2
Outstanding 1)	0.3	2.4	3.3	3.0	2.7	2.4
Interest rate (%) 1)	22.75	19.79	18.26	18.83	18.03	19.79
Special						
Issuance	9.9	8.9	--	--	--	8.9
Repayment	0.8	9.1	0.4	0.3	0.2	8.3
Outstanding 1)	9.1	8.8	8.7	8.4	8.2	8.8
Interest rate (%) 2)						
SBPU						
By auction						
Issuance	3.0	15.5	3.4	2.4	4.5	5.1
Repayment	3.1	12.6	2.2	2.4	3.4	4.6
Outstanding 1)	0.1	3.0	1.4	1.5	2.5	3.0
Interest rate (%) 1)	30.87	18.44	20.47	19.06	20.19	18.44
Special						
Issuance	7.3	1.8	0.2	0.1	--	1.5
Repayment	0.7	7.3	0.5	2.9	1.7	2.1
Outstanding 1)	6.6	1.2	6.3	3.5	1.8	1.2
Interest rate (%) 3)						

1) The last month of the period.

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

3) Interest rate ranged from 18.75% - 23.00% depending upon maturity.

Table 2.8
Transaction of SBI in the Secondary Market

Period	Transaction value	Weighted average interest rate
	Billions of rupiah	Percent per annum
1990/91	1,355.2	
Quarter I	858.2	13.42
Quarter II	83.5	19.87
Quarter III	214.0	21.95
Quarter IV	199.5	22.39
1991/92	253.9	
Quarter I	9.0	21.63
Quarter II	50.0	18.26
Quarter III	94.3	18.16
Quarter IV	100.6	18.68

Table 2.9
Certificates of Deposit

Type of Banks	Changes		End of period
	1990/91	1991/92	1991/92 1)
	Billions of rupiah		
State banks	26	141	244
Foreign banks 2)	243	654	985
Total	269	795	1,229

1) The outstanding certificates of deposit are equals the stock of the preceding period plus total sales in the current period minus total repayment in the current of the concerned period.

2) Including certificates of deposit issued by private national banks.

efforts by banks in marketing CDs with more attractive characteristics. Furthermore, banks increasingly tended to use CDs as an alternative source of funds because of their stability compared to time deposits.

Since Bank Indonesia provided **Discount Facility I** on the basis of repurchase agreement (repo) in February 1991, banks made use of the facility in two ways: first, through repos and second, through the submission of securities as collateral. During the reporting year, the utilization of Discount Facility I amounted to Rp851.6 billion, all of which was on a repo basis. On a monthly basis, the highest level was recorded in November (Rp149.9 billion). Taking account of the repayment in the amount of Rp893.4 billion, the outstanding Discount Facility I was fully repaid at the end of the reporting year. These developments indicated that the Discount Facility I on the repo basis was more attractive than that on non-repo due to the longer maturity (up to 7 days). Furthermore, the impression that banks which use this facility are experiencing liquidity problems could be minimized.

THE IMPACT OF MONETARY POLICY ON INTEREST RATES

To achieve the ultimate targets of monetary policy, which include increasing national income, expanding job opportunities, as well as stabilizing the balance of payments and the price level, the monetary authority attempts to realize a set of intermediate targets. The interest rate is one of the intermediate targets of monetary policy and recent efforts have been directed at reducing rates. Caution is required in determining an appropriate level for interest rates because an excessively high or low level of interest rates will discourage economic development.

Interest rates that are too low will boost investment but it will not encourage the mobilization of savings through the banking system and therefore would create a gap between savings and investment. In addition, a low level of interest rates may also cause capital outflows and a deterioration in the balance of payments (run down in the country's international reserve position). On the other hand, interest rates that are too high will encourage neither investment nor production.

In a number of developed countries, such as the U.S. and Canada, monetary authorities use short-term interest rates as an intermediate target to influence long-term interest rates. This, in turn, will impact on investment and production. To affect interest rates, the U.S. government adjusts the discount rate, which is used by banks to help determine the level of interest rates they offer on time deposits and charge on loans.

In Indonesia, the discount facility has not been used as an effective monetary tool because it has not been established as a reference rate. Banks, however, have been reluctant to utilize this facility because there is a negative connotation attached to banks that resort to this facility. An alternative used to affect interest rates has been by adjusting the SBI interest rate through open market operations.

Interest rates are affected by the actions of the monetary authority, banks and the general public. On the part of the monetary authority, interest rates on deposits are affected by the SBI rate and the ongoing adjustment of the financial sector to the prudential regulations issued in February 1991, namely provisions on the capital adequacy ratio (CAR), the loan to deposit ratio (LDR), and reserves for bad debts.

CAR is defined as a percentage of a bank's capital to its assets, and can be increased by raising capital and/or reducing assets. LDR is defined as a percentage of a bank's loan to its deposits and can be increased by mobilizing savings and/or limiting credit. Banks which have not been able to meet the minimum LDR may increase deposit rates to expand their deposit base. The tendency to limit credit has not lowered lending rates because of the high demand for credit. Higher interest rates may encourage banks to accept a higher level of risk which, in turn, will increase the intermediation cost.

On the part of bank, internal management plays an important role in affecting interest rates. A well and efficiently managed bank will enjoy a greater degree of confidence from the general public who will readily open accounts there despite relatively low interest rates. This lower cost of funds for the bank coupled with efficient bank management will reduce cost of loanable funds and create a climate conducive for lowering the interest rates on bank credit.

In Indonesia, banking funds are concentrated on certain depositors, and this creates disadvantages to banks in deciding their interest rates. Banks are unwilling to lose important customers when the interest rate does not meet the needs of the customers.

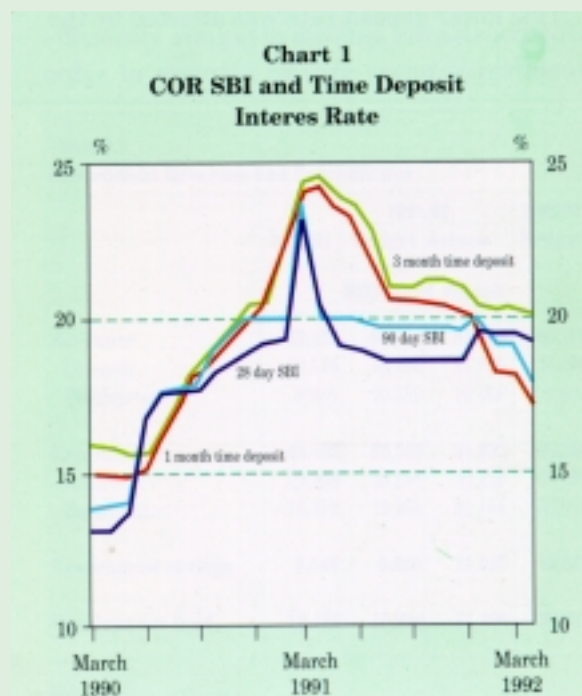
Other factors that affect domestic interest rates are overseas interest rates, the tax rate on deposits, the public's expectations concerning a rupiah devaluation and the outlook for inflation. If monetary policy attempts to reduce domestic interest rates so that the spread between domestic and foreign interest rates narrows by an amount greater than that justified by the market expectation, capital flight will occur. As a result, the rupiah will depreciate, offsetting attempts to lower domestic interest rates.

A number of factors affecting domestic interest rates are definitely outside the control of the monetary authority. Only open market operations in general and the interest rate on SBIs in particular are expected to influence interest rates on time deposit and credit.

Market-determined interest rates have been

in place since June 1, 1983. Prior to that, the monetary authority determined the interest rates on time deposits and credit ceilings for state banks. Efforts to control interest rates through open market operations occurred with the introduction of SBIs in 1984 and SBPU's in 1985. Interest rates on SBIs are based on a cut-off rate (COR) determined by the monetary authority. Hence, in an auction, SBIs are sold to banks intending to buy at the COR or lower.

During 1990/91, Indonesian economy experienced high inflation rate, which was an indication of overheating. Efforts to contain demand have consisted of a reduction of liquidity credits, the conversion of bank deposits of state enterprises to SBI, and an increase in the SBI rate. The rise in SBI rate drove up deposit rates at the same period. The SBI COR rose by a range of 0.91% 3.98% in June 1990 and went up



further at a range of 0.04% - 0.12% in September 1990. Correspondingly, interest rates on deposit increased by a range of 0.25% - 1.00% and 0.25% - 2.50%, respectively, during the same period. A further increase in the SBI COR of 1.00% - 4.45% in March 1991 also gave a rise of around 0.25% - 2.75% during the same period.

In contrast to the situation described, banks did not lower deposit rates when the authority lowered the SBI COR by 1.00% - 3.88% in April 1991 which affected a decline of only around 0.25% - 1.75%. This situation is likely related to costs associated with the efforts of banks to meet requirements on CAR and LDR, and the desire to protect their deposit base. The monetary authority responded by purchasing SBPU's to provide banks a safety valve in case of losing customers if they lower deposit rates.

In May 1991, SBI COR of 1 - 12 months was lowered by 0.12% - 1.48% and deposit

rates went down by between 0.5% and 2%. This lower deposit rate was affected by the lowering of SBI COR which declined by 0.50% - 1.00%. Again, from May 1991 until January 1992 banks responded favorably as reflected in a decline of deposit rates by between 1.34% and 4.62%. This condition continued up to April 1992 when SBI COR was 1.0% - 2.4% lower than that in January 1992. During the same period, deposit rates dropped by around 0.25% and 1%.

By projecting an 8% inflation rate in 1992/93, the deposit rate is expected to go down around 16% - 18% and the credit rate is in a range of 19% - 21% by the end of 1992. A further decline in interest rates may be possible if the inflation rate falls to between 5% and 7% and the ratio of current account deficit in GDP is contained at 2.65% - 3.01%. Credit rates are usually slower to decline since the average interest rate on time deposits adjusts more slowly. However with the gradual decline of the deposit rate, lending rates will also fall, though lagging behind.

GOVERNMENT FINANCE

In an effort to cool down the economy, monetary policy was supported by a conservative fiscal policy reflected in the state budget outturn for 1991/92. The state budget for the fiscal year 1991/92 was estimated at Rp50.6 trillion or 2.2% higher than the outturn in the previous year. The 1991/92 budget outturn was above target at Rp52.0 trillion or 5.1% higher than the outturn of preceding year. Although increasing nominally, in real terms the 1991/92 budget outturn decreased by 4.7% after taking into account the inflation rate of 9.78%. On the revenue side, the Government succeeded in increasing domestic revenue significantly even though oil/gas receipts dropped sharply due to the decline in international oil prices. The increase in domestic revenues was achieved due to the strong performance of non-oil/gas revenues which registered growth of 21.6% in 1991/92. As a results, the share of non-oil/gas in domestic revenues increased from 55.2% in 1990/91 to 63.8% in 1991/92. For the most part, non-oil/gas revenues originated from tax receipts (90.6%) which increased by 22.0% -- much more rapidly than the nominal GDP-- and as a result the ratio of tax receipt to GDP increased significantly.

The conservative nature of fiscal policy was also reflected in higher growth of revenue than that of expenditure, resulting in a budget surplus which is treated as development budget reserve (CAP). Routine expenditure only increased by 0.8% in 1991/92 compared with 23.3% in the preceding year. When adjusted for inflation, the routine expenditure was decreased by 9.0% in real terms. Furthermore, development expenditure also slowed growing 11.9% in 1991/92 compared to 40.6% in the previous year.

Weak growth in routine expenditure was due mainly to the government policy which reduced the domestic fuel oil subsidy by increasing domestic fuel oil prices. In addition to controlling expenditures, the increase in domestic fuel oil prices was needed in order to contain the growth of domestic fuel oil consumption. In contrast, personnel expenditures rose strongly at a rate of 14.9% in 1991/92 due to the salary increases granted to government employees. Material expenditures increased by 29.7% in 1991/92 for the operation and maintenance of government institutions as well as maintain the quality of existing infrastructure.

Regarding development expenditures, the Government made efforts to allocate funds efficiently aiming to develop infrastructure in order to promote private sector investment, regional development and improving public services. The

Table 3.1
Government Revenues and Expenditures

	1990/91	1991/92		1992/93
		Budget	Actuals	Budget
	Billions of rupiah			
Revenues	49,451	50,556	51,994	56,109
Domestic	39,546	40,184	41,585	46,509
Development	9,905	10,372	10,409	9,600
Expenditures	49,450	50,556	51,992	56,109
Routine	29,998	30,558	30,228	33,197
Development	19,452	19,998	21,764	22,912
Government savings	9,548	9,626	11,357	13,312
Development fund	19,453	19,998	21,766	22,912

Source : Ministry of Finance.

increase in development expenditures was financed primarily by government savings which increased by almost 20% in 1991/92 compared to the previous year, while development revenue originating from foreign borrowing only increased by 5.1%. This was in line with the guidelines adopted for foreign borrowing.

The role of fiscal policy in containing domestic demand was also reflected in the contractionary impact that government finances had on the money supply. This amount reached Rp2.4 trillion or 3.0% of money supply in the end of March 1991. These funds were used to increase the reserve fund and the government's equity participation in state banks.

Government Revenues

To fulfill the increasing needs for development funds, the Government continuously made efforts to increase its revenue, especially domestic revenue, whereas foreign aid remained a complement for domestic funds. In the reporting year, the revenue outturn reached Rp52.0 trillion, which consisted of **domestic receipts** amounting to Rp41.6 trillion and **development receipts** amounting to Rp10.4 trillion -- both representing an increase of around 5%.

Underlying the increase in domestic revenues was the sharp rise in **non-oil/gas revenues**, which amounted to Rp26.5 trillion--mostly from increased tax receipts. Meanwhile, oil/gas receipts decreased by 15.1% to Rp15.0 trillion due to 17.9% decline in oil prices. It should be noted that the average price of Indonesia's crude oil in the reporting year was \$ 18.55 per barrel and lower than the assumption of \$ 19.00 per barrel contained in the budget for 1991/92.

Table 3.2
Ratios in Government Revenues and Expenditures

	1989/90	1990/91	1991/92	Budget 1992/93
	Percent			
Government savings to development fund	31.9	49.1	52.2	58.1
Government savings to total expenditure	11.6	19.3	21.8	23.7
Government savings to development expenditure	31.9	49.1	52.2	58.1
Government savings to GDP 1)	2.6	4.8	5.0	5.3
Government expenditure to GDP 1)	22.8	25.1	22.9	22.3
Tax receipt to GDP 1)	9.2	10.0	10.6	11.5
Development expenditure to GDP 1)	8.3	9.9	9.6	9.1
Tax receipt to total revenue	40.4	39.9	46.3	51.4
Tax receipt to non-oil/gas receipt	88.2	90.3	90.6	91.1

1) GDP in calendar year.

Non-oil/gas receipts increased 21.6% to Rp26.5 trillion in 1991/92. Tax receipts from income taxes, value-added taxes, sales taxes on luxuries, and land and building taxes all increased. In contrast, revenues from import duties and export tax decreased. With that development, the ratio of tax receipts to GDP increased to 10.6% in 1991/92 compared to 10.0% in the previous year. In the same period, the ratio of tax receipts to government revenues also increased, reaching a figure of 46.3% compared to 39.9% in the preceding year.

The category of **tax revenues** which increased most strongly was income tax revenues which increased 41.8% to Rp9.6 trillion. This was related

to the efforts to intensify tax collection during the last few years. In 1991/92, the Government has improved various regulations related to the imposition of income tax. This includes the imposition of a progressive income tax on interest earned from time deposits, certificate of deposits and savings deposits, as well as interest earned on Bank Indonesia certificates owned by corporations.¹⁾ Meanwhile, tax revenue originating from VAT and sales taxes on luxuries also increased significantly by 19.6% to Rp8.9 trillion, even though this increase was lower than the increases recorded in the past few years, which was related to desirable slowdown in import growth.

In order to expand the tax base and distribute the incidence of taxes more equally, the Government set the maximum value of gross sales of taxable goods and services for small-scale entrepreneur that can be exempted from VAT at Rp120 million and Rp60 million, respectively. The measure was put into effect since January 1, 1992.²⁾ In addition, to boost VAT revenues, the Government included wholesalers with gross sales of Rp1 billion a year as subject to pay VAT.³⁾ Furthermore, on January 1, 1992 the Government also expanded the application of taxes on luxury goods to include a wider range of products including certain kinds of motor vehicles.⁴⁾

In the meantime, receipts from the tax on land and buildings increased 7.9% to Rp.875 billion.

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- 1) - Government Regulation No.74/1991, December 31, 1991.
 - Minister of Finance Decree No.1287/KMK.04/1991, December 31, 1991.
- 2) Minister of Finance Decree No. 1288/KMK.04/1991, December 31, 1991.
- 3) - Government Regulation No. 75/1991, December 31, 1991.
 - Minister of Finance Decree No. 1289/KMK.04/1991, December 31, 1991.
- 4) - Government Regulation No. 76/1991, December 31, 1991.
 - Minister of Finance Decrees No. 1285/KMK.04/1991 and No. 1286/KMK.04/1991, December 31, 1991.

Table 3.3
Government Revenues

		1991/92		1992/93
		1990/91	Budget	Actuals	Budget
	Billions of rupiah			
	Domestic revenues	39,546	40,184	41,585	46,509
Oil and gas receipts	17,712	15,009	15,039	13,948
Oil	14,578	12,522	12,481	11,201
Gas	3,134	2,487	2,558	2,747
Non-oil/gas receipts	21,834	25,175	26,546	32,561
Tax	19,719	22,345	24,059	28,850
Non-tax	2,115	2,830	2,487	3,711
Development revenues	9,905	10,372	10,409	9,600
Program aid	1,397	1,538	1,563	501
Pure	35	--	--	--
Local cost financing	1,362	1,538	1,563	501
Project aid	8,508	8,834	8,846	9,099
TOTAL	49,451	50,556	51,994	56,109

Source : Ministry of Finance.

This increase was attributable to the simplification of the tax collection procedure, the improvement of data collection activities, and adjusting selling price of the tax object, which became effective on November 22, 1991.⁵⁾ Furthermore, in order to ease the tax burden on low- income groups, the Government increased the sale value of non-taxable buildings to Rp7 million in January 1992.⁶⁾

Revenues originating from import duties decreased by 14.2% to Rp2.1 trillion, due largely to a decrease in import growth. Government receipts from excise duties increased 16.0% to Rp2.2 trillion, which was primarily related to the increase of duties on tobacco stemming from a lowering of tariffs.

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- 5) Minister of Finance Decree No. 1147/KMK.04/1991, November 22, 1991.
- 6) Minister of Finance Decree No. 1291/KMK.04/1991, December 31, 1991.

The revenue from export taxes in 1991/92 fell 56.8% to Rp19 billion compared with the previous year. The lower outturn for export tax receipts was related to the exporters' preference, to export processed goods rather than raw materials to avoid relatively higher export taxes. Meanwhile, receipts originating from other taxes consisting of stamp and auction duties rose 24.7% to Rp303 billion compared to 1990/91.

Non-tax revenues in 1991/92 increased by 17.6% to Rp2.5 trillion. The increase in nontax receipts was achieved by improving the efficiencies of state-owned enterprises and intensifying its collection efforts.

Although its role in financing development was decreased, foreign aid continued to be utilized to complement domestic funds to support the development process. The actual **development revenues** in 1991/92 reached Rp10.4 trillion, which was 5.1% higher than the 1990/91 outturn. Development revenues, in the form of program aid rose 11.9% to Rp 1.6 trillion compared to 1990/91, while project aid increased 4,0% to Rp8.8 trillion.

Government Expenditures

In 1991/92, government expenditures increased by 5.1% to Rp52.0 trillion. The ratio of government expenditure, excluding development budget reserve, to GDP reached 22.2% in 1991/92 compared with 24.1% in 1990/91. Routine expenditure amounted Rp30.2 trillion, which represented an increase of 0.8% compared to 1990/91. This outturn was related to the decrease of fuel oil subsidy. Debt amortization and interest payments reached Rp13.4 trillion, which was relatively remained unchanged compared to 1990/91 but still the largest part (44.4%) of routine

expenditure. Personnel expenditure increased 14.9% to Rp8.1 trillion which was related to the higher incomes for civil servants, armed forces personnel and retired government employees, besides budget adjustment for rice allowance and other personnel expenditures. In the 1991/92, material expenditures increased 29.7% to Rp2.4 trillion, which was related to the additional expenditure to support the operation and maintenance activities of government institutions. Subsidies to the local governments rose 14.1% above the 1990/91 level to Rp4.8 trillion. Other routine expenditures fell to Rp1.5 trillion in 1991/92, a decrease of 57.4% compared to 1990/91 due to sharp drop in fuel oil subsidies.

Development expenditures, which was mainly intended to expand infrastructure, increased

Table 3.4
Government Expenditures

		1991/92		1992/93
	1990/91	Budget	Actuals	Budget
	Billions of rupiah			
Routine expenditures	29,998	30,558	30,228	33,197
Personnel expenditure	7,054	7,753	8,103	9,145
Material expenditure	1,830	2,201	2,373	2,432
Subsidies to local Government	4,236	4,660	4,834	5,269
Amortization and interest payments	13,395	14,381	13,434	15,902
Others	3,483	1,563	1,484	449
Development expenditures	19,452	19,998	21,764	22,912
Ministries/institutions including national defense and security	4,853	6,447	5,971	8,038
Regional development	2,998	3,958	3,953	4,951
Other expenditure	1,093	759	1,494	824
Development budget reserves	2,000	-	1,500	-
Project aid	8,508	8,834	8,846	9,099
TOTAL	49,450	50,556	51,992	56,109

Source : Ministry of Finance.

11.9% to Rp21.8 trillion in 1991/92. Development expenditures as a percentage of GDP remained at about 10 % in 1991/92. In order to maintain development momentum, the Government expanded opportunities for the private sector to participate in development process. Of that total, Rp8.8 trillion was in the form of project aid to develop infrastructure to support private sector development and human resources development as well as expand basic services to improve people's standard of living. Meanwhile, about Rp13.0 trillion was local-cost financing, which was used, among others, to finance the expenditures of ministries and other government institutions of Rp6.0 trillion and several regional development program of Rp3.9 trillion. Regional development expenditure increased significantly (31.9%) under presidential instruction scheme to support various projects

designed to create employment opportunities and to promote a more equal distribution of development which, in turn, will alleviate poverty. Subsidies on fertilizer, government equity participation and others were increased to Rp1.5 trillion in 1991/92. As in the previous year, the Government allocated a development budget reserve, amounting to Rp1.5 trillion in the reporting year.

Government Savings

Government savings, defined as the difference between domestic revenues and routine expenditures, increased by 18.9% to Rp11.4 trillion in the fiscal year 1991/92. As a consequence, the role of government savings in development financing increased to 52.2% compared to 49.1% in the previous year. In the meantime, the share of government savings in GDP increased from 4.8% to 5.0%. Higher government savings has reduced the dependence of development expenditure on foreign aid.

Government Budget for Fiscal Year 1992/93

The state budget for 1992/93 was designed to reinforce monetary policy in order to reduce the current account deficit and the inflation rate. The budget for 1992/93 is characterized by government efforts to increase further domestic revenues, especially from taxes, so as to reduce dependence on foreign aid. In addition, Government expenditure is directed toward improving and expanding infrastructure in order to provide a basis of sustainable economic development.

The government's effort to boost domestic revenues is reflected in the changing composition

Table 3.5

Development Expenditures by Sector

		1991/92		1992/93
		Budget	Actuals	Budget
	Billions of rupiah			
Government	250	290	321	398
National defense and security	996	1,085	1,023	1,120
Education and culture	2,607	3,005	2,847	3,569
Health, social welfare population, and family planning	723	783	891	955
Housing and settlement	677	833	801	959
Religion and manpower	621	797	766	953
Economy	8,766	10,084	10,289	11,266
Regional, business, and environment	2,812	3,121	3,326	3,692
Development budget reserves	2,000	-	1,500	-
TOTAL	19,452	19,998	21,764	22,912

Source : Ministry of Finance.

of the budget during the last few years. In the last five years, domestic revenues as a percentage of total revenues increased from 69.7% in 1988/89 to 82.9% in the 1992/93 budget. Over the same period, development revenues as a percentage of total revenues decreased from 30.3% to 17.1%. Meanwhile, the role of routine expenditures as a percentage of total expenditures decreased from 62.9% in 1988/89 to 59.2% in the budget for 1992/93, while development expenditures rose from 37.1% to 40.8% for the same period. If amortization and interest payments are excluded, routine expenditures as a percentage of total expenditures decreased from 44.4% in 1988/89 to 43.0% in the budget for 1992/93.

Budget for revenues and expenditures in 1992/93 were set at Rp56.1 trillion, representing an increase of 7.9% from the 1991/92 outturn. Domestic revenues were Rp46.5 trillion or 11.8% higher than the 1991/92 outturn. These comprised oil/gas receipts of Rp13.9 trillion and non-oil/gas receipts of Rp32.6 trillion. Higher domestic revenues were expected from non-oil/gas receipts, especially taxes, in line with government policy to make taxes receipts the main source of government revenue. This government policy included improving regulation, enhancing collection efforts while expanding tax base, enhancing administrative controls, and enforcing legal sanctions.

Revenue from oil/gas sales was estimated to decline in line with the fall in oil prices to an average price of \$17.00 barrel and production of 1.534 million barrels a day. Meanwhile, development revenues were budgeted at Rp9.6 trillion or 7.8% lower than the 1991/92 outturn, comprising program aid of Rp0.5 trillion and project aid of Rp9.1 trillion. Due to the need for local-cost financing, the Government relied less on program aid, which declined by 67.9% compared to 1991/92. Furthermore, project aid, which increased by 2.9% compared to the 1991/92 outturn will be used for developing priority sectors.

Routine expenditures are budgeted at Rp33.2 trillion, an increase of 9.8% over the 1991/92 outturn. Personnel expenditure are expected to increase significantly, namely by 12.9%, due mainly to increases in salary and pension payments. In addition, amortization and interest payments are estimated to increase by 18.4% to Rp15.9 trillion and represent 47.9% of routine expenditures. Development expenditures are budgeted at Rp22.9 trillion, an increase of 5.3% over the 1991/92 outturn, to be financed in large part by government savings.

In 1992/93 budget, the Government savings are budgeted at Rp13.3 trillion, an increase of 17.2% compared with the 1991/92 outturn. The ratio of government savings to GDP was estimated to reach 5.3% compared with 5.0% in the previous fiscal year.

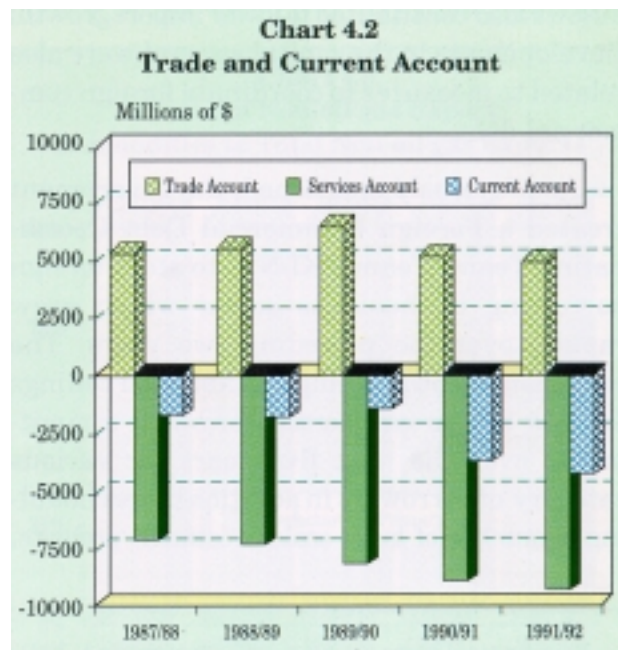
BALANCE OF PAYMENTS

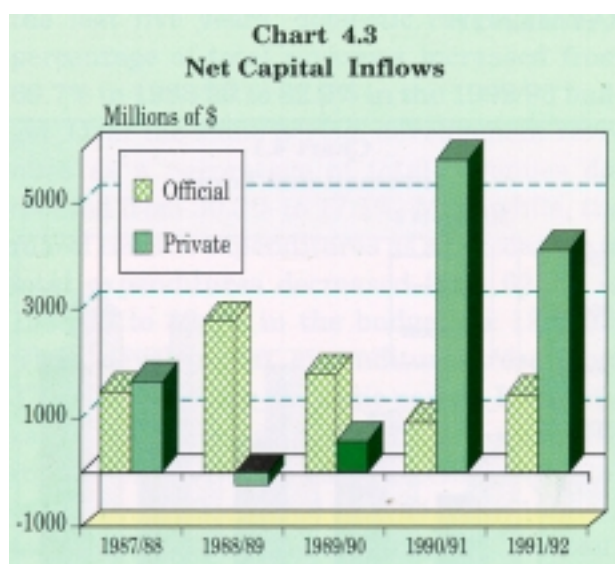
Measures to cool down the economy combined with continuing efforts to promote non-oil/gas exports had helped improve of Indonesia's balance of payments situation in 1991/92 as reflected in the reduction of non-oil/gas current account deficit. Due to unfavorable external developments, especially oil price drop, however, the overall current account deficit widened. Meanwhile, as in the previous year, the capital account recorded a surplus which was greater than the current account deficit. As a result, the overall balance of payments remained in a surplus, albeit lower than the previous year's, and the foreign exchange reserves of Bank Indonesia increased significantly.

Monetary policy coupled with other government measures succeeded in containing domestic demand during 1991/92. As a result, the gap between domestic supply and demand narrowed. The growth rate of non-oil/gas import declined while non-oil/gas export growth accelerated. Growth in non-oil/gas exports was aided by improved competitiveness and various government measures to promote exports in the face of weak in world demand and trade volumes that reduced demand weakened demand for some of Indonesia's primary commodities. With the increase in non-oil/gas exports, the non-oil/gas trade and current account deficits improved from deficits of \$4.1 billion and \$9.8 billion in 1990/91 to \$2.7 billion and \$8.9 billion respectively in 1991/92. In contrast, the oil/gas current account surplus dropped from \$6.0 billion to \$4.6 billion as a result of oil price drop in international market. These developments resulted in an increase in the overall current account deficit from \$3.7 billion in 1990/91 to \$4.4 billion in 1991/92. Nevertheless, as a percentage of Gross



Domestic Product (GDP), the current account deficit relatively stable, namely 3.6% in 1990/91 and 3.8% in 1991/92. It can be added that for calendar year 1990 and 1991 the percentage were 3.0% and 3.8%, respectively.





The rise in 1991 was due to sharp increase in the current account deficit in the fourth quarter of 1991.

As regards the capital account, total official and private capital inflow (net) decreased from \$6.8 billion in 1990/91 to \$5.6 billion in 1991/92 reflected primarily a decline in private capital inflows, excluding foreign direct investment (FDI) scheme. The decline in private capital inflows also contributed to lower import growth. Developments in the capital account were also related to measures to coordinate foreign commercial debt.

As previously mentioned, the government created a Foreign Commercial Debt Coordinating Team (Team PKLN)¹⁾ to stem foreign borrowing by business sector which grew rapidly over the preceding two years. The team, among other things established ceilings for new foreign commercial borrowing commitments over the next five years for various category of borrowers in addition to rescheduling a number of large scale investment projects.

1) Presidential Decree No. 39 of 1991, September 4, 1991.

Table 4.1
Balance of Payments

	1989/90	1990/91	1991/92
	Billions of \$		
Current Account	-1.6	-3.7	-4.4
Merchandise	6.5	5.1	4.9
Exports fob	23.8	28.1	29.7
Non-oil/gas	14.5	15.4	19.0
Oil/gas 1)	9.3	12.8	10.7
Imports fob	-17.4	-23.0	-24.8
Non-oil/gas	-14.8	-19.4	-21.7
Oil/gas	-2.5	-0.36	-3.1
Service	-8.1	-8.9	-9.3
Non-oil/gas	-5.2	-5.7	-6.3
Oil/gas 1)	-2.9	-3.2	-3.0
Capital Account	2.4	6.8	5.6
Net Official Capital inflow	1.8	0.9	1.4
Official inflow	5.5	5.0	5.6
Debt repayment	-3.7	-4.1	-4.2
Net Private Capital inflow	0.6	5.9	4.1
Total	0.8	3.0	1.2
Net errors & omissions	-0.6	0.3	-0.2
Monetary movements 2)	-0.2	-3.3	-1.0
Official reserves	6.3	9.6	10.5
Non-oil/gas imports (months)	4.6	5.4	5.3

1) Oil/gas imports is imports by oil/gas companies, consisting of oil and other merchandise, while oil/gas services cover payments of foreign contractor's share and other services payments (net) by oil/gas companies.
2) Positive means deficit and negative means surplus.

These measure were intended to organize assess to the international capital market and to avoid heavy burden on Indonesia's future balance of payments.

During 1991/92, Bank Indonesia revised measures on Net Open Position of banks, swaps, and credit extension denominated in foreign currency.²⁾

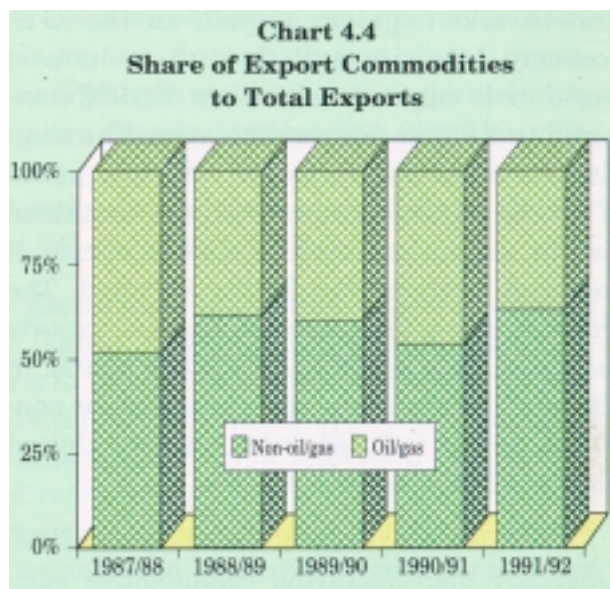
2) - Board of Directors of Bank Indonesia Decree No. 24/ 50/KEP/ DIR, November 20, 1991.
- Board of Directors of Bank Indonesia Decree No. 24/ 51/KEP/ DIR, November 20, 1991.
- Board of Directors of Bank Indonesia Decree No. 24/ 53/KEP/ DIR, November 20, 1991.

The measures are in accordance with prudential principles designed to control bank's risk exposure originating from foreign currency transactions, including "off balance sheet" activities. The revision of swap measures was intended to promote the interbank foreign exchange market and to attract capital inflow intended for investment. Meanwhile, the revised measures covering credit extension were designed so that the banking sector could continue to support export activities, especially non-oil/gas exports. In line with the success of Inpres (Presidential Instruction) No.4/1985 in securing the smooth flow of goods and in sustaining economic activity, the Government reestablished export and import procedures along with their inspection procedures.³⁾ The new measure, superseded Inpres No. 4/1985 and as a result the authority to conduct inspections was returned to the Directorate General for Customs and Excises.

Merchandise Exports

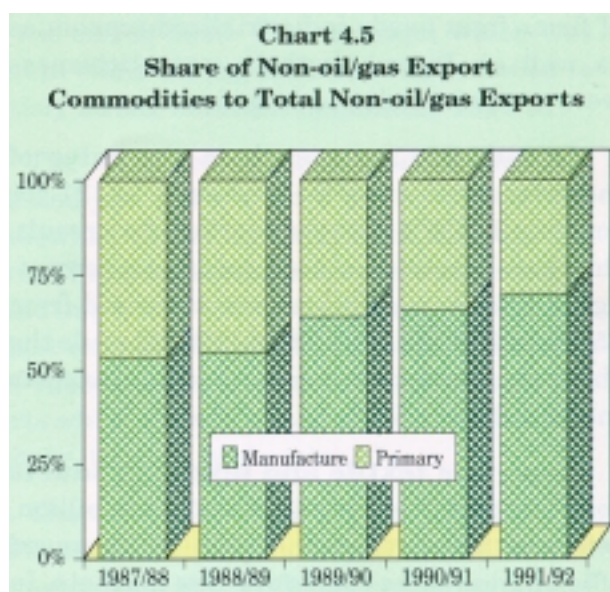
The value of overall merchandise exports in 1991/92 only increased slightly, namely by 5.6% compared to 18.1% in the previous year. This slowdown was attributable mainly to the oil-price decline, while non-oil/gas exports increased by 23.6% in 1991/92 compared to 19.0% in 1989/90 and 6.1% in 1990/91. The increase in non-oil/gas exports was driven by the export of manufacturing commodities, which grew by 31.4%, while exports of mining and agricultural commodity increased by 17.6% and 5.4%, respectively.

Stronger growth in non-oil/gas exports in 1991/92 reflected sustained competitiveness and an expansion of production capacity. Competitiveness was preserved by improved



production efficiency and the maintenance of realistic exchange rate. Currency appreciations and wage increases among some of Indonesian foreign competitors strengthened the competitive ness of a number of exportables.

These developments had boosted export despite an unfavorable international environment. The economic activity among Indonesia's major trading



3) Presidential Decree No. 3 of 1991, July 25, 1991.

partners was sluggish, as reflected in the decline of Japanese economic growth and negative growth in the U.S. economy. Likewise, growth in the volume of world trade only reached 2.4% in 1991/92 compared to 3.8% in the previous year. The sluggishness of world trade in turn weakened prices of primary commodities. With the sustained rise in non-oil/gas exports, the structure of Indonesia's exports was further improved. The share of non-oil/gas exports in total exports increased from 54.6% in 1990/91 to 63.9%. In 1991/92, the most important markets for non-oil/gas exports included Japan (35.8%), United States (12.6%) and EC (11.7%).

The rapid expansion of non-oil/gas exports, especially manufacturing commodities such as textile, footwear and electrical appliances was supported, among other factors, by capacity expansion and the easing of domestic demand for certain exportable products. The expansion of production capacity from investment under foreign direct investment (PMA) and domestic investment (PMDN) scheme, was directly related to increases in approvals for PMA and PMDN projects over the past several years. Some of the increase under the PMA scheme represented the continued relocation of firms from newly industrialized economies as well as Japan, as their competitiveness were weakening due to wage increases.

In 1991/92, the growth in the value of manufactured exports increased by 31.4% compared with 8.0% a year earlier. As a result the share of manufactured goods as a percentage of total non-oil/gas exports increased from 65.6% in 1990/91 to 69.7% in 1991/92 while the share of manufactured exports to total exports increased from 35.8% to 44.6%.

Table 4.2

Export Value of Selected Manufactured Goods

	1991/92		1990/91	1991/92
	Millions of \$	Share (%)	Changes (%)	
Textile	4,011	30.2	23.1	46.9
Wood product	3,722	28.1	-0.3	8.0
Plywood	2,868	21.6	13.4	3.8
Sawn timber	90	0.7	-85.0	--
Others	764	5.8	40.9	28.8
Footwear	1,028	7.8	123.4	51.4
Electrical appliances	544	4.1	47.2	110.0
Handicrafts	489	3.7	42.8	37.0
Iron steel	380	2.9	-37.1	23.4
Paper	330	2.5	10.7	33.1
Glassware	124	0.9	6.4	24.0
Cement	68	0.5	-46.1	-1.4
Others	2,565	19.3	-5.5	35.2
Total	13,261	100.0	8.0	31.4

Exports of **textile and textile products** rose impressively by 46.9% to \$4.0 billion, reflecting an increase in production, improved efficiency, and the tapping of new markets. In 1991/92 the export value of textile and textile products replaced wood product as the top in non-oil/gas exports, following annual growth of 36.1% in the previous five years. Textile exports were primarily destined for EC countries (32.4%) and the United States (16.4%). In the past five years exports to Middle Eastern countries expanded rapidly, accordingly its share increased from 4.3% in 1987/88 to 13.5% in 1991/92. In 1991/92, the U.S. agreed to increase export quotas for Indonesian textile products over the next few years.

In 1991/92, the export value of **wood products**, which declined the previous year, increased by 8.0% to \$3.7 billion. Strength in exports of plywood and other wood products was behind the increase while sawn timber exports



remained weak. Marketing efforts were compromised by the action of some environmental groups to limit the use of wood products originating from tropical forests. Exports of wood products were primarily destined for Japan, the United States, EC countries and NIEs. In 1991/92, the imposition of higher taxes on exports of sawn timber, aiming to stimulate the exports of higher value added wood products, was still in effect. In addition, to create business opportunities and to increase exports, the Government lifted export prohibitions for certain categories of luxurious wood and removed the export tax on sandalwood in the form of chips, wood shavings, sawdust, and root. With this change, there are now 16 categories of woods which are not subject to export taxes including finger jointed, decorative moulding and wall panel.⁴⁾

The value of **footwear** exports showed an increase of 51.4% to \$1,028 million in 1991/92. Footwear exports have averaged 162% per annum

over the past five years, making it the fastest growing non-oil/gas exports. As a result, its rank among non-oil/gas exports jumped from the twenty-sixth in 1987/88 to the fourth in 1991/92. High growth was attributable to the relocation of foreign shoes manufacturers to Indonesia through foreign direct investment (PMA). In many cases their manufacturers have already developed an extensive marketing net work. Exports of footwear were primarily destined for the United States (40.9%) and EC countries (39.1%).

Electrical appliance exports recorded the fastest growth among manufactured exports in 1991/92 at 110.0%, reaching a value of \$544 million. Electrical appliances consisted of, among other items, television sets, radios, and refrigerators. The value of **steel** exports increased to \$380 million in 1991/92, sustained by an increase production and the easing of domestic demand. The value of **handicraft** exports, which consisted mainly of handwoven and embroidered fabrics, increased 37.0% to \$489 million. Exports of paper which consisted of pulp, cultural paper industrial paper, and card board, increased 33.1% to \$330 million, in line with expanded productive capacity.

Exports of manufactured commodities declined in 1991/92, which occurred, among others, in **cement** whose exports remained low due to controls introduced by the Government at the end of 1990. The measure, which was still in effect during 1991/92, was intended to satisfy strong domestic demand in 1990/91.

The value of **agricultural** exports increased just 6.4% to \$4.1 billion in 1991/92, somewhat slower increase than the year before. This slowdown due to the weakening of some important commodity prices. Among the export commodities which

4) Director General of Foreign Trade Circular Letter No. KUM/703/DAGLU/0419/91, June 13, 1991.



increased were palm oil, rubber, shrimp, and foodstuff. Those exports which showed a declined were coffee, tea, pepper, tobacco, and copra.

The value of **shrimp** exports increased by 6.9% to \$1.2 billion in 1991/92 which was brought about entirely by increased volume as prices declined by 32.8%. The decline in price was attributable to the entry of white shrimp from China (PRC) in the

Table 4.3
Export Value of Agricultural Commodities

	1991/92		1990/91	1991/92
	Millions of \$	Share (%)	Changes	
			Changes (%)	
Rubber	932	23.0	-7.2	5.1
Coffee	362	8.9	-17.9	-2.4
Palm oil	349	8.6	1.8	22.9
Shrimps	1,150	28.4	37.8	8.8
T e a	145	3.6	-14.9	-5.8
Pepper	69	1.7	-17.0	-11.5
Others 1)	1,048	25.8	22.4	5.2
Total	4,055	100.0	8.1	5.4

1) Including tobacco, hides, copra cakes, foodstuffs, and animal products.

Japanese market. To promote competitiveness and to maintain buyers confidence abroad, an initiative for an Indonesian Industrial Standard (Standard Industri Indonesia or SII) for shrimp food in take was proposed. Around 70% of shrimp exports were earmarked for Japan and 15% to United States. Meanwhile export expansion to EC countries was still facing difficulties in the form of tariff discrimination and other kinds of barriers.

The value of **palm oil** exports increased 22.9% to \$349 million in 1991/92 which was brought about by price and volume increases. The increase in volume was attributable to government trade policy whereby producers were no longer required to give priority to the domestic market.⁵⁾ The increase in price was the result of increased demand for palm oil because of supply disturbance for palm oil substitute which was brought about by the floods in the Philippines and long dry season in the United States.

5) Minister of Trade Decree No. 137/Kp/VI/91, June 3, 1991.

After declining in 1990/91, the value of **rubber** exports in 1991/92 increased 5.1% to \$932 million. This development was brought about by volume increases. International rubber prices remained unfavorable due to the failure of the International Natural Rubber Organization (INRO) to stabilize price by establishing reference price for rubber. The primary destination for rubber exports were the United States (51%), Singapore (21.4%), and EC countries (12.1%).

As in the previous year, the value of **coffee** exports declined in 1991/92 falling 2.4% to \$362 million. This situation resulted from an excess supply in the world market. This development was related to the failure of ICO to establish quotas for coffee and the good harvest in Brazil. Countries of destination for coffee exports were EC countries (33.6%), Japan (20.9%), and African countries (20.0%).

In 1991/92, the value of tea exports declined again falling 5.8% to \$145 million. This situation failed to improve because of prolonged weakness of world tea prices. Demand for tea remained weak due to the trade embargo on Iraq, the main tea importer, and the decline of tea imports by Russia. At the same time, tea production was still increasing.

Following a decline of 9.2% in 1990/91 the value of **mining product** increased 17.6% in 1991/92 to \$1.7 billion. This development resulted from an increase in copper and gold exports. Meanwhile, tin, nickel, and aluminum showed a decline.

Even though the prices of mining commodities continued to be weak, the exports of **copper** in 1991/92 increased 18.1% to \$528 million due to

Table 4.4
Export Value of Selected Mining Commodities

	1991/92		1990/91	1991/92
	Millions of \$	Share (%)	Change (%)	
Tin	146	8.6	-31.0	-0.7
Copper	528	31.2	-39.3	18.1
Aluminum	159	9.4	-24.3	21.3
Nickel	289	17.1	-19.3	-11.3
Gold	141	8.3	-68.8	107.4
Others	429	25.4	53.7	72.3
Total	1,692	100.0	-9.2	17.6

an increase in export volume, reflecting a sharp increase in copper production.

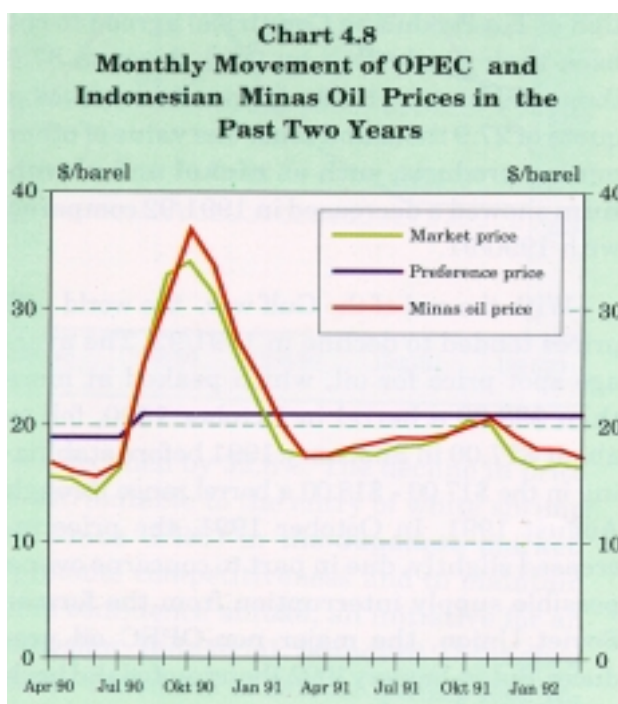
In contrast to 1990/91, the value of **gold** exports increased sharply in 1991/92, rising 107.4% to \$141 million. Exports volumes increased in line with rising production due to the initiation of privately operated gold mines and the increase in gold production as a by product in the production of copper concentrate.

The value of **tin** exports declined 0.7% to \$146 million, primarily because of the decline in the world tin price. Prices remained weak due to excess supply in the world market, despite a reduction in output by Brazil, as a major tin producer. To strengthen the world market for tin, the members of ATPC (Association of Tin Producing Countries) agreed to cut back their production by 9.1% down to 87.0 thousand tons in 1992. Indonesia received a quota of 27.9 thousand tons. The value of other mining products, such as **nickel** and **aluminum** showed a decreased in 1991/92 compared with 1990/91.

With the end of the Gulf war, the world **oil** prices tended to decline in 1991/92. The average spot price for oil, which peaked at more than \$33.00 a

barrel in October 1990, fell to about \$17.00 in February 1991 before stabilizing in the \$17.00 - \$18.00 a barrel range through August 1991. In October 1991, the price increased slightly, due in part to concerns over a possible supply interruption from the former Soviet Union, the major non-OPEC oil producer. But, in January 1992, the price of oil slid back to \$16.50 a barrel.

In 1991/92, the world oil market was weakened due to the excess supply stemming from the economic weakness in some major industrial countries. Although oil supply from non-OPEC declined slightly in 1991, the overall production from OPEC countries increased notwithstanding the fact that Iraq did not effectively return to the market. On the other hand Kuwait started to export its oil again in January 1992, which before the break of the Gulf crisis was 1.5 million barrels a day. In the meantime, Saudi Arabia as the swing producer was reluctant to cut their production to the level before the Gulf crisis in August 1990. As a result,



Tabel 4.5
Exports of Oil, LNG, and LPG

	1990/91	1991/92	1991/92 Changes (%)
Oil			
Value (millions of \$)	8,053.6	6,868.5	-14.7
Volume (millions of barrels)	359.5	382.5	5.1
Price (\$/barrel)	22.5	18.3	-18.6
L N G			
Value (millions of \$)	4,303.9	3,510.0	-18.4
Volume (millions of MMBTUs)	1,100.0	1,157.0	1.4
Price (\$/MMBTU)	3.9	3.0	-22.5
L P G			
Value (millions of \$)	406.3	327.0	-19.5
Volume (thousands of tons)	2,635.2	2,378.0	2.4
Price (\$/ton)	154.2	137.5	-10.8

the OPEC's reference price was not realized, while OPEC's production climbed as high as 24 million barrel a day, higher than the quota of 23.65 million barrel a day. The development of world oil prices had a direct impact on the average price of Indonesia's oil exports, such that during 1991/92 the average of Indonesia's oil price dropped to \$18.53 a barrel compared with an average of \$22.5 a barrel in the previous year.

In 1991/92, the volume of oil export increased by 6.4% which was slightly higher than in the previous year. This was in line with an increase in production, including an increase in condensate production, by 3.4% to 1,562 thousands barrel a day. In addition, the growth rate of oil-fuel consumption declined to 8.8% in 1991/92 compared with 14.0% in the previous year. The decline in the growth of consumption was induced by price increase of oil-fuel by the government and it was reinforced by the slow down in domestic economic activity. The value of Indonesia's oil exports in 1991/92 declined 14.7% to \$6.9 billion.

Table 4.6
Oil/gas Exports by Country
of Destination

	Volume of exports			
	1990/91		1991/92	
	Volume	Share (%)	Volume	Share (%)
Oil (millions of barrels)	359.6	100.0	382.5	100.0
Crude oil	305.4	84.9	320.2	83.7
<i>United States</i>	37.6	10.5	34.3	9.0
<i>Japan</i>	184.1	51.2	171.5	44.8
<i>Others</i>	83.7	23.3	114.4	29.9
Oil products	54.2	15.1	62.3	16.3
<i>United States</i>	1.1	0.3	5.6	1.5
<i>Japan</i>	47.9	13.3	45.0	11.8
<i>Others</i>	5.2	1.4	11.7	3.1
Gas				
LNG (MMBTU)	1,019.1	100.0	1,157.4	100.0
<i>Japan</i>	910.5	89.3	1,006.9	87.0
<i>South Korea</i>	108.6	10.7	145.8	12.6
<i>Taiwan</i>	--	--	4.7	0.4
LPG (thousands of tons)	2,635.2	100.0	2,377.8	100.0
<i>Japan</i>	2,239.3	85.0	2,149.3	90.4
<i>Singapore</i>	103.9	3.9	79.9	3.4
<i>South Korea</i>	162.3	6.2	96.0	4.0
<i>Others</i>	129.7	4.9	52.6	2.2
Value of exports				
	Millions of \$	Share (%)	Millions of \$	Share (%)
Oil	8,053.5	100.0	6,869.0	100.0
Crude oil	6,853.8	85.1	5,863.8	85.4
<i>United States</i>	787.0	9.8	537.6	7.8
<i>Japan</i>	4,170.7	51.8	3,200.0	46.6
<i>Others</i>	1,896.1	23.5	2,126.2	31.0
Oil products	1,199.7	14.9	1,005.2	14.6
<i>United States</i>	23.2	0.3	91.5	1.3
<i>Japan</i>	1,033.6	12.8	709.2	10.3
<i>Others</i>	142.9	1.8	204.5	3.0
Gas	4,328.3	100.0	3,836.8	100.0
Gas (LNG)	3,922.0	90.6	3,510.3	91.5
<i>Japan</i>	3,457.0	79.9	3,020.9	78.7
<i>South Korea</i>	465.0	10.7	451.7	11.8
<i>Taiwan</i>	--	--	37.7	1.0
LPG	406.3	9.4	326.5	8.5
<i>Japan</i>	344.6	8.0	295.2	7.7
<i>Singapore</i>	15.6	0.4	11.0	0.3
<i>South Korea</i>	25.2	0.6	13.2	0.3
<i>Others</i>	20.9	0.5	7.1	0.2
T o t a l	12,381.8		10,705.8	

Along with the decline of oil prices, the prices of **liquefied natural gas (LNG)** and **liquefied petroleum gas (LPG)** also declined in 1991/92, as their prices are linked to oil prices. The prices

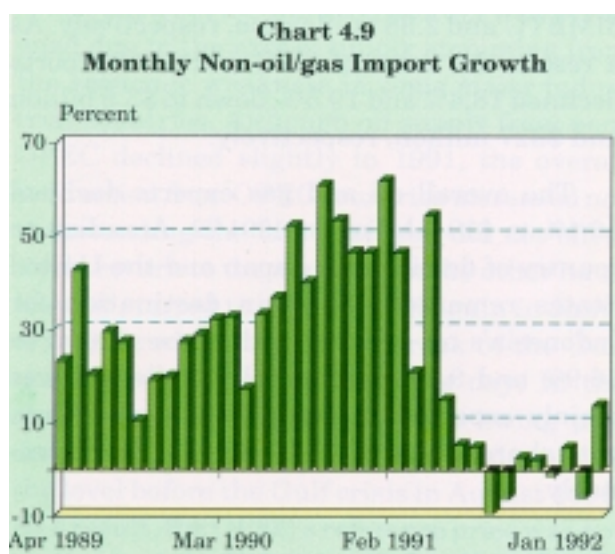
of LNG and LPG, declined by 22.5% and 10.8% to \$3.03 per MMBTU and \$137.5 per ton, respectively. The export volume of LNG and LPG increased from 1,100 million MMBTU and 2.64 million ton to 1,157 million MMBTU and 2.38 million ton, respectively. As a result, the value of LNG and LPG exports declined 18.4% and 19.5%, down to \$3.5 billion and \$327 million, respectively.

The overall oil and gas exports declined 16.1% to \$10.7 billion in 1991/92. According to country of destination, Japan and the United States remained the main destination for Indonesia's oil exports, with shares equal to 56.9% and 9.2% respectively, while gas was mainly exported to Japan and South Korea with shares equal to 86.4% and 12.1%, respectively.

Merchandise Imports

Government's efforts to cool down the economy also succeeded in restraining (merchandise) imports, which slowed from 32.5% in 1990/91 to 7.7% in 1991/92, so that its value reached an amount of \$24.8 billion. This development was related to the government decision to coordinate foreign commercial borrowing and reschedule some large scale projects which in many cases involved the government. The growth of non-oil/gas imports dropped from 31.0% in 1990/91 to 11.4% in 1991/92, so that its value reached an amount of \$21.7 billion. The decline in import growth was especially apparent during the second semester of 1991/92 when import were essentially flat from month to month.

The decline in import growth was broad based. **Capital goods** imports increased 11.3% in 1991/92, but this was much lower than in the previous year (65.4%). As a result, the share of



capital good imports in total imports increased from 30.2% in 1990/91 to 31.2% in 1991/92. The increase was in line with the high level of investment realized within the PMA or PMDN scheme. Imports of capital goods for the most part consisted of machines for the textiles, paper and pulp, printing, food processing industries, and power generating machinery, which were used to establish or expand the production of exportable commodities.

Table 4.7

Value of Merchandise Imports 1)

	1990/91 1991/92		1990/91 1991/92	
	Billions of \$		Changes (%)	
Non-oil/gas imports	19.4	21.7	31.0	11.4
General imports 2)	17.6	19.2	31.9	9.1
Program imports	1.9	2.5	23.4	15.9
Oil/gas imports	3.6	3.1	41.6	5.7
T o t a l	23.0	24.8	32.5	7.7

1) Based on f.o.b.

2) Including imports by FDI, state enterprise and other private companies.

The growth of **intermediate goods** imports also slowed down, from 22.8% in 1990/91 to 5.9% in 1991/92. As a result, its share in total imports declined from 65.2% to 64.1%. This development was in line with the slowdown in production.

The value of **consumption goods** imports remained at \$1.2 billion in 1991/92, about the same as in the previous year after increasing by 12.9% in 1990/91. The share of consumption goods imports in total imports increased from 4.6% in 1990/91 to 4.7% in 1991/92. The subcategory of consumer goods imports commodity which still got an registered the strongest increase were food and beverages, and durable commodities. In contrast, the semi durables and passenger cars subcategories declined.

Imports by oil/gas companies in 1991/92 declined 12.2% to \$3.1 billion. The decline especially took place in import of fuel oil which was related to a decline in both the price and volume of oil imports. The value of crude oil imports also declined, but in volume terms increased 8.6% to 52.7 million barrels. Domestic fuel oil consumption also increased, rising 8.8% to 226.5 million barrels in 1991/92.

Table 4.8

Import Value by Economic Category

	1990/91		1991/92	
	Billions of \$	Share (%)	Billions of \$	Share (%)
Capital goods	7.0	30.2	7.7	31.2
Intermediate goods	15.0	65.2	15.9	64.1
Consumption goods	1.1	4.6	1.2	4.7
T o t a l	23.0	100.0	24.8	100.0

By country of origin, Japan and EC countries remained the main supplier of Indonesia's imports with shares of 26.6% and 23.0%, respectively. While the shares of the United States and ASEAN countries were 14.1% and 6.6%, respectively. Among the ASEAN countries, Singapore accounted for the largest share, namely 3.8%, followed by Thailand, Malaysia and the Philippines with shares of 1.4%, 1.0% and 0.4%, respectively.

As a continuation of the policies taken in the preceding years, the Government made some changes in the rate of import duties and improvement in the classification of some commodities in 1991/92. These included, among others, the exemption of import duties and additional import duties for the following imported goods:

- Spareparts for ship and its safety equipment, aimed at supporting the procurement of ship's spareparts for the shipping companies.⁶⁾
- Tin mill black plate to promote domestic industry for tin plate.⁷⁾
- Office supplies for branch offices of foreign airlines, aimed at improving the services of foreign airlines.⁸⁾
- Spareparts, raw materials and components required for the service and maintenance of aircraft, aimed at promoting the ability of domestic industry in providing service and maintenance for the aircraft.⁹⁾
- Diesel engine for generating electricity with output capacity of 375 KVA or above, to fulfill the needs of domestic electricity.¹⁰⁾

6) - Minister of Finance Decree No. 354/KMK.05/1991, April 19, 1991 and

- Minister of Finance Decree No. 510/KMK.00/1991, April 27, 1991.

7) Minister of Finance Decree No. 365/KMK.00/1991, April 19, 1991.

8) Minister of Finance Decree No. 576/KMK.01/1991, June 21, 1991.

9) Minister of Finance Decree No. 848/KMK.00/1991, August 13, 1991.

10) Minister of Finance Decree No. 470/KMK.00/1991, May 20, 1991.

Services

In 1991/92, services account deficit increased slightly to \$9.3 billion. With respect to service payments, the increase originated from rising interest payments on the foreign debt and freight costs. With respect to service receipts, foreign exchange earnings from tourism continued to increase, but the net interest income earned by banks showed a negative figure. This development was related to an increase in the total interest payment on the foreign debt of banks.

The **non-oil/gas service account deficit** increased \$579 million from the previous year up to \$6.3 billion. The increase in non-oil/gas service payments originated from: an increase in freight costs of 11.3% to \$2.4 billion; an increase in interest payment on private sector debt by 194% to \$580 million; and an increase in interest payments by foreign exchange banks which reached a value of \$87 million.

With respect to services receipts, the tourism sector remained the most important source of foreign exchange along with workers' remittance from Indonesian workers abroad, especially those in the Middle East. In 1991/92, the revenue from tourism sector increased 18.3% to \$2.6 billion, aided by the Visit Indonesia Year 1991 program. Workers' remittances increased 7.9% to \$150 million in 1991/92.

The **oil/gas service account deficit** declined in 1991/92, mainly as a result of oil-price decline which reduced the profit of oil/gas companies. The services account deficit of oil companies reached \$1.8 billion while that of gas companies declined \$185 million to \$1.2 billion.

Capital Accounts

In 1991/92, net capital inflows of the government and private sector declined sharply from \$6.8 billion to \$5.6 billion. This was caused in large part by a decline in net private sector capital inflows after reaching its highest level ever in 1990/91. This development was closely related to the decline in capital inflows outside of the foreign direct investment scheme (PMA), while capital inflows those from PMA still increased. Regarding capital outflows, increases were related to higher principle and interest rate in line with the increases in borrowing by private sector which in turn, caused the debt service ratio (DSR) to slightly increase from 28.9% to 29.0%.

Official Capital Movements

Net official capital inflows increased from \$924 million in 1990/91 to \$1,418 million in 1991/92. This resulted from an increase in the disbursement of project aid in the form of soft loans from \$2.8 billion in 1990/91 to \$3.2 billion in 1991/92 and from an increase in export credit facilities from \$621 million in 1990/91 to \$1,058 million in 1991/92. Meanwhile, the disbursement of special assistance dropped 30.7% to \$1.06 billion in 1991/92 in accordance with the decline in special assistance commitments agreed to at the IGGI meeting in 1991.

The amortization of official debt increased from \$4.0 billion in 1990/91 to \$4.2 billion in 1991/92. Interest payments remained relatively stable at about \$2.6 billion which was due mainly to the decline in the international interest rate (London Interbank Offered Rate/ LIBOR) from 6.38% a year ago to 4.38% by the end of 1991/92. With this development, the DSR of government's debt declined from 21.8% to 20.6%.

Table 4.9
Disbursement of Official Foreign Borrowings and
Assistances

	1990/91		1991/92	
	Millions of \$	Share (%)	Millions of \$	Share (%)
IGGI	4,897	97.8	5,250	93.8
ODA	3,766	75.2	3,788	67.7
Food aid ¹⁾	--	--	--	--
Program aid ²⁾	718	14.3	127	2.3
Project aid ³⁾	3,048	60.9	3,661	65.4
Non-ODA	1,131	22.6	1,462	26.1
Non-IGGI (project aid)	109	2.2	350	6.2
ODA	23	0.5	24	0.4
Non-ODA	86	1.7	326	5.8
Total	5,006	100.0	5,600	100.0

1) Borrowings under food aid program.

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

3) Includes loans from Exim Bank of Japan

By the end of March 1992, the outstanding of government's external debt totaled \$44.5 billion, a decline of \$392 million from the end of March 1991. The decline was brought about in large part by the appreciation of U.S. dollar vis-a-vis other major world currencies. Most of the external debt was denominated in US dollar (42.2%) and Japanese yen (40.0%). With respect to the origin of credit, most (87%) of the external debt originated from the IGGI members, comprised of bilateral arrangements of \$25.2 billion, mostly with Japan, the United States and Germany. Debt owed to multilateral arrangement was originated from the World Bank and Asian Development Bank. At the last (the 34th) IGGI meeting held in the Hague in June 1991, donors agreed to set the aid level for Indonesia at the amount of \$4.76 billion, including special assistance of \$1.0 billion. The aid consisted of bilateral assistance of \$1.9 billion and multilateral assistance of \$2.9 billion. In addition, the outstanding debt owed to non-IGGI members was \$5.8 billion, which was mostly obtained from banks abroad.

	Changes			
	1990/91	1991/92	1990/91	1991/92
	Billions of \$			
Government debt	4.5	-0.4	44.9	44.5
Old debts 1)	-0.07	-0.3	1.2	0.9
New debts	4.6	-0.1	43.7	43.6
<i>IGGI</i>	<i>5.5</i>	<i>0.8</i>	<i>37.0</i>	<i>37.8</i>
ODA	5.1	0.8	27.1	27.9
Food aid 2)	-0.4	-0.2	2.1	1.9
Program aid 3)	0.6	0.1	3.2	3.3
Project aid 4)	4.9	0.9	21.8	22.7
Non-ODA	0.4	--	9.9	9.9
<i>Non-IGGI</i>	<i>-0.9</i>	<i>-0.9</i>	<i>6.7</i>	<i>5.8</i>
ODA	0.05	-0.2	1.5	1.3
Non-ODA	-1.0	-0.7	5.2	4.5
Debt of state enterprises	-0.1	-0.1	0.6	0.5
TOTAL	4.4	-0.5	45.5	45.0

1) Old debts are those obtained prior to July 1966.
 2) Includes borrowings for price stabilization program.
 3) Special borrowings with soft terms to assist government program.
 4) Includes special borrowings from Exim Bank of Japan.

With respect to the type of borrowing, government's external borrowing consisted of Official Development Assistance (ODA) of \$30.1 billion (68%) from program aid in the form of food aid (pure program) of \$1.9 billion, program aid in the form of special assistance amounting to \$3.3 billion and project aid of \$22.7 million. Outstanding under non-ODA debt amounted to \$14.4 billion, which consisted of special assistance of \$ 2.7 billion, under the framework of exports credit facility of \$7.5 billion, and borrowing under commercial terms of \$4.2 billion.

In accordance with the government principle in acquiring foreign borrowing which consistently places priority on obtaining soft terms and untied borrowing, the Government made a strategic decision in the area of foreign borrowing. On March 25, 1991 the Government of Indonesia asked the government of the Netherlands, as the chairman of

	As of March, 1992	
	Billions of \$	Share (%)
Bilateral		
United States	2.5	5.5
Japan	15.6	35.1
France	1.9	4.3
Germany	2.0	4.6
United Kingdom	0.7	1.5
Netherlands	1.5	3.3
Austria	0.3	0.5
Multilateral		
I B R D	9.8	22.0
I D A	0.8	1.9
A D B	2.8	6.4
Others	6.6	14.9
TOTAL	44.5	100.0

the IGGI, among others to: Stop the disbursement of all Dutch aid to Indonesia, both in the form of borrowing and grant, no longer arrange new aid packages for Indonesia, and no longer organize IGGI meetings. Therefore this ended the IGGI, and in place of it, the Government asked the World Bank to organize a forum called the Consultative Group for Indonesia (CGI). The first meeting was planned to be held in Paris, France in July 1992.

Private Capital Movements

After obtaining the highest growth ever recorded in 1990/91, the **net inflow of private capital** declined in 1991/92. The high growth of foreign commercial borrowing by the private sector, including banks in the past two years, was especially induced by the large spread between domestic and international interest rates which was intensified by the favorable business climate in

Indonesia. This development was facilitated by the removal of the ceiling on foreign commercial borrowing by banks in 1989 and the availability of the swap facility with Bank Indonesia. In 1989/90, the net private capital inflow was only \$575 million, then in 1990/91 increased substantially to \$5.9 billion. Finally in 1991/92 foreign borrowing by the private sector declined slightly to \$4.1 billion. The decline occurred in the capital inflows of non-PMA companies from \$4.4 billion to \$2.6 billion. In contrast, the capital inflows of PMA companies still increased from \$1.4 billion to \$1.5 billion in 1991/92.

In 1991/92, the Government issued measures to encourage the PMA activities. The measures allowed the change of the industrial estate under the PMA/PMDN scheme into an industrial bonded given that certain requirements are met,¹¹⁾ and revised the negative list.¹²⁾ In addition, the Government allowed the foreign participants to own as much as 80% of the capital stock in the PMA companies which either have or have not produced commercially.¹³⁾ Meanwhile, the Government allowed the participation of venture capital companies in PMA/PMDN provided the participation is on a temporarily basis, and not to exceed 10 years.¹⁴⁾ The Government also widened the scope opportunity for PMA to pursue joint with cooperative and small scale economic groups. The minimum investment for export oriented PMA was \$1 million, but if the investment includes the participation of cooperative and small scale economic groups, the minimum amount of

investment was lowered to \$250 thousand. The share of cooperative and small scale economic groups at the time of initial investment should not be less than 5%, then it should be increased into 20% within 10 years and into 51% within 15 years.¹⁵⁾ In an effort to encourage the development in the eastern part of Indonesia, the Government granted special concession for PMA/PMDN employing foreign workers for PMA/PMDN companies that are willing to invest in the eastern part of Indonesia, provided the production is export oriented.¹⁶⁾

The decline in net capital inflow by non-PMA companies occurred primarily in foreign borrowing by banks, other private companies, and the stock purchase by foreign investors. The decline in the net capital inflow of banks was caused by an increase in the debt amortization and the imposition of ceiling on foreign commercial borrowing. In the meantime, the decline of stock purchases by foreign investors was prompted by market correction.

International Reserves and Exchange Rate

In 1991/92, as mentioned earlier, current account deficit was \$4.4 billion, while capital account surplus was \$5.6 billion. The foreign exchange reserves of Bank Indonesia increased \$981 million in 1991/92 compared to \$3.3 billion a year earlier. With this development, the official reserves of Bank Indonesia rose to \$10.5 billion at the end of March 1992. Taking into account foreign exchange reserves of \$1.5 billion held by foreign

11) Minister of Industry Decree No.30/M/SK/4/1991, April 30, 1991.

12) Presidential Decree No. 23 of 1991, June 3, 1991.

13) Investment Coordinating Board Decree No. 17/SK/1991, November 26, 1991.

14) Investment Coordinating Board Decree No. 19/SK/1991, December 9, 1991.

15) Investment Coordinating Board Decree No. 21/SK/1991, December 27, 1991.

16) Minister of Man Power Decree No. KEP/291/MEN/1991, July 5, 1991.

exchange banks at the end of March 1992, national foreign exchange reserves were \$12.0 billion or equivalent to 6.0 months worth of non-oil/gas imports.

Exchange rate policy was an important factor which contributed to the improvement in non-oil/gas exports. In 1991/92, the value of rupiah depreciated nominally vis-a-vis the US dollar by

4.21%. Meanwhile, against a basket of major world's currencies, the value of rupiah depreciated, on average by 7.86%. After adjusting for differentials between Indonesia's inflation rate and the inflation rates of the trading partners, during 1991/92 the real effective exchange rate which represented one of the competitiveness indicator for exports goods, especially non-oil/gas, could be maintained.

Box 3: Coordination of Foreign Commercial Borrowing

For a developing country like Indonesia, external financing is one of the alternatives to accelerate the development process when domestic savings is relatively low. Foreign borrowing has made a positive contribution to the national economic development. However, it is also realized that the misallocation of external finance might create some problems in the future, similar to those experienced by some Latin American countries during the 1980s.

Until 1989, the Government played a dominate role in financing economic development. This was reflected in the higher level of net official capital inflows than net private capital inflows. In the last few years, however, net private capital inflows have exceeded net official capital inflows. But, this development is in line with government efforts to promote the role of the private sector.

Since 1983, the Government has launched a series of deregulation packages covering the monetary, banking, and financial sectors. These

deregulation packages have successfully increased domestic economic and investment activities. The increase in investment was also reflected in the mega-projects implemented by state enterprises and private sectors. Most of these projects were financed by offshore borrowings which was made possible in March 1989 by the Government's abolishment of ceilings on foreign borrowings by foreign exchange banks and non-bank financial institutions (NBFIs). Meanwhile, the huge increase in offshore borrowings during the last two years was closely related to rising interest rate due to a restrictive credit policy designed to slow down domestic demand.

The huge increase in offshore borrowing, however, concerned the Government because of its negative economic repercussion especially with the balance of payments. This foreign commercial borrowing has generally been short-term in nature, but if it is used to finance long-term investment it could create maturity (mismatch) problem as the projects would not generate foreign exchange until after their loan matured. At the same time, the Indonesia's

borrowing requirements would increase substantially. This happened not only as the result of the unfavorable international market condition but also by the increase in activities of Indonesian borrowers in searching foreign loans. To reduce the negative economic consequences associated with the rapidly rising level of foreign commercial borrowing, the Government decided that coordinated policies and measures were needed to manage foreign commercial debts. Foreign commercial borrowing must be managed prudently so that the pressure on Indonesia's international balance of payments can be reduced and the access of Indonesia borrowers to the international capital market can be improved. Foreign Commercial Borrowing Management Coordinating Team (the Team) was established by Presidential Decree No. 39 to coordinate foreign commercial borrowings in September 1991. The main duties of the Team are as follows:

- to coordinate the management of all foreign commercial debts, i.e., all foreign loans, excluding those in the framework of IGGI, and other official loans needed by the Government, state-owned corporations (including government banks and Pertamina), and private-owned corporations (including banks and NBIs).
- to set the total amount of foreign commercial borrowing from international capital markets during one fiscal year and to set guidelines for foreign commercial borrowing.
- to set the order of priorities for foreign commercial borrowings used for financing development projects as well as foreign commercial borrowings used for other needs, provided that the total amount does not exceed

the total amount determined for the fiscal year.

- to set time schedule for seeking borrowings in the international capital markets for each borrowing approved by the Team in order to avoid confusion in entering the international capital markets and in order to obtain favorable terms.
- to set procedures for requesting approval to seek foreign commercial borrowings and procedures for the borrowers to submit periodic reports concerning the use of foreign commercial borrowings.
- to monitor plans, implementation and use of foreign commercial loans.
- to take necessary steps for implementation and coordination of foreign commercial debt management and for reaching the intended goals.

Ceiling on Foreign Commercial Borrowing

	1991/92	1992/93	1993/94	1994/95	1995/96
	Millions of \$				
Bank Indonesia	400	500	500	500	500
State Bank	1,000	1,000	1,000	1,000	1,000
Private Bank	500	500	500	500	500
Private Companies	2,500	2,600	2,700	2,800	2,900
State-Owned Companies	1,500	1,000	1,200	1,400	1,600
Total	5,900	5,600	5,900	6,200	6,500

In line with its duty, on October 12, 1991, the Team set the ceiling on commercial foreign borrowings for the next five years as follows:

Furthermore, on November 14, 1991, the Team issued decrees explaining foreign commercial borrowing which are not subject to coordination. These foreign commercial borrowings; among others, are:

1. Foreign commercial borrowings in the context of trade with the maturity less than one year, such as usance L/C, red clause L/C, bank guarantee (stand-by L/C) for foreign borrowings, and supplier and buyer credits, which are not intended to finance the new projects or the expansion of projects related to public entities (state-owned banks and enterprises).
2. Foreign commercial borrowings in the context of money/capital market amounting to less than \$20 million per creditor or depositor, such as a money market line, non-residents' foreign exchange deposits, and securities sold to non-residents, which are not intended to finance new projects or expansion of projects related to public entities (state-owned banks and enterprises).
3. Foreign commercial borrowings by pure private company to finance the private projects which are not related to the public entities.

Foreign commercial borrowings which are not subject to the Team coordination do not need prior approval from the Team and their amounts are excluded from the total ceilings. In addition, it is

explained also that foreign loans received by banks and NBFIs are coordinated by Bank Indonesia.

Coordination by Bank Indonesia relates to several aspects, including: deciding market queueing for foreign commercial borrowing, allocating the borrowing ceiling, and managing the reporting system for foreign commercial borrowing.

Meanwhile, on November 19, 1991, it was explained in detail the nature and type of coordination for foreign commercial borrowings which need prior approval from the Team, obligation to follow the Net Open Position for the banking sector, obligation to send report, following the queueing schedule, and/or considering the ceiling of foreign borrowing for certain borrower. For example, foreign commercial borrowing by a pure private company should be reported to the Team and Bank Indonesia, but the ceiling is only for monitoring purposes. A detailed explanation of the nature and type coordination is provided in the following table. In addition to those regulations, the Team also rescheduled the implementation of some mega-projects related to the public sector for the fiscal years 1991/92 through 1994/95.

**NATURE AND TYPE OF COORDINATION OF
OFFSHORE COMMERCIAL BORROWING (PKLN)**

UTILIZATION/BORROWER	AP- PROVAL	NOP BANK/ NBFI	CEILING FOR MONITORING	REPORT TO BI	QUEUEING BY BI
(1)	(2)	(3)	(4)	(5)	(6)
1. PKLN IN THE CONTEXT OF COMMERCE (< = 1 YEAR) AND NOT FOR PROJECT FINANCING 2)					
1.1. State Bank	-	V	-	V	-
1.2. Private Bank and NBFI	-	V	-	V	-
1.3. Private Company	-	-	-	-	-
1.4. Stated-owned Company	-	-	-	-	-
2. PKLN IN THE CONTEXT OF MONEY/CAPITAL MARKET AND NOT FOR PROJECT FINANCING					
2.1. Amounting to < = \$20 million p.a. for each creditor 14) or for each depositor					
2.1.1. State Bank	-	V	-	V	-
2.1.2. Private Bank and NBFI	-	V	-	V	-
2.1.3. Private Company	-	-	-	V 5)	-
2.1.4. Stated-owned Company	V	-	-	-	-
2.2. Amounting to > \$20 million p.a. for each creditor or depositor					
2.2.1. State Bank	V 3)	V	V	-	-
2.2.2. Private Bank and NBFI	-	V	V	V	V
2.2.3. Private Company	-	-	V	V 5)	-
2.2.4. Stated-owned Company	V	-	V	-	-
3. PKLN 4) FOR PROJECT FINANCING 2) WITH PKLN FROM STATE BANK					
3.1. PKLN of State Bank < = \$20 million					
3.1.1. State Bank	-	V	V	V	V
3.1.2. Private Bank and NBFI	-	V 6)	V 7)	V	V
3.1.3. Private Company	-	V 8)	V 7)	V 5)	V 9)
3.1.4. Stated-owned Company	V	V 8)	V	-	-
3.2. PKLN of State Bank > = \$20 million					
3.2.1. State Bank	V 10)	V	V	-	-
3.2.2. Private Bank and NBFI	V 11)	V 6)	V 7)	-	-
3.2.3. Private Company	V 11)	V 8)	V 7)	-	-
3.2.4. Stated-owned Company	V 12)	V 8)	V	-	-
4. PKLN 4) FOR PROJECT FINANCING 2) WITH STATED-OWN COMPANY PARTICIPATION					
4.1. State Bank	V	V	-	-	-
4.2. Private Bank and NBFI	V	V	-	-	-
4.3. Private Company	V	-	-	-	-
4.4. Stated-owned Company	V	-	V	-	-
5. PKLN 4) FOR PROJECT FINANCING 2) BY PURE PRIVATE COMPANY 13)					
5.1. Private Bank and NBFI	-	V	V	V	V
5.2. Private Company	-	-	V	V 5)	-
<div> <div> 1) Approval means : - Project subject to Team approval - PKLN amount subject to Team approval - PKLN terms subject to Team approval - Queueing by Team - Report to Team and BI - Stated-owned Company ceiling </div> <div> 4) Including : - Loan for commercial purposes - Loan in the context of money market - Non-resident deposits; specifically for project financing 5) Report to Team and BI 6) NOP for each Bank and NBFI. 7) Ceiling for each group of borrowers 8) NOP for State Bank </div> <div> 9) Queueing for State Bank 10) Ceiling for State Bank 11) Approval to State Bank 12) Approval to State Bank and Stated-owned Company 13) Project without Stated-owned Company participation and without State Bank PKLN. 14) For PKLN < = \$20 million through syndication subject to item 2.2. </div> </div>					

FINANCIAL INSTITUTION AND CAPITAL MARKET ACTIVITIES

Banking Activities

A series of deregulation measures in the financial, monetary, and banking sectors undertaken by the Government since 1983 have provided greater flexibility and opportunities for the banking sector. In particular, the national banking sector has been rapidly expanding since the October 1988 policy package, both in bank office networks and their service offerings. The expansion of the office network has not only occurred within Indonesia but has also reached overseas, especially world's financial centers. At the same time, the increase in banking services has encompassed the introduction of new products offered to the public.

These developments have increased the demand for professional bankers as well as adjustments in the management, strategy, and operation of banks. In addition, to face the challenges from the globalization of banking, the domestic banking sector also has to apply international banking standards. In this connection, through the February 1991 policy package, prudential regulations governing banking operations have been improved. This package has also introduced requirements for capital adequacy ratio (CAR) and loan to deposit ratio (LDR). The fulfillment of CAR is to be gradually phased in, namely 5% by the end of March 1992, 7% by the end of March 1993, and 8% by the end of December 1993. This regulation is very important to create a sound banking system, to improve banking services, and to protect customers' interest.

The policy packages of past several years, especially the October 1988 and February 1991

packages, have provided important changes to meet the requirements of development for banking services. Furthermore, an important step was taken through the ratification of Act No.7 of 1992 on banking activity which provides the banking system with firm institutional foundation. In the act, banking institutions are divided into two types, namely commercial banks and rural credit banks. With the new act, national banking activities were expanded. Commercial banks can specialize in certain business activities according to their expertise and in business lines which they want to develop, such as long-term financing and cooperatives, economically-disadvantaged groups, non-oil/gas exports, and real estate development. In addition, commercial banks can issue shares through Indonesian stock exchange and, especially for state-owned banks, the issuance of shares can only be done without causing any change in the majority position of the State. Another feature is the provision of financing for customers on the basis of profit sharing. Rural credit banks are directed to be active in the development and modernization of rural areas as well as in the service for economically weak business groups/small-scale companies. The new act also stipulates on the change of non-bank financial institutions' (NBFIs') business to become banks or securities companies.

Government efforts to cool down the overheated economy since mid-1990 coupled with the February 1991 policy package since mid-1990 have initiated a period of consolidation. In the banking sector, the consolidation was reflected in the slowdown in expansion of office networks and lending activities in the reporting year. In addition, most office establishment and

change have been able to be met in the period of three years since the October 1988 policy package.

In 1991/92, the number of commercial banks grew by 20, compared with an increase of 25 in the preceding year. The number of commercial bank offices consisting of head offices, branch offices, and auxiliary branch offices increased by 571 reaching 4,286 offices.

Table 5.1
Number of Banks and Bank Offices in Indonesia

	End of period	
	1990/91	1991/92
Commercial banks		
State		
Number of banks	5	5
Number of offices	957	961
Private national		
Number of banks	111	130
Number of offices	2,168	2,672
Foreign/joint-venture		
Number of banks	28	29
Number of offices	48	54
Development banks		
State		
Number of banks	1	1
Number of offices	30	41
Regional		
Number of banks	27	27
Number of offices	376	412
Private		
Number of banks	1	1
Number of offices	14	19
Savings banks		
State		
Number of banks	1	1
Number of offices	43	43
Private		
Number of banks	2	2
Number of offices	79	84
Number of banks	176	196
Number of offices	3,715	4,286
Rural credit banks 1)	8,058	8,366
Non-rural		
New	376	664
Petty trader/village	182	175
Rural credit agency	217	217
Rural		
Village	3,291	3,296
Paddy	2,056	2,078
Rural fund and credit institution	1,936	1,936
Total number of banks	8,234	8,562
Total number of offices 2)	11,773	12,652

1) The number of banks is equal to that of bank offices.

2) Comprising head offices, branch offices, and auxiliary branch offices.

Table 5.2
Consolidated Balance Sheet of Deposit Money Banks

	Changes		End of
	1990/91	1991/92	March 1992
	Billions of rupiah		
ASSETS			
Cash in hand	217	-91	1,197
Bank Indonesia	-1,614	194	2,325
Securities	523	-876	--
Domestic drafts	321	2,228	7,368
Outstanding loans in rupiah	22,184	2,615	93,658
Foreign exchange assets			
loans	6,340	4,692	16,902
others	1,503	1,296	16,400
Participation	86	80	409
Premises, furnitures, and fixtures	802	851	2,941
Other assets	4,792	291	6,371
ASSETS = LIABILITIES	35,154	11,280	147,571
LIABILITIES			
Paid-up capital	1,371	2,132	5,786
Reserves/profit and loss account	1,718	-1,463	4,103
Borrowings in rupiah	4,888	-3,267	9,104
Demand deposits	-118	4,398	17,890
Time/savings deposits	8,786	10,841	53,690
Drafts payable	817	-175	2,246
Guarantee deposits	102	40	338
Foreign exchange liabilities			
Demand deposits	989	421	4,188
Time/savings deposits	9,022	-847	16,577
Borrowings	3,356	2,074	8,267
Others	733	1,307	5,486
Bank Indonesia	-154	-5,649	12,208
Other liabilities	3,644	1,468	7,628

Meanwhile, the number of rural credit banks continued to grow strongly, increasing by 308 to 8,366 banks at the end of the reporting year. Of this total, 1,056 were non-rural credit agencies, 5,374 rural credit agencies, and 1,936 rural fund and credit institutions. In accord with Act No. 7 of 1992 which enables the establishment of profit-sharing commercial banks and rural credit banks, in the reporting year a profit-sharing bank was established.

The business activities of banks measured by growth in their assets, capital, and mobilized funds

also grew more slowly. In the reporting year, the assets of commercial banks grew by 8.3%, well below the growth recorded in the preceding year of 34.8%. Slower growth was mainly experienced in rupiah credits, fell from 33.9% in 1990/91 to 11.0% in 1991/92 due in large part to efforts of banks to meet the CAR and the LDR. In accord with the February 1991 policy package, CAR is the ratio of capital to risk-weighted assets. With respect to compliance with CAR, total outstanding capital of banks averaged 12.2% of the risk-weighted assets at the end of March 1992; only 11 out of 194 banks were able to reach the 5% CAR. Meanwhile, the LDR, which measures the ratio of liabilities to deposits, showed improvements in the reporting year; only 50 out of 194 banks were unable to meet the LDR requirement.

Sources of Funds

During the reporting year, funds mobilized by banks, originating both from domestic and foreign sources, grew more slowly than that of the preceding year. Slower growth in domestic funds was especially apparent in the small rise in savings deposits and short-term securities due to slow growth in credit expansion. In addition, the growth of funds from foreign sources also declined due to the implementation of the policy to control foreign borrowing.

Of the various sources of funds, savings deposits continued to contribute the largest share in the total amount of funds mobilized by banks. During the reporting year, funds in rupiah and foreign exchange comprising demand deposits, time deposits, and savings deposits rose just 23.5% compared to 30.9% in the preceding year. This was caused by a sharp decrease in the growth of time deposits, the largest component in bank funds, from 37.1% in

Table 5.3
Mobilization of Funds by Type 1)

	1990/91	1991/92	1991/92
	Changes (%)		Trillions of rupiah
Demand deposits	12.3	19.4	21.4
Rupiah	-0.7	26.0	17.0
Foreign exchange	87.1	-0.8	4.4
Time deposits 2)	37.1	14.0	56.8
Rupiah	20.4	15.2	38.9
Foreign exchange	93.4	11.4	17.9
Savings deposits 3)	41.6	79.7	17.5
Total	30.9	23.5	95.7
Rupiah	17.5	28.8	73.4
Foreign exchange	92.0	8.8	22.3

1) Including funds of the Central Government and non-residents.

2) Including certificate of deposits.

3) As stipulated, savings deposit is only in rupiah.

1990/91 to only 14.0% in 1991/92 which offset relatively strong increase in demand and savings deposits.

With respect to funding trends, foreign currency savings deposits grew slowly, especially time deposits which only increased 11.4% in the reporting year compared to 93.4% in the preceding year. This reflected the recovery of the public's confidence in the rupiah following a speculation against the domestic currency at the beginning of the reporting year.

During the reporting year, total rupiah savings deposits expanded impressively at 28.8%, compared to 17.5% in the previous year. However, rupiah time deposits, the largest component of rupiah savings deposits, slowed to 15.2% compared to 20.4% in the preceding year. The slowdown in growth was associated with the decreasing trend in interest rates on savings deposit, especially since mid-1991.

In line with the desire of banks to mobilize longer-term funds, short-term time deposits grew more slowly than long-term time deposits. Growth in time deposits with a maturity of 3 months or less eased from 51.8% to 24.1%, while those with a maturity between 3 months and 24 months rose 31.2% compared to a decrease of 13.2% in the previous year. This was associated with the public's expectation that interest rates on savings deposit would decrease.

According to ownership, time deposits of individuals continued to account for nearly 48.8% of the total, followed by those owned by private and state companies of 15.5% and 11.5%, respectively. In the reporting year, however, growth in time deposits of individuals slowed, from 50.5% to 7.0%, while those of private companies decreased 11.4% following a growth of 68.3% in the previous year. By contrast, time deposits owned by the State and state companies rose sharply at 123.0% and 157.3%, respectively, compared to a decrease of 66.9% and 40.3% in the previous year. The slowdown in the growth rates of time deposits owned by individuals and private companies were associated with slow growth of bank credits, while the rise in those owned by the State was attributable to an increase in the government receipts originating in part from reforestation fees.

In the reporting year, savings deposits increased 79.7% to Rp17.5 trillion, nearly twice the 41.6% rise recorded in the preceding period. Rapid growth was attributable to the continued efforts of banks in introducing new savings scheme and offering attractive interest rates as well as enhancing the characteristics of savings deposits to make them more competitive with demand deposits. As a result, the share of savings deposits in the total funding profile of banks rose from 12.5% to 18.3%.

Table 5.4
Sources of Funds

	1990/91	1991/92	1991/92	
	Changes (%)		Trillion rupiahs	Share (%)
Residents	19.9	14.7	38.5	99.1
Government	-66.9	123.0	1.1	2.9
Insurance companies	-60.1	-12.1	1.2	3.0
State-owned companies	-40.3	157.3	4.5	11.5
Private companies	68.3	-11.4	6.0	15.5
Social institutions and agencies	34.6	10.1	4.0	10.3
Individuals	50.5	7.0	19.0	48.8
Others 1)	8.9	49.8	2.8	7.1
Non-residents	470.0	111.1	0.4	0.9
Total	20.4	15.2	38.9	100.0

1) Including government agencies/institutions, non- bank financial institutions, and cooperatives.

Mobilization of Funds

In the reporting year, bank credits, which were the largest component in total bank funds, grew slowly. Bank credits extended in both rupiah and foreign currencies rose just 16.1%, far below the previous year's growth of 40.3%. Factors affecting the slow growth in rupiah credits were the impact of banking legislation introduced in early 1991, the rising preference among banks for liquidity, the increasingly prudent attitude of banks towards credit extension, and the persistently high lending rates. Although bank liquidity was eased in the reporting year, banks remained cautious about credit expansion due to concerns about risk and their desire to increase their liquidity to meet CAR and LDR requirements enumerated in the February 1991 policy package. Funds were used for short-term investments, such as the purchase of Bank Indonesia certificates (*Sertifikat Bank Indonesia* or SBIs). Foreign currency credits also grew slowly, by 56.8%, less than a half of the rate recorded in the preceding year. Slower growth was caused by a slowdown in the source of bank funds

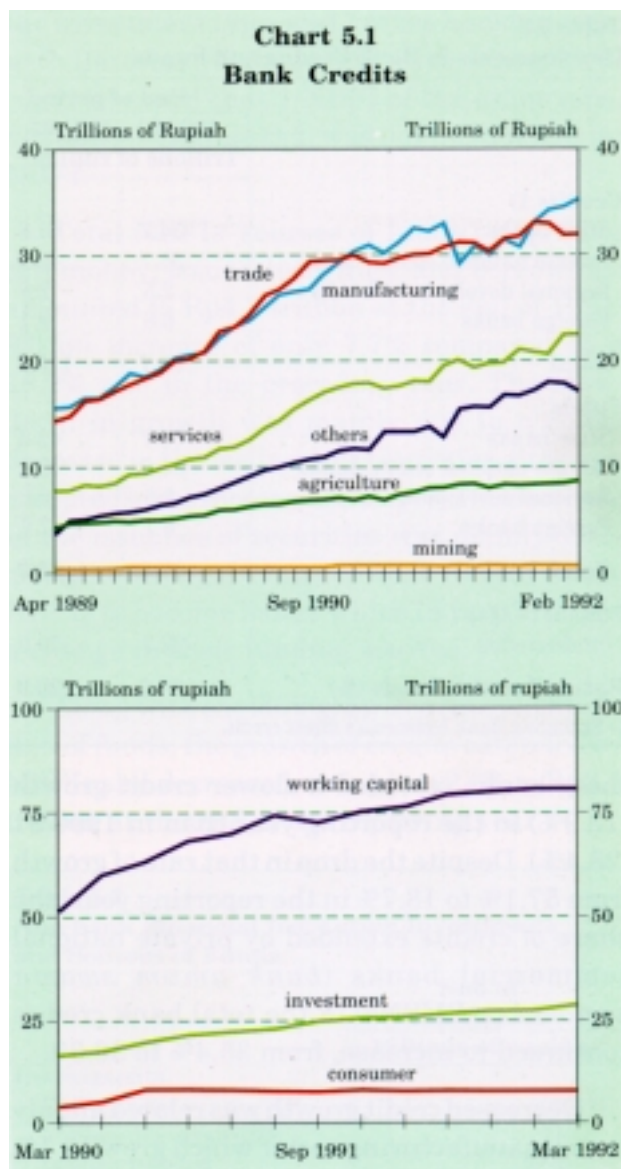
denominated in foreign exchange originating both from the public and offshore borrowing and also with a decreased demand for credit for imports. This was in line with the Government's efforts to control the growth rate of import through tight monetary policy.

By type of credits, working capital credit, which is the largest component in bank credits (69.1%), grew just 15.1% following a sharp rise of 37.0% in the previous year. Newly extended investment credits still rose strongly, by 26.6% compared with 35.7% in the preceding year. This was in line with the high level of investment demand and a high realization of credits approved in the previous years. Consumer credit decreased by 4.5% compared to a remarkably high increase of 100.7% in the preceding year. On one hand, the decrease was caused by a slowdown in credits for motor vehicles

Table 5.5
Developments in Bank Credits

	1990/91	1991/92	1991/92	
	Changes (%)		Trillion rupiahs	Share (%)
By type of credit	40.3	16.1	116.6	100.0
Investment	35.7	26.6	28.2	24.2
Working capital	37.0	15.1	80.6	69.1
Consumer	100.7	-4.5	7.8	6.7
By group of banks	40.3	16.1	116.6	100.0
State	28.4	12.9	61.8	53.0
Private national commercial	57.1	18.7	42.3	36.3
Regional development	38.5	4.6	2.6	2.2
Foreign	80.6	32.5	9.1	7.8
Bank Indonesia 1)	4.8	13.3	0.8	0.7
By economic sector	40.3	16.1	116.6	100.0
Agriculture	27.5	16.6	8.9	7.6
Mining	24.3	13.2	0.7	0.6
Manufacturing	39.5	13.1	35.4	30.4
Trade	29.7	7.8	31.9	27.4
Services	50.1	26.5	22.5	19.3
Others	69.1	27.2	17.1	14.7
In rupiah and forex	40.3	16.1	116.6	100.0
Rupiah	33.9	10.4	97.3	83.5
Foreign exchange	113.9	56.8	19.3	16.5

1) Bank Indonesia's direct credit.



and housing. On the other hand, banks made efforts to extend credit for productive small-scale enterprises (*Kredit Usaha Kecil* or KUK) in order to reach the legal level of 20% of their credit portfolio. With the decrease, the share of consumer credit in total credits fell from 8.2% in 1990/91 to 6.7% in the reporting year.

Of the total bank credits, credits extended by state banks continued to account for the largest share, namely 53.0%. Nevertheless, these banks

Table 5.6
Developments in Bank Credits and Funds

	End of period	
	1990/91	1991/92
	Trillions of rupiah	
Credits 1)		
State banks	54.7	61.8
Private national comm. banks	35.7	42.3
Regional development banks	2.5	2.6
Foreign banks	6.8	9.1
Total	99.7	115.7
Funds		
State banks	34.1	42.4
Private national comm. banks	34.8	43.2
Regional development banks	2.5	2.9
Foreign banks	6.1	7.2
Total	77.5	95.7
Surplus (+)/gap (-) funds-credits	-22.2	-20.0
Ratio of credits/funds (%)	128.6	120.9
1) Excluding Bank Indonesia's direct credit.		

recorded a slower credit growth (12.9%) in the reporting year than in 1990/91 (28.4%). Despite the drop in that rate of growth from 57.1% to 18.7% in the reporting year, the share of credits extended by private national commercial banks (*bank umum swasta nasional* or BUSNs) in the total bank credits continued to increase, from 35.4% to 36.3%.

Decreased credit growth was related mainly to the manufacturing sector which grew 13.1% compared to 39.5% in the preceding year. This reflected a low level of activity, mainly in transportation and basic metal industries. Credit growth in the trade sector slowed to 7.8% after rising 29.7% in 1990/91, which was in large part caused by a decrease in retail trade, distribution, and collection of domestic commodities. Within the slowdown in credit growth, the share of credits in the manufacturing and trade sectors to the total bank credits decreased from 31.2% and 29.5% to 30.4% and 27.4%, respectively.

Although the January 1990 policy package ended the extension of export credits financed with Bank Indonesia liquidity credits (*kredit likuiditas Bank Indonesia* or KLBI), extended export credits rose by 33.1% in 1991/92 compared to 5.1% in 1990/91. This was in line with Bank Indonesia's stipulation that banks to extend a minimum of 80% of their total foreign exchange credits to finance export activities.¹⁾

In 1991/92, credits extended to small-scale entrepreneurs continued to increase as KUK extended by banks rose from Rp22.1 trillion at the end of March 1991 to Rp22.8 trillion at the end of the reporting year, a rise of 3.2%. With the increase, the ratio of KUK achieved by banks at the end of March 1992 in total was 23.4%. By bank group, at the end of 1992 regional development banks (*bank pembangunan daerah* or BPDs) achieved the highest percentage of KUK at 50.7%, followed by non-foreign exchange BUSNs at 25.2%, foreign exchange BUSNs at 22.3%, and state owned banks at 20.9%, while foreign and joint-venture banks had lower percentage of KUK. The low percentage of KUK achieved by the latter two groups of banks was in line with stipulation that the extension of export credits compress a minimum of 50% of credit extended rather than meeting the requirement of 20% KUK.

To support banks in the extension of KUK, Bank Indonesia has promoted technical assistance through small-scale enterprise development project (*Proyek Pengembangan Usaha Kecil* or PPUK). PPUK's activities, which were formerly focused on bank staff training and project identification, have been expanded with the creation of "foster parent" program

1) Bank Indonesia Circular Letter No. 24/3/ UKU, November 29, 1991.

between strong enterprises and cooperatives to expand small-scale entrepreneurs' access to bank finance.

To induce cooperatives and promote the incomes of farmer and member cooperatives, credits extended to cooperatives and to farmers (*Kredit Usaha Tani* or KUT) rose significantly in the reporting year. Credits extended to cooperatives comprising credits to village unit cooperatives (*Koperasi Unit Desa* or KUDs) for the procurement of food, secondary crops, fertilizer, and cloves increased 38.7% while the intensification of the small-scale sugarcane estate scheme (*Tebu Rakyat Intensifikasi* or TRI) increased 22.6%. Over the same period, KUT extended to finance the intensification of rice, secondary crops, and the old TRI scheme rose 4.8%. In an effort to support food procurement, outstanding credits to the state agency for food logistics (*Badan Urusan Logistik* or Bulog), which was still financed with KLBI, reached Rp1.5 trillion in the reporting year.

Non-bank Financial Institutions (NBFIs)

The Minister of Finance Decree No. 1548/KMK.013/1990, introduced in December 1991, prohibited NBFIs from engaging in underwriting and brokerage. Those activities can be carried out only by changing the institutional status of NBFIs. Based, on Act No. 7 of 1992, NBFIs can adjust their businesses to become banks or securities companies. Those that choose to become banks can do so within one year from the enactment of the act, while those that choose to become securities companies follow regulations defined by Bapepam.

At the end of the reporting year, the number of NBFIs remained unchanged at 13 comprising 3 NBFIs of the development type, 9 of the investment type, and 1 of the housing type, with the total number of offices reaching 21. It could be noted

that 1 NBFI of the other type, namely PT Danareksa, was not included as an NBFI.

Total NBFIs' sources of funds comprising call money, issued securities, and borrowings amounted to Rp4.2 trillion at the end of 1991/92, an increase of only 7.7% compared to a 18.2% rise in the preceding year. The slowdown in growth was mainly due to a sharp decrease in the issuance of securities although accepted loans increased sharply. The decrease in the issuance of securities was mainly associated with legal changes that caused many NBFIs to become banks which in turn brought a change in their funding sources.

Along with the slow growth in the mobilization of funds, the growth of credits extended by NBFIs also decreased, rising just 2.8% to Rp3.5 trillion at the end of the reporting year.

Table 5.7
Non-bank Financial Institution Investments and Sources of Funds

	End of March 1992 Billions of rupiah
Investments	
Call money	581 1)
Marketable securities	413
Loans extended	3,540
Equity participation	178
Others	
Total	4,712
Sources of funds	
Time deposits	139
Call money	2,010 1)
Securities issued	298
Loans received	795
Subordinated loans	1,022 2)
Capital	557
Others	22
Total	4,843

1) Placement or funds from other banks.

2) Loans from Bank Indonesia.

At the end of March 1992, total assets of NBFIs rose just 4.2% to Rp5 trillion compared to a 17.1% rise in the preceding year. The slowdown in asset growth was closely associated with NBFIs' efforts to adjust their balance sheet in line with regulations on banks.

Total profits of NBFIs amounted to Rp73.8 billion in 1991/92, a decline of 43.3% compared to an increase of 12.1% in 1990/91. This was caused mainly by losses suffered in domestic capital markets.

Table 5.8 Consolidated Balance Sheet of Non-bank Financial Institutions	
	End of March 1992 Billions of rupiah
Current assets	
Cash at banks	--
Savings with Bank Indonesia	39
Placement with other banks	581
Marketable securities	413
Loans and advances	3,540
Equity participation	178
Fixed assets	92
Others	197
ASSETS = LIABILITIES	5,040
Current liabilities	
Demand deposits	--
Time deposits	139
Savings deposits	--
Loans received	
from Bank Indonesia	1,022
from other banks	2,010
others	795
Securities issued	298
Other liabilities	219
Paid-up capital	203
Agio	163
Reserves	24
Retained profits	167

All NBFIs' capital met the CAR with average of 21.3%.

Other Financial Institutions

Insurance Companies

A separate act, Act No. 2, was introduced in 1992 concerning insurance business. Basically, the act adopts a specialization principle regarding the type of insurance business while also liberalizing and protecting the rights of insurance customers. The insurance companies are grouped into insurance and auxiliary insurance companies. Insurance companies consist of indemnity insurance, life insurance, and reinsurance companies, while auxiliary insurance companies consist of insurance brokers, reinsurance brokers, indemnity insurance examiners, actuary consultants, and insurance agents.

In 1991/92, the number of insurance companies rose to 141 companies, consisting of 89 indemnity insurance companies, 48 life insurance companies, and 4 reinsurance companies. Premiums and investments reached Rp4.6 trillion and Rp5.6 trillion, respectively.

Finance Companies

A finance company is a business company other than bank and NBFIs which provides funds or capital goods without directly mobilizing funds from the public through demand deposit, time deposit, savings deposit, and promissory notes. A finance company is allowed to issue promissory notes only to secure bank loans. Finance companies are grouped by type of activities into leasing, consumer finance, factoring, venture capital, credit card business, and securities trading companies.

In the reporting year, the number of finance companies rose by 22 reaching 142, each of which could carry out more than one activities. The number of companies engaged in leasing was 130, consumer finance 57, factoring 55, venture capital 45, and credit card business 35.

A leasing company is one of the companies that provides finance for the procurement of capital goods needed by business. In general, finance through leasing provides for the provision of capital goods for a certain period of time in return for regularly scheduled installment payments. With leasing, it is also possible to purchase those capital goods at the end of the contract period based on the mutually agreed upon residual value.

Pawnshops

The purpose of state pawnshops is to provide small loans to those in financial difficulty. In 1991, the number of pawnshop offices rose by 21 reaching 526. Business activities continued to grow as reflected in the increase in the amount of loans extended and repaid. In 1991, extended and repaid loans amounted to Rp616 billion and Rp560 billion, respectively, representing an increase of 15.6% and 34.0% from the preceding year. With these developments, outstanding loans rose Rp49 billion to Rp158 billion in 1991.

Capital Market

After peaking at the beginning of the first quarter of 1990/91, share prices on the Jakarta Stock Exchange (JSE) weakened over the remainder of 1990/91 and throughout 1991/92. This was caused by institutional weakness and the process of market correction of overvalued prices on the JSE. As the market corrected, domestic investors were more

Table 5.9
Pawnshop Activities

	Changes		End of
	1990	1991	1991
	Billions of rupiah		
Loans extended	50	83	616
Redemption	43	142	560
Outstanding loans	11	49	158
Number of offices (unit)	17	21	526

Source : State Pawnshop.

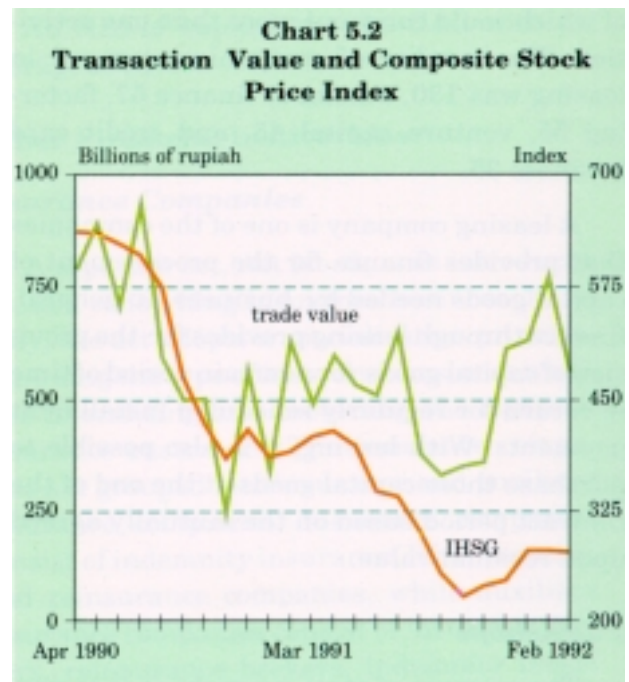
selective in purchasing stocks, shifting their emphasis towards fundamental factors when examining stock price. In addition, capital market weakness was exacerbated by a more attractive investment available in the money market due to rising interest rates as monetary policy tightened.

The bearish capital market was reflected in the number of companies going public, the total value of stocks issued, the total value of stock transactions, and the composite stock price index (*Indeks Harga Saham Gabungan* or IHSG). In the reporting year, the number of companies going public only rose by 15 with a total value of issued stocks of Rp1.3 trillion, compared to an increase of 60 companies with a total value of Rp5.5 trillion in the previous year. The number of stock transactions increased from 1.0 billion to 1.3 billion, but the transaction value declined from Rp7.2 trillion in 1990/91 to Rp6.3 trillion in the reporting year. The decline in transaction value was caused by a decrease in stock prices as reflected in the drop of the IHSG from 408.1 at the beginning of 1990/91 to 277.0 at the end of the reporting year.

In October 1991, capital market activity was at its lowest level. Between the beginning of the

reporting year and October 1991, the number of companies going public only rose by 12 compared to 51 in the same period of the preceding year. The average value of stocks traded was only Rp15.2 billion per day compared to Rp35.5 billion at the beginning of the reporting year and the IHSG was 226.7, the lowest level in three years.

In line with the bearish capital market, bond trading also weakened in 1991/92. During the first quarter of 1991/92, there was stagnation in the bond trading as reflected in the unchanged number of issues and value of bonds. In July 1991, there was a new company issuing bonds bringing the number of those companies to be 24, but the cumulative value did not change substantially, namely Rp2.1 trillion. Furthermore, up to the end of the reporting year the number of companies issuing bonds did not change, while the number of bonds increased to 384.5 thousand with a total value of Rp2.2 trillion.



From November 1991 until the end of the reporting year, the stock trading improved. The IHSG began to rise and the number of companies going public increased by 3 to 141 with a total value of Rp38.5 billion. This was in line with the gradual reduction in the interest rates on savings deposit. In addition, these developments were also related to the guideline issued by Bapepam in October and December 1991 to develop a more efficient and open markets and to provide protection for the public and investors.

In October 1991, Bapepam as the capital market supervisor issued stipulation on the guide for securities trade covering licensing and working capital of securities company, normal market price, security of customer funds, prohibition for securities trader representatives, and requirement of openness for internal staffs and certain stockholders. Furthermore, in December 1991 Bapepam issued stipulation on fund mobilization concerned with the licensing, operational method, reporting,

Table 5.10
Developments in the Jakarta Stock Exchange

	1990/91	1991/92			
		I	II	III	IV
Shares					
Number of companies	126	127	138	139	141
Value (billion rupiah) 1)	7,852.8	8,608.5	8,919.9	9,045.3	9,063.7
Transactions (billion rupiah)	7,165.9	1,644.2	1,357.4	1,322.6	1,954.1
(million certificates)	1,051.5	216.6	267.4	329.8	466.1
Composite stock price index	408.1	346.3	250.2	247.3	278.6
Bonds 2)					
Number of companies	23.0	23.0	24.0	24.0	24.0
Value (billion rupiah) 1)	1,940.2	2,090.2	2,115.2	2,215.2	2,240.2

1) End of period (accumulation).

2) Including parallel bourse.

Source : Bapepam

examination, and prospectus of the firm.

With the change in function of Bapepam, the management of the bourse was granted to private companies commensurate with Presidential Decree No. 53 of 1990. To implement this decree, in March 1991 the Government appointed PT Bursa Efek Jakarta (BEJ or the JSE) the organizer of bourse in Jakarta.

To induce bullish market, the role of the banking sector was promoted through the improvement in access to credit for securities companies and the extension of credit with stocks as the collateral.²⁾ With respect to the improved credit availability for securities companies, it was stipulated that banks are allowed to extend credit to a securities company up to a maximum level of either 25% of the company's capital or 5% of the bank's capital, whichever is lower. In addition, total credit extended by a bank to all companies was fixed at a maximum of 30% of the bank's capital.

Furthermore, a securities company is allowed to obtain bank credit (comprising investment credits, working capital, or guarantee credits) at a maximum amount of its own capital. Banks are prohibited from extending credit to individuals or non-securities companies for the purchase and sale of stocks. However, to induce the development of cooperatives, the abovementioned regulations are not applied for the extension of credit to cooperatives to purchase the bank shares. Regarding the collateralization of stocks, banks are allowed to extend credit to a company with an additional collateral in the form of stocks issued by the company financed for expansion or acquisition, while the main collateral is the financed project or business.

Since the enactment of Act No. 7 of 1992 on banking, foreign investors have been permitted to purchase shares of private commercial banks listed on the bourse up to a maximum of 49%. For state-owned commercial banks, the maximum stocks listed in the bourse was fixed at 49% of stock ownership by the State and 49% of which can be purchased by foreign investors. Before the enactment of the act, foreign investors were not permitted to purchase stocks in the capital market.

2) - Bank Indonesia Board of Directors Decree No. 24/32/ Kep/Dir, August 12, 1991.
- Bank Indonesia Circular Letter No. 24/1/UKU, August 12, 1991.

PRODUCTION AND PRICE

Production

In 1991, Indonesia's economic rate of growth was 6.6%, lower than the previous year (7.1%) but higher than the target for Repelita V (5.0% per year). Growth was mainly supported by strong gains in the manufacturing and mining and quarrying sectors as well as the trade, hotel, and restaurant sector. Together they contributed about 4.2 percentage points to the rate of growth. Nevertheless, compared to 1990, lower growth was recorded in most sectors, the lowest of which was the agricultural sector.

The impressive growth of the manufacturing sector in recent years coupled with weaker growth in the agricultural sector resulted in a shift in the composition of GDP. The share of the manufacturing sector in GDP rose from 14.6% in 1984 to 21.3% in 1991 while that of the agricultural sector dropped from 22.7% to 19.6%. In addition, the mining and quarrying sector experienced sharp growth in 1991 due to the substantial increase in mining production, particularly natural gas and coal.

Foreign demand provided the main impetus for economic growth in 1991. Overseas demand for Indonesia's products increased sharply although the world economy experienced a slowdown suggesting that the export competitiveness may have improved. Rising demand was satisfied by an increase in production capacity from the strong investment activity of the past several years. Exports of goods and services rose substantially, especially those of non-oil/gas manufactures, while trade, hotel, and restaurant activities also expanded significantly. At



the same time, domestic demand decelerated due to the efforts designed to cool down the economy.

With respect to aggregate supply, the increase in production capacity in 1991 resulted largely from the realization of previously approved PMA and PMDN projects, particularly in the manufacturing and trade, hotel, and restaurant sectors. Industrial relocation, especially from Japan and the NIEs, was the most important factor in the realization of foreign investment. In contrast, weakening prices for several principal agricultural and mining commodities adversely affected their production. Moreover, the long drought and government policy to restrict the production of logs from natural forests also dampened agricultural production.

The net effect of demand and supply factors on sectoral development is explained below. The manufacturing sector, which grew by 9.8%

contributed about 1.9 percentage points to the rate of economic growth in 1991, 1.6 percentage points of which originated from the non-oil/gas subsector. The relatively large contribution of the non-oil/gas subsector was mainly due to the substantial growth of manufacturing exports (28.5%), mainly textiles, plywood, and footwear. LNG exports, which constituted a large share of manufacturing exports, recorded an increase in volume but a decrease in value, due to the lower LNG prices. In this connection, an expansion in the production capacities of LNG, footwear, and textiles enabled producers to meet increasing foreign as well as domestic demand. Some manufacturing products, however, such as intermediate goods and four-wheeled motor vehicles that are produced for the domestic market recorded a decline in their growth rates. It may be added that the additional installed capacities of paper and pulp could not be utilized because of the shortage of electricity.

The mining and quarrying sector grew 9.3% in 1991 and contributed about 1.4 percentage points to the rate of economic growth. Almost all of this growth originated from the oil/gas subsector, most notably gas. The marked increase in gas production was necessary to meet the needs of LNG refineries to satisfy a growing demand for LNG both abroad and domestically. Weaker prices for mining commodities, such as oil and tin, depressed the growth of their production.

The trade, hotel, and restaurant sector grew 5.3% in 1991 and contributed about 0.9 percentage points to the overall rate of economic growth. This development was in line with the impressive growth of non-oil/gas exports and the success of the Visit Indonesia Year 1991 program. In addition, completion of major investment projects in the hotel and tourism industry helped support more rapid growth in this sector.

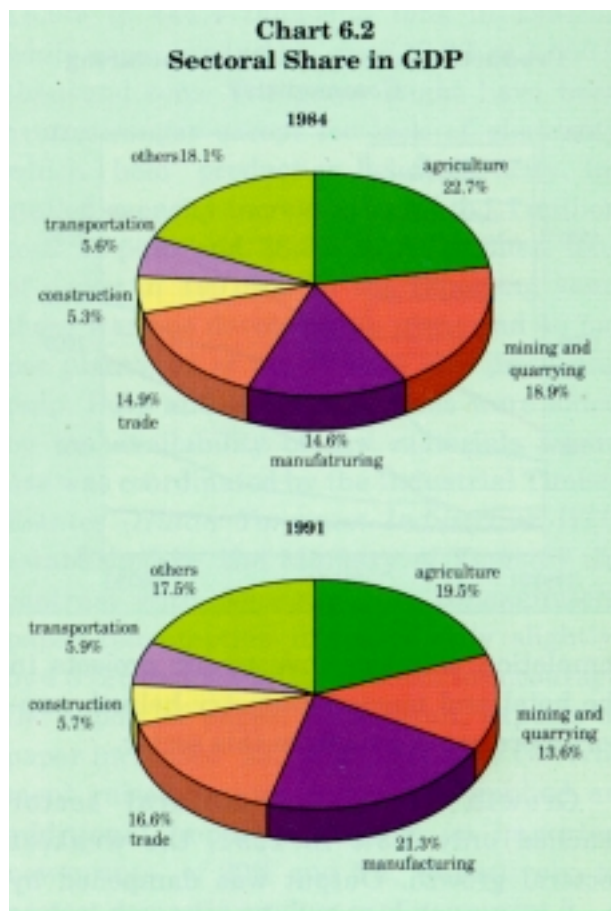
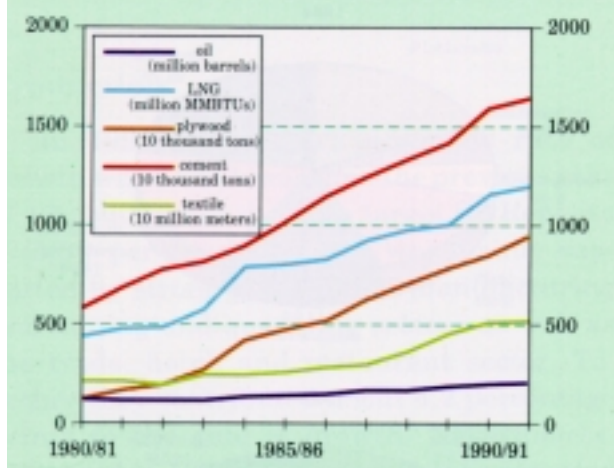


Chart 6.4
Production of Selected Manufacturing
Commodities



Growth in the agricultural sector reached only 1.3% in 1991, the weakest sectoral growth. Output was dampened by the long drought during the year and caused a drop in the production of foodcrops and a slowdown in the production of cashcrops and in-land fisheries. Furthermore, the weakening prices of agricultural products as well as government policy to restrict the production of logs from natural forests dampened the growth of the agricultural sector.

Manufacturing

The growth rate of the manufacturing sector remained high, at 9.8% in 1991 albeit lower than that of the previous year (12.2%). Some manufacturing products, such as textile, footwear, and paper recorded remarkable growth in line with improvements in international competitiveness and increases in production capacity. Moreover, government policies to promote the use of domestic products as import substitutes positively affected the production of several manufacturing goods.

The output of the oil/gas manufacturing

subsector registered slower growth in 1991 (7.3%) than that in the preceding year (9.7%), due to a slowdown in domestic fuel oil consumption. The output of non-oil/gas manufacturing subsector grew more rapidly than that of oil/gas industry. The growth of production in the non-oil/gas industry in 1991, at 10.6%, however, was lower than that recorded in the previous year (13.0%). On the whole, the significant growth of the manufacturing sector in 1991 led to increases in its share in Gross Domestic Product, reaching 21.3%, and accounted for 9.7% of total employment.

The production of **oil-based fuel** rose 5.9% reaching 200.5 million barrels in 1991 compared with 10.4% in the preceding year. The rise was closely related to government efforts to satisfy growing domestic oil-based fuel consumption, which grew 7.8% in 1991 to 224.5 million barrels. In 1993/94, the Export Oriented Refinery I (Exor I) project is expected to commence production with a capacity of 125 thousand barrels of oil-based fuel per day. Output from Exor I is mainly intended to meet foreign demand and to further process oil with high sulfur content.

In the reporting year, the production of **liquefied natural gas** (LNG) increased 3.9% to 1.2 billion MMBTUs owing to the increase in the Arun plant's production capacity. All of LNG production was exported under long-term contracts with Japan, South Korea, and Taiwan. Of total production, 51.9% originated from the Arun plant and the rest from the Badak plant.

For the first time, the production of **liquefied petroleum gas** (LPG), most of which was exported, decreased 2.0% to 2.7 million tons in the reporting year. The decrease was due, among other things, to the lower demand from abroad.

Production capacity of LPG was registered at 3.3 million tons per year.

Textile production remained strong in the reporting year as reflected in the production of staple fiber and weaving yarn that increased by 21.2% and 15.9%, respectively. This achievement was closely related with strong demand, both foreign and domestic, and robust investment to expand capacity. The increase in foreign demand resulted from market diversification as well as higher utilization of export quota. The increase in domestic demand for domestically produced textiles was not only brought about by improvement in the quality, but also by their relatively low prices compared to those of imports.

Like textiles, production and exports of **shoes**, particularly sport shoes, recorded a significant increase in 1991/92. Production rose 9.9% to 217 million pairs, consisting of 185.2 million pairs of sport shoes and 31.8 million pairs of leather shoes. The sharp rise in sport shoe production since 1989/90 has been related to the industrial relocation of the NIEs to Indonesia to lower their production costs. Therefore, there were existing markets for the products. In addition, the popularity of wearing sport shoes for daily activity has increased in the last three years. In 1991/92, the production of sport shoes grew 29.8% with the USA and Western Europe as the main export destinations.

Pulp and paper production continued to register sharp increases. Pulp production rose 18.0% to 444.4 thousand tons in 1991/92 while paper production grew 17.9% to 1,650.3 thousand tons. The gains might have been even stronger except for lack of electricity which held production below capacity. Installed capacity increased 10.0%

to 1.1 million tons of pulp and 38.3% to 2.4 million tons of paper in 1991/92. In the reporting year, there was one devoted pulp plant and 43 paper plants, 12 of which were also producing pulp. Pulp and paper industries were aided by the availability of raw materials whose use was coordinated by the Industrial Timber Estates (*Hutan Tanaman Industri* or HTI) established by the Ministry of Forestry. In contrast with domestic pulp consumption, paper consumption increased only slightly, by 4.3%, causing the Government to encourage the export of paper. As a result, exports of paper increased 23.2% in 1991. The Government raised import duties and applied an additional import surcharge on imported newsprints of 20% and 5%, respectively, to protect domestic producers of newsprint.¹⁾

In 1991/92, **cement** production increased 3.4% to 16.3 million tons, most of which was consumed domestically. The increase was attributable to the growing demand for cement, partly from abroad. Exports of cement continued to be conducted by quota. In order to maintain smooth production and marketing of cement, the Government raised the local prices of cement (*Harga Patokan Setempat* or HPS) ranging from 8.1% to 9.3% in July 1991 following the adjustment of fuel prices.²⁾

The production of **plywood** in 1991/92 only rose 1.2% to 8.5 million cubic meters while sawn timber decreased 3.6% to 10.7 million cubic meters. Growing environmental concerns in the international community caused a careful evaluation of logging activities that effectively

1) Minister of Finance Decree No. 1046/KMK.00/1991, October 7, 1991.

2) Minister of Trade Decree No. 166/Kp/VII/91, July 25, 1991.

reduced log supplies for wood industries in the last two years. At the same time, the infant industrial timber estates were not ready yet to supplement the natural forest in producing logs. Moreover, the long drought in 1991 dried up rivers which are used to transport logs from production areas, and slowdown in construction activity reduced the demand for processed wood. The high export tax imposed on sawn timber to develop downstream industries, such as furniture, and a weak housing sector led to a drop in the production of sawn timber.

In the reporting year, the output of **fertilizer** declined 4.9% to 5.5 million tons stemming from efforts to upgrade plants and optimize output. Of

total output, 89.0% was urea fertilizer. Exports of fertilizer increased significantly due to improved efficiency in the use of fertilizer resulting from price adjustments and guidance provided to farmers on efficient use of fertilizer. An urea fertilizer plant in Gresik-East Jawa with a capacity of 460 thousand tons per year is expected to commence production in 1993.

The production of **four-wheeled motor vehicles** fell 4.0% to 260.5 thousand units in the reporting year, after a sharp increase (55.3%) in the previous year. The fall was due to the declining availability of car loans and to increases in sales tax on luxury goods introduced on December 1, 1991.³⁾ Meanwhile, most of **basic metals** production also decreased in line with lower demand from the manufacturing and construction sectors which use basic metals as inputs. This was reinforced by a fall in world prices of basic metals due to excess supply.

Agriculture

The agricultural sector continued to experience a slowdown in growth in 1991 as output expanded 1.3% compared with 2.0% in 1990. The decrease was associated with declines in the growth of foodcrops, large-estate cash crops, and forestry subsectors, from 0.5%, 9.1%, and 3.0% in 1990 to -0.6%, 5.7%, and -1.0% in 1991, respectively. However, production of smallholders' estate, fishery, and livestock subsectors accelerated in line with the Government's effort to increase the yields of the low- income groups. As a result, the agricultural sector's share in Gross Domestic Product fell to

Table 6.1
Selected Manufacturing Production

	1991/92 *	1990/91	1991/92 *
		Changes (%)	
Fuel oils (million barrels) 1)	200.5	10.4	5.9
LNG (million MMBTUs)	1,186.1	15.7	3.9
LPG (thousand tons)	2,707.1	7.2	-2.0
Textiles			
Fabric (million meters)	5,216.6	11.9	3.7
Weaving yarn (thousand bales)	4,140.2	4.9	15.9
Clothes (million dozens)	60.0	19.8	2.4
Staple fiber (thousand tons) 2)	214.5	3.7	21.2
Sport shoes (million pairs)	185.2	-8.9	29.8
Leather shoes (million pairs)	31.8	25.6	29.8
Pulp (thousand tons)	444.4	78.3	18.0
Paper (thousand tons)	1,650.3	21.8	17.9
Cement (thousand tons)	16,318.5	11.9	3.4
Wood products			
Plywood (million m3)	8.5	9.1	1.2
Sawn timber (million m3)	10.7	1.8	-3.6
Fertilizer (thousand tons)	5,483.7	4.7	-4.9
Urea (thousand tons)	4,881.2	4.9	-4.9
ZA and TSP (thousand tons)	1,690.8	-0.4	-10.1
Four-wheeled motor vehicles (thousand units)	260.5	55.3	-4.0

1) In calendar year.

2) Consist of polyester and rayon viscose.

Sources : - Supplement to the President's Report to Parliament, August 15, 1992.

- Department of Mining and Energy.

3) Minister of Finance Decrees Nos. 1183 and 1184/KMK.04/1991, November 28, 1991.

19.5% while the sector continued to account for 55.1% of total employment.

Foodcrop production was greatly affected by the long drought in 1991. Rice production declined for the first time since 1976, by 1.9% to 28.8 million tons. Therefore, in the reporting year Indonesia

imported 600 thousand tons of rice to replenish stocks.

In 1991, 50 thousand hectares of new rice fields were established, most of which were located outside Jawa. A new effort to promote private sector participation in the establishment of new rice fields will be implemented to increase the realization of the targeted areas of new rice field, which was previously only around 50%. As in the previous year, the Government raised the floor price of dry paddy (*gabah kering giling*) from Rp295.00 to

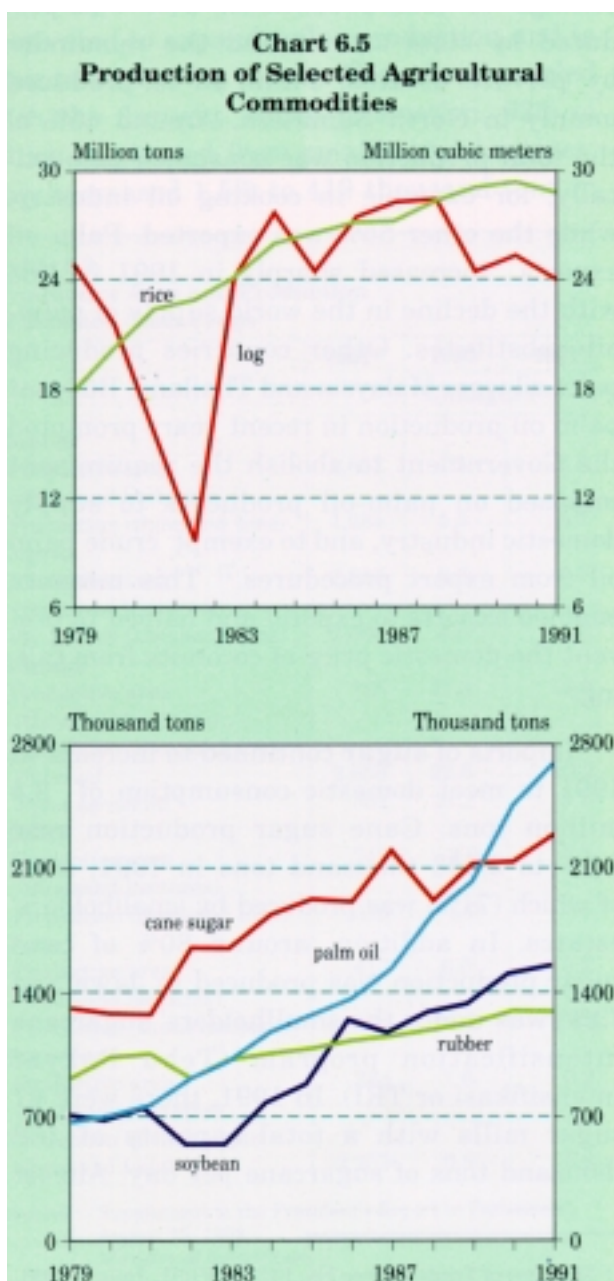


Table 6.2
Harvested Area, Production and Average Production per hectare of Selected Foodcrops

	1991*	1990	1991*
	Changes (%)		
Paddy			
Harvested area (thousand hectares)	10,187	-0.3	-3.0
Production (thousand tons) 1)	28,809	1.0	-1.9
Average production per hectare (quintals) 1)	28.3	1.45	1.07
Corn			
Harvested area (thousand hectares)	2,883	7.3	-8.7
Production (thousand tons) 2)	6,209	8.7	-7.8
Average production per hectare (quintals) 2)	21.5	1.43	0.94
Cassava			
Harvested area (thousand hectares)	1,307	-6.8	0.4
Production (thousand tons)	15,813	-7.5	-0.1
Average production per hectare (quintals)	121.0	-0.74	0.25
Soybean			
Harvested area (thousand hectares)	1,354	11.4	1.5
Production (thousand tons)	1,541	13.1	3.6
Average production per hectare (quintals)	11.4	0.91	2.70

1) Equivalent of rice.

2) Equivalent of corn kernels.

Source : Supplement to the President's Report to Parliament,
August 15, 1992.

Rp330.00 per kg as on January 1, 1992.⁴⁾

The drought also affected the production of **cash crops** that in general grew more slowly in 1991, except in the case of copra and tobacco declined. **Rubber** production only rose 0.7% to 1.3 million tons in 1991 compared with a 5.5% increase in the preceding year. This was mainly due to the weakening world rubber prices and the drought. Of total rubber production, 72% was produced by smallholders' estates which accounted for 84% of the total areas devoted to rubber production, while the remainder was produced by state and private estates. Indonesia is one of the world's main producers of natural rubber, along with Malaysia and Thailand, with the main producing areas including North and South Sumatera as well as Jambi. Around 90% of Indonesia's rubber production was exported in 1991 accounting for 23% of world output.

Copra production was more encouraging in 1991 following the liberation of copra and coconut oil from export procedures.⁵⁾ Coconut rejuvenation activity included a 6% extension of area devoted to coconut production. Moreover, the domestic market expanded following the removal of requirement that palm oil (copra substitute) producers supply domestic industry.⁶⁾ This also has led to a significant rise in the prices of copra as well as coconut oil since July 1991. However, copra production declined 1.2% to 2.3 million tons in 1991 due to the drought. The main producing areas of copra were North Sulawesi, Riau, and East Jawa.

In 1991, **palm oil** production increased 10.2% to 2.7 million tons compared to a 22.8% increase in the preceding year. The deceleration was mainly caused by a slowdown in the growth of producing areas to 12.9% compared to the previous year (27.3%). As a percentage of total production, 67% was produced by state estates and the remainder by private estates. Palm oil is produced mainly in North Sumatera. Around 45% of the total production was consumed domestically, for example in cooking oil industry, while the other 55% was exported. Palm oil exports increased sharply in 1991 in line with the decline in the world supply of palm-oil substitutes. Other countries producing palm oil were Malaysia and Thailand. Buoyant palm oil production in recent years prompted the Government to abolish the requirement imposed on palm-oil producers to supply domestic industry, and to exempt crude palm oil from export procedures.⁷⁾ This measure enabled exports to expand and helped to prevent the domestic price of coconuts from falling.

Imports of **sugar** continued to increase in 1991 to meet domestic consumption of 2.4 million tons. Cane sugar production rose 6.3% to 2,253 thousand tons in 1991, most of which (71%) was produced by smallholders' estates. In addition, around 80% of cane sugar production was produced in Jawa and 72% was under the smallholders' sugarcane intensification program (*Tebu Rakyat Intensifikasi* or TRI). In 1991, there were 67 sugar mills with a total capacity of 168 thousand tons of sugarcane per day. Almost all (57) of the sugar mills were located in Jawa. To encourage the establishment of new sugar mills outside Jawa, sugar mills in the western part of Indonesia are allowed to market up

4) Presidential Instruction No. 5/1991, October 26, 1991.

5) Minister of Trade Decree No.137/Kp/VI/91, June 3, 1991.

6) Minister Of Trade, Minister Of Agriculture, and Minister of Industry Jointly Decrees Nos. 136/Kpb/VI/91,340/KPTS/KB 320/VI/1991, and 50/M/Sk/6/1991, June 3, 1991.

7) Minister Of Trade Decree No. 137/Kp/VI/91, June 3, 1991.

to 50% of their products, while those in the eastern part of Indonesia can market up to 75%.

Owing to a deterioration in **coffee** prices since 1989 following the failure of ICO to agree upon export quotas, farmers have been less motivated to expand coffee production and to maintain existing plants. Therefore, coupled with the drought, coffee production, 93% of which originated from smallholders' estates, only increased 1.5% to 419 thousand tons in 1991. Coffee was mainly produced in South Sumatera, Lampung, and East Jawa. Indonesia was the third largest exporter of

coffee following Brazil and Colombia; however, most of Indonesia's exports (90%) were robusta coffee which sell at a much lower price than arabica coffee. Therefore, efforts to increase the production of arabica coffee continued to be promoted.

Clove production rose 27.3% to 84 thousand tons in 1991, 98% of which was produced by smallholders' estates. The substantial increase was mainly attributable to higher average production per hectare and larger productive area of smallholders' estates. Clove estates, which were not yet in production, rose 5.9% to 253 thousand hectares. The high growth of cloves production in 1990 (20.0%) was maintained in 1991. However, the lack of coordination in executing clove trade procedures since mid-1991 is estimated to adversely affect the production of clove in the coming years.

In 1991/92, **log** production decreased 5.6% to 23.9 million cubic meters which was related to the temporary freeze on logging permits, i.e. Forest Exploitation Rights (HPH), of several companies due to their failure to satisfy production requirements. The number of HPHs in 1991/92 declined from 580 to 579, consisting of 567 held by national enterprises and 12 by joint-venture enterprises, covering a total area of 61 million hectares. The development of Industrial Timber Estates (*Hutan Tanaman Industri* or HTI), which also reflects an effort to reduce the burden of natural forest in producing logs, covered a total area of 215 thousand hectares in the reporting year, an increase of 26.3% from the previous year. In the reporting year, an integrated scheme of HTI with transmigration program was initiated in Batu Ampar-East Kalimantan and Pulau Laut-South Kalimantan, each comprising 300 families.

Table 6.3
Productive Area and Production
of Selected Cash Crops

	1991*	1990	1991*
		Changes (%)	
Rubber			
Productive area (thousand hectares)	1,803	1.5	-2.9
Production (thousand tons)	1,284	5.5	0.7
Copra			
Productive area (thousand hectares)	2,286	3.3	2.0
Production (thousand tons)	2,305	5.6	-1.2
Oilpalm			
Productive area (thousand hectares)	765	27.3	12.9
Production (thousand tons)			
<i>Palm oil</i>	2,658	22.8	10.2
<i>Palm kernel oil</i>	551	28.2	9.3
Coffee			
Productive area (thousand hectares)	748	3.9	-0.5
Production (thousand tons)	419	3.0	1.5
Clove			
Productive area (thousand hectares)	417	6.0	6.2
Production (thousand tons)	84	20.0	27.3
Sugarcane			
Productive area (thousand hectares)	364	1.6	0.2
Production of cane sugar (thousand tons)	2,253	0.5	6.3

Sources : - Supplement to the President's Report to Parliament,
August 15, 1992.
- Ministry of Agriculture.

Table 6.4

Log Production, Number and Area of HPH

	1991/92*	1990/91	1991/92*
		Changes (%)	
Log production (thousand cubic meters)	23,892	3.7	-5.6
Number of HPHs	579	1.0	-0.2
Area of HPH (thousand hectares)	60,748	1.3	1.9

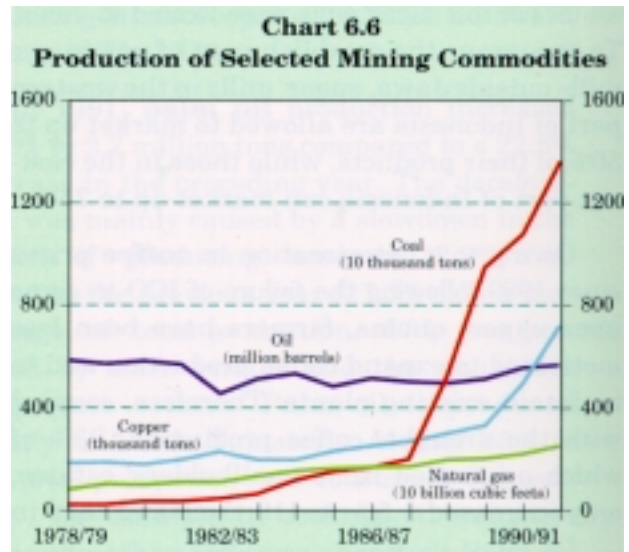
Source : Supplement to the President's report to the Parliament, August, 15 1992.

Mining and quarrying

Unlike in the previous years, the growth of **mining and quarrying** sector accelerated from 5.0% in 1990 to 9.3% in 1991. This growth was supported by faster growth of both oil/gas subsector, from 4.2% to 8.5%, associated with a sharp increase in gas production, and other mining and quarrying subsector, from 14.6% to 18.1% due to significant gains in the production of gold, silver, copper, and nickel matte. As a result, mining and quarrying sector constituted 13.6% of GDP and accounted for 0.7% of total employment.

The production of **oil** grew slower, from 7.3% in 1990/1991 to 3.6% in 1991/92 to a level of 572.8 million barrels. This reflected the OPEC agreement to cut production in order to raise oil price. Out of the total production, 537.9 million barrels were produced by Production Sharing Contractors, 24.6 million barrels by Pertamina, and 10.3 million barrels by Contract of Work Contractors. Exploration activities were successful in discovering 130 potential wells, of which 9 were drilled by Pertamina, 3 by Contract of Work Contractors, and 118 by Production Sharing Contractors. Of 118 wells drilled by Production Sharing Contractors, 70 were drilled offshore.

The growth rate of **natural gas** production continued to accelerate, rising 11.7% in 1991/92



to 2.5 trillion MSCF. The acceleration, was boosted by LNG demand in the international market and increased domestic consumption of natural gas, especially as an input for fertilizer industry. Out of the total production, 2.2 trillion MSCF were produced by Production Sharing Contractors, 255.9 billion MSCF by Pertamina, and 29.6 billion MSCF by Contract of Work Contractors. The use of natural gas in cement, steel, and other manufacturing plants as well as in electricity generating plants, transportation, hotels, restaurants, and houses was continued to be promoted.

The same as natural gas, **coal** production rose sharply by 27.3% to 13.7 million tons in 1991/92, mainly originating from increased output of private mines. Of the total production, 42.7% was produced by state mines in Bukit Asam and Ombilin, and the remainder was produced by private national and foreign mines, operating mainly in East and South Kalimantan. Coal export volume has increased at an average of 67.3% per year during the past four years, well ahead of domestic consumption, which went up by 15.3% in 1991/92 compared with 4.3% in the preceding year.

In the reporting year, the production of **copper concentrate** continued to rise rapidly, increasing 44.4% to 720.8 thousand tons. The marked increase was closely related to the strong competitiveness of Indonesian copper concentrate in the international market. The copper concentrate contains gold and silver of approximately 0.02 per mil and 0.11 per mil, respectively. As a result, gold and silver production also increased sharply by 62.4% to 19.6 tons and 25.2% to 82.5 tons, respectively. 80% of total gold output and 70% of total silver output were derived from copper concentrate.

The production of **tin** in recent years has been sluggish as a consequence of the deterioration of tin prices in the international market. To enhance the competitiveness of tin in the world market, restructuring of tin production was carried out in 1991/92 resulting in an increase in tin production, of 1.3% to 30.5 thousand tons. **Bauxite** production decreased 4.5% to 1.2 million tons in the reporting year compared with a sharp rise of 93.5% in 1989/90 and 30.7% in 1990/91. The deceleration was closely

related to weakening foreign demand, especially from Japan which substituted Indonesia's bauxite for Australia's alumina. All of the production was intended for exports, because the only Indonesia aluminum plant which will use bauxite as an input is still in the planning phase.

Others

In line with the deceleration in the economic growth, in 1991, growth in output of other sectors generally leveled off at a relatively high level. In particular, transportation, tourism, telecommunication, and electricity generation continued to record strong gains.

Efforts to further develop **transportation** services were designed to encourage regional development and to reach remote areas. Infrastructure for land, sea, and air transportation was expanded and improved, which in turn encouraged the expansion of transportation services. In the reporting year, road network was extended to some remote areas, such as Wamena in Irian Jaya. Higher capacity and more efficient rail transportation enabled a change in the status of the railway company, from *perusahaan jawatan* to *perusahaan umum*. The number of seaports allowed to conduct export activity rose to 127 resulting in stronger competitiveness and a reduction in freight costs. Ocean-going transportation companies reduced their number of vessels in order to improve efficiency so as to compete more effectively with foreign shipping lines. Regarding air transportation, private national airlines were allowed to expand fleets and to use jet-engine aircrafts. The measure succeeded in enhancing the capability of private national airlines to serve. In order to maintain the growth of transportation services, transportation fares for

Table 6.5
Selected Mining Output

	1991/92 *	1990/91	1991/92 *
	Changes (%)		
Oil (million barrels)	572.8	7.3	3.6
Crude	507.0	7.9	4.2
Condensate	65.8	2.8	-1.1
Natural gas (billion MSCF)	2,465.5	9.7	11.7
Coal (thousand tons)	13,659.6	13.2	27.3
Copper concentrate (thousand tons)	720.8	51.3	44.4
Gold (kilogram)	19,646.0	81.3	62.4
Silver (kilogram)	82,500.0	-10.1	25.2
Tin (thousand tons)	30.5	0.3	1.3
Bauxite (thousand tons)	1,241.8	30.7	-4.5

Source : Supplement to the President's Report to Parliament,
August 15, 1992.

economic class offered by road, sea, and air transportation companies were raised by around 7-20% as on August 5, 1991,⁸⁾ whereas those of non-economic class and cargo were left at each company's discretion. This measure was taken due to the increase in fuel prices announced on July 10, 1991.

In 1991, **tourism** faced some problems as tourists enthusiasm for traveling waned due to uncertainties about international political and economic conditions, which was largely a by-product of the Gulf war. Nevertheless, during the Visit Indonesia Year 1991 the number of foreign tourists visiting Indonesia rose 18.0% to 2.6 million, exceeding the 2.4 million target. Most of the tourists (79%) disembarked in Jakarta, Batam and Bali and 46% originated from Singapore, Japan and Australia. Foreign exchange earnings from tourism reached \$3.3 billion in 1991, constituting 11.1% of totally export earnings. Hence, tourism ranked the fifth in export earnings, following oil, natural gas, textile, and wood.

In line with the launching of 1991 as the Visit Indonesia Year, tourism facilities, such as hotels and travel agencies, increased significantly in number. On January 1, 1992, the ASEAN countries announced the launching of Visit ASEAN Year 1992.

In the past three years, the **telecommunications** sector has grown rapidly. The telephone network has been extended to all capitals of provinces, regencies, and municipalities and a number of districts. As a result, telephone density rose from 0.62 per 100 persons in 1989/90 to 0.84%

per 100 persons in 1991/92. In all 299 regencies and municipalities, manual telephone exchanges were replaced by automatic telephone exchanges. In 1991, the number of automatic central telephone exchanges rose 47.3% to 536, telephone line units increased 10.0% to 1.6 million, and public telephones doubled to 32,000. The growing contribution of the private sector in developing telecommunications sector was reflected in the larger share of private companies running telecommunication stalls (about 80% of the existing 800 stalls). In addition, motor-vehicle telephones and the international direct dialing network (*Sambungan Langsung Internasional* or SLI) also expanded significantly.

Electricity distributed by the State Electric Company (PLN) increased 11.1% to 38.7 billion KWH in the reporting year. This increase was supported by a rise in the output of PLN, of 11.4% to 37.2 billion KWH. Increased output, however, failed to keep up with the rapid growth in the demand for electricity. To supplement the construction of new electricity generating plants, the Government encouraged the participation of the private sector to generate and conserve electricity as well as to diversify their energy sources. Private participation in generating electricity was reflected in the construction of steam-powered electricity generating plants of Paiton project Unit III through Unit VIII in East Jawa. In addition, the Government also awarded an import tax exemption for diesel engines used for generating electricity with a capacity greater than 375 KVA.⁹⁾ In the reporting year, the installed capacity of electricity generating plants increased by only 0.9% to 9.3 thousand MW, inter alia, owing to the implementation of

8) -Minister of Transportation Decrees Nos. KM 28-56/1991, July 18, 1991.

9) Minister of Finance Decree No. 470/KMK.00/1991, May 20, 1991.

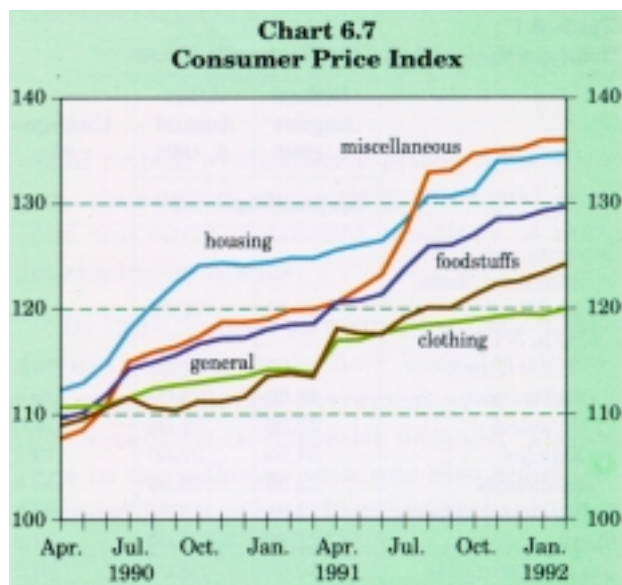
water-powered electricity generating plant of Bakarui in South Sulawesi in May 1991 with a capacity of 126 MW, and the initial production of gas/steam-powered electricity generating plant in Gresik - East Jawa with a capacity of 112 MW and a number of diesel-powered electricity generating plants with total capacity of 92.3 MW.

By the end of November 1991, 24.600 villages or 39.7% of all villages in Indonesia received electrical services compared with 32.8% in 1990. The number of village cooperative units distributing electricity to villages increased from 1,580 to 1,656 units.

Prices

The tight monetary and fiscal policy stance adopted by the government contributed to slowing down the growth of domestic demand and holding the inflation rate below two digit level. In 1991/92, **consumer price index** (CPI) rose 9.78% compared with 9.11% in the preceding year. The increase was closely related to higher demand for goods and services, some price adjustments, and a shortage of foodstuffs caused by the long drought. Price adjustments decreed by the Government included fuel prices, transportation fares, and electricity tariffs. The price increased 6.42% in the first six month of the reporting year. Most of the increase took place in April (1.89%), July (1.89%) and August (1.90%). Over the last half of the year, CPI inflation eased (3.36%) with the highest monthly rate occurring in November (1.06%).

The marked increase in inflation in April 1991 was due to a large extent to an increase in demand for goods and services in conjunction with the Idul Fitri Day. Prices of foodstuffs increased 4.01% while clothing prices rose 2.38%.



In July 1991, the fuel price adjustment boosted gas prices by 22.2%. In order to minimize the increase in production cost especially for industries, fuel oil was exempted from the price adjustment. The main transportation fares adjusted in August 1991 included air transportation (17.3%), sea transportation (16.0%), and rail transportation (13.3%).

Fuel price adjustments together with civil

Table 6.6
Fuel Prices as on July 11, 1991

	Price (Rp/liter)	Changes (%)
Avgas and avtur	400	21.2
Mogas	550	22.2
Kerosene	220	15.8
Automotive Diesel Oil	300	16.3
Industrial Diesel Oil	285	21.3
Fuel Oil	220	0.0

Source : Presidential Decree No. 30/1991, July 10, 1991.

Table 6.7
Transportation Fares for Economic Class

	Before August 5, 1991	After August 5, 1991	Changes (%)
	Rp/passenger/km		
Intercity bus			
Sumatera, Jawa and Bali	19.00	15.00	7.1
NTB, NTT, and Timor Timur	19.00	21.00	10.5
Kalimantan	19.00	21.00	10.5
Sulawesi	20.00	22.00	10.0
Maluku	24.50	27.00	10.2
Irian Jaya	23.50	26.00	10.6
Rail transportation	12.21	13.84	13.3
Ferry	4,225.00	4,825.00	14.2
Sea transportation	50.00	58.00	16.0
Air transportation	161.66	189.70	17.3

servant salary increases in July 1991 caused a significant increase in CPI in that month. Housing costs, with a weight of 27.85% in the calculation of the CPI, rose by 1.70%, while foodstuffs, with a weight of 34.66%, increased 1.38%. The increase in fuel prices and the salaries of civil servants also affected the CPI in August 1991, boosting it by 1.90%. The miscellaneous group, with a weight of 26.18%, increased by 4.53% in August 1991,

Table 6.8
Changes of Consumer Price Indices 1)

	1990/91	1991/92	Weights in CPI calculation
	percent		
Foodstuffs	6.99	10.36	34.66
Housing	11.38	8.16	27.85
Clothing	4.72	5.65	11.31
Miscellaneous	11.34	13.14	26.18
General	9.11	9.78	100.00

1) Calculates by summing up monthly percentage changes in the respective year.

Source : Central Bureau of Statistics.

mainly caused by the rise in transportation fares, of 9.77%. The sharp rise in the CPI during November (1.06%) was due partly to a rise in the price of drinking water in several big cities.

The long drought in 1991 which adversely affected the supply of foodstuffs also put upward pressure on consumer prices, especially for non-administered prices. This was reflected in the increase in the price of foodstuffs of 10.36% in 1991/92 compared with 6.99% in the preceding year.

In contrast with the CPI, the **Wholesale Price Index (WPI)**, which covers 76 cities, increased by only 3.85% in 1991/92, well below the 10.31% registered in the preceding year. The decline in price inflation was in line with declining prices in the export sector, of 7.93%, partly related to weakening prices of oil and primary commodities. In contrast, wholesale prices for the mining and quarrying sector rose by 9.77%, for the manufacturing sector by 9.40%, and for the agricultural sector by 8.77% in 1991/92.

Table 6.9
Changes of Wholesale Price Indices

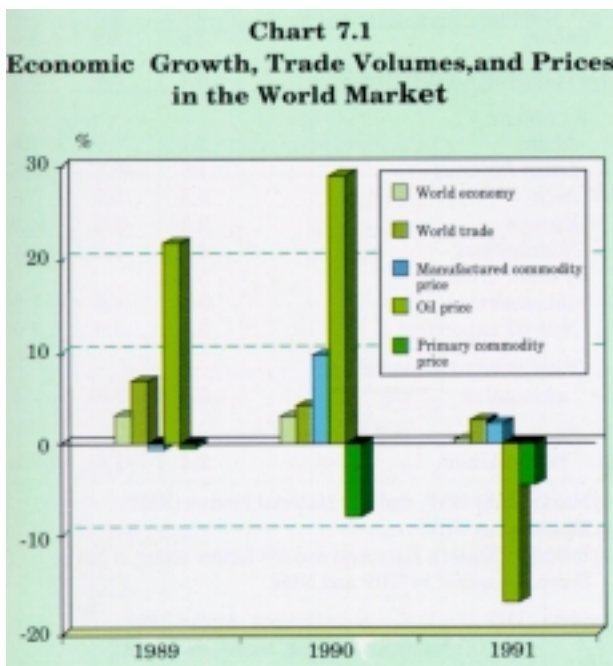
	1990/91	1991/92	Weights in WPI calculation (per mil)
	percent		
Agriculture	7.78	8.77	117.91
Mining and quarrying	9.43	9.77	10.21
Manufacturing	7.74	9.40	306.30
Import	6.01	4.64	309.76
Export	22.39	-7.93	255.81
Oil/gas	33.62	-13.55	58.11
Non-oil/gas	0.51	5.11	197.70
General	10.31	3.85	1,000.00

Source : Central Bureau of Statistics.

WORLD ECONOMY AND REGIONAL COOPERATION

World Economy

Recession plagued the world economy in 1991. World economic growth, which had slowed down since 1989, recorded a low growth rate of 0.2% which was closely associated with the economic crisis in Eastern European and the former states of the Soviet Union as well as a mini recession in the United States the United Kingdom, and Canada. Economic growth in other industrial countries including Japan and the Federal Republic of Germany slowed. Weak growth led to a rise in the unemployment rate in most industrial countries. The deterioration in economic activity in industrial countries was mainly caused by the slowdown in domestic demand, which in turn led depressed growth in world trade volume. Sluggish demand reduced world primary commodity prices. This situation dampened economic growth and worsened the current account positions of many developing countries.



In 1991, industrial country inflation rates declined slightly and their cumulative current account deficit decreased as a result of the slowdown in domestic demand. The decline in the inflation rate was also aided by a decrease in oil prices. In reaction to sluggish economic growth, almost all major industrial countries adopted a relatively expansionary monetary policy stance, which led to a decline in international interest rate. In general, exchange rates remained relatively stable in 1991, although the United States dollar appreciated slightly against some other major currencies.

Up to the end of the reporting year, efforts to expand world trade have been disappointing due mainly to the lack of progress in Uruguay Round negotiations especially with respect to the agricultural sector. Regionalism tended to be stronger as reflected in the establishment of new trade blocs, such as the North American Free Trade Area (NAFTA) with the United States of America, Canada, and Mexico as its members. In addition, the establishment of the European Common Market at the end of 1992 and the ASEAN Free Trade Area (AFTA) in 2007 were agreed.

Industrial countries

The economic growth of the **Organization for Economic Cooperation and Development** (OECD) countries decelerated from 2.5% in 1990 to 1.0% in 1991. The deterioration in economic growth of OECD countries was influenced by the economic contraction in the United States of America, the United Kingdom, and Canada which was also followed by a slowdown in economic growth in other industrial countries, including

Japan and Germany. Despite their slowdown, Japan and Germany still recorded the highest economic growth rates among industrial countries.

The **United States** was in recession in 1991 as GNP fell 0.7% after a weak 1.0% expansion in 1990. Domestic demand dropped sharply led by a decline in residential investment. Housing sales dropped to their lowest level in 16 years in 1991. Growth in private consumption also declined as both in real income and consumer credit contracted. On the other hand, growth in net foreign demand strengthened due to a decrease in import volume. Economic growth in the **United Kingdom** and **Canada** declined from 1.0% and 0.5% in 1990 to record contractions of 2.2% and 1.5% respectively in 1991 mainly due to a fall in investment. This was associated, among others, with a decrease in stock prices and relatively high interest rates for bank credits.

Economic growth in **Japan** declined from 5.2% in 1990 to 4.5% in 1991. This was caused by a

slowdown in domestic demand associated mainly with a contraction in private sector Prousing of 7.9%. In line with the slowdown in import volume and the increase in export volume, net contribution of the foreign sector to economic growth rose. Economic growth in **Germany** also decreased, from 4.5% in 1990 to 3.1% in 1991. This was related mainly to an increase in the tax rates needed to finance the unification of Germany and tight monetary policy which increased the level of interest rates.

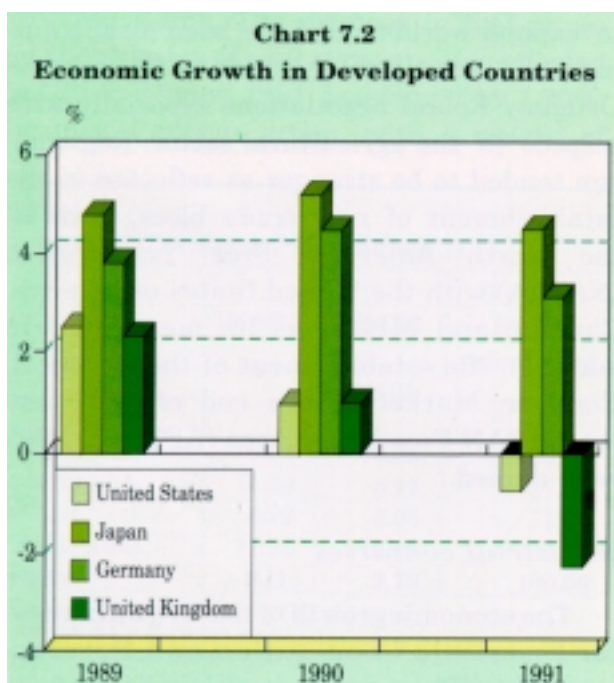


Table 7.1
Economic Growth

	1989	1990	1991
	Percent		
World 1)	3.3	2.5	0.2
OECD	3.3	2.5	1.0
Seven major countries	3.3	2.6	1.0
United States of America	2.5	1.0	-0.7
Japan	4.8	5.2	4.5
Germany, Fed. Rep. of	3.8	4.5	3.1
France 2)	4.1	2.2	1.3
Italy 2)	2.9	2.2	1.4
United Kingdom 2)	2.3	1.0	-2.2
Canada	2.5	0.5	-1.5
Others	3.6	2.9	0.6
Developing Countries 3)	3.7	3.6	3.2
By region			
Africa	3.2	1.0	1.4
Latin America	1.0	-0.1	2.8
Asia	5.3	5.5	5.8
Europe	2.3	-2.3	-16.0
Middle East	4.7	4.2	0.4
By other criteria			
Oil exporting	3.9	4.8	1.3
Non-oil exporting	3.6	3.0	-4.0
Four newly-industrialized economies	6.3	6.8	7.4
Eastern Europe and former Soviet Union	2.4	-1.6	-9.7

1) Measured by GNP, and Net Material Produk (NMP).

2) Measured by GDP.

3) Including Eastern European and the former states of Soviet Union, measured by GDP and NMP.

Source : - IMF, World Economic Outlook, August 1992.

- OECD Economic Outlook, No. 51, June 1992.

In line with the deterioration in economic growth in the OECD countries in 1991 **unemployment** in those countries increased substantially, 7.1% in 1991 compared with 6.2% in the preceding year. All OECD countries, except Germany and Italy, experienced an increase in the unemployment rate. The sharp increases were recorded in the United States, United Kingdom, and Canada from 5.5%, 5.9%, and 8.1% in 1990 to 6.7%, 8.3%, and 10.3 %, in 1991, respectively. On the other hand, the unemployment rate in Germany and Italy decreased from 4.9% and 11.1% in 1990, to 4.3% and 11.0% in 1991 respectively caused, among others, by a higher expansion of employment compared with the increase in manpower development. The unemployment rate in Italy continued to be the highest among major industrial countries.

As mentioned above, **inflation** rate in industrial countries, as a group, decreased slightly to 4.5% in 1991 compared with 4.7% in 1990. In the United States, the inflation rate fell from 5.1% to 4.0%, closely associated with a reduction in oil and other primary commodity prices and a

Table 7.2 Unemployment Rate in OECD Countries			
	1989	1990	1991
	Percent		
OECD	6.4	6.2	7.1
Seven major countries	5.7	5.6	6.4
United States of America	5.3	5.5	6.7
Japan	2.3	2.1	2.1
Germany, Fed. Rep. of	5.6	4.9	4.3
France	9.4	8.9	9.4
Italy	12.1	11.1	11.0
United Kingdom	6.2	5.9	8.3
Canada	7.5	8.1	10.3
Others	8.8	8.6	9.6

Source : OECD Economic Outlook, No.51 June 1992.

slowdown in the wage growth. Average inflation rate in the G-7 countries, except the United States, increased slightly. As in the preceding year, the inflation rate in Japan reached a level of 2.6%, mainly due to the containment in the increase in wage rates.

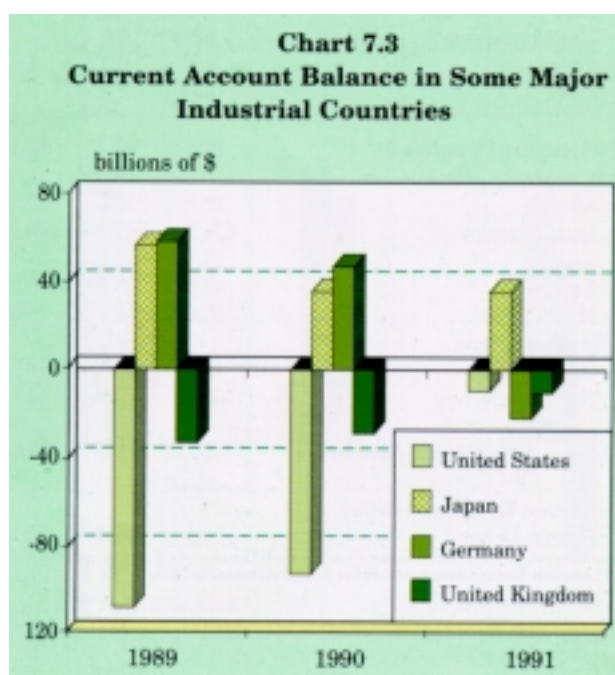
In Germany, the increase in rates for sales tax and wage boosted the inflation rate to 3.6% in 1991 compared with only 2.6% in 1990. As in 1990, in 1991 the highest inflation rate in the G-7 countries was recorded by the United Kingdom (7.4%) and the lowest by Japan (2.6%). The average inflation rate of other OECD countries declined from 7.8% in 1990 to 7.7% in 1991.

Table 7.3 Consumer Price Index			
	1989	1990	1991
	Percent		
OECD	5.9	4.7	4.5
Seven major countries	4.0	4.2	4.0
United States of America	5.5	5.1	4.0
Japan	2.4	2.6	2.6
Germany, Fed. Rep. of	3.0	2.6	3.6
France	3.5	3.0	3.1
Italy	6.3	6.3	6.7
United Kingdom	5.8	5.6	7.4
Canada	4.7	4.2	4.8
Others	7.5	7.8	7.7
Developing Country 1)	70.4	80.1	42.4
By region			
Africa	18.7	16.2	27.6
Latin America	434.3	648.9	163.2
Asia	13.1	8.7	8.9
Europe	19.5	23.3	90.9
Middle East	16.6	12.7	16.0
By other criteria			
Oil exporting	18.1	15.4	18.1
Non-oil exporting	100.4	117.5	54.5
Four newly-industrial economies	5.7	6.9	7.6
Eastern Europe and former Soviet Union	18.1	21.4	95.5

1) Including Eastern European and the former states of the Soviet Union, measured by GDP.

Source : - IMF, World Economic Outlook, Augustus 1992.
- OECD Economic Outlook, No.51 June 1992.

The **current account deficit** recorded in OECD industrial countries decreased from \$107.6 billion in 1990 to \$15.8 billion in 1991. The current account deficit of the G-7 countries narrowed from \$85.0 billion to only \$13.7 billion in 1991, due mainly to a decrease in the current account deficit of the United States which fell from \$92.1 billion in 1990 to only \$8.6 billion in 1991. The drop in the United States current account deficit was due to an improved services account balance and an increase in merchandise export receipts as well as a decrease in import. The stronger services account was attributed mainly to grant from Japan and Saudi Arabia as assistance to the United States in the Gulf war. The increase in export receipts originated mainly from the country's products, such as computers, construction tools, and cattle meat exported to Japan and Europe. The decrease in import was caused, among others, by a slowdown in domestic economic activity and a decrease in the price of several import commodities, especially oil.



The substantial decline in Japan's import which was accompanied by an increase in export earnings boosted the country's current account surplus from \$35.8 billion in 1990 to \$72.6 billion 1991. On the other hand, Germany recorded a drastic change in its current account, from a surplus of \$47.1 billion in 1990 to a deficit of \$19.8 billion in 1991 due to a sharp increase in the import of goods and services. This current account deficit was the first since 1982.

Developing countries

In 1991, economies of developing countries were faced with more serious external and internal problems than those in 1990. The external problems mainly were the slowdown in the domestic demand of industrial countries, which depressed prices of oil and other primary commodities. Most of developing countries were also faced with internal problems, such as high inflation rates, heavy debt burdens, socio-political disturbance in Eastern

Table 7.4
Current Account in OECD and Developing Countries

	1989	1990	1991
	Billions of \$		
OECD	-80.2	-107.6	-15.8
Seven major countries	-58.8	-85.0	-13.7
United States of America	-106.3	-92.1	-8.6
Japan	57.2	35.8	72.6
Germany, Fed. Rep. of	57.4	47.1	-19.8
France	-5.5	-14.9	-6.3
Italy	-10.6	-14.4	-20.5
United Kingdom	-33.4	-27.4	-7.8
Canada	-17.5	-18.9	-23.4
Developing Countries 1)	-17.3	-16.2	-81.4
Oil exporting	-10.9	-2.5	-66.5
Non-oil exporting	-6.4	-13.9	-14.9
Four newly-industrialized economies	25.1	16.0	8.3

1) Including Eastern European and the former states of Soviet Union, measured by GDP.

Source : - IMF, World Economic Outlook, August 1992.

- OECD Economic Outlook, No.51, June 1992.

Europe, which resulted in economic collapse in some countries and the break up of the Soviet Union. The impact of the Gulf war, such as the destruction of Iraq's and Kuwait's oil fields, the missing jobs for comers in those two countries, and the embargo towards Iraq brought about negative impact on the economic growth in this region and several other developing countries.

In 1991, the **economic growth** of developing countries decelerated from 3.6% to 3.2%. The deceleration was caused mainly by a contraction of 9.7% in the economic growth of developing countries in Eastern Europe and in the States of the former Soviet Union. In addition, economic growth in the Middle East countries decreased from 4.2% in 1990 to 0.4% in 1991 due to the post-Gulf war's economic condition which has not yet restored. In 1991 the economic growth in the Western Hemisphere improved substantially, reaching 2.8% compared to a decline of 0.1% in 1990, as the result of structural adjustments adopted in the last two years.

In Asia, the **newly-industrialized economies** (NIEs), comprising Hong Kong, South Korea, Singapore, and Taiwan, experienced an acceleration in economic growth averaging 7.4% in 1991. High economic growth was attributable to the robust domestic demand, especially government investment, and an increase in export growth. Among the NIEs, South Korea recorded the highest economic growth of 8.6%, whereas Hong Kong recorded the lowest (3.9%). The high economic growth in South Korea was attributable to continuously strong domestic demand, mainly the result of government investment in infrastructure and housing. Despite the lowest rate among the NIEs, the economic growth of Hong Kong in 1991 was higher than that of the preceding year which

was only 3.0%. Stronger growth resulted from a rise in exports to the People's Republic of China (PRC) and heightened investment activity, especially in the services sector, as a result of revived investors' trust in the future of Hong Kong.

In 1991, economic growth of the **Association of South-east Asian Nations** (ASEAN) countries reached 6.1% some what lower than the 7.7% growth rate recorded in the previous year. The lower growth was closely related to capacity constraints, inadequacy in basic infrastructure, tightness of monetary and fiscal policies, and the slowdown in the demand from industrial countries. Among the ASEAN countries, Malaysia recorded the highest growth rate at 8.8%. The main factor behind Malaysian economic growth was the continued strength in domestic demand, which was supported by the inflow of foreign fund, especially foreign direct investment. At the other end of spectrum, The Philippine economy contracted slightly by 0.1% as the consequence of the adoption

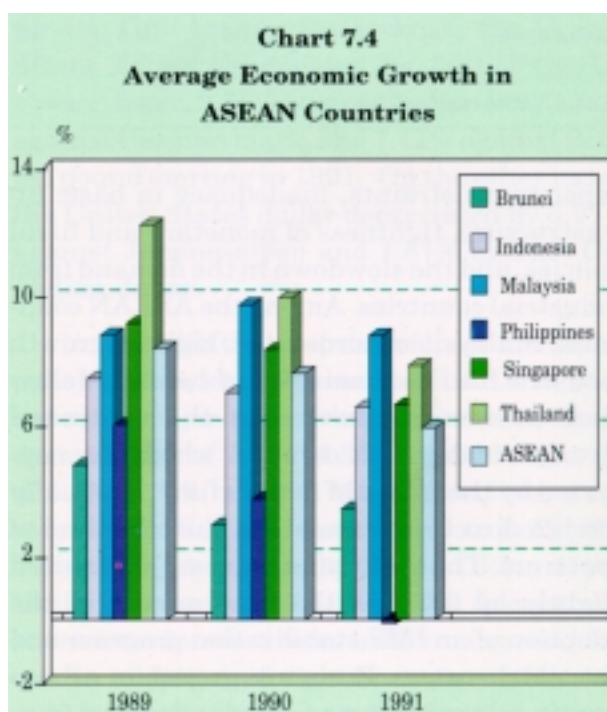


Table 7.5
Gross Domestic Product, Consumer Price Index, and
Current Account in ASEAN Countries

	1989	1990	1991
	Percent		
Real GDP			
ASEAN	8.3	7.7	6.1
Brunei Darussalam	4.9	3.0	3.5
Indonesia	7.5	7.1	6.6
Malaysia	8.8	9.8	8.8
Philippines	6.1	3.9	-0.1
Singapore	9.2	8.3	6.7
Thailand	12.2	10.0	7.9
Consumer Price Index			
ASEAN	6.1	7.4	9.2
Brunei Darussalam	1.3	2.5	3.0
Indonesia	5.4	9.1	9.7
Malaysia	2.8	3.1	4.4
Philippines	10.6	12.7	17.7
Singapore	2.4	3.4	3.4
Thailand	5.4	6.0	5.7
	Billions of \$		
Current Account			
ASEAN			
Brunei Darussalam	1.5	1.8	1.6
Indonesia	-1.6	-3.7	-4.4
Malaysia	-0.2	-1.7	-4.4
Philippines	-1.5	-2.6	-1.8
Singapore	2.3	2.4	4.2
Thailand	-2.5	-6.3	-8.0

Source :Various publications/reports.

of an IMF stabilization program and natural disasters. Economic growth in **oil exporting developing countries** declined from 4.8% in 1990 to 1.3% in 1991 due mainly to reduced output capacity in several Middle East countries.

The **inflation rates** of developing countries continued to be high, reaching 42.4% in 1991 which was well below 80.1% rate in the previous year. By region, Latin America recorded the highest inflation rate at 163.2% and Asia the lowest at 8.9%. In 1991, the inflation rate of the NIEs rose from 6.9% to 7.6%, due mainly to an increase in wage rates, inadequate basic infrastructure, and stronger domestic demand. The highest inflation

rate was recorded in Hong Kong (9.8%) which was primarily caused by an increase in land prices; the lowest rate was recorded in Taiwan (3.5%) due to a low oil price and a slowdown in consumption demand. The inflation rate in ASEAN countries rose from 7.4% in 1990 to 9.2% in 1991 due to capacity constraints and inadequate infrastructure as well as an increase in wage rates. The highest inflation rate once again recorded by the Philippines (17.7%) while the lowest rate was recorded in Brunei Darussalam (3.0%). The high inflation rate in the Philippines was caused by a high increase in money supply, while the low inflation rate in Brunei Darussalam was made possible by falling price of primary commodity imports.

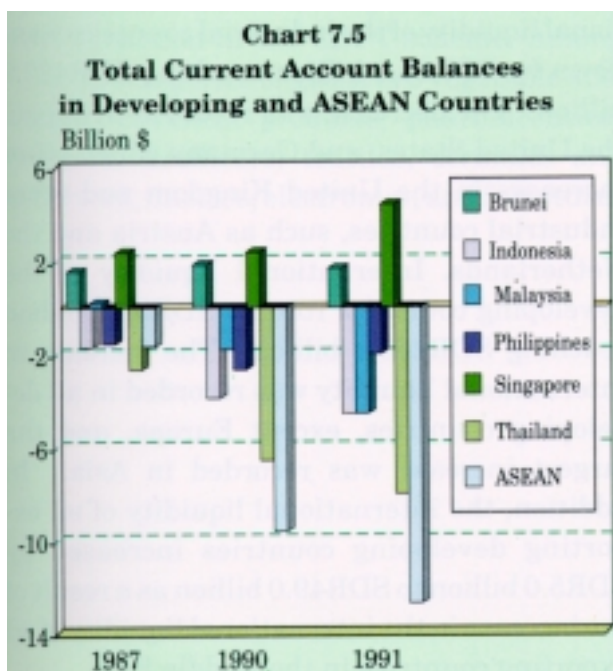
The deterioration in world economy activity led to a sharp increase in the **current account deficit** of developing countries, from \$16.2 billion in 1990 to \$81.4 billion in 1991. This was caused by a decrease in merchandise trade surplus accompanied coupled with an increase in services account deficit. The merchandise trade surplus declined from \$35.1 billion in 1990 to \$8.8 billion in 1991, due mainly to a decline in the trade surplus of Middle East countries' from \$31.6 billion to \$9.7 billion and a rise in the demand for capital goods imports. The latter was the result of the implementation of import liberalization in many countries in Asia and Latin America. The services account deficit rose from \$30.3 billion in 1990 to \$94.0 billion in 1991. This was primarily caused by an increase in services payments in relation to the Gulf war. The current account surplus in NIEs countries declined from \$16.0 billion in 1990 to \$8.3 billion in 1991. This was closely related to a worsening trade account and services account surplus of South Korea's.

The total current account deficit in ASEAN countries, including Brunei Darussalam, widened

from \$9.6 billion in 1990 to \$12.6 billion in 1991. The merchandise trade deficit in those countries, excluding Brunei Darussalam, increased from \$11.4 billion in 1990 to \$14.2 billion in 1991. This was caused by slow export growth which fell below import growth due in large part to a slowdown in OECD demand. Among the ASEAN countries, Singapore recorded the largest trade deficit of \$5.5 billion in 1991. This was related to a slowdown in export demand due to a recession in the United States, Singapore's main trading partner, and a decrease in economic growth in its ASEAN trading partners. In 1991, the net inflow of external funds to developing countries was only \$112 billion due in a large part to transfers of funds from Kuwait and Saudi Arabia to the United States, United Kingdom, and France to repay services related to the Gulf war.

International Monetary Developments

In 1991, the international monetary developments were characterized by ; (1) the



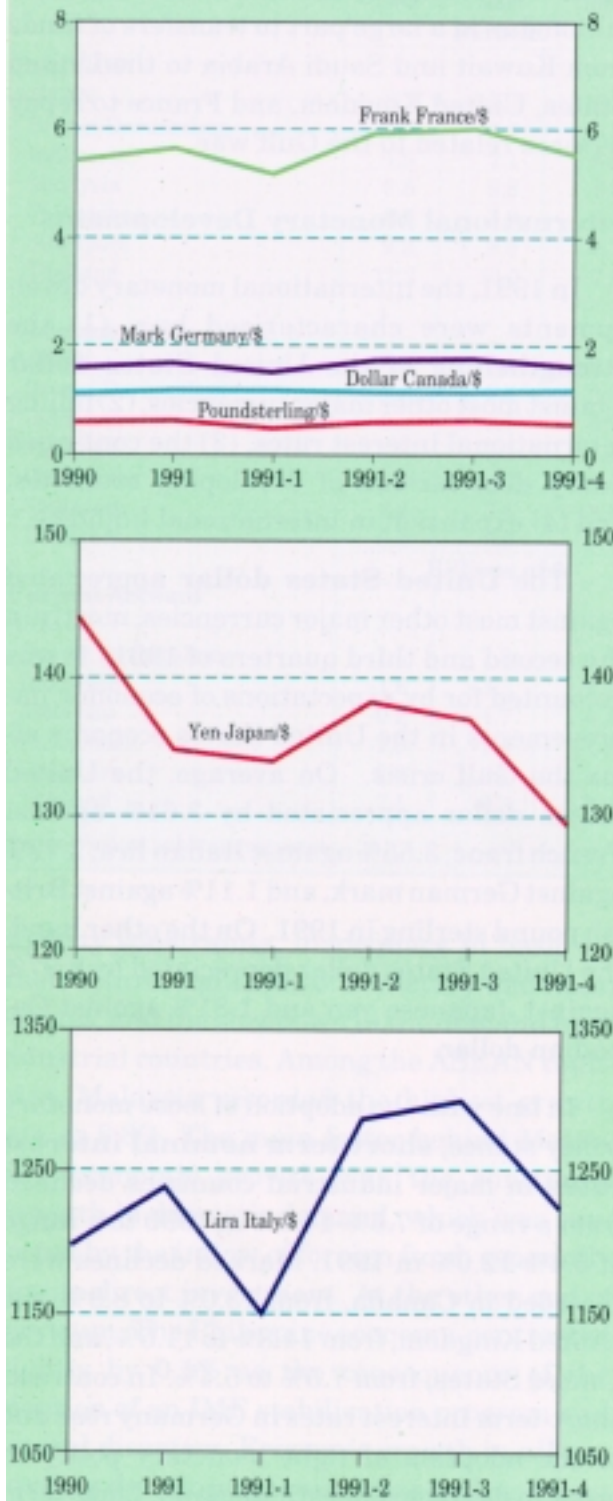
strengthening of the United States dollar against most other major currencies, (2) falling international interest rates, (3) the continued heavy debt burden of developing countries, and (4) expansion in international liquidity.

The **United States dollar** appreciated against most other major currencies, mostly in the second and third quarters of 1991. It was accounted for by expectations of economic improvements in the United States economy after the Gulf crisis. On average, the United States dollar appreciated by 3.61% against French franc, 3.55% against Italian lira, 2.72% against German mark, and 1.11% against British pound sterling in 1991. On the other hand, the United States dollar depreciated by 6.97% against Japanese yen and 1.81% against Canadian dollar.

In line with the adoption of loose monetary policy stance, **short-term nominal interest rates** in major industrial countries declined from a range of 7.5%-14.8% in 1990 to a range of 6.4%-12.0% in 1991. Marked declines were recorded in Canada, from 13.%, to 8.9%, the United Kingdom, from 14.8% to 11.5%, and the United States, from 7.5% to 5.4%. In contrast, short- term interest rates in Germany rose due to the adoption of tight monetary policy in order to dampen domestic demand. Long-term nominal interest rate of the major industrial countries also declined, from a range of 7.4%-11.9% in 1990 to a range of 6.7%-11.4% in 1991. In addition, LIBOR (London Interbank Offered Rate) and SIBOR (Singapore Interbank Offered Rate) on three-month deposits decreased from respectively 6.38% and 6.44% at the end of 1990 to 4.38% and 4.44% at the end of 1991.

Total outstanding **debt** in developing countries increased from \$ 1,451 billion by the end of 1990

Chart 7.6
The United States Dollar's Exchange Rate
against Other Major Currencies



to \$1,508 billion by the end of December 1991, of which \$493.4 billion was the debt of accounted by the heavily indebted countries. The debt service ratio (DSR) was 14.6% in 1991, the same level as in 1990. The ratio of total debt to total export rose from 120.7% to 124.5%, mostly because of a decrease in export earnings due to lower price for primary products including oil.

International liquidity, measured on the basis of total world foreign exchange reserves, rose by SDR22.5 billion to reach a level of SDR693.3 billion. At the end of 1991, international liquidity of the industrial countries went down by SDR24.0 billion reaching SDR427.9 billion. The decrease was recorded in Japan, the United States, and Germany which offset increases in the United Kingdom and other industrial countries, such as Austria and the Netherlands. International liquidity of the developing countries rose by SDR36.5 billion reaching SDR265.4 billion. The increase in international liquidity was recorded in all developing countries, except Europe, and the largest increase was recorded in Asia. In addition, the international liquidity of oil exporting developing countries increased by SDR5.0 billion to SDR49.0 billion as a result of the increase in the international liquidity of oil exporting countries in the Middle East.

Cooperation of the South-east Asian Nations (ASEAN)

Cooperation among the ASEAN countries continued to be strengthened during 1991. Efforts were also made to promote greater cooperation between ASEAN and industrial countries. Agreements were reached in the areas of trade, finance, and banking in the 23rd ASEAN Economic Ministers (AEM) Meeting in Kuala Lumpur, October 1991.

In the area of trade, a new proposal on the establishment of ASEAN Free Trade Area/ AFTA, which aims at promoting free trade among the ASEAN countries, was scheduled for completion in 15 years beginning January 1993. AFTA will adopt the Common Effective Preferential Tariff (CEPT) scheme, which determines common tariffs for manufactured products originating from ASEAN countries with a local content requirement of 40%. Furthermore, in the Joint Ministerial Meeting in Singapore in mid-January 1992, it was agreed to include 15 new categories of goods into the list of goods which are subject to accelerated tariff reduction in the CEPT scheme. Among those 15 categories of goods are vegetable oils, cement, chemical products, pharmaceutical products, fertilizers, textiles, ceramics and glasswares, fineries, electronics, and furnitures from wood or rattan. The inclusion of the new categories will be effective since January 1, 1993 and is targeted to reach a tariff of between 0% to 15% in 15 years.

In the area of industry, six joint projects were agreed for implementation, inter-alia, in the

agricultural sector. In the area of finance and banking, it was committed to create an expert working group in order to assess the feasibility of establishing ASEAN capital market along with the establishment of financial, banking, and research institutions.

During the Fourth ASEAN Summit Conference in Singapore, at the end of January 1992, the 1992 Singapore Declaration was signed covering cooperation in social and political areas in order to promote economic openness and cooperation within the region. In addition, the Framework Agreement designed to promote ASEAN economic growth and development and the agreement of CEPT for AFTA was issued.

In order to promote cooperation with industrial countries, a dialogue with Germany was conducted which stressed in a long-term economic cooperation. In the January 1991 dialogue, Germany provided further assistance to finance programs for transfer of technology to ASEAN countries.

TRADE IN SERVICES AND LIBERALIZATION OF THE FINANCIAL AND BANKING SECTOR UNDER THE URUGUAY ROUND

Background

After World War II, many countries maintained strict controls on trade to conserve foreign exchange needed for reconstruction. Nevertheless, efforts designed to liberalize the international trade system were in the works. These efforts culminated in the 1947 agreement among the major trading countries to reduce tariffs and immediately began multilateral negotiations to liberalize trade further. This agreement is known as General Agreement on Tariffs and Trade (GATT). Tariffs bargains agreed to at GATT conferences are extended to all members in accordance with the most-favored-nation clause. Agreements have come out of the Annecy Round, the Dillon Round, and, the two most notable, the Kennedy Round and the Tokyo Round.

In the beginning of the 1980s, against the background of a global recession, there was an urgent need to launch a new round because of the increasing tendency of protectionism, including the emergence of disguised protectionist measures, such as voluntary export restraints and other import requirements on agricultural products, such as sanitary regulations. In September 1986, the ministerial meeting convened in Punta del Este, Uruguay, resolved to launch the Uruguay Round.

Coverage of the Negotiation

The current Uruguay Round negotiations include 15 topics under a single umbrella taking in

the sense that a failure in one topic will affect the whole package. Those 15 topics can be divided into 3 major areas, namely market access, rules making, and new issues.

Market access covers negotiations aimed to expand markets for export commodities, such as agricultural products, textiles, natural resource-based products, and tropical products. Tariff and non-tariff barriers affecting these goods are dealt with in this forum. Indonesia places a great importance in this area because it provides an opportunity to promote non-oil exports. **Rules making** negotiations are designed to strengthen the institutional framework of the GATT system, including safeguards, pre-shipment inspections, settlement of disputes, subsidies, and countervailing duties. Negotiations on **new issues** cover three topics, namely Trade-Related Aspects of Intellectual Property Rights (TRIPs), Trade-Related Investment Measures (TRIMs), and Trade in Services. The negotiations on TRIPs are intended to define new rules governing intellectual property rights, such as patent and copyrights, and trade in counterfeit goods. TRIMs concerns the trade-restricting or trade-distorting effects of national investment measures, such as local content requirements.

Trade services Under The Uruguay Round

Prior to the launching of the Uruguay Round, GATT negotiations only covered trade in goods, whereas trade in services was not negotiated

multilaterally. The inclusion of services in the GATT negotiations was initially proposed by developed countries, who maintain a comparative advantage in this area. Developing countries, however, expressed their reluctance because their services were for the most part less developed.

The General Agreement on Trade in Services (GATS) provides a multilateral framework of principles and rules for trade in services. This is accompanied by a Sectoral Annotation which further governs each specific sub-sector in services, such as finance and banking.

In general, the obligation of each contracting party is classified into two categories, namely general obligations and specific commitments.

General obligations are those which must be automatically assumed by each contracting party once the Agreement is put into effect. These obligations include, inter alia, Most-Favored Nations (MFN), transparency, increasing participation of developing countries, domestic regulation, and emergency safeguard measures.

Specific commitments are the obligation to be assumed by each contracting party after giving its commitment to open specific services sectors to foreign competition as stipulated in Part III of the GATS regarding Market Access. (Article XVI) and National Treatment (Article XVII). Market Access provides for the opening of specific services transactions/sectors to foreign competition, whereas national treatment concerning the operation of foreign services seeks to provide foreign competitors with a level playing field.

The services sectors covered are classified in 8 subsectors, namely: finance and banking, telecommunication, construction, transportation, professional services, tourism, labor mobility, and audio visual.

The transaction of trade in services is carried out in the following modes of delivery:

1. **Cross border supply** is the supply of services provided by foreign concerns to domestic consumers and vice versa. For example, overseas banks offer offshore loans to Indonesia.
2. **Consumption abroad** is the consumption of services by domestic consumers abroad. For example, in tourism, a tourist goes abroad consuming services, such as hotel and travel services.
3. **Presence of juridical person** is the opening of an office of a foreign services provider in another country. For example, the presence of foreign or joint-venture banks in Indonesia.
4. **Presence of natural person** is the transaction of services through the temporary presence of foreign workers, for example, the presence of foreign experts.

Indonesia's Position in the Negotiation of Trade in Services

In the negotiations of trade in services, Indonesia's position is to open the services sector in stages in line with a country's level of development, especially as regards progress in its services sector. In response to the requests of other contracting parties, especially the developed countries, Indonesia had submitted its

Initial Commitment in February 1991. The commitment was further revised to include telecommunication, industry, sea transportation, broadcasting services, tourism, medical, and financial services.

Financial Liberalization Under the Uruguay Round

As is commonly known, the financial and banking sector in Indonesia has undergone a process of deregulation in stages. At present, this sector is quite open for foreign services provided it is in the form of joint-venture. The process of deregulation in Indonesia, however, is of a unilateral nature in the sense that measures have already been adopted to promote national economic development.

Since it is unilateral in nature, there is a room for the Government to make a correction if it is deemed necessary without suffering legal consequences from GATS. For example, around

the 1970s, the Government allowed the entry of banks, including foreign banks. However, entry of foreign banks was then suspended and reopened again in 1988. A measure will be legally binding under the GATS agreement if it is adopted within the framework of multilateral negotiations. If this is the case, the measure is legally binding because it is the result of offer and request process conducted during negotiations. Hence, there is a benefit obtained from and concession accorded to other contracting parties.

As a contracting party, Indonesia attaches great importance to the negotiation under the Uruguay Rounds. Progress in economic development requires a high rate of economic growth which is expected to be propelled by non-oil exports. Furthermore, Indonesia also needs to promote its services sector since its current account deficit is always generated by the substantial deficit in services trade which overwhelms the trade surplus.

APPENDICES

APPENDIX A

ACT OF THE REPUBLIC OF INDONESIA NO. 7 OF 1992 CONCERNING BANKING

On March 25, 1992, the Government enacted Act No. 7 of 1992 concerning banking, replacing Act No. 14 of 1967. The fundamental difference between those two acts are as the following.

ACT NO. 14 OF 1967	ACT NO. 7 OF 1992
1. Characteristics	
As the main act it requires several follow-up acts, such as on the establishment of state owned commercial bank and regional development bank as well as on foreign bank and rural credit bank.	This act does not require follow-up acts but government regulations, Minister of Finance decrees, and Board of Directors of Bank Indonesia decrees.
2. Spirit of consideration	
Endowed with fundamental change on economic policy from the Old Order to the New Order.	To confirm that Indonesian banks operate : <ul style="list-style-type: none">– in line with the basic principles of national development in realizing a just and prosperous Indonesian society on the basis of Pancasila and the 1945 Constitution taking into account balanced factors of the Trilogy of Development;– dynamically, so that they can reply on the rapid national and international economic developments which are accompanied with more widened challenges.
3. Principle, function, and objective	
Not explicitly stated whether in the consideration, dictum, or elucidation.	Explicitly stated whether in the consideration, dictum, or elucidation. Those stated in the dictum are as follows. <ul style="list-style-type: none">– Indonesian banks carry out business based on economic democracy applying a prudential principle.– The main function of Indonesian banking is to mobilize and channel the public's funds.

4. Types

- The central bank is Bank Indonesia as referred to the 1945 Constitution and will further be regulated with separate legislation.
 - Commercial bank is a bank which in collecting its funds primarily receives savings in the forms of demand and other deposits and its business is primarily to extend short-term credits.
 - Savings bank is a bank which in collecting its funds primarily receives savings in the form of savings deposit and its business is primarily to lend funds against interest in securities.
 - Development bank is a bank which in collecting its funds primarily receives savings in the form of deposit and/or issues medium and long-term securities and its business is primarily to extend medium and long-term credits in the field of development.
 - Other banks as stipulated with legislation according to requirements and economic developments.
- The objective of Indonesian banking is to support the implementation of national development in promoting equal distribution of economic growth and national stability towards the uplifting of the people's welfare.
 - Commercial bank is a bank which can provide services in payments.
 - Rural credit bank is a bank which can receive deposits only in the forms of time deposit, savings deposit, and/or others of similar type.

Note :

- = Central bank is not included in the type of bank because its function, duties, and role are as the monetary authority and bank supervisor. Thus, central bank is not the type of bank included in this act but it constitutes the government agency in charge with the implementation of the banking legislation. The central bank is regulated with a separate act.
- = Commercial bank can emphasize its business on a certain field or pay more attention on certain activities.

5. Commercial bank's business

Not explicitly stated in the chapter on bank's business but in the elucidation.

- Not regulated.
- Not regulated.

Completely stated and added with the following types of business.

- To place funds with, to borrow funds from, or to loan funds to other banks in securities, telecommunication means, or promissory notes, cheques, and other means.
- To keep other parties' deposits on the basis of a contract (regulated further in separate article).

- Not regulated.
- Not regulated.
- Not regulated.
- Regulated with government regulation.
- To carry out equity participation in companies commensurate with Bank Indonesia arrangement.
- Commercial bank does not extend credit with no collateral.
- Not regulated.
- To place customers' funds with other customers in securities not listed in the bourse.
- To carry out factoring, credit card, and trustee businesses.
- To provide financing for customers on the basis of profit sharing principle commensurate with government regulation.
- To carry out foreign exchange business commensurate with Bank Indonesia arrangement.
- To carry out equity participation in banks or other financial companies, such as leasing, venture capital, securities, insurance, and clearing companies commensurate with Bank Indonesia arrangement.
- To carry out temporary equity participation to overcome credit failure.
- In extending credit, commercial bank has to be sure on debtor's capability and willingness to repay as agreed.
- Commercial bank is prohibited to carry out insurance business but is allowed to establish subordinate company dealing with that business.

6. Rural credit bank's business

Not regulated in this act but in Minister of Finance Decree No. 1064/KMK.00/1988 of October, 27, 1988 which has been revised with Minister of Finance Decrees Nos. 279/KMK.01/1989 and No. 228/KMK.01/ 1991 for the implementation of Presidential Decree No. 38 of 1988 on rural credit bank.

- Rural credit bank can carry out business in mobilizing funds from the public in the forms of time deposit, savings deposit, and/or others of the same type, extending credit, providing financing for customers on the basis of profit sharing principle, and placing funds in the forms of Bank Indonesia certificate, time deposit, certificate of deposit, and/or savings deposit with other banks.
- Rural credit bank is prohibited to accept savings deposit in the form of demand deposit and payment services, to carry out foreign exchange business, equity participation, insurance, and other than abovementioned

business allowed to be carried out, except activities in foreign currency exchange meeting requirements fixed by Bank Indonesia.

- In extending credit, rural credit bank has to be sure on debtor's capability and willingness to repay as agreed.

7. Licencing

a. Requirements

- Explicitly stated for each type of bank and according to its status of ownership.
- Regulated in a general sense in government regulation, covering :
 - = organization composition
 - = capital
 - = ownership
 - = expertise in banking
 - = feasibility of working plan
 - = other matters stipulated by the Ministry of Finance based on Bank Indonesia's consideration.
- Especially for rural credit bank, in addition to the abovementioned requirements, requirement on location of head office has to be met.
- Especially for joint-venture bank, the following requirements are added.
 - = share of ownership and management of foreign party.
 - = parties allowed to cooperate with.
 - = other matters which according to the Monetary Council require arrangement on the interest of national development.
- Especially for bank with cooperatives legal standing, requirements on institutional status have also to be met commensurate with act on cooperatives.
- Amount of capital is explicitly stated.
- Amount of capital is not explicitly stated but regulated in government regulation.
- Additional requirements, procedure of license application, and requirements on the opening of branch and representative office are further arranged by the Minister of Finance.
- Requirements and procedure in obtaining business license for commercial and rural credit banks are further arranged with government regulation.

- Requirements and procedure in the opening of branch, representative, and auxiliary branch offices of commercial bank and branch office of rural credit bank are still stipulated by the Minister of Finance based on Bank Indonesia's consideration.

b. Licensing

- Except state owned banks, banks can be established and carry out business only after obtaining license from the Ministry of Finance under Bank Indonesia's consideration.
- Any establishment of bank office is to be based on a license granted by the Ministry of Finance under Bank Indonesia consideration.
- Commercial and rural credit banks' business licenses are granted by the Minister of Finance under Bank Indonesia's consideration.
- Any establishment of commercial bank's branch office, foreign bank's auxiliary branch and representative offices, and rural credit bank's branch office in the country's capital, provincial capital, regency's and municipal capital is to be based on a license granted by the Minister of Finance under Bank Indonesia's consideration.
- Any establishment of subordinate office of commercial bank's branch office, subordinate office of foreign bank's auxiliary branch office, and rural credit bank's branch office outside the country's capital, provincial capital, and regency's and municipal capital is to be reported to Bank Indonesia.

8. Legal form

- Commercial bank :
 - = Corporate body based on acts
 - = Limited corporation
 - = Cooperatives
- Savings bank :
 - = Corporate body based on acts
 - = Limited corporation
 - = Cooperatives
- Development bank :
 - = Corporate body based on acts
 - = Regional government company
- Commercial bank
 - = Commercial company
 - = Regional government company
 - = Limited corporation
 - = Cooperatives

- = Limited corporation
- = Cooperatives
- Not regulated
- Rural credit bank
 - = Regional government company
 - = Limited corporation
 - = Cooperatives
 - = Other form stipulated with government regulation

9. Ownership

- Explicitly classified, namely of :
 - = the State
 - = private party
 - = cooperatives
 - = joint venture
 - = foreign party
- Not regulated.
- Not regulated.
- Not regulated.
- Foreign bank can be established in the form of :
 - = Branch office of bank existing overseas
 - = Joint-venture bank between foreign bank and national bank in Indonesia and in the form of limited corporation.
 Other matters are stipulated in other acts.
- Not explicitly classified. Commercial bank can be established by :
 - = Indonesian citizen and/or Indonesian corporate body fully owned by Indonesian citizen; or
 - = abovementioned party with bank located overseas.
- Rural credit bank can be established and owned only by Indonesian citizen or Indonesian corporate body.
- Commercial bank can issue shares through Indonesian stock exchange in the Indonesian bourse. Indonesian citizen, foreign citizen, and Indonesian and/or foreign corporate body can purchase commercial bank's shares traded in the bourse. Foreign parties can purchase those shares in the bourse providing not to be the majority.
- Particularly for state owned commercial bank, the issue of shares can only be done without causing any change in the majority position of shares ownership of the State.
- No terminology of foreign bank. It is regulated that :
 - = joint-venture bank is a commercial bank jointly established by one or more commercial banks domiciled in Indonesia and established by Indonesian citizen and/or Indonesian corporate body fully owned by Indonesian citizen with one or more banks domiciled overseas. Foreign parties' share of

ownership and management of the joint-venture bank are to be regulated in government regulation.

- = Any establishment of branch, auxiliary branch, and representative offices of bank domiciled overseas is to be based on a license granted by the Minister of Finance under Bank Indonesia's consideration. Requirements and procedure for the establishment of those offices are to be regulated with government regulation.
- Not regulated.
- Interbank merger and consolidation and bank acquisition are to be based on a license granted by the Minister of Finance under Bank Indonesia's consideration. These are regulated with government regulation. Merger and consolidation of state owned commercial banks can be implemented only among themselves. Ownership of state owned commercial bank by private party is implemented only through the bourse.

10. Development and supervision

- Only implemented in banks.
- For the well being of liquidity and solvability, every bank is to maintain certain ratios fixed by Bank Indonesia.
- Not regulated.
- Not regulated.
- If needed, the Minister of Finance or other party assigned by him can ask any bank, through Bank Indonesia, for all materials and information and inspect on its records.
- Also implemented on affiliated parties.
- Bank Indonesia stipulates on banking soundness taking into consideration on capital, assets' quality, rentability, solvability, and other aspects related to banking business.
- Bank is required to maintain its soundness commensurate with the abovementioned stipulation and to carry out business on the basis of prudential principle.
- In case of any macro-policy, the Monetary Council can assign Bank Indonesia to :
 - = submit report on certain bank supervision;
 - = execute special supervision on bank and report the result.
- If needed, the Minister of Finance can ask Bank Indonesia to submit report on bank supervision results or to execute special supervision on certain bank. The Minister of Finance asks

- If Bank Indonesia's finds problems threatening a bank's solvability or liquidity, Bank Indonesia takes measures to solve the solvability and liquidity problems commensurate with its procedure.
 - In addition, Bank Indonesia has the authority to arrange commercial bank's equity participation or long-term credit extension and savings bank's credit extension.
- the above action if there is a condition which, according to him, threatens bank's soundness and existence as well as public interest and national development.
 - In case of a threatening problem, Bank Indonesia can :
 - a. take measures in order :
 - = shareholders to add capital;
 - = shareholders to change bank's boards of commissioners and/or directors;
 - = bank to write off bad debt and calculate on bank's loss to its capital;
 - = bank to merge or consolidate with other bank;
 - = bank to be sold to those willing to take over its whole liabilities.
 - b. take other measures commensurate with acts.
 - In addition, Bank Indonesia has the authority, among others, to
 - = arrange BMPK;
 - = arrange bank's activities in foreign exchange;
 - = arrange bank's equity participation;
 - = arrange administrative sanction.

11. Protection on customers

- Bank is prohibited to extend credit with no collateral.
 - Not regulated.
 - Penal sanction for carrying out bank business with no license is imprisonment at a maximum period of 5 years and/or a fine of a maximum amount of Rp5,000,000.00 (five million rupiah).
- In extending credit, bank has to be sure on debtor's capability and willingness to repay as agreed. Bank is obliged to operate with procedures which do not harm itself and the interest of customers who entrust their funds to the bank
 - For customer's interest, bank provides information on the possibility of loss risk in transactions carried out through the bank.
 - Mobilizing funds from the public in the form of savings deposit, demand deposit, time deposit, certificate of deposit and/or other similar type with no license from the Minister of Finance are liable to imprisonment at a

maximum period of 15 years and a fine at a maximum amount of Rp10,000,000,000.00 (ten billion rupiah).

- Not regulated.
- Not regulated.
- Not regulated.
- Merger, consolidation, and acquisition, may not harm customers' interest.
- With regard to liquidation, explicitly stated that the Minister of Finance, under Bank Indonesia's consideration, can ask the court to liquidate a bank.
- Criminal sanction is placed whether upon members of boards of directors and commissioners, employees, or affiliated parties.

12. Boards of commissioners and directors and foreign expert

- Requirements for members of boards of commissioners and directors are :
 - = Indonesian citizens
 - = experts and good character and moral
- Members of boards of commissioners and directors are to meet requirements fixed in the government regulation on bank establishment and any change has to be reported to Bank Indonesia by persistently meeting those requirements.
- Not regulated.
- In its operation, a bank can employ foreign experts as stipulated in government regulation.
- Not regulated.
- Members of boards of commissioners and directors and affiliated parties who break the act are liable to criminal and administrative sanction.

13. Bank confidential

- Stated in "other stipulations".
- Stated in certain chapter.
- Bank is prohibited to inform on customer's account position and other matters commonly kept confidential, except those stipulated in this act.
- Bank is prohibited to inform on customer's account position commonly kept confidential, except for taxation, criminal justice, civil justice between the bank and its customers, and exchange of information.
- Exception for tax official in taxation case and for public prosecutor or judge in criminal case can be performed based on the Minister of Finance's permission.
- Additional exception is for the police.

- Not regulated.

- In civil justice between a bank and its customer, the bank's board of directors can inform on the customer's account position and other data relevant to the case to the court.

14. Criminal sanction

- Those carrying out bank business with no license granted by the Minister of Finance are liable to an imprisonment at a maximum period of 5 years and/or a fine as much as Rp5,000,000.00 (five million rupiah).
- Those mobilizing funds from the public in the forms of demand, time, certificate of savings, and/or other type of deposit with no business license from the Minister of Finance are liable to a criminal imprisonment at a maximum period of 15 years and a fine of Rp10,000,000,000.00 (ten billion rupiah) as much.
- Those liable to criminal sanction are members of the board of directors, employees, and those forcing the bank to inform data to be kept confidential.
- Members of the board of commissioners and other affiliated parties are also liable to the sanction
- Not regulated.
- Crimes and violations in banking business are :
 - = counterfeiting, change, and omission in bookkeeping;
 - = commission for personal interest;
 - = not executing needed procedures as stated in legislation.

Those are liable to a criminal imprisonment at a maximum period of between 6 and 15 years and a fine between Rp6,000,000,000.00 (six billion rupiah) and Rp10,000,000,000.00 (ten billion rupiah) as much.

15. Administrative sanction

- Bank Indonesia can apply administrative sanctions or put consideration on the revocation of a bank's license to the Minister of Finance.
- Bank Indonesia can apply administrative sanctions on a bank which does not meet requirements stated in this act. Those sanctions are :
 - = payment of a certain amount of fine;
 - = submission of written warnings;
 - = reduction of the level of bank's soundness;
 - = prohibition in joining the clearing;
 - = freezing of total business or of some branch offices;
 - = revocation of business license.

- Bank Indonesia can draw up administrative sanctions on affiliated parties which do not comply with obligations as stipulated in this Act. The sanctions are :
 - = payment of a certain amount of fine;
 - = submission of written warnings;
 - = prohibition in the functioning of the bank's director or commissioner;
 - = prohibition in services in banking;
 - = suggestion to institution in charge in the revocation or abrogation of business license.

16. Transitional provision

- Village bank, village rice bank, market bank, government employee bank, and other banks comparable thereto and already existing on the coming into force of this Act shall remain to perform their task under the banking system in virtue of this Act.
- Village bank, village rice bank, market bank, government employee bank, LPN, LPD, BKD, BKK, KURK, LPK, BKPD, and/or other institutions comparable thereto are provided with a status of rural credit bank in virtue of this Act meeting requirements and procedures fixed with government regulation. Rural credit banks which have obtained business license and been located in the country's capital, provincial capital, and regency's and municipal capital shall remain to perform as rural credit banks before promoted to be commercial banks.
- Cooperatives banks already existing on the coming into force of this Act shall remain to perform their task as usual.
- Not regulated (has got a bank status).
- Not regulated.
- Acts on the establishment of state owned banks are to be persistently in force at a maximum period of one year since the enactment of this Act. In the period, those banks are obliged to meet requirements as fixed in their acts. Non-bank financial institutions obtaining bank business license can adjust their business activities as banks in one year since the enactment of this Act at the latest. Business adjustment in securities companies are based on capital market regulation. Banks obtaining business license from the Minister of Finance before the enactment of this Act shall remain to continue to perform their business as banks.

APPENDIX B

BANK INDONESIA
CONDENSED BALANCE SHEET
as per 31 March, 1992
(billions of rupiah)

ASSETS		LIABILITIES	
1. Gold and foreign assets	26,969	1. Monetary liabilities	15,150
a. Gold and foreign exchange	26,406	a. Currency in circulation	12,631
b. Other foreign assets	563	b. DMB's demand deposits	1,888
2. Claims on public sector	5,668	c. Private sector's demand deposits	631
a. Central Government	5,630	2. Foreign exchange deposits	639
b. Official entities and public enterprises	38	a. Foreign exchange banks' deposits	623
3. Claims on deposit money banks	13,378	b. Other demand deposits in foreign currency	16
4. Money Market Securities	4,194	3. Foreign liabilities	1,012
5. Claims on private sector	960	a. Foreign exchange liabilities	350
6. Other assets	2,788	b. Other foreign liabilities	662
		4. Government deposits	16,785
		a. Current account	14,172
		b. Blocked account	0
		c. Counterpart funds	697
		d. Import guarantee deposits	420
		e. Others	1,496
		5. Bank Indonesia Certificate	11,239
		6. Capital and reserves	2,356
		7. Other liabilities	6,776
TOTAL	53,957	TOTAL	53,957

**BANK INDONESIA PROFIT AND LOSS
FOR THE 1991/92 FINANCIAL YEAR¹⁾
(billions of rupiah)**

EXPENDITURE		REVENUE	
Expenses			
- Personnel/material/operational	733	- Interest	3,745
- Currency issues	287	- Commission	--
- Miscellaneous	1,677	- Miscellaneous	54
- Depreciation	87		
Profit			
- Profit before tax	1,015		
TOTAL	3,799	TOTAL	3,799

1) As submitted to the Government.

APPENDIX C

MANAGEMENT OF BANK INDONESIA as of March 31, 1992

GOVERNMENT COMMISSIONER

Acting Government Commissioner : Oskar Surjaatmadja

BOARD OF DIRECTORS

Governor : Prof. Dr. Adrianus Mooy

Managing Director : Binhadi

Sujitno Siswowidagdo

T.M. Sjakur Machmud

R. Rachmad

Hendrobudiyanto

Dr. Syahril Sabirin

Dr. Hasudungan Tampubolon

APPENDIX D

ORGANIZATION AND PERSONNEL

In the reporting year, Bank Indonesia's organization remained unchanged, consisting of 17 departments and 1 bureau at the Head Office, 40 branch offices, and 5 representative offices abroad.

In line with adjustments in government policies on banking, non-bank financial institutions, and credit as well as in Bank Indonesia's policies on banking services and information quality promotion, from June 17

to October 14, 1991, branch offices' organization were gradually improved.

The total number of personnel at the end of the reporting year was 7,753 persons comprising 4,426 persons at the Head Office, 3,290 persons at the branch offices, and 37 persons at the representative offices. The 49 person decrease in the number of personnel was due, among others, to retirement, replacement of which was still in the process of selection/training.

PERSONNEL *) (persons)

Office	1989/90	1990/91	1991/92
1. Head Office	4,517	4,471	4,426
2. Branch Office	3,303	3,300	3,290
3. Representative Office	26	31	37
T o t a l	7,846	7,802	7,753

*) End of period.

DEPARTEMENT DIRECTORIES

Accounting Department	: S u k a n t o
Banking Research and Development Bureau	: Dr. Subarjo Joyosumarto
Communication and Security Department	: Jatno Soesilarto
Cooperative and Small-scale Credit Department	: Ibrahim Zarkasi
Currency Circulation Department	: S o e r a s t o
Economics and Statistics Department	: Mukhlis Rasjid
Foreign Exchange Department	: Paul Soetopo Tjokronegoro
General Credit Department	: Subijanto Suronegoro
Human Resources Department	: S i s w a n t o
Internal Control Department	: Dr. Heru Soepraptomo
Internal Resources Research and Development Department	: E k o t j i p t o
International Department	: Djamalius Luddin
Legal and Secretariat Department	: D.P. Thijssen
Logistics Department	: Ny. Srimiyati Woeryanto
Money Market and Clearing Department	: Dahlan M. Sitalaksana
Private Foreign Exchange Bank and Non-bank Financial Institution Supervision Department	: H. Mansjurdin Nurdin
Private Non-foreign Exchange Bank Supervision Department	: Permadi Gandapradja
State Bank Supervision Department	: A c h w a n

REPRESENTATIVES

L o n d o n	: Dr. Kilian Sihotang
New York	: Ahmad Darsana
Singapore and Kuala Lumpur	: Syahrial Hamid
T o k y o	: H a r y o n o

REGIONAL DIRECTORS

Central Jawa and Yogyakarta Region	: Jusup Kartadibrata
East Jawa Region	: K o e s e n
North Sumatera Region	: R. Sulistijo
West Jawa Region	: Irfano Chamra

BRANCH MANAGER

Ambon	: Ahmad Fuad
Balikpapan	: Muhamad Rovky
Banda Aceh	: Ahmad Sukandar
Bandar Lampung	: Achmad Mufti
Bandung	: Irfano Chamra
Banjarmasin	: Djedi
Bengkulu	: Imrandani
Cirebon	: Suryanto
Denpasar	: Johanes Irawan
Dili	: Dragono Lisan
Jambi	: Warjoto
Jayapura	: Achmad Effendi
Jember	: A.A. Eko Poetranto
Kediri	: Soediono
Kendari	: M. Thobroni
Kupang	: K. Koeswara
Lhokseumawe	: Fathoni Achmad
Malang	: A f n a n
Manado	: Moh. Ma'ruf Saleh
Mataram	: Goegoen Roekawan
Medan	: R. Sulistijo
Padang	: Moeharno
Padang Sidempuan	: Mohammad Ali Said Kasim
Palembang	: Mahmud Arsin
Palu	: Sidik Suharto
Pekanbaru.	: Djumiran Indradj atmoko
Pematang Siantar	: Anang Atje
Pontianak	: Mohamad Saih
Purwokerto	: Djoko Sutrisno
Samarinda	: Adji Mulawarman Hasan
Sampit	: J. Parnawi Pudjokunarto
Semarang	: Jusup Kartadibrata
Sibolga	: Aris Anwari
Solo	: Muchammad Sjarief
Surabaya	: K o e s e n
Tasikmalaya	: R.M. Budihardja Padmodarmojo
Tegal	: H. Akihary
Ternate	: Hadi Hassim
Ujung Pandang	: Tontowi Djauhari Lintang
Yogyakarta	: Sri Hastjarja Poerwasoeparta

APPENDIX E

Table 1
Gross Domestic Product by Expenditure
(billions of rupiah)

Types of expenditure	1987	1988	1989 ^f	1990	1991 [*]
At 1983 market prices					
Consumption	61,426.1	64,149.3	67,441.0	73,370.5	78,843.0
<i>Private</i>	52,200.4	54,225.0	56,475.7	62,053.2	66,707.2
<i>Government</i>	9,225.7	9,924.3	10,965.3	11,317.3	12,135.8
Gross domestic capital formation	22,596.8	25,200.9	28,568.1	34,178.6	34,875.9
Change in stock ¹⁾	5,049.1	1,119.9	1,417.1	1,748.4	-697.3
Exports of goods and services	25,744.8	26,015.5	28,733.2	28,862.8	35,879.2
<i>less</i> Imports of goods and services	20,299.0	16,504.2	18,722.9	23,050.3	26,195.8
Gross Domestic Product	94,517.8	99,981.4	107,436.5	115,110.0	122,705.0
Net factor income from abroad	-4,247.7	-3,481.7	-3,726.3	-4,272.0	-3,954.8
Gross National Product	90,270.1	96,499.7	103,710.2	110,838.0	118,750.2
<i>less</i> Net indirect taxes	5,399.0	6,356.1	8,021.5	8,565.6	9,182.6
<i>less</i> Depreciation	4,725.9	4,996.2	5,362.6	5,637.6	6,043.7
National Income	80,145.2	85,147.4	90,326.1	96,634.8	103,523.9
At current market prices					
Consumption	83,752.4	93,801.1	104,449.9	123,885.0	146,004.3
<i>Private</i>	71,988.9	81,045.3	88,752.3	106,312.3	125,142.9
<i>Government</i>	11,763.5	12,755.8	15,697.6	17,572.7	20,861.4
Gross domestic capital formation	30,980.2	36,802.6	45,659.8	58,364.5	63,593.5
Change in stock ¹⁾	8,165.8	8,006.9	13,171.0	13,662.4	16,061.5
Exports of goods and services	29,874.3	34,665.6	42,505.0	51,953.1	62,322.2
<i>less</i> Imports of goods and services	27,955.8	31,171.4	38,601.0	50,945.7	60,818.7
Gross Domestic Product	124,816.9	142,104.8	167,184.7	196,919.3	227,162.8
Net factor income from abroad	-6,022.0	-6,921.7	-8,073.8	-9,613.9	-10,468.0
Gross National Product	118,794.9	135,183.1	159,110.9	187,305.4	216,694.8
<i>less</i> Net indirect taxes	7,129.8	9,032.7	12,444.5	14,169.7	16,152.1
<i>less</i> Depreciation	6,240.8	7,105.4	8,364.5	9,850.0	11,227.9
National Income	105,424.3	119,045.0	138,301.9	163,285.7	189,314.8
1) Residual.					
Source : Central Bureau of Statistics.					

Table 2
Expenditure's Weighted Growth and Its Share in GDP Growth
(percentage)

Types of expenditure	1987	1988	1989 ^r	1990	1991 *
Weighted growth					
Consumption	1.83	2.88	3.29	5.52	4.75
<i>Private</i>	1.85	2.14	2.25	5.19	4.04
<i>Government</i>	-0.02	0.74	1.04	0.33	0.71
Gross domestic capital formation	1.30	2.76	3.37	5.22	0.61
Change in stock ¹⁾	-1.43	-4.16	0.30	0.31	-2.12
Exports of goods and services	3.65	0.29	2.72	0.12	6.10
<i>less</i> Imports of goods and services	0.44	-4.01	2.22	4.03	2.73
Gross Domestic Product	4.9	5.8	7.5	7.1	6.6
Share in GDP growth					
Consumption	37.30	49.85	44.2	77.3	72.1
<i>Private</i>	37.65	37.06	30.2	72.7	61.3
<i>Government</i>	-0.35	12.79	14.0	4.6	10.8
Gross domestic capital formation	26.48	47.66	45.2	73.1	9.2
Change in stock ¹⁾	-28.93	-71.92	4.0	4.3	-32.2
Exports of goods and services	74.02	4.95	36.7	1.7	92.4
<i>less</i> Import of goods and services	8.87	-69.46	29.8	56.4	41.4
Gross Domestic Product	100.0	100.0	100.0	100.0	100.0
¹⁾ Residual. Source : Central Bureau of Statistics.					

Table 3
Percentage Change on Gross Domestic Product by Expenditure

Types of expenditure	1987	1988	1989 ^r	1990	1991 *
At 1983 market prices					
Consumption	2.8	4.4	5.1	8.8	7.5
<i>Private</i>	3.3	3.9	4.2	9.9	7.5
<i>Government</i>	-0.2	7.6	10.5	3.2	7.2
Gross domestic capital formation	5.5	11.5	13.4	19.6	2.0
Change in stock ¹⁾	-20.3	-77.8	26.5	23.4	-139.9
Exports of goods and services	14.6	1.1	10.4	0.5	24.3
<i>less</i> Imports of goods and services	2.0	-18.7	13.4	23.1	13.6
Gross Domestic Product	4.9	5.8	7.5	7.1	6.6
Net factor income from abroad	11.7	-18.0	7.0	14.6	-7.4
Gross National Product	4.6	6.9	7.5	6.9	7.1
<i>less</i> Net indirect taxes	-5.7	17.7	26.2	6.8	7.2
<i>less</i> Depreciation	4.9	5.7	7.3	5.1	7.2
National Income	5.4	6.2	6.1	7.0	7.1
At current market prices					
Consumption	12.1	12.0	11.4	18.6	17.9
<i>Private</i>	13.6	12.6	9.5	19.8	17.7
<i>Government</i>	3.8	8.4	23.1	11.9	18.7
Gross domestic capital formation	25.0	18.8	24.1	27.8	9.0
Change in stock ¹⁾	92.5	-1.9	64.5	3.7	17.6
Exports of goods and services	49.3	16.0	22.6	22.2	20.0
<i>less</i> Imports of goods and services	32.9	11.5	23.8	32.0	19.4
Gross Domestic Product	21.6	13.9	17.6	17.8	15.4
Net factor income from abroad	43.6	14.9	16.6	19.1	8.9
Gross National Product	20.6	13.8	17.7	17.7	15.7
<i>less</i> Net indirect taxes	9.2	26.7	37.8	13.9	14.0
<i>less</i> Depreciation	21.6	13.9	17.7	17.8	14.0
National Income	21.4	12.9	16.2	18.1	15.9
1) Residual.					
Source : Central Bureau of Statistics.					

Table 4
Expenditure's Share in GDP Formation

Types of expenditure	1987	1988	1989^r	1990	1991[*]
At 1983 market prices					
Consumption	65.0	64.1	62.8	63.7	64.3
<i>Private</i>	55.2	54.2	52.6	53.9	54.4
<i>Government</i>	9.8	9.9	10.2	9.8	9.9
Gross domestic capital formation	23.9	25.2	26.6	29.7	28.4
Change in stock ¹⁾	5.4	1.2	1.3	1.5	-0.6
Exports of goods and services	27.2	26.0	26.7	25.1	29.2
<i>less</i> Imports of goods and services	21.5	16.5	17.4	20.0	21.3
Gross Domestic Product	100.0	100.0	100.0	100.0	100.0
Net factor income from abroad	-4.5	-3.5	-3.5	-3.7	-3.2
Gross National Product	95.5	96.5	96.5	96.3	96.8
<i>less</i> Net indirect taxes	5.7	6.4	7.5	7.4	7.5
<i>less</i> Depreciation	5.0	5.0	5.0	4.9	4.9
National Income	84.8	85.1	84.0	84.0	84.4
At current market prices					
Consumption	67.1	66.0	62.5	62.9	64.3
<i>Private</i>	57.7	57.0	53.1	54.0	55.1
<i>Government</i>	9.4	9.0	9.4	8.9	9.2
Gross domestic capital formation	24.8	25.9	27.3	29.6	28.0
Change stock ¹⁾	6.6	5.6	7.9	6.9	7.1
Exports of goods and services	23.9	24.4	25.4	26.4	27.4
<i>less</i> Imports of goods and services	22.4	21.9	23.1	25.8	26.8
Gross Domestic Product	100.0	100.0	100.0	100.0	100.0
Net factor income from abroad	-4.8	-4.9	-4.8	-4.9	-4.6
Gross National Product	95.2	95.1	95.2	95.1	95.4
<i>less</i> Net indirect taxes	5.7	6.4	7.4	7.2	7.1
<i>less</i> Depreciation	5.0	5.0	5.0	5.0	4.9
National Income	84.5	83.7	82.8	82.9	83.4
1) Residual.					
Source : Central Bureau of Statistics.					

Table 5
Gross Domestic Product by Sector
(billions of rupiah)

Sectors	At 1983 market prices					At current market prices				
	1987	1988	1989 ^r	1990	1991 [*]	1987	1988	1989 ^r	1990	1991 [*]
Agriculture	20,223.5	21,213.7	21,917.8	22,356.9	22,657.2	29,116.0	34,277.9	39,163.9	42,148.7	44,218.4
Food crops	12,415.4	12,974.0	13,488.7	13,598.2	13,479.3	17,540.1	21,123.8	24,491.9	25,907.5	25,826.1
Smallholders' plantation crops	2,693.1	2,835.0	2,867.9	2,980.5	3,127.0	4,140.4	4,388.7	4,694.4	5,027.1	5,589.9
Large estate crops	564.5	623.1	681.3	743.1	785.7	978.4	1,244.8	1,502.3	1,639.5	1,979.1
Livestock and products	2,110.8	2,211.7	2,243.7	2,327.7	2,440.6	3,014.6	3,544.8	3,814.0	4,368.0	5,032.3
Forestry	967.9	1,013.0	973.8	1,002.7	992.5	1,246.8	1,448.3	1,643.7	1,854.6	1,992.3
Fishery	1,471.8	1,556.9	1,662.6	1,747.7	1,832.1	2,195.7	2,527.5	3,026.6	3,352.0	3,798.7
Mining and quarrying	16,365.5	15,892.8	16,663.8	17,488.8	19,108.2	17,266.8	17,161.8	21,822.5	25,448.4	30,901.4
Oil and natural gas	15,219.3	14,691.6	15,390.7	16,029.5	17,385.3	15,979.4	15,524.7	19,283.0	21,508.5	25,648.2
Others	1,146.2	1,201.2	1,273.1	1,459.3	1,722.9	1,287.4	1,637.1	2,539.5	3,939.9	5,253.2
Manufacturing	16,235.3	18,182.3	19,855.7	22,276.7	24,461.2	21,150.4	26,252.4	30,323.3	40,029.7	48,335.9
Non-oil/gas	12,064.4	13,606.6	15,180.6	17,149.6	18,961.2	17,233.4	21,278.3	24,876.3	31,620.6	38,552.7
Oil/gas	4,170.9	4,575.7	4,675.1	5,127.1	5,500.0	3,917.0	4,974.1	5,447.0	8,409.1	9,783.2
Oil refinery	937.7	981.2	990.0	1,089.7	1,123.8	1,819.7	2,025.9	2,148.1	3,561.4	4,310.5
L N G	3,233.2	3,594.5	3,685.1	4,037.4	4,376.2	2,097.3	2,948.2	3,298.9	4,847.7	5,472.7
Electricity, gas & water supply	494.6	548.9	615.6	725.7	842.8	746.9	869.0	1,008.3	1,258.1	1,575.0
Construction	4,802.9	5,259.1	5,878.0	6,672.9	7,403.3	6,087.4	7,169.2	8,884.2	10,748.5	12,855.8
Trade, hotel, & restaurant	14,356.2	15,656.9	17,338.1	18,564.5	19,557.3	21,048.3	24,379.2	28,855.5	33,872.8	37,726.2
Wholesale and retail trade	12,004.9	13,035.4	14,446.8	15,421.2	16,164.7	17,561.2	20,388.5	24,441.0	28,584.8	31,596.5
Hotel and restaurant	2,351.3	2,621.5	2,891.3	3,143.3	3,392.6	3,487.1	3,990.7	4,414.5	5,288.0	6,129.7
Transportation and communication	4,938.5	5,211.5	5,811.4	6,367.9	6,816.2	7,442.6	8,139.7	9,305.5	10,999.6	13,467.3
Transportation	4,393.7	4,626.0	5,151.2	5,596.4	5,949.5	6,638.8	7,227.2	8,280.1	9,693.5	11,886.7
Communication	544.8	585.5	660.2	771.5	866.7	803.8	912.5	1,025.4	1,306.1	1,580.6
Banking and other financial intermediaries	3,659.3	3,752.2	4,290.7	4,893.8	5,517.2	4,795.1	5,322.4	6,666.7	8,287.1	10,083.9
Ownership of dwelling	2,653.9	2,762.2	2,877.7	2,998.8	3,119.7	3,349.1	3,736.0	4,151.1	4,890.8	5,924.7
Public administration & defence	7,366.1	7,932.1	8,396.9	8,783.3	9,030.1	8,911.8	9,446.2	11,174.2	12,801.4	14,621.6
Other services	3,422.0	3,569.7	3,790.8	3,980.8	4,191.8	4,902.5	5,351.0	5,829.5	6,434.1	7,452.6
GROSS DOMESTIC PRODUCT	94,517.8	99,981.4	107,436.5	115,110.0	122,705.5	124,816.9	142,104.8	167,184.7	196,919.2	227,162.8
Non-oil/gas	75,127.6	80,714.1	87,370.7	93,953.4	99,819.7	104,920.5	121,606.0	142,454.7	167,001.6	191,731.4
Oil/gas	19,390.2	19,267.3	20,065.8	21,156.6	22,885.3	19,896.4	20,498.8	24,730.0	29,917.6	35,431.4

Source : Central Bureau of Statistics.

Table 6
Sectoral Weighted Growth and Its Share in GDP Growth

Sectors	Weighted growth					Share in GDP Growth				
	1987	1988	1989 ^r	1990	1991 [*]	1987	1988	1989 ^r	1990	1991 [*]
Agriculture	0.46	1.05	0.76	0.41	0.27	9.6	18.1	9.4	5.7	4.0
Food crops	0.14	0.59	0.51	0.06	-0.07	2.9	10.2	6.9	0.9	1.0
Smallholders' plantation crops	0.12	0.15	0.03	0.10	0.13	2.5	2.6	0.4	1.4	1.9
Large estate crops	--	0.06	0.06	0.06	0.04	0.1	1.1	0.8	0.8	0.6
Livestock & products	0.05	0.11	0.03	0.08	0.10	1.1	1.8	0.4	1.1	1.5
Forestry	0.09	0.05	-0.04	0.03	-0.01	1.8	0.8	-0.5	0.4	-0.1
Fishery	0.06	0.09	0.11	0.08	0.08	1.2	1.6	1.4	1.1	1.1
Mining and quarrying	0.06	-0.50	0.77	0.76	1.41	1.3	-8.7	10.3	10.7	21.3
Oil and natural gas	-0.02	-0.56	0.70	0.59	1.18	-0.4	-9.7	9.4	8.3	17.8
Others	0.08	0.06	0.07	0.17	0.23	1.7	1.0	0.9	2.4	3.5
Manufacturing	1.72	2.06	1.67	2.25	1.89	35.1	35.6	22.4	31.6	28.8
Non-oil/gas	1.37	1.63	1.57	1.83	1.57	27.9	28.2	21.1	25.7	23.9
Oil/gas	0.35	0.43	0.10	0.42	0.32	7.2	7.4	1.3	5.9	4.9
Oil refinery	0.01	0.05	0.01	0.09	0.03	0.2	0.8	0.1	1.3	0.4
L N G	0.34	0.38	0.09	0.33	0.29	7.0	6.6	1.2	4.6	3.5
Electricity, gas & water supply	0.07	0.06	0.07	0.10	0.10	1.5	1.0	0.9	1.4	1.5
Construction	0.22	0.48	0.62	0.74	0.65	4.4	8.4	8.3	10.4	9.6
Trade, hotel, and restaurant	1.06	1.38	1.68	1.14	0.87	21.6	23.8	22.6	16.0	13.1
Wholesale and retail trade	0.85	1.09	1.41	0.91	0.65	17.3	18.9	19.0	12.7	9.8
Hotel and restaurant	0.21	0.29	0.27	0.23	0.22	4.3	4.9	3.6	3.3	3.3
Transportation & communication	0.30	0.29	0.60	0.51	0.39	6.0	5.0	8.1	7.2	5.9
Transportation	0.24	0.25	0.53	0.41	0.31	4.8	4.3	7.1	5.8	4.6
Communication	0.06	0.04	0.07	0.10	0.08	1.2	0.7	1.0	1.4	1.3
Banking and other financial intermediaries	0.20	0.10	0.54	0.56	0.54	4.0	1.7	7.2	7.9	8.2
Ownership of dwelling	0.12	0.11	0.12	0.11	0.11	2.4	2.0	1.6	1.6	1.6
Public administration & defence	0.56	0.60	0.46	0.36	0.21	11.3	10.4	6.2	5.0	3.2
Other services	0.14	0.16	0.22	0.18	0.18	2.8	2.7	3.0	2.5	2.8
GROSS DOMESTIC PRODUCT	4.9	5.8	7.5	7.1	6.6	100.0	100.0	100.0	100.0	100.0
Non-oil/gas	4.6	5.9	6.7	6.1	5.1	93.2	102.3	89.3	85.8	77.3
Oil/gas	0.3	-0.1	0.8	1.0	1.5	6.8	-2.3	10.7	14.2	22.7

Source : Central Bureau of Statistics.

Table 7
Percentage Change of Gross Domestic Product by Sector

Sectors	At 1983 market prices					At current market prices				
	1987	1988	1989 ^r	1990	1991 [*]	1987	1988	1989 ^r	1990	1991 [*]
Agriculture	2.1	4.9	3.3	2.0	1.3	17.1	17.7	14.3	7.6	4.9
Food crops	1.0	4.5	4.0	0.5	-0.6	16.3	20.4	15.9	5.8	-0.3
Smallholders' plantation crops	4.4	5.3	1.2	3.9	4.9	17.1	6.0	7.0	7.1	11.2
Large estate crops	0.5	10.4	9.3	9.1	5.7	41.7	27.2	20.7	9.1	20.7
Livestock and products	2.3	4.8	1.4	3.7	4.9	14.2	17.6	7.6	14.5	15.2
Forestry	8.9	4.7	-3.9	3.0	-1.0	24.6	16.2	12.9	13.5	7.4
Fishery	3.8	5.8	6.8	5.0	5.0	14.3	15.1	19.7	10.8	13.3
Mining and quarrying	0.3	-2.9	4.9	5.0	9.3	50.1	-0.6	27.2	16.6	21.4
Oil and natural gas	-0.1	-3.5	4.8	4.2	8.5	52.2	-2.8	24.2	11.5	19.2
Others	7.0	4.8	6.0	14.6	18.1	28.6	27.2	55.1	55.1	33.3
Manufacturing	10.6	12.0	9.2	12.2	9.8	23.1	24.1	15.5	32.0	20.8
Non-oil/gas	11.4	12.8	11.6	13.0	10.6	29.6	23.5	16.9	27.1	21.9
Oil/gas	8.3	9.7	2.2	9.7	7.3	0.9	27.0	9.5	54.4	16.3
<i>Oil refinery</i>	<i>1.1</i>	<i>4.6</i>	<i>0.9</i>	<i>10.1</i>	<i>3.1</i>	<i>-5.0</i>	<i>11.3</i>	<i>6.0</i>	<i>65.8</i>	<i>21.0</i>
<i>L N G</i>	<i>10.6</i>	<i>11.2</i>	<i>2.5</i>	<i>9.6</i>	<i>8.4</i>	<i>6.5</i>	<i>40.6</i>	<i>11.9</i>	<i>46.9</i>	<i>12.9</i>
Electricity, gas and water supply	15.1	11.0	12.2	17.9	16.1	15.4	16.3	16.0	24.8	25.2
Construction	4.2	9.5	11.8	13.5	10.9	14.6	17.8	23.9	21.0	19.6
Trade, hotel, and restaurant	7.1	9.1	10.7	7.1	5.3	22.9	15.8	18.4	17.4	11.4
Wholesale and retail trade	6.8	8.6	10.8	6.7	4.8	23.4	16.1	19.9	17.0	10.5
Hotel and restaurant	8.8	11.5	10.3	8.7	7.9	20.8	14.4	10.6	19.8	15.9
Transportation and communication	5.8	5.5	11.5	9.6	7.0	16.2	9.4	14.3	18.2	22.4
Transportation	5.2	5.3	11.4	8.6	6.3	15.1	8.9	14.6	17.1	22.6
Communication	11.1	7.5	12.8	16.9	12.3	26.1	13.5	12.4	27.4	21.0
Banking and other financial intermediaries	5.1	2.5	14.4	14.1	12.7	18.8	11.0	25.3	24.3	21.7
Ownership of dwelling	4.3	4.1	4.2	4.2	4.0	12.5	11.6	11.1	17.8	21.1
Public administration and defence	7.3	7.7	5.9	4.6	2.8	7.3	6.0	18.3	14.6	14.2
Other services	3.7	4.3	6.2	5.0	5.3	13.6	9.1	8.9	10.4	15.8
GROSS DOMESTIC PRODUCT	4.9	5.8	7.5	7.1	6.6	21.6	13.9	17.6	17.8	15.4
Non-oil/gas	5.8	7.4	8.2	7.5	6.2	18.8	15.9	17.1	17.2	14.8
Oil/gas	1.6	-0.6	4.1	5.4	8.2	38.3	3.0	20.6	21.0	18.4

Source : Central Bureau of Statistics.

Table 8
Sectoral Share in GDP Formation

Sectors	At 1983 market prices					At current market prices				
	1987	1988	1989 ^r	1990	1991 [*]	1987	1988	1989 ^r	1990	1991 [*]
Agriculture	21.4	21.2	20.4	19.4	18.4	23.4	24.2	23.4	21.4	19.5
Food crops	13.1	13.0	12.6	11.8	11.0	14.1	14.9	14.6	13.2	11.3
Smallholders' plantation crops	2.9	2.8	2.7	2.6	2.5	3.3	3.1	2.8	2.6	2.5
Large estate crops	0.6	0.6	0.6	0.6	0.6	0.8	0.9	0.9	0.8	0.9
Livestock and products	2.2	2.2	2.1	2.0	2.0	2.4	2.5	2.3	2.2	2.2
Forestry	1.0	1.0	0.9	0.9	0.8	1.0	1.0	1.0	0.9	0.9
Fishery	1.6	1.6	1.5	1.5	1.5	1.8	1.8	1.8	1.7	1.7
Mining and quarrying	17.3	15.9	15.5	15.2	15.6	13.8	12.1	13.0	12.9	13.6
Oil and natural gas	16.1	14.7	14.3	13.9	14.2	12.8	10.9	11.5	10.9	11.3
Others	1.2	1.2	1.2	1.3	1.4	1.0	1.2	1.5	2.0	2.3
Manufacturing	17.2	18.2	18.5	19.3	19.9	17.0	18.5	18.2	20.4	21.3
Non-oil/gas	12.8	13.6	14.1	14.9	15.4	13.8	15.0	14.9	16.1	17.0
Oil/gas	4.4	4.6	4.4	4.4	4.5	3.2	3.5	3.3	4.3	4.3
Oil refinery	1.0	1.0	0.9	0.9	0.9	1.5	1.4	1.3	1.8	1.9
L N G	3.4	3.6	3.5	3.5	3.6	1.7	2.1	2.0	2.5	2.4
Electricity, gas & water supply	0.5	0.5	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.7
Construction	5.1	5.3	5.5	5.8	6.0	4.9	5.0	5.3	5.5	5.7
Trade, hotel, and restaurant	15.2	15.6	16.1	16.1	16.0	16.9	17.2	17.2	17.2	16.6
Wholesale and retail trade	12.7	13.0	13.4	13.4	13.2	14.1	14.4	14.6	14.5	13.9
Hotel and restaurant	2.5	2.6	2.7	2.7	2.8	2.8	2.8	2.6	2.7	2.7
Transportation & communication	5.2	5.2	5.4	5.6	5.5	5.9	5.7	5.6	5.6	5.9
Transportation	4.6	4.6	4.8	4.9	4.8	5.3	5.1	5.0	4.9	5.2
Communication	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.7	0.7
Banking and other financial intermediaries	3.9	3.8	4.0	4.3	4.5	3.8	3.7	4.0	4.2	4.4
Ownership of dwelling	2.8	2.8	2.7	2.6	2.5	2.7	2.6	2.5	2.5	2.6
Public administration and defence	7.8	7.9	7.8	7.6	7.4	7.1	6.6	6.7	6.5	6.4
Other services	3.6	3.6	3.5	3.5	3.5	3.9	3.8	3.5	3.2	3.3
GROSS DOMESTIC PRODUCT	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Non-oil/gas	79.5	80.7	81.3	81.7	81.3	84.0	85.6	85.2	84.8	84.4
Oil/gas	20.5	19.3	18.7	18.3	18.7	16.0	14.4	14.8	15.2	15.6

Source : Central Bureau of Statistics.

Table 9
Terms of Trade Effects on GDP at 1983 Market Prices
(billions of rupiah)

Items	1987	1988	1989 ^r	1990	1991 [*]
1. Exports of goods and services					
at current market prices	29,874.3	34,665.6	42,505.0	51,953.1	62,322.2
2. Exports of goods and service					
at 1983 market prices	25,744.8	26,015.5	28,733.2	28,862.8	35,879.2
3. Export deflator (1983 = 100)					
[(1:2) × 100]	116.0	133.2	152.6	180.0	173.7
4. Imports of goods and services					
at current market prices	27,955.8	31,171.4	38,601.0	50,945.7	60,818.7
5. Imports of goods and services					
at 1983 market prices	20,299.0	16,504.2	18,722.9	23,050.3	26,195.8
6. Import deflator (1983 = 100)					
[(4:5 × 100)]	137.7	188.9	216.1	221.0	232.2
7. Terms of trade index [(3:6) × 100]	84.2	70.5	70.6	81.4	74.8
8. Changes of terms of trade index (%)	-0.1	-16.3	0.1	15.4	-8.1
9. Import capacity (1:6)	21,695.2	18,351.3	19,668.0	23,506.1	26,843.4
10. Terms of trade effect (9-2)	-4,049.6	-7,664.2	-9,065.2	-5,356.7	-9,035.8
11. Changes of terms of trade effect (%)	-14.7	89.3	18.3	-40.9	68.7
12. GDP at 1983 market prices	94,517.8	99,981.4	107,436.5	115,110.5	122,705.0
13. Changes of GDP					
at 1983 market prices (%)	4.9	5.8	7.5	7.1	6.6
14. GDY (10+12)	90,468.2	92,317.2	98,371.3	109,753.3	113,669.2
15. Changes of GDY (%)	4.5	2.0	6.6	11.6	3.6
Source : Central Bureau of Statistics.					

Table 10
Approved Domestic Investment Projects by Sector
(billions of rupiah)

Sectors	1987	1988	1989	1990	1991 *	Total ¹⁾ 1968 through 1991 *	
						Value	Projects
Agriculture, forestry, and fishery	3,525.5	3,184.4	3,667.6	9,403.9	4,939.8	29,020.5	1,312
Agriculture	2,325.2	2,254.8	3,020.1	8,113.1	3,289.2	21,216.4	669
Forestry	640.1	486.6	222.7	593.0	1,471.9	4,698.0	312
Fishery	560.2	443.0	424.8	697.8	178.7	3,106.1	331
Mining	289.7	110.5	94.4	147.1	182.3	2,194.4	121
Manufacturing	5,518.1	9,746.9	12,933.7	40,863.5	26,464.3	127,590.8	4,925
Food	456.5	1,728.3	548.5	1,137.7	1,341.0	8,277.4	759
Textile	1,288.7	2,308.9	3,562.9	12,612.0	3,647.9	26,903.1	1,141
Wood	696.1	1,486.5	773.1	2,178.5	1,568.9	8,622.9	720
Paper	365.6	237.2	1,136.8	5,983.2	5,639.9	19,335.1	280
Chemical and pharmaceutical	2,084.1	3,057.4	4,051.1	12,667.8	8,534.5	35,590.1	924
Non-metal mineral	132.2	370.7	267.1	3,795.1	4,053.7	14,320.8	277
Basic metal	74.3	180.9	2,038.7	982.4	858.3	8,301.4	156
Metal products	410.4	279.0	507.5	1,323.3	784.5	5,909.3	589
Others	10.2	98.0	48.0	183.5	35.6	330.7	79
Construction	49.6	31.4	146.1	86.5	275.0	1,159.5	77
Hotel	138.8	537.0	1,265.3	4,661.7	3,897.1	12,294.3	368
Transportation	367.8	230.7	288.7	2,083.3	906.5	4,624.2	279
Real estate and office	173.9	846.1	936.2	2,101.3	3,504.2	9,001.5	234
Other services	201.6	228.9	261.9	531.1	915.6	3,010.7	185
T O T A L	10,265.0	14,915.9	19,593.9	59,878.4	41,084.0	188,895.9	7,501

1) From July 1968 to December 1991, 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	1987	1988	1989	1990	1991*	Total 1) 1968 through 1991*	
						Value	Projects
DKI Jakarta	776.7	1,031.4	1,419.6	3,272.3	3,604.4	15,497.9	967
West Jawa	3,853.7	5,640.4	9,275.0	27,333.4	13,511.7	74,142.6	2,406
Central Jawa	565.5	870.3	891.3	5,715.0	3,634.5	14,768.4	575
DI Yogyakarta	28.3	167.1	51.6	420.3	334.3	1,198.3	119
East Jawa	499.1	1,025.7	2,821.5	2,424.6	3,908.2	16,673.3	879
Jawa & Madura	5,723.3	8,734.9	14,459.0	39,165.6	24,993.1	122,280.5	4,946
DI Aceh	25.1	291.4	221.2	228.2	151.4	1,904.5	89
North Sumatera	348.6	543.8	317.4	913.4	824.9	4,500.8	322
West Sumatera	43.4	118.1	138.3	456.2	157.4	1,710.1	112
R i a u	642.2	1,198.8	1,307.9	5,821.8	3,255.7	14,003.3	231
J a m b i	308.2	298.0	145.3	620.0	1,058.8	3,181.9	62
South Sumatera	346.7	714.7	337.1	1,771.4	554.9	5,034.9	187
Bengkulu	82.2	34.1	78.2	79.4	20.2	454.5	37
Lampung	152.7	466.7	489.4	891.3	426.2	2,992.7	147
Sumatera	1,949.1	3,665.6	3,034.8	10,781.7	6,449.5	33,782.7	1,187
West Kalimantan	457.4	708.7	269.1	1,793.4	2,420.9	6,268.7	187
Central Kalimantan	11.3	33.3	89.2	104.8	192.3	765.0	85
South Kalimantan	81.2	186.5	215.1	174.1	567.9	1,613.4	120
East Kalimantan	436.8	425.0	256.4	3,149.0	1,228.1	7,361.2	214
Kalimantan	986.7	1,353.5	829.8	5,221.3	4,409.2	16,008.3	606
North Sulawesi	103.4	67.7	165.3	144.0	386.1	1,645.7	74
Central Sulawesi	272.7	55.2	48.8	426.5	452.0	1,247.3	66
South Sulawesi	117.9	120.5	68.6	547.5	323.8	1,765.3	180
Southeast Sulawesi	16.0	7.0	49.8	127.0	52.2	738.9	16
Sulawesi	510.0	250.4	332.5	1,245.0	1,214.1	5,397.2	336
West Nusa Tenggara	11.4	25.3	60.7	357.3	372.0	943.5	59
East Nusa Tenggara	21.6	21.7	30.4	261.8	18.9	532.1	43
Nusa Tenggara	33.0	47.0	91.1	619.1	390.9	1,475.6	102.0
B a l i	107.1	214.4	460.2	1,844.2	1,334.3	4,336.5	154
East Timor	--	1.1	--	22.6	--	24.9	6
Maluku	67.6	328.6	196.7	807.9	126.6	1,817.2	116
Irian Jaya	888.2	320.4	189.8	171.0	2,167.1	3,773.0	48
T O T A L	10,265.0	14,915.9	19,593.9	59,878.4	41,084.8	188,895.9	7,501

1) From July 1968 to December 1991, after taking into account the cancelation and shifting of projects from foreign to domestic investment.

Source : Capital Investment Coordinating Board.

Table 12
Approved Foreign Direct Investment Projects
by Sector
(millions of \$)

Sectors	1987	1988	1989	1990	1991*	Total ¹⁾ 1967 through 1991*	
						Value	Projects
Agriculture, forestry, and fishery	133.3	79.7	173.1	191.6	26.0	1,796.2	146
Agriculture	116.7	7.7	121.7	169.7	14.3	1,115.3	64
Forestry	4.6	26.3	4.4	2.4	0.7	402.9	33
Fishery	12.0	45.7	47.0	19.5	11.0	278.0	49
Mining	--	--	--	115.5	--	3,385.8	120
Manufacturing	852.1	3,827.9	4,246.1	5,646.9	3,970.5	32,182.1	1,442
Food	54.0	231.0	222.9	98.9	381.9	1,634.0	99
Textile	117.9	213.2	581.1	1,094.2	532.3	3,803.4	337
Wood	44.8	104.3	105.9	217.6	62.2	814.8	117
Paper	108.6	1,505.6	211.4	730.2	822.1	4,201.7	33
Chemical and pharmaceutical	208.8	1,544.3	2,512.4	1,998.0	925.5	10,202.2	325
Non-metal mineral	251.3	29.8	183.9	124.8	133.4	2,222.2	51
Basic metal	6.9	61.3	105.7	824.5	197.2	4,383.2	45
Metal products	56.9	128.8	292.3	460.1	856.2	4,649.3	379
Others	2.9	9.6	30.5	98.6	59.7	271.3	56
Construction	42.2	2.4	15.9	76.8	26.4	584.2	111
Hotel	196.0	404.6	97.8	874.4	4,018.9	6,119.6	78
Transportation	213.0	2.5	4.5	803.0	166.8	1,499.8	28
Real estate and office	--	74.5	66.6	901.7	402.7	2,089.6	60
Other services	20.3	42.8	114.8	140.2	166.9	694.1	186
T O T A L	1,456.9	4,434.4	4,718.8	8,750.1	8,778.2	48,351.4	2,171

1) From June 1967 to December 1991, 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
(millions of \$)

Provinces	1987	1988	1989	1990	1991*	Total ¹⁾ 1967 through 1991*	
						Value	Projects
DKI Jakarta	440.4	335.4	521.2	1,651.5	4,216.6	11,660.1	615
West Jawa	605.8	1,069.4	1,476.3	3,691.7	2,376.2	14,179.5	828
Central Jawa	32.3	25.1	1,702.7	109.7	130.6	2,462.5	53
DI Yogyakarta	--	--	--	6.9	37.0	43.9	5
East Jawa	208.3	236.9	330.5	972.8	426.5	3,378.4	164
Jawa & Madura	1,286.8	1,666.8	4,030.7	6,432.7	7,186.9	31,724.4	1,665
DI Aceh	--	--	50.0	192.0	--	1,126.9	12
North Sumatera	109.1	55.0	17.7	360.0	35.9	3,614.0	51
West Sumatera	1.5	5.7	5.2	1.5	--	67.2	12
R i a u	--	614.3	318.5	247.0	950.8	2,711.2	94
J a m b i	--	--	--	--	--	23.8	3
South Sumatera	2.1	919.9	56.7	44.4	5.0	1,296.3	21
Bengkulu	--	--	41.1	--	--	41.1	7
Lampung	2.0	--	77.9	26.0	3.3	606.6	13
Sumatera	114.7	1,594.9	567.1	871.0	995.0	9,487.1	213
West Kalimantan	--	24.3	--	6.8	12.8	125.8	28
Central Kalimantan	9.1	18.3	5.7	10.8	2.7	269.0	33
South Kalimantan	8.1	2.0	13.2	122.6	4.5	255.7	21
East Kalimantan	1.0	39.0	--	560.7	4.0	1,609.6	35
Kalimantan	18.2	83.6	18.9	700.8	24.0	2,260.1	117
North Sulawesi	25.0	--	2.4	8.0	7.2	320.4	14
Central Sulawesi	--	24.3	4.0	1.4	2.0	33.4	9
South Sulawesi	1.0	--	4.9	121.4	1.6	1,344.6	19
Southeast Sulawesi	--	19.5	--	3.6	2.2	39.5	7
Sulawesi	26.0	43.8	11.3	134.4	13.0	1,737.9	49
West Nusa Tenggara	--	3.0	1.6	--	6.8	33.4	6
East Nusa Tenggara	10.0	0.8	9.5	1.2	--	27.0	10
Nusa Tenggara	10.0	3.8	11.1	1.2	6.8	60.4	16
B a l i	1.4	371.1	79.7	608.5	550.0	1,906.2	79
East Timor	--	--	--	--	--	--	--
Maluku	--	--	--	0.3	2.5	115.3	11
Irian Jaya	--	670.5	--	1.3	--	1,060.0	21
T O T A L	1,457.1	4,434.5	4,718.8	8,750.1	8,778.2	48,351.4	2,171

1) From June 1967 to December 1991, after taking into account the cancelation and shifting of projects from foreign to domestic investment.

Source : Capital Investment Coordinating Board.

Table 14
Approved Foreign Direct Investment Projects
by Country of Origin
(millions of \$)

Countries	1987	1988	1989	1990	1991 *	Total ¹⁾ 1967 through 1991 *	
						Value	Projects
Europe	607.0	1,433.4	604.5	1,070.4	1,173.6	7,445.0	356
The Netherlands	122.8	270.9	282.9	567.3	183.6	2,131.5	89
Belgium	7.1	--	43.1	87.1	23.0	241.7	16
The United Kingdom	12.7	120.9	43.5	57.8	535.6	1,414.7	104
Germany	330.6	955.9	6.7	13.4	59.9	1,822.0	51
France	42.0	42.2	18.8	68.7	25.8	321.5	32
Switzerland	--	1.2	11.0	14.3	307.8	492.0	26
Others	91.8	42.3	198.5	261.8	37.9	1,021.6	38
America	106.3	759.6	366.6	202.8	388.0	3,055.0	172
The United States of America	72.7	671.8	348.0	153.7	275.6	2,496.1	133
Canada	6.9	--	3.0	8.5	7.5	30.3	14
Others	26.7	87.8	15.6	40.6	104.9	528.6	25
Asia	707.3	1,868.2	2,064.6	4,991.4	2,950.7	23,303.6	1,363
Hong Kong	134.8	231.4	406.8	993.3	277.7	4,213.2	203
Japan	531.8	247.0	768.7	2,240.8	929.3	11,405.0	472
South Korea	23.0	209.0	466.1	722.9	301.3	2,228.9	253
Malaysia	1.0	20.2	22.7	7.2	29.5	120.6	25
Philippines	2.8	--	--	--	8.0	20.9	6
Singapore	6.0	240.2	166.1	264.3	346.4	1,578.8	151
Taiwan	7.9	910.2	158.2	618.3	1,056.5	3,375.3	227
Thailand	--	10.2	17.0	9.5	1.0	40.6	10
Others	--	--	59.0	135.1	1.0	320.3	16
Australia	2.5	53.2	42.5	186.5	48.4	974.6	120
Africa	--	--	--	2.2	5.8	48.9	11
Joint countries	34.0	320.1	1,640.6	2,296.8	4,140.7	13,452.2	144
Others ²⁾	--	--	--	--	71.0	72.1	5
T O T A L	1,457.1	4,434.5	4,718.8	8,750.1	8,778.2	48,351.4	2,171

1) From June 1967 to December 1991, after taking into account the cancelation and shifting of projects from foreign to domestic investment.

2) Comprises the USSR, the PRC, and Saudi Arabia.

Source : Capital Investment Coordinating Board.

Table 15
Consumer Price Index (Composite of 27 Cities) ¹⁾
(April 1988 through March 1989 = 100)

End of period	Foodstuffs	Housing	Clothing	Miscella- neous	General Index	Changes in the General Index (%) ²⁾
1987/1988						+8.29
March	300.53	322.90	270.23	299.94	303.52	
1988/1989						+6.55
March	329.63	340.53	281.40	311.06	323.94	
1989/1990						+5.48
March	348.25	362.20	295.65	325.58	342.05	
1990/1991						+9.11
June	110.38	114.68	111.03	110.65	111.61	+3.29
September	110.27	122.10	112.52	116.18	115.34	+3.31
December	111.49	123.94	113.41	118.55	116.98	+1.42
March	113.57	124.62	114.17	119.59	118.26	+1.09
1991/92						+9.78
April	118.12	125.48	116.89	120.36	120.50	+1.89
May	117.46	125.75	116.85	121.74	120.72	+0.18
June	117.44	126.15	117.51	122.96	121.25	+0.44
July	119.06	128.29	118.10	127.07	123.54	+1.89
August	119.92	130.26	118.23	132.82	125.89	+1.90
September	120.05	130.37	118.46	132.93	126.04	+0.12
October	121.25	130.88	118.69	134.57	127.00	+0.76
November	122.34	133.69	118.98	134.82	128.35	+1.06
December	122.64	133.74	119.46	135.02	128.60	+0.19
January	123.39	134.26	119.54	135.69	129.17	+0.44
February	124.07	134.30	119.78	135.97	129.50	+0.26
March	125.82	134.59	120.76	136.14	130.34	+0.65

1) Up to March 1990, composite of 17 cities (April 1977 – March 1978 = 100).

2) Annually/quarterly changes are calculated on a cumulative basis as summation of the monthly percentage changes.

Source : Central Bureau of Statistics.

Table 16
Wholesale Price Index¹⁾
(1983 = 100)

Sectors	1987/88 [†]	1988/89 [†]	1989/90	1990/91	1991/92	1991/92 against 1990/91 (%)
Agriculture	150	167	180	194	211	8.77
Mining and quarrying	135	146	159	174	191	9.77
Manufacturing	146	159	168	181	198	9.40
Imports	159	166	183	194	203	4.64
Exports	121	126	134	164	151	-7.93
<i>Oil/gas</i>	<i>106</i>	<i>109</i>	<i>116</i>	<i>155</i>	<i>134</i>	<i>-13.55</i>
<i>Non-oil/gas</i>	<i>174</i>	<i>186</i>	<i>195</i>	<i>196</i>	<i>206</i>	<i>5.11</i>
General Index	144	153	165	182	189	3.85

1) Average figures in the respective fiscal year.

Source : Central Bureau of Statistics.

Table 17
Money Supply
(billions of rupiah)

End of period	M2 ¹⁾			M1 ²⁾		Quasi money ³⁾	
	Outstanding	Changes (%)		Outstanding	Share (%)	Outstanding	Share (%)
		Annually	Quarterly				
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 ⁴⁾	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 ⁵⁾	59.6
1987	33,885	22.5	7.1	12,685	37.4	21,200	62.6
1987/88	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
1991/92							
June	87,756		8.2	24,609	28.0	63,147	72.0
September	93,328		6.3	25,805	27.6	67,523	72.4
December	99,059	17.0	6.1	26,342	26.6	72,717	73.4
March	100,796	24.2	1.8	27,318	27.1	73,478	72.9

1) Consists of M1, and quasi 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 (M1)
(billions of rupiah)

End of period	Outstanding	Changes (%)		Currency		Demand deposits	
		Annually	Quarterly	Outstanding	Share (%)	Outstanding	Share (%)
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	12,685	6.6	5.9	5,782	45.6	6,903	54.4
1987/88	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	22,982		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
1991/92							
June	24,609		4.4	8,824	35.9	15,785	64.1
September	25,805		4.9	9,025	35.0	16,780	65.0
December	26,342	10.6	2.1	9,346	35.5	16,996	64.5
March	27,318	15.9	3.7	11,025	40.4	16,293	59.6

Table 19
Total and Index of Money Supply

End of period	M2 (billions of Rp)	M1 (billions of Rp)	Price index ¹⁾ (April 1988- March 1989 = 100)	M2 in real terms (billions of Rp)	M1 in real terms (billions of Rp)	Index of real M2 (March 1979 = 100)	Index of real M1 (March 1979 = 100)
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	102.88
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 ²⁾	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 ³⁾	11,500	279.49	32,281	13,030	298.72	178.93
1987	33,885	12,685	300.75	35,680	13,357	330.18	183.42
1987/88	35,660	12,626	303.52	37,204	13,173	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
1991/92							
June	87,756	24,609	121.25	72,376	20,296	669.78	278.71
September	93,328	25,805	126.04	74,046	20,474	685.23	281.16
December	99,059	26,342	128.60	77,029	20,484	712.84	281.30
March	100,796	27,318	130.34	77,333	20,959	715.65	287.82

1) Based on Consumer Price Index: prior to March 1979 the index was based on the Cost of Living Index for Jakarta. For April 1979 to March 1990 was based on Consumer Price Index (17 cities) and April 1977 - March 1978 = 100. Since April 1990 has been based on 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)

Items	1989	1989/90	1990	1990/91	1991				1992	
					I	II	III	IV	I	1991/92
Changes of broad money (M2) :	16,707	20,199	25,926	16,757	-3,506	6,632	5,572	5,731	1,737	19,672
Narrow Money (M1)	5,722	7,145	3,705	1,415	-249	1,039	1,196	537	976	3,748
<i>Currency</i>	1,180	1,221	1,667	1,246	-68	-202	201	321	1679	1,999
<i>Demand deposits</i>	4,542	5,924	2,038	169	-181	1,241	995	216	-703	1,749
Quasi money ¹⁾	10,985	13,054	22,221	15,342	-3,257	5,593	4,376	5,194	761	15,924
Affecting factors:										
Foreign assets (net)	409	-737	-2,171	2,277	4,046	1,442	1,462	480	78	3,462
Claims on central government										
(net)	-1,175	-60	-3,877	-4,820	-452	-1,522	691	-73	-1,503	-2,407
Claims on entities,										
enterprises and individuals	23,576	29,666	34,888	29,748	3,619	6,597	1,289	8,863	4,410	21,159
<i>Claims on official entities</i>										
<i>and public enterprises</i>	1,444	1,110	-921	-1,503	-617	1,269	-207	-340	790	1,512
<i>Claims on private</i>										
<i>enterprises and individuals</i>	22,132	28,556	35,809	31,251	4,236	5,328	1,496	9,203	3,620	19,647
Net other items	-6,103	-8,670	-2,914	-10,448	-10,719	115	2,130	-3,539	-1,248	-2,542
1) Consists of time and savings deposits in rupiah and foreign currency and demand deposits in foreign currency held by domestic private sector.										

Table 21
Government Revenues and Expenditures
(billions of rupiah)

Particulars	1987/88	1988/89	1989/90	1990/91	1991/92		1992/93 Budget
					Budget	Actuals	
Revenues	26,961	32,995	38,169	49,451	50,556	51,994	56,109
<i>Domestic</i>	20,803	23,004	28,740	39,546	40,184	41,585	46,509
<i>Development</i>	6,158	9,991	9,429	9,905	10,372	10,409	9,600
Expenditures	26,959	32,990	38,165	49,450	50,556	51,992	56,109
<i>Routine</i>	17,482	20,739	24,331	29,998	30,558	30,228	33,197
<i>Development</i>	9,477	12,251	13,834	19,452	19,998	21,764	22,912
Government savings ¹⁾	3,321	2,265	4,409	9,548	9,626	11,357	13,312
Total development fund ²⁾	9,479	12,256	13,838	19,453	19,998	21,766	22,912
Surplus (+)/Deficit (–)	2	5	4	1	– –	2	– –
<p>1) Domestic revenues minus routine expenditures. 2) Development revenues plus government savings. Source : Ministry of Finance.</p>							

Table 22
Government Revenues
(billions of rupiah)

Particulars	1987/88	1988/89	1989/90	1990/91	1991/92		1992/93 Budget
					Budget	Actuals	
Domestic revenues	20,803	23,004	28,740	39,546	40,184	41,585	46,509
Oil and gas receipts	10,047	9,527	11,252	17,712	15,009	15,039	13,948
<i>O i l</i>	8,720	8,326	9,418	14,578	12,522	12,481	11,201
<i>G a s</i>	1,327	1,201	1,834	3,134	2,487	2,558	2,747
Non-oil/gas receipts	10,756	13,477	17,488	21,834	25,175	26,546	32,561
<i>Income tax</i>	2,663	3,949	5,488	6,755	8,021	9,580	10,930
<i>Value-added tax on goods</i>							
<i>and services and sales tax</i>							
<i>on luxury goods</i>	3,390	4,505	5,837	7,463	8,224	8,926	11,032
<i>Import duties</i>	938	1,192	1,587	2,486	2,574	2,133	3,041
<i>Excise duties</i>	1,106	1,390	1,477	1,917	2,215	2,223	2,441
<i>Export taxes</i>	184	156	171	44	121	19	60
<i>Land and building tax</i>	275	424	590	811	839	875	991
<i>Others</i>	223	292	276	243	351	303	355
<i>Non-tax receipts</i>	1,977	1,569	2,062	2,115	2,830	2,487	2,910
<i>Fuel oil receipts</i>	--	--	--	--	--	--	801
Development revenues	6,158	9,991	9,429	9,905	10,372	10,409	9,600
Program aid	728	2,041	1,007	1,397	1,538	1,563	501
<i>Pure</i>	103	33	11	35	--	--	--
<i>Local cost financing</i>	625	2,008	996	1,362	1,538	1,563	501
Project aid	5,430	7,950	8,422	8,508	8,834	8,846	9,099
T O T A L	26,961	32,995	38,169	49,451	50,556	51,994	56,109
Source : Ministry of Finance.							

Table 23
Government Expenditures
(billions of rupiah)

Particulars	1987/88	1988/89	1989/90	1990/91	1991/92		1992/93 Budget
					Budget	Actuals	
Routine expenditures	17,482	20,739	24,331	29,998	30,558	30,228	33,197
Personnel expenditures	4,617	4,998	6,201	7,054	7,753	8,103	9,145
<i>Rice allowance</i>	451	518	588	640	769	923	886
<i>Salaries and pensions</i>	3,561	3,833	4,826	5,570	6,068	6,299	7,220
<i>Food allowance</i>	299	327	373	382	436	393	473
<i>Other domestic personnel expenditure</i>	176	185	243	264	266	279	311
<i>Overseas personnel expenditures</i>	130	135	171	198	214	209	255
Material expenditures	1,329	1,492	1,702	1,830	2,201	2,373	2,432
<i>Domestic</i>	1,239	1,378	1,569	1,670	2,038	2,218	2,248
<i>Overseas</i>	90	114	133	160	163	155	184
Subsidies to local government	2,816	3,038	3,566	4,236	4,660	4,834	5,269
<i>Non-personnel expenditures</i>	224	259	228	275	314	314	376
<i>Personnel expenditures</i>	2,592	2,779	3,338	3,961	4,346	4,520	4,893
Amortization and interest payments	8,205	10,940	11,939	13,395	14,381	13,434	15,902
<i>Domestic debt</i>	39	77	149	250	251	251	275
<i>Foreign debt</i>	8,166	10,863	11,790	13,145	14,130	13,183	15,627
Food stock expenditures	--	--	--	--	--	--	--
Others	515	271	923	3,483	1,563	1,484	449
Development expenditures	9,477	12,251	13,834	19,452	19,998	21,764	22,912
Ministries/institutions including national defense and security	1,385	1,856	2,509	4,853	6,447	5,971	8,038
Regional development	1,334	1,491	1,719	2,998	3,958	3,953	4,951
<i>Subsidies to villages</i>	102	112	112	181	250	250	327
<i>Subsidies to regencies</i>	263	267	270	392	591	583	825
<i>East Timor</i>	5	6	--	--	--	--	--
<i>Subsidies to provinces</i>	291	334	324	486	594	574	716
<i>Land and building tax</i>	223	344	478	657	679	708	802
<i>Construction of primary school</i>	193	130	100	374	522	520	669
<i>Subsidies for construction/reconstruction of markets</i>	3	3	3	3	3	2	3
<i>Public health services</i>	74	99	122	193	269	269	339
<i>Subsidies for afforestation and reforestation</i>	16	16	16	33	75	75	97
<i>Presidential instruction on road infrastructures</i>	164	180	294	679	975	972	1,173
Other expenditures	1,328	954	1,184	1,093	759	1,494	824
<i>Subsidies for fertilizer</i>	756	200	278	265	175	302	175
<i>Government capital participation</i>	57	125	141	323	95	470	146
<i>Others</i>	515	629	765	505	489	722	503
Development budget reserves	--	--	--	2,000	--	1,500	--
Project aid	5,430	7,950	8,422	8,508	8,834	8,846	9,099
TOTAL	26,959	32,990	38,165	49,450	50,556	51,992	56,109

Source : Ministry of Finance.

Table 24
Development Expenditures by Sector
(billions of rupiah)

Particulars	1987/88	1988/89	1989/90	1990/91	1991/92		1992/93
					Budget	Actuals	Budget
Government	138	179	188	250	290	321	398
State apparatus	118	152	163	215	235	269	324
Law	20	27	25	35	55	52	74
National defense and security	514	555	720	996	1,085	1,023	1,120
Education and culture	1,359	2,327	1,840	2,607	3,005	2,847	3,569
Education, youth, culture and religion	1,181	1,606	1,507	2,052	2,503	2,417	3,002
Science, technology, and research	178	721	333	555	502	430	567
Health, social welfare, women's role, population, and family planning program	225	338	470	723	783	891	955
Housing and settlement	431	481	495	677	833	801	959
Religion and manpower	218	284	306	621	797	766	953
Religion	18	18	25	42	52	47	67
Manpower and transmigration	200	266	281	579	745	719	886
Economy	5,243	6,487	7,347	8,766	10,084	10,289	11,266
Agriculture and irrigation	1,937	1,611	2,049	2,308	2,816	2,714	2,955
Manufacturing	215	447	400	547	493	545	520
Mining and energy	1,206	2,074	1,418	1,874	2,446	2,463	3,013
Transportation and tourism	1,598	2,012	3,006	3,744	3,968	3,910	4,385
Information, press, and communication	28	28	59	94	73	78	80
Trade and cooperatives	259	315	415	199	288	579	313
Regional, business, and environment	1,349	1,600	2,468	2,812	3,121	3,326	3,692
Regional, rural, and urban development	930	1,137	1,369	1,938	2,409	2,478	2,919
Business development	219	238	625	334	377	410	390
Resources and environment	200	225	474	540	335	438	383
Development budget reserves	--	--	--	2,000	--	1,500	--
T O T A L	9,477	12,251	13,834	19,452	19,998	21,764	22,912

Source : Ministry of Finance.

Table 25
Balance of Payments ¹⁾
(millions of \$)

Items	1987/88	1988/89	1989/90	1990/91	1991/92*
A. Balance of goods and services	-1,707	-1,859	-1,599	-3,741	-4,352
1. Merchandise, exports f.o.b.	18,343	19,824	23,830	28,143	29,714
imports f.o.b.	-12,952	-14,311	-17,374	-23,028	-24,803
2. Freight and insurance on imports	1,401	-1,555	-1,886	-2,519	-2,719
3. Other transportation	-226	-317	-462	-607	-679
4. Travel	477	806	953	1,380	1,619
5. Investment income	-3,825	-4,198	-4,612	-5,388	-5,579
5.1. Oil and LNG sector	-1,237	-1,242	-1,692	-2,127	-2,023
5.2. Direct investment and others	-2,588	-2,956	-2,920	-3,261	-3,556
6. Government, not included elsewhere	-130	-142	-150	-160	-205
7. Other services	-1,993	-1,966	-1,898	-1,562	-1,700
Balance of goods (1)	5,391	5,513	6,456	5,115	4,911
Balance of services (2 through 7)	-7,098	-7,372	-8,055	-8,856	-9,263
B. Grants	165	166	171	226	210
8. Private	--	--	--	--	--
9. Official	165	166	171	226	210
C. Current account (A + B)	-1,542	-1,693	-1,428	-3,515	-4,142
D. Capital movements	1,485	3,125	1,986	3,252	4,360
D.1. Other than reserves	3,070	2,448	2,234	6,554	5,341
10. Direct investment and other long-term Capital movements	1,983	2,425	2,287	6,623	5,267
10.1. Direct investment	544	585	722	1,424	1,531
10.2. Bonds	--	169	--	--	--
a. Official	--	169	--	--	--
b. Private	--	--	--	--	--
10.3. Other long-term capital movements	1,439	1,671	1,565	5,199	3,736
a. Official	1,361	2,490	1,659	698	1,208
b. Private	78	-819	-94	4,501	2,528
11. Short-term capital movements	1,087	23	-53	-69	74
11.1. Official	--	--	--	--	--
11.2. Private	1,087	23	-53	-69	74
D.2. Reserves	-1,585	677	-248	-3,302	-981
12. Monetary gold	-138	163	-37	97	62
13. Special Drawing Rights	35	5	-1	--	--
14. Reserves position in the Fund	-8	5	--	--	2
15. Foreign exchange	-1,474	505	-210	-3,392	-1,046
16. Others	--	-1	--	-7	1
E. Errors and Omissions (between C and D)	57	-1,432	-558	263	218

D) - The presentation follows the IMF standard.
- Positive is for credit and negative is for debit.

Table 26
Export Value
(millions of \$)

Items ¹⁾	1987/88	1988/89	1989/90	1990/91	1991/92 *
Non-oil/gas	9,502	12,184	14,493	15,380	19,008
Wood and wood products	2,469	2,903	3,465	3,452	3,732
Log	3	9	6	5	10
Plywood	1,851	2,095	2,438	2,764	2,868
Sawn timber	483	592	600	90	90
Others	132	207	421	593	764
Rubber	1,037	1,229	956	887	932
Coffee	498	576	452	371	362
Palm oil	214	313	279	284	349
Shrimp and other animal products	488	839	781	1,076	1,150
Shrimp	352	541	520	711	810
Others	136	298	261	365	340
T e a	119	136	181	154	145
Foodstuffs	246	357	347	445	502
Tapioca	93	154	97	121	99
Others	153	203	250	324	403
Pepper	158	144	94	78	69
Tobacco	47	43	44	72	65
Copra cakes	41	42	51	56	51
Hides	60	69	70	58	43
Rattan and rattan products	231	153	235	230	291
Raw rattan	162	37	-	-	-
Rattan mat	46	51	86	21	37
Rattan furniture	19	58	132	189	230
Others	4	7	17	20	24
Textile and textile products	1,128	1,571	2,219	2,731	4,011
Handicrafts	67	184	250	357	489
Electrical appliances	55	106	176	259	544
Urea fertilizer	117	136	167	214	291
Cement	54	86	128	69	68
Iron steel	221	317	490	308	380
Paper	113	153	224	248	330
Glasswares	45	108	94	100	124
Footwears	33	126	304	679	1,028
Mining products	1,112	1,556	1,582	1,440	1,692
Tin	143	165	213	147	146
Copper	186	238	321	447	528
Aluminum	245	301	267	202	159
Nickel	152	438	404	326	289
Gold	315	323	218	68	141
Others ²⁾	71	91	159	250	429
Others	949	1,037	1,904	1,812	2,394
Oil ³⁾	6,159	5,007	6,288	8,053	6,869
G a s	2,682	2,633	3,049	4,710	3,837
LNG	2,628	2,508	2,801	4,304	3,510
LPG	54	125	248	406	327
T O T A L	18,343	19,824	23,830	28,143	29,714

1. The change in commodity classification system from CCCN to HS in 1991/92, shifting the grouping of some commodities.
2. Includes natural sand, which for 1987/88 through 1991/92 were \$5.4 million, \$4.6 million, \$4.4 million, \$5.7 and \$4.6 million, respectively.
3. Includes crude oil and oil products.

Table 27
Export Volume
(thousands of tons)

Items ¹⁾	1987/88	1988/89	1989/90	1990/91	1991/92*
Non-oil/gas	62,975	47,855	38,778	40,873	53,958
Wood and wood products	6,768	7,764	9,914	7,029	7,717
Log	146	276	136	108	269
Plywood	3,849	4,381	5,086	5,351	6,160
Sawn timber	1,872	2,093	1,739	97	120
Others	901	1,014	2,953	1,473	1,168
Rubber	1,187	1,220	1,222	1,221	1,337
Coffee	275	323	399	426	409
Palm oil	703	808	943	1,098	1,115
Shrimp and other animal products	194	243	316	411	552
Shrimp	86	91	137	133	226
Others	108	152	179	278	326
T e a	98	110	118	112	113
Foodstuffs	2,954	2,592	2,446	2,449	2,183
Tapioca	833	1,368	1,303	1,268	968
Others	2,121	1,224	1,143	1,181	1,215
Pepper	36	53	44	52	55
Tobacco	20	20	17	21	23
Copra cakes	384	355	466	632	518
Hides	6	4	4	2	4
Rattan and rattan products	151	63	70	95	165
Raw rattan	135	30	--	--	--
Rattan mat	8	8	12	6	75
Rattan furniture	7	23	50	71	80
Others	1	2	8	18	11
Textile and textile products	210	545	367	390	1,127
Handicrafts	41	71	72	94	332
Electrical appliances	14	40	48	64	168
Urea fertilizer	1,266	1,011	1,727	1,553	2,115
Cement	2,316	3,343	4,008	1,753	1,284
Iron steel	800	1,261	956	600	1,264
Paper	208	229	318	401	714
Glasswares	125	235	219	220	305
Footwears	8	20	48	103	550
Mining products	42,280	24,014	12,716	18,997	24,356
T i n	32	24	26	26	30
Copper	290	318	341	477	672
Aluminum	151	124	165	136	130
Nickel	1,456	1,592	1,965	1,615	1,891
Gold ²⁾	...	21,145	154,416	8,445	297,657
Others ³⁾	40,351	21,956	10,219	16,743	21,633
Others	2,931	3,531	2,340	3,150	7,552
O i l (millions of barrels) ⁴⁾	355	336	351	360	378
G a s					
L N G (millions of MMBTUs) ⁵⁾	894	945	967	1,100	1,157
L P G	514	1,353	2,414	2,635	2,378

1. The change in commodity classification system from CCCN to HS in 1991/92, shifting the grouping of some commodities.
2. In kilogram.
3. Includes natural sands, which for 1987/88 through 1991/92 were 28,173; 19,610; 3,615; 8,136; and 5,147 thousand tons, respectively.
4. Includes crude oil and oil products.
5. MMBTU = Mille Mille British Thermal Unit.

Table 28
Non-oil/gas Export Value by Country of Destination
(millions of \$)

	Share		Share		Share		Share		Share	
	1987/88	(%)	1988/89	(%)	1989/90	(%)	1990/91	(%)	1991/92	(%)
Africa	171	1.8	262	2.2	215	1.6	231	1.5	378	1.9
America	1,867	19.8	2,010	16.7	2,296	16.6	2,662	17.5	3,373	17.6
USA	1,736	18.4	1,871	15.5	2,123	15.3	2,409	15.8	2,960	15.4
Latin America	12	0.1	8	0.1	8	0.1	32	0.2	34	0.2
Canada	101	1.1	103	0.9	118	0.9	134	0.9	213	1.1
Others	18	0.2	28	0.2	47	0.3	87	0.6	166	0.9
Asia	5,383	57.2	7,210	59.8	8,408	60.6	8,605	56.5	10,975	57.3
ASEAN	1,551	16.5	2,048	17.0	2,263	16.3	2,305	15.1	3,100	16.2
Brunei Darussalam	2	--	5	--	9	0.1	10	0.1	13	0.1
Malaysia	101	1.1	191	1.6	224	1.6	262	1.7	359	1.9
Philippines	61	0.6	86	0.7	133	1.0	133	0.9	148	0.8
Singapore	1,285	13.6	1,592	13.2	1,684	12.1	1,709	11.2	2,343	12.2
Thailand	102	1.1	174	1.4	213	1.5	191	1.3	237	1.2
Hong Kong	424	4.5	555	4.6	539	3.9	602	4.0	730	3.8
India	56	0.6	70	0.6	49	0.4	69	0.5	45	0.2
Irak	4	--	15	0.1	160	1.2	335	2.2	--	--
Japan	2,053	21.8	2,882	23.9	3,475	25.1	3,206	21.1	3,645	19.0
South Korea	166	1.8	364	3.0	458	3.3	513	3.4	730	3.8
Myanmar	2	--	1	--	1	--	4	--	8	--
Pakistan	25	0.3	43	0.4	42	0.3	58	0.4	60	0.3
Peoples' Rep.of China	435	4.6	407	3.4	372	2.7	629	4.1	707	3.7
Saudi Arabia	117	1.2	159	1.3	222	1.6	311	2.0	514	2.7
Taiwan	319	3.4	333	2.8	373	2.7	403	2.6	549	2.9
Others	231	2.5	333	2.8	454	3.3	170	1.1	887	4.6
Australia & Oceania	108	1.1	159	1.3	299	1.6	224	1.5	299	1.6
Europe	1,886	20.0	2,407	20.0	2,736	19.7	3,507	23.0	4,141	21.6
European Community	1,656	17.6	2,205	18.3	2,440	17.6	3,256	21.4	3,863	20.2
The Netherlands	520	5.5	666	5.5	690	5.0	743	4.9	894	4.7
Belgium-Luxemburg	128	1.4	176	1.5	183	1.3	226	1.5	259	1.4
United Kingdom	225	2.4	342	2.8	417	3.0	570	3.7	668	3.5
Italy	183	1.9	210	1.7	238	1.7	280	1.8	434	2.3
Germany	388	4.1	496	4.1	518	3.7	830	5.5	875	4.6
France	112	1.2	179	1.5	226	1.6	311	2.0	421	2.2
Others	100	1.1	136	1.1	168	1.2	296	1.9	312	1.6
USSR	67	0.7	61	0.5	113	0.8	53	0.3	42	0.2
Other Eastern Europe ¹⁾	88	0.9	86	0.7	94	0.7	94	0.6	87	0.5
Others	75	0.8	55	0.5	89	0.6	104	0.7	149	0.7
TOTAL	9,415	100.0	12,048	100.0	13,869	100.0	15,229	100.0	19,166	100.0

¹⁾ Comprises Czechoslovakia, Hungary, Poland, Rumania, Bulgaria, and Yugoslavia.

Source : Central Bureau of Statistics.

Table 29
Non-oil/gas Import Value by Country of Origin
(millions of \$)

	1987/88		1988/89		1989/90		1990/91		1991/92*	
	Share (%)	Share (%)	Share (%)	Share (%)	Share (%)	Share (%)	Share (%)	Share (%)	Share (%)	
Africa	161	1.4	230	1.8	163	1.0	164	0.8	197	0.8
America	1,869	16.2	2,569	19.6	2,950	18.6	3,574	16.7	4,249	17.8
U S A	1,340	11.6	2,030	15.5	2,120	13.4	2,620	12.3	3,372	14.1
Latin America	173	1.5	204	1.6	357	2.3	542	2.5	429	1.8
Canada	336	2.9	290	2.2	390	2.5	325	1.5	387	1.6
Others	20	0.2	45	0.3	83	0.5	87	0.4	61	0.3
Asia	6,039	52.2	6,624	50.4	8,291	52.4	11,267	52.7	12,539	52.4
ASEAN	845	7.3	1,078	8.2	1,237	7.8	1,260	5.9	1,576	6.6
Brunei Darussalam	1	--	1	--	1	--	--	--	--	--
Malaysia	166	1.4	237	1.8	244	1.5	152	0.7	245	1.0
Philippines	53	0.5	44	0.3	60	0.4	41	0.2	83	0.4
Singapore	535	4.6	616	4.7	770	4.9	872	4.1	914	3.8
Thailand	90	0.8	180	1.4	162	1.0	195	0.9	334	1.4
Hong Kong	105	0.9	139	1.1	198	1.3	269	1.3	242	1.0
India	38	0.3	42	0.3	89	0.6	170	0.8	259	1.1
Iraq	--	--	3	--	21	0.1	8	--	--	--
Japan	3,561	30.8	3,432	26.1	3,961	25.0	5,858	27.4	6,368	26.6
South Korea	330	2.9	416	3.2	642	4.1	1,077	5.0	1,511	6.3
Myanmar	1	--	1	--	2	--	--	--	6	--
Pakistan	35	0.3	64	0.5	60	0.4	49	0.2	56	0.3
Peoples' Rep.of China	404	3.5	461	3.5	569	3.6	689	3.2	794	3.3
Saudi Arabia	143	1.2	137	1.0	132	0.8	200	0.9	144	0.6
Taiwan	484	4.2	740	5.6	1,081	6.8	1,412	6.6	1,246	5.2
Others	93	0.8	111	0.8	299	1.9	275	1.3	337	1.4
Australia & Oceania	564	4.9	718	5.5	991	6.3	1,147	5.4	1,240	5.2
European	2,928	25.3	2,998	22.8	3,437	21.7	5,224	24.4	5,686	23.8
European Community	2,818	24.4	2,870	21.8	3,280	20.7	5,037	23.6	5,511	23.0
Netherlands	309	2.7	260	2.0	268	1.7	576	2.7	458	1.9
Belgium - Luxemburg	147	1.3	145	1.1	173	1.1	255	1.2	298	1.3
United Kingdom	318	2.8	355	2.7	348	2.2	461	2.2	616	2.6
Italy	247	2.1	249	1.9	358	2.3	484	2.3	505	2.1
Germany	868	7.5	817	6.2	974	6.2	1,722	8.1	2,575	10.7
France	386	3.3	435	3.3	501	3.2	609	2.8	556	2.3
Others	543	4.7	609	4.6	658	4.2	930	4.4	503	2.1
USSR	37	0.3	32	0.2	51	0.3	49	0.2	48	0.2
Other Eastern Europe ¹⁾	71	0.6	96	0.7	106	0.7	138	0.6	127	0.6
Others	2	--	--	--	--	--	--	--	--	--
TOTAL	11,561	100.0	13,139	100.0	15,832	100.0	21,376	100.0	23,911	100.0

¹⁾ Comprises Czechoslovakia, Hungary, Poland, Rumania, Bulgaria, and Yugoslavia.

Source : Central Bureau of Statistics.

Table 30
Banking Funds¹⁾
(billions of rupiah)

End of period	Demand deposits			Time deposits			Savings deposits	Total
	Rupiah	Foreign currency	Sub-total	Rupiah ²⁾	Foreign currency	Sub-total		
1979	1,997	563	2,560	991	467	1,458	226	4,244
1980	3,356	1,090	4,446	1,279	372	1,651	314	6,411
1981	4,412	968	5,380	1,754	456	2,210	420	8,010
1982	4,295	1,101	5,396	2,198	784	2,982	490	8,868
1983	4,365	1,666	6,031	4,441	1,341	5,782	584	12,397
1984	5,279	1,686	6,965	6,022	1,757	7,779	754	15,498
1985	6,456	971	7,427	8,888	2,839	11,727	1,020	20,174
1986	6,753	1,404	8,157	10,525	3,442	13,967	1,387	23,511
1987	7,441	1,355	8,796	15,366	3,541	18,907	1,628	29,331
1988								
March	7,189	1,292	8,481	16,656	3,998	20,654	1,835	30,970
June	7,855	1,347	9,202	18,166	4,385	22,551	1,788	33,541
September	7,949	1,274	9,223	19,907	4,696	24,603	1,860	35,686
December	8,920	1,430	10,350	19,732	5,254	24,986	2,174	37,510
1989								
March	9,101	1,442	10,543	20,984	5,491	26,475	2,485	39,503
June	10,117	1,501	11,618	23,078	5,584	28,662	2,802	43,082
September	10,937	1,591	12,528	25,069	6,025	31,094	3,685	47,307
December	13,032	2,118	15,150	27,069	6,943	34,012	5,213	54,375
1990								
March	13,611	2,367	15,978	28,029	8,321	36,350	6,864	59,192
June	16,048	3,073	19,121	29,866	9,833	39,699	8,129	66,949
September	15,491	3,500	18,991	35,823	12,734	48,557	8,647	76,195
December	15,124	4,130	19,254	38,789	15,450	54,239	9,661	83,154
1991								
January	14,845	3,969	18,814	38,985	14,421	53,406	9,827	82,047
February	15,873	4,166	20,039	35,782	15,014	50,796	9,905	80,740
March	13,520	4,429	17,949	33,751	16,089	49,840	9,722	77,511
April	14,509	4,743	19,252	35,324	15,755	51,079	10,003	80,334
May	14,973	4,588	19,561	36,964	15,481	52,445	10,173	82,179
June	15,739	4,488	20,227	38,226	15,393	53,619	10,595	84,441
July	15,587	3,971	19,558	39,637	16,179	55,816	10,809	86,183
August	16,506	3,891	20,397	40,163	16,181	56,344	11,959	88,700
September	16,769	3,488	20,257	39,985	16,790	56,775	12,857	89,889
October	17,106	4,148	21,254	40,420	16,968	57,388	13,832	92,474
November	17,228	4,119	21,347	40,693	17,154	57,847	14,764	93,958
December	17,984	4,029	22,013	40,559	16,993	57,552	15,553	95,118
1992								
January	18,102	4,212	22,314	39,856	17,422	57,278	15,922	95,514
February	18,333	4,290	22,623	39,376	17,717	57,093	16,510	96,226
March	17,034	4,394	21,428	38,890	17,922	56,812	17,471	95,711

1) Includes funds of the Central Government and non-residents, mobilized by commercial banks, development banks, and savings banks

2) Includes certificates of deposits.

Table 31
Demand Deposits in Rupiah and Foreign Currency by Group of Bank
(billions of rupiah)

End of period	State banks ¹⁾			Private national banks ²⁾			Regional development banks			Foreign and 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
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	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	557	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															
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
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
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
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	1.558	5.651	1.539	--	1.539	685	1.249	1.934	13.520	4.429	17.949
April	7.879	1.806	9.685	4.425	1.378	5.803	1.473	--	1.473	732	1.559	2.291	14.509	4.743	19.252
May	8.188	1.798	9.986	4.389	1.475	5.864	1.733	--	1.733	663	1.315	1.978	14.973	4.588	19.561
June	8.817	1.686	10.503	4.512	1.422	5.934	1.753	--	1.753	657	1.380	2.037	15.739	4.488	20.227
July	8.615	1.515	10.130	4.551	1.433	5.984	1.742	--	1.742	678	1.024	1.702	15.586	3.972	19.558
August	9.099	1.383	10.482	4.953	1.488	6.441	1.789	--	1.789	665	1.020	1.685	16.506	3.891	20.397
September	9.211	1.339	10.550	4.994	1.055	6.049	1.865	--	1.865	699	1.094	1.793	16.769	3.488	20.257
October	9.388	1.414	10.802	5.068	1.618	6.686	1.876	--	1.876	774	1.116	1.890	17.106	4.148	21.254
November	9.118	1.374	10.492	5.342	1.599	6.941	2.002	--	2.002	766	1.146	1.912	17.228	4.119	21.347
December	9.502	1.397	10.899	5.779	1.424	7.203	2.002	--	2.002	701	1.208	1.909	17.984	4.029	22.013
1992															
January	9.427	1.527	10.954	5.910	1.412	7.322	1.998	--	1.998	767	1.273	2.040	18.102	4.212	22.314
February	9.299	1.509	10.808	6.196	1.469	7.665	2.039	--	2.039	799	1.312	2.111	18.333	4.290	22.623
March	8.342	1.556	9.898	6.311	1.439	7.750	1.612	--	1.612	769	1.399	2.168	17.034	4.394	21.428

1) Includes Bapindo and Bank Tabungan Negara.

2) Includes private development banks and private savings banks.

Table 32
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 institutions	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	9,095	4	9,099
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
April	612	464	213	1,389	1,841	7,254	3,580	86	18,475	1,222	35,136	188	35,324
May	680	439	189	1,483	2,191	7,327	3,678	84	19,439	1,258	36,768	196	36,964
June	643	418	246	1,434	2,323	7,469	3,817	71	20,027	1,556	38,004	222	38,226
July	1,179	440	--	1,257	4,025	7,114	3,351	190	18,464	3,375	39,395	242	39,637
August	796	387	--	1,212	4,251	7,129	3,850	110	18,308	3,666	39,709	454	40,163
September	900	580	--	1,157	4,269	6,681	4,017	101	18,232	3,525	39,462	523	39,985
October	907	696	--	1,191	4,639	6,848	3,615	181	18,608	3,211	39,896	524	40,420
November	1,016	599	--	1,185	4,697	6,734	3,941	107	19,029	2,851	40,159	534	40,693
December	1,019	583	--	1,239	4,411	6,854	3,865	118	19,139	2,987	40,215	344	40,559
1992													
January	976	568	--	1,316	4,053	6,587	3,912	105	19,336	2,658	39,511	345	39,856
February	1,249	562	--	1,235	4,303	6,399	3,951	105	19,014	2,210	39,028	348	39,376
March	1,144	521	--	1,174	4,464	6,015	3,987	103	18,987	2,134	38,529	361	38,890

Table 33
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 ¹⁾	Others	Total
1979	612	127	472	74	-53	20	1,252
1980	679	141	476	136	-140	23	1,315
1981	834	245	537	192	361	41	2,210
1982	967	343	695	253	640	84	2,982
1983	684	1,316	1,541	750	1,379	112	5,782
1984	396	2,462	1,670	1,194	1,851	206	7,779
1985	536	9,550	1,824	1,924	3,103	190	17,127
1986	671	5,695	2,198	2,173	3,097	133	13,967
1987							
March	640	6,193	2,008	2,549	3,308	214	14,912
June	900	6,033	2,101	2,431	3,737	241	15,443
September	720	5,855	1,596	4,471	5,020	243	17,905
December	910	6,540	1,959	4,022	5,245	231	18,907
1988							
March	1,239	6,592	2,579	4,094	5,915	235	20,654
June	1,498	6,894	2,810	5,278	5,851	220	22,551
September	1,805	7,163	3,554	5,726	6,115	240	24,603
December	2,052	7,589	3,738	5,342	5,797	468	24,986
1989							
March	2,073	7,914	4,012	6,152	5,959	366	26,476
June	2,262	8,502	4,622	6,070	6,635	573	28,664
September	2,220	9,224	5,154	6,718	7,400	412	31,128
December	2,217	10,230	5,578	6,687	8,740	560	34,012
1990							
March	2,177	11,149	6,081	6,846	9,587	510	36,350
June	2,222	11,811	6,600	7,464	10,892	710	39,699
September	2,573	12,395	7,107	8,037	16,952	1,492	48,556
December	3,069	11,957	7,272	8,591	22,145	1,205	54,239
1991							
January	3,098	11,874	7,590	8,646	21,165	1,033	53,406
February	1,972	10,721	7,195	9,046	20,631	1,231	50,796
March	816	8,985	7,041	10,393	20,278	2,327	49,840
April	805	8,980	7,488	11,943	20,549	1,314	51,079
May	840	8,627	7,826	13,303	20,525	1,324	52,445
June	854	8,742	8,307	13,854	20,522	1,340	53,619
July	814	8,679	8,228	13,802	19,739	4,555	55,817
August	845	8,818	9,048	14,681	18,871	4,080	56,343
September	854	9,110	9,199	14,472	18,431	4,701	56,767
October	862	9,093	9,359	13,875	19,583	4,615	57,387
November	936	9,154	10,175	13,176	20,124	4,282	57,847
December	930	9,419	10,128	12,920	19,966	4,189	57,552
1992							
January	896	9,961	10,014	12,914	18,487	5,006	57,278
February	926	10,165	10,538	13,216	17,904	4,344	57,093
March	912	10,320	10,866	12,897	17,413	4,404	56,812

¹⁾ Including mature time deposits.

Table 34
Savings Deposits with State Banks

End of period	Savings deposits ¹⁾		Taska ²⁾		Others		T o t a l	
	Depositors (thousands)	Outstanding (billions of Rp)	Depositors (thousands)	Outstanding (billions of Rp)	Depositors (thousands)	Outstanding (billions of Rp)	Depositors (thousands)	Outstanding (billions of Rp)
1991								
July	18,159	3,910	145	16	2,100	728	20,404	4,654
August	19,112	4,257	166	17	1,882	692	21,160	4,966
September	19,142	4,501	152	16	2,553	824	21,847	5,341
October	19,440	4,907	171	35	2,529	879	22,140	5,821
November	20,125	5,317	161	32	2,004	915	22,290	6,264
December	19,964	5,709	165	23	2,053	1,001	22,182	6,733
1992								
January	20,442	5,846	148	20	1,944	1,050	22,534	6,916
February	20,216	5,856	157	33	1,924	1,094	22,297	6,983
March	20,594	6,076	153	31	2,029	1,196	22,776	7,303
1) No restriction on withdrawal. 2) Taska (Tabungan Asuransi Berjangka) or Time Insurance Savings Scheme : a savings scheme associated with life insurance.								

Table 35
Savings Deposits with Private National Banks

End of period	Savings deposits ¹⁾		Taska ²⁾		Others		Total	
	Depositors (thousands)	Outstanding (billions of Rp)	Depositors (thousands)	Outstanding (billions of Rp)	Depositors (thousands)	Outstanding (billions of Rp)	Depositors (thousands)	Outstanding (billions of Rp)
1991								
July	5,244	4,426	159	29	1,937	1,319	7,340	5,774
August	5,703	5,231	181	22	1,891	1,341	7,775	6,594
September	5,911	5,625	184	22	1,958	1,429	8,053	7,076
October	6,218	6,058	192	25	1,876	1,450	8,286	7,533
November	6,569	6,487	189	25	1,945	1,481	8,703	7,993
December	6,467	6,644	370	35	2,048	1,595	8,885	8,274
1992								
January	6,740	6,899	341	32	1,934	1,520	9,015	8,451
February	6,822	7,309	340	33	1,997	1,614	9,159	8,956
March	6,874	7,773	349	41	2,016	1,745	9,239	9,559
1) No restriction on withdrawal. 2) Taska (Tabungan Asuransi Berjangka) or Time Insurance Savings Scheme : a savings scheme associated with life insurance.								

Table 36
Savings Deposits with Regional Development Banks

End of period	Savings deposits ¹⁾		Taska ²⁾		Others		Total	
	Depositors (thousands)	Outstanding (billions of Rp)	Depositors (thousands)	Outstanding (billions of Rp)	Depositors (thousands)	Outstanding (billions of Rp)	Depositors (thousands)	Outstanding (billions of Rp)
1991								
July	1,513	277	29	2	696	87	2,238	366
August	1,446	287	14	1	797	97	2,257	385
September	1,530	320	18	2	838	103	2,386	425
October	1,573	350	34	3	838	110	2,445	463
November	1,628	372	18	2	842	119	2,487	493
December	1,652	398	25	4	837	128	2,514	530
1992								
January	1,696	415	26	4	810	120	2,532	539
February	1,784	435	16	2	740	115	2,540	552
March	1,727	448	15	2	811	141	2,553	591

1) No restriction on withdrawal.
2) Taska (Tabungan Asuransi Berjangka) or Time Insurance Savings Scheme : a savings scheme associated with life insurance.

Table 37
Savings Deposits with Foreign Banks

End of period	Savings deposits ¹⁾		Taska ²⁾		Others		Total	
	Depositors (thousands)	Outstanding (billions of Rp)	Depositors (thousands)	Outstanding (billions of Rp)	Depositors (thousands)	Outstanding (billions of Rp)	Depositors (thousands)	Outstanding (billions of Rp)
1991								
July	1	12	--	--	1	3	2	15
August	2	14	--	--	--	--	2	14
September	2	15	--	--	--	--	2	15
October	2	15	--	--	--	--	2	15
November	2	14	--	--	--	--	2	14
December	2	16	--	--	--	--	2	16
1992								
January	2	16	--	--	--	--	2	16
February	2	19	--	--	--	--	2	19
March	2	18	--	--	--	--	2	18

1) No restriction on withdrawal.
2) Taska (Tabungan Asuransi Berjangka) or Time Insurance Savings Scheme : a savings scheme associated with life insurance.

Table 38
Savings Deposits with All Banks¹⁾

End of period	Savings deposits ²⁾		Taska ³⁾		Others		T o t a l	
	Depositors (thousands)	Outstanding (billions of Rp)	Depositors (thousands)	Outstanding (billions of Rp)	Depositors (thousands)	Outstanding (billions of Rp)	Depositors (thousands)	Outstanding (billions of Rp)
1991								
July ⁴⁾	24,917	8,625	333	47	4,734	2,137	29,984	10,809
August	26,263	9,789	361	40	4,570	2,130	31,194	11,959
September	26,585	10,461	354	40	5,349	2,356	32,288	12,857
October	27,233	11,330	397	63	5,243	2,439	32,873	13,832
November	28,324	12,190	368	59	4,791	2,515	33,483	14,764
December	28,085	12,767	560	62	4,938	2,724	33,583	15,553
1992								
January	28,880	13,176	515	56	4,688	2,690	34,083	15,922
February	28,824	13,619	513	68	4,661	2,823	33,998	16,510
March	29,197	14,315	517	74	4,856	3,082	34,570	17,471
<p>1) Excluding rural banks (Bank Perkreditan Rakyat or BPR).</p> <p>2) No restriction on withdrawal.</p> <p>3) Taska (Tabungan Asuransi Berjangka) or Time Insurance Savings Scheme : a savings scheme associated with life insurance.</p> <p>4) Since July 1991, outstanding savings deposits classified by type and group of banks, formerly presented on Table 25 in the 1990/91 Annual Report, have been presented on Tables 34-38.</p>								

Table 39
Bank Credits in Rupiah and Foreign Currency by Economic Sector¹⁾
(billions of rupiah)

Particulars	March 31					June 30	Sep.30	Dec.31	Mar.31
	1987	1988	1989	1990	1991	1991	1991	1991	1992
Credits in rupiah	27,349	33,962	44,615	65,814	88,115	90,327	88,543	96,055	97,271
Agriculture	2,197	2,854	4,273	5,834	7,308	7,631	7,728	7,979	8,372
Mining	394	281	371	462	603	592	603	614	594
Manufacturing	9,355	11,374	14,632	19,508	25,341	26,175	22,365	24,828	25,515
Trade	8,400	10,821	14,374	21,811	26,966	27,479	26,993	28,842	28,039
Services	4,188	5,676	7,165	10,460	15,022	16,578	16,600	17,431	18,946
Others	2,815	2,956	3,800	7,739	12,875	11,872	14,254	16,361	15,805
Credits in foreign currency	503	1,119	1,911	5,750	12,298	14,933	16,175	17,553	19,288
Agriculture	–	37	38	148	321	566	441	486	527
Mining	–	13	17	57	42	72	104	129	136
Manufacturing	153	554	1,051	2,941	5,972	6,817	7,861	8,303	9,896
Trade	104	176	313	1,003	2,624	3,295	3,343	4,207	3,868
Services	215	302	425	1,313	2,787	3,194	3,102	3,383	3,586
Others	31	37	67	288	552	989	1,324	1,045	1,275
Total	27,852	35,081	46,526	71,564	100,413	105,260	104,718	113,608	116,559
Agriculture	2,197	2,891	4,311	5,982	7,629	8,197	8,169	8,465	8,899
Mining	394	294	388	519	645	664	707	743	730
Manufacturing	9,508	11,928	15,683	22,449	31,313	32,992	30,226	33,131	35,411
Trade	8,504	10,997	14,687	22,814	29,590	30,774	30,336	33,049	31,907
Services	4,403	5,978	7,590	11,773	17,809	19,772	19,702	20,814	22,532
Others	2,846	2,993	3,867	8,027	13,427	12,861	15,578	17,406	17,080

1) Excluding interbank credits, credits to Central Government and non-residents, and foreign currency component of project aid.

Table 40
Bank Credits in Rupiah and Foreign Currency by Type of Credit and Economic Sector¹⁾
(billions of rupiah)

Particulars	March 31					June 30	Sep.30	Dec.31	March 31
	1987 ^r	1988	1989 ^r	1990 ^r	1991	1991	1991	1991	1992
Working capital	19,927	25,533	34,290	55,141	78,125	82,098	80,209	87,077	88,349
Agriculture	848	1,092	1,632	2,261	2,903	3,415	3,215	3,015	3,035
Mining	25	64	75	198	254	289	6	284	287
Manufacturing	6,256	8,122	10,843	15,740	22,106	23,051	20,551	22,647	23,627
Trade	8,081	10,563	13,990	21,394	27,398	28,463	27,690	29,677	28,996
Services	2,881	3,782	4,959	7,740	12,541	14,731	14,917	15,034	16,335
Others	1,836	1,910	2,790	7,808	12,923	12,149	13,830	16,420	16,069
Investment credits	7,925	9,548	12,236	16,423	22,288	23,162	24,509	26,531	28,210
Agriculture	1,349	1,799	2,679	3,721	4,726	4,782	4,954	5,450	5,864
Mining	369	230	313	321	391	375	701	459	443
Manufacturing	3,252	3,806	4,840	6,709	9,207	9,941	9,675	10,484	11,784
Trade	423	434	697	1,420	2,192	2,311	2,646	3,372	2,911
Services	1,522	2,196	2,631	4,033	5,268	5,041	4,785	5,780	6,197
Others	1,010	1,083	1,077	219	504	712	1,748	986	1,011
Others	27,852	35,081	46,526	71,564	100,413	105,260	104,718	113,608	116,559
Agriculture	2,198	2,891	4,311	5,982	7,629	8,197	8,169	8,465	8,899
Mining	393	294	388	519	645	664	707	743	730
Manufacturing	9,508	11,928	15,683	22,449	31,313	32,992	30,226	33,131	35,411
Trade	8,504	10,997	14,687	22,814	29,590	30,774	30,336	33,049	31,907
Services	4,403	5,978	7,590	11,773	17,809	19,772	19,702	20,814	22,532
Others	2,846	2,993	3,867	8,027	13,427	12,861	15,578	17,406	17,080

1) Excluding interbank credits, credits to Central Government and non-residents, and foreign currency components of project aid.

Table 41
Credits to the Economically-weak Group¹⁾
(billions of rupiah)

Items	March 31					June 30	Sep. 30	Dec.31	Mar.31
	1987	1988	1989	1990	1991	1991	1991	1991	1992
Small-scale Investment Credits (KIK)									
Jumlah permohonan yang disetujui (nasabah)	290	298	316	334	...	...	...	...	...
Nilai permohonan yang disetujui	1.176	1.294	1.484	1.947	...	...	...	...	...
Baki debit	311	312	427	749	743	718	481	484	477
Kredit Modal Kerja Permanen									
Jumlah permohonan yang disetujui (nasabah)	2.216	2.281	2.391	2.491	...	...	...	...	...
Nilai permohonan yang disetujui	3.438	3.837	4.478	5.854	...	...	...	...	...
Baki debit	879	946	1.127	1.784	1.699	1.537	1.056	1.478	1.417
KIK/KMKP									
Jumlah permohonan yang disetujui (nasabah)	2.506	2.579	2.707	2.798	...	...	...	...	...
Nilai permohonan yang disetujui	4.614	5.131	5.962	7.801	...	...	...	...	...
Baki debit	1.190	1.258	1.554	2.533	2.442r	2.255	1.537	1.962	1.894
Kupedes ²⁾	383	462	607	938	1.451	1.410	1.370	1.427	1.535
Investasi	15	16	29	79	144	140	165	1.261	1.359
Modal kerja	368	446	578	859	1.307	1.270	1.205	166	176
Kredit Modal Kerja Keppres No. 29/1984	46	54	77	161	52	58	--	--	--
Kredit s.d. Rp75 juta	324	525	997	2.938	2.367	1.609	987	924	908
Investasi	143	208	372	1.145	1.190	1.053	987	924	908
Modal kerja	181	317	625	1.793	1.177	556	--	--	--
Kredit Guru ³⁾	283	306	317	380	276	228	184	163	147
Kredit Mahasiswa Indonesia	45	52	57	56	45	46	42	30	45
Kredit Koperasi	275	340	405	416	460	625	2.481	2.344	2.114
Investasi	71	74	54	57	65	71	84	96	101
Modal kerja	204	266	351	359	395	554	2.397	2.248	2.013
Bimas ⁴⁾	137	134	133	132	--	--	--	--	--
Inpres Pasar	96	92	91	91	--	--	--	--	--
Kredit Pensiunan	45	50	62	196	--	--	--	--	--
Kredit Kelayakan s.d. Rp75 juta	100	100	--	--	--	--	--	--	--
Kredit Keppres No.14A/1980	63	63	--	--	--	--	--	--	--
Kredit Pemilikan Rumah (KPR)									
Bank Tabungan Negara									
Nasabah	363	425	539	626	687	374	...	...	...
Baki debit	1.391	1.613	2.120	2.370	2.273	2.016	2.916	3.095	2.421
Kredit Asrama Mahasiswa	6	5	8	4	8	4	--	--	--
Perusahaan Inti Rakyat (PIR)									
Plasma	210	339	445	497	584	561	874	732	836
Peremajaan, Rehabilitasi dan Perluasan Tanaman Ekspor (PRPTE)	158	326	338	181	157	142	48	48	28
Kredit Pemilikan Rumah (KPR) PT Papan Sejahtera									
Nasabah	5	9	13	17	23	24	24	25	25
Baki debit	68	132	190	236	242	248	250	227	225
Kredit Candak Kulak									
Nasabah	16.171	16.503	16.795	17.046	17.110	--	--	--	--
Baki debit	14	14	15	15	15	--	--	--	--
J u m l a h	4.834	5.865	7.416	11.144	10.342	9.202	9.910	10.352	16.629
¹⁾ Termasuk pinjaman yang disalurkan oleh lembaga di luar perbankan. ²⁾ Sebelum Januari 1984 terdiri atas kredit Mini dan Midi, selanjutnya terdiri atas Kupedes serta kredit Mini dan Midi yang belum lunas. ³⁾ Diberikan untuk pembelian kendaraan bermotor roda dua. ⁴⁾ Termasuk Kredit Usaha Tani.									

Tabel 42
Pinjaman Bank-bank Pencipta Uang Giral
dalam Rupiah dan Valuta Asing menurut Prioritas dan Nonprioritas
(miliar rupiah)

Rincian	31 Maret					30 Juni	30 Sep.	31 Des.	31 Mar.
	1987	1988	1989	1990	1991	1991	1991	1991	1992
Bank pemerintah ¹⁾	18.902	22.894	30.270	42.589	54.699	57.036	56.739	59.861	61.751
Prioritas	5.522	6.941	9.485	15.860	15.818	12.345	12.537	13.851	13.427
<i>Modal kerja</i>	4.291	5.426	7.386	13.207	12.385	9.135	10.024	10.739	9.991
<i>Investasi</i>	1.231	1.515	2.099	2.653	3.433	3.210	2.513	3.112	3.436
Nonprioritas	13.380	15.953	20.785	26.729	38.881	44.691	44.202	46.010	48.324
<i>Modal kerja</i>	8.067	9.689	12.992	15.465	23.845	28.206	27.405	28.117	29.463
<i>Investasi</i>	5.313	6.264	7.793	11.264	15.036	16.485	16.797	17.893	18.861
Bank umum swasta nasional	5.772	8.210	11.441	22.684	35.641	37.703	36.715	41.836	42.300
Prioritas	394	813	1.405	3.083	1.954	1.578	1.278	1.263	1.258
<i>Modal kerja</i>	252	626	1.092	2.070	992	660	450	443	449
<i>Investasi</i>	142	187	313	1.013	962	918	828	820	809
Nonprioritas	5.378	7.397	10.036	19.601	33.687	36.125	35.437	40.573	41.042
<i>Modal kerja</i>	5.252	7.223	9.698	18.977	32.157	34.541	33.378	37.944	38.160
<i>Investasi</i>	126	174	338	624	1.530	1.584	2.059	2.629	2.882
Bank pembangunan daerah	786	994	1.238	1.814	2.512	2.355	2.490	2.616	2.628
Prioritas	252	319	444	798	616	548	497	479	447
<i>Modal kerja</i>	116	158	229	381	245	198	174	166	150
<i>Investasi</i>	136	161	215	417	371	350	323	313	297
Nonprioritas	534	675	794	1.016	1.896	1.807	1.993	2.137	2.181
<i>Modal kerja</i>	436	561	656	851	1.574	1.464	1.493	1.470	1.565
<i>Investasi</i>	98	114	138	165	322	343	500	667	616
Bank asing	1.219	1.520	1.994	3.786	6.837	7.432	8.006	8.512	9.060
Prioritas	70	130	230	401	580	566	566	675	655
<i>Modal kerja</i>	70	130	230	401	580	566	566	675	655
<i>Investasi</i>	-	-	-	-	-	-	-	-	-
Nonprioritas	1.149	1.390	1.764	3.385	6.257	6.866	7.440	7.837	8.405
<i>Modal kerja</i>	1.127	1.375	1.757	3.321	5.989	6.468	5.948	6.641	7.188
<i>Investasi</i>	22	15	7	64	268	398	1.492	1.196	1.217
Jumlah	26.679	33.618	44.943	70.873	99.689	104.526	103.950	112.825	115.739
Prioritas	6.238	8.203	11.564	20.142	18.968	15.037	14.878	16.268	15.787
<i>Modal kerja</i>	4.729	6.340	8.937	16.059	14.202	10.559	11.214	12.023	11.245
<i>Investasi</i>	1.509	1.863	2.627	4.083	4.766	4.478	3.664	4.245	4.542
Nonprioritas	20.441	25.415	33.379	50.731	80.721	89.489	89.072	96.557	99.952
<i>Modal kerja</i>	14.882	18.848	25.103	38.614	63.565	70.679	68.224	74.172	76.376
<i>Investasi</i>	5.559	6.567	8.276	12.117	17.156	18.810	20.848	22.385	23.576

1) Sejak Mei 1989 termasuk BTN. Kredit kepada Bulog dan Pertamina yang semula merupakan kredit langsung Bank Indonesia masing-masing sejak April dan November 1984 dialihkan kepada bank umum pemerintah.

Tabel 43
Suku Bunga Deposito Berjangka dalam Rupiah dan Valuta Asing
(persen per tahun)

Jangka waktu	Maret 1990		Maret 1991		Maret 1992	
	Rupiah	Valas	Rupiah	Valas	Rupiah	Valas
Bank pemerintah						
1 bulan	14,00	7,90–8,50	23,00–27,50	5,00–8,25	19,00–19,00	4,18–7,00
3 bulan	14,50	7,72–8,35	24,00–27,50	4,15–8,25	20,00–20,00	4,12–7,50
6 bulan	15,25	7,48–8,42	24,00–27,50	5,15–8,14	20,00–21,00	4,12–8,00
12 bulan	15,50	7,32–8,48	22,00–24,00	5,35–8,21	20,00–21,00	4,25–8,00
24 bulan	15,75		19,00–24,00		19,00–21,00	
Bank swasta nasional						
1 bulan	13,00–17,25	7,25–9,25	21,50–28,00	8,25–9,25	18,00–22,00	6,50–9,50
3 bulan	14,75–18,00	7,25–9,25	21,50–28,00	8,50–9,25	19,00–23,00	6,75–9,00
6 bulan	15,50–18,50	7,25–9,25	21,00–28,00	8,25–9,50	21,00–23,50	6,75–9,00
12 bulan	15,75–19,00	7,25–9,25	20,00–28,50	8,25–9,50	20,00–23,00	6,50–9,00
24 bulan	17,50–21,00	7,25–9,25	21,00–25,00		20,00–21,00	
Bank asing						
1 bulan	14,00–16,25	5,00–7,50	16,50–24,00	5,25–7,50	16,00–20,00	2,75–9,00
3 bulan	14,25–16,00	5,75–7,50	16,75–24,00	4,25–7,50	16,00–20,50	3,25–9,00
6 bulan	14,25–16,75	6,00–7,50	17,00–23,75	4,25–7,63	16,00–21,00	3,50–9,00
12 bulan	14,38–16,75	6,25–7,50	17,25–24,00	4,25–7,63	16,00–21,00	3,50–9,00

Table 44
Jakarta Interbank Call Money

Period	Volume of transaction (billions of rupiah)	Weighted average of interest rate (percent p.a.)
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 – March	7,089	10.40
April – June	10,078	13.18
July – September	10,371	16.05
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
April	4,047	17.61
M a y	3,787	11.66
June	3,738	11.92
April – June	11,572	13.82
July	4,182	11.67
August	3,806	12.32
September	3,863	12.80
July – September	11,851	12.25
October	4,634	12.30
November	4,110	12.90
December	3,773	12.78
October – December	12,517	12.64
1992 : January	4,208	13.02
February	3,646	12.79
March	4,129	13.01
January – March	11,983	12.95

Table 45
Certificates of Deposits
(billions of rupiah)

End of period	State banks	Foreign banks ¹⁾	Total
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	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 : March	77	93	170
June	66	110	176
September	64	172	236
December	121	236	357
1991 : January	118	241	359
February	120	258	378
March	103	331	434
April	106	386	492
May	150	630	780
June	171	958	1,129
July	170	1,197	1,367
August	169	1,169	1,338
September	187	1,194	1,379
October	184	1,179	1,363
November	189	1,116	1,305
December	222	1,160	1,382
1992 : January	238	1,320	1,558
February	237	1,038	1,275
March	243	985	1,228

¹⁾ Since March 1985 includes outstanding certificates of deposits of private national commercial banks.

Table 46
Interest Rates on Certificates of Deposits
(percent per annum)

Period	1991				1992
	March	June	September	December	March
1 month	16.50–28.00	17.50–25.00	17.50–21.60	17.50–22.20	16.75–21.00
3 months	16.75–28.00	19.00–25.00	18.10–22.15	18.00–23.10	17.45–21.60
6 months	17.00–27.00	19.90–23.00	16.50–23.00	19.00–23.40	19.00–23.00
12 months	17.00–28.50	15.30–20.35	15.30–23.50	18.00–23.50	16.30–23.00
24 months	19.00–24.00	13.75–17.65	17.65–21.40	13.75–22.00	13.75–21.00

Table 47
Issuance, Repayment, and Outstanding Position of Bank Indonesia Certificates (SBI)
(billions of rupiah)

Period	Issuance	Accumulated amount	Repayment	Accumulated amount	Outstanding
1983/84 (February ¹⁾ – March)	96	96	50	50	46
1984/85 (April – March) ²⁾	2,046	2,142	1,849	1,899	243
1985/86 (April – March)	6,186	8,328	5,035	6,934	1,394
1986/87 (April – March)	7,141	15,469	8,374	15,308	161
1987/88	27,874	43,343	27,267	42,575	768
April – June	371	15,840	163	15,471	369
July ³⁾ – 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	42,575	768
1988/89	35,629	78,972	34,027	76,602	2,370
April – June	7,900	51,423	7,483	50,058	1,185
July – September	5,055	56,298	5,178	55,236	1,062
October ⁴⁾ – 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	128,450	49,632	126,234	2,216
April – June	10,900	89,872	10,639	87,241	2,631
July – September	12,967	102,839	12,642	99,883	2,956
October – 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	32,299	160,749	25,101	151,335	9,414
April – June	6,464	134,914	6,619	132,853	2,061
July ³⁾ – September	5,923	140,837	6,572	139,425	1,412
October – December	4,849	145,686	4,731	144,156	1,530
January – March ^{4) 5)}	15,063	160,749	7,179	151,335	9,414
1991/92	57,728	218,477	55,903	207,238	11,239
April	2,417	163,166	1,359	152,694	10,472
May	8,306	171,472	7,099	159,793	11,679
June	5,632	177,104	5,317	165,110	11,994
July	6,974	184,078	6,050	171,160	12,918
August	5,407	189,485	6,883	178,043	11,442
September	3,148	192,633	3,180	181,223	11,410
October	3,490	196,123	3,568	184,791	11,332
November	3,909	200,032	4,372	189,163	10,869
December	4,882	204,914	4,809	193,972	10,942
January	4,563	209,477	4,131	198,103	11,374
February	4,478	213,955	3,666	201,769	12,186
March	4,522	218,477	5,469	207,238	11,239

¹⁾ The issuance of SBI was started in February 1984, namely the 28 days and 90 days.

²⁾ Since October 1984 the 15 day SBI had been issued but was lifted on May 18, 1985.

³⁾ Since July 23, 1987 the issuance of the 7 days has been started.

⁴⁾ Since October 1988, the 180 day SBI has been issued.

⁵⁾ On February 23, 1991 the 360 day SBI has been issued.

Table 48
Interest Rates on Bank Indonesia Certificates
(percent per annum)

Period	7 days	14 days	28 days	90 days	180 days	360 days
1983/84						
(February – March)	–	–	15.00	15.00	–	–
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 – 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 – June	10.00 – 13.00	–	13.12 – 17.75	13.90 – 17.87	15.50 – 18.00	–
July – September	15.50 – 15.75	–	15.25 – 17.75	17.50 – 17.87	18.88 – 19.00	–
October – December	16.25 – 17.25	–	18.25 – 18.75	19.25 – 19.87	20.00 – 20.75	–
January – March	17.75 – 24.00	–	19.25 – 25.00	20.00 – 26.00	20.75 – 26.00	22.00 – 26.00
1991/92						
April	18.00 – 19.00	18.47 – 18.50	20.00 – 21.00	20.50 – 20.50	20.50 – 21.50	21.50 – 21.50
May	17.50 – 18.00	18.25 – 18.50	19.00 – 19.50	20.00 – 20.00	20.00 – 20.00	21.00 – 21.00
June	17.00 – 18.00	18.25 – 18.50	18.75 – 19.00	19.75 – 20.00	20.00 – 20.00	21.00 – 21.00
July	17.38 – 17.75	17.88 – 18.25	18.50 – 18.75	19.63 – 19.75	19.88 – 20.00	20.88 – 21.00
August	17.19 – 17.38	17.75 – 17.88	18.38 – 18.50	19.50 – 19.63	19.75 – 19.88	–
September	17.25 – 17.38	17.88 – 17.88	18.50 – 18.50	19.63 – 19.63	19.88 – 19.88	20.88 – 20.88
October	17.38 – 17.38	17.88 – 17.88	18.50 – 18.50	19.63 – 19.63	19.88 – 19.88	–
November	17.38 – 17.38	17.88 – 17.88	18.50 – 18.50	19.63 – 19.63	19.88 – 19.88	19.88 – 19.88
December	16.88 – 17.38	17.38 – 17.88	17.88 – 18.50	18.88 – 19.63	19.88 – 19.88	20.38 – 20.50
January	17.00 – 17.00	17.50 – 17.50	17.88 – 18.00	18.88 – 19.00	19.88 – 19.88	20.50 – 20.50
February	17.00 – 17.00	17.50 – 17.50	18.00 – 18.00	19.00 – 19.00	19.50 – 19.88	20.00 – 20.50
March	16.88 – 17.00	17.50 – 17.50	18.00 – 18.00	19.00 – 19.00	19.50 – 19.50	20.00 – 20.00

Table 49
Transaction of Money Market Securities
(billions of rupiah)

Period	Buying	Selling	Outstanding
1984/85			
(February – March)	224	19	205
1985/86			
(April – March)	6,113	5,705	613
1986/87			
(April – March)	31,628	31,319	922
1987/88			
April – June	15,785	16,302	405
July – September	75	480	--
October – December	--	--	--
January – March	--	--	--
1988/89			
April – June	241	190	51
July – September	740	791	--
October – December	140	140	--
January – March	145	145	--
1989/90			
April – June	369	369	--
July – September	--	--	--
October – December	--	--	--
January – March	933	680	253
1990/91			
April – June	1,856	2,109	--
July – September	--	--	--
October – December	--	--	--
January – March	8,459	1,677	6,782
1991/92			
April	583	505	6,860
May	1,784	1,055	7,589
June	1,207	1,057	7,739
July	660	709	7,690
August	711	2,827	5,574
September	1,198	1,777	4,995
October	1,792	2,250	4,537
November	1,057	1,992	3,602
December	1,675	935	4,342
January	1,005	1,777	3,570
February	3,010	3,278	3,302
March	2,637	1,743	4,196

Table 50
Selected Manufacturing Production

Products	Units	1987/88	1988/89	1989/90	1990/91	1991/92*
Fuel oils ¹⁾	million barrels	153.3	158.6	171.5	189.4	200.5
LNG	million MMBTUs	905.4	963.2	986.7	1,142.0	1,186.1
LPG	thousand tons	767.3	1,717.4	2,576.9	2,762.0	2,707.1
Plywood and sawn timber						
Plywood	thousand m3	6,160.0	6,940.0	7,691.5	8,370.0	8,500.0
Sawn timber	thousand m3	10,183.0	10,319.5	10,853.8	11,100.0	10,700.0
Fertilizer						
Urea fertilizer	thousand tons	4,154.0	4,245.9	4,891.6	5,131.1	4,881.2
ZA and TSP fertilizer	thousand tons	1,781.3	1,752.1	1,888.1	1,881.0	1,690.8
Cement	thousand tons	12,331.1	13,218.0	14,099.0	15,783.0	16,318.5
Pulp	thousand tons	95.5	103.7	211.3	376.7	444.4
Paper	thousand tons	792.5	948.2	1,149.0	1,399.7	1,650.3
Textile and weaving yarn						
Textile	million meters	2,925.6	3,503.0	4,493.6	5,028.2	5,216.6
Weaving yarn	thousand bales	2,275.7	2,712.3	3,405.0 ^f	3,572.7	4,140.2
Clothes	thousand dozens	33.7	39.1	48.9	58.6	60.0
Staple fiber	thousand tons	139.7	160.2	170.7	177.0	214.5
Motor vehicle tires						
Automobile tires	thousand units	5,086.1	6,396.3	7,376.8	8,220.3	8,209.1
Motorcycle tires	thousand units	3,370.1	4,869.5	5,489.8	5,829.2	6,931.1
Basic metals						
Sponge iron	thousand tons	1,337.0	984.8	1,210.4	1,356.9	1,239.9
Steel ingot	thousand tons	1,337.0	1,360.6	1,583.1	1,988.1	2,006.4
Concrete steel bar	thousand tons	895.0	829.9	928.1	1,391.3	1,338.1
Wire rod	thousand tons	446.0	452.1	449.0	537.0	582.0
Steel wire	thousand tons	120.0	130.8 ^f	142.6 ^f	155.7	170.5
Steel pipe	thousand tons	244.0	244.3	272.8	326.8	280.6
Galvanized iron sheet	thousand tons	186.0	159.4	144.5	159.0	200.9
Aluminum plate	thousand tons	29.0	32.7	28.4	47.2	30.9
Transportation means						
Automobiles	thousand units	160.3	166.7	174.8	271.4	260.5
Motorcycles	thousand units	249.6	259.9	281.0	410.0	435.5
Aeroplanes	units	8.0	5.0	12.0	6.0	9.0
Helicopters	units	7.0	13.0	17.0	14.0	12.0
Steel vessels	thousand BRT	18.0	17.4	22.5	32.6	36.3
Others						
Clove cigarettes	billion pieces	112.3	124.2	130.4 ^f	139.3	138.2
White cigarettes	billion pieces	21.5	17.6	30.3 ^f	34.8	38.0
Refined coconut oil	thousand tons	445.6	477.8	486.1	490.4	540.3
Olein	thousand tons	663.7	728.4	846.5 ^f	968.9	980.5
Laundry soap	thousand tons	164.2	165.5	165.7 ^f	191.2	215.1
Detergent	thousand tons	162.1	175.0	193.2 ^f	212.6	224.5
Electric/telecommunication cords	thousand tons	58.8	58.9	64.6 ^f	72.4	81.2
Light bulbs/TL bulbs	million units	91.6	107.9	137.8 ^f	171.7	221.2
Radio radio cassette recorders	thousand units	1,080.1	1,535.9 ^f	2,338.6	3,091.7	3,246.3
Car radio cassette recorders	thousand units	238.8	444.8	536.9 ^f	692.5	1,467.4
Television set	thousand units	640.0	521.9	796.6	1,082.0	1,010.5
Refrigerators	thousand units	159.0	104.0	138.3	158.9	193.9
Sewing machines	thousand units	136.7	51.8	34.0	29.3	28.6
Storage batteries	thousand units	6,150.6	6,146.9	6,411.2 ^f	7,980.2	9,400.0
Dry batteries	million units	1,000.6	1,016.7	1,076.7	1,158.4	1,212.3
Pesticide sprayers	thousand units	248.6	249.0	283.9	310.6	332.3
Hand tractors	units	3,000.0	2,490.0	5,533.0	6,330.0	8,500.0
Diesel engines	thousand units	31.5	47.8 ^f	35.9 ^f	45.9	51.8
Hullers	units	1,976.0	830.0	1,263.0 ^f	1,337.0	2,000.0
Sport shoes	million pairs	40.0	44.6	156.7	142.7	185.2
Leather shoes	million pairs	17.9	19.3	19.5	24.5	31.8

¹⁾ End of calendar year.

Sources : - Supplement to the President's Reports to Parliament, August 16, 1989 and August 15, 1992.
- Ministry of Mining and Energy.

Table 51
Selected Agricultural Production
(thousands of tons)

Products	1987	1988	1989	1990	1991 *
Foodstuffs					
Rice	27,253	28,340	29,072	29,366	28,809
Corn	5,155	6,652	6,193	6,734	6,209
Cassava	14,356	15,471	17,117	15,830	15,813
Sweet potatoes	2,013	2,159	2,224	1,971	1,978
Peanuts	533	589	620	651	646
Soybeans	1,161	1,270	1,315	1,487	1,541
Mung beans	204	285	262	273	238
Cash crops					
Rubber	1,130	1,176	1,209	1,275	1,284
<i>Smallholder</i>	795	839	853	913	919
<i>Estate</i>	335	337	356	362	365
C o p r a	2,075	2,139	2,208	2,332	2,305
Palm oil	1,506	1,800	1,965	2,413	2,658
Palm kernels	319	360	393	504	551
Cane sugar	2,176	1,918	2,108	2,119	2,253
T e a	126	137	141	155	158
<i>Smallholder</i>	25	26	25	31	32
<i>Estate</i>	101	111	116	124	126
Coffee	380	386	401	413	419
<i>Smallholder</i>	359	362	377	384	390
<i>Estate</i>	21	24	24	29	29
Tobacco	113	116	81	156	101
<i>Smallholder</i>	110	113	77	152	97
<i>Estate</i>	3	3	4	4	4
Pepper	49	56	68	70	71
Nutmeg	16	15	15	16	17
Cloves	58	61	55	66	84
Forestry					
Logs ¹⁾	28,255	28,485	24,409	25,312	23,892
Livestocks					
Meat	895	937	971	1,028	1,099
Egg	452	443	456	484	510
Milk ²⁾	235	265	338	346	360
Fishery					
Sea	2,017	2,170	2,272	2,370	2,505
Inland	653	711	765	793	807

1) Thousands of cubic meters, and of fiscal year.

2) Millions of liters.

Sources : – Supplement to the President's Reports to Parliament, August 16, 1989 and August 15, 1992.

– Ministry of Agriculture.

Table 52
Output, Harvested Area, and Average Yield
of Paddy and Secondary Crops

Particulars	1987	1988	1989	1990	1991 *
Output (thousands of tons)					
Paddy ¹⁾	27,253	28,340	29,072	29,366	28,809
Corn (kernel)	5,155	6,652	6,193	6,734	6,209
Cassava	14,356	15,471	17,117	15,830	15,813
Sweet potatoes	2,013	2,159	2,224	1,971	1,978
Peanuts	533	589	620	651	646
Soybeans	1,161	1,270	1,315	1,487	1,541
Mung beans	204	285	262	273	238
Harvested area (thousands of hectares)					
Paddy	9,923	10,138	10,531	10,502	10,187
Corn	2,626	3,406	2,944	3,158	2,883
Cassava	1,222	1,303	1,408	1,312	1,307
Sweet potatoes	229	248	240	209	207
Peanuts	551	608	621	635	621
Soybeans	1,101	1,177	1,198	1,334	1,354
Mung beans	277	362	332	345	330
Average yield (quintals per hectare)					
Paddy ¹⁾	27.5	28.0	27.6	28.0	28.3
Corn (kernel)	19.6	19.5	21.0	21.3	21.5
Cassava	117.5	118.7	121.6	120.7	121.0
Sweet potatoes	87.9	87.1	92.6	94.3	95.6
Peanuts	9.7	9.7	10.0	10.2	10.4
Soybeans	10.6	10.8	11.0	11.1	11.4
Mung beans	7.4	7.9	7.9	7.9	8.1

1) Equivalent of rice.

Sources : – Supplement to the President's Reports to Parliament, August 16, 1989 and August 15, 1992.
– Ministry of Agriculture.

Table 53
Selected Mining Outputs

Outputs	Units	1987/88	1988/89	1989/90	1990/91	1991/92 *
Oil	million barrels	508.0	496.9	515.5	553.0	572.8
<i>Crude oil</i>	<i>million barrels</i>	<i>450.2</i>	<i>435.2</i>	<i>450.8</i>	<i>486.5</i>	<i>507.0</i>
<i>Condensate</i>	<i>million barrels</i>	<i>57.8</i>	<i>61.7</i>	<i>64.7</i>	<i>66.5</i>	<i>65.8</i>
Natural gas	million MSCFs ¹⁾	1,737.0	1,887.0	2,011.6	2,206.9	2,465.5
Tin	thousand tons	27.3	30.5	31.5	29.8	30.1
Coal	thousand tons	1,987.6	5,175.7	9,478.2	10,731.5	13,659.6
Copper (concentrate)	thousand tons	268.4	302.7	329.9	499.2	720.8
Nickel						
<i>Nickel ore</i>	<i>thousand tons</i>	<i>1,782.1</i>	<i>1,830.3</i>	<i>1,652.4</i>	<i>2,296.7</i>	<i>2,459.1</i>
<i>Ferro-nickel</i> ²⁾	<i>thousand tons</i>	<i>4.0</i>	<i>4.8</i>	<i>5.0</i>	<i>5.1</i>	<i>5.4</i>
<i>Nickel matte</i> ²⁾	<i>thousand tons</i>	<i>25.1</i>	<i>29.9</i>	<i>30.0</i>	<i>26.7</i>	<i>34.7</i>
Bauxite	thousand tons	654.2	514.1	994.8	1,300.5	1,241.8
Gold	kilograms	3,913.0	5,096.3	6,672.3	12,095.0	19,646.0
Silver	kilograms	61,727.0	64,562.4	73,324.9	68,900.0	82,500.0

1) MSCF = Mille Standard Cubic Feet.

2) The data indicate the amount of nickel content.

Source : Supplement to the President's Reports to Parliament, August 16, 1989 and August 15, 1992.

Table 54
Transportation means and outputs

Particulars	Units	1987/88	1988/89	1989/90	1990/91	1991/92 *
Land transportation						
Motor vehicles ¹⁾						
<i>Buses</i>	<i>thousand units</i>	334.7 ^r	371.6	412.4	438.1	446.6
<i>Cargo vehicles</i>	<i>thousand units</i>	1,012.8	1,124.2	1,247.8	1,306.5	1,338.4
<i>Passenger cars</i>	<i>thousand units</i>	1,189.8	1,320.6	1,465.9	1,641.3	1,700.8
<i>Motorcycles</i>	<i>thousand units</i>	6,178.3	6,857.9	7,612.2	8,387.2	8,637.0
Railway transportation						
<i>Passengers</i>	<i>thousand persons</i>	50,062	53,833	55,400	57,000	60,300
<i>Passengers - km</i>	<i>thousand persons x km</i>	7,744,000	7,997,300	8,594,000	9,238,500	9,617,300
<i>Cargo</i>	<i>thousand tons</i>	9,083	10,775	12,200	12,700	13,800
<i>Cargo-ton-km</i>	<i>thousand tons x km</i>	1,901,000	2,448,670	3,043,000	3,377,800	3,464,300
River, lake, and ferry transportation						
<i>Passengers</i>	<i>thousand persons</i>	41,583	41,560	42,058	46,067	46,637
<i>Cargo</i>	<i>thousand tons</i>	6,355	10,741	10,920	11,953	12,903
<i>Vehicles</i>	<i>thousand units</i>	3,046	3,067	3,169	3,433	5,055
Sea transportation						
Ocean going transportation						
<i>Number of vessels</i>	<i>units</i>	35	35	35	28	27
<i>Capacity</i>	<i>thousand DWT</i>	447	447	447	354	347
<i>Cargo</i>	<i>thousand tons</i>	16,471	17,878	21,983	21,917	18,200
Interisland shipping						
<i>Number of vessels</i>	<i>units</i>	244	274	259	311	344
<i>Capacity</i>	<i>thousand DWT</i>	379	503	466	611	844
<i>Cargo</i>	<i>thousand tons</i>	8,306	9,295	9,932	10,126	10,632
Local shipping						
<i>Number of vessels</i>	<i>units</i>	1,036	1,018	1,097	1,097	1,119
<i>Capacity</i>	<i>thousand BRT</i>	154	152	158	158	180
<i>Cargo</i>	<i>thousand tons</i>	2,918	3,266	3,784	3,820	3,939
Traditional shipping						
<i>Number of vessels</i>	<i>units</i>	3,641	3,740	3,721	3,721	3,974
<i>Capacity</i>	<i>thousand BRT</i>	194	199	199	199	209
<i>Cargo</i>	<i>thousand tons</i>	3,004	2,951	2,901	3,000	3,174
Pioneer sailing services ²⁾						
<i>Number of vessels</i>	<i>units</i>	14	16	16	26	26
<i>Capacity</i>	<i>thousand DWT</i>	9	...	...	...	...
<i>Cargo</i>	<i>thousand tons</i>	40	27	36 ^r	37	83
Air transportation						
Fleet ³⁾	<i>units</i>	177	164 ^r	182	193	223
Outputs						
<i>Passengers</i>	<i>thousand persons</i>	7,649	8,823	9,219	9,226	10,069
<i>Domestic flights</i>		6,160	6,934	7,308	7,704	7,831
<i>Overseas flights</i>		1,489	1,889	1,911	1,522	2,238
<i>Cargo</i>	<i>thousand tons</i>	119	138	150	150	178
<i>Domestic flights</i>		71	77	76	96	99
<i>Overseas flights</i>		48	65	72	54	79

1) Cumulative figures.

2) To remote areas.

3) Scheduled air transportation fleet.

Source : Supplement to the President's Reports to Parliament, August 16, 1989 and August 15, 1992.

Table 55
Selected Indicators of Tourism

Particulars	1987	1988	1989	1990	1991*
Foreign tourists (persons)	1,050,014	1,301,049	1,625,965	2,177,566	2,569,870
Ports of entry					
Airports	8	12	12	13	13
Seaports	10	11	11	11	11
Tourist points of interest (areas)	17	17	19	23	23
Facility					
Star-rated hotels	334	347	402	410	467
<i>Number of rooms</i>	25,877	27,407	31,093	34,971	42,114
<i>Occupation rate (percent)</i> ¹⁾	48.3	53.8	55.6 ^r	62.9	54.6
Unstar-rated hotels ²⁾	3,336	3,619	4,364	5,062	5,233
<i>Number of rooms</i>	68,462	74,616	74,616	81,812	96,083
Travel agents	596	751	917	1,089	1,197
¹⁾ Since 1990 covers only 23 tourist points of interest. ²⁾ More than 10 rooms. Source : Ministry of Tourism, Post, and Telecommunication Monthly Reports of June 1989, July 1990, and February 1992.					

Table 56
Selected Indicators of Telecommunication Developments

Particulars	Units	1987	1988	1989	1990	1991 *
Telephone						
Telephone exchanges						
Automatic	units	211	223	266	364	536
Manual	units	503	496	480	419	293
Capacity						
Automatic	line units	794,976	909,211	1,003,685	1,320,841	1,514,760
Manual	line units	117,046	121,230	116,950	101,483	49,690
Utilization of the capacity						
Automatic	percent	84.1	83.7	79.5	75.7	79.8
Manual	percent	77.0	80.5	80.7	85.2	70.0
Public telephones	line units	4,636	5,736	6,748	13,518	26,979
Motor-vehicle telephone networks (Sambungan Telepon Kendaraan Bermotor or STKB)						
Capacity	line units	10,000 ¹⁾	13,024	15,452	21,300	21,378
Subscription	line units	6,321	9,008	12,928	18,096	20,222
Number of cities having STKB facility	cities	1	5	5	5	9
Long-distance telephone subscription	line units	637	732	785	785	785
Long-distance direct dialing coverage	cities	117	129	147	181	236
International direct dialing coverage						
Cities of origin	cities	8	35	51	95	115
Countries of destination	countries	127	138	145	182	190
Telecommunication stalls	units	42	84	174	407	800
Earth stations for supporting domestic satellite telecommunication	units	126	141	143	229	230
Telex						
Central telex	units	36	36	36	35	40
Capacity	line units	17,300	17,300	17,700	20,850	29,477
Subscription	line units	13,733	15,441	14,880	16,222	16,396
General telex offices	offices	800	794	879	1,039	1,111
Coverage	countries ²⁾	24	24	24	23	22
Package data communication networks (Sambungan Komunikasi Data Paket or SKDP)						
Central SKDP	units	...	3	7	7	7
Capacity	line units	512	512	704	704	704
Subscription	line units	146	269	396	452	585
Cities of origin	cities	3	9	12	...	...
Coverage	countries	21	26	26	32	51
Birofax coverage	countries ²⁾	30	36	36	46	42

1) Only for local call.

2) Direct connection.

Sources: - Ministry of Tourism, Post, and Telecommunication Monthly Reports of June 1989, July 1990, February 1991, and February 1992.
- Directorate General of Post and Telecommunication Annual Report of 1990 and PT Indosat Annual Reports of 1988, 1989, and 1990.

Table 57
PLN Capacity for Electric Power
(MW)

Year	Generators					Total
	Diesel-powered	Steam-powered	Water-powered	Gas-powered	Geothermal-powered	
1987/1988	1,652	2,817	1,512	1,117	140	7,238
1988/1989	1,769	3,417	1,970	1,234	140	8,530
1989/1990	1,795	3,947	1,973	1,234	140	9,089
1990/1991	1,869	3,941	2,095	1,230	140	9,275
1991/1992*	1,946	3,941	2,115	1,214	140	9,356
Source : State Electric Company (PLN).						

Table 58
Production of Electric Power
(millions of KWH)¹⁾

Year	Generated by PLN	Generated by non-PLN ¹⁾	Total
1987/1988	21,559	747	22,306
1988/1989	24,940	683	25,623
1989/1990	28,734	836	29,570
1990/1991	34,012	856	34,868
1991/1992*	37,894	843	38,737
1) Only those distributed to the general public through PLN. Source : State Electric Company (PLN).			

Table 59
The Spread of Population by Major Island¹⁾

Particulars	1971		1980		1990	
	Number of population (thousand persons)	Share (%)	Number of population (thousand persons)	Share (%)	Number of population (thousand persons)	Share (%)
Jawa	76,086.3	63.83	91,269.5	61.88	107,573.7	60.00
Outside Jawa	43,121.9	36.17	56,220.8	38.12	71,747.9	40.00
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	4,487.1	5.75	10,163.9	5.67
Others	2,031.0	1.69	2,584.9	1.75	3,497.5	1.95
INDONESIA	119,208.2	100.00	147,490.3	100.00	179,321.6	100.00

1) Population Census in September 1971, October 1980, and October 1990.

Source : Central Bureau of Statistics.

Table 60
Working Age Population
(thousands of persons)

Particulars	1987	1988	1989	1990	1991 *
Working age population¹⁾	125,894.8	129,839.0	133,320.7	136,127.3	137,116.6
Economically active	72,245.3	74,500.1	75,871.9	78,010.2	77,261.4
<i>By age</i>					
10 – 14	2,547.5	2,549.1	2,661.3	2,455.7	1,869.6
15 – 19	7,401.2	7,503.2	8,053.8	8,037.4	7,724.8
20 – 24	8,935.8	9,136.9	8,643.7	9,478.0	9,651.0
25 – 29	10,331.4	9,916.9	9,197.2	10,763.6	10,729.5
30 – 34	8,850.0	9,023.8	9,064.2	10,001.4	10,331.5
35 – 39	8,004.6	8,415.8	8,975.5	9,394.1	9,626.8
40 – 44	6,511.6	6,952.2	6,980.1	6,830.3	6,892.5
45 – 49	6,568.0	6,581.7	6,927.9	6,628.3	6,127.4
50 – 54	5,040.6	5,400.5	5,673.6	5,401.9	5,282.3
55 – 59	3,471.6	3,717.6	4,063.1	3,834.3	3,722.6
60 – 64	2,389.6	2,697.7	2,896.3	2,759.1	2,818.5
65+	2,193.5	2,559.7	3.3	2,426.1	2,484.9
<i>By working and looking for work classifications</i>					
Working	70,402.6	72,538.5	73,741.2	75,887.9	75,257.0
– Agriculture	38,722.1	40,457.1	40,640.2	41,603.7	41,496.2
– Mining & quarrying	–	–	553.6	707.6	544.5
– Manufacturing industry	5,818.5	6,260.0	7,805.1	8,118.7	7,274.9
– Electricity, gas, and water	–	–	103.6	131.2	150.0
– Construction	–	–	1,894.7	2,057.1	2,349.7
– Trade	10,461.2	10,328.2	10,894.2	11,069.0	11,354.7
– Transportation	–	–	2,262.9	2,364.8	2,509.1
– Finance	–	–	370.5	467.3	475.5
– Public services	11,199.8	11,161.4	9,214.6	9,227.6	8,988.7
– Others	4,198.1	4,312.5	2.1	140.5	113.7
– Not stated	2.9	1.3	--	--	--
Looking for work	1,842.9	1,961.5	2,130.6	2,122.3	2,004.4
Not economically active	53,649.5	55,338.9	57,448.8	58,117.1	59,855.2

1) Population of 10 years of age and over.

Source : Central Bureau of Statistics.

Table 61
Average Monthly Wage by Economic Sector
(rupiah)

S e c t o r s	Average minimum wage			Average maximum wage		
	1989	1990	1991	1989	1990	1991
Plantation	67,538	100,590	116,370	758,043	1,050,966	1,535,665
Mining	185,187	218,242	321,750	1,979,561	2,269,216	3,869,560
Manufacturing	130,263	171,957	180,689	1,856,189	1,997,947	2,070,460
Construction	119,892	165,374	176,338	1,188,131	1,885,486	1,959,806
Electricity	94,998	105,752	124,740	683,794	821,069	1,001,849
Trade/bank and insurance	212,896	227,612	233,707	1,442,426	1,967,498	2,479,148
Transportation	117,678	133,671	168,800	1,047,077	1,172,333	2,179,183
Services	112,000	157,585	200,837	1,121,810	1,775,659	1,288,040
Others	55,500	69,200	69,200	369,880	461,900	461,900

Source : Ministry of Manpower.

Table 62
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 ¹⁾		
		Target	Realization	%	Target	Realization	%
1987/88	8,880	5,299.0 ^r	5,185.7	97.9 ^r	18,160.0	18,309.6	100.8
1988/89	9,388	5,615.0 ^r	5,375.3	95.7	17,240.0	18,768.6	108.9
1989/90	9,674	4,377.7	4,284.3	97.9	18,974.0	18,525.3	97.6
1990/91	10,206	4,409.7	4,478.7	101.6	19,622.7	18,772.0	95.7
1991/92*	11,641	4,405.7	4,531.0	102.8	20,276.5	20,262.9	99.9

1) At end of period.

Sources : – National Family Planning Coordinating Board.

– Supplement to the President's Reports to Parliament, August 16, 1989 and August 15, 1992.

Table 63
Realization of Transmigration
(families)

Year	Target	Realization		Total
		Official transmigration	Spontaneous transmigration	
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
1991/92*	70,000	25,720	38,491	64,211

Source : Ministry of Transmigration.

Table 64
Selected Institutional Indicators of Cooperatives

Particulars	Units	1987	1988	1989	1990	1991*
Number of cooperatives	units	31,299	33,324	36,147	36,502	37,289
<i>KUD (Village Cooperatives Units)</i>	<i>units</i>	<i>7,480</i>	<i>7,873</i>	<i>8,276^r</i>	<i>8,334</i>	<i>8,498</i>
<i>- Self-supporting KUD</i>	<i>units</i>	<i>--</i>	<i>--</i>	<i>544</i>	<i>885</i>	<i>1,381</i>
<i>Non-KUD</i>	<i>units</i>	<i>23,819</i>	<i>25,451</i>	<i>27,871</i>	<i>28,168</i>	<i>28,791</i>
Membership	thousand persons	25,545	25,056	25,601	29,134	32,912
<i>KUD</i>	<i>thousand persons</i>	<i>16,682</i>	<i>17,404^r</i>	<i>17,903^r</i>	<i>18,355</i>	<i>20,433</i>
<i>- Self-supporting KUD</i>	<i>thousand persons</i>	<i>--</i>	<i>--</i>	<i>1,430</i>	<i>...</i>	<i>...</i>
<i>Non-KUD</i>	<i>thousand persons</i>	<i>8,863</i>	<i>7,562</i>	<i>7,698</i>	<i>10,779</i>	<i>12,479</i>
Number of cooperatives' management, members, and management trainees	thousand persons	2.4 ^r	7.1 ^r	9.5 ^r	18.4	10.4
Accumulated savings	billion rupiah	435.7	518.0	518.0	638.0	706.2
Accumulated capital	billion rupiah	1,183.8	926.0	1,242.9	1,574.6	1,796.0
Total assets	billion rupiah	2,218.0	2,031.6	3,284.1	3,543.3	4,278.0
Bank credit to cooperatives ¹⁾	billion rupiah	339.6	404.9	416.0	460.0	2,114.0
<i>Investment</i>	<i>billion rupiah</i>	<i>73.4</i>	<i>53.5</i>	<i>57.0</i>	<i>65.0</i>	<i>10.1</i>
<i>Working capital</i>	<i>billion rupiah</i>	<i>266.1</i>	<i>351.4</i>	<i>359.0</i>	<i>395.0</i>	<i>2,013.0</i>

1) Outstanding amount as on end of the reporting year (March 31, the following year).

Sources : – Supplement to the President's Reports to Parliament, August 16, 1989 and August 15, 1992.
 – Ministry of Cooperatives.
 – Bank Indonesia.

Table 65
Selected Operational Activities of Cooperatives/KUDs

Activities	Units	1987	1988	1989	1990	1991*
Procurement of food (rice)						
Number of KUDs	units	1,791	2,022	2,341	2,124	2,126
Total amount purchased	million tons	1.3	1.1	2.2	1.2	1.4
Procurement and distribution of fertilizer						
Number of KUDs	units	1,478	1,718	2,607	2,696	2,923
Total amount accepted	million tons	2.4	3.6	5.4	5.4	5.1
Total amount distributed	million tons	1.3	3.4	4.4	4.3	4.1
Distribution of pesticides						
Number of KUDs	units	450	424	755	...	...
Total amount accepted	million liters	0.5	1.6	1.6	...	...
Total amount distributed	million liters	0.3	1.5	1.5	...	...
Marketing of copra						
Number of KUDs	units	130	130	137	129	180
Total amount purchased	thousand tons	31.6	27.8	26.2	28.4	28.2
Total amount sold	thousand tons	30.8	26.1	24.9	27.5	...
Marketing of cloves						
Number of KUDs	units	321	448	359	546	837
Total amount purchased	thousand tons	11.4	8.3	3.9	1.6	120.9
Total amount sold	thousand tons	9.9	5.4	3.8	0.5	119.8
Livestock farm						
Number of cooperatives	units	499	499	510	568	568
Membership	thousand persons	53.8	53.8	55.0	56.0	57.1
Total assets	billion rupiah	92.7	102.5	104.8	105.7	110.9
Dairy farm						
Number of cooperatives/KUDs	units	173	173	190	196	201
Membership	thousand persons	59.5	72.0	98.0	98.0	74.6
Number of milch cows	thousand heads	176	225	250	258	248
Amount of milk received	million liters	307.4	310.2	250.0	257.0	255.3
Fishery						
Number of cooperatives	units	669	677	726	726	730
Membership	thousand persons	153.4	154.1	170.2	779.1	781.3
Total assets	billion rupiah	88.8	88.8	112.0	141.1	148.1
Handicraft						
Number of cooperatives	units	1,288	1,253	1,379	1,148	1,173
Membership	thousand persons	277.0	290.8	296.6	150.4	157.2
Total assets	billion rupiah	392.2	411.8	421.0	205.2	270.4
Distribution of electricity						
Number of cooperatives/KUDs	units	890	966	1,136	1,580	1,656
Number of customers	thousand customers	1,199.7	2,042.5	2,478.8	3,209.2	4,687.6
Number of villages	villages	2,087	6,593	8,108	10,112	12,118
Channelization of credits to petty traders (Kredit Candak Kulak)						
Number of cooperatives	units	5,981	5,981	5,981	5,679	5,979
Amount of credits	billion rupiah	234.5	244.3	253.4	256.3	263.8
Number of customers	million persons	16.4	16.8 ^r	17.5 ^r	17.0	17.2

Sources : - Supplement to the President's Reports to Parliament, August 16, 1989 and August 15, 1992.
- Bank Indonesia.