BANK INDONESIA

REPORT FOR THE FINANCIAL YEAR 1992/93

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ISSN 0376 - 4303

NOTES, SYMBOL, AND SOURCE OF DATA

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

Source of data : Bank Indonesia, unless mentioned otherwise.

FOREWORD

By praising the Almighty God for His continuous blessings and guidance, it is indeed a great pleasure for me to present this Bank Indonesia Annual Report for 1992/93, which fulfills the requirement of Article 46 of Act no. 13 of 1968 on the Central Bank. The report describes not only important developments and policies in economic and financial areas during fiscal year 1992/93, but also presents the prospects and policies for the years ahead. In this regard, we have continuously sought to improve the usefulness of this report. In particular, the report is being published much earlier than in previous years. As readers may have noticed, previous annual reports have usually been published after August in order to present final fiscal year data. Although some data used are still preliminary, this earlier publication is intended to enable readers to anticipate and adapt to future likely developments.

With the end of fiscal year 1992/93, the last in the period of office of the Fifth Development Cabinet, an important stage in Indonesian economic development has passed During the period, our economy experienced great success once again, despite various problems and challenges encountered. Policies pursued during the period, especially those to promote structural change, have contributed not only to high economic growth, at an average of 6% per year, but also to the diversification of our economic structure. The share of the non-oil/gas sector, especially manufacturing, in national production has become increasingly important, while the role of exports as the engine of economic growth has also strengthened. In the financial sector, the spread of the banking network and its activities is expected to expedite the development process through more efficient allocation and enhanced mobilization of funds.

At the same time, the economic overheating experienced during 1989 and 1990 has posed serious challenges in managing our economy as inflation rose and the current account deficit widened during 1990 and 1991. In its effort to restore macroeconomic equilibrium, the Government issued a number of policy measures covering various sectors. Through prudent fiscal and monetary policies, a realistic exchange rate regime, a responsible foreign borrowing management, and other measures, efforts to cool down the economy have been successful since 1991/92. In that year, the excessive growth of domestic *demand, which had led to a deterioration in the balance of payments, was restrained, as indicated by slower import growth and rising non-oil/gas export growth. However, worsening terms of trade in that year due to the falling oil price, coupled with world economic recession resulted in no improvement in our balance of payments position, despite improvements in other macroeconomic variables. In 1991/92, the current account deficit continued to increase, reaching 3. 7% of gross domestic product. In addition, the Government's decision to raise energy and transportation prices in 1991 and the impact of drought on food supply resulted in little improvement in the inflation rate in 1991/92, which reached 9.5%.*

In 1992/93, the continuation of prudent fiscal and monetary policies, accompanied by efforts to ease the burden on the business and banking community through lowering interest rates and other measures, led to an improvement in the balance of payments. With the increase in the value of non-oil/gas exports and the decrease in import growth, there was a substantial reduction in the current account deficit accompanied by a rise in foreign exchange reserves. The significant increase in the non-oil/gas exports and the increasing role of industrial production contributed to economic growth of about 6% in 1992. This was, indeed, an encouraging development.

The inflation rate fell below 5% in calendar 1992. However, with the further rise in energy and transportation prices in January 1993, accompanied by interruptions in food distribution due to widespread floods in February and the coming of Ramadhan in March, the inflation rate for fiscal year 1992/93 increased significantly. The high inflation rate of 6.44% during the last quarter of 1992/93 will push up the rate for 1993. This is a serious problem that will require careful macroeconomic management in the months ahead.

Weak growth of investment activities in some sectors, especially outside the export sector, posed another serious problem in 1992/93. The problem was primarily due to the slow growth in bank credit in the aftermath of measures to cool down the economy in 1990/91 and the existence of high interest rates. The new prudential banking regulations issued in 1991 and the rising level of concern over non-performing loans have forced banks to consolidate their balance sheets and change their financial management system and operations. This consolidation process caused banks to be overly cautious in extending credit and posed an obstacle to reducing interest rates.

Controlling the rather high inflation rate, promoting investment activities at a pace suitable for sustainable economic growth, and maintaining the improvement in the balance of payments are the major challenges to be tackled in 1993/94 and beyond. At this juncture, adjustment policies in various sectors *and other measures to ease the burden of the business and banking communities will be implemented. In the banking area, various measures will be introduced to expedite the process of consolidation and promote credit expansion based on current prudential principles for bank management. With these efforts and the expectation of stronger world economic growth, we are optimistic that the Indonesian economy will prosper in 1993/94.*

With the rise in economic activity, especially investment and export growth, we expect that overall economic growth will be closer to 7% this year. High export growth, especially non-oil/gas exports, is expected not only to boost economic growth but also to strengthen our balance of payments position and increase foreign exchange reserves. Inflation is also expected to be contained within single digits in 1993/94. With a stronger domestic economy, we also hope that problems presently faced by our banking community can be solved successfully.

Finally, we trust that this 1992/93 Bank Indonesia Annual Report will not only provide useful information about the latest economic and financial developments but also illuminate the various problems that have been encountered and the policy measures that have to be taken. We would like to extend our appreciation to all parties that have contributed and cooperated during the preparation and publication of this report and look forward to enhancing this beneficial cooperation in the period ahead.

Jakarta, May 1993

Governor of Bank Indonesia

Dr. J. Soedradjad Djiwandono

INDONESIA'S ECONOMY IN 1992/93

International Background

An open economy such as Indonesia's is inevitably susceptible, in some measure, to international developments. In 1992 the world economy remained sluggish. The recovery that had been earlier anticipated in the major industrial countries failed to materialize. High interest rates, especially those prevailing in Europe, albeit on a declining trend, were one of the main factors hampering recovery. The world economy grew only 1.0% in 1992, a relatively minor improvement over that of 0.1% in the preceding year. Indonesia's main export markets, including the United States, Japan, and the European Community (EC), which are generally recognized as the locomotives of the world economy, did not record significant improvements; indeed, a continued slowdown was recorded in Japanese economic growth.

Although the world economy generally remained sluggish, world trade volume registered a strong expansion of 4.5% as compared with 2.3% in the preceding year. This was primarily due to the trade expansion recorded in the regions of East Asia (including China) and Southeast Asia. The expansion in world trade, especially in those regions, had a favorable impact on Indonesia's external sector.

The recovery in the United States remained slow until mid-1992, reflecting the sluggish growth of both domestic demand, especially consumer spending, and external demand. Since the third quarter of 1992, however, consumer spending has strengthened. This momentum is expected to be sustained in 1993 in line with current trends and improved public confidence in the success of President Clinton's concept of economic reform, which is intended, inter alia, to reduce the budget deficit in the long term while providing fiscal stimulus in the near term.

Japan's economy has weakened markedly in recent years. Economic growth decelerated noticeably, from 4.4% in 1991 to 1.8% in 1992. The tight monetary policy introduced during this period contributed to a sharp slowdown in investment after booming for several years. Stock prices in the Tokyo Stock Exchange slumped and the business sector, especially property development, stagnated. These developments adversely affected the banking sector by increasing non-performing loans which in turn created problems for banks in meeting the capital adequacy ratio

(CAR) and loan-to-deposit ratio (LDR) in compliance with international standards as stipulated by the Bank for International Settlements (BIS). These standards were adopted by Japan in 1990. The crisis in the financial sector had also eroded both investor and consumer confidence, hence reducing consumption and investment. To stimulate economic activity, the Government lowered interest rates and provided a considerable degree of fiscal stimulus. These measures are expected to be reinforced to further support the economy in 1993.

In the Western Europe, the economic growth of the EC did not show any marked improvement; the United Kingdom even recorded a contraction in economic growth. Germany, the biggest economy in the EC, failed to enjoy strong economic recovery because of internal problems arising from the process of unification. To contain the inflationary pressure fueled by a burgeoning budget deficit, the Bundesbank continued to pursue a tight monetary policy. While such a policy stance succeeded in curbing inflationary pressure, it retarded the country's economic growth. High interest rates also led to a strengthening of the German mark, the anchor currency in the Exchange Rate Mechanism (ERM) system. The limitations of other member countries to pursue tight credit policies led to great difficulties in maintaining their exchange rates vis-a-vis the German mark within an agreed currency band. Consequently, in September 1992, the United Kingdom and Italy withdrew temporarily from the ERM system.

The developments prevailing in the United States, Japan, and Europe are expected to bring about changes in the pattern of world trade. The launching of the single European market in January 1993 is projected to increase the role of the EC in world trade. The EC's share of total world trade was 40% as compared with 15% for the United States and 7% for Japan. Consequently, any macroeconomic imbalance in the EC will directly affect world trade. Indonesia's economy is susceptible to changes occurring in the EC since this region is one of Indonesia's main export destinations; in the past few years Indonesia's non-oil exports to the EC grew impressively although a slight deceleration was recorded in 1992. Of Indonesia's total non-oil exports in 1992, 19.0% went to the EC, 16.6% to Japan, and 16.9% to the United States.

Particularly noteworthy developments were the steady growth rates of GDP and trade in East and Southeast Asia. The newly industrialized economies (NIEs), of Korea, Taiwan, Hong Kong, and Singapore, as well as the ASEAN countries, continued to record high economic growth. This reflects the growing self-reliance of the East Asian region. Economic growth and trade expansion in East Asia and ASEAN (both intra and inter-trade) remained high, well above the growth of the world economy and world trade which, respectively, recorded only a 1.1% and 4.5% rise in 1992. This was made possible by continued industrial relocation from Japan and the NIEs to other countries in ASEAN and China. In the past few years, China's economy has recorded particularly impressive expansion, enabling it to emerge as a new economic power. While this development will in turn promote trade, it will also further heighten competition in East Asian and ASEAN regions.

Furthermore, the establishment of the ASEAN Free Trade Area (AFTA) is also expected to promote intra- regional trade. This development provides Indonesia with new opportunities as well as with new challenges to strengthen further its position in international trade.

Economic Problems and Policies in 1992/93

Problems

Efforts to cool down the Indonesian economy since 1990 have succeeded in dampening the growth of domestic demand significantly, from 12.0% in 1990 to only 5.5% in 1991 and 5.1% in 1992. The sharp decline in the growth of domestic demand helped relieve the pressure on macroeconomic balances as inflationary pressure eased and the current account deficit narrowed. However, the success in restraining the growth of domestic demand was not fully reflected either in the inflation rate or the current account deficit in 1991/92. The inflation rate remained high at 9.5% while the current account deficit widened to $4.4 billion. Inflation was mainly driven by cost-push factors, such as drought and upward adjustments in the prices of oil-based fuels, electricity rates, and transportation fares. Meanwhile, the substantial level of the current account deficit was closely related to the deterioration in world prices of oil and other primary commodities. Against this background, the control of inflation and the current account deficit required serious attention from the monetary authority during 1992/93.

Another major problem arising in 1992/93 was the slowdown in **investment** activity which, unless checked, could adversely impact on economic growth and exports in coming years. This would, in turn, be detrimental to the public confidence, especially that of investors, concerning the prospects for Indonesia's economy. This situation, if it persists, may complicate the process of bank consolidation currently underway aimed at improving loan performance and meeting new prudential requirements for the management and operation of banks in accordance with international banking standards. In formulating policies related to the financial as well as the real sectors, the objectives of growth, a manageable balance of payments situation, and price stability must be balanced. This will enable the expansion of production capacity through an adequate level of investment which will generate sufficiently high economic growth and boost exports.

High domestic **interest rates --** though on a declining trend -- continued to be one of the main impediments to maintaining high economic growth and raising the competitiveness of Indonesia's export commodities. This condition was mainly attributable to the low confidence in the rupiah as result of devaluations in the past. Confidence, however, has begun to return as the Government has managed to avoid large exchange rate fluctuations since the last devaluation in 1986. The high interest rates were also related to the efforts to cool down the economy through the cautious monetary policy stance adopted in 1990. With respect to lending rates, the persistence of high interest rates also stemmed from the high overhead costs of banks. In 1992/93, stubbornly high interest rates became a public concern, which was partly due to the rising level of non-performing loans of domestic banks. Accordingly, efforts to restore macroeconomic stability were designed to improve public confidence in rupiah while reducing interest rates further.

Relatively high interest rates and the progress made in restoring macroeconomic balances, as reflected in the deceleration of the inflation rate and the narrowing current account deficit in the first three quarters of the reporting year, induced an influx of **short-term capital inflows** which were invested in rupiah-denominated assets. While this development strengthened international reserves, the substantial potential for monetary expansion prompted Bank Indonesia to sterilize the inflows through open market operations. Furthermore, since a major portion of the short-term inflows were in the form of private borrowings on commercial terms, these inflows would eventually aggravate the balance of payments. Hence, in implementing monetary policy, an appropriate balance was sought between the desired level of foreign exchange reserves, the level of open market operations, and the impact of the inflows on monetary expansion.

In the area of banking, domestic banks were still gearing-up to meet the new prudential and supervisory requirements. This process of consolidation, intended to establish a sound and efficient banking system, is necessary in order to enable the system to assume a pivotal role in mobilizing and allocating development funds. Some progress has been achieved in the process of consolidation with respect to both capital and balance sheet restructuring. Some structurally weak banks, due either to inappropriate strategy or mismanagement, encountered some problems in meeting one or more of the prudential requirement. To maintain the integrity and confidence in the national banking system, efforts to cope with this problem need to be accelerated. At the macroeconomic level, the process of consolidation and the concerns over the increasing level of non-performing loans led banks to exercise excessive caution in extending **credits,** hence retarding investment.

The regulatory improvements in bank management and operation are based on prudential principles introduced in the Policy Package of February 1991. Furthermore, several basic aspects, especially those relating to banking structure, ownership, the safeguarding of public interests, as well as the rights and obligations of the affiliated parties, are also stipulated in the Banking Act no. 7 of 1992 which replaced the former Banking Act no. 14 of 1967. The new banking act simplifies the types and operation of banks as either commercial banks or rural credit banks. The new act also provides a legal basis for earlier regulations regarding the rights and responsibilities of the board of a bank in its relationship with its customers, and for the management of a bank on the basis of prudential principles. Accordingly, during the reporting year, the monetary authority acted to enforce the rules stipulated in the new banking act while taking into account the prevailing condition of domestic banks.

Economic Policies

Efforts to solve the problems mentioned above require a sophisticated policy mix to address issues affecting both the demand side and supply side. On the demand side, the efforts were aimed at striking a balance between domestic investment and consumption and export oriented activities, given constraints on the balance of payments. On the supply side, efforts were aimed at expanding production capacity through streamlining investment and import procedures as well as providing incentives for improving efficiency and productivity in targeted sectors.

The policy mix was designed to attain interrelated objectives through better coordination and a more appropriate balance. The control of inflation and the current account deficit called for the pursuit of cautious monetary and fiscal policies, while maintaining a realistic exchange rate. Foreign borrowings were also managed to control the level of debt service payments so as not to exceed repayment capacity. In addition, several measures were introduced to improve efficiency in allocating funds and to channel them to sectors which simultaneously strengthened the balance of payments. The Government also sought to alleviate the burden of the business and banking sectors in coping with the problems arising as a side effect of both macroeconomic policy and structural adjustments in the banking sector.

Monetary and Fiscal Policies

Much of the success in cooling down the economy in the past three years was accounted for by the effective coordination of monetary and fiscal policies. A conservative fiscal policy stance supported the implementation of the cautious monetary policy. In the past three years, the budget has recorded surpluses of Rp4.8 trillion, Rp2.4 trillion, and Rp0.2 trillion, respectively, accounting for 7.5%, 3.0%, and 0.2% of total domestic liquidity (M2) over the same period. This, in turn, helped slow down the growth of domestic liquidity from 45.7% in 1989/90 to 26.0% in 1990/91, 24.2% in 1991/92, and 22.3% in 1992/93.

The effect of the government expenditures on GDP formation can be measured by the size of the expenditures in real terms for domestic procurement of goods and services. The growth of those expenditures dropped sharply from 42.0% in 1990/91 to -4.7% in 1991/92 and 4.1% in 1992/93. This was in line with the efforts of the Government to slow down the growth of domestic demand while simultaneously easing the burden of the monetary policy in curbing inflationary pressures and reducing the current account deficit.

As mentioned above, a cautious monetary policy supported by conservative fiscal policy in the past three years contributed to the restoration of macroeconomic balances as reflected in economic developments during 1991/92 and 1992/93. The improved macroeconomic situation, in turn, led to a strengthening of confidence in the value of rupiah and in the stability of Indonesia's economy. This was reflected in the absence of speculation against the rupiah and the sharp rise in capital inflows in 1992 to invest in short-term rupiah-denominated assets. These developments allowed the monetary authority to have greater flexibility in lowering interest rates without disturbing macroeconomic stability. Efforts to lower interest rates were pivotal to ease the debt burden of the business sector while sustaining sufficiently high domestic economic growth.

The policy to lower interest rates was carried out by reducing the discount rates on Bank Indonesia certificates *(Sertifikat Bank Indonesia* or SBI) and money market securities *(surat berharga pasar uang* or SBPU) by 5.5 - 8.0 percentage points during 1992/93. Following the lowering in the discount rate, the interest rate on time deposits declined. During the course of the year, the average interest rate on a three-month deposit declined markedly from 21.3% to 15.8%. Lending rates, however, remained relatively sticky with the weighted average of interest rates on working capital credit (short-term) decreasing only slightly from 24.8% to 21.7% and that on investment credit from 19.2% to 18.3%. To accelerate the decline in lending rates, banks were encouraged to speed up the process of consolidation and to exclude non-performing loans as a factor in measuring the cost of funds. In addition to lowering the discount rates on SBI and SBPU, efforts were made to ease the tightness of money by allowing banks to discount SBPUs in order to meet their liquidity needs. This facility helped stabilize the interbank money market, as reflected in the steady and low level of the interbank rate.

On the institutional front, measures to promote the effectiveness of monetary policy were also adopted, especially by improving the open market operation system which up to the present has been the main instrument to control liquidity. In preparation for the adoption of the Stop-Out Rate (SOR) system in the auctioning of SBIs, Bank Indonesia has designated a number of financial institutions as primary dealers with the obligation of buying all SBIs offered in each auction. The SOR allows the level of interest rates to be determined by the market. This system will replace the COR system currently in use. The Government also sought to further develop the rupiah and foreign exchange markets. During the reporting year, the monetary authority issued licenses for the operation of brokerage firms. Through the operation of those firms, it is expected that segmentation in the rupiah and foreign exchange markets will be reduced.

Banking Policy

The policy package of February 1991, including its follow-up measures, have laid a foundation for the development of a sound banking system based on internationally accepted prudential guidelines. This is to ensure that the opportunity in the banking sector that emerged following the issuance of the policy package of October 1988 will be utilized responsibly, as it is universally understood that banks are institutions of trust and have an important role in development. The Banking Act of 1992, issued by the end of March 1992, also provides a legal foundation for responsible banking management including the rights and obligations of the related parties.

To enforce the new act, during the course of the year, a series of government regulations were issued concerning the operation of commercial banks, rural credit banks, and profit sharing banks. Those provisions specify the licensing, management and operation of commercial and rural banks so as to further strengthen efforts to promote the soundness of banks and to provide guidelines for their operation. This will enable banks to assume an important role in development by securing the public confidence. To better protect the public, the minimum capital requirement for the establishment of a new bank was raised from Rp10 billion to Rp50 billion for a domestic bank (non-foreign exchange bank) and from Rp50 billion to Rp100 billion for a joint-venture bank (foreign exchange bank). The minimum capital requirement for the establishment of a rural credit bank, which mainly serves small-scale customers and operates in rural areas, remains unchanged at Rp50 billion. The new regulations also provide foreign parties (individuals or entities) access to acquire equity of the domestic banks through the purchase of shares in the stock market. The shares of domestic banks (including state banks) allowed to be purchased by foreign parties are fixed at a maximum of 49% of the stocks listed in the stock market. State banks, however, are allowed to list their shares in the stock market at a maximum of 49% of their capital, with the Government thus retaining a majority of the ownership. This policy is intendedly to expand the access of domestic banks to foreign sources of funds and simultaneously broaden and deepen the domestic capital market.

As mentioned earlier in this report, the process of bank consolidation has been underway since 1991 to meet the new prudential requirements laid down in the policy package of February 1991 as well as the Banking Act of 1992 and its follow-up measures. Those regulations mainly involve the CAR, the LDR, legal lending limit (LLL), and reserves for doubtful loans. Up to the reporting year, most banks had made progress in their consolidation efforts, especially in meeting the CAR and LDR. The process of consolidation, however, has tended to run concurrently with a deterioration in bank loan portfolios, retarding the expansion of bank lending. To ease the burden of the consolidation process and to accelerate the expansion of bank lending, the monetary authority relaxed the obligation to fulfill the CAR requirement and extended the date by which banks are required to release securities from a bank's portfolio. With respect to the fulfillment of CAR, when necessary, a bank's CAR was allowed to decline to less than 5% after the previously designated date (March 31, 1992) provided that it reached a minimum level of 7% by March 31, 1993. After that date, the CAR could be less than 7% on condition that it met the minimum 8% level by the end of 1993. As regards the obligation to release securities in a bank's portfolio, the deadline which was previously set on August 15, 1994 was extended to August 15, 1999. In order to accelerate the process of consolidation within the state banks, especially to meet the CAR requirement, the Government resorted to foreign borrowings from international institutions: in addition, loans previously extended by the Government to the state banks -- with the funds received by the Government from international institutions as a two-step loan -- were converted to equity participation.

Recently, the banking sector witnessed continued expansion of the banking networks throughout the country concurrent with the increasing need for improved bank management. Furthermore, the operation of banks has become more sophisticated with the process of globalization. These developments added further weight to the increasingly important and complicated task that Bank Indonesia has in exercising proper supervision of the banking system. This task is made even more burdensome due to the fact that the new banking act acknowledges the principle of universal banking and emphasizes the role of Bank Indonesia as the only institution authorized and responsible for bank supervision in the country. Accordingly, Bank Indonesia continued its efforts to strengthen its ability to conduct bank supervision through organizational improvement and human resource development as well as the adoption of new systems and procedures.

In the area of organization, decentralization is one of the main policies continuing to be pursued, along with improvement of skills at the branch level. In this regard, during the reporting year, Bank Indonesia delegated greater authority to its branches throughout the country to conduct supervision of all bank offices under their respective control. Furthermore, the program for developing human resources, especially the skills of those in charge of bank supervision, was stepped up by increasing the number of supervisors and improving their skills through training programs. With a view to strengthening the information system regarding the performance of each bank, Bank Indonesia, in collaboration with the Indonesian Accountant Association *(Ikatan Akuntan Indonesia* or JAI), has introduced a special standard for Indonesian banking accountancy to be adopted by all banks in Indonesia. Improvements were also made in the system of reporting financial data to Bank Indonesia. To improve the skills of bank supervisors, Bank Indonesia made use of technical assistance granted by international financial institutions in addition to cooperating with other leading central banks.

External Borrowing and Foreign Exchange Policy

The coordination of foreign commercial borrowings by the Foreign Commercial Borrowing Coordinating Team (Tim PKLN), created in the latter part of 1991, succeeded in slowing down the growth of borrowings for financing projects of public enterprises and projects involving the Government. Commercial foreign borrowings incurred by the private sector continued to be a problem which could in turn adversely affect Indonesia's balance of payments over the medium and long term. These borrowings, mostly on short and medium terms, has increased the burden of debt repayment for the private sector. Consequently, although the burden of debt repayment of the Government declined and Indonesia's export growth accelerated, the ratio of total debt service payment to total exports rose in 1992. Against this unfavorable background, coordination in the control of commercial foreign borrowing has still been needed. During the reporting year, scrutiny of private commercial foreign borrowing, including public enterprises and banks, was intensified.

In the area of foreign exchange, several improvements were made, among others, increasing the spread between the buying and selling rates in foreign exchange transactions with Bank Indonesia. This was intended to encourage the development of foreign exchange transactions among banks so as to reduce intervention by Bank Indonesia. To promote the development of the foreign exchange market, the Government issued licenses for the establishment of 9 brokerage firms.

Exchange Rate Policy

Exchange rate policy pursued to date has helped support other economic policies in restoring macroeconomic stability. In 1992/93, exchange rate management contributed to the attainment of a more realistic and stable value of the rupiah, thereby improving the public's confidence in the rupiah. Furthermore, these developments contributed to promoting the competitiveness of Indonesia's non-oil/ gas export products and that of domestic products against imports. During the year, the rupiah depreciated by 2.1% against a basket of Indonesia's major trading partners' currencies. Hence, the decline in competitiveness resulting from a domestic inflation rate higher than those of Indonesia's major trading partners was compensated for by the depreciation of the rupiah. It is worth noting that efforts to maintain the stability of rupiah were carried out by controlling the domestic inflation rate through, for example, the adoption of cautious monetary and fiscal policies.

Investment and Trade Policies

During the past two years, investment slowed. This was a particular concern during the reporting year because of the longer term implications for economic growth. Measures to improve the investment climate were called for. To this end, the Government continued the process of deregulation by adopting the package of July 1992, simplifying the negative list of investment, licensing and investment procedures. Furthermore, the package provided for exemption of various import goods from import licensing; permitted the importation of used machinery and capital goods; and both reduced and removed surcharge duties on particular import products. The package is expected to reduce costs to end users and enable the reconditioning of existing industrial equipment at lower cost. The policy package was very important in helping accelerate the growth of domestic industry and its competitiveness in the international market, with positive consequences for Indonesia's balance of payments,

Table 1.1
Macroeconomic Indicators

	1990	1991	1992*
	Changes (%)		
Real Gross Domestic Product	**7.1**	**6.6**	**6.1**
By expenditure			
Consumption	8.8	7.5	4.3
Household	*9.9*	*7.5*	*4.4*
Government	*3.2*	*7.2*	*4.0*
Gross domestic capital formation	19.6	1.2	6.8
Exports of goods and services	4.6	19.4	14.0
Imports of goods and services	22.5	14.2	9.8
By sector			
Agriculture	2.0	1.3	3.6
Mining and quarrying	5.0	9.3	2.5
Manufacturing	12.2	9.8	9.9
Construction	13.5	10.9	8.8
Other services	5.0	5.3	6.3
Non-oil/gas	7.5	6.3	7.7
Oil/gas	5.4	8.2	-0.8
Consumer Price Index	**9.1**	**9.8**	**4.9**
	1990/91	1991/92	1992/93
Ratios (percent)			
Current account deficit/GDP	-3.0	-3.8	-2.6
Debt Service Ratio	28.9	29.0	30.5
Foreign exchange reserves as percent of non-oil/gas imports (months)	5.4	5.3	5.3

Economic Developments

Since mid-1990, efforts to cool down the economy have contributed to dampening domestic demand and restoring macroeconomic balances. The slowdown in domestic demand was compensated for by an impressive expansion of net foreign demand, reflected in an increase in exports, especially non-oil/gas, thus enabling the economy to grow at a respectable rate. The improved competitiveness of domestic products, coupled with increased output by greater utilization of existing capacities and the addition of new capacity from investment in the preceding years, brought about buoyant growth of exports exceeding 20% per annum in the past two years. The strong expansion in exports and the slowdown in imports also contributed to a reduction in the current account deficit.

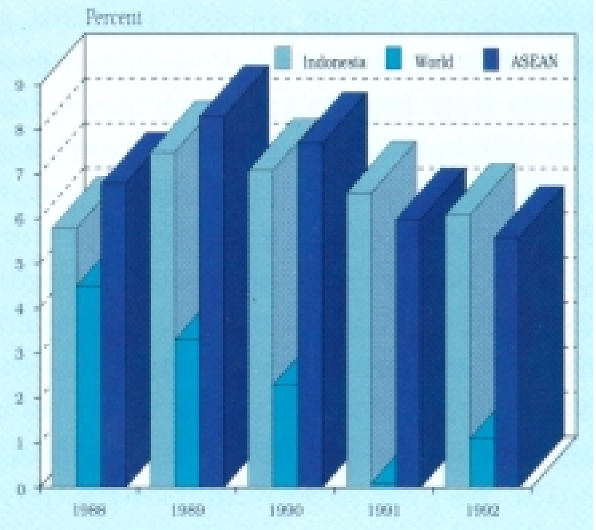
During calendar year 1992, the inflation rate decelerated markedly to only 4.94%. During the first quarter of 1993, however, the rate accelerated, raising the level to 10. 03% during fiscal year 1992/ 93, due mainly to an upward adjustment in the prices of several key consumer goods. Although domestic monetary aggregates were relatively stable, interest rates -- especially lending rates -- remained high. This condition, coupled with the ongoing process of bank consolidation and the rising level of non-performing loans, discouraged the expansion of bank lending, which slowed in the past two years.

Economic Growth

Indonesia's economy grew at a respectable rate during 1992 though slightly slower than the previous year. After recording a growth rate of 6.6% in 1991 (measured in terms of GDP), the economy is estimated to have grown by 6.1% in 1992, which was still well above the annual average growth target of 5% during the Fifth Five-year Development Plan (Repelita V).

Despite the slowdown in overall economic growth, non-oil/gas sector growth accelerated during 1992. Non-oil/gas GDP (at constant 1983 prices) grew 7.7% as compared with 6.3% in 1991. In contrast oil/gas GDP experienced a contraction of 0.8% due to a decrease in oil production. The continued strong expansion of the non-oil/gas sector has accentuated the gradual reduction in the dependence of Indonesia's economy on the oil sector.

Chart 1.1
Economic Growth



The policies aimed at cooling the economy contributed to restoring the balance between the growth of domestic and net foreign demand. This is reflected in the steady growth of net foreign demands, especially non-oil/gas exports, and the slowdown in the growth of domestic demand over the past two years.

Though lower than in the preceding year, 1992 non-oil/gas exports remained buoyant, expanding 24.9% as against 12.8% in 1990 and 27.0% in 1991. Of the total non-oil/gas exports during 1992, manufactured commodities accounted for 75.4%. This was mainly attributable to the robust growth of investment in the past few years, both in the construction of new factories (including industrial relocations from Japan and the NIEs), and in the expansion of existing production capacity by companies operating under the domestic investment scheme (*penanaman modal dalam negeri* or PMDN) as well as those operating under the foreign direct investment scheme (*penanaman modal asing* or PMA). Furthermore, with the support of a realistic exchange rate, domestic industries were able to enhance their competitiveness in the international market despite the intensifying competition and weakening demand in the major industrial countries.

Growth of the private sector consumption slackened from 7.5% in 1991 to 4.4% in 1992; while that of the state sector fell from 7.2% to 4.0% over the same period. Growth of investment, as measured by gross capital formation, accelerated (6.8%) after experiencing a record low growth (1.2%) in 1991, mainly reflecting a recovery in private sector investment, which rose by 8.1% as against a contraction of 1.3% in the preceding year. In line with the conservative fiscal policy stance, public sector investment grew by only 2.5% in 1992, much lower than the 16.7% recorded in the preceding year.

With respect to aggregate supply, the manufacturing, construction, and services sectors provided the main impetus for economic growth. Together they contributed around 60% to GDP. The manufacturing sector has grown steadily at an annual rate of around 10% during the past decade. This is mainly accounted for by the strong expansion of investment in export-oriented industries, such as textiles and processed wood during that period. Though down in previous years, a robust performance (8.8%) was also recorded in the construction sector. In the services sector; tourism grew rapidly due mainly to more aggressive promotion of Indonesian tourism both domestically and abroad. After stagnating following the drought in 1991, the agricultural sector experienced recovery in 1992 mainly supported by favorable weather. Steady growth in the nonagricultural sector has brought about a continued reduction of the share of agriculture in the GDP formation, from 18.5% in 1991 to 18.0% in 1992. In contrast, the share of manufacturing in total GDP rose from 19.9% to 20.6%. Until 1990; the agricultural sector accounted for a larger share of GDP than manufacturing . Since 1991, however, the reverse has been true, reflecting the progress made in the process of industrialization during the past two decades.

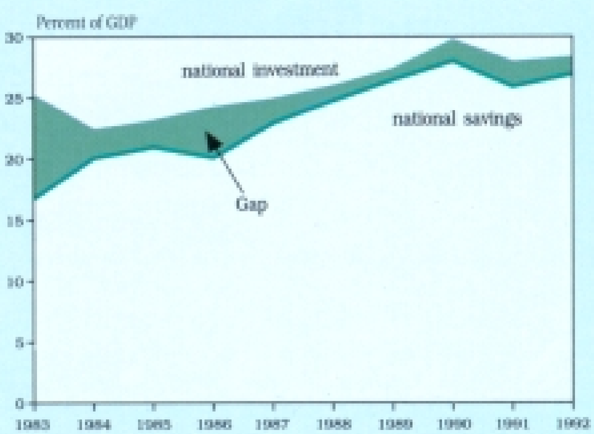
Saving-Investment

Gross national savings went up from Rp44.2 trillion in 1991 to a level of Rp55 trillion in 1992, raising its ratio in gross national product (GNP) from 20.4% to 22.4%. This ratio was still well below those in neighboring countries and the industrial countries, such as Singapore (43%), Malaysia (30%), Thailand (27%), South Korea (35%), Japan (33%), and Germany (27%). Although increasing, the low national savings rate continues to be a structural problem. With the growth of national savings falling short of the rapid growth in investment, foreign savings have been required to help finance economic development.

Table 1.2
Saving-Investment Gap

	1990	1991	1992*
	Trillion rupiah		
Public savings	14.4	13.2	15.9
Government investment	11.7	14.6	16.3
Deficit (-)/surplus (+)	**2.7**	**-1.4**	**-0.4**
Private savings	27.6	31.0	39.3
Private investment	46.7	49.0	54.7
Deficit (-)/surplus (+)	**-19.1**	**-18.0**	**-15.4**
Gross national savings	42.0	44.2	55.2
Gross domestic savings	51.6	54.7	65.9
Investment	58.4	63.3	72.6
Current account	-6.8	-8.6	-6.7
Current account (billion $)	-3.7	-4.4	-3.3
Exchange rate (Rp/$)	1,843.0	1,954.0	2,048.0
Gross domestic product	196.9	227.2	257.2
Gross national product	187.3	216.7	246.5
	(% GNP)		
Public savings	7.7	6.1	6.5
Government investment	6.2	6.7	6.6
Deficit (-)/surplus (+)	**1.4**	**-0.6**	**-0.2**
Private savings	14.7	14.3	15.9
Private investment	24.9	22.6	22.2
Deficit (-)/surplus (+)	**-10.2**	**-8.3**	**-6.2**
Gross national savings	22.4	20.4	22.4
Investment	31.2	29.2	29.5
Current account deficit	**-3.6**	**-4.0**	**-2.7**

Chart 1.2
Saving-Investment Gap, 1983-1992

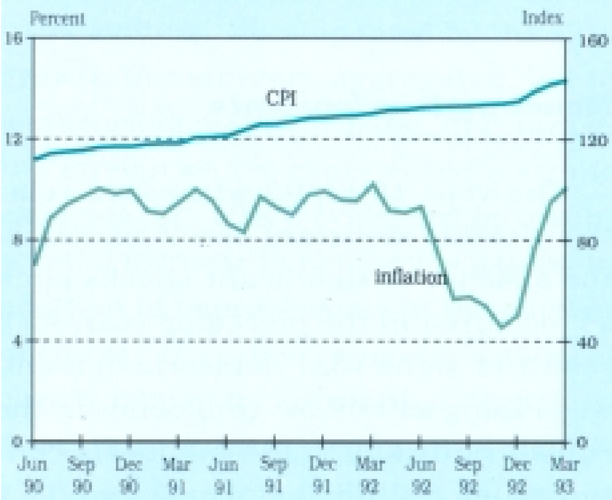


The savings-investment gap narrowed in 1992, as reflected in the decline in the current account deficit. This improvement was attributable to a slower growth rate of investment than that of gross national savings. The ratio of the savings-investment gap to GNP also declined, from 4.0% to 2.7%. Both the government and private sectors recorded deficits in their investment financing, albeit smaller than in 1991. The private sector deficit was still relatively large, namely Rpl5.4 billion (6.2% of GNP) though slightly lower than Rp18.0 trillion (8.3% of GNP) in the preceding year. During the same period, the government sector deficit narrowed from Rpl.4 trillion to Rp0.4 trillion.

Inflation

As previously indicated, the cautious monetary and fiscal policy stance contributed to curbing the inflation rate. Measured in terms of the consumer price index (CPI), the inflation rate nearly reached almost 10% in 1991. During calendar year 1992, the rate decelerated markedly to 4.94%, due to the containment of domestic demand coupled with improvements in aggregate supply. Output of the agricultural sector improved, due mainly to adequate rainfall, thereby dampening inflationary pressure from food prices, which account for a large share in the CPI. Other factors contributing to the deceleration in the inflation rate included the absence of upward adjustments in the prices of goods and services controlled by the Government, such as oil-based fuel, electricity, and transportation fares.

Chart 1.3
Inflation Rate



During the fiscal year 1992/93, however, the inflation rate accelerated to 10.03%, well above that for calendar year 1992 and fiscal year 1991/92. Much of this acceleration was accounted for by sharp price increases during the first quarter of 1993 following the upward adjustment in the prices of oil-based fuel, transportation fares, electricity and floor price of rice. Furthermore, extensive flooding on the island of Java also contributed to higher food prices during that period. In January and February 1993, the inflation rate rose 2.92% and 2.03% respectively, before declining to 1.49% in March. Hence, during the last quarter of 1992/93 the inflation rate reached a level of 6.44% as against 3.59% in the preceding three quarters.

Monetary Developments

The year 1992/93 witnessed relatively stable monetary developments in the absence of significant shocks such as occurred in the preceding year. As a result of signs that-domestic demand was easing as well as confidence in the rupiah returning, Bank Indonesia continued efforts to relax monetary policy through the reduction of the COR on SBIs and by providing banks with the opportunity to discount SBPUs. Over the past 12

Table 1.3
Monetary and Financial Indicators

	1990/91	1991/92	1992/93*
		Changes (%)	
Monetary and banking			
M2	26.0	24.2	22.3
M1	6.4	15.9	12.2
Quasi money	36.3	27.7	26.1
Bank funds	30.9	23.5	23.4
Bank credits	40.3	16.1	8.0
		%	
Interest rate			
SBI - 1 month COR	21.5	18.0	12.5
Deposit - 3 months	24.2	21.3	15.8
Credit			
Working capital	26.7	24.6	21.7
Investment	23.2	19.1	18.3
Ratio of credits to funds	124.8	120.9	105.9
		Trillion rupiah	
Public sector			
Revenue	49.5	52.0	58.2
Expenditure	49.5	52.0	58.2
Public savings[1)]	9.5	11.4	13.4
Development budget reserves	2.0	1.5	-
Ratio of public savings to development fund (%)	49.1	52.2	55.6
Ratio of public savings to GDP (%)	4.8	5.0	5.2

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

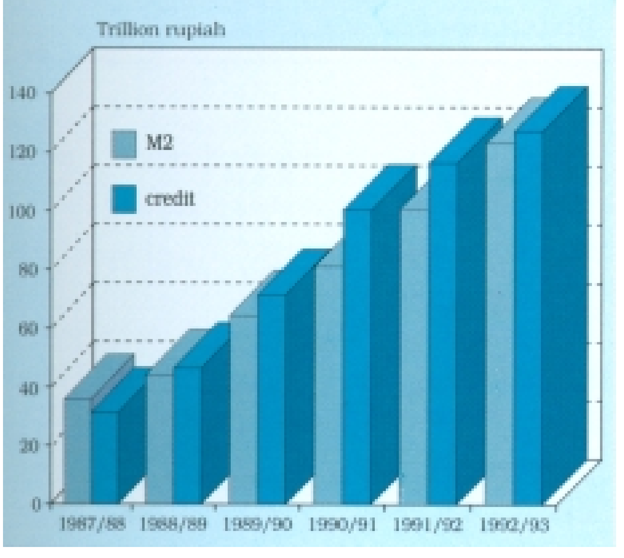
months, the COR on one month SBI was cut by 5.5 percentage points, from 18.0% at end of March 1992 to 12.5% at end of March 1993. In line with this development, interest rates on deposits and loans also declined, albeit at a different pace. While interest rates on private deposits decreased by around 5 percentage points, lending rates declined by only 3 percentage points over the same period. The weighted average interest rate on 3 month deposits fell from 21.3% to 15.8%, whereas the average interest rate on working capital credit decreased from 24.6% to 21.7%. On investment credits, it fell from 19.1% to 18.3%. The impact of the decrease in interest rates on private deposits was transmitted to the lending rate less than uniformly and with a lag. The decline in the deposit rate did not proportionately reduce the cost of loanable funds because of the existence of deposits mobilized in the earlier period bearing higher interest rates. Furthermore, in calculating the lending rates, many banks took into account the risk of a rising level of non-performing loans, which also contributed to higher lending rates.

Despite the decline in interest rates, expansion of bank lending continued to slow, from 40.3% in 1990/91 to 16.1% in 1991/92 and 8.0% in 1992/93. Much of this slowdown was accounted for by high lending rates in addition to the reluctance of banks to extend loans owing to the increasing level of nonperforming loans and constraints arising from the introduction of prudential banking regulations.

Domestic liquidity (M2) grew at a slower pace, from 24.2% in 1991/92 to 22.3% in 1992/93 while narrow money (M1) expanded from 15.9% to 12.2% over the same period. The weak expansion in bank lending, accompanied by the slow growth in monetary aggregates, led to weakened domestic demand. In contrast, the foreign sector experienced a strong expansionary effect, evidenced by a substantial increase in net foreign assets. In addition to improvements in the current account, this development was also closely related to substantial capital inflows. During the reporting year, net foreign assets grew to Rp9.9 billion, a sharp jump from Rp3.5 trillion in the preceding year. Despite the strong expansionary effect of the foreign sector, the effect on the growth of money supply was offset by a slowdown in the expansion of bank lending and sterilization through open market operations.

Chart 1.4

Money and Credit



Balance of Payments

The strong performance of non-oil/gas exports offset weakening domestic demand and boosted economic growth while aiding the balance of payments. The robust growth in non-oil/gas exports was primarily attributable to rising demand from countries in East Asia and Southeast Asia. Furthermore, the high capital inflows contributed to a surplus in the balance of payments, thus further strengthening foreign exchange reserves.

During 1992/93, non-oil/gas exports, comprising mostly manufactured products, reached $24.3 billion, an increase of 27.8% compared with the previous year. This rise was mainly supported by the increase in the utilization of existing capacity following strong investment in recent years, which enabled a quick increase in output. In addition, the macroeconomic policies and series of deregulation measures adopted by the Government in the past few years helped promote the competitiveness of domestic products. The steady growth in non-oil/gas exports more than compensated for a less happy oil/gas performance owing to a deterioration in the oil price, particularly toward the end of 1992. Total exports rose by 16.5%. Non-oil/gas imports grew at a slightly higher rate of 12.9% in 1992/93 as against 11.4% in the preceding year. The relatively weak growth in imports was closely related to efforts to control domestic demand, through, inter alia, the postponement of major projects with high import contents. Accordingly, the current account deficit narrowed to $3.3 billion from $4.4 billion in 1991/92.

Net capital inflows declined in the past two years, from $6.8 billion in 1990/91 to $5.6 billion in 1991/92 and $5.4 billion in 1992/93. The

Chart 1.5
Current Account

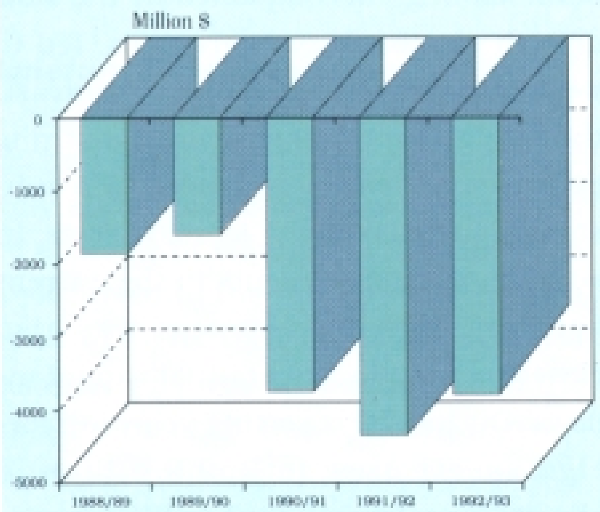


Table 1.4
Balance of Payments

	1990/91	1991/92	1992/93
		Billion $	
Current account	**-3.7**	**-4.4**	**-3.3**
Exports f.o.b.	28.1	29.7	34.6
Imports f.o.b.	-23.0	-24.8	-27.8
Services (net)	-8.9	-9.3	-10.0
Capital account	**6.8**	**5.6**	**5.4**
Official transfer and capital (net)	0.9	1.4	0.8
Private capital (net)	5.9	4.1	4.6
Monetary movements	**-3.3**	**-1.0**	**-1.4**

decline occurred in the capital inflows by the Government, whereas net private sector inflows rose. While capital inflows by the Government decreased from $5.6 billion in 1991/92 to $5.5 billion in 1992/93, amortization rose from $4.2 billion to $4.7 billion, thereby reducing net capital inflows to only $0.8 billion as compared with $1.4 billion in the previous year. This was closely related to the higher level of mature external debts as well as to the implementation of a prudent borrowing policy.

Net capital inflows by the private sector increased from $4. 1 billion in 1991/ 92 to $4.6 billion in the reporting year. Higher capital inflows were intended to finance direct investment under PMA which had been previously approved, as well as indirect investment in the money and capital markets. As previously mentioned, despite a decline since the last quarter of 1992, outstanding commercial foreign borrowings still stood at a high level and were mostly short-term bearing relatively high interest rates. This was encouraged in part by the substantial differential between domestic and foreign interest rates. Although in the short run it helped strengthen the foreign exchange reserves, it will increase the burden on the balance of payments when it matures. This growing burden was reflected in a rise in the DSR of the private sector. Hence, despite a decrease in the DSR of the Government, the total DSR increased in the reporting year, reaching a level of 32.3%.

Overall, the balance of payments recorded a surplus of $1.4 billion, raising Bank Indonesia's official foreign exchange reserves to a level of $12.0 billion, adequate to finance 5.3 month worth of imports. These foreign exchange reserves helped the Government maintain the stability of the rupiah. During the reporting year, the nominal value of the rupiah was relatively stable and there was little speculation against the currency. In real terms, the rupiah's value was sufficient to maintain the competitiveness of domestic export products.

Economic Outlook for 1993/94

The structural changes in the domestic economy which have occurred in the past few years mark an important phase Indonesia's economic development. Through these changes, a strong foundation has been laid to enable the economy to experience high and sustainable growth without fear of seriously disturbing macroeconomic balance. Given a stronger and more balanced structure, the economy's resilience against external shocks will also be strengthened. The most notable structural change in the past two years is the increasing share of the manufacturing sector in GDP, surpassing that of the agricultural sector. In addition, non-oil/gas exports, mostly manufactured products, recorded a strong expansion and were primarily responsible for the improvement of the balance of payments performance. Despite the existing shortcomings in domestic structure, Indonesia's economy grew at a respectable rate in 1992, though lower than the preceding years. This relatively high growth was sustained amidst stagnation in the world economy. In the light of the above developments, Indonesia's economy is projected to perform favorably in the coming years. This prospect also enhances optimism that the second long term development plan to be launched in 1994/95 will be successful.

With the support of an improving external environment and a more encouraging domestic economy, Indonesia's economic growth is projected to accelerate in 1993/94. Various economic policies pursued by major industrial countries to stimulate economic growth -- through, inter alia, the adoption of expansionary policies, primarily through a reduction in interest rates -- are expected to boost growth in those countries. This in turn will have beneficial implications for other parts of the world, including Indonesia.

In the industrial countries, growth is projected to increase from 1.5% in 1992 to 2.0% in 1993 and the world economy from 0.9% to 2.3% over the same period. The expansion in the world economy is not expected to fuel inflation, which is projected to remain around 3% in the industrial countries. The economies of East and Southeast Asian regions are projected to grow at a slightly faster rate and continue to be the regions with the most rapid growth. The NIEs are expected to grow by 7.1% as against 6.5% in 1992 and the ASEAN countries to expand by 6.7% in 1993 as compared with 5.6% in 1992. In China, the economy is projected to grow at a remarkable rate of 9.2%, though slightly slower than that recorded in 1992 (10.8%).

Along with improvements in world economic growth, world trade volume is expected to expand by 6.7% in 1993 compared with 4.5% in 1992. Though in 1993 oil prices are not expected to be higher than in 1992, due mainly to excess supply in the world market following the recovery of production in Iraq and Kuwait, the prices of various primary commodities in the international market are projected to strengthen slightly by 2.6%. Meanwhile, the international monetary situation is expected to be stable with interest rates remaining at a relatively low level.

Against the background of an improved world economy, and with domestic macroeconomic balances restored, there is greater room for the Government to promote further economic activity through a coordination of fiscal and monetary policies as well as specific structural adjustment measures. As mentioned earlier, the government budget for 1993194 reflects a sharper priority in outlays in line with the efforts to expand infrastructure in order to promote domestic investment and production. In total, government expenditure is budgeted to increase by 7.1% as compared to a rise of 11.9% in the preceding year. The stimulative effect of the total spending (namely domestic procurement of goods and services) will rise by 9.0%, whereas foreign expenditure (including, inter alia, amortization and interest payments on external debts) will increase by 4.3%.

While maintaining a cautious stance, Bank Indonesia will continue to ease monetary policy to encourage the expansion of bank lending in 1993. With the significant progress already made in the process of bank consolidation, expansion of bank lending will accelerate slightly which will support greater investment and production. Given this acceleration, domestic liquidity (M2) is expected to grow at a moderate rate of around 20%.

In line with the macroeconomic policy mentioned above, and through the efforts to improve overall economic efficiency, especially export-oriented industry, it is expected that the competitiveness of domestic products will be enhanced. This is necessary given the prospect of intensified competition in international trade and in order to benefit from emerging opportunities. In this regard, the deregulation measures in the real sector, especially those designed to improve the climate for investment, will deserve special attention.

In view of the above external and internal factors, Indonesia's economy is expected to grow close to 7% in 1993, a marked acceleration compared with the 6.1% recorded in 1992. The growth will not only be induced by foreign demand, especially expansion in non-oil/gas exports, but also by domestic demand, most notably a rebound in investment activity after a period of slow growth.

During 1993, non-oil/gas exports are projected to remain buoyant, whereas oil/gas exports are expected to remain virtually unchanged. Following stronger domestic demand, imports are expected to grow at a slightly faster pace. The higher growth in exports relative to that of imports will further reduce the current account deficit in absolute terms and as a percentage of GDP. With improved productive structures, a conducive investment climate, and a relatively low interest rate in the international market, it is expected that capital inflows will increase in 1993. Hence, foreign investment, either direct or indirect, is expected to remain strong, thereby contributing to a surplus in the overall balance in 1993.

Taking account of the high inflation rate during the first quarter of 1993, coupled with increased economic activity, the inflation rate may accelerate in 1993 compared with the preceding year. However, the pressure stemming from the upward adjustment in the prices of certain goods and services in January 1993 are expected to diminish in the following quarters. Consequently, during fiscal year 1993/94, the inflation rate is expected to slow down to a level between 5% and 6%.

MONETARY DEVELOPMENTS

In fiscal year 1992/93, Bank Indonesia continued the efforts to gradually ease domestic liquidity. As a result, domestic interest rates declined further and money supply grew within the target band. Credit expansion, however, fell short of the target level initially set. The monetary policy stance was aimed at bringing down domestic interest rates through the reduction of the discount rates on Bank Indonesia certificates (SBIs) and money market securities (SBPUs). Following this reduction, interest rates on both deposits and lending declined. The decline in lending rates lagged behind the fall in deposit rates, thereby widening the interest rate spread between them. High lending rates, the excessive caution exercised by banks in extending loans, and the ongoing process of balance sheet restructuring contributed to a deceleration in the expansion of bank credits. The differential between domestic and international markets -- in favor of domestic -- and the relative stability of the rupiah resulted in strong capital inflows which were in turn partly invested in rupiah-denominated assets, mainly SBls. Hence, during the reporting year broad money (M2) grew by 22.3% in 1992/93 as compared with 24.2% in the preceding year. Much of this growth was accounted for by growth in net foreign assets, while the expansion of domestic assets decelerated.

To bring domestic interest rates down, Bank Indonesia continued to lower the discount rates on SBIs and SBPUs and to step-up the purchase of SBPUs during the year under report. For example, the cutoff rate (COR) on one-month SBI was cut gradually by a total of 5.5 percentage points to 12.5% at the end of the reporting year. Despite the decline, the prevailing SBI COR was perceived favorably as reflected in the large amount of SBIs purchased. SBIs issued by auction rose from Rp2.4 trillion at end of March 1992 to Rpl6.3 trillion at end of March 1993. The discount rates on SBPUs were also lowered gradually from 19.5% to 13.5% at end of the reporting year. In contrast to SBIs, outstanding SBPUs declined from Rp3.0 trillion at end of March 1992 to Rp2.6 trillion at end of March 1993.

During the reporting year, the three month time deposit rate went down from 21.3% to 15.8% while interest rates on working capital and on investment credits declined only slightly from 24.6% to 21.7% and from 19.1% to 18.3%, respectively. This led to a widening of the spread between deposit and lending rates since the cost of loanable funds, which were determined by previous deposits bearing higher interest rates, was slow to fall.

Despite the decline in deposit rates, the lending rates remained relatively high and retarded credit expansion. This was due mainly to the ongoing process of consolidation as the banking industry moves to comply with the prudential regulations governing bank operations, such as the CAR, the LDR, and the legal lending limits. The consolidation contributed to a marked deceleration in the growth of credit to only 8.0% in 1992/93, half of the 16.1% during the preceding year, and well below the 40.3% figure for 1990/91.

Money Supply

The gradual relaxation of monetary policy successfully contained the growth of the money supply in 1992/93 within the target range. Broad money (M2) grew by 22.3% (Rp22.5 trillion) in 1992/93 compared to 24.2% in the preceding year. Despite the attainment of the target, the relaxation did not fully support the economic expansion due mainly to a deceleration in the growth of bank lending. Much of the growth of M2 was accounted for by a rise in net foreign assets, while the increase in domestic assets was more moderate (Table 2.1).

On the external front, the strong expansionary effect was reflected in a substantial increase in **net foreign assets** of Rp9.9 trillion in 1992/93 compared with Rp3.5 trillion in the preceding year. This impact was closely related to a larger surplus in the balance of payments resulting from increased net capital inflows, especially of the private sector, in addition to the narrowing current account deficit. The increase in net inflows of private capital, excluding foreign direct investment scheme (PMA), was due mainly to the attractiveness of domestic interest rates and growing confidence in the rupiah. The reduction in the current account deficit was attributable to the increase in exports well above that of imports.

The expansion of **domestic assets,** comprising the government sector, claims on private sector, and other assets moderated to Rpl2.6 trillion compared to Rpl6.2 trillion in the preceding year. The **government sector** had a contractionary

Table 2.1
Money Supply and Its Determinants

	Changes		End of period
	1991/92	1992/93	1992/93*
	Trillion rupiah		
M2 (Broad money)	19.7	22.5	123.3
M1 (Narrow money)	3.7	3.3	30.6
Currency	2.0	1.5	12.5
Demand deposits	1.7	1.8	18.1
Quasi money	16.0	19.2	92.7
Time and savings deposits in rupiah	11.4	14.5	67.8
Time deposits in foreign currency	4.6	4.7	24.9
Determinants			
Foreign assets (net)	3.5	9.9	33.6
Bank Indonesia	6.0	10.5	37.2
Deposit money banks	-2.6	-0.6	-3.6
Claims on central govenment (net)	-2.4	-0.2	-15.3
Claims on govenment institutions and enterprises	1.5	--	8.8
Claims on private enterprises and individuals	19.6	12.4	133.7
Others	-2.5	0.4	-37.5
Memorandum items [1]	**1990/91**	**1991/92**	**1992/93***
Ratios			
M1/GDP	0.1	0.1	0.1
M2/GDP	0.4	0.4	0.5
Quasi money/GDP	0.3	0.3	0.4
C/D	0.6	0.7	0.7
T/D	4.0	4.5	5.1
Multiplier			
M1	2.1	1.9	2.0
M2	7.4	8.0	7.9

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

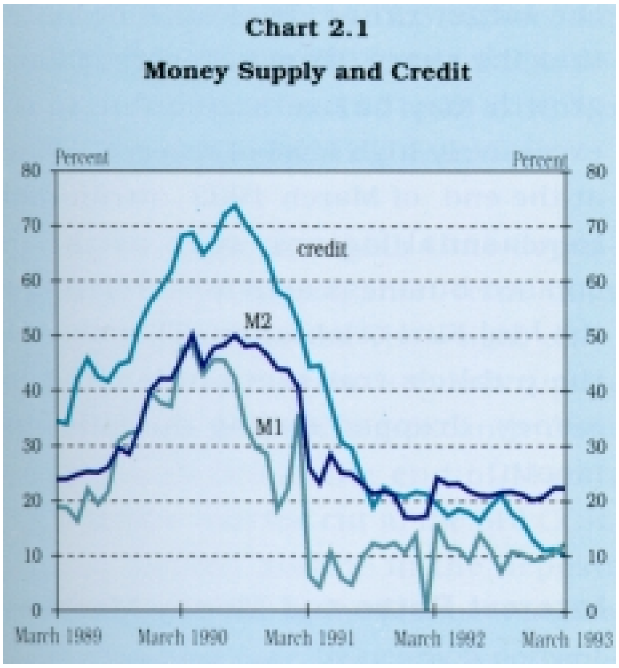


Chart 2.1
Money Supply and Credit

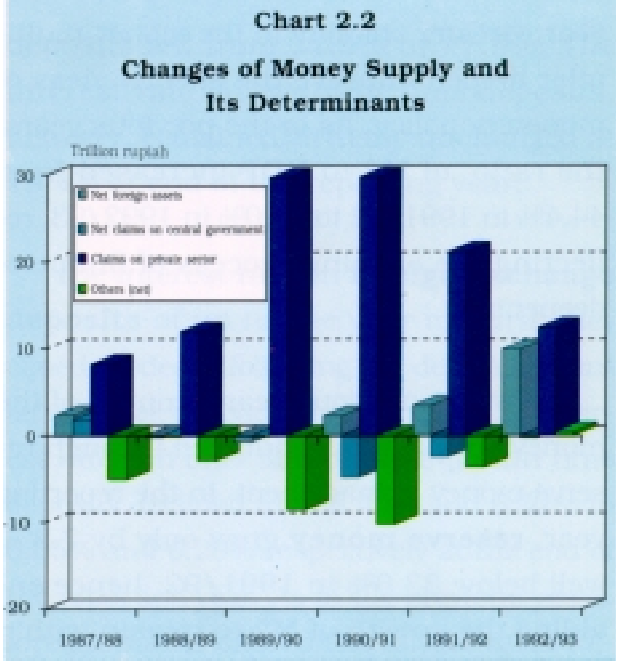


Chart 2.2
Changes of Money Supply and Its Determinants

impact of Rp0.2 trillion, resulting mainly from an increase in tax revenues following measures to broaden the tax base and intensify tax collection, coupled with the rise in income. As in the preceding year, the contractionary impact of the government sector also reflects the cautious stance of the fiscal policy.

Claims to private enterprises and individuals, a major portion of net domestic assets, recorded a marked slowdown to 10.2% (Rpl2.4 trillion) in 1992/93 compared with an expansion of 19.3% (Rp19.6 trillion) in 1991/92, mostly originating from bank lending. During the reporting year, bank lending decelerated markedly, due to the balance sheet adjustments in the banking sector to meet the banking prudential requirements, the rising concern over the level of non-performing loans, and the persistence of high lending rates.

Against this background, the **money multiplier** for M2 (monthly average) declined slightly from 8.0 to 7.9 while that of M1 rose from 1.9 to 2.0 in the reporting year. Greater stability in the money multiplier helped improve the effectiveness of monetary policy. As in the previous years, the ratio of M2 to GDP increased from 44.4% in 1991/92 to 48.0% in 1992/93, reflecting the ongoing process of financial deepening.

As in the previous years, control of the money supply was conducted through reserve money management. In the reporting year, **reserve money** grew only by 7.3%, well below 33.0% in 1991/92, hence enabling the growth of M2 to remain within the target range. It should be noted that the sharp drop in reserve money growth may be overstated due to the excessively high level of reserve money at the end of March 1992

Table 2.2
Money Supply

End of period	Currency	Demand deposits	Quasi money	M1	M2
	Changes (%)				
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
1992/93*	13.5	11.3	26.1	12.2	22.3
I	-9.8	3.7	9.0	-1.7	6.1
II	5.0	1.7	7.2	2.9	6.1
III	9.9	0.7	5.1	4.2	4.9
IV	9.0	4.8	2.6	6.5	3.6

attributable to seasonal factors, such as the increased business activities relating to the Idul Fitri celebration. This boost in the public's transaction demand for money dropped during the following month.

Interest Rates and Money Market

During the course of the year the monetary authority continued the efforts to bring down domestic interest rates by lowering the discount rates on SBIs and SBPUs. To a certain extent, banks responded to this effort as reflected in the decline of interest rates on both deposits and lending. In real terms, domestic deposit rates declined due to the rise in the inflation rate and the decline in nominal deposit rates. During the reporting year, money market activity increased sharply as reflected in the rising level of interbank lending and secondary market trading of SBIs.

Interest Rates

During the reporting year, the COR on one-month **SBI** was lowered gradually by 5.5 percentage points to 12.5%. Discount rates on one-month SBPUs were also reduced, from 19.5% in 1991/92 to 13.5% at the end of the reporting year.

Interest rates on **rupiah time deposits** fell more sharply on short-term than on longer-term deposits. The weighted average interest rate on three-month rupiah time deposits declined significantly from 21.3% to 15.8% at the end of March 1993. In line with the cut in the SBI COR, a more marked decline in the deposit rates occurred during the first ten months of the reporting year, by nearly 5 percentage points to 15.2%. Interest rate on six month time deposits declined from 22.0% to 16.4%, while the twelve-month time deposits fell from 22.5% to 17.5%. The interest rate on two-year time deposits, however, remained virtually unchanged at 19.4% at end of the reporting year.

The interest rate on **foreign exchange deposits** of up to one year maturity declined modestly following the decrease in interest rates abroad. For example, the interest rates on one and of three-month time deposits declined from 6.45% and 6.52% to 6.05% and 6.29% respectively at the end of the reporting year. As in the previous years, foreign banks offered the lowest rates followed by state banks, while national private banks offered the highest rates.

Interest rates on **loans,** both for short and long terms, decreased, but only slightly. The weighted average of interest rates on working capital credits decreased by only 2.9 percentage points to 21.7% at the end of the reporting year. A smaller decline was recorded in the interest rates on investment credits, which fell from 19.1% to 18.3%. The downward rigidity of the lending rates was mainly attributable to the ongoing process of bank consolidation and the rising concern over non-performing loans. Due to the sharper fall in deposits rates compared to lending rates, the spread between deposit and lending rates widened markedly. As the process of consolidation nears completion and the problem of non-performing loans eases, it is expected that the spread will narrow.

Table 2.3
Discount Rates on SBI and SBPU [1)]

Period	SBI	SBPU
	%	
1991/92		
I	19.00	20.75
II	18.50	19.75
III	18.50	19.75
IV	18.00	19.50
1992/93		
April	17.00	19.50
May	17.00	19.00
June	16.00	19.00
July	16.00	17.50
August	16.00	17.50
September	15.00	16.50
October	14.50	15.50
November	14.00	15.00
December	13.50	14.50
January	13.50	14.50
February	13.00	14.00
March	12.50	13.50

1) *Cut-off rate* for 1 month maturity.

Table 2.4
Interest Rates

End of period	1991/92	1992/93 I	II	III	IV
	Percent/year				
Time deposits [1)]					
Rupiah :					
1 month	20.30	18.38	16.96	15.69	14.84
3 months	21.29	20.09	18.48	16.72	15.76
6 months	21.96	20.68	19.27	17.78	16.36
12 months	22.53	21.45	20.49	18.93	17.78
24 months	20.69	20.61	20.43	19.91	19.35
Foreign currency :					
1 month	6.45	6.19	6.13	5.99	6.05
3 months	6.52	6.32	6.36	6.38	6.29
6 months	6.71	6.88	6.20	6.42	6.37
12 months	7.04	7.13	6.67	6.79	6.82
Credits [1)]					
Working capital	24.60	24.45	23.72	22.09	21.70
Investment	19.10	19.29	19.29	18.44	18.30
LIBOR (3 months) [2)]	**4.38**	**3.94**	**3.25**	**3.44**	**3.25**
SIBOR (3 months) [2)]	**4.38**	**4.00**	**3.31**	**3.50**	**3.31**

1) Weighted average.
2) Simple average.

After recording a marked decline of 1.3 percentage points during the first four months of 1992/93, **interbank** rates stabilized at an average annual rate of 11.5% and stood at 11.4% at the end of the reporting year (Chart 2.5). This development was closely related to increased banks' liquidity mostly originating from sales of foreign exchange to Bank Indonesia (Table 2.5).

Chart 2.3
Interest Rate

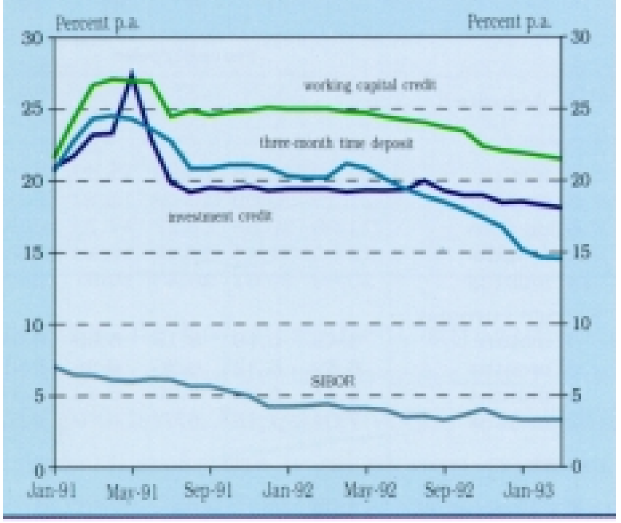
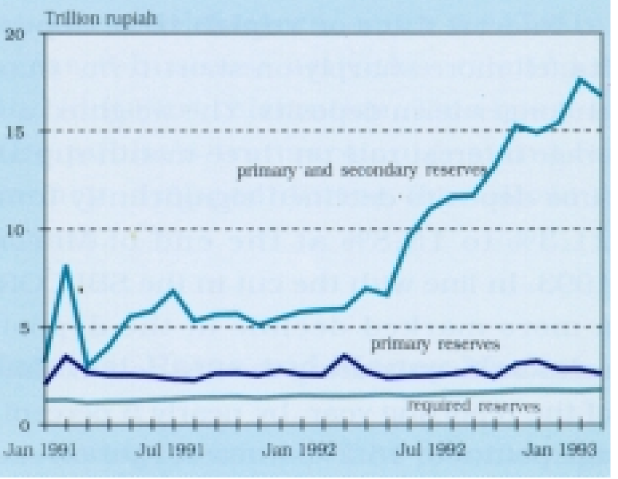


Chart 2.4
Bank's Liquidity



During the same period, interest rates abroad, such as LIBOR and SIBOR, declined following the adoption of easy money policies in the major industrial countries designed to stimulate economic activity. Taking into account the depreciation of rupiah vis-a-vis the US dollar, the differential between domestic and foreign interest rate was still relatively large, albeit narrowing (Chart 2.6). Hence, with the stable value of rupiah, there is still room for banks to continue lowering domestic interest rates without inducing capital outflows.

In real terms, interest rates on rupiah deposits declined due mainly to an acceleration of the inflation rate, most notably during the last quarter of 1992/93, coupled with the decline in nominal domestic interest rates. For instance, the real rate on three-month time deposits dropped significantly from 15.1% at end of 1991/92 to 5.6% at end of the reporting year. During the first quarter of the reporting year, the monthly-average time deposit rate stood at 12.1% compared to 14.3% one year earlier and declined by 6.5 percentage points reaching a level of 5.6% at end of March 1993 (Chart 2.7). Despite the decline, real interest rates remained positive and did not discourage saving.

Money Market

Rupiah Money Market

During the reporting year, increased rupiah liquidity of banks, consisting of both primary

Table 2.5
Rupiah Liquidity of Deposit Money Banks

	March 1991	March 1992	March 1993
	Billion rupiah		
Total reserves	2,111.0	5,776.0	17,257.0
Primary reserves	1,801.0	3,409.0	2,977.0
Secondary reserves (SBI)	310.0	2,367.0	14,280.0
Current liabilities	64,179.0	78,783.0	90,724.0
Deposits [1]	57,397.0	74,629.0	88,117.0
Outstanding SBPUs	6,782.0	4,154.0	2.607.0
Percentage of liquidity	(%)		
Total liquidity/ total current liabilities	3.3	7.3	19.0
Liquid assets/deposits	3.1	4.6	3.4

1) Monthly average.
2) February 1993.

and secondary reserves (including SBI holdings), affected the interbank money market as reflected in the increase in interbank transaction and the level of SBIs and SBPUs outstanding. To further promote the development of Indonesia's money market, Bank Indonesia set a quantitative target for the SBI auction to replace the COR system, modified the method of auctioning in the secondary market, and established a Money Market Information Centre.

The shift to a quantitative target system -- known as "stop-out rate" (SOR) in the sales of SBIs -- is aimed at attaining "market determined" SBI discount rates. To implement this auction system, Bank Indonesia has designated 21 commercial banks as primary dealers. Furthermore, Bank Indonesia continued to promote the secondary market for SBIs by modifying the auctioning procedure. The establishment of the Money Market Information Center is intended to provide timely and accurate information on interbank transactions and

Chart 2.5
Fund Transaction and Interest Rate

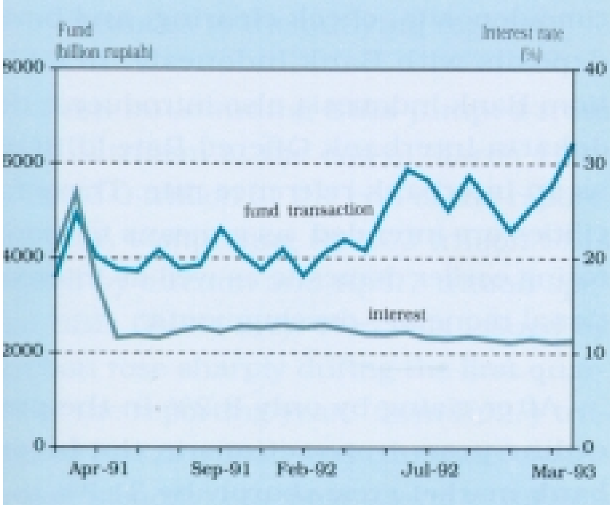
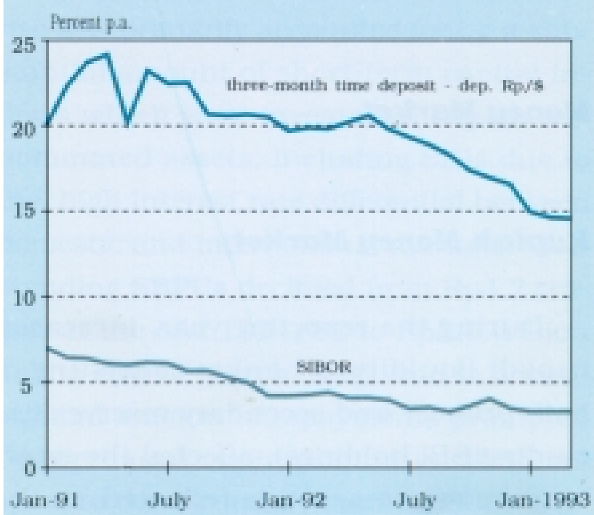
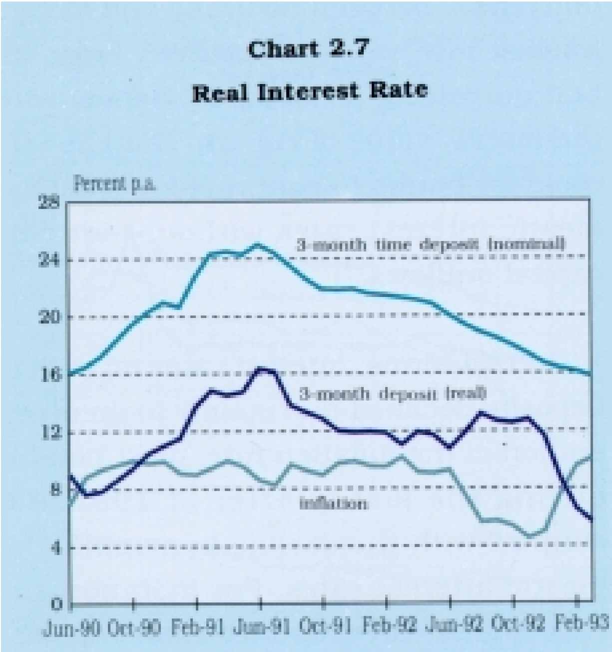


Chart 2.6
Domestic and Foreign Interest Rates





interbank rates, outstanding time deposits, check clearing, and bank deposits with Bank Indonesia. In addition, Bank Indonesia also introduced the Jakarta Interbank Offered Rate (JIBOR) as an interbank reference rate. These facilities are intended as a means to monitoring earlier domestic as well as international monetary developments.

After rising by only 8.2% in the preceding year, transactions in the **interbank** market grew sharply by 31.3% to a level of Rp62.9 trillion at the end of the reporting year. Despite this increase, the average value of monthly interbank transactions was relatively stable as reflected in the small range between the lowest and the highest transaction values and in the low interest rates which stabilized at about 11.8% during the reporting year. The rise in interbank market activity was attributable to the continued expansion of bank service networks to the outlying regions.

Total outstanding **SBIs** jumped from Rp11.2 trillion at the end of March 1992 to Rp23.0 trillion at the end of the reporting year, comprising Rpl6.3 trillion SBIs issued by auction and Rp6.7 trillion special SBls (Table 2.7). The SBIs issued by auction rose sharply during the first quarter of the reporting year, from Rp2.4 trillion to Rp7.2 trillion and continued to increase steadily, reaching a level of Rpl6.3 trillion at the end of March 1993. This rise was primarily accounted for by a substantial amount of short-term capital inflows which were invested in rupiah-denominated assets, including SBIs due to the high interest rate differential between domestic and international markets. Outstanding **SBPUs** declined from Rp4.2 trillion at the end 1991/92 to Rp2.6 trillion at the end of March 1993 due to a substantial amount of repayments prompted by increased rupiah liquidity. With respect to the secondary market, SBI transactions rose from Rp0.3 trillion in 1991/92 to Rp5.8 trillion in the reporting year (Table 2.8).

The issuance of **certificate of deposits** (CDs) declined from Rp1,229 billion to Rp891 billion at end of the reporting year (Table 2.9). This resulted from a sharp decline in the amount of CDs issued by private and foreign banks, which offset a slight increase in CDs issued by state banks. The decline in the total CDs issued

Table 2.6
Transactions and Interest Rates in the Jakarta Money Market

	1991/92	1992/93	1992/93 I	II	III	IV
	Trillion rupiah					
Transaction value						
One day [1]	42.5	55.6	12.5	14.4	13.3	15.4
Total	47.9	62.9	13.7	16.6	15.5	17.1
	%					
Interest rate [2]						
One day [1]	12.6	11.3	11.9	11.4	11.2	11.3
Total	13.0	11.4	12.1	11.6	11.3	11.4

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

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

	1991/92	1992/93	1992/93 I	II	III	IV
	Trillion rupiah					
SBI						
By auction						
Issuance	57.0	68.0	13.1	16.3	19.0	19.6
Repayment	54.9	54.1	8.3	13.7	16.3	15.8
Outstanding [1]	2.4	16.3	7.2	9.8	12.5	16.3
Interest rate (%) [1]	19.8	12.71	16.47	15.07	13.73	12.71
Special						
Issuance	8.9	7.1	–	–	–	7.1
Repayment	9.1	9.2	0.4	0.2	0.1	8.5
Outstanding [1]	8.8	6.7	8.4	8.2	8.1	6.7
Interest rate (%) [2]						
SBPU						
By auction						
Issuance	15.5	31.9	4.5	7.2	10.5	9.7
Repayment	12.6	32.3	5.5	7.3	9.7	9.8
Outstanding [1]	3.0	2.6	2.0	1.9	2.7	2.6
Interest rate (%) [1]	18.4	13.3	17.30	15.53	13.98	13.33
Special						
Issuance	1.8	0.3	0.2	0.1	–	--
Repayment	7.3	1.4	0.6	0.8	–	--
Outstanding [1]	1.2	--	0.8	0.1	0.1	--
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.

was closely related to the more intensive efforts by banks in marketing their new deposits which offered more attractive terms than CDs.

As commonly known, Bank Indonesia provides **Discount Facility I** on the basis of a repurchase agreement (repo) or the submission of securities as collateral. In the reporting year, the utilization of Discount Facility I amounted to Rp3.0 trillion compared to Rp0.9 trillion in the preceding year, of which the highest level was recorded in February 1993 (Rp0.8 trillion). Taking into account the repayment made during the reporting year, the outstanding balance on Discount Facility I at the end of March 1993 amounted to Rp0.5 trillion. As in the preceding year, the entire utilization of Discount Facility I was on a repo basis. The Discount Facility I on the repo basis was more attractive than that on non-repo due not only to its simple procedure, but also because the banks using this facility wanted to avoid the perception that they were experiencing liquidity problems.

Foreign Exchange Market

A noticeable development in the foreign exchange market during the reporting year was a marked increase in the volume of transactions both among foreign exchange banks and between foreign exchange banks and Bank Indonesia. The latter transactions were mainly characterized by a substantial increase in the net purchase by Bank

Table 2.8
Transaction of SBIs in the Secondary Market

Period	Transaction value	Weighted average interest rate
	Billion rupiah	Percent p.a.
1991/92	253.9	
I	9.0	21.6
II	50.0	18.3
III	94.3	18.2
IV	100.6	18.7
1992/93	5,840.6	
I	271.3	17.48
II	1,325.4	15.06
III	1,549.1	14.01
IV	2,694.8	13.17

Table 2.9
Certificates of Deposit

Type of Banks	Changes		End of period[1)]
	1991/92	1992/93	1992/93 [2)]
	Billion rupiah		
State banks	141	202	446
Foreign banks [3)]	654	-540	445
Total	795	-338	891

1) Outstanding CDs are derived from position of the previous year plus the amount of issuance minus repayment during the reporting year
2) As of February 15, 1993.
3) Consists of CDs issued by foreign and private national banks.

Indonesia. With a view to further promoting the foreign exchange market, Bank Indonesia took several steps, including issuing licences for the establishment of brokerage firms dealing in rupiah and foreign exchange markets and widening the spread between selling and buying rates. These steps were further supported by the establishment of the Society for Worldwide Interbank Financial Telecommunication (SWIFT) on March 1, 1993 under the coordination of Bank Indonesia. This international network system is aimed at facilitating the transfer of funds and exchange of information among member banks and pop-bank financial institutions.

In order to enhance the efficiency and reduce segmentation in the foreign exchange market, Bank Indonesia issued licences for the establishment of 9 brokerage firms. Joint-venture companies are allowed to establish brokerage firms on the condition that the equity participation of the foreign partner is fixed at a maximum of 85%.

To encourage interbank foreign exchange transactions, since February 1992 Bank Indonesia has widened the spread of the rupiah indicative rate and the foreign bank note rate. The indicative rupiah rate was raised from Rp6.00 to Rp10.00 and the rate for transactions in foreign bank notes between Bank Indonesia and money-changers was increased from Rp8.00 to Rp14.00.

In the reporting year, interbank foreign exchange transactions almost doubled, from $244.1 billion in 1991/92 to $416.5 billion. Increases were recorded in spot transactions that rose 70.0% to a level of $259.4 billion, swap transactions that increased 45.4% to a level of $49.8 billion, and forward transactions that climbed 87.1% to a level of $107.3 billion. This development was closely related to higher foreign exchange reserves held by foreign exchange banks bolstered by buoyant non-oil/gas exports. The introduction of new products, such as options and futures, also played an important role.

Foreign exchange transactions between Bank Indonesia and foreign exchange banks (comprising spot, swap, and sales of export drafts) were characterized by a marked increase in the net purchases of foreign exchange by Bank Indonesia, amounting to $5.2 billion compared to only $1.2 billion in the preceding year. This increase was mainly attributable to the sales of export drafts by foreign exchange banks amounting to $6.0 billion compared to $3.9 billion in the preceding year. Over the same period, net sales through spot and swap transactions by Bank Indonesia dropped from $2.6 billion and $5.3 billion to $1.2 billion and $0.2 billion, respectively. This development was closely related to the relatively stable rupiah exchange rate and the high domestic interest rates.

COR OR SOR SYSTEM IN SBI AND SBPU AUCTION

Since June 1, 1983, the monetary authority has shifted monetary management from direct to indirect control through reserve money management using open market operations (OMO) as the main instrument. The OMO is conducted by selling Bank Indonesia certificates *(Sertifikat Bank Indonesia* or SBIs) and purchasing money market security *(surat berharga pasar uang* or SBPUs). The SBI is a rupiah bearer securities issued by Bank Indonesia and used as the main instrument to absorb excess liquidity in the banking system. The SBPU is a short-term rupiah security traded in the money market, including promissory notes, issued both by banks and bank customers, and drafts in which the bank customer can act as a drawee or a drawer. Basically, the purchase of SBPUs by Bank Indonesia is intended to provide additional reserves to the banking system.

The sale of SBIs and the purchase of SBPUs are conducted by Bank Indonesia through an auction system. In principle, there are two systems used in the auction, namely the Cut-off Rate (COR) and the Stop-out Rate (SOR) systems. Up to the present, the sale of SBIs has been carried out through the COR system. If the monetary authority is going to sell SBIs, Bank Indonesia will announce it to market makers in advance without providing any information on desired nominal value and discount rates. Market makers are financial institutions designated by Bank Indonesia to serve as agents in the auction. Based on the information, potential buyers, mainly banks, submit their purchasing bids including the desired nominal amount and discount rates through the market makers. Under the COR system, Bank Indonesia sets the upper limit target of discount rate and all bids up to the limit are announced as the winners of the auction. With regard to the purchase of SBPUs, banks are requested to offer selling bids and Bank Indonesia will buy all of those offered SBPUs at a discount rate not exceeding the desired rate. Hence, under the COR system, the discount rate is fixed as the target whereas the amount sold or purchased is determined by the market.

Despite the success of SBIs (since 1984) and the SBPUs (since 1985) as the instruments of OMO in developing the money market and in improving the effectiveness of monetary management, the COR auction system still has several weaknesses. First, due to aiming at the desired discount rates, the growth of reserve money in a period may deviate from that of the targeted level adequate to meet the need for domestic liquidity. This deviation may occur because of the difficulty in determining the discount rate in the auction that indeed reflects supply and demand for funds. This difficulty would be more apparent in the determination of the “yield curve”, in which the discount rates are determined based on maturities, which may not reflect the market rates. For example, in the last few months of the fiscal year 1992/93 the prevailing SBI and SBPU discount rates for several maturities were high relative to those prevailing in the market, especially overseas, thereby inducing a substantial amount of short-term capital inflows. This prompted Bank Indonesia to absorb the excess liquidity by issuing more SBIs. Another weakness is the adverse impact of the COR system on developing secondary markets for SBIs and SBPUs. This is closely related to the absence of obligation for market makers to purchase or sell the whole targeted amount of the offered SBIs or SBPUs, making transactions generally more dependent on their own needs.

To enhance the effectiveness of the SBI auction system and develop secondary markets, Bank Indonesia is going to introduce the SOR system to replace the existing COR system. Under the SOR system, Bank Indonesia determines the quantitative target of SBIs to be sold in an auction at a discount rate as bid by primary dealers. Bank Indonesia designates primary dealers serving as underwriters in every SBI auction with the obligation to buy the whole amount as stated in the bidding commitment agreed upon by each primary dealer. Under the recent agreement, a maximum of 60% of the targeted SBI sales will be sold through an open auction. In this auction each primary dealer can bid for the amount and discount rates. In case the SBIs are not entirely sold, the remainder will be allocated among primary dealers in proportion to their bidding commitments at the weighted average of the discount rates offered in the open auction. In this connection, it is stipulated that the prorate allocation may not cause a primary dealer to purchase more than its bidding commitment.

The designation of primary dealers is carried out on a selective basis due to their important role in the implementation of the SOR system. In this regard. Bank Indonesia has designated 21 commercial banks, with total assets of more than Rp500 billion each. Since the amount of SBI sales is determined by the needs for domestic liquidity, the implementation of the SOR system is expected to improve the effectiveness of monetary control as well as to contribute to the development of the secondary markets for SBIs which in turn would also help develop the domestic money market.

Despite the advantages as mentioned above, the SOR system still has several weaknesses. In practice, the discount rates of SBIs cannot always be directed to the desired levels and may fluctuate in line with the money market developments. To avoid excessive fluctuation in the SBI rates, Bank Indonesia has set a tolerable range, i.e., the maximum differential between the discount rate offered by primary dealers and that prevailing in the previous auction. Recently, the tolerable range was fixed at 0.5 percentage point above and below the discount rates prevailing in the auction of the previous week.

In addition, due to the obligation to purchase all SBIs offered in the auction, primary dealers should maintain an adequate level of supporting funds. As a compensation for this obligation, Bank Indonesia provides a Back-up Window (BUW) facility, namely a short-term credit with fourteen-day maturity, for primary dealers facing a liquidity shortage. The maximum amount of the BUW facility is 50% of the value of SBIs auctioned. In addition, those designated primary dealers can voluntarily withdraw subject to the approval of Bank Indonesia.

GOVERNMENT FINANCE

The main thrust of the fiscal policy in the reporting year was to foster mobilization of domestic sources and to improve efficiency in allocating government expenditures. As regards budgetary operations, the Government continued its conservative stance as reflected in the state budget out turn for 1992/93. The monetary impact of the overall government operations including budgetary and nonbudgetary on domestic liquidity was mildly contractionary at Rp0.2 trillion. Moreover, in line with government efforts to restrain domestic demand, the stimulative effect of fiscal policy remained relatively low, thereby providing a wider room for monetary policy to maneuver.

The 1992/93 state budget was targeted at Rp56.1 trillion or 7.9% higher than the out turn of the preceding year. The 1992/93 budget out turn exceeded its target level, reaching Rp58.2 trillion or 11.9% above the out turn of the previous year. Despite the substantial increase in nominal terms, the 1992/93 budget out turn in real terms increased slightly only by 1.9% after taking into account the inflation rate of 10.03%. Debt amortization and interest payments increased by 13.3% which was more rapid than the increase in overall expenditures and still the largest part of routine expenditures. In the 1992/93 budget operations, domestic revenues and routine expenditures increased quite significantly, while development revenues originating from foreign borrowings as well as development expenditures slowed. Development expenditures, financed primarily by government savings, increased by 18.2% to Rp13.4 trillion. As a result, the share of foreign sources of funds as a percentage of total government revenues and expenditures declined a little further. Moreover, the ratio of development expenditures to gross domestic product (GDP) decreased slightly from 9.6% to 9.4%, and the ratio of government expenditures to GDP declined from 22.9% to 22.6%. These developments reflect the Government's efforts to enhance the role of the private sector in the development process.

Regarding domestic revenues, the Government continued to promote mobilization of non-oil/gas revenues, among others, by improving the tax system and intensifying non-tax collection. In the reporting year, the domestic revenues increased by 14.1% compared with 5.2% in the previous year. This increase primarily resulted from a considerably high increase in non-oil/gas revenues which exhibited a 21.0% rate of growth. Of total domestic revenues, the share of non-oil/ gas revenues accounted for 67.7%, slightly higher than 63.8% in the preceding year. The majority of non-oil/gas revenues resulted from tax receipts (90.7%).

Table 3.1
Government Revenues and Expenditures

	1991/92	1992/93 Budget	1992/93 Actuals	1993/94 Budget
	Billion rupiah			
Revenues	**51,994**	**56,109**	**58,168**	**62,322**
Domestic	41,585	46,509	47,452	52,769
Development	10,409	9,600	10,716	9,553
Expenditures	**51,992**	**56,109**	**58,166**	**62,322**
Routine	30,228	33,197	34,031	37,095
Development	21,764	22,912	24,135	25,227
Government savings	**11,357**	**13,312**	**13,421**	**15,674**
Development fund	**21,766**	**22,912**	**24,137**	**25,227**

Source : Ministry of Finance.

On the expenditure side, routine expenditures were effectively directed to finance the Government's operations and maintenance

Table 3.2
Ratio in Government Revenues and Expenditures

	1990/91	1991/92	1992/93	Budget 1993/94
	%			
Government savings to development fund	49.1	52.2	55.6	62.1
Government savings to total expenditures	19.3	21.8	23.1	25.1
Government savings to development expenditures	49.1	52.2	55.6	62.1
Government savings to GDP [1)]	4.8	5.0	5.2	5.5
Government expenditures to GDP [1)]	25.1	22.9	22.6	21.8
Tax receipts to GDP [1)]	10.0	10.6	11.3	11.9
Development expenditures to GDP [1)]	9.9	9.6	9.4	8.8
Tax receipts to total revenue	39.9	46.3	50.1	54.3
Tax receipts to non-oil/gas receipts	90.3	90.6	90.7	89.9

1) GDP in calendar year.

programs as well as to improve the quality of public service. As regards development expenditures, the government made efforts to allocate funds more efficiently to priority sectors concerned with the development of infrastructure and human resources. In fiscal year 1992/93, routine expenditures rose strongly by 12.6% compared to 0.8% in the previous year, while development expenditures slowed to 10.9% compared with 11.9% in the preceding year.

As a result of the improvements in tax collection, tax receipts continued to grow rapidly at 21.1% albeit slightly lower than the 22.0% recorded in the previous year. This rapid growth of tax revenues coupled with low growth in routine expenditures (12.6%) resulted in a continuation of the conservative fiscal stance in 1992/93.

Government Revenues

A series of tax policy measures were adopted by the Government prior to the reporting year. These include, among others, the expanded coverage of income taxes, the implementation of a value added tax (VAT) and sales tax on luxury goods, and the land and building tax. The coverage of VAT was extended to include wholesalers with gross annual sales of Rp1 billion, and the sales taxes on luxury goods were reclassified with new rates of 10%, 20%, and 35%. Moreover, the administrative procedures for land and building tax collection were improved.

In an effort to increase further non-oil/gas revenues derived from tax receipts, the Government introduced several new measures regarding income tax and taxes on luxury goods. In this regard, the Government[1] redefined the definition of net earnings of trust funds which is subject to income tax. In addition, the Government granted an allowance for income out of sales revenues or transfer of assets occurring in 1992 as the basis for the assessment of taxable income.[2] Furthermore, the Government also improved the tax collection procedure on geothermal resources used for energy and electricity generation.[3]

Regarding the imposition of import duties, VAT, tax on luxury goods, and income tax on commodities or economic transactions denominated in foreign currencies, the Government set the official exchange rate as the basis for the settlement of tax bills.[4] Moreover, in order to safeguard the government revenues, the Government set procedures for collection and settlement of import duties, the surcharge on import duties, the VAT, sales tax on luxury goods, and income taxes.[5] The Government also took measures to improve classification and to change the rate of import duties and the surcharge on import duties of selected imported goods. [6]

In the reporting year, government revenue rose to Rp58.2 trillion, an increase of 11.9% from the previous year, which consisted of domestic revenues of Rp47.5 trillion (an increase of 14.1%) and development revenues of Rp10.7 trillion (an increase of 2.9% compared to 5.1% in the previous year). As in the previous year, the underlying increase in domestic revenues originated mainly from the non-oil/gas sector which increased by 21.0% to Rp32.1 trillion—mostly due to the increased in tax receipts. Meanwhile, oil/gas receipts slightly increased by 1.9% to Rp15.3 trillion, attributable to a slight improvement of world oil price during the first half of 1992/93. It should be noted that the average export price for Indonesia's crude oil in the reporting year was $18.76 per barrel which was higher than the assumption of $ 17.00 per barrel contained in the 1992/93 budget .

Table 3.3
Government Revenues

	1991/92	1992/93 Budget	1992/93 Actuals	1993/94 Budget
	Billion rupiah			
Domestic revenues	**41,585**	**46,509**	**47,452**	**52,769**
Oil and gas receipts	15,039	13,948	15,330	15,128
Oil	12,481	11,201	12,095	11,807
Gas	2,558	2,747	3,235	3,321
Non-oil/gas receipts	26,546	32,561	32,122	37,641
Tax	24,059	28,850	29,129	33,848
Non-tax	2,487	3,711	2,993	3,793
Development revenues	**10,409**	**9,600**	**10,716**	**9,553**
Program aid	1,563	501	512	427
Pure	--	--	--	--
Local cost financing	1,563	501	512	427
Project aid	8,846	9,099	10,204	9,126
Total	**51,994**	**56,109**	**58,168**	**62,322**

Source : Ministry of Finance.

Non-oil/gas receipts continued to the most important role in the composition of domestic revenues. They grew quite steadily relative to oil/gas receipts. Of the non-oil/gas receipts, tax receipts from income taxes was the largest portion (37.1%), followed by receipts from VAT and taxes on luxuries (33.4%). Moreover, non-tax receipts rose 20.3% compared to 17.6% in the previous year. This increase was attributable to Government's efforts to improve the efficiency of state enterprises and to intensify non-tax collection. With that development, the ratio of tax receipts to GDP increased 11.3% compared to 10.6% in the previous year. In the same period, the ratio of tax receipts to total government revenues also increased 50.1% compared to 46.3% in the preceding year.

The category of tax receipts that increased the most was income tax receipts which increased 24.4% to Rp11.9 trillion while receipts from the VAT and taxes on luxuries rose 20.0% to Rp10.7 trillion. This was related to the Government's efforts to intensify tax collection during the last few years and to broaden the coverage of the VAT.

Receipts from taxes on land and buildings increased 25.8% to Rp1.1 trillion compared with an increase of 7.9% in the previous year. This increase was attributable to the improvement of data collection on taxpayers, the simplification of tax the collection procedure, and the adjustment of selling price of taxable goods which became effective on November 1991. Furthermore, receipts from import duties increased considerably 24.3% to Rp2.7 trillion in 1992/93, due largely to an increase in import growth and to the shift in trade barrier from non-tariff to tariff system.

Government receipts from excise duties during the reporting year rose 7.1% to Rp2.4 trillion which was primarily related to the increase in duties on tobacco as well as higher growth in tobacco production. In contrast, export tax receipts dropped sharply from Rp19 billion to Rp8 billion due to the wider exemption of goods subject to export taxes. Furthermore, receipts from other taxes, such as stamp and auction duties, rose 18.8% to Rp360 billion, which resulted from an increase in the number of documents requiring stamps, and also to the Government's efforts to improve the effectiveness of auction procedure.

In 1992/93 non-tax revenues increased 20.3% to Rp3.0 trillion. This increase can be traced primarily to the rise in government receipts from state enterprises, receipts from retribution on forestry products and on log concessions. The increase in the government receipts from the earnings of state enterprises was achieved by improving efficiency and productivity of state enterprises through a series of government regulations which stipulated the status of state enterprise as "pesero".[7)] With this new status, state enterprises were given greater independence and flexibility in diversifying their business activities and improving their operation.

Development revenues originating from foreign borrowings rose only 2.9% to Rp10.7 trillion compared with an increase of 5.1% in the previous fiscal year. This was in line with the government's policy on foreign borrowings. Against this backdrop, the share of foreign borrowings in total development expenditures was reduced from 47.8% to 44.4% in the previous year, and its share in total government revenues declined from 20.0% to 18.4%. Development revenues consisted of program aid for Rp0.5 trillion and project aid for Rp10.2 trillion. The decline in the share of foreign borrowings in the budget was designed to reinforce the Government's foreign borrowing policy.

Government Expenditures

In 1992/93, government expenditures increased by 11.9% to Rp58.2 trillion. The ratio of government expenditure to GDP, however, fell to 22.6%, slightly lower than 22.9% in the preceding year. Routine expenditures rose 12.6% to Rp34.0 trillion compared with an increase of just 0.8% in the previous year. This was related to a higher level of debt amortization and interest payments, which amounted to Rp15.2 trillion representing an increase of 13.3% from the previous year. The share of debt amortization and interest payments in routine expenditures was 44.7%, which made it the largest item. This was attributed to an increase in principal payment on the foreign debt as well as the appreciation of major currencies against the US dollar. Personnel expenditures increased 16.8% due to the salary increases for civil servants. Material expenditures rose 20.9% to Rp2.9 trillion due to an increase in expenses to finance the operation and maintenance activities of government institutions. Subsidies to local governments rose 9.3% above the 1991/92 level to Rp5.3 trillion. Other routine expenditures fell 19.5% to Rp1.2 trillion due to a reduction in fuel oil subsidies from Rp1.0 trillion to Rp0.7 trillion.

Table 3.4
Government Expenditures

	1991/92	1992/93 Budget	1992/93 Actuals	1993/94 Budget
	Billion rupiah			
Routine Expenditures	**30,228**	**33,197**	**34,031**	**37,095**
Personnel expenditure	8,103	9,145	9,466	10,894
Material expenditure	2,373	2,432	2,870	2,980
Subsidies to local government	4,834	5,269	5,283	6,029
Amortization and interest payments	13,434	15,902	15,217	16,712
Others	1,484	449	1,195	480
Development Expenditures	**21,764**	**22,912**	**24,135**	**25,227**
Ministries/institutions including national defense and security	5,971	8,038	7,858	9,265
Regional development	3,953	4,951	5,040	5,896
Other expenditure	1,494	824	1,033	940
Development budget reserves	1,500	-	-	-
Project aid	8,846	9,099	10,204	9,126
Total	**51,992**	**56,109**	**58,166**	**62,322**

Source : Ministry of Finance.

Table 3.5
Development Expenditures by Sector

	1991/92	1992/93		93/94
		Budget	Actuals	Budget
	Billion rupiah			
Government	321	398	401	432
National defense and security	1,023	1,120	1,204	1,147
Education and culture	2,847	3,569	3,733	4,226
Health, social wealfare, women's role, population, and family planning	891	955	957	1,087
Housing and settlement	801	959	1,054	971
Religion and manpower	766	953	966	1,034
Economy	10,289	11,266	12,101	11,965
Regional, business, and environment	3,326	3,692	3,719	4,365
Development budget reserves	1,500	-	-	-
Total	**21,764**	**22,912**	**24,135**	**25,227**

Source : Ministry of Finance.

Development expenditures increased by 10.9% to Rp24.1 trillion in 1992/93, slightly lower than 11.9% in the preceding year. Hence, the share of development expenditures in the formation of GDP remained relatively constant, accounting for 9.4% compared to 9.6% in the previous fiscal year. As before, development expenditures were primarily directed toward supporting the expansion of infrastructure. In addition, participation of the private sector in the development of infrastructure through "build, operate, and transfer" (BOT) system was also enhanced. Of that total development expenditures, Rp10.2 trillion was in the form of project aid to finance productive and strategic projects which contained large impact on people's standard of living. Moreover, about Rp13.9 trillion consisted local-cost financing, which was used, among others, to finance the expenses of ministries and other government institutions of Rp7.9 trillion, an increase of 31.6% compared to 1991/92. Meanwhile, development expenditures increased by 27.5% to Rp5.0 trillion which was used to support financing of regional development and to promote a more equal distribution of development. Several underlying projects were implemented under presidential instruction scheme and designed, among others, to promote human resource development, to create more employment opportunities and to improve people's welfare through the improvement of health services, and to preserve environment persistently, which, in turn, would alleviate poverty. Subsidies on fertilizer, government equity participation and others were reduced to Rp1.0 trillion in 1992/93.

Government Savings

In the fiscal year 1992/93, government savings, defined as the difference between domestic revenues and routine expenditures, rose by 18.2% to Rp13.4 trillion. As a result, the share of government savings in development financing increased by 55.6% compared to 52.2% in the previous year. The ratio of government savings to total government expenditures also increased, by 23.1% compared to 21.8% in the preceding year.

Moreover, the ratio of government savings to GDP slightly rose from 5.0% to 5.2%. The increased government savings has substituted the declining share of foreign borrowings in financing development expenditures.

Budget for Fiscal Year 1993/94

The state budget for 1993/94 is characterized by the Government's efforts to mobilize domestic funds needed to finance government operations and to develop priority sectors so as to provide a strong basis for further economic development. In order to alleviate dependence on foreign aid, the Government will continue to mobilize domestic resources, primarily through increases in taxes. On expenditure side, finance will be directed toward improving and expanding infrastructure and developing human resources.

The budget for revenues and expenditures in 1993/94 is set at Rp62.3 trillion representing 7.1% above the 1992/93 outturn. Domestic revenues are budgeted at Rp52.8 trillion or 11.2% higher than the 1992/93 outturn, comprising oil/gas receipts of Rp15.1 trillion and non-oil/gas receipts of Rp37.7 trillion. Domestic revenues are targeted to rise to 84.7% of total revenues compared to 81.6% in the previous year. In contrast, foreign borrowings are targeted at 15.3% of total revenues, lower than the 18.4% in the preceding fiscal year. Meanwhile, the share of routine expenditures in total budget will increase modestly, from 58.5% to 59.5%, while development expenditures will decline to 40.5% from 41.5% in the previous year.

From the above composition it is evident that the share of non-oil/gas revenues in total domestic revenues will continue to rise in 1993/94. This is in line with the Government's efforts to further increase tax receipts through the improvement of regulations as well as the number of tax collectors and the enforcement of the tax code. Through these measures, it is expected that receipts from income taxes, VAT, and land and building taxes will increase appreciably.

Revenues from oil/gas sector are expected to decline slightly in line with the fall in oil prices to an average of $18.00 per barrel while production remains at 1.534 million barrels a day. Development revenues are also budgeted to decline to Rp9.6 trillion comprising mostly project aid of Rp9.1 trillion and program aid of Rp0.5 trillion. With this amount, the share of development revenues in total government expenditure will continue to decline, from 18.4% in the previous fiscal year to 15.3% in 1993/94. This is in line with the government budget policy to promote greater dependence on domestic sources.

Routine expenditures are budgeted at Rp37.1 trillion, an increase of 9.0% over the 1992/93 outturn. Personnel expenditures are expected to increase 15.1% associated mainly with increases in the salaries and fringe benefit of government employees. In addition, debt amortization and interest payments are budgeted at Rp16.7 trillion, an increase of 9.8% over the outturn in the preceding year, representing 45.1% of total routine expenditures. Development expenditures are projected to reach Rp25.2 trillion or 4.5% higher than the 1992/93 outturn, to be financed largely by government savings. These expenditures will be allocated to finance the development of priority sectors, such as transportation and tourism, education, regional development, mining and energy, and agriculture and irrigation. For regional development, expenditures will be channeled under the presidential instruction scheme.

In the 1993/94 budget, the government savings are targeted to increase 16.8% to Rp15.7 trillion. Hence, the ratio of government savings to GDP is projected to reach 5.5% compared with 5.2% in the preceding fiscal year.

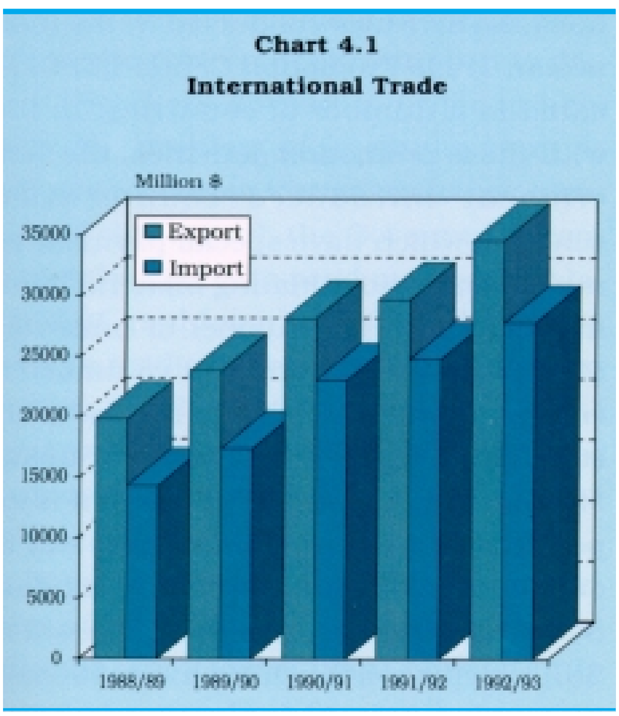
NOTES

1) Government Regulation No. 61 of 1992, September 19, 1992.
2) Minister of Finance Decree No.1075/KMK.04/ 1992, October 14, 1992.
3) Minister of Finance Decree No. 766/KMK.04/ 1992. July 13, 1992.
4) Minister of Finance Decree No. 1030/KMK.014/1992, September 30, 1992
5) Minister Finance Decree No. 1147/KMK.01/1992, October 28, 1992.
6) Minister of Finance Decrees Nos. 685 and 686/KMK.00/1992, July 6, 1992.
7) Government Regulations Nos.19, 20, 21, 22,23,24, and 25, April 29, 1992.

BALANCE OF PAYMENTS

After a prolonged recession, the world economy recovered slightly in 1992. In addition, the growth in international trade volume and prices of primary commodities (non-oil/gas) also improved despite an increasing trend of trade protection imposed by industrial countries. These developments, coupled with greater interdependence and high economic growth as well as the increased inter-trade in East Asia and ASEAN countries and the relocation of industries from Japan and NIEs to ASEAN countries, had favorable consequences for Indonesia's external sector.

Government measures to cool down the economy and to improve competitiveness of domestic products contributed significantly to the strengthening in Indonesia's balance of payments position in the reporting year. The growth rate of non-oil/gas exports accelerated markedly while that of imports remained relatively constant, resulting in a sharp decrease in the current account deficit. With respect to capital flows, total capital inflows registered a strong surplus as private capital inflows increased and offset a decrease in net official capital inflows. As a result, the overall balance of payments gain a higher surplus than the previous year.



In an effort to accelerate the growth in investments under the domestic investment (PMDN) scheme and foreign direct investment (PMA) scheme as well as to promote greater efficiency, the Government launched another package of policy measures in July 1992. This package included measures which were also intended to foster the growth of non-oil/gas exports through increasing competitiveness. The increase in competitiveness is to be achieved by the enhancement of economic efficiency through the simplification of import procedure for used machinery, equipment, and other capital goods, which, in turn, will reduce the cost of production for direct users as well as encourage the development of reconditioning industry.[1] Moreover, the Government has simplified the trade

1) Minister of Trade and Minister of Industry Joint Decree No. 201/KPB/VII/92 and No. 107/M/SK/VII/1992, July 6, 1992.

Table 4.1
Balance of Payments

	1990/91	1991/92	1992/93*
	Million $		
Current Account	**-3,741**	**-4,352**	**-3,264**
Merchandise	5,115	4,911	6,822
Exports f.o.b.	28,143	29,714	34,629
Non-oil/gas	*15,380*	*19,008*	*24,301*
Oil/gas	*12,763*	*10,706*	*10,328*
Imports f.o.b.	-23,028	-24,803	-27,807
Non-oil/gas	*-19,448*	*-21,660*	*-24,447*
Oil/gas	*-3,580*	*-3,143*	*-3,360*
Services	-8,856	-9,263	-10,086
Non-oil/gas	-5,683	-6,262	-6,839
Oil/gas [1]	-3,172	-3,001	-3,247
Capital Account	**6,780**	**5,551**	**5,397**
Net Official Capital inflow	924	1,418	811
Official inflow	*5,006*	*5,600*	*5,509*
Debt repayment	*-4,082*	*-4,182*	*-4,698*
Net Private Capital inflow	5,856	4,133	4,586
Total	**3,039**	**1,199**	**2,133**
Net errors & omissions	**263**	**-218**	**-694**
Monetary movements [2]	**-3,302**	**-981**	**-1,439**
Official reserves	**9,561**	**10,542**	**11,981**
Non-oil/gas imports (months)	**5.4**	**5.3**	**5.3**

1) Oil/gas imports is imports by oil/gas companies, consisting of oil and other merchadise, 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.

procedures of various imported goods and also removed import duties and surcharge on import duties for specific goods.[2] To encourage investment by foreign companies, the Government has approved land utilization rights *(Hak Guna Usaha)* and building utilization rights *(Hak Guna Bangunan)* for PMA companies, simplified investment procedures and further simplified the negative investment list (*Daftar Negatif Investasi* or DNI).[3] With regard to share ownership, the Government allowed 100 percent of capital share to be owned by foreign participants provided that they fulfill a number of requirements.[4] The improvement in the investment climate has also been supported by bilateral investment guarantee agreements which were sought intensively by the Government in 1992.

Efforts to increase non-oil/gas exports were made by the Government in cooperation with the private sector, including export promotion through trade missions, international trade exhibitions, and other business activities conducted in the Indonesian Trade Promotion Center (ITPC) located in a number of countries. In line with these promotion activities, the Government introduced counter-trade schemes which have special payment arrangements and initiating bilateral banking relation with a number of countries. Meanwhile, the Government continued to encourage entrepreneurs in the use of the standard of export goods' quality *(Standar Mutu Barang Ekspor).* In addition, it is expected that by March 1994 there will be only one Indonesian National Standard System (*Standar Nasional Indonesia* or SNI) which accommodates internationally accepted standards.

To increase foreign exchange receipts from the services sector, the Government together with the

2) - Minister of Trade Decree No.200/KP/VII/92, July 6, 1992.
- Minister of Finance Decree No.685/KMK.00/1992, July 6, 1992.

3) Presidential Decrees No. 32, 33, and 34, July 6, 1992.
4) Government Regulation No. 17/1992, April 16, 1992.

private sector developed a program for domestic tourism promotion and for improving the system of dispatching Indonesian workers abroad. The tourism promotion activities were conducted through Indonesian embassies and tourism offices abroad. Following the success of the 1991 Visit Indonesia Year, the Visit ASEAN Year campaign was launched in 1992 aiming to promote Indonesia's tourism image abroad. In order to expedite the development of national tourism, in 1992 the Government, also announced the 1990s as the Visit Indonesia Decade which is expected to increase in the number and length of stay of foreign tourists visiting Indonesia.[5)] In addition to the development of the tourism sector, the Government continued to dispatch workers abroad in order to help solve the problem of unemployment as well as to increase foreign exchange earnings. In this regard, the Government continued the efforts to send more skilled labor that could work informal sectors, such as medical, construction, and electronics, which were expected to increase foreign exchange receipts from those labor sources in the future.

In order to maintain effective management of the external debt and to gain self reliance, the Government consistently pursued a prudent foreign borrowing policy. The official disbursements from the Consultative Group on Indonesia (CGI), which replaced the Intergovernmental Group on Indonesia (IGGI), during the reporting year decreased in nominal terms. The increase in exports led to a decline in the Government's debt service ratio (DSR). On the other hand, in line with the policy to offer wider opportunity to the private sector in economic activities, including the opportunity to obtain foreign borrowing, DSR of the private sector continued to increase. The growing concern about commercial foreign borrowing necessitates continued monitoring by the Foreign Commercial Borrowing Coordinating Team (Tim PKLN).

5) Presidential Instruction No. 60, October 21, 1992.

Current Account

During the reporting year, current account deficit narrowed by $1.1 billion to $3.3 billion. This was attributable to the rise in the trade account surplus by $1.9 billion to $6.8 billion while services account deficit increased by $0.8 billion to $10. 1 billion. As a percentage of GDP, the current account deficit decreased from 3.8% in 1991 to 2.6% in 1992. The non-oil/gas trade and current account showed significant improvement, as their deficits declined from $2.7 billion and $8.9 billion to $0.1 billion and $7.0 billion, respectively. This improvement was closely related to the growth of non-oil/gas exports which was much higher than that of non-oil/gas imports. On the other hand, current account surplus of the oil/gas sector decreased from $4.6 billion to $3.7 billion, mainly due to the decrease in oil/gas export volumes and an increase in oil-based fuel imports.

Chart 4.2
Trade and Current Account

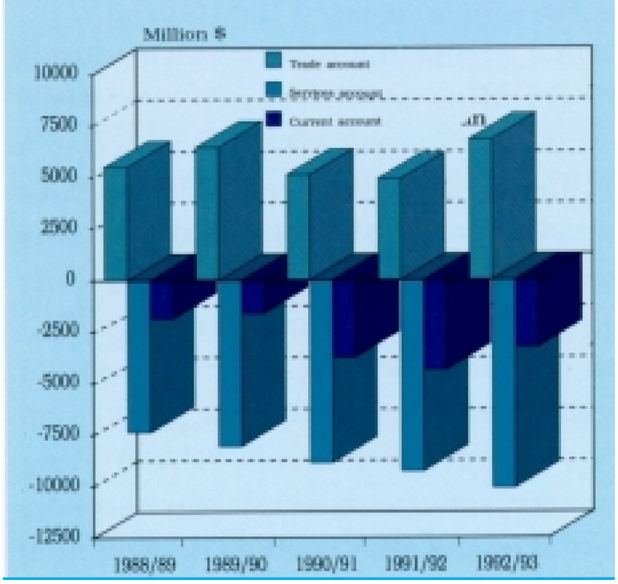
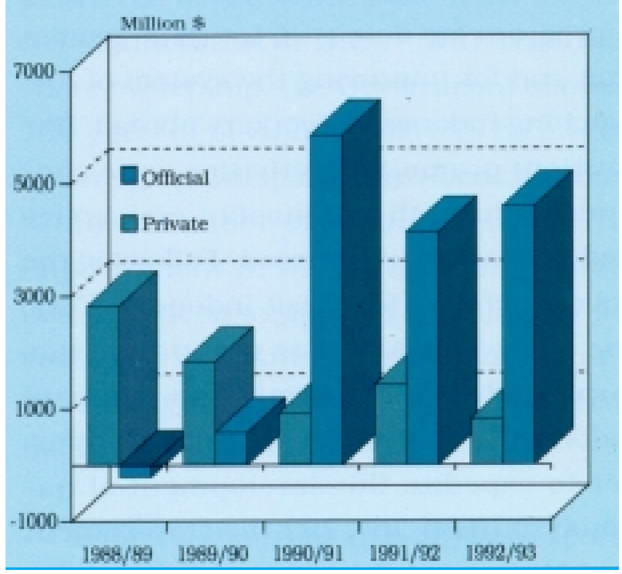


Chart 4.3
Net Capital Inflows

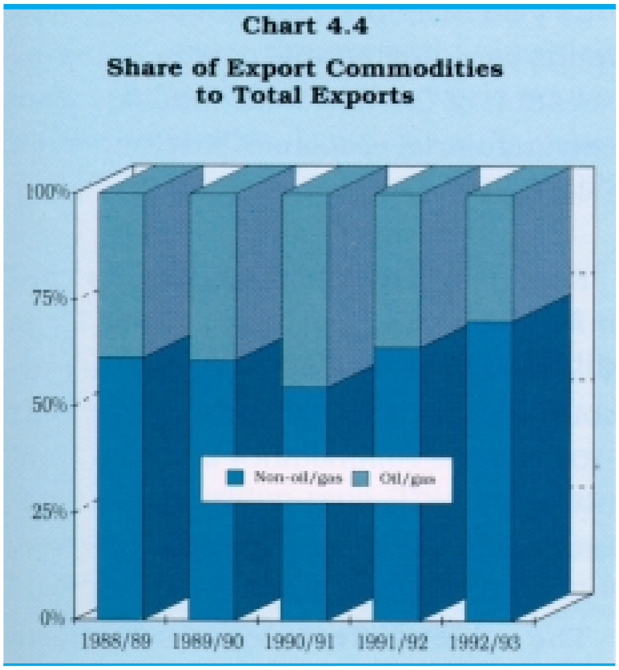


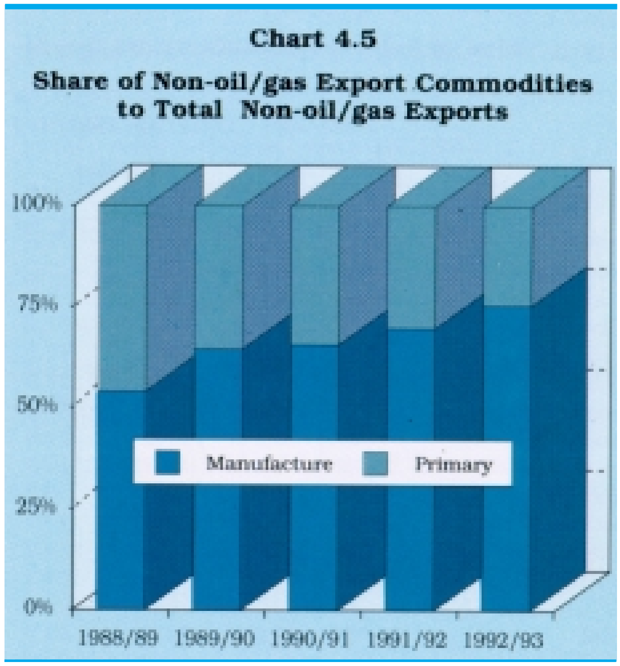
Merchandise Exports

The overall value of merchandise exports rose to $34.6 billion or an increase of 16.5% during the reporting year compared to 5.6% in the previous year. This was attributable to the 27.8% increase in non-oil/gas exports, in contrast to a decrease in oil/gas. Sustained growth in non-oil/gas exports resulted in a more balanced export structure, which entails less dependency on oil exports. In 1992/93, the share of non-oil/gas exports to total exports reached 70.2% compared to 63.9% in the previous year. The primary destination of Indonesia's non-oil/gas exports were the European Community (EC) countries (19.0%), the United States (16.9%), and Japan (16.6%). As for the share of non-oil/gas exports to ASEAN rose to 19.05% compared to 16.9% in 1991/92. Meanwhile, the share of non-oil/gas exports destined to east Asian countries, such as Hong Kong, Korea, Taiwan, and China, decreased slightly from 14.0% to 12.9%.

The most rapid expansion of non-oil/gas exports occurred in manufactured products (38.3%), while mining and agricultural products rose by 6.9% and 2.5%, respectively. With those developments, the share of manufactured products in total non-oil/gas exports increased from 69.7% in 1991/92 to 75.4% in 1992/93 while as a share of total exports they increased from 44.6% to 52.9%. The sustained rise in the share of manufactured goods exports in total non-oil/gas exports has contributed to the improvement in the structure of non-oil/gas exports.

Exports of **textiles** and **textile products** continued to grow strongly, rising 37.8% to $5.5





billion in 1992/93. During the past five years, exports of textiles and textile products increased steadily from $1.1 billion in 1987 reaching a level of $5.5 billion in 1992/93 or at an annual average growth rate of 37.7%. Hence, export value of textiles and textile products remained at the top of non-oil/gas exports with the majority destined for EC countries and the United States.

Export value of **wood** and **wood products** increased by 3.0% to $3.8 billion, somewhat lower than the 8.0% rise a year earlier. In particular, exports of plywood contracted as prices dropped that offset increases in export volumes. The Government removed export prohibitions and instead imposed export taxes on unprocessed logs, several categories of wood, and wood for chips. This policy was meant to shift from non-tariff barriers to tariff barriers[6)]

6) Minister of Trade Decree No. 178/Kp/VI/92, June 8, 1992.

Footwear exports still recorded the fast growth among non-oil/gas exports. In 1992/93, the value of footwear exports showed an increase of 24.0% to $1.3 billion, declining from 51.4% growth in the previous year. As a result, the share of footwear exports in total manufactured product exports declined to 7.0%, lower than the 7.8% share recorded in the previous year. The high

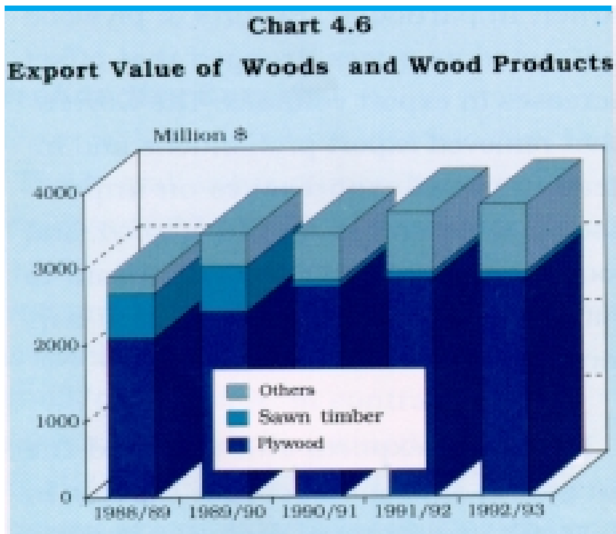


Table 4.2
Export Value of Selected Manufactured Goods

	1992/93*)		1991/92	1992/93*)
	Million $	Share (%)	Changes (%)	
Textile	5,527	30.1	46.9	37.8
Wood product	3,804	20.7	8.0	3.0
Playwood	2,862	15.6	3.8	-0.2
Sawn timber	91	0.5		1.1
Others	851	4.6	28.8	15.3
Footwears	1,275	7.0	51.4	24.0
Electrical appliances	878	4.8	110.0	60.7
Handicrafts	547	3.0	37.0	11.9
Iron steel	419	2.3	23.4	10.3
Paper	359	2.0	33.1	8.8
Glassware	141	0.7	24.0	13.7
Cement	122	0.7	-1.4	79.4
Others	5,263	28.7	35.2	104.2
Total	**18.335**	**100.0**	**31.4**	**38.3**

growth in footwear exports was attributable to the continued relocation of the foot wear industry from newly industrial economies (NIEs) to Indonesia.

Exports of **electrical appliances** continued to increase favorably, by 60.7% to $0.9 billion in the reporting year, although lower than in preceding year (110.0%). The commodities included computers, video cassette recorders, televisions, radios, and refrigerators.

The value of **steel** exports increased 10.3% to $0.4 billion in 1992/93, mainly as a result of a 61.8% rise in volume from 1.2 million tons to 1.9 million tons, while the average price of steel declined sharply. For instance, average price of hot rolling coil (HRC) declined from $340.00 to $290.00 per ton and that of cold rolling coil (CRC) declined from $410.00 to $380.00 per ton. On November 12, 1992, Indonesian iron sheet products acquired a quality certificate from the Ministry of International Trade and Industry (MITI) of Japan, which means improving prospect for Indonesia's iron export.

The value of **handicraft** exports which consisted mainly of hand-woven items increased 11.9% to $0.5 billion.

The value of **paper** exports consisting of pulp, cultural paper, cardboard, and industrial paper increased 8.8% to $0.4 billion. Increased paper and pulp exports were attributable to rising world demand and greater investment in pulp, paper, and cardboard industries prior to 1992/93.

In 1992/93, the value of **cement** exports increased by 79.4% to $0.1 billion following a decline in the preceding year due largely to a 19.4% rise in exports volume to 2.5 million tons. This was closely related to the Government's policy to lift prohibitions in cement export and an increase in production capacity.

The value of **agricultural** exports rose 2.5% to $4.2 billion in 1992/93, compared to a 5.4% increase in the previous year. Exports of rubber and palm oil still increased steadily, while those of coffee, shrimp, tea, and pepper weakened. This slowdown was due to the decline in international commodity prices.

Table 4.3
Export Value of Selected Agricultural Commodities

	1992/93*		1991/92	1992/93 *
	Million $	Share (%)	Changes (%)	
Rubber	941	22.6	5.1	0.9
Coffee	349	8.4	-2.4	-3.9
Palm oil	476	11.5	22.9	36.4
Shrimp	1,121	27.0	8.8	-2.5
T e a	134	3.2	-5.8	-7.5
Others [1]	1,136	27.3	18.9	1.7
Total	**4,157**	**100.0**	**5.4**	**2.5**

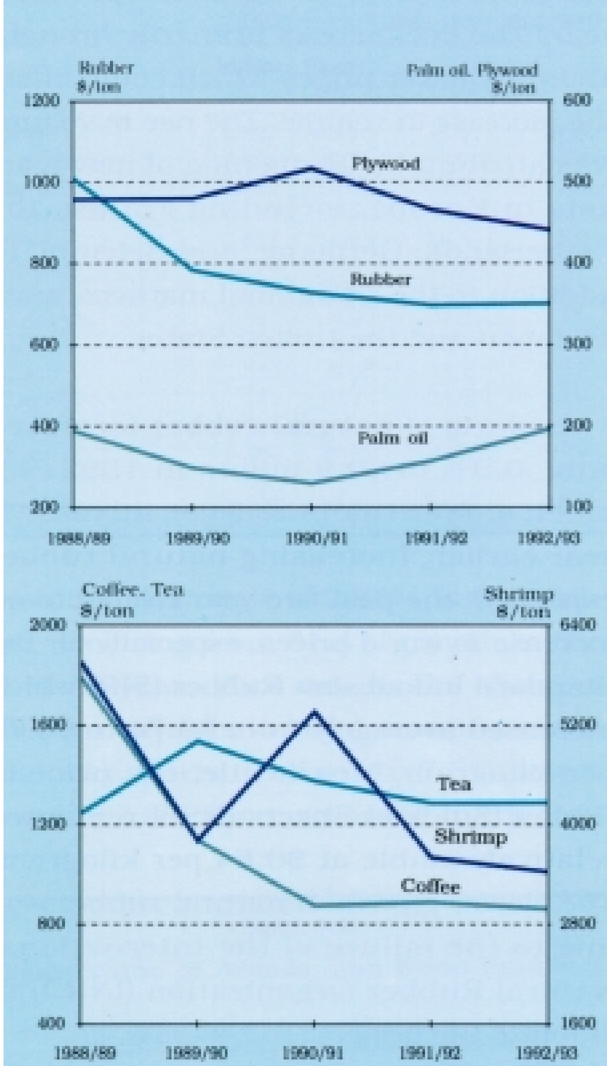
1) Including tobacco. hides. copra cakes. foodstuffs. and animal products.

The value of **shrimp** and **other animal product** exports decreased 2.5% to $1.1 billion after increasing in the previous year. The decline was primarily brought about by lower prices which could offset the increase in volume. The rise in volume was attributable to opening of new markets in Europe, including France, the Netherlands, Germany, and Belgium, in addition to the traditional markets, such as Japan and the United States.

Exports of **natural rubber** increased only 0.9% to $0.9 billion m 1992/93, much slower than the 5.1% increase a year earlier. Increasing natural rubber exports in the past two year related to an increase in world prices, especially for the Standard Indonesian Rubber (SIR) which increased averagely from $0.74, to $0.77 per kilogram. Meanwhile, the price of Ribbed Smoked Sheets (RSS) remained relatively stable at $0.84 per kilogram. The slower growth of natural rubber was due to the failure of the International Natural Rubber Organization (INRO) to stabilize the price.

Palm oil exports rose 36.4% to $0.5 billion, recording the highest growth among agricultural commodity exports. Both export volume and prices increased in line with growing demand for palm oil. The increase in demand was attributed to the

Chart 4.7
Unit Prices of Selected Export Commodities



failure of "palm oil cholesterol threat" campaign in the United States.

As in the previous year, the value of **coffee** exports continued to decline in 1992/93, by 3.9% to $0.3 billion, largely associated with an excess supply in the world market due to the failure of the International Coffee Organization (ICO) to establish coffee quota. The primary destinations for coffee exports were EC countries (35.3%), Japan (19.1%), and African countries (22.6%).

Table 4.4
Export Value of Selected Mining Commodities

	1992/93*)		1991/92	1992/93*)
	Million $	Share (%)	Changes (%)	
Tin	149	8.2	-0.7	2.0
Copper	709	39.2	18.1	34.3
Aluminum	131	7.2	21.3	-17.6
Nickel	187	10.3	-11.3	-35.3
Gold	101	5.6	107.4	-28.4
Others	532	29.4	72.3	24.0
Total	**1,809**	**100.0**	**17.6**	**6.9**

In 1992/93, **tea** exports declined further by 7.5% due to prolonged weakness in world tea prices. The low world price of tea was related to excess world supply and declining demand from potential consuming countries, such as Russia. In addition, exports to the Middle East countries, such as Iraq and Kuwait, did not recover as those countries were still in the process of economic reconstruction.

Exports of **mining** commodities increased 6.9% to $1.8 billion in 1992/93, lower than 17.6% rise in the previous year. Among export commodities decreasing were aluminium, nickel, and gold. By contrast, the value of copper and tin exports increased.

The value of **copper** exports rose 34.3% to $0.7 billion compared to 18.1% in the preceding year. The increase pushed in total mining exports up to 39.2%. This was related to a higher world copper price, in line with decreasing supply from Papua New Guinea as the main world's largest supplier of copper.

In contrast to the preceding year, the export value of tin increased 2.0% to $0.1 billion in 1992/93. This was related to an increase in tin export prices as the members of the Association of Tin Producing Countries (ATPC) agreed to cut back their production to reduce supply in the world market and a decline in output by Brazil, the largest tin producer in the world.

As in the previous year, the value of **nickel** exports declined, by 35.3% to $2.0 billion in 1992/93. This was closely related to the decrease in both the price and volume of exports.

The value of **aluminium** and **gold** exports decreased by 17.6% and 28.4% in 1992/93, respectively, after recording increases of 21.3% and 107.4% in 1991/92. This outcome was related to declines in both the price and volume.

During 1992/93, the average price of world oil remained unchanged compared to that in the previous year, even though in the last months of the reporting year the price declined. As an illustration, OPEC reference price for Arabian light crude (ALC) of $21.0 a barrel has never been realized and prices moved in the range between $17.25 and $18.95 a barrel. The decline in crude oil price was caused by the excess supply since Kuwait's production had returned to pre-Gulf crisis level, at 0.925 million barrels a day. To boost oil prices, in February 1993 OPEC countries agreed to reduce the level of production from 24.588 million barrels to 23.600 million barrels a day for the period of March - June 1993. The OPEC production quota for Indonesia was slashed from 1.374 million barrels to 1.319 million barrels a day. Even though the prices of crude oil continued to decline during the last months of the reporting year, the average price of Indonesia's crude oil exports during 1992/93 was $18.57 a barrel, a slight improvement compared with an average price of $18.29 a barrel in the previous year. During the course of the year, the crude oil price peaked in the second quarter, at $19.84 a barrel.

The volume of oil exports decreased from 382.5 million barrels in 1991/92 to 352.8 million barrels in 1992/93. This was in line with a decrease in crude oil production, including condensates, while the level of domestic oil fuel consumption remained high. The level of crude oil and condensate production was 1.562 million barrels a day in 1991/92 but during the reporting year it declined to 1.506 million barrels a day. The growth rate of domestic oil fuel consumption reached 8.1% in 1992/93 compared to 8.8% in the previous year. During the last three years, growth rate of domestic

Chart 4.8
Monthly Movement of OPEC and Indonesian Minas Oil Prices in the Past Two Years

Table 4.5
Exports of Oil, LNG, and LPG

	1991/92	1992/93	1992/93* Changes (%)
Oil			
Value (million $)	6,868.5	6,390.0	-7.0
Volume (million barrels)	382.5	352.8	-7.8
Price ($/barrel)	18.3	18.6	1.6
L N G			
Value (million $)	3,510.0	3,594.0	2.4
Volume (million MMBTUs)[1]	1,157.0	1,169.0	1.0
Price ($/MMBTU)[1]	3.03	3.14	3.6
L P G			
Value (million $)	327.0	344.0	5.2
Volume (thousand tons)	2,378.0	2,513.0	5.7
Price ($/ton)	137.52	134.75	-2.0

1) MMBTU : *Mille Mille British Thermal Unit.*

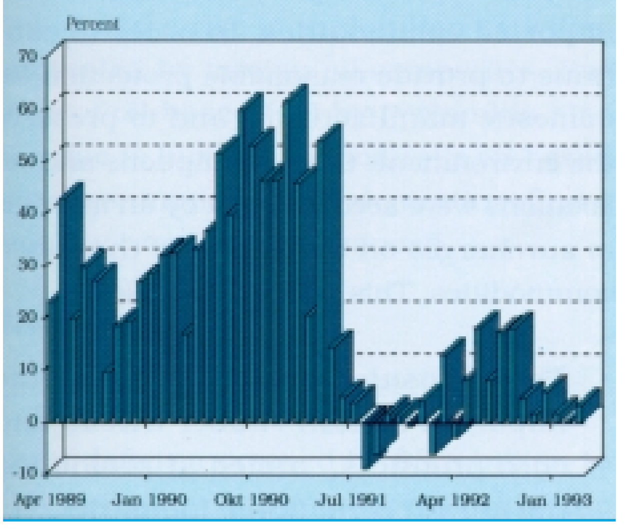
Table 4.6
Oil/gas Exports by Country of Destination

	Volume of exports			
	1991/92		1992/93 *	
	Volume	Share (%)	Volume	Share (%)
Oil (million barrels)	**382.5**	**100.0**	**352.8**	**100.0**
Crude oil	320.2	83.7	296.4	84.0
United States	34.3	9.0	52.5	14.9
Japan	171.5	44.8	158.1	44.8
Others	114.4	29.9	85.8	24.3
Oil products	62.3	16.3	56.4	16.6
United States	5.6	1.5	5.3	1.5
Japan	45.0	11.8	36.1	10.2
Others	11.7	3.1	15.0	4.3
Gas				
LNG (MMBTU)	1,157.4	100.0	1,169.0	100.0
Japan	1,006.9	87.0	1,009.8	86.4
South Korea	145.8	12.6	148.1	12.7
Taiwan	4.7	0.4	11.1	0.9
LPG (thousand tons)	2,377.8	100.0	2,513.0	100.0
Japan	2,149.3	90.4	2,203.9	87.7
Singapore	79.9	3.4	91.7	3.6
South Korea	96.0	4.0	125.6	5.0
Others	52.6	2.2	91.8	3.7
	Value of exports			
	Million $	Share (%)	Million $	Share (%)
Oil	**6,869.0**	**100.0**	**6,390.0**	**100.0**
Crude oil	5,863.8	85.4	5,454.9	85.4
United States	537.6	7.8	405.3	6.3
Japan	3,200.0	46.6	2,121.1	33.2
Others	2,126.2	31.0	2,928.5	45.8
Oil products	1,005.2	14.6	935.1	14.6
United States	91.5	1.3	78.4	1.2
Japan	709.2	10.3	476.5	7.5
Others	204.5	3.0	380.2	5.9
Gas	**3,836.8**	**100.0**	**3,938.0**	**100.0**
Gas (LNG)	3,510.3	91.5	3,594.0	91.3
Japan	3,020.9	78.7	3,000.7	76.2
South Korea	451.7	11.8	559.6	14.2
Taiwan	37.7	1.0	37.7	0.9
LPG	326.5	8.5	344.0	8.7
Japan	295.2	7.7	301.0	7.6
Singapore	11.0	0.3	11.6	0.3
South Korea	13.2	0.3	13.9	0.4
Others	7.1	0.2	17.5	0.4
Total	**10,705.8**		**10,328.0**	

oil-based fuel consumption was high in line with the increase in economic activities, especially in the manufacturing and transportation sectors. In should be added that the annual growth of domestic oil-based fuel consumption prior to the last three years ranged between 3% and 4%. The value of Indonesia's oil exports during the reporting year amounted to $6.4 billion, representing a decrease of 7.0%.

In line with the oil prices which were, relatively constant, the prices of liquefied natural gas (LNG) and liquefied petroleum gas (LPG) were also stable in 1992/ 93 as their prices are linked to oil prices. The export volume of LNG increased slightly from 1,157 million MMBTU to 1,169 million MMBTU and the export volume of LPG increased from 2,378 thousand tons to 2,513 thousand tons. As a result, the value of

Chart 4.9
Monthly Non-oil/gas Import Growth



LNG and LPG exports in 1992/93 increased from $3.8 billion to $3.9 billion.

Oil and gas exports declined by 3.5% to $10.3 billion, accounting for 29.8% of total Indonesia's exports. The share of oil and gas exports as a percentage of total exports has declined continuously since 1985/86 when they accounted for 66.8% of exports. Regarding country of destination, Japan and the United States remained the main destinations for Indonesia's oil exports, with shares of 40.7% and 7.5%, respectively, while gas was mainly exported to Japan and South Korea with share of 83.8% and 14.6%.

Merchandise Imports

In 1992/93, the growth rate of merchandise imports accelerated from 7.7% to 12.1% reaching a total of $27.8 billion. The most rapid growth was recorded in non-oil/gas imports, which rose 12.9% to $24.4 billion due mainly to the increase in investment following the relaxation of trade procedures allowing the import of used capital goods, including machineries as stated in the July 1992 policy package.

The growth of capital goods import decelerated markedly from 11.3% to 3.9%, bringing the level to $8.0 billion. Imports of raw/auxiliary goods grew 5.9% of $18.2 billion as against a 14.5% increase in the preceding year. Consumer goods imports rose 33.3% to $1.6 billion stemming mainly from a jump in the imports of food and beverages, durable goods, and passenger cars, especially for the event of the Non-aligned Movement Summit, which more than offset a decline in the imports of semi-durable goods. As a result, the composition of non-oil/gas imports continued to be dominated by raw materials/auxiliary goods with a 65.6% share followed by capital goods with a 28.6% share and consumer goods with a 5.8% share.

Table 4.7
Value of Merchandise Imports [1]

	1991/92	1992/93*	1991/92	1992/93*
	Billion $		Changes (%)	
Non-oil/gas imports	**21.7**	**24.4**	**11.4**	**12.9**
General imports [2]	19.2	21.5	9.1	12.2
Program imports	2.5	2.9	15.9	18.1
Oil/gas imports	**3.1**	**3.4**	**5.7**	**6.9**
Total	**24.8**	**27.8**	**7.7**	**12.1**

1) Based on f.o.b.
2) Including imports by FDI, state enterprise and other private companies.

Table 4.8
Import Value by Economic Category

	1991/92		1992/93*	
	Billion $	Share (%)	Billion $	Share (%)
Capital goods	7.7	31.2	8.0	28.6
Intermediate goods	15.9	64.1	18.2	65.6
Consumption goods	1.2	4.7	1.6	5.8
Total	**24.8**	**100.0**	**27.8**	**100.0**

By country of origin, Japan and the EC countries remained the primary sources of Indonesia's imports with a share of 24.6% and 21.3%, respectively, followed by the United States and the countries of East Asia and ASEAN with shares of 15.0%, 16.7%, and 6.1%, Among the ASEAN countries, Singapore continued to hold the largest share, at 3.3%, followed by Malaysia, Thailand, and the Philippines with shares of 1.5%, 0.9%, and 0.2%, respectively.

To promote efficiency in the Indonesian economy, the Government made changes in import duties on certain commodities during the reporting year. These included, among others, the exemption or relaxation of trade procedures on certain imported commodities. In order to continue to provide reasonable protection for domestic manufacturing and to preserve the environment, these exemptions and relaxations were accompanied by an increase in surcharges on the import of the stated commodities. This policy is as follows.

- The imposition of surcharges on the import of certain rubber thread and cord products, aimed at promoting the growth of domestic industries.[7)]

- The exemption of import duties on spare parts, raw materials, and components required for the service and maintenance of aircraft, so as to develop the ability of domestic industries in providing service and maintenance for aircraft.[8)]

- The imposition of surcharges on import duties for newsprint in rolls or sheets, with the objective of expanding domestic newsprint industry.[9)]

- The exemption of import duties, surcharges, value added tax (VAT), and sales tax on luxury goods on imports for construction and operation of development projects in Riau province.[10)]

- The ban of imports of plastic waste.[11)]

Imports by oil/gas companies increased 6.9% to $3.4 billion during the reporting year due to higher oil-based fuel import and a rise in exploration activities conducted by foreign oil companies. Imports of oil-based fuel by Pertamina also rose due to burgeoning domestic oil-based fuel consumption, while domestic refinery capacity remained unchanged.

Services

During the reporting year, services account deficit increased by $0.8 billion to $10.1 billion. On the payments side, the increase originated

7) Minister of Finance Decree No. 606/KMK.00/1992, June 15, 1992.

8) Junior Minister of Finance Decree No. 1026/KMK.00/1992, September 28, 1992.

9) Minister of Finance Decree No. 1052/KMK.00/1992, October 13, 1992.

10) Minister of Finance Decree No. 1071/KMK.00/1992, October 14, 1992.

11) Minister of Trade Decree No. 349/Kp/XI/92, November 21, 1992.

mainly from interest payments on public and private sector's foreign debt and freight charges for merchandise imports. With respect to receipts, foreign exchange earnings from tourism and workers' remittances continued to increase.

The non-oil/gas services account deficit rose $0.6 billion from the previous year to $6.8 billion. The increase originated mainly from increases in freight costs of 12.9% to $2.7 billion and in interest payments on public and private foreign debt of 1.2% to $3.3 billion. In order to economize on foreign exchange expenditures, the Government gave priority to the domestic companies in carrying out and constructing engineering projects.

With respect to services receipts, the tourism sector and workers' remittance from Indonesians employed abroad remained the most important sources of foreign exchange receipts. In 1992/93, receipts from the tourism sector increased 23.7% to $3.2 billion, mainly due to the increase in the number of foreign tourists visiting Indonesia from 2.6 million to 3.2 million. The increase in the number of foreign tourists was due, inter alia, to the launching of 1991 as the Visit Indonesia Year, 1992 as the Visit ASEAN Year, and 1993 - 2000 as the Visit Indonesia Decade. In the meantime, foreign exchange receipts from workers' remittance increased 76.0% to $0.3 billion.

The overall oil/gas services account deficit increased from $3.0 billion to $3.2 billion, mainly caused by the increase in payments of foreign contractor's share. The services account deficit of oil companies remained constant at $1.8 billion, while that of gas companies increased from $1.2 billion in 1991/92 to $1.4 billion in 1992/93.

Capital Account

Even though net capital inflows by the private sector in the form of PMA and other categories recorded a significant increase, the net capital inflow of the government and private sectors reached $5.4 billion in 1992/93, lower than that of the previous year. Following the increase in borrowing by the private sector, the principal

SERVICES ACCOUNT IN INDONESIA'S BALANCE OF PAYMENTS

Most imported services products are related to factors of production such as, capital, technology, and highly skilled manpower. Indonesia, as a developing country, still faces constraints in these production factors and must import a large quantity of services to meet domestic demand. On the other hand, services exports are still relatively small resulting in a deficit on the services account, in contrast to the merchandise trade account which generally records a surplus. Since the services deficit is larger than the surplus in the merchandise trade,

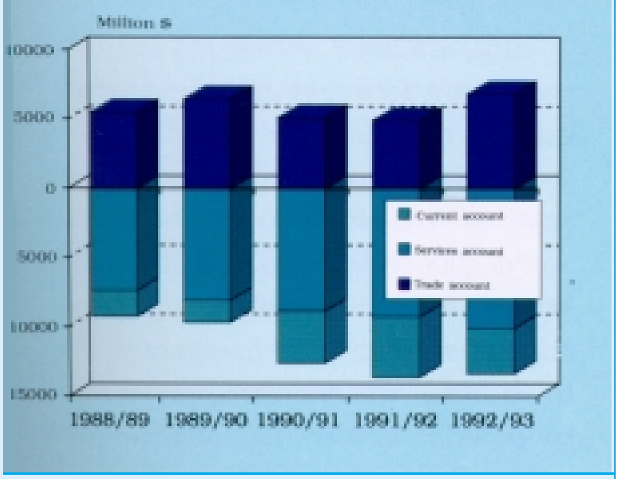
Net Services Transaction
(Million $)

	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93
I. Receipts	**1,696**	**2,134**	**2,663**	**3,491**	**3,865**	**4,648**
1. Tourism	1,002	1,431	1,630	2,199	2,602	3,218
2. Indonesian worker (TKI)	90	103	188	139	150	264
3. Others	604	600	845	1,153	1,113	1,166
II. Payments	**8,794**	**9,506**	**10,718**	**12,347**	**13,128**	**14,716**
1. Imported goods	1,401	1,555	1,886	2,519	2,719	3,051
2. Investment income	3,177	3,486	3,549	4,118	4,471	4,516
- Foreign loan interest	2,964	3,256	3,250	3,408	3,831	3,913
- Profit transfer	150	161	170	208	220	237
- Others	64	69	129	502	420	366
3. Transportation other than imported goods	220	230	298	343	385	420
4. Others	3,996	4,235	4,985	5,502	5,553	6,729
Net services	**-7,098**	**-7,372**	**-8,055**	**-8,856**	**-9,263**	**-10,086**
Exchange rate (Rp/$)	1,646	1,690	1,770	1,843	1,954	2,048
GDP	75,830	84,086	94,455	106,847	116,242	125,583
Import value	12,952	14,311	17,374	23,028	24,803	27,807
Ratio of net services/GDP	9.4	8.8	8.5	8.3	8.0	8.0
Ratio of net services/ import value	54.8	51.5	46.4	38.5	37.3	36.3

the current account (merchandise and services account) records a deficit every year.

The services account deficit has also widened year by year. As an illustration, it can be observed in the development of the services account deficit in the last 5 years (1987/88 - 1992/93). In 1987/88, the services account deficit was only $7.1 billion and in 1992/93 became $ 10.1 billion, an average annual increase of 7.5%. Divided into factor and non-factor services, the deficit in factor services registered the higher deficit in the services account. In 1992/93, the deficit in factor services accounted for 81.5% of the total services account

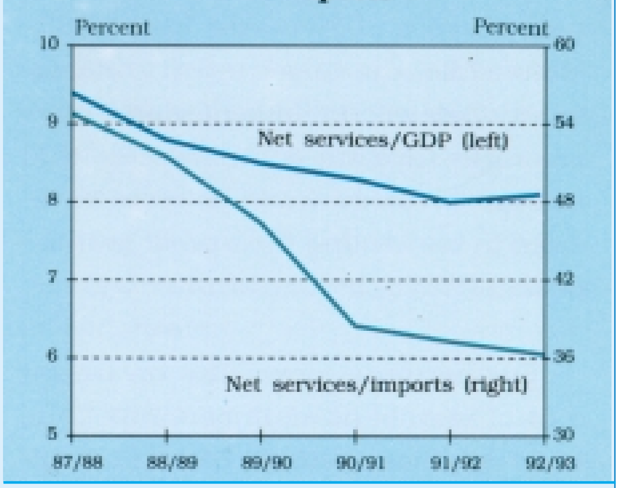
Chart 1
Current Account, Trade Balance, and Services Balance



deficit. As a percentage of gross domestic product (GOP), the services account deficit was around 8.0% in 1992/93, much higher than the ratio of the current account deficit to GDP which was only 2.6%.

On the payments side, the kinds of imported

Chart 2
Ratio of Net Services to GDP and Imports

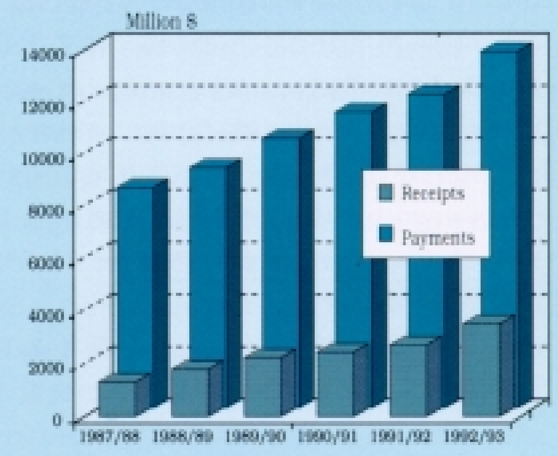


services include transportation services for merchandise import, capital services, and other services, such as services related to consultancy, insurance, and hospital. Among those services, capital service recorded the highest level in payments, followed by the cost of freight for merchandise import. Payments on capital services including, among others, interest payments and profit transfer, in 1987/88 was $3.2 billion and rose to $4.5 billion in 1992/93, an average increase of 7.1% per annum. Payments on the capital services were primarily related to Indonesia's position as a capital importing country which needed to finance the domestic investment activities, whether in the form of loan, foreign direct investment, or portfolio invesment. In order to avoid excessive payments, efforts were made to contain foreign borrowing. In this regard, Foreign Commercial Borrowing Coordinating Team was established with the responsibility, among others, to control growth in foreign borrowing and to avoid unfavorable loan terms. Meanwhile, the Government continuously made efforts in achieving a more favorable investment climate, so that foreign investors would be more interested in reinvesting their profit in Indonesia.

Furthermore, payments on freight cost of merchandise import rose from at $1.4 billion in 1987/88 to $3.1 billion in 1992/93 or increased by around 17.2% per annum. The increase in freight payments was related to the increase in the quantity of merchandise import, in line with growing domestic investment and production activities. Although showing a declining trend, the ratio of freight cost to the value of merchandise imports was still high (8-9%). This shows that national shipping company has not yet begun to play role, causing shipping services for merchandise import to be provided by foreign companies. In order to reduce the foreign exchange payments for the cost of freight on merchandise imports, efforts had been made to allow national shipping companies to hire foreign vessels and to buy used vessels.

In addition to payments of capital services and freight cost of merchandise import, there are some services payments included in other

Chart 3
Foreign Exchange Receipts and Payments in the Services Sector



services, such as payments related to consultancy, insurance, film rental, and port services. Payments on these services was estimated at $4.2 billion in 1987/88 and rose to $6.2 billion in 1992/93, an increase of 8.6% per annum.

Among other services, payments for consultant fees and insurance premiums were estimated as the largest payments. Government policy gives priority to domestic companies to plan and design projects financed by foreign aid as an effort to reduce foreign exchange payments for consultant fees. In addition, the possibility of bilateral cooperation in providing insurance for merchandise export and import shipment has been sought, so that the use of foreign insurance services for Indonesia's merchandise exports and imports can be lessened. Furthermore, the aircraft maintenance and docking business have recently been developed in Indonesia. In addition to economizing on the foreign exchange payments, this business is also estimated to be a potential source of foreign exchange.

With respect to service receipts, the main sources of foreign exchange earnings were still traditional ones, such as tourism and the remittance from Indonesian workers abroad. Although still quite low, foreign exchange earnings from tourism and workers' remittance has trended upward. In the tourism sector, this trend could be seen in the increased number of foreign tourists visiting Indonesia as well as in the rise in foreign exchange earnings. In 1987/ 88, the number of foreign tourists visiting Indonesia was recorded around 1.6 million persons with foreign exchange earnings amounting to $ 1.0 billion and in 1992/93 the number of tourists increased to 3.2 million persons who spent $3.2 billion. Since Indonesia has natural resources and culture as points of interest for tourists, the tourism sector continues to have a promising future. In order to increase foreign exchange receipts from tourism, the Government has made efforts to provide infrastructure to support tourism and to increase marketing activities both in Indonesia and abroad. Policies in tourism are not only aimed at increasing the number of tourists visiting Indonesia but also at encouraging the tourists to lengthen their stay in Indonesia.

Remittance from Indonesian workers abroad, especially those in the Middle East, was also considered a potential foreign exchange earning sector. Based on banking sector reports, foreign exchange receipts from workers' remittance were $90 million in 1987/88 and increased to $264 million in 1992/93, an average increase of 31.0% per annum. Foreign exchange receipts from Indonesian workers abroad are estimated to increase in line with the Government's efforts in improving the skills of Indonesian workers It is expected that more Indonesian workers could enter formal sector jobs which require higher skill.

Another constraint in assessing the situation in the services sector is the lack of data and information, in contrast to merchandise exports/imports for which there are export/import documents. Frequently, the data for services statistics are only based on estimation which contain weaknesses.

As mentioned above, until now Indonesia's position in services trade is still relatively weak. In line with the possibility in adopting the General Agreement on Trade in Services (OATS) under the Uruguay Round, which is designed to liberalize services trade, the domestic services industry will face more competition. Consequently, Indonesia needs to improve the competitiveness of services products intensively, both in the domestic and the international markets.

Various efforts in encouraging the competitiveness of the services sector were implemented, by accelerating technology transfer and promoting the quality of human resources. Those are considered important since the main production factors for most services industry are the levels of skill and technology. Furthermore, the provision of infrastructure and an improved business climate are also needed. The provision of infrastructure, especially an efficient and reliable communication system, is one of the main determinants in improving the competitiveness of services industry needed to enter the global market. Another important effort is the improvement of services data statistics which is important in formulating policy measures for promoting the services sector.

and interest payments increased which, in turn, caused a rise in the DSR from 29.0% to 32.3%.

Official Capital Movements

Net official capital inflows decreased sharply from $1.4 billion in 1991/92 to $0.8 billion in 1992/93, resulting from lower loans disbursements and an increase in principal payments. Loan disbursements declined slightly from $5.6 billion to $5.5 billion due mainly to a decline in the disbursement of project aid from the IGGI member countries and the disbursement of special assistance.

The amortization of official debt rose from $4.2 billion in 1991/92 to $4.7 billion in 1992/93. During the same period interest payments also

Table 4.9
Disbursement of Official Foreign Borrowings and Assistances

	1991/92		1992/93 *	
	Million $	Share (%)	Million $	Share (%)
IGGI	**5,250**	**93.8**	**5,273**	**95.7**
ODA	3,788	67.7	3,683	66.9
Food aid 1)	–	–	–	–
Program aid 2)	127	2.3	–	–
Project aid	3,661	65.4	3,683	66.9
Non-ODA	1,462	26.1	1,590	28.9
Non-IGGI (project aid)	**350**	**6.2**	**236**	**4.3**
ODA	24	0.4	29	0.5
Non-ODA	326	5.8	207	3.8
Total	**5,600**	**100.0**	**5,509**	**100.0**

1) Borrowings under food aid program.
2) Special loans under concessional terms to assist government program.

recorded an increase, namely from $2.6 billion in 1991/ 92 to $2.7 billion in 1992/93. Even though the official debt service payments rose, the Government's DSR declined from 20.6% to 19.0% due to a sharp increase in the growth of non-oil/ gas exports.

At the end of March 1993, the outstanding external debts of the Government amounted to $48.9 billion, compared to $44.5 billion at of the end of March 1992. With respect to the source of credit, most of the government debt (87.7%) was owed to IGGI members, comprising bilateral arrangements, mainly with Japan, the United States, and Germany and multilateral institutions, mostly from the World Bank and Asian Development Bank. The outstanding level of debt owed to non-IGGI members was just $5.1 billion, mostly obtained from foreign banks.

During the first CGI meeting held in Paris on July 1992, donors agreed to set the aid level for Indonesia at $5.0 billion, including special assistance of $1.3 billion. The aid consisted of bilateral assistance of $1.9 billion and multilateral assistance of $3. 1 billion. The agreed amount was larger than that of the previous IGGI meeting. This reflects the credit worthiness of Indonesia's despite the prevailing concerns over the scarcity of funds available for developing countries.

Classified with respect to type of borrowing, Official Development Assistance (ODA) and non-

Table 4.10
Outstanding Official Foreign Borrowings

	Changes		1991/92	1992/93*
	91/92	92/93*		
	Billion $			
Government debts	**-0.4**	**4.4**	**44.5**	**48.9**
Old debts 1)	-0.3	0.0	0.9	0.9
New debts	-0.1	4.4	43.6	48.0
IGGI	0.8	5.1	37.8	42.9
ODA	0.8	4.1	27.9	32.0
Food aid 2)	-0.2	–	1.9	–
Program aid 3)	0.1	–	3.3	–
Project aid 4)	0.9	–	22.7	–
Non-ODA	–	1.0	9.9	10.9
Non-IGGI	-0.9	-0.7	5.8	5.1
ODA	-0.2	0	1.3	1.3
Non-ODA	-0.7	-0.7	4.5	3.8
Debt of state enterprises	**-0.1**	**0.1**	**0.5**	**0.6**
Total	**-0.5**	**4.5**	**45**	**49.5**

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 govenment program.
4) Includes special borrowing from Exim Bank of Japan.

Table 4.11
Outstanding Foreign Borrowing by Creditor

	As of March 1993 *	
	Billion $	**Share (%)**
Bilateral		
United States	2.4	4.9
Japan	17.9	36.6
France	1.9	3.9
Germany	2.2	4.5
United Kingdom	0.6	1.2
Netherlands	1.4	2.9
Austria	0.4	0.8
Multilateral		
I B R D	10.3	21.1
I D A	0.8	1.6
A D B	4.6	9.4
Others	6.4	13.0
TOTAL	**48.9**	**100.0**

ODA debt in 1992/93 amounted to $1,705 million and $1,335 million, respectively. ODA debt comprising special assistance and project aid amounted to $561 million and $1,144 million, respectively. The whole outstanding non-ODA debts consisted of export credit facilities amounting to $1,335 million because during the reporting year there was no disbursement of commercial borrowing or special assistance.

Private Capital Movements

After recording a substantial decline in 1991/92, the net inflow of private capital increased in 1992/93. Capital inflows related to PMA companies increased from $1.5 billion in 1991/92 to $1.7 billion in 1992/93, in line with the Government's efforts to create a more attractive investment climate as well as promotional activities of the Government and the private sector. Meanwhile, private capital inflows of non-PMA companies rose from $2.6 billion to $2.9 billion which were induced by relatively higher domestic interest rates compared to those in the international market. In order to attract more investment, especially for the development of bonded zones in Batam and the Bintan islands, the Government simplified the procedure for obtaining a working permit for expatriates whose expertise cannot yet be fully satisfied by Indonesian manpower.

Net capital inflows related to non-PMA companies increased by 10.9%, namely from $2.6 billion in 1991/92 to $2.9 billion in 1992/93, caused primarily by the increase in foreign borrowing by state banks. Net capital inflows of private companies declined, caused mainly by an increase in the debt amortization as a result of the large foreign commercial borrowing in the past years. In the meantime, stock purchases by foreign investors in the Jakarta Stock Exchange declined.

International Reserves and Exchange Rate

Along with the improvements in Indonesia's balance of payments, foreign exchange reserves of Bank Indonesia increased by $1.4 billion from the previous year. As a result, the official reserves of Bank Indonesia increased to $12.0 billion at the end of March 1993. Taking into account foreign exchange reserves of $2.5 billion held by foreign exchange banks, national foreign exchange reserves amounted to $14.5 billion at the end of March 1993 or equivalent to 6.6-month worth of non-oil/gas imports.

In 1992/93, the nominal value of rupiah depreciated by 4.8% vis-a-vis the United States dollar while against a basket of Indonesia's trading partner currencies the value of rupiah depreciated by 2.1%. This was sufficient to make up differentials between Indonesia's inflation rate and the inflation rates of its trading partner countries during 1992/93; consequently, the real effective exchange rate was essentially unchanged. This was consistent with the Government's efforts to maintain a realistic exchange rate to promote the competitiveness of exports and to protect domestic products from imported goods.

12) Minister of Manpower Decrees No. 207 and 208/MEN/1992, June 13, 1992.

RUPIAH EXCHANGE RATE POLICY

Exchange rate policy can play important role in achieving the economic targets, such as correcting balance of payments imbalance, supporting the process of industrialization, and controlling the inflation rate, especially in an economy with an open capital account. Basically, there are three kinds of exchange rate systems, a fixed exchange rate, a free floating exchange rate, and a managed float of the exchange rate.

From 1971 until November 1978, Indonesia adopted a fixed exchange rate system. In the short run, this system supported the inward looking economic strategy applied in the economy during that period. However, due to a relatively high inflation rate in Indonesia compared to those in other countries, especially trading partner countries, the exchange rate system led to a sharp appreciation and the overvaluation of the rupiah. This eroded the competitiveness of Indonesian products. In order to promote non-oil/gas exports, rupiah was devalued by 30.9% in November 1978 against the United States dollar.

Recognizing the weakness of the fixed exchange rate-system and in line with the shift to an outward looking economic development strategy, the Government adopted the managed float system in November 1978. In addition, rupiah exchange rate was no longer solely linked to the United States dollar but to a basket of trading partner currencies instead. This was primarily intended to maintain the rupiah stability in case of fluctuation in the exchange rate of major world currencies. Nevertheless, from November 1978 to September 1986 the “managed” factor was still dominant, resulting in a less flexible rupiah exchange rate. As a result, the rupiah depreciation during the period was not sufficient to make up for the difference between domestic and overseas inflation, causing the rupiah exchange rate to become overvalued once again. This condition was worsened by two external factors, the decline in price of most primary goods in the early 1980s and the drop in the oil price in 1986. The situation forced Indonesia to devalue the rupiah in March 1983 and September 1986.

Past experience shows that a relatively strong “managed” factor in determining the exchange rate, accompanied by post devaluation trauma and a relatively high domestic inflation rate, has weakened confidence in rupiah. This has led the public to speculate about the possibility of devaluation.

Since the last devaluation in 1986, exchange rate policy has been implemented based on the managed float exchange rate system with a less “managed” factor. As a result, the rupiah exchange rate remained competitive and compensated for difference between the domestic and foreign inflation rate. The “managed” factor, however, was still needed to avoid volatile fluctuations of the rupiah exchange rate which could escalate speculative activity and negative impact on business activity. Exchange rate policy was basically aimed at maintaining the nominal rupiah rate at a level which reflects demand and supply forces in the market (equilibrium value). The main factor used in determining the exchange rate was the difference between the domestic inflation rate and the inflation rate in trading partner countries.

With this policy, the rupiah exchange rate was maintained at a realistic level and it helped support the competitiveness of domestic products. Furthermore, this policy has played a significant role in promoting the growth of non-oil/gas exports in the last few years. In addition, the consistent implementation of exchange rate policy along the lines mentioned above has improved the people’s confidence in the rupiah.

In an effort to maintain the competitiveness of domestic products, especially in the long run, price stability is still considered extremely important. Consistent monetary and fiscal policies will play an important role. Nevertheless, these efforts should be supported by improvements in efficiency and productivity of the real sector. These efforts are expected to help further stabilize the nominal rupiah exchange rate in the future and to relax people’s expectation on the possibility of the rupiah devaluation.

FINANCIAL INSTITUTIONS AND THE CAPITAL MARKET

Banks

The consolidation of Indonesian banking sector continued in 1992/93, though less intensive. In addition to efforts to comply with prudential principles stipulated in the policy package of February 28, 1991, the consolidation was also an adjustment following excessive expansion of banking activities of the past several years. The consolidation covered the implementation of various measures to promote asset quality and network efficiency, improve bank management, and increase capital according to each bank's situation. The progress of consolidation during the course of the year was satisfactory as reflected, among other things, in banks' ability to reduce risk while continuing to meet prudential requirements. Nevertheless, one private national bank, namely Bank Summa, failed to anticipate risk and, moreover, was too aggressive in its business expansion, which brought about structural difficulties. This bank was eventually liquidated.

Progress in the process of consolidation is also reflected in the increased number of banks able to meet the capital adequacy ratio (CAR) and the loan to deposit ratio (LDR). On average, up to the end of December 1992, the CAR of banks reached 12.7%. Of 221 banks, there were only 6 banks whose CAR was below 5% and 9 banks whose CAR was below 7% CAR. In addition, there were 38 banks with LDRs greater than 110%, down from 50 banks in 1991/92. In order for state-owned banks to fulfill the CAR requirement, the Government obtained financial assistance from international financial institutions. In addition, state bank borrowing originating from two-step loans were converted to government equity in those institutions. Furthermore, additional capital for the state banks was also supported by retaining part of the profits earned by those banks. At the end of March 1993, the CAR of state banks generally surpassed 7%. Financial assistance from international financial institutions to the Government which were intended to boost the capital of state banks was subject to several requirements, most importantly that those banks slightly reduce their loan extension. This requirement contributed to the slowdown in the growth of overall bank lending in the reporting year.

To provide a firmer operational basis for the development of a banking business, the Government put Act no. 7 of 1992 on Banking into effect in March 1992. This new act provides more flexibility in bank ownership and operation but, simultaneously, it requires a more responsible attitude on the part of bank owner and management. This act states the principles, functions, and objectives that Indonesian banks should use as guidelines for their operations. The Indonesian banking principle is economic democracy, with the main function of banks being to mobilize public fund. The objective of banks is to support development by promoting equitable income distribution, economic growth, and national stability aimed at improving the welfare of the people. Consequently, Indonesian banking plays a strategic role in supporting national development.

The strategic role of banks as stated in Act no. 7 of 1992 is to provide a sound banking system. This is extremely important to all related parties, whether bank owners and management, the public as bank users, or Bank Indonesia as the supervisor. The soundness of banks can be maintained if those related parties make efforts to achieve it. Bank Indonesia as the supervisor is concerned with efforts to make the operations of banks comply with prudential principles.

To provide more detailed operating guidelines and practical implementation of the law, on October 30, 1992 the Government issued a series of regulations, namely Government Regulations numbers 70, 71, and 72, on commercial banks, rural credit banks (*bank perkreditan rakyat* or BPRs), and profit sharing banks respectively. In detail, those regulations stipulate rules on licensing, management, ownership, and other operational activities, both for commercial banks and BPRs. To obtain a license, a bank founder has to meet various requirements, among others, on the legal status of citizenship/corporate body, capital, and nominees for its management, both for the boards of directors and commissioners. The Government increased the capital requirement from a minimum of Rp10 billion to Rp50 billion for a commercial bank and from a minimum of Rp50 billion to Rp100 billion for a joint-venture bank. In addition, the process of interbank mergers, consolidations, and acquisitions is also regulated to avoid concentration of economic power in a few groups of banks which in turn could have implications for soundness of the banking sector.

To promote the effectiveness of bank supervision, Bank Indonesia has delegated more extensive authority for supervision to its branches throughout the country covering all bank offices existing within the respective branch's jurisdiction. In addition, Bank Indonesia has cooperated with leading monetary authorities and central banks in the implementation of the Basle Concordat, an agreement issued by Bank for International Settlements (BIS) which arranges the supervision of banks with branch offices abroad. As a preliminary step, Bank Indonesia has begun a joint cooperation with the Hong Kong Commissioner of Banking.

To have a more informative and accurate account of banks' financial and operational reports, Bank Indonesia in cooperation with the Indonesian Accountant Association (*Ikatan Akuntan Indonesia* or IAI) has issued special standards for Indonesian banking accountancy (*Standar Khusus Akuntansi Perbankan Indonesia* or SKAPI). With these standards, the financial reports of banks are expected to present more accurate information.

Bank Indonesia has also improved the financial and operational reports of banks to be submitted to Bank Indonesia.

In the reporting year, Bank Indonesia announced that the sales of a bank's equity participation and shares ownership would be postponed from August 15, 1994 to August 15, 1999[1]. This was intended to give banks a longer time to improve their asset portfolios and also to prevent fluctuations in the capital market. Based on this measure, banks can only hold equity in financial institutions or non-financial institutions temporarily to reserve an institution suffering from bad debts. In addition, banks are prohibited to possess shares traded in the bourse. Banks which presently possess shares traded in the bourse or place equity in non-financial institutions are permitted to sell them in stages, at the latest on August 15, 1999.

Although Indonesian banking was still in the process of consolidation, expansion of banking network continued in the reporting year. In 1992/93, the number of commercial banks increased by 24 and 143 bank offices comprising head offices, branches, and sub-branches. The rise in the number of banks reflects the community's need for banking services. The additional number of banks and bank offices was also due, in part, to the reclassification of 12 non-bank financial institutions (NBFIs) and 22 NBFI offices to banks

1) Bank Indonesia Board of Directors Decree No. 25/97/KEP/DIR, November 17, 1992.

Table 5.1
Number of Banks and Bank Offices in Indonesia

	End of period	
	1991/92	**1992/93***
Commercial banks		
State		
Number of banks	5	5
Number of offices	961	981
Private national		
Number of banks	130	144
Number of offices	2,672	2,755
Foreign/joint-venture		
Number of banks	29	39
Number of offices	54	75
Development banks		
State		
Number of banks	1	1
Number of offices	41	42
Regional		
Number of banks	27	27
Number of offices	412	425
Private		
Number of banks	1	1
Number of offices	19	19
Savings banks		
State		
Number of banks	1	1
Number of offices	43	43
Private		
Number of banks	2	2
Number of offices	84	89
Number of banks	**196**	**220**
Number of offices	**4,286**	**4,429**
Rural credit banks[1)]	**8,366**	**8,551**
Non-rural		
New	664	879
Petty trader/village	175	174
Rural credit agencies	217	217
Former rural fund and credit institutions	-	273
Rural		
Village	3,296	3,289
Paddy	2,078	2,056
Rural fund and credit institutions	1,936	1,663
Total banks	**8,562**	**8,771**
Total offices [2)]	**12,652**	**12,980**

1) The number of banks is equal to that of bank offices.
2) Comprising head, branch, and sub-branch offices.

by the end of March 1993 at the latest as stipulated in Act no. 7 of 1992. With the addition in the number of banks, the total number of commercial banks rose to 220 with 4,429 offices at end of March 1993.

In the meantime, to encourage BPRs' activities, the operations of these banks, which were previously limited to subdistrict capitals, since February 1993 have also been permitted to operate in district capitals, municipal capital, provincial capitals, and the state capital[2]. In the reporting year, the number of BPRs increased by 185 to 8,551 banks, consisting of 1,543 non-rural credit agencies (*non-badan kredit desa* or non-BKDs), 5,345 BKDs, and 1,663 rural fund and credit institutions (*lembaga dana dan kredit pedesaan* or LDKPs). Through the end of the reporting year there were 1,663 rural credit institutions which could be converted to BPRs. The conversion has to be executed before April 1997 in accordance with Act no. 7 of 1992.

In line with the increased number of banks, their total assets during the reporting year grew at a slightly higher rate. The assets of commercial banks grew 20.1% compared with 16.6% in the preceding year. The increase in growth occurred mainly in foreign assets, which in 1992/93 rose 44.5% compared with a decrease of 8.5% in 1991/92.

2) Minister of Finance Decree No. 221/KMK.017/1993, February 26, 1993.

Sources of Funds

During the reporting year, funds mobilized by banks from foreign and domestic sources continued to grow. Funds from foreign sources increased significantly as reflected in rise in foreign liabilities of domestic banks, from Rp13.1 trillion at the end of March 1992 to Rp18.2 trillion at the end of March 1993. The increase originated mostly from offshore borrowings amounting to $1.2 billion (up to January 1993).

Table 5.2
Balance Sheet of Deposit Money Banks [1)]

	Changes (%)		End of March
	1991/92	1992/93	1992/93*
	Billion rupiah		
ASSETS			
Cash in hand	328	614	2,218
Bank Indonesia	266	-313	1,724
Foreign assets	-936	4,464	14,495
Claims on government	1,785	-345	9,068
- Central government	369	-446	988
- Government institutions and enterprises	1,416	101	8,080
Claims on private enterprises and individuals	19,609	12,276	133,447
Others	1,365	14,813	27,633
ASSETS = LIABILITIES	**22,417**	**31,509**	**188,585**
LIABILITIES			
Demand deposits	1,725	1,823	17,922
Time and savings deposits	11,314	14,456	67,787
Foreign exchange account	4,623	4,727	24,858
Foreign exchange liabilities	1,617	5,058	18,150
Government account	2,298	1,351	6,301
Borrowings from Bank Indonesia	-635	-2,055	8,831
Guarantee deposits	535	-589	1,011
Capital account	-977	2,301	13,182
Others	1,917	4,437	30,543

1) Monetary concept derived from monthly bank reports.

Funds from domestic sources originated mostly from public savings while the rest came from additional capital, namely paid-in capital and retained earnings. During the reporting year, banking sector funds originating from capital increases rose by Rp2.3 trillion as a result of their efforts to meet the CAR requirement. Meanwhile, public savings accounted for the largest component of bank funds, both in rupiah and foreign currency denominated demand deposits, time deposits, and savings deposits, which continued to grow almost at the same pace as in the preceding year, namely 23.4%. This indicates that although declining, deposit interest rates were still sufficiently attractive for depositors. Deposits in foreign currency rose 19.6% in 1992/93 compared with 8.8% in the previous year. This was associated with a rise in foreign currency time deposits owned by non-residents due to the attractiveness of dollar interest rates available from domestic banks. Total bank deposits in rupiah increased somewhat slower at 24.6% in 1992/93 compared with 28.8% in the preceding year.

Time deposits, the largest source of funds of banks (54.7%), increased 13.8% in 1992/93 compared with 14.0% in 1991/92. Of those time deposits, foreign currency time deposits increased more rapidly at 21.2% compared with 11.4% in the previous year. Meanwhile, rupiah time deposit which contributed highest share in rupiah deposits, increased at a slower rate of 10.4% compared with 15.2% in the preceding year.

Table 5.3
Mobilization of Funds by Type[1)]

	1991/92	1992/93*	1992/93*
	Changes (%)		Trilion rupiah
Demand deposits	19.4	18.9	25.5
Rupiah	26.0	20.4	20.5
Foreign exchange	-0.8	12.9	5.0
Time deposits [2)]	14.0	13.8	64.6
Rupiah	15.2	10.4	42.9
Foreign exchange	11.4	21.2	21.7
Savings deposits [3)]	79.7	60.3	28.0
Total	**23.5**	**23.4**	**118.1**
Rupiah	28.8	24.6	91.4
Foreign exchange	8.8	19.6	26.7

1) Including funds of the Central Government and non-residents.
2) Including certificates of deposit.
3) As stipulated, savings deposit is only in rupiah.

By ownership, rupiah time deposits owned by individuals constituted the largest share at 45.9%, followed by those owned by private companies and social funds and institutions at 18.4% and l 1.7%, respectively. In the reporting year, growth in time deposits owned by individuals slowed from 7.0% to 1.5%. In contrast, deposits of private companies and social funds and institutions rose 31.7% and 25.0%, respectively, compared with a decrease of 11.4% and an increase of 10.1% in the preceding year. Slower growth in time deposits held by individuals was partly associated with a transfer of funds from time deposits to savings deposits. This is reflected in the increase in the share of savings deposits in total deposits from 18.3% to 23.7% while the share of rupiah time deposits declined from 40.6% to 36.3%. The transfer was

Table 5.4
Rupiah Time Deposits by Ownership

	1991/92	1992/93*	1992/93*	
	Changes (%)		Trillion rupiah	Share (%)
Residents	14.7	10.4	42.5	99.1
Goverment	123.0	45.5	1.6	3.7
Insurance companies	-12.1	33.3	1.6	3.7
State-owned companies	157.3	-13.3	3.9	9.1
Private companies	-11.4	31.7	7.9	18.4
Social institutions and agencies	10.1	25.0	5.0	11.7
Individuals	7.0	3.7	19.7	45.9
Others 1)	49.8	0	2.8	6.6
Non-residents	111.1	0	0.4	0.9
Total	15.2	10.3	42.9	100.0

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

induced most importantly by the more attractive characteristics of savings deposits compared to time deposits, concerning both facility of withdrawal and the difference in interest rates. Meanwhile, the increased growth of time deposit owned by private companies was attributable, among other things, to a continuously slow growth of bank credits, while that of time deposits owned by social funds and institutions was associated with stronger inducement in the establishment of pension funds.

Furthermore, **savings deposits** continued to rise sharply, at 60.3%, although this was slower than 79.7% expansion in the previous year. As mentioned above, the sustained growth in savings deposits was closely related to the attractive features of savings deposits offered by banks, such as the possibility of daily withdrawal in addition to an attractive interest rate. As a result, the share of savings deposit in the total funds mobilized by banks rose from 18.3% to 23.7%.

Uses of Funds

Bank credits, the largest component in uses of bank funds, grew slowly in the reporting year. This was associated with the continuously high bank lending rates as a result of efforts to cool down the economy adopted since mid-1990 as well as of banks to comply with prudential requirements. Although bank liquidity was moderately loosened in the reporting year, banks continued

Table 5.5
Developments in Bank Credits

	1991/92	1992/93*	1992/93*	
	Changes (%)		Trillion rupiah	Share (%)
By type of credit	**16.1**	**8.0**	**125.9**	**100.0**
Investment	26.6	34.4	37.9	30.1
Working capital	15.1	-1.1	79.7	63.3
Consumer	-4.5	6.5	8.3	6.6
By group of banks	**16.1**	**8.0**	**125.9**	**100.0**
State	12.9	11.9	69.1	54.9
Private national commercial	18.7	2.3	43.3	34.4
Regional development	4.6	14.6	3.0	2.4
Foreign	32.5	7.5	9.7	7.7
Bank Indonesia 1)	13.3	-7.9	0.8	0.6
By economic sector	**16.1**	**8.0**	**125.9**	**100.0**
Agriculture	16.6	14.5	10.2	8.1
Mining	13.2	-0.3	0.7	0.5
Manufacturing	13.1	22.9	43.5	34.6
Trade	7.8	3.4	33.0	26.2
Services	26.5	19.3	26.9	21.4
Others	27.2	-32.3	11.6	9.2
In rupiah and foreign currency	**16.1**	**8.0**	**125.9**	**100.0**
Rupiah	10.4	5.4	102.5	81.4
Foreign currency	56.8	21.1	23.4	18.6

1) Bank Indonesia's direct credit.

to-restrain their lending because they wanted to avoid additional risk and thus preferred to boost their liquid assets by temporarily investing their funds in short-term investments, such as Bank Indonesia certificates *(Sertifikat Bank Indonesia* or SBIs).

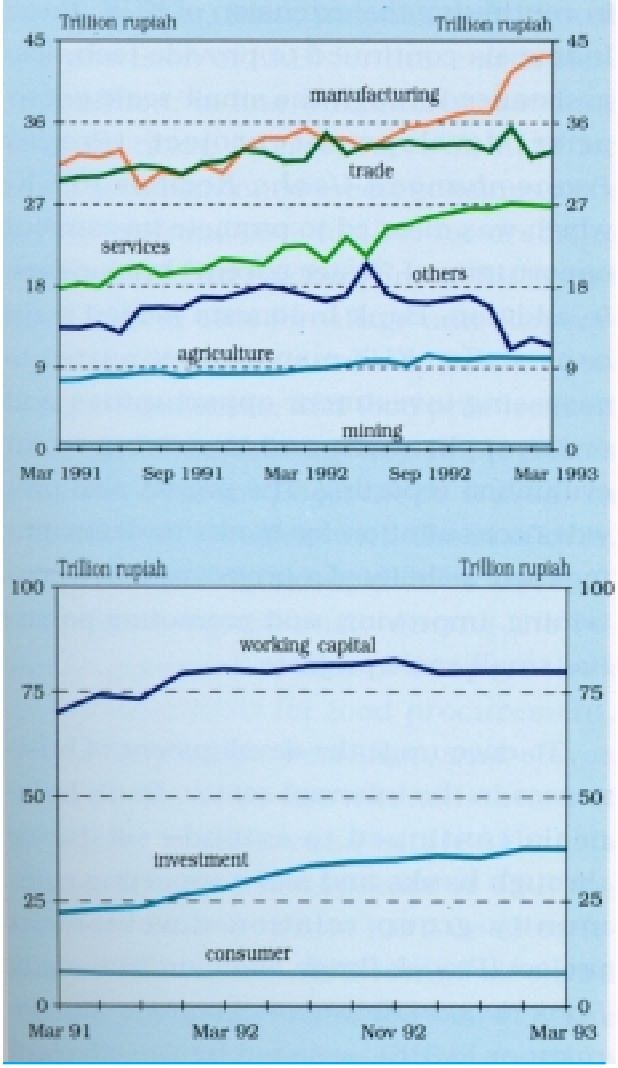
Growth in bank credits denominating in rupiah and foreign currencies slowed to 8.0% in 1992/93 compared with 16.1% in the previous year. Rupiah credits continued to constitute the largest share at 81.4% in 1992/93 but grew only 5.4% compared with 10.4% in the previous year. Foreign currency credits also increased at a slower rate, namely 21.1% compared with a growth of 56,8% in the previous year.

By type of credits, working capital credits continued to account for the highest share of total bank credits at 63.3%, followed by investment credits at 30.1% and consumer credits at 6.6%. In the reporting year, investment credits continued to increase, from 26.6% in 1992/93 to 34.4%, while consumer credits rebounded from a contraction of 4.5% to an increase of 6.5%, The rise in consumer credits resulted, among other things, from increased demand for credits mainly for electronic products and house purchases. In contrast to investment and consumer credits, working capital credits decreased 1.1 %, after increasing by 15.1 % in the preceding year.

Of total bank credits, those extended by state

Chart 5.1

Bank Credits



banks continued to account for the highest share at 54.9%. During the course of the year, however, growth in those credits slowed to 11.9%, compared with 12.9% in the preceding year. Credits extended by private national commercial banks *(Bank umum swasta nasional* or BUSNs) in the reporting year also slowed, from 18.7% to 2.3%. As a result, the share of credits extended by BUSNs decreased slightly from 36.3% to 34.4%.

By sector, credits extended to the industrial sector accelerated by 22.9% compared with 13.1% in the previous year. This growth was associated with an increase in industrial activity, mainly in the transportation and basic metal industries. Credits to the trade sector slowed to 3.4% compared with 7.8% in the preceding year. This was, in part, related to slower growth in the extension of credits to the retail trade, distribution, and collection of domestic goods activities.

With the policy package of January 29, 1990, the extension of export credits has no longer been financed through Bank Indonesia refinancing credit facility *(kredit likuiditas Bank Indonesia* or KLBI). In the reporting year, export credits continued to increase but at a slower rate of growth (by 8.5%) compared with in the previous year (63.3%). The persistent rise in export credits was also attributable to an increase in export activities coupled with Bank Indonesia stipulation which obliged banks to use at a minimum of 80% of their total foreign exchange credits to finance export activities.

Table 5.6
Developments in Bank Credits and Funds

	End of period	
	1991/92	**1992/93***
	Trillion rupiah	
Credits 1)		
State banks	61.8	69.1
Private national comm. banks	42.3	43.3
Regional development banks	2.6	3.0
Foreign banks	9.1	9.7
Total	**115.7**	**125.1**
Funds		
State banks	42.4	55.0
Private national comm. banks	43.2	51.8
Regional development banks	2.9	3.6
Foreign banks	7.2	7.7
Total	**95.7**	**118.1**
Surplus (+)/gap (-) funds-credits	-20.0	-7.0
Ratio of credits/funds (%)	**120.9**	**105.9**

1) Excluding Bank Indonesia's direct credit.

In 1992/93 (up to December 1992), credits extended to small-scale enterprises *(Kredit Usaha Kecil* or KUK) increased by Rp80 billion to Rp22.6 trillion. With this increase, the banking sector's ratio of KUK to total lending reached 20.0%. In the meantime, efforts continued to be made to enhance the extension of credits to small-scale enterprises.

Those efforts in boosting the extension of KUK were carried out through cooperation among commercial banks themselves and between commercial banks and BPRs. This cooperation was executed in the forms of KUK extension from commercial banks to BPRs, mutual financing, factoring, and channeling. During the reporting year, 25 commercial banks cooperated with BPRs in the extension of KUK to small-scale enterprises amounting to around Rp1.5 trillion. To support banks in continuing the extension of KUK, Bank Indonesia continued to provide technical assistance through the small-scale enterprise development project *(Proyek Pengembangan*

Usaha Kecil or PPUK) which was directed to promote investment opportunity of "foster parent" businesses. In addition, Bank Indonesia helped train bank staff in KUK management related to assessing investment opportunities and credit applications and improving credit evaluation reporting. The project also provides consultation for banks in determining the feasibility of a project and in maintaining, improving, and promoting potential small-scale projects.

To encourage the development of businesses in the informal sector, Bank Indonesia continued to extend assistance through banks and self-supporting community group relation development project *(Proyek Pengembangan Hubungan Bank dengan Kelompok Swadaya Masyarakat* or PHBK), assisted by *Gesellschaft fur Technische Zusammenarbeit* (GTZ) / the Government of Germany. Through this project, those small-scale entrepreneurs were expected to obtain better access to bank finance. This project has been carried out in 9 provinces, namely North Sumatera, Lampung, Bali, South Sulawesi, and all provinces in Java.

In efforts to promote the business of small-scale cooperatives and their members and to boost farmers' incomes and food supplies, Bank Indonesia continued the provision of KLBI for those activities. In addition, in line with efforts to reduce interest rates, interest rates on KLBI for the above mentioned credit schemes were reduced, from 16% to 14% for credit to farmers *(Kredit Usaha Tani* or KUT) and from 18% to 16% for village unit cooperatives *(koperasi unit desa* or KUDs), primary cooperatives, and food procurement through the state agency for logistics *(Badan Urusan Logistik* or Bulog) in March 1993. In line with these efforts, credits extended to cooperatives and KUT increased significantly during the reporting year. Credits to cooperatives comprising KUD for food procurement, secondary crops, fertilizer, and cloves rose 17.9%, and the intensification of small-scale sugarcane estate schemes *(Tebu Rakyat Intensifikasi* or TRI) increased 12,8%, while KUT

Table 5.7
Finance Company Activities

	Changes (million rupiah)		**End of 1991 (million rupiah)**
	1990	1991	
Number of companies [1]	**21**	**14**	**136**
Business activities			
Leasing (contracting value)	1,861,169	-801,606	3,944,742
Factoring (financing value)	55,333	251,203	306,536
Consumer financing (contracting value)	1,385,751	185,333	1,571,084
Venture capital (equity)	--	4,414	4,414
Credit card (financing value)	--	3,660	3,660
Financial position			
Total assets	3,136,095	2,144,823	8,371,324
Total equity	332,399	375,642	1,141,119
Net investment	2,041,487	449,901	5,245,532
Outstanding borrowings [2]			
Domestic	381,880	2,823,916	4,112,842
Foreign	10,202,164	-4,941,198	6,535,484

1) Unit.
2) Short-term borrowings since 1980.
Source : Note on government budget, 1993/94.

used to finance the intensification of rice and secondary crops fields grew 6.4%. The number of banks channeling credit to cooperatives under the primary cooperatives credit for members scheme was still limited. At the end of the reporting year, only 22 banks participated including 4 state banks, 7 rural development banks *(bank pembangunan daerah* or BPDs), and 11 private national banks.

Other Financial Institutions

In addition to banks, other financial institutions played a greater role in financing investment. As mentioned above, in realizing the implementation of Act no. 7 of 1992, 12 out of 13 existing NBFIs adjusted their business to become commercial banks in the reporting year. In the meantime, one NBFI adjusted its business to become a venture capital company. With those adjustments, at present other financial institutions can be classified into finance companies, insurance companies, pension funds, and pawnshops.

Finance Companies

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

In the reporting year (up to September 1992), the number of finance companies rose by 4 reaching 146 companies, each of which could carry out more than one type of business activities. By ownership, 101 were private national companies, 44 were joint-venture companies, and one was a state company. By type of business, 58 companies were engaged in leasing, 3 in consumer financing, 2 in factoring, 6 in venture capital, 2 in credit card business, and 75 in securities trading.

In 1991, the total assets of finance companies reached Rp8.4 trillion, an increase of Rp2.1 trillion (34.4%) . In the meantime, the net investments of those companies reached Rp5.2 trillion, an increase of Rp0.4 trillion (9.4%). This increase in net investments was in line with an increase in total equity in 1991 reaching Rp1.1 trillion, a rise of Rp0.4 trillion, or 49.1%, in total equity in 1990.

Insurance Companies

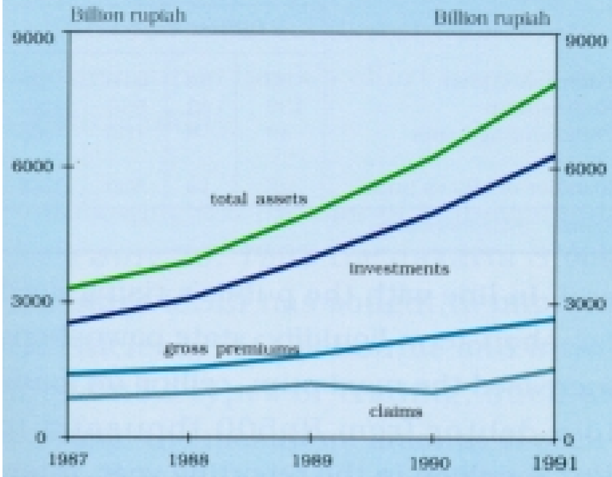
To establish a legal basis for its existence and promote the development and supervision on the insurance industry, the Government in February 11, 1992 put Act no. 2 of 1992 on Insurance Business into effect. The operating regulation was formulated in Government Regulation no. 73 of October 30, 1992 on the Regulation of Share Purchases by Insurance Companies. Basically, this act adopts a specialization principle regarding the type of insurance business that a company can be involved in while also liberalizing and protecting the rights of insurance customers. The insurance

Table 5.8
Insurance and Reinsurance Activities

	Changes (%) 1990	Changes (%) 1991	End of 1991
	Billion rupiah		
Total assets			
Life insurance	227.3	424.6	1,637.5
Social insurance	467.4	748.3	3,639.8
Indemnity insurance	557.0	465.7	2,603.3
Total	1,251.7	1,638.6	7,880.6
Gross premiums			
Life insurance	108.7	106.7	562.1
Social insurance	66.2	130.7	588.8
Indemnity insurance	247.4	163.5	1,504.7
Total	422.3	400.9	2,655.6
Claims			
Life insurance	-254.8	245.3	523.0
Social insurance	39.1	714.0	285.8
Indemnity insurance	40.5	196.9	1,529.8
Total	-175.2	1,156.2	2,338.6
Investments			
Life insurance	184.1	383.4	1,297.5
Social insurance	432.8	593.3	3,274.1
Indemnity insurance	391.1	303.0	1,705.0
Total	1,008.0	1,279.7	6,276.6

companies are grouped into insurance and insurance-related companies. Insurance companies consist of indemnity insurance, life insurance, and re-insurance companies, while insurance-related companies include insurance brokers, indemnity, insurance examiners, actuary consultants, and insurance agents. To comply with legal requirements, an insurance company can be a limited company, a cooperative, or a mutual company. However, actuary consulting and insurance agent can be carried out by an individual company. To promote choices in insurance coverage, each customer is free to choose his/her guarantying company.

Chart 5.2
Insurance and Reinsurance Activities



Through the end of 1992/93, insurance industry grew rapidly as reflected in its high level of mobilized assets, gross premiums, and investment funds. Up to the end of 1992, the number of insurance companies totalled 145 companies, consisting of 46 life insurance, 90 indemnity insurance, 4 re-insurance, and 5 social insurance companies or, in total, increased by 8 companies from the end of 1991. The total assets of insurance companies in 1991 increased 26.3% to Rp7.9 trillion. Meanwhile, gross premiums received by those companies rose 17.8% to Rp2.7 trillion, while invested funds rose 25.6% to Rp6.3 trillion.

Pension Funds

The existence of pension funds has been long demanded by the public because it guarantees the continuity of participants' income and welfare after their retirement. In addition, pension funds also promote participants' motivation and composure in the work place which, in turn, will increase productivity. The establishment of pension funds also contributes to the accumulation of long-term funds.

On April 20,1992 the Government enacted Act no.11 on Pension Funds. This act makes possible the establishment of two corporate bodies to manage and implement pension funds, namely the employer pension fund and the financial company pension fund. An employer pension fund is a fund established by a person or a corporation employing employees, which sets up a guaranteed pension benefit program for all or part of its employees. Meanwhile, a financial company pension fund is established by a bank or a life insurance company to provide guaranteed premiums pension program, both for employees or self-employed individuals, apart from the employer pension fund.

Up to September 1992, state and private company pension funds licensed by the Minister of Finance reached 194 institutions. To develop the pension payment system for retired government employees in Indonesia PT Taspen has been chosen. Up to the end of November 1992, outstanding pension funds mobilized through PT Taspen reached Rp4.8 trillion.

Pawnshops

In addition to the provision of small loans to those in financial difficulty, the purpose of state pawnshops is also to discourage the practice of unfair futures trading, black pawnshops, excessive interest charges, and improper lending. To promote their services, state pawnshops have provided loans for the community commensurate with the debtor's collateral. In line with the public's rising need for short-term liquidity, state pawnshops increased the maximum ceiling on loans to a debtor from Rp500 thousand to Rp1.5 million in the reporting year. Interest rates on a loan amounting from Rp2,500.00 up to Rp40,000.00 was fixed at 3% per month with a maturity of 6 months, while that in excess of Rp40,000.00 up to Rp1.5 million was fixed at 4% per month with a maturity of 3 months. In 1992, 14 pawnshop offices were opened bringing the total to 544 offices. Their business also expanded as reflected in an increase of Rp84 billion (13.6%) in total loans extended and Rp142 billion (25.8%) in repaid loans. Accordingly, outstanding loans rose by Rp8 billion (5.1%) reaching Rp166 billion.

Table 5.9
Pawnshop Activities

	Changes (%)		End of	
	1991	1992	1991	1992
	Billion rupiah			
Loans extended	83	84	616	700
Redemption	132	142	550	692
Outstanding loans	49	8	158	166
Number of offices (unit)	25	14	530	544

Source : State Pawnshop.

Capital Market

In 1992/93, the capital market performed well as reflected in the increased number of companies going public, the rise in the composite stock price index *(Indeks Harga Saham Gabungan* or IHSG), and the greater number and value of traded stocks. The increase in stock transactions was mainly associated with the lower bank interest rates following the central bank's effort to relax domestic liquidity.

Following the transfer of management, since July 20, 1992 the Jakarta Stock Exchange (JSE) has sought to improve the efficiency of the bourse and introduced new types of trading, such as crossing, the maximum amount of securities allowed to be purchased by a foreign investor, and right issue. With a view to enhancing the efficiency of the bourse and improving the image of the bourse among foreign investors, the JSE and the Surabaya Stock Exchange (SSE) have established an agency for stock clearing and deposit, known as *PT Kliring Deposit Efek Indonesia* (KDEI), which settles inter-bourse transactions. To further stimulate securities trading, since September 1, 1992 the JSE has also introduced spot transactions in stocks in the bourse.

In the reporting year, a ruling was issued concerning conflict of interest on certain share transactions. This governs the conduct of transactions among affiliated parties of a listed company so as ensures fair trading practices.[3], Any transaction containing conflict of interest among members of the boards of commissioners and directors or shareholders shall win approval

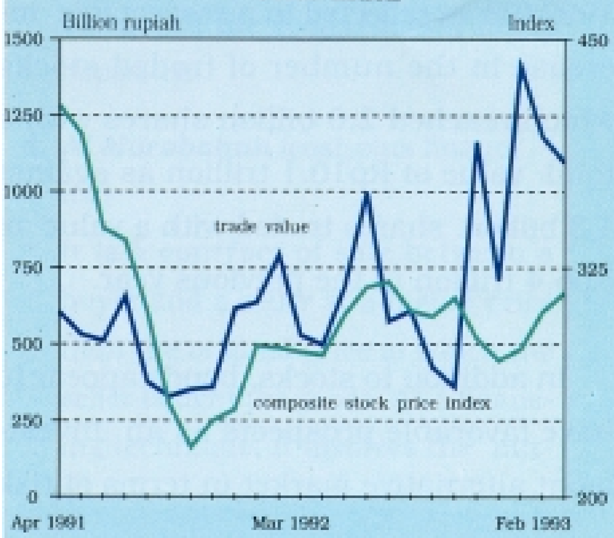
Table 5.10
Capital Market Developments

	1991/92	1992/93			
		I	II	III	IV
Shares					
Number of companies	145	151	153	162	164
Value (billion rupiah)[1]	9,217.5	9,812.7	9,997.4	11,048.5	11,537.1
Transactions					
(billion rupiah)	6,356.7	2,184.5	1,644.3	2,396.4	3,879.6
(million certificates)	1,321.7	455.6	336.2	494.8	741.3
Composite stock price index [2]	278.7	313.6	298.4	274.3	310.8
Bonds [3]					
Number of companies	25	25	27	29	30
Value (billion rupiah) [1]	2,315.2	2,549.2	3,121.8	3,856.8	3,956.8

1) End of period (accumulation).
2) Jakarta Stock Exchange.
3) Including parallel bourse.

Source : Bapepam.

Chart 5.3
Transaction Value and Composite Stock Price Index



3) Cavital Market Executing Agency Chairman Decree No. KEP-01/PM/1993, January 29, 1993.

of the majority of shareholders uninvolved in this transaction. In case a conflict of interest occurs in the equity participation of one company in another, the company shall comply with the transparency principle and the conflict shall be examined by an independent party.

In the reporting year, the number of public companies increased to 194 with total funds mobilized of Rp15.4 trillion, consisting of 164 companies issuing stocks totalling Rp11.5 trillion and 30 companies issuing bonds totalling Rp3.9 trillion. In the parallel bourse, 4 companies issued stocks, 2 companies issued bonds, and 1 company issued credit securities with values of Rp125.4 billion, Rp25.0 billion, and Rp3.0 billion respectively.

The IHSG in the JSE rebounded over the course of the reporting year. From March 1992, it rose from 278.7 to peak at 317.2 at end of July 1992 before declining to 310.8 at end of March 1993. The stock market was also more bullish in 1992/93 as reflected in a respectable increase in the number of traded stocks which reached 2.0 billion shares with a total value of Rp10.1 trillion as against 1.3 billion shares traded with a value of Rp6.4 trillion in the previous year.

In addition to stocks, bonds appear to have favorable prospects as an investment alternative market in terms of risk and profitability. Bonds bear a relatively lower risk because they are covered with issuer's assets and sunk funds. Due to scarcity of fund in the form of bank loan, bonds have become a more attractive alternative instrument for funding investment activity.

After a year long bearish market, bond trading strengthened in the reporting year as reflected, among other things, in increased number of issuers and value. Up to the end of March 1993, the number of issuers rose to a total of 30 companies with total issuance of 655.1 thousand bonds valued at Rp4.0 trillion, compared with 383.8 thousand and Rp2.3 trillion, respectively, at the end of March 1992.

PROFIT SHARING BANKING

Profit sharing banking has been legally permitted to operate in Indonesia since the enactment of Act no. 7 of 1992 on Banking. This act was supplemented by operating regulations presented in Government Regulation No. 72 of 1992. Services offered by this type of bank are alternatives made available to the public, particularly to moslems who wish to earn return on the basis of sale/purchase principle in accordance with Islamic law rather than to earn interest on their financial investments.

BASIC PRINCIPLES OF PROFIT SHARING BANK OPERATION

a. ***Al Mudharabah*** (trust financing)
It is a form of partnership whereby one party provides the funds while the other provides the expertise and management. Any profits earned are shared between the two parties on a pre-agreed basis, while capital loss is born by the partner providing the capital.

b. ***Al Musyarakah*** (profit sharing)
It is a form of partnership which involves the pooling of funds between two or more parties in order to finance a particular venture, each partner obtaining, in accordance with the terms and conditions of partnership, a percentage of (net) profit earned from the venture. The loss incurred by each partner is proportional to each partner's share in the capital of the venture.

c. ***Al Wadiah*** (goods/money depositing)
It is an agreement between goods/money owner and keeper whereby the keeper undertakes to keep and safeguard the goods/money being deposited.

d. ***Al Murabahah*** (cost-plus financing)
It is a contract of sale between buyer and a seller at a higher price than the original price at which the seller bought the goods. As a financing technique, it involves the purchase by the seller (financier) of certain goods needed by the buyer and their re-sale to the buyer on cost-plus basis. Both the profit (mark-up) and the time of repayment are specified in the initial contract.

e. ***Al Bai Bithaman Ajil*** (installment sale)
It is a mode of financing whereby the bank purchases machinery and equipment then sells them to the beneficiary at a higher price, repayment being made in installments. The

ownership of the asset is transferred to the purchaser on delivery.

f. ***Al Bai Al Dayn*** (sale of a claim at a discount)
It is an agreement on discounting a claim originating from a sale/purchase of goods or services.

g. ***Al Sharf*** (sale/purchase of currency)
It is a sale/purchase of a current with another currency. If the same currency is traded, it must be equal value and delivered at the same time.

h. ***Al Ta'jiri'*** (leasing with purchasing right)
It is a mode of financing which involves purchasing and subsequently transferring the right of use of equipment/machinery to the lessee for a specific period of time. Upon termination of the lease, the lessor sells the assets to the lessee at an agreed price.

i. ***Al Ijarah*** (leasing without purchasing right)
It is an agreement between the lessor and lessee whereby the lessee has the right to use equipment/machinery with rental payments as agreed. After the leasing period, the assets will be returned to the lessor.

j. ***Al Wakalah*** (authority extension)
It is an agreement on the transfer of authority to another party to carry out a specific task on behalf of the first party.

k. ***Al Kafalah*** (guarantee)
It is an agreement on covering a guarantee by one party to another whereby the guarantor assumes responsibility of debt repayment to b received by the beneficiary.

l. ***Al Hiwalah*** (obligation transfer)
It is an agreement on the transfer of an obligation from one party to another.

m. ***Al Qard Ul Hasan*** (benevolent loan)
It is an agreement between a bo rower and a lender whereby the borrower is obliged to repay his debt of equal amount. In case the borrower is unable to meet his obligation on maturity, a sanction cannot be imposed on him. The borrower can give a remuneration to the lender with an amount at the borrower's discretion.

In principle, a profit sharing bank's operations, whether in the mobilization and investment of funds or other banking services, are similar to those of conventional banks. In the mobilization of funds, the profit sharing bank accepts savings from the public in the form of demand deposits, time deposits, savings deposits, and/or instrument similar to those. In addition, the bank also accepts loans from financial institutions operating under Islamic law.

Fund mobilized in the form of demand deposit adopts *Al Wadiah* principle, whereby the bank can use the fund to finance its operation with or without depositor's permission. All profits earned from the use of this fund belongs to the bank. The bank can give a part of the profit to the depositor, the amount of which is left to the bank.

Fund mobilized in the form of savings deposit can be based on *Al Wadiah* or *Al Mudharabah* principle. If based on the former principle, the deposit can be withdrawn anytime, whereas if based on the latter, the deposit cannot be withdrawn anytime. According to the latter principle, a repayment at a previously agreed profit sharing amount is given to the depositor and in case of a loss the depositor will bear the loss.

In general, funds mobilized in the form of time deposits is based on *Al Mudharabah* principle. Profit and risk sharing between the bank and the depositor is arranged in accordance with those of savings deposit.

In addition to funds from the public, the bank can accept funds from other parties based on *Al Wadiah, Al Mudharabah,* or *Al Qard Ul Hasan* principle. Mobilized fund based on the last principle can be in the form of *zakat, infaq,* and *sadaqoh (ZIS),* whereby the bank can act in the management or channeling of the funds.

The bank's placements are granted by providing funds for financing various business ventures as follows.

a. **Financing on *Al Mudharabah* principle**
The bank provides 100% financing for a certain business of its customer. The customer manages the business without the bank's interference but the bank has the right to make suggestion and to implement supervision. Profits are to be divided on agreement between the bank and the customer while a loss is to be born by the bank except if it is due to the customer's failure.

b. **Financing on *Al Musyarakah* principle**
The bank provides part of the financing of a certain business and the rest is provided by a business partner. In this case, the bank can participate in the management of the business. The bank makes an agreement with the business partner on the sharing of profit where the ratio of sharing does not have to be proportional to each respective financing share but based on another agreement. In case of any loss, both of them will bear it in accordance with their respective financing share.

c. **Financing on *Al Murabahah* principle**
The bank finances the purchase of goods needed by its customer on a credit basis. Operationally, the bank purchases or gives

the customer authority to purchase the needed goods. At the same time, the bank sells the goods to the customer at a cost-plus price to be paid by the customer within a certain agreed upon period.

d. Financing on *Al Bai Bithaman Ajil* principle

The bank finances the purchase of goods on installment payments. Operationally, the bank purchases or gives the customer authority to buy the needed goods. At the same time, the bank sells the goods to the customer at a cost-plus price to be repaid in installments within a certain agreed upon period.

e. Financing on *Al Ijarah* and *Al Bai Al Ta'jiri* principles

Financing based on these two principles is usually applied in the leasing business, both in operating lease and finance lease. According to Indonesian laws, this cannot be directly executed by a bank but by its subsidiary.

f. Financing on *Al Bai Al Dayn* principle

On discount, the bank purchases credits or claims originating from the sale/purchase transaction of goods and/or services. Operationally, this principle is executed, among other things, to purchase drafts and factoring.

g. Fund provision on *Al Qard Ul Hasan* principle

The bank provides funding facility for the customer with no expectation for repayment from the customer. This facility is usually provided for a customer really needing and having the right to accept it in the implementation of social duty.

In addition to the above mentioned mobilization and investment of funds, the bank can extend other banking services, which are also based on Islamic laws as follows.

a. Guarantee on *Al Kafalah* principle

The bank can extend guarantee at the request of its customer to guarantee the implementation of a project or to fulfill a certain obligation of the customer. The bank can request the guaranteed customer to deposit funds as the guarantee deposit based on *Al Wadiah* principle. The bank obtains fee as the repayment for this service.

b. Transfer on *Al Niwalah* principle

The bank can carry out the transfer of money on *Al Hiwalah* principle and obtains fee as the repayment for this service.

c. Goods and money market securities deposit

The extension of goods and money market

securities deposit service is implemented on *Al Wadiah* and *Al Wakalah* principles. By the former principle, the bank accepts money, goods, or money market securities deposit to be stored in safe deposit box and the bank obtains a fee for this service. In the latter case, the bank accepts money or money market securities for deposit and obtains authority from the depositor to manage the money or money market securities. The bank obtains fee for this service.

d. **Foreign currency sale/purchase on *Al Sharf* principle**

As a foreign exchange bank the bank is permitted to carry out foreign currency sales/ purchases on the condition that the sold/ bought foreign currencies differ and be offered at the same time. The bank obtains profit from the spread between the two exchange rates.

e. **L/C opening**

Extension of L/C opening services can be implemented for domestic and foreign trade. The opening of L/C in foreign currency can only be executed by foreign exchange bank. The opening of L/C can be done on Al *Wakalah, Al Musyarakah,* and *Al Murabahah* principles. By the first principle, the bank requests its customer to deposit 100% amount of the opened L/C. This fund is deposited by the bank on *Al Wadiah* principle and the bank charges fee or commission. With respect to the second principle, the bank and its customer agree to open L/C for purchasing goods. The bank requests that the customer deposit funds equal to a part of the price of the purchased goods on *Al Wadiah* principle. Further, the bank pays its correspondent using the fund and its own fund constituting its financing share. If the goods are sold, the bank and the customer obtain profit at a ratio as agreed. In addition, the bank can also charge a fee or commission for the L/C opening service. In the last principle, the bank provides facility for the customer to open L/C and to purchase the needed goods. In this purchase the customer is not obliged to provide fund but the bank pays all of it in advance. The customer promises to buy the goods at a cost-plus price as agreed. In addition, the bank can also charge fee or commission for the provision of L/C opening facility.

To keep those products offered by the bank in accordance with Islamic laws, there is an institution in the bank, namely the legal control council *(Dewan Pengawas Syari'at),* engaged in the research of products to be marketed. This council is established by the bank under consultation with the Indonesian Ulema Assembly *(Majelis Ulama Indonesia* or MUI) and will consult with the assembly in its operation.

Several profit sharing banks have been operating in Indonesia including of one commercial bank and several rural credit banks. Their products in fund mobilization, among other things, are *Wadiah* demand deposits, *Mudharabah* investment savings deposit, haj savings, *Qurban* savings deposits, *Mudharabah* time deposits, and other savings, such as ZIS. The placement of their fund, among other things, cover *Mudharabah* credit, *Murabahah* credit, *Bai Bithaman Ajil* credit, and *Musyarakah* credit while other services consist of L/C issuance, transfer payment, check payment, bank guarantee extension, and ZIS channeling.

PRODUCTION AND PRICES

Real GDP growth in Indonesia slowed to 6.1% in 1992 compared with 6.6% in the previous year, yet still higher than the average annual target of 5% for the Fifth Five-year Development Plan (Repelita V). The growth was largely supported by strong gains in the non-oil/gas sector which accelerated from 6.3% in 1991 to 7.7% in 1992 while output of the oil/gas sector contracted 0.8%. These strong gains in non-oil/gas sector were, in large part, attributed to the high growth rate in export-oriented manufactures. Driven by export-oriented activities, the manufacturing sector accounted for the largest share of GDP in the past two years (19.9% in 1991 and 20.6% in 1992). During the last five years, the non-oil/gas sector recorded an impressive rate of growth, averaging at 7.4% per year and peaking at 8.2% in 1989. This success was accomplished despite the Government's efforts to cool down the economy since 1990. The balance of payments improved and domestic inflation was contained without adversely affecting economic growth. During calendar year 1992, the inflation rate dropped to 4.94%, much lower than in the two previous years when it reached almost 10%. The upward adjustment in the prices of several commodities in January 1993, coupled with floods in some regions in February 1993 and seasonal effect of the new year and Idul Fitri, combined to fuel domestic inflation in the first quarter of 1993. As a result, the cumulative rate of inflation rose to 10.03% in fiscal year 1992/93.

On the demand front, as in previous years, high economic growth in 1992 was mainly attributable to higher net external demand driven by significant growth rate in non-oil/gas exports. In contrast, growth in domestic demand slowed down due to the low growth of consumption, in spite of strengthening investment.

In line with the upward trend in world economic growth, especially in the industrial countries and in East Asia during 1992, foreign demand for Indonesian products remained buoyant. Increases in foreign demand were also supported by the increased competitiveness of Indonesian products due to a depreciation in the real rupiah exchange rate. During the reporting year, the value of non-oil/gas exports increased 27.8%. Of the total, 75.4% consisted of manufactured commodities. In the last few years, non-oil/gas exports increased significantly due to robust investment, as reflected by the growing number of new industrial plants including relocated from Japan and the NIEs, the expansion of production capacity through foreign direct investment (PMA) and domestic investment (PMDN) schemes, and by the improved competitiveness of Indonesian products as well. This in turn has led to a better balanced export composition. Previously, Indonesia depended heavily on exports of oil/gas .

Efforts to cool down the economy slowed the growth of domestic demand from 5.5% in 1991 to 5.1% in 1992. Growth of consumption slowed down from 7.5% to 4.3%. The slowdown occurred in the private consumer spending as well as government consumption as they slowed from 7.5% and 7.2% in 1991 to 4.4% and 4.0% in 1992, respectively. In contrast to the weak growth of 1.2% in 1991, investment growth rebounded in 1992 and expanded 6.8%. Private sector investment grew 8.1%, a sharp improvement after a 1.3% drop in 1991. In line with conservative fiscal policy, however, the public sector investment grew only 2.5% in 1992.

Production

GDP growth in 1992 was mainly supported by strength in the manufacturing sector and trade, hotel, and restaurant sector. The agricultural sector also grew favorably. It is worth noting that the manufacturing sector recorded the highest average annual growth at 12% during the last decade. As a result, the economic structure gradually shifted from agricultural to manufacturing as this sector became the largest in the last two years.

The manufacturing sector grew by 9.9% and increased its share of GDP from 19.9% in 1991 to 20.6% in 1992. Of this amount, 16.2% is accounted for by the non-oil/gas manufacturing sub-sector. The increasing share of non-oil/gas manufacturing sub-sector was sustained by export growth in cement, electronic products, textiles, and footwear due to the improved competitiveness and higher foreign demand.

Growth in the trade, hotel, and restaurant sector accelerated from 5.3% in 1991 to 7.1% in 1992, accounting for 16.1% of GDP in 1992. This growth was driven by the fast growing manufacturing sector and the encouraging expansion in tourism as a result of the Visit ASEAN Year 1992.

After recording little growth in the previous year, the agricultural sector output rose 3.6% in 1992 and accounted for 18.0% of GDP. The increase was related to a more favorable climate, better planning, and better post-harvest arrangements, leading to a higher level of production for many agricultural products, especially rice.

Other sectors recording high growth included construction and transportation and communica-

Chart 6.1

The Shares of the Agricultural and Manufacturing Sectors in GDP

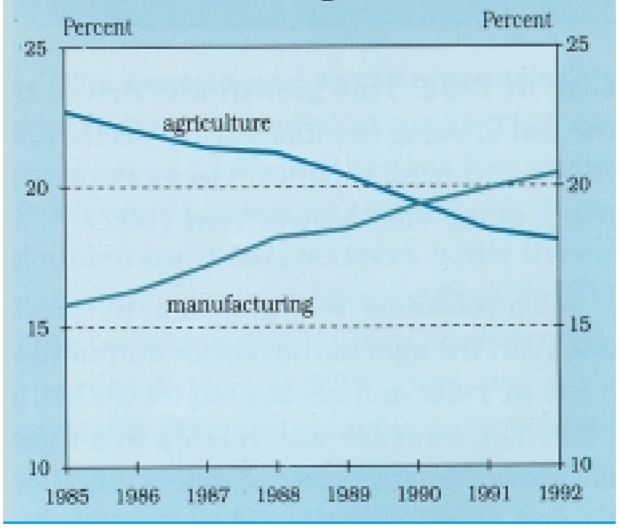


Chart 6.2
Sectoral Share in GDP

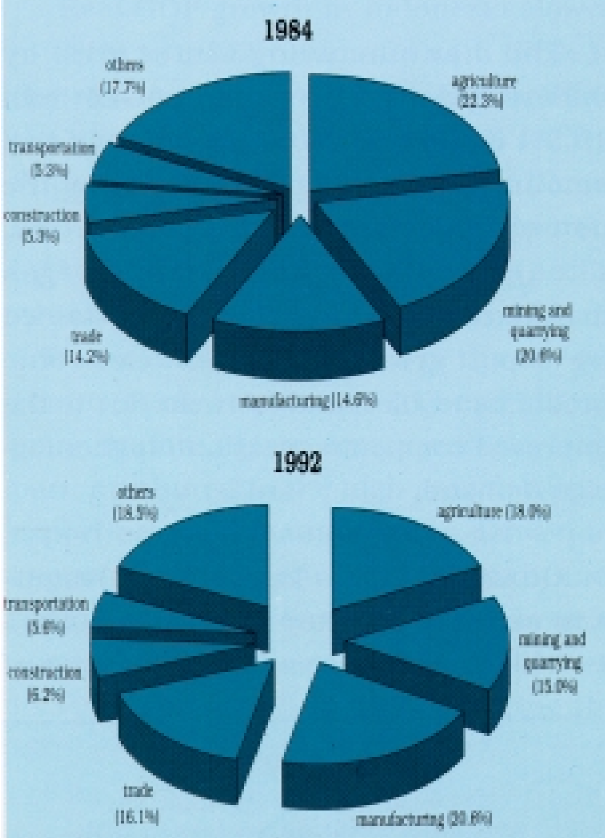
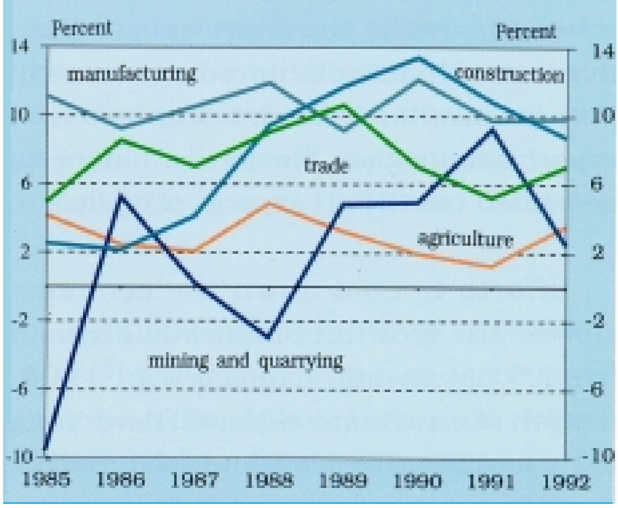


Chart 6.3
Growth of Major Sectors at 1983 Market Prices

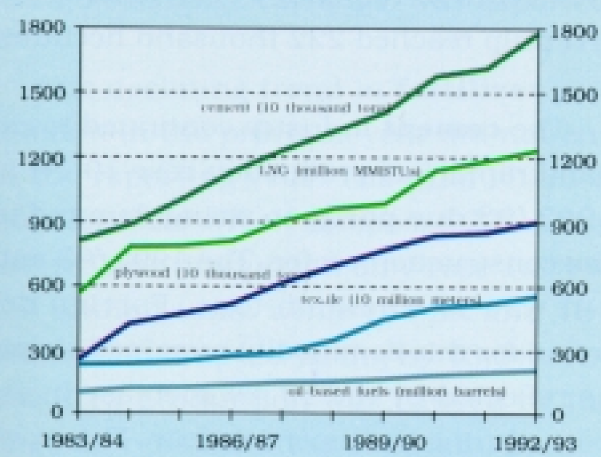


tion which together accounted for 11.8% of GDP in 1992. The growth in the construction sector was driven by the rising demand for housing, while the growth in the transportation and communication sector supported increased production in the manufacturing sector.

Manufacturing

The manufacturing sector grew 9.9% in 1992, almost at the same pace as a year earlier (9.8%). This growth was sustained by the high growth rate in non-oil/ gas sector that reached 10.9% compared to 6.3% of the oil/gas sector. During the last five years, the manufacturing sector grew remarkably, recording an average annual growth of more than 10%, well beyond the average GDP growth rate. In this sector, the production of paper, cement, and textiles contributed significantly to this impressive growth.

Chart 6.4
Production of Selected Manufacturing Commodities



An increase in **oil-based fuels** and liquefied natural gas (LNG) production was recorded in the oil/gas manufacturing sector. In 1992, the production of oil-based fuels rose 5.1% to 210.7 million barrels, slightly lower than the 5.9% rise registered in 1991. The increase was related to growing domestic demand, which rose 8.1% to 244.8 million barrels. To reduce the oil-based fuel subsidy and contain domestic consumption, the Government raised domestic oil-based fuel prices ranging from 5.0% to 27.3% on 8 January 1993.[1)]

In 1992, **LNG** production rose 4.5% to 1,237 million MMBTU as a result of the increased foreign demand especially from Japan, South Korea, and Taiwan. This growth, however, was lower than the 1991 figure. Of the total production, 51% originated from the Arun plant and the rest from the Badak plant. As was the case in the previous year, **LPG** production remained 2.7 million tons, which for the most part was exported. Of that amount, 57% was produced by the Arun plant. It is worth noting that although the production remained at the same level, LPG exports rose 5.7% in the reporting year compared to 2.4% in the previous year.

The **textile** and **textile product** industry has expanded at an average annual rate of 13% in the last five years. The level of production in 1992/93 almost doubled the 1987/88 level, while the export volume increased more than fivefold. This favorable development was brought about by 9.1% and 8.1% increases in the garment wear and weaving yarn production respectively. The increase in garment production was related to higher exports during the last few years. In the reporting year, textile exports rose 32.8%.

The production of **shoes** that has expanded markedly since 1989/90 continued to grow rapidly in 1992/93 by 95% to 423 million pairs. The increase in sport shoes production reached 104%, while the rise in leather shoes was 42%. This

Table 6.1
Selected Manufacturing Production

	1992/93*	Changes (%)	
		1991/92	1992/93*
Oil-based fuels			
(million barrels)[1)]	210.7	5.9	5.1
LNG (million MMBTUs) [2)]	1,237.0	3.9	4.5
LPG (thousand tons) [2)]	2,742.0	-2.0	--
Textile			
Fabric (million meters)	5,564.0	6.2	4.2
Weaving yarn (thousand bales)	4,474.0	15.9	8.1
Staple fiber (thousand tons)	210.0	22.1	-2.9
Clothes (million dozens)	72.0	12.6	9.1
Shoes (million pairs)	423.1	29.8	95.0
Sport shoes	378.1	29.8	104.2
Leather shoes	45.0	29.8	41.5
Pulp (thousand tons)	450.0	18.0	1.3
Paper (thousand tons)	1,922.5	17.5	16.9
Cement (thousand tons)	17,791.7	2.3	10.1
Wood products (million m3)			
Plywood	9,000.0	1.6	5.9
Sawn timber	10,000.0	-5.4	-4.8
Fertilizer (thousand tons)	6,405.5	-6.3	-2.5
Urea	4,945.5	-4.9	1.3
ZA and TSP	1,460.0	-10.3	-13.5
Four-wheeled motor			
vehicles (thousand units)	195.5	-4.0	-25.0

1) In calendar year; estimated output based on data up to October 1992.
2) In calendar year.

Sources : - Supplement to the President's Report to Parliament, March 1, 1993.
- Department of Mining and Energy.

1) Presidential Decree No 1 of 1993, January 7, 1993.

impressive growth was largely attributable to the relocation of the footwear industry from the NIEs. The industrial relocation not only contributed to the sharp rise in the production of sport shoes, which rose 250% in 1989/90, but also paved the way for the marketing of Indonesian shoes in the world market.

In the reporting year, **paper** production rose 16.9% to 1.9 million tons, only slightly lower than in the previous year (17.5%). The increase in production was made possible by the greater capacity of utilization of the new and expanded plants. To boost activity in the domestic paper industry, the Government imposed surcharge on import duty on newsprint from 5% to 20% in October 1992.[2)] After experiencing a sharp increase in the previous year, the production of pulp only rose 1.3% to 450 thousand tons in 1992/ 93. Meanwhile, to ensure an adequate supply of raw materials for pulp production while preserving forest for wood production, the Industrial Timber Estate (Hutan Tanaman Industri or HTI) has been continuously expanded. During the first four years of Repelita V, the area of the HTI pulp reached 222 thousand hectares.

The **cement** industry continued to expand rapidly as production rose 10.1% in 1992/93 due partly to rising demand in the construction sector. The 1992/93 output was 17.8 million tons. Foreign demand for this commodity remained strong as reflected by the 19.4% increase in exports during the reporting year. The growing supply of cement was supported by an expansion in production capacity. The upward adjustment of prices of oil and electricity has led to an increase in the cost of production and distribution of cement and, as a result, the Government raised the local prices of cement between 7.8% and 9.9% on 9 January 1993.[3)]

During the reporting year, **plywood** production rose 5.9%, higher than the 1.6% increase in the previous year. The production of plywood reached 9.0 million m3, while sawn timber decreased again, by 4.8%. The increase in plywood production was due to the expanded capacity of saw mills in the eastern part of Indonesia and to the restructuring of log retribution *(Iuran Hasil Hutan* or IHH) which had positive impacts on the supply of raw materials. In addition, rising foreign demand has encouraged strong expansion of the plywood and sawn timber industries. Most of the plywood, the second largest contributor in the non-oil/gas sector to foreign exchange earnings, was exported.

The declining trend in **fertilizer** production in the previous year did not end in the reporting year. The production of urea fertilizer which composes 77% of total fertilizer production only rose 1.3% to 4.9 million tons, while the ZA and

2) Minister of Finance Decree No.1052/ KMK.00 / 1992. October 13. 1992.

3) Minister of Trade Decree No.041 /Kp/1/ 1993, January 9, 1993.

TSP production dropped again, by 13.5%. The low urea production was caused by the ongoing rehabilitation of several plants. The drop in ZA and TSP production was due to a high level of imports of these products to meet domestic demand. In contrast to the previous year, the export volume of urea fertilizer decreased by 27.4% in 1992/93.

The production of **four-wheeled motor vehicles** dropped by 25%, reaching only 196 thousand units due in large part to declining domestic demand. Furthermore, the production of **basic metals** remained weak after falling in the previous year. In order to facilitate the flow of goods and raw materials for developing industry that use metal and iron steel products, the Government eased the import duty on these products. In addition, the Government also lifted duties on imports of spare parts, materials, and other components needed for **aircraft** maintenance.[4)]

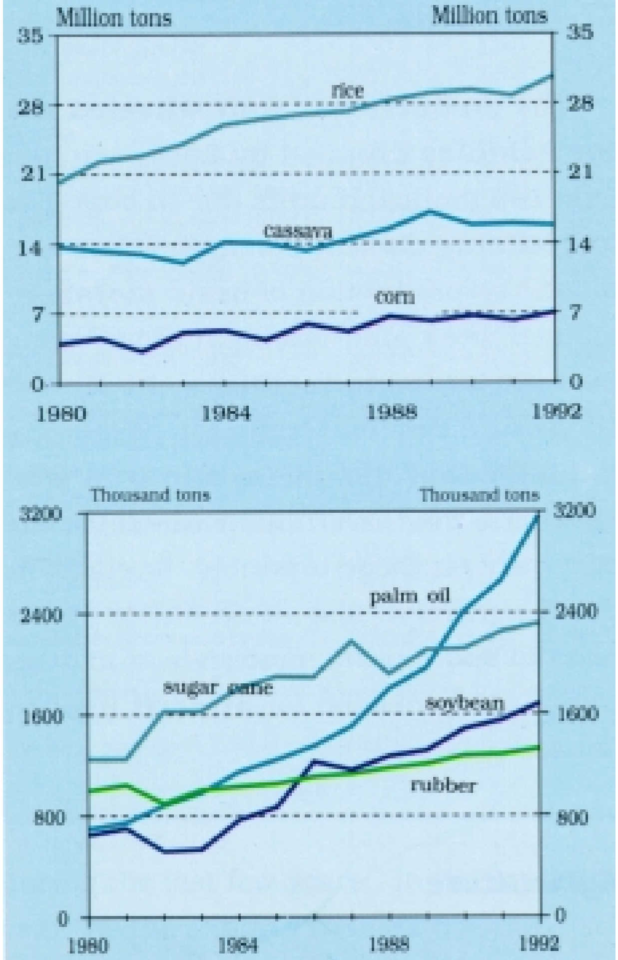
Agriculture

Agricultural output in 1992 rose 3.6% compared with 1.3% in 1991. Nevertheless, since other sectors recorded higher growth rates, the share of the agricultural sector in GDP declined slightly from 18.5% to 18.0%. The increase in agricultural output was driven by gains in foodcrops and fishery outputs, at 4.1% and 5.1% in 1992 compared to -0.6% and 5.0% a year earlier,

4) Minister of Finance Decree No.1026/KMK.00/1992. September 28, 1992.

Chart 6.5

Production of Selected Agricultural Commodities



respectively. Meanwhile, production growth of smallholders' estate and livestock sub-sectors slowed, yet in a slower rate.

Except cassava and sweet potato, the production of **foodcrops** increased sharply in 1992. This was attributable to a more favorable climate, a better planting system, and a better post-harvest management. After decreasing by 1.1%

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

	1992*	Changes (%)	
		1991	1992*
Paddy 1)			
Harvested area (thousand hectares)	10,870	-2.1	5.7
Production (thousand tons)	30,740	-1.1	5.8
Average production (quintals/ha)	28.3	1.1	--
Corn 2)			
Harvested area (thousand hectares)	3,248	-7.9	11.7
Production (thousand tons)	7,039	-7.1	12.5
Average production (quintals/ha)	21.7	0.9	0.9
Cassava			
Harvested area (thousand hectares)	1,289	0.5	-2.3
Production (thousand tons)	15,766	0.8	-1.2
Average production (quintals/ha)	122.3	0.2	1.1
Soybean			
Harvested area (thousand hectares)	1,506	2.5	10.1
Production (thousand tons)	1,687	4.6	8.5
Average production (quintals/ha)	11.2	2.7	-1.8

1) In rice.
2) Corn kernels.

Source : Supplement to the President's Report to Parliament, March 1, 1993.

in the previous year, **rice** production rose 5.8%, the highest growth rate since 1984. As a result, self-sufficiency in rice was maintained and a part of the output was even exported. In order to foster foodcrops production as well as to improve farmers income, the Government raised the floor price for unhusked dry paddy *(gabah kering giling)* from Rp330.00 to Rp340.00 per kilogram on 1 January 1993.[5)]

To boost the foodcrops outputs, the Government also invited the private sector to take part in opening new paddy fields. The development of paddy fields opened by self-supporting system during the first three years of Repelita V (up to September 1992) covered 185,456 hectares or 48.6% of the target.

The production of **cash crops** in 1992 generally increased. Significant increases took place in palm oil and kernel oil production, while the production of sugar slowed down and cloves dropped due to low prices.

Table 6.3
Productive Area and Production of Selected Cash Crops

	1992*	Changes (%)	
		1991	1992*
Rubber			
Productive area (thousand hectares)	1,878	0.4	0.3
Production (thousand tons)	1,327	0.7	3.3
Copra			
Productive area (thousand hectares)	2,275	0.3	0.3
Production (thousand tons)	2,342	0.2	0.2
Oil palm			
Productive area (thousand hectares)	875	14.7	13.3
Production (thousand tons)			
Palm oil	*3,162*	*10.2*	*19.0*
Palm kernel oil	*643*	*9.3*	*16.7*
Coffee			
Productive area (thousand hectares)	761	1.8	--
Production (thousand tons)	422	1.5	0.7
Clove			
Productive area (thousand hectares)	361	-9.8	-0.1
Production (thousand tons)	75	27.3	-10.7
Sugar-cane			
Productive area (thousand hectares)	400	0.2	3.5
Production (thousand tons)	2,316	6.3	2.8

Sources : - Supplement to the President's Report to Parliament, March 1, 1993.
- Ministry of Agriculture.

5) Presidential Instruction No. 5 of 1992, October 22, 1992.

Rubber production increased 3.3% to 1.3 million tons in 1992 as greater productivity accounted for 3.1% of the increase. Of total production, 70% originated from smallholders' estates, covering 82% of the whole planting area. Most of Indonesian natural rubber production (90%) was exported. Tighter competition in rubber trade is expected in the future, especially from new potential producers of natural rubber, such as Vietnam, in addition to Thailand and Malaysia.

Similar to 1991, the production of **copra** went up only 0.2% to 2.3 million tons in 1992, most of which came from smallholders' estates. As with palm oil, most of the cooking oil derived from copra was directed to meet domestic demand. Growth in **palm oil** demand as raw material by the manufacturing sector has encouraged its production. As a result, palm oil production rose 19.0% to 3.2 million tons in 1992. This also provided the bases for increases in exports to meet the growing demand in the Netherlands, England, and Germany.

The **cane sugar** industry encountered a number of constraints to growth such as difficulty in finding suitable plantations and low productivity. In 1992, the production of sugar slowed to 2.8% and totalled 2.3 million tons. This output came from 68 sugar mills with a total operating capacity of 186.6 thousand tons of sugar cane per day. This capacity is expected to expand in the future since the Government has approved licences for new investment and expansion. In the reporting year, the Government imported a larger volume of sugar than in the previous year, mainly from Thailand and India. Meanwhile, attempts to increase production have been carried out by primarily increasing the selling price[6)] from the farmers, applying better sharing system, and facilitating the marketing of part of the production for new investors in the eastern part of Indonesia.

In the reporting year, disappointing growth rates were recorded for coffee and cloves. The production of **coffee** increased only by 0.7% compared to 1.5% in the previous year, producing only 422 thousand tons. This was in line with the low price of coffee in the international market, which experienced oversupply in the past few years. The production of **cloves** dropped 10.7% to 75 thousand tons compared to the 27.3% increase in the previous year. This drop was due to a smaller planting area stemming from lower prices caused by oversupply. To cope with this problem the Government adjusted the trade regulations and the floor price of cloves and decided the purchase of cloves by village unit cooperatives *(koperasi unit desa* or KUD) in 14 main areas at a floor price of Rp7,900.00 per kilogram.[7)] The purchase of cloves outside the main areas

6) Minister of Finance Decree No.39a/KMK.013/ 1992, April 29, 1992.
7) - Presidential Decree No. 20 of 1992, April 11, 1992
- Presidential Instruction No. 1 of 1992, April 16, 1992
- Minister of Trade Decrees Nos. 91 and 92/Kp/IV/1992, April 22, 1992
- Director General of Trade and Director General of Cooperative Business Counseling Joint Decrees Nos.05/BUK/SKB/IV/92 and 03/DAGRI/ KPB/IV/92, April 29, 1992.

is managed by the agency for clove procurement *(Badan Penyangga dan Pemasaran Cengkeh* or BPPC) through central KUDs. In addition, the purchase of cloves produced by private and state-owned companies, including clove cigarette factories, is executed by KUDs. Of the Rp7,900.00 floor price, Rp4,000.00 is received by the farmers, Rp2,000.00 is the farmers' capital participation in KUDs, while the rest is the farmers' saving in KUDs.

Forestry

Efforts to develop forestry were aimed at increasing production capacity to support manufacturers using forest products while preserving forest areas. In the last five years, forest products fluctuated on a declining trend as a consequence of lower quality. In 1992, forest products went down further by 2.2% following a 1.0% decrease in the previous year. The contraction was reflected in the production of logs, which up to July 1992 reached only 8.9 million m3 as a result of the temporary freeze on the logging permits of 433 log concessions. To facilitate the transportation of logs to the manufacturing sites, the Government changed the procedure of IHH collection from official assessment to self-assessment.[8] To eliminate non-tariff barrier in international trade and protect downstream industries using wood and wood products, on 8 June 1992 the Government allowed log exports, lifted the ban on export of raw and semi-finished rattan products, and applied higher export tax. The development of HTI was continued in order to reduce the burden on natural forest to produce logs and to fulfill rising demand from the wood processing industry. By December 1992, the development of HTI reached 915 thousand hectares. The Government provided an incentive for HTI development through joint-ventures between private and state owned enterprises which is especially related to transmigration program.[9]

Mining and Quarrying

The growth of the mining sector slowed from 9.3% in 1991 to 2.5% in 1992, mainly as a result of the declining production of oil and gas. The production of coal, copper, gold, and silver, however, expanded sharply. With this development, the share of the mining and quarrying production in GDP declined from 15.6% in 1991 to 15.0% in 1992.

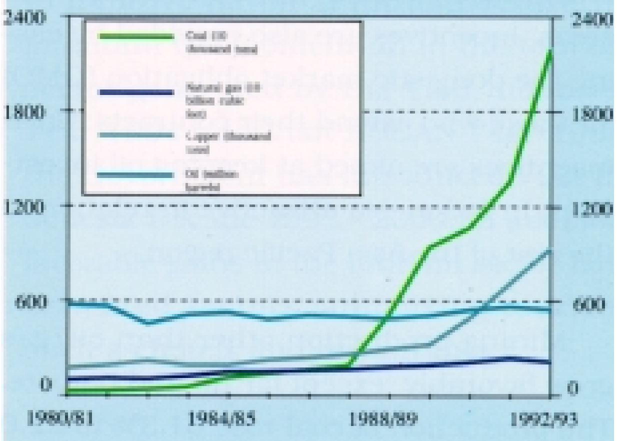
The production of **oil** contracted 4.1% to 557.2 million barrels in 1992 compared with a 3.6% increase in the previous year. The decline was related to lower oil prices in international market as a result of oversupply by some OPEC members. A similar outcome was also applied to **natural gas** production which dropped 8.6%, reaching only 2,253 billion cubic feet compared to an 11.7% increase a year earlier. The decline was, among

8) Minister of Forestry Decree No. 614/Kpts-V/1992, June 15, 1992.

9) Minister of Forestry Decree No. 341/Kpts-II/1992, March 16, 1992.

Chart 6.6

Production of Selected Mining and Quarrying Commodities



other things, related to the declining world demand for LNG.

To meet the growing domestic demand for oil, exploration and exploitation activities were promoted by providing new production incentives for contractors on September 11, 1992, which were retroactively effective from January 1, 1992. Oil production sharing agreements between the Government and contractors, which were formerly implemented on a daily basis, were changed. Presently, the total sharing ratio of 80% to 20% is used in frontier area and 75% to 25% is used in offshore areas in depths of more than 1,500 m. Meanwhile, the natural gas production sharing agreement which used a ratio of 70% to 30% was changed to 60% to 40% for new frontier areas and 65% to 35% for new conventional areas. Incentives are also provided by easing the domestic market obligation (DMO) for those who extend their contracts. Such incentives are aimed at keeping oil investment in Indonesia attractive in relation to the rest of the Asia Pacific region.

Mining production other than oil/gas grew favorably except for tin and bauxite. The production of coal rose 61.3% to 22.0 million tons compared to 27.3% a year earlier. The increase was related to higher coal production of the private sector, which rose 70.4%, and burgeoning external demand, which rose 100% compared to 44.2% in the previous year. The production of **copper** concentrate rose 30.4% to 939.9 thousand tons. The rising production was related to the more favorable prices following decreased supplies from Papua New Guinea, the largest copper producer in the world.

The production of **gold** and **silver** extracted from copper concentrate reached 21 tons and 65

Table 6.4
Selected Mining and Quarrying Outputs

	1992/93 *	Changes (%)	
		91/92	92/93*
Oil (million barrels)[1]	557.2	3.6	-4.1
Crude	492.6	4.2	-2.8
Condensate	64.6	-1.1	-1.8
Natural gas (billion MSCF)[1]	2,253.1	11.7	-8.6
Coal (thousand tons)	22,035.5	27.3	61.3
Copper concentrate (thousand tons)	939.9	44.4	30.4
Gold (kilogram)	42,078.0	62.4	114.2
Silver (kilogram)	106,830.0	51.7	29.5
Tin (thousand tons)	28.7	1.0	-4.7
Bauxite (thousand tons)	838.2	-4.5	-32.5

1) 1992/93 uses calendar year data (processed).

Sources : - Supplement to the President's Report to Parliament, March 1, 1993.
- Ministry of Mining and Energy.

tons. This boosted gold outputs by 114.2% to 42 tons and silver output by 29.5% to 107 tons. These impressive gains were related to rising copper concentrate output and gains from the operation of gold and silver mines by several private companies.

In the reporting year, **tin** production decreased 4.7% to 28.7 thousand tons compared to a 1.0% increase in the previous year. The decline was aimed at improving the international tin price as agreed by the Association of Tin Producing Countries (ATPC) by reducing the supply to a more reasonable level. Indonesia's export quota in 1993 is 30.5 thousand tons, representing a 9.0% increase from the 28.0 thousand tons produced a year earlier. **Bauxite** production dropped 32.5% to 838.2 thousand tons as the external demand contracted and the mining activity was reduced.

Transportation

The transportation and tourism sectors received the largest development budget allocation during Repelita V. Development in the **transportation sector** was aimed at facilitating the growth of other sectors by providing adequate infrastructure. Efforts to develop infrastructure and improve services have led to an expansion in highway and railway transportation services. Seaports for bulk carriers were expanded and have led to an increase in sea transportation services. Regarding air transportation, efforts were directed at developing the landing strips at airports of various sizes. Improvements in transportation services were reflected by 7.7% rise in production. Due to the price adjustments on oil-based fuels on 8 January 1993, the economy class fares for land, sea, and air transportation services were raised.[10] To further improve transportation services, the Government enacted acts on rail transportation, on air transportation, and on sea transportation.[11]

Tourism

Development in the **tourism sector** was principally directed to supporting activities that led to employment opportunities and promoting foreign exchange earnings. In contrast to 1991 when the tourism sector faced some disturbances originating from the unstable international political and economic situation, tourism expanded in 1992 as reflected by the 19.1% increase in foreign tourists, reaching 3.1 million persons which surpassed the target of 2.9 million tourists. This rise can be traced to overseas promotion and efforts to improve national infrastructure. To maintain the momentum in the tourism sector generated by the Visit Indonesia Year 1991 and Visit ASEAN Year 1992, the Government has introduced Visit Indonesia Decade 1993-2000. In addition, favorable gains in the tourism sector have benefited sectors supporting tourism, such as hotels and restaurants.

10) Minister of Communication Decrees Nos. KM2, KM3, KM5, and KM6 of 1993, January 9, 1993.
11) Acts Nos.13,15 and 21 of l992,May ll,May 25,and September 17, 1992.

Telecommunications

In the past few years, the expansion in **telecommunications** progressed satisfactorily in terms of quantity as well as capacity. In 1992 (up to November), the number of automatic central telephone exchanges increased 24.3% to 666 central units, while telephone lines rose 20.1% to 1.5 million units, and public telephones jumped 36% to 36.7 thousand units. In addition, cellular telephones also rose sharply. Hence, the telephone density rose to 0.83 per 100 persons in 1992/93.

Electricity

In the first seven months of the reporting year, **electricity** distributed by the State Electric Company *(Perusahaan Umum Listrik Negara* or PLN) reached 23.7 billion KWH or 62.5% of the production in the previous year. The largest consumers of electricity were the manufacturing and housing sectors which accounted for 51% and 33% of the total consumption, respectively. Up to October 1992, total installed capacity increased by 10.1% to 10.3 thousand MW, resulting in part from the gas/steam-powered electricity generating plants in Muara Karang and Gresik that commenced operations. The Government has pursued efforts to provide electric power to meet the burgeoning demand driven by increased investments. To this end, an opportunity is opened for the private sector and cooperatives interested in the business of providing electricity.[12)] In addition, allowances were also granted for the import of capital goods. Consequently, imports of electricity generators and electrical devices rose 60.5% and 79%, respectively, in the first semester of the reporting year. In line with oil-based fuel price adjustment, the Government increased electricity tariffs by an average of 13% in February 1993.[13)]

Prices

In 1992, the consumer prices rose at 4.94%, far below the nearly 10% rise registered in 1990 and 1991. The decline in inflation was partly associated with the Government's efforts to cool

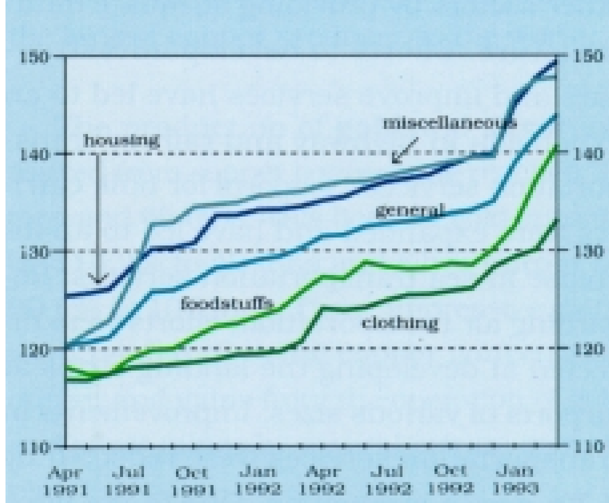


Chart 6.7
Consumer Price Index

12) - Presidential Decree No. 37 of l992, July 9,1992.
- Minister of Finance Decree No. 128/KMK.00/1993. February 10, 1993.

13) Presidential Decree No. 2 of 1993. January 8, 1993.

down the economy initiated in mid-1990. In addition, the absence of adjustments on certain administered prices also helped contain inflation in 1992. As a result, the growth of domestic demand remained low, supported by a favorable condition in the supply side. Agricultural production, especially rice and secondary crops, increased appreciably, while the supply of manufactured goods rose steadily. As a result, the pressure on prices eased in 1992.

In contrast to the calendar year, the inflation rate in fiscal year 1992/93 reached 10.03%, slightly higher than the 9.78% recorded in the previous year. The inflation rate rose sharply in the last quarter of the reporting year, namely in January (2.92%), February (2.03%), and March (1.49%), totalling 6.44%. In contrast, the cumulative inflation rate for the first nine months was only 3.59%, much lower than 8.43% rise registered during the same period a year earlier.

In January 1993, the Government raised oil-based fuel prices ranging from 5.0% to 27.3% as an effort to reduce Government's subsidy and contain growth in consumption. This measure was followed by adjustments in transportation fares for economy class and the local price for cement. In addition, the Government also announced an increase in government employees' salaries. These adjustments helped boost housing costs by 3.55% and miscellaneous goods and services by 4.43%.

The high price increase in February was a

Table 6.6
Intercity-bus Fares for Economic Class

	Prior to 23-1-93	Since 23-1-93	Changes (%)
	Rp/passenger/km		
Sumatera, Java, and Bali	15.00	16.00	6.7
NTB, NTT, and East Timor	21.00	22.50	7.1
Kalimantan	21.00	22.50	7.1
Sulawesi	22.00	23.50	6.8
Maluku	27.00	28.50	5.6
Irian Jaya	26.00	27.50	5.8

Table 6.5
Prices of Oil-based Fuels as on January 8, 1993

	Price (Rp/liter)	Changes (%)
Avgas and avtur	420	5.0
Gasoline	700	27.3
Kerosene	280	27.3
Automotive Diesel Oil	380	26.7
Industrial Diesel Oil	360	26.3
Fuel Oil	240	9.1

Source : Presidential Decree No. 1 of 1993, January 7, 1993.

Table 6.7
Changes of Consumer Price Indices 1)

	1991/92	1992/93	Weights in CPI calculation
	%		
Foodstuffs	10.36	11.39	34.66
Housing	8.16	10.55	27.85
Clothing	5.65	9.92	11.31
Miscellaneous	13.14	8.30	26.18
General	**9.78**	**10.03**	**100.00**

1) Monthly cumulative changes.
Source : Central Bureau of Statistics.

Table 6.8
Changes of Wholesale Price Indices[1)]

	1991	1992	Weights in WPI calculation (per mil)
	%		
Agriculture	7.85	9.22	117.91
Mining and quarrying	11.24	9.04	10.21
Manufacturing	10.23	6.19	306.30
Import	5.24	3.48	309.76
Export	-3.77	3.92	255.81
Oil/gas	-6.08	2.28	58.11
Non-oil/gas	4.10	4.43	197.70
General	**5.06**	**5.35**	**1,000.00**

1) Average figures in the respective year.
Source : Central Bureau of Statistics.

result of increases in prices on foodstuffs, which rose 3.56%. This was a seasonal phenomenon prior to the fasting month as well as the floods in several regions that reduced agricultural supplies. The increase in the housing expenses (1.93%) was related to the oil-based fuel and cement price adjustments in January. In addition, price increases for foodstuffs (2.58%) and clothes (2.37%) in March 1993 rose sharply ahead of Idul Fitri.

Although over the period of 1992/93 food supply was sufficient, the food price increase in January - March (7.95%) led the foodstuffs component of the price index to recording the sharpest increase during the reporting year (11.39%). Price index of housing expenses rose 6.63% and that of miscellaneous goods and services rose 5.75% in the first three months of 1993, which yielded price increases for 1992/93 of 10.55% and 8.30%, respectively. Finally, the price index of clothes increased by more than 10% in the reporting year, although it remained stable during the last quarter.

In line with the price increases, as measured by consumer price index, the wholesale price index which covers 76 cities increased 5.35% in 1992 compared to 5.06% one year earlier. The increase was related to price rises of several agricultural commodities, especially export-oriented ones. In addition, international oil prices were somewhat higher than in the previous year and contributed to higher wholesale prices in 1992.

WORLD ECONOMY AND INTERNATIONAL COOPERATION

World Economy

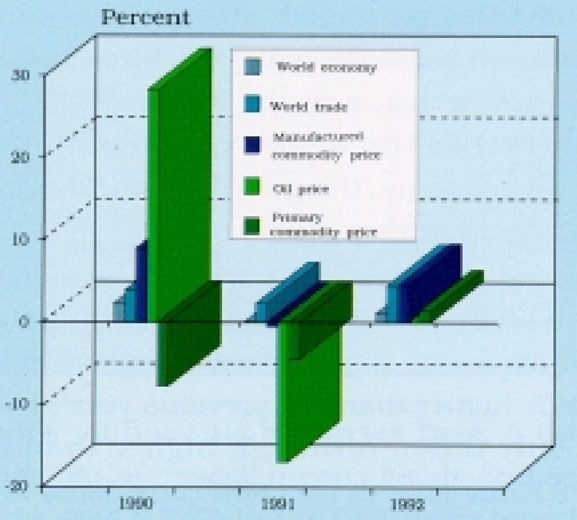
World economic activity failed to recover strongly following 1991 recession. The world economy grew just 1.1% in 1992, up from 0.1% growth in 1991. Recovery in industrial countries has yet to materialize because, in general, except in the United States and Canada, in fact, OECD growth in the second semester of 1992 was lower than that in the previous semester. While some industrial countries, like the United States and France, experienced gains in economic activity, Japanese economic growth slowed markedly and the United Kingdom experienced a contraction. Along with this development, unemployment in industrial countries continued to increase. High interest rates, exacerbated by widening of budget deficits, especially in Europe, were among the factors that prevented the recovery. Weak consumer spending and worsening business confidence in relation to lower asset and property prices also contributed to the weakness in economic activity. This situation was worsened by the "Black September" crisis which ignited foreign exchange instability in Europe. Robust economic growth, however, continued to prevail in some non-industrial countries. Growth of countries in dynamic Asian economies remained strong. The same situation was also true for China, India, Latin America, and the Middle East. In contrast to the weak expansion in the world economy, the growth of world trade registered strong gains.

The economic growth of industrial countries as a group reached 1.5% in 1992, higher than the previous year's rate of only 0.8%. Although higher than in 1991, the growth was still considered low because of the economic weakness in most major industrial countries, including the United States, Germany, and Japan. Efforts to counter the slowdown were carried out by lowering discount rates in the United States, the United Kingdom, Japan, and Canada. This policy, however, failed to gain consumer's and investor's confidence and consequently did not stimulate the economic activity as expected. This situation was a result of the ongoing process of financial adjustment by households, businesses, and financial institutions in the United States, Japan, the United Kingdom, and other industrial countries, following the sharp drop in asset prices, particularly for securities and property.

The success of the efforts to control inflation in industrial countries, such as the United States and Japan, provided them with an opportunity to ease their monetary policy. Short-term interest rates in the United States fell to low levels where they remained for some time but the long-term interest rates were still relatively high. In Japan, both short- and long-term interest rates declined substantially. Due to high inflation rates in some European countries, notably in Germany, however, the easing

Chart 7.1

Economic and Trade Growth and Prices in the World Market



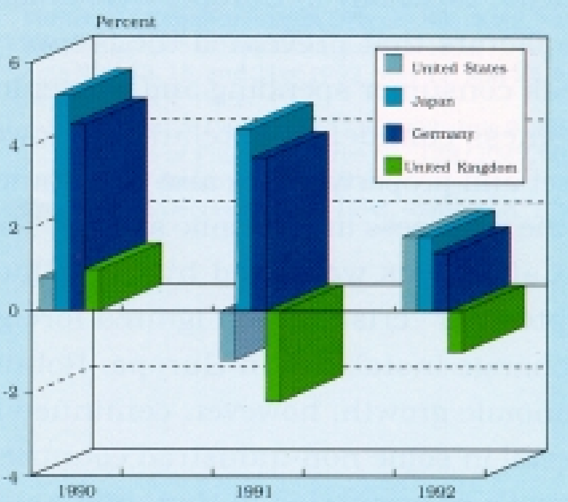
of monetary policy could not be carried out. Monetary authorities in those countries continued to focus their attention towards efforts to control inflation as price stability was a prerequisite for pegging their exchange rate to the German mark as well as to the European Currency Unit (ECU).

High interest rates in Europe were an important factor which helped trigger the exchange rate crisis especially in Europe which is often referred to the “Black September”. High interest rates in Germany put pressure on the Italian lira and British pound sterling, forcing the United Kingdom and Italy to withdraw temporarily from Exchange Rate Mechanism (ERM). Another problem created by the high interest rates was the strengthening of some European currencies, such as French franc and Danish kroner, which hurt their export competitiveness. As a result, domestic demand weakened while currency appreciations pressured the external sector. This development, in turn, brought a gloomy outlook for the economy which, in turn, weakened consumer and business confidence.

Unlike the development in industrial countries, developing countries experienced stronger growth. The economic growth of this group in 1992, excluding Eastern Europe and the former Soviet Union, registered its highest growth in the last 10 years in 1992. This development especially resulted from the remarkable growth of the newly industrialized economies (NIEs) and countries in the Middle Fast and developing countries in Europe. In some East European countries contraction of output subsided but the economic contraction of the former Soviet Union continued

Chart 7.2

Economic Growth in Developed Countries



to accelerate as they were still in the early stages of their economic reform process. Although the- tendency of protectionist trade measures continued to escalate and the world economic recovery was only moderate, the volume of world trade recorded an increase of 4.5% and in the price of manufacturing commodities rose 4.6% while non-oil primary commodity prices rose 1.4%. Following the end of the Gulf war, however, the oil price declined slightly, from $ 19.30 per barrel in 1991 to $ 18.50 per barrel in 1992.

As for international trade relation, the trade conference under the Uruguay Round encountered some obstacles originating especially from the dispute between the United States and European Community (EC) on the magnitude of reductions in subsidies for the agricultural sector. Meanwhile, the 1992 was also characterized by the ongoing process of regionalism in trade as reflected in the agreements to speed up the creation of trading blocs. The European single market has been in effect since January 1993 and the North American Free Trade Agreement (NAFTA) will begin in January 1994. In south-east Asia, the ASEAN Free Trade Area (AFTA) was initiated on January 1,1993.

Industrial Countries

As previously mentioned, the economic recovery in the industrial countries, especially Group-7, did not materialize as expected in 1992 since consumer and business confidence remained weak. The adjustment process to lower asset prices, particularly for securities and properties, has exposed the excessive increase in indebtedness of past several years. This damped spending by households and businesses in a number of countries, including the United States and Japan. High interest rates in Germany prevented the recovery in Europe as interest rates of other European countries also remained high to keep their currencies in line with the German mark which serves as an anchor for most European currencies. The wide spread impacts of the recession on the job market also weakened household expenditure as more workers became more cautious in their spending. In the last recession, the job lay-offs affected more sectors and also included white collar jobs in addition to more job lay-offs permanent in nature. In Europe, the pattern of lay-offs was in part

Table 7.1
Economic Growth in Developed Countries

	1990	1991	1992
		%	
World 1)	**2.3**	**0.1**	**1.1**
OECD	**2.4**	**0.8**	**1.5**
Seven major countries	2.4	0.8	1.5
United States	0.8	-1.2	1.8
Japan	5.2	4.4	1.8
Germany	4.8	3.7	1.4
France 2)	2.2	1.2	1.9
Italy 2)	2.2	1.4	1.2
United Kingdom 2)	0.5	-2.2	-1.0
Canada	0.5	-1.7	1.3
Others	2.5	0.7	1.2

1) Measured by GNP, GDP, and Net Material Product (NMP).
2) Measured by GDP.

Sources : - IMF, *World Economic Outlook*, October 1992.
- *OECD Economic Outlook*, No. 52, December 1992.

influenced by industrial restructuring in anticipation of the European single market which started in January 1993.

The **inflation rates** of industrial countries in 1992 declined to 3.7% compared with 4.7% in 1991. Inflation rates fell in the G-7 countries, especially the United States and Japan, as well as other industrial countries. This development was related with weak domestic demand. The **current account** deficit of industrial countries worsened from $19.9 billion in 1991 to $31.5 billion in 1992 due primarily to the widening current account deficits of the United States and Germany. The decline in unemployment rates of in industrial countries halted at the end of the first semester of 1992. As a result, unemployment in the second semester of 1992 peaked-up again. The unemployment rates at the end of the second semester of 1992 reached 7.9% compared with 7.2% a year earlier.

Economic growth of **the United States** was estimated to have reached 1.8% in 1992 compared with a contraction of 1.2% in 1991. The increase was brought about by stronger domestic demand, which was related to growth in private consumption and investment, due to lower interest rates. The growth, however, was considered low despite the decline in interest rates, the depreciation of

Table 7.2
Consumer Price Index in Developed Countries

	1990	1991	1992
	%		
OECD	**4.7**	**4.7**	**3.7**
Seven major countries	4.2	4.2	3.0
United States	5.2	4.3	3.0
Japan	2.6	2.6	2.1
Germany	2.6	3.8	4.8
France	3.0	3.1	2.9
Italy	6.2	6.7	5.4
United Kingdom	5.3	7.2	5.4
Canada	4.3	4.8	1.4
Others	7.8	7.7	6.6

Sources : - IMF, *World Economic Outlook*, October 1992.
- *OECD Economic Outlook*, No. 52, December 1992.

Table 7.3
Current Account in OECD and Developing Countries

	1990	1991	1992*
	Billion $		
OECD	**-112.5**	**-19.9**	**-31.5**
Seven major countries	-89.5	-15.0	-31.8
United States	-90.4	-3.7	-56.1
Japan	35.8	72.9	118.9
Germany	47.1	-19.8	-25.8
France	-14.9	-6.6	1.0
Italy	-14.7	-21.1	-22.9
United Kingdom	-30.2	-11.1	-22.3
Canada	-22.0	-25.5	-24.6
Developing Countries [1]	**-14.2**	**-81.4**	**-78.2**
Oil exporting	-2.5	-66.5	-29.2
Non-oil exporting	-11.7	-11.7	-22.5
Four newly-industrialized economies	16.0	9.0	9.9

1) Including Eastern European countries and the former states of Soviet Union.

Source : - IMF, *World Economic Outlook*, October 1992.
- *OECD Economic Outlook*, No. 52, December 1992.

Table 7.4
Unemployment Rate in OECD Countries

	1990	1991	1992
	%		
OECD	**6.2**	**7.2**	**7.9**
Seven major countries	5.6	6.6	7.3
United States	5.5	6.7	7.4
Japan	2.1	2.1	2.2
Germany	4.9	6.7	7.6
France	9.0	9.6	10.3
Italy	11.1	11.0	11.0
United Kingdom	5.9	8.3	10.1
Canada	8.1	10.3	11.2
Others	8.6	9.5	10.6

Source : *OECD Economic Outlook*, No. 52, December 1992.

the dollar, and fiscal stimulus. In addition, the prime lending rate fell to only 6.25% in 1992, the lowest level in the last 6 years.

The **inflation rate** in the United States reached 3.0% in 1992, the lowest rate in the last 5 years. This was brought about by the decline in unit labor cost aided by the success of the private sector in improving production efficiency. The weakening of dollar and improved efficiency boosted exports but as economic activity rebounded, imports grew substantially and the trade balance worsened. The **current account** deficit of the United States increased sharply from $3.7 billion in 1991 to $56.1 billion in 1992, mostly as a result of a decline in the services account surplus of $36.8 billion, which offset export gains. The decline of surplus was mostly caused by much lower Gulf-war-related transfers, mostly from Japan and Saudi Arabia.

Japanese economy, which recorded an average annual growth rate in excess of over 4.0% in the last 5 years, only increased by 1.8% in 1992. Slower growth was the result of a weakening domestic demand, which offset gain in external demand. The weakening of domestic demand was brought about by a slowdown in private investment activity although there was a substantial increase in government investment. The decline in private investment, including both the housing and non-housing sub-sectors by 4.8% and 2.1% respectively, was the result of rising stock levels and the limited availability of bank credit. As a result of consolidation in the financial sector, which was related with an increase in the level of non-performing loans related to a sharp decline of the prices of securities and properties, and efforts to comply with Bank for International Settlements (BIS) guideline for bank soundness, credit extension was limited. To cope with nonperforming credits, the Cooperative Credit Purchasing Company (CCPC) was established. Household consumption recorded weak growth as reflected mostly in lower expenditures for garments and electrical appliances. There was an increase in the growth of net external demand which was brought about by an improvement in export volumes. In order to resuscitate domestic demand, the government initiated a stimulative economic package, especially investment, during the fiscal year 1992/93. The effects of the package on economic activity, however, have not been significant.

Chart 7.3

Current Account Balance in Some Major Industrial Countries

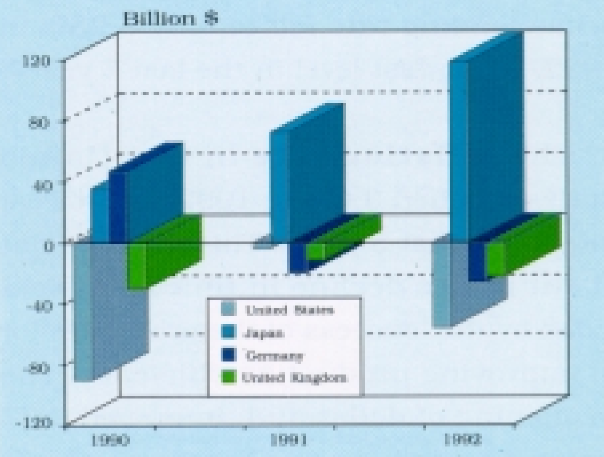
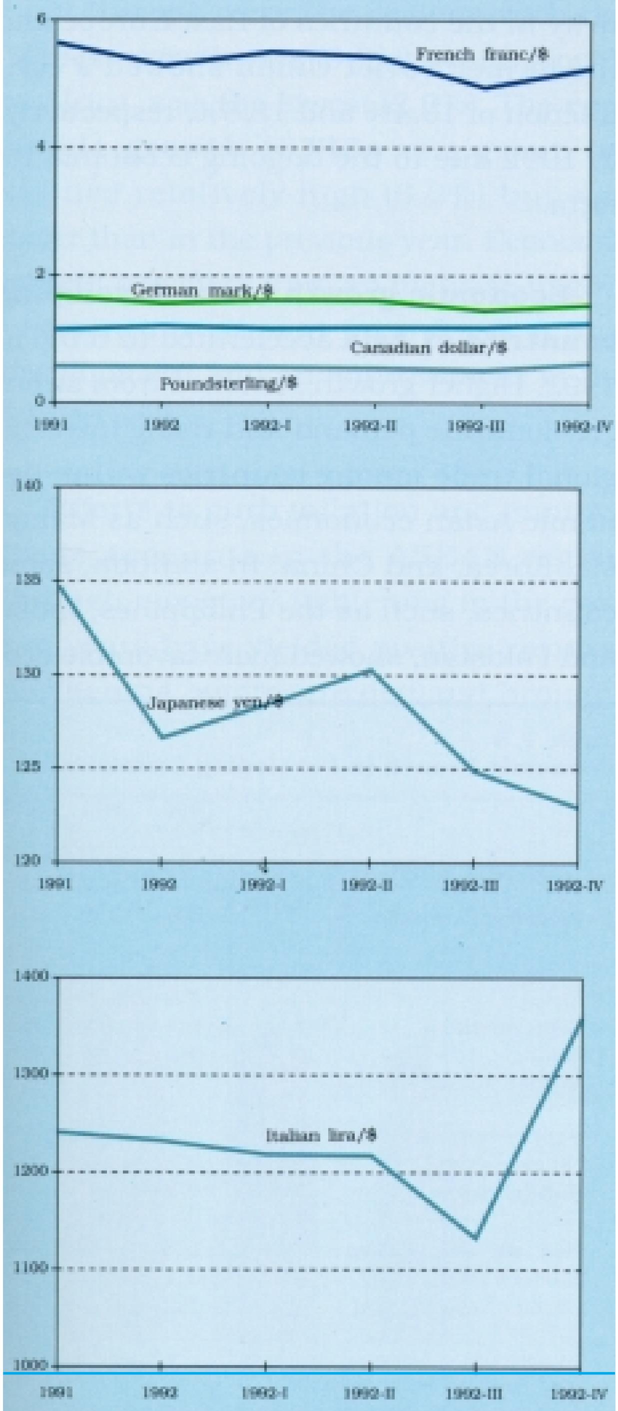


Chart 7.4

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



As a result of weak domestic demand and lower lending rates for loan compared with those in the previous year, the **inflation rate** in Japan declined to 2.1% in 1992 compared with 2.6% a year earlier. An increase in exports coupled with a decrease in imports led to a rise in Japan's **current account** surplus, from $72.2 billion to $118.9 billion. The weakening of imports was in line with the slowdown in domestic demand, while the increase in exports was related to improved competitiveness.

During 1992, economic growth in **Germany** decreased to 1.4% compared with 3.7% in the previous year. The weakening of economic activity was brought about by a contraction in external demand in line with reduced export growth coupled with an increase in imports. This offset the acceleration in **domestic demand** which was prompted by an increase in government expenditures, particularly investment. In contrast, private consumption and investment growth only registered modest increases due to the magnitude of job losses in the former East Germany and high interest rates.

High interest rates resulted in an appreciation of the German mark in 1992 as a consequence of German unification which required a large amount of financing, especially for the development of infrastructure in the eastern part of the country. The increase in development expenditures led to inflation pressures which prompted the government to slightly tighten monetary policy by increasing discount rates several times to reach 8.75% on average in July 1992. Higher interest rates in Germany, especially compared with other EMS members, resulted in the appreciation of the mark, which triggered exchange rate crisis for several currencies within ERM. Some of the currencies experienced downward pressure to a level beyond ERM's lower limit. While exerting negative impacts, tight monetary policy was still unsuccessful in completely damping the acceleration in domestic demand as reflected in the strengthening of inflation pressure during 1992. It is worth noting that under the pressure from other EC members, in September 1992 the Bundesbank lowered the discount rate to 8.25%.

Growth in domestic demand outpaced production capacity driven by the govern meet's need to finance German unification. As a result, **inflation rate** reached 4.8%, the highest rate recorded in the last 10 years. To cope with inflation, the government tightened monetary policy by increasing the discount rate. As mentioned above, the discount rate reached 8.75%, the highest rate determined by Bundesbank in the last 8 years. Meanwhile, the **current account** deficit in 1992 increased to $25.8 billion, due in large part to continuing increases in import volumes to meet the demand in the eastern part of the country.

Developing Countries

Developing countries' economies (as a group) improved in 1992 compared to the past few years as reflected, among other things, in the acceleration of economic growth and the narrowing of the current account deficit. The improvement of both indicators could mostly be credited to the success of structural adjustments which improved efficiency and increased production capacity. The **economic growth** of **developing countries** as a group excluding **East Europe** and the **former Soviet Union increased** 6.1% in 1992 compared with 3.2% in the previous year. This growth rate was the highest in more than a decade. The increase in economic activity reflects sound macroeconomic policy and positive results of structural adjustment occurring in most developing countries, the recovery in the Middle East, and higher import demand from industrial countries. In contrast, economic activity in the countries of East Europe and the former Soviet Union showed a contraction of 10.4% and 18.6%, respectively, in 1992 due to the ongoing economic reform.

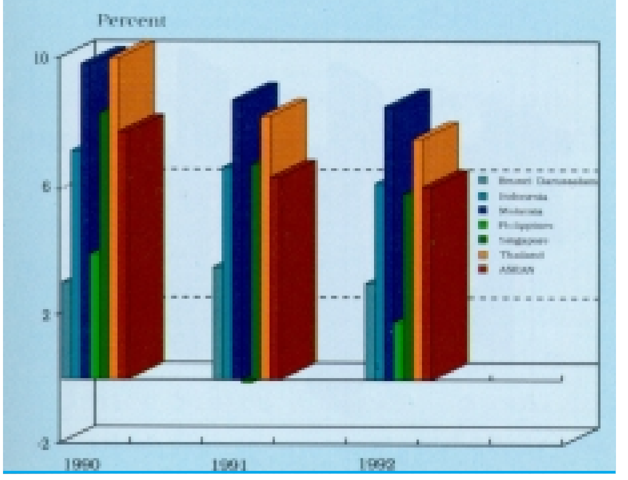
Table 7.5
Economic Growth in Developing Countries

	1990	1991	1992
		%	
Developing Countries [1]	**3.6**	**3.2**	**6.1**
By region			
Africa	1.0	1.5	2.0
Latin America	-0.1	2.9	2.7
Asia	5.5	5.7	6.6
Europe and Middle East	5.4	0.3	9.9
By other criteria			
Oil exporting	4.7	1.5	0.7
Non-oil exporting	3.2	4.0	5.0
Four newly-industrialized economies	6.8	7.2	6.4
Eastern Europe	-7.1	-13.7	-10.4
Former Soviet Union	-2.3	-9.0	-18.6

1) Excluding Eastern European countries and former states of Soviet Union, measured by GDP and NMP.

Source : IMF, *World Economic Outlook*, October 1992.

Chart 7.5
Average Economic Growth in ASEAN Countries



Economic growth in the **developing countries of Asia** accelerated to 6.6% in 1992. Higher growth stemmed from stronger domestic demand and rising intra-regional trade among countries within dynamic Asian economies, such as Malaysia, Korea, and China. In addition, some countries, such as the Philippines, India, and Pakistan, showed more favorable economic performance as a result of structural adjustment and the greater effectiveness of monetary policy. Among the developing country regions, the Middle East and Europe were the regions with the highest growth rate (9.9%), while growth in Africa was the lowest (2.0%). The **economic growth** of **NIEs** as a group remained relatively high (6.2%) but was lower than in the previous year. Economic growth benefited from an increase in government investment for infrastructure development and an improvement in the foreign sector.

Efforts to curb inflation and improve trade accounts in the ASEAN region through monetary tightening in the past two years have yielded positive results. Weakening aggregate demand brought about by high interest rates slowed down import growth and inflation. This provided room for the monetary authorities to ease their monetary policy to stimulate the economic activity. The economy of **ASEAN** countries as a group grew by 6.0% in 1992, compared to 6.3% in 1991.

As in the past two years, Malaysia recorded the highest growth rate (8.5%) among ASEAN countries. The growth, however, was lower than that of the previous year stemming from the efforts

Table 7.6
Consumer Price Index in Developing Countries

	1990	1991	1992
	%		
Developing countries [1]	**80.2**	**42.5**	**42.4**
By region			
Africa	16.2	27.1	28.6
Latin America	649.7	163.2	178.0
Asia	8.7	9.0	8.4
Europe and Middle East	16.5	22.1	16.4
By other criteria			
Oil exporting	15.4	18.1	12.1
Non-oil exporting	117.6	54.7	59.4
Four newly-industrialized economies	6.9	7.2	6.4

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

Source : IMF, *World Economic Outlook*, October 1992.

to cool down the economy following the rapid economic expansion of the past six years. A similar situation occurred in Thailand, Singapore, and Brunei Darussalam where economic growth declined from 8.2%, 6.7%, and 3.5% to 7.5%, 5.8%, and 3.0%, respectively. Although showing substantial improvement, the Philippines still recorded the lowest economic growth (1.8%).

The **inflation rate** of **developing countries** as a group was still relatively high (42.4%) in 1992, due to the persistence of high inflation rates in East Europe (1,296.2%) and the former Soviet Union (796.4%). Meanwhile, the inflation rate of **countries in Asia** is estimated to have reached 8.4%, lower than in 1991. The decline in inflation reflects gains from continuing structural adjustments in the region, coupled with

Table 7.7
Gross Domestic Product. Consumer Price Index. and Current Account in ASEAN Countries

	1990	1991	1992
	%		
Real GDP			
ASEAN	7.7	6.3	6.0
Brunei Darussalam	3.0	3.5	3.0
Indonesia	7.1	6.6	6.1
Malaysia	9.8	8.7	8.5
Philippines	3.9	-0.1	1.8
Singapore	8.3	6.7	5.8
Thailand	10.0	8.2	7.5
Consumer Price Index			
ASEAN	7.4	9.2	6.4
Brunei Darussalam	2.5	3.0	2.5
Indonesia	9.1	9.9	5.0
Malaysia	3.1	4.4	4.7
Philippines	12.7	17.7	9.3
Singapore	3.4	3.4	2.3
Thailand	6.0	5.7	4.1
	Billion $		
Current account			
ASEAN			
Brunei Darussalam	1.8	1.6	1.5
Indonesia	-3.2	-4.4	-3.3
Malaysia	-1.7	-4.5	-3.4
Philippines	-2.7	-1.0	-1.6
Singapore	2.4	4.2	4.9
Thailand	-7.6	-7.6	-6.1

Sources : Various publications/reports.

conservative fiscal and monetary policies. A similar development occurred in the NIEs and ASEAN countries. Inflation rates were lowered by adopting tight monetary policies by most countries in those regions. Meanwhile, the current account deficits of developing countries as a group was $51.8 billion in 1992, lower than the $78.2 billion recorded in 1991. This resulted from the improving current account of countries in the Middle East and Europe, from a deficit of $50.5 billion to a deficit

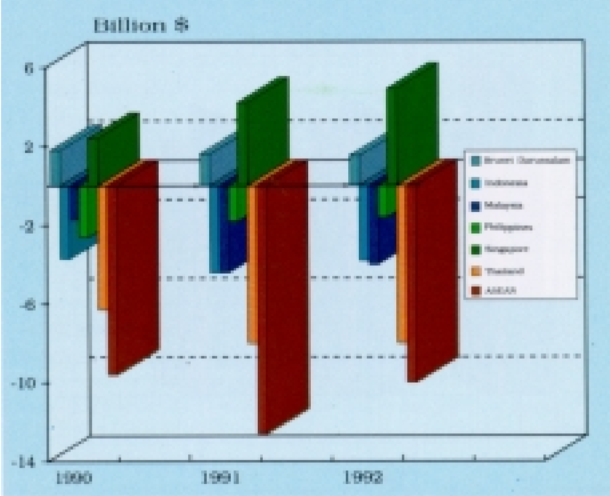


Chart 7.6

Current Account in ASEAN Countries

of $6.1 billion, in line with the declining transfer payments related to the Gulf war. The improvement in the current account in both regions was closely related to the rise in oil production in the Middle East which returned to its normal level. This in turn increased oil export revenues and increased the region's demand for exports from East European countries, such as Poland, Czech, Slovak, and Hungary.

In 1992, net financial flows consisting of official transfer, foreign direct investment, and foreign borrowing to developing countries were estimated to have increased from $ 101 billion to $ 133 billion. The financial flows to all regions, except Africa, experienced an increase. Overall, the debt position of developing countries increased 6.25% to $1,362 billion in 1991, resulting an increase in the ratio of external debt position to exports to 127%. In 1992, the debt condition of developing countries showed an improvement. The ratio of debt position to exports recorded a slight decline to 123% which was benefited from the improvement of the economy and debt decline as a result of debt reduction program.

International Monetary Developments

During the first eight months of 1992, interest rates in most major industrial countries declined. In an effort to stimulate the economy, monetary authorities in the United States, Canada, Japan, and the United Kingdom lowered their discount rates. This policy was feasible due to the sharp decline in inflation rates in these countries. In contrast, however, Germany and Italy continued to pursue a tight monetary policy.

In foreign exchange markets, initially, the value of the United States dollar appreciated against all major currencies from January through March 1992. The expectation of a strong recovery and high long-term interest rates supported this development. The United States dollar, however, depreciated during March-August period, in line with the decline in interest rates in the United States. As a result, from March to August 1992 period, the dollar depreciated against French franc, Italian lira, pound sterling, and yen, while against Canadian dollar, the United States dollar appreciated.

The year 1992 was also characterized by a financial crisis in Europe which disrupted the stability of exchange rates in the ERM. The objective of the ERM was to support the smooth operation of European Monetary System (EMS). The exchange rate crisis originated from poor coordination of economic policy which was brought about by differences in economic problems faced by EC members. Although the requirements of economic convergence including inflation rates, interest rates, exchange rates, government budget, and debt position progressed satisfactorily, there was still prevailing significant interest rate differentials among EMS members. The decline in competitiveness of member countries called new alignment of exchange rates. The situation was worsened by discord in the monetary policies of Germany and other member countries as well as the decline of interest rates and the weakness of economic activity in the United States which caused the switching of fund to securities denominated in strong currencies, especially the German mark

In contrast to the strengthening of German mark, other currencies within ERM, particularly Italian lira and British pound sterling, weakened. On September 13, 1992 the European Commission agreed to realign exchange rates within ERM, by devaluing lira by 7%. The crisis continued as the pound sterling declined markedly on September 16, 1992, which was widely known as the “Black September”. On that date, exchange rate for pound sterling was closed at a rate of DM2.740, below the ERM’s lower margin of DM2.778. Although other European countries expected Germany to lower interest rates, it did not materialize as Germany had to address the economic situation in East Germany. The effects of a stronger German mark also put pressure on the dollar.

On September 16, 1992 Italy announced its temporary withdrawal from ERM. This action was followed by the United Kingdom on September 17, 1992. Meanwhile, Spanish peseta was devalued by 5%. Before withdrawing from ERM, however, the United Kingdom made an attempt to rescue its currency by intervening to raise the value of pound sterling. In addition, the United Kingdom raised the base rate from 10% to 12% on September 16, 1992 which was later increased again to 15%. Nevertheless, all of these efforts failed to prevent the value of pound sterling from falling which, in turn, forced the United Kingdom to withdraw from the ERM. The fall of the pound sterling, besides being caused by the activity of speculators, was closely related to the weakening of the economy during the last five years, which slowed from 4.8% in 1987 to negative 2.2% in 1991. Furthermore, in 1992, it is estimated that British economy contracted 1.0%.

To cope with the foreign exchange crisis, the Bundesbank spent a substantial amount of money to support the pound sterling. In addition, the Bundesbank finally accommodated the pressure from other EC members by lowering its discount rates on September 14, 1992 from 8.75% to 8.25% while Lombard rate was lowered from 9.75% to 9.50%. Nevertheless, this was inadequate to satisfy the expectation of various interested parties and created instability in the foreign exchange and securities markets in Europe. This induced a further depreciation of the pound sterling. On November 22, 1992, a realignment of currencies within ERM was established in which Spanish peseta and Portuguese escudo were each devalued by 6%.

International liquidity, as measured by the total world foreign exchange reserves, rose SDR40.5 billion in 1992 to SDR745.3 billion. In 1992, the liquidity of industrial countries dropped SDR5.5 billion to SDR422.8 billion. Decreases in industrial countries occurred in the United States, Canada, Italy, and Belgium; while increases occurred in Germany, Japan, and the Netherlands. Meanwhile, international liquidity of developing countries as a whole increased by SDR45.9 billion to SDR322.5 billion. The increases in international liquidity occurred in all regions, except Europe, with highest increase recorded in Asia. The group of oil exporting developing countries showed a slight decline which mostly was related to a decline in Saudi Arabia's international liquidity.

Cooperation of the South-east Asian Nations (ASEAN)

In order to materialize the formation of AFTA, all six member countries of ASEAN agreed to apply tariff reductions on 15 categories of products under the Common Effective Preferential Tariffs (CEPT) scheme at the Third Meeting of AFTA Council on CEPT on December 11, 1992. CEPT products were divided into **fast track** and **normal track** programs and began on January 1, 1993. In the agreement, each country submitted an **inclusion list** as well as an **exclusion list** so that the industrial community in each country could evaluated their market access to other member countries. The number of products in the CEPT inclusion list is 38,308 items covering 87% of the number of products which were subject to tariff within ASEAN. From the perspective of individual country, it involves 78% to 98% of all commodities traded. To monitor the implementation of the regulation, the AFTA Council will be responsible for implementation, regulation, and supervision of CEPT. To handle any dispute among members, the council also established an institutional mechanism to provide immediate settlement.

In line with the economic opportunities anticipated from the implementation of AFTA, the first international conference on trade and investment was held in Jakarta from 29 June to 1 July 1992 and it was attended by participants from Asia, Europe, and the United States. The conference was intended to discuss issues that would be encountered by ASEAN countries in implementing AFTA. The discussion covered issues and prospects as well as investment regulations in ASEAN countries.

In the area of agriculture and forestry, the 14th Meeting of ASEAN Ministers for Agriculture and Forestry (AMAF) was held. The participants attending the meeting agreed to take action against "anti-tropical wood usage" campaign launched by industrial countries. This action was deemed necessary as tropical wood and its products generated substantial amounts of foreign exchange for most ASEAN countries. It was also agreed to support Indonesia's proposal to set up an international research centre for forestry issues, which will be located in Bogor, West Java. In addition, it agreed to provide an assistance for African farmers by providing job training in ASEAN countries. Finance for this project will be shared by the governments of ASEAN countries and developed countries.

ASEAN FREE TRADE AREA

During the past few years, the world economy was characterized by changes in trade relations which were accented by the formation of trading blocs in various parts of the world. In the Americas there was formation of North American Free Trade Agreement (NAFTA) and Latin American Free Trade Agreement (LAFTA), while in Europe, the European single market and European Free Trade Agreement (EFTA) emerged.

The objective of the trading blocs is to promote trade among their members so as to support the expansion of their national incomes. With rising trade volumes, the market for a member's products will expand so that it will induce investment in their respective countries. The strengthening of trade flows is facilitated by tariff reductions among member countries. Tariff for the goods from non-member, however, has in practice been left to the discretion of each participating country.

With the establishment of trading blocs, the competitiveness of commodities produced by participating countries will be strengthened at the cost of non-members. In addition, more profitable investment prospects in the member countries might discourage direct foreign investment flows to the countries outside the trading blocs.

To face such a trend successfully and in line with the efforts to promote ASEAN cooperation, an agreement was reached to establish a free trade area among ASEAN countries by creating ASEAN Free Trade Area (AFTA) at the 4th ASEAN summit held in Singapore, January 27 - 28, 1992. With the creation of AFTA, it is expected that trade among its members can be promoted, and the position of an individual country in dealing with global competition can be strengthened. AFTA will be realized within 15 years starting from January 1, 1993 by applying a scheme of Common Effective Preferential Tariffs (CEPT) for imports originating from AFTA members.

The CEPT scheme is only applicable for manufactured products, including capital goods and processed agricultural products. Basically, the CEPT scheme lowers the tariffs imposed by participating countries on commodities produced by ASEAN countries included in the scheme until tariff equalization in the region is obtained. In the meantime, tariff rates prevailing in each ASEAN country for commodities originating from non member countries remain the same. According to the CEPT scheme, all member countries are obliged to lower their tariff rate to a maximum of 5% within 15 years starting from January 1, 1993.

The scheme for tariff reduction is divided into two programs, namely the fast track and the normal track. The fast track program covers 15 commodity categories, including cooking oil, cement, chemical products, pharmaceutical products, fertilizer, plastic products, leather products, rubber products, pulp, textile and textile products, ceramic and glass products, jewelry, copper cathode, electrical products, and rattan/wood furniture. In the fast track program, for products whose tariff rates by January 1, 1993 were higher than 20%, their tariff will be lowered to 0-5% within 10 years, while for products with tariff rates of 20% or lower, the tariff will be lowered to 0-5% within 7 years.

In the normal track program, which includes manufactured and processed agricultural products not included in the fast track program, the tariff rates will be lowered to 0-5% range within 10 years if by January 1, 1993 their tariffs were already 20% or lower. As for products with tariff higher than 20%, the tariff rates will be lowered gradually to 20% within 5-8 years and then to a range of 0-5% within the following 7 years prior to January 1, 2008.

Products considered sensitive by certain country can be excluded from the CEPT scheme. In addition, the clause on the rules of origin for products to be eligible for CEPT scheme has been agreed upon. Products must have a minimum local content of 40%. In this context, at least 40% of the raw materials in traded commodities must originate from the member countries.

In the past five years, the value of inter-ASEAN trade grew on average by 14.8% per annum. Compared to trade with non-ASEAN countries, however, the value was relatively low, at only 17.7%. Such a relatively low level of inter-ASEAN trade was brought about by similarity of traded commodities produced by ASEAN countries, in addition to the limited size of the ASEAN market itself. With regard to product included in the CEPT, in 1990 the total value of inter- ASEAN imports for these products constituted 37.2% of total inter-ASEAN imports. Trade in CEPT products, so far, was dominated only by two commodities, textiles and electrical products, which were mostly exported by Malaysia to Singapore.

With the agreement on the CEPT concept, within 15 years the tariff barriers will be much lower. This development, in turn, will create a broader market for ASEAN industries and will help their industries ability to realize economies of scale in production. The opening of AFTA will stimulate competition among countries within ASEAN, which will make domestic industries more efficient and competitive. In the long run, the sharpened competitiveness of ASEAN commodities included in CEPT in the international market is anticipated.

Judging from the tariff rates currently prevailing in ASEAN countries, it can be stated that Brunei Darussalam and Singapore are better prepared in implementing AFTA as their prevailing tariff rates for CEPT products are relatively low. As for Indonesia, it has an advantage relative to the Philippines and Thailand, which in general have higher tariff rates.

In marketing CEPT products, some ASEAN countries will face tough competition. Some of Indonesia's products appear to be very competitive due to lower labor costs and the availability of raw materials. Products projected to be able to enter ASEAN market without much difficulties include, among others, textiles, edible oils, rubber and rubber products, rattan/wooden furniture, and cement.

With trade liberalization through the formation of AFTA, it is expected that inter-ASEAN trade will be expanded. This situation will create a conducive climate for foreign investors to invest in ASEAN region. The expansion of ASEAN market will also provide an opportunity for ASEAN countries to reduce their dependency upon American and European markets.

APPENDICES

APPENDIX A

MANAGEMENT OF BANK INDONESIA
as of March 31, 1993

GOVERNMENT COMMISSIONER

Oskar Surjaatmadja

BOARD OF DIRECTORS

Governor	:	Dr. J. Soedradjad Djiwandono
Managing Directors	:	Binhadi
		Sujitno Siswowidagdo
		T.M. Sjakur Machmud
		R. Rachmad
		Hendrobudiyanto
		Dr. Syahril Sabirin
		Dr. Hasudungan Tampubolon

APPENDIX B

ORGANIZATION AND PERSONNEL

ORGANIZATION

With the opening of a new branch in Palangka Raya, Central Kalimantan, in the reporting year, Bank Indonesia's organization changed to consist of 17 departments and 1 bureau at the head office, 41 branches throughout the country, and 5 representatives abroad.

The total number of personnel at the end of February 1993 was 7,865 persons. Out of the number, 4,475 persons were placed at the head office, 3,339 persons at the branches, and 51 persons at the representatives.

PERSONNEL

No.	Fiscal Year	Offices			Total
		Head	Branch	Representative	
1.	1990/91	4,471	3,300	31	7,802
2.	1991/92	4,418	3,290	37	7,745
3.	1992/93 *)	4,475	3,339	51	7,865

*) End of February 1993.

DEPARTMENT DIRECTORS

Accounting Department	:	Sukanto
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	:	Sulastinah Tirtonegoro
Economics and Statistics Department	:	Mukhlis Rasjid
Foreign Exchange Department	:	Paul Soetopo Tjokronegoro
General Credit Department	:	Purwoko
Human Resources Department	:	Siswanto
Internal Control Department	:	Dr. Heru Soepraptomo
Internal Resources Research and Development Department	:	Ekotjipto
International Department	:	Susanna E. Pellaupessy
Legal and Secretariat Department	:	D.P. Thijssen
Logistics Department	:	Mrs. Sri Miyati Woeryanto
Money Market and Clearing Department	:	Dahlan M. Sutalaksana
Private Foreign Exchange Bank and Non-bank Financial Institution Supervision Department	:	H. Mansjurdin Nurdin
Private Non-foreign Exchange Bank Supervision Department	:	R. Permadi Gandapradja
State Bank Supervision Department	:	Achwan

REPRESENTATIVES

Kuala Lumpur	:	R. Maulana Ibrahim
London	:	Dr. Kilian Sihotang
New York	:	Ahmad Darsana
Singapore	:	Sjahrial Hamid
Tokyo	:	Haryono

BRANCH MANAGERS

Category I

Bandung	:	Irfano Chamra
Medan	:	R. Sulistijo
Semarang	:	Jusup Kartadibrata
Surabaya	:	Koesen

Category II

Bandar Lampung	:	Achmad Mufti
Banjarmasin	:	Djedi
Denpasar	:	Johanes Irawan
Manado	:	Moh. Ma'ruf Saleh
Padang	:	Moeharno
Palembang	:	Machmud Arsin
Ujung Pandang	:	Tontowi Djauhari Lintang
Yogyakarta	:	Warsono Santoso

Category III

Ambon	:	Ahmad Fuad
Balikpapan	:	Moh. Rovky
Banda Aceh	:	Mohammad Ali Said Kasim
Jambi	:	Warjoto
Jayapura	:	Sri Sularmo
Jember	:	A.A. Eko Poetranto
Kediri	:	Kokrosono Sadhan
Kupang	:	K. Koeswara
Malang	:	Afnan
Mataram	:	Goegoen Roekawan
Palu	:	Sidik Suharto
Pekanbaru	:	Djumiran Indrodjatmoko
Pontianak	:	Moh. Saih
Samarinda	:	Aris Anwari
Solo	:	Moch. Syarief

Category IV

Bengkulu	:	Imrandani
Cirebon	:	Suryanto
Dili	:	Dragono Lisan
Kendari	:	M. Thobroni
Lhokseumawe	:	Fathoni Ahmad
Padang Sidempuan	:	Budhi Santoso
Palangka Raya	:	Suprapto
Pematang Siantar	:	Anang Atje
Purwokerto	:	Djoko Sutrisno
Sampit	:	J. Parnawi Pudjokunarto
Sibolga	:	Sulaeman Kamiel
Tasikmalaya	:	R.M. Budihardja Padmodarmojo
Tegal	:	Poermono
Ternate	:	Hadi Hassim

APPENDIX C

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

Types of expenditure	1988	1989	1990[r]	1991	1992*
			At 1983 market prices		
Consumption	64,149.3	67,441.0	73,370.5	78,843.0	82,260.0
Private	*54,225.0*	*56,475.7*	*62,053.2*	*66,707.2*	*69,640.0*
Government	*9,924.3*	*10,965.3*	*11,317.3*	*12,135.8*	*12,620.0*
Gross domestic capital formation	25,200.9	28,568.1	34,200.0	34,607.2	36,960.0
Change in stock[1)]	1,119.9	1,417.1	420.5	−406.6	−1,150.0
Exports of goods and services	26,015.5	28,733.2	30,048.0	35,879.2	40,900.0
less Imports of goods and services	16,504.2	18,722.9	22,929.0	26,195.8	28,760.0
Gross Domestic Product	**99,981.4**	**107,436.5**	**115,110.0**	**122,727.0**	**130,210.0**
Net factor income from abroad	−3,481.7	−3,726.3	−4,272.0	−3,954.8	−3,704.0
Gross National Product	**96,499.7**	**103,710.2**	**110,838.0**	**118,772.2**	**126,506.0**
less Net indirect taxes	6,356.1	8,021.5	8,565.6	9,182.6	10,080.0
less Depreciation	4,996.2	5,362.6	5,637.6	6,043.7	6,446.0
National Income	**85,147.4**	**90,326.1**	**96,634.8**	**103,545.9**	**109,980.0**
			At current market prices		
Consumption	93,801.1	104,449.9	123,885.0	146,004.3	168,495.9
Private	*81,045.3*	*88,752.3*	*106,312.3*	*125,142.9*	*144,249.7*
Government	*12,755.8*	*15,697.6*	*17,572.7*	*20,861.4*	*24,246.2*
Gross domestic capital formation	36,802.6	45,659.8	58,403.0	63,330.5	72,636.4
Change in stock[1)]	8,006.9	13,171.0	11,222.2	16,298.0	10,230.5
Exports of goods and services	34,665.6	42,505.0	54,086.0	62,322.2	75,091.7
less Imports of goods and services	31,171.4	38,601.0	50,677.0	60,818.7	69,260.3
Gross Domestic Product	**142,104.8**	**167,184.7**	**196,919.2**	**227,136.3**	**257,194.1**
Net factor income from abroad	−6,921.7	−8,073.8	−9,613.9	−10,468.0	−10,700.0
Gross National Product	**135,183.1**	**159,110.9**	**187,305.3**	**216,668.3**	**246,494.2**
less Net indirect taxes	9,032.7	12,444.5	14,169.7	16,152.1	18,923.9
less Depreciation	7,105.4	8,364.5	9,850.0	11,227.9	12,781.2
National Income	**119,045.0**	**138,301.9**	**163,285.6**	**189,288.3**	**214,789.0**

1) Residual.
Source : Central Bureau of Statistics. For 1992 : Bank Indonesia.

Table 2
Expenditure's Weighted Growth and Its Share in GDP Growth at 1983 Market Prices
(percent)

Types of expenditure	1988	1989	1990[r]	1991	1992*
	Weighted growth				
Consumption	2.88	3.29	5.52	4.75	2.78
Private	*2.14*	*2.25*	*5.19*	*4.04*	*2.39*
Government	*0.74*	*1.04*	*0.33*	*0.71*	*0.39*
Gross domestic capital formation	2.76	3.37	5.24	0.35	1.92
Change in stock 1)	−4.16	0.30	−0.93	−0.72	−0.61
Exports of goods and services	0.29	2.72	1.22	5.07	4.09
less Imports of goods an services	−4.01	2.22	3.91	2.84	2.09
Gross Domestic Product	**5.8**	**7.5**	**7.1**	**6.6**	**6.1**
	Share in GDP growth				
Consumption	49.85	44.2	77.3	71.8	45.7
Private	*37.06*	*30.2*	*72.7*	*61.1*	*39.2*
Government	*12.79*	*14.0*	*4.6*	*10.7*	*6.5*
Gross domestic capital formation	47.66	45.2	73.4	5.3	31.4
Change in stock 1)	−71.92	4.0	−13.0	−10.9	−9.9
Exports of goods and services	4.95	36.7	17.1	76.6	67.1
less Imports of goods and services	−69.46	29.8	54.8	42.9	34.3
Gross Domestic Product	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

1) Residual.
Source : Central Bureau of Statistics. For 1992 : Bank Indonesia.

Table 3
Percentage Change
on Gross Domestic Product by Expenditure

Types of expenditure	1988	1989	1990r	1991	1992*
	At 1983 market prices				
Consumption	4.4	5.1	8.8	7.5	4.3
Private	*3.9*	*4.2*	*9.9*	7.5	*4.4*
Government	*7.6*	*10.5*	*3.2*	7.2	*4.0*
Gross domestic capital formation	11.5	13.4	19.7	1.2	6.8
Change in stock [1)]	−77.8	26.5	−70.4	−196.8	182.8
Exports of goods and services	1.1	10.4	4.6	19.4	14.0
less Imports of goods and services	−18.7	13.4	22.5	14.2	9.8
Gross Domestic Product	**5.8**	**7.5**	**7.1**	**6.6**	**6.1**
Net factor income from abroad	−18.0	7.0	14.6	−7.4	−6.3
Gross National Product	**6.9**	**7.5**	**6.9**	**7.2**	**6.5**
less Net indirect taxes	17.7	26.2	6.8	7.2	9.8
less Depreciation	5.7	7.3	5.1	7.2	6.7
National Income	**6.2**	**6.1**	**7.0**	**7.2**	**6.2**
	At current market prices				
Consumption	12.0	11.4	18.6	17.9	15.4
Private	*12.6*	9.5	*19.8*	*17.7*	*15.3*
Government	*8.4*	*23.1*	*11.9*	*18.7*	*16.2*
Gross domestic capital formation	18.8	24.1	27.9	8.4	14.7
Change in stock [1)]	−1.9	64.5	−14.8	45.2	−37.2
Exports of goods and services	16.0	22.6	27.2	15.2	20.5
less Imports of goods and services	11.5	23.8	31.3	20.0	13.9
Gross Domestic Product	**13.9**	**17.6**	**17.8**	**15.3**	**13.2**
Net factor income from abroad	14.9	16.6	19.1	8.9	2.2
Gross National Product	**13.8**	**17.7**	**17.7**	**15.7**	**13.8**
less Net indirect taxes	26.7	37.8	13.9	14.0	17.2
less Depreciation	13.9	17.7	17.8	14.0	13.8
National Income	**12.9**	**16.2**	**18.1**	**15.9**	**13.5**

1) Residual.
Source : Central Bureau of Statistics. For 1992 : Bank Indonesia.

Table 4
Expenditure's Share
in GDP Formation

Types of expenditure	1988	1989	1990[r]	1991	1992[*]
	At 1983 market prices				
Consumption	64.1	62.8	63.7	64.2	63.2
Private	*54.2*	*52.6*	*53.9*	*54.4*	*53.5*
Government	*9.9*	*10.2*	*9.8*	*9.9*	*9.7*
Gross domestic capital formation	25.2	26.6	29.7	28.2	28.4
Change in stock 1)	1.2	1.3	0.4	−0.3	−0.9
Exports of goods and services	26.0	26.7	26.1	29.2	31.4
less Imports of goods and services	16.5	17.4	19.9	21.3	22.1
Gross Domestic Product	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Net factor income from abroad	−3.5	−3.5	−3.7	−3.2	−2.8
Gross National Product	**96.5**	**96.5**	**96.3**	**96.8**	**97.2**
less Net indirect taxes	6.4	7.5	7.4	7.5	7.7
less Depreciation	5.0	5.0	4.9	4.9	5.0
National Income	**85.1**	**84.0**	**84.0**	**84.4**	**84.5**
	At current market prices				
Consumption	66.0	62.5	62.9	64.3	65.5
Private	*57.0*	*53.1*	*54.0*	*55.1*	*56.1*
Government	*9.0*	*9.4*	*8.9*	*9.2*	*9.4*
Gross domestic capital formation	25.9	27.3	29.7	27.9	28.2
Change in stock 1)	5.6	7.9	5.7	7.2	4.0
Exports of goods and services	24.4	25.4	27.5	27.4	29.2
less Imports of goods and services	21.9	23.1	25.8	26.8	26.9
Gross Domestic Product	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Net factor income from abroad	−4.9	−4.8	−4.9	−4.6	−4.2
Gross National Product	**95.1**	**95.2**	**95.1**	**95.4**	**95.8**
less Net indirect taxes	6.4	7.4	7.2	7.1	7.4
less Depreciation	5.0	5.0	5.0	4.9	5.0
National Income	**83.7**	**82.8**	**82.9**	**83.3**	**83.5**

1) Residual.
Source : Central Bureau of Statistics. For 1992 : Bank Indonesia.

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

Sectors	At 1983 market prices					At current market prices				
	1988	1989	1990	1991	1992*	1988	1989	1990	1991	1992*
Agriculture	**21,213.7**	**21,917.8**	**22,356.9**	**22,657.2**	**23,481.3**	**34,277.9**	**39,163.9**	**42,148.7**	**44,191.9**	**47,319.3**
Food crops	12,974.0	13,488.7	13,598.2	13,479.3	14,030.6	21,123.8	24,491.9	25,907.5	25,826.1	26,917.7
Smallholders plantation crops	2,835.0	2,867.9	2,980.5	3,127.0	3,243.7	4,388.7	4,694.4	5,027.1	5,584.3	6,105.8
Estate crops	623.1	681.3	743.1	785.7	814,1	1,244.8	1,502.3	1,639.5	1,963.6	2,301.4
Livestock and products	2,211.7	2,243.7	2,327.7	2,440.6	2,497.5	3,544.8	3,814.0	4,368.0	5,032.3	5,656.6
Forestry	1,013.0	973.8	1,002.7	992.5	970.2	1,448.3	1,643.7	1,854.6	1,986.9	2,087.8
Fishery	1,556.9	1,662.6	1,747.7	1,832.1	1,925.2	2,527.5	3,026.6	3,352.0	3,798.7	4,249.9
Mining and quarrying	**15,892.8**	**16,663.8**	**17,488.8**	**19,108.2**	**19,585.0**	**17,161.8**	**21,822.5**	**25,448.4**	**30,901.4**	**36,749.9**
Oil and natural gas	14,691.6	15,390.7	16,029.5	17,385.3	16,865.0	15,524.7	19,283.0	21,508.5	25,648.2	24,334.5
Others	1,201.2	1,273.1	1,459.3	1,722.9	2,720.0	1,637.1	2,539.5	3,939.9	5,253.2	12,415.4
Manufacturing	**18,182.3**	**19,855.7**	**22,276.7**	**24,461.2**	**26,880.0**	**26,252.4**	**30,323.3**	**40,029.7**	**48,335.9**	**53,439.4**
Non-oil/gas	13,606.6	15,180.6	17,149.6	18,961.2	21,035.0	21,278.3	24,876.3	31,620.6	38,552.7	42,625.3
Oil/gas	4,575.7	4,675.1	5,127.1	5,500.0	5,845.0	4,974.1	5,447.0	8,409.1	9,783.2	10,814.1
Oil refinery	*981,2*	*990.0*	*1,089.7*	*1,123.8*	*1,215.0*	*2,025.9*	*2,148.1*	*3,561.4*	*4,310.5*	*4,933.1*
LNG	*3,594.5*	*3,685.1*	*4,037.4*	*4,376.2*	*4,630.0*	*2,948.2*	*3,298.9*	*4,847.7*	*5,472.7*	*5,881.0*
Electricity, gas, and water supply	**548.9**	**615.6**	**725.7**	**842.8**	**900.0**	**869.0**	**1,008.3**	**1,258.1**	**1,575.0**	**1,673.1**
Construction	**5,259.1**	**5,878.0**	**6,672.9**	**7,403.3**	**8,055.0**	**7,169.2**	**8,884.2**	**10,748.5**	**12,855.8**	**15,093.5**
Trade, hotel, and restaurant	**15,656.9**	**17,338.1**	**18,564.5**	**19,557.3**	**20,955.0**	**24,379.2**	**28,855.5**	**33,872.8**	**37,726.2**	**42,659.9**
Wholesale and retail trade	13,035.4	14,446.8	15,421.2	16,164.7	17,255.0	20,388.5	24,441.0	28,584.8	31,596.5	35,521.1
Hotel and restaurant	2,621.5	2,891.3	3,143.3	3,392.6	3,700.0	3,990.7	4,414.5	5,288.0	6,129.7	7,138.8
Transportation and communication	**5,211.5**	**5,811.4**	**6,367.9**	**6,816.2**	**7,300.0**	**8,139.7**	**9,305.5**	**10.999.6**	**13,467.3**	**16,087.6**
Transportation	4,626.0	5,151.2	5,596.4	5,949.5	6,410.0	7,227.2	8,280.1	9,693.5	11,886.7	14,252.6
Communication	585.5	660.2	771.5	866.7	890.0	912.5	1,025.4	1,306.1	1,580.6	1,835.0
Banking and other financial intermediaries	**3,752.2**	**4,290.7**	**4,893.8**	**5,517.2**	**5,910.0**	**5,322.4**	**6,666.7**	**8,287.1**	**10,083.9**	**11,730.8**
Housing rent	**2,762.2**	**2,877.7**	**2,998.8**	**3,119.7**	**3,340.0**	**3,736.0**	**4,151.1**	**4,890.8**	**5,924.7**	**6,629.9**
Public administration and defence	**7,932.1**	**8,396.9**	**8,783.3**	**9,052.1**	**9,315.0**	**9,446.2**	**11,174.2**	**12,801.4**	**14,621.6**	**17,283.1**
Other services	**3,569.7**	**3,790.8**	**3,980.8**	**4,191.8**	**4,488.7**	**5,351.0**	**5,829.5**	**6,434.1**	**7,452.6**	**8,527.6**
GROSS DOMESTIC PRODUCT	**99,981.4**	**107,436.5**	**115,110.0**	**122,727.0**	**130,210.0**	**142,104.8**	**167,184.7**	**196,919.2**	**227,136.3**	**257,194.1**
Non-oil/gas	**80,714.1**	**87,370.7**	**93,953.4**	**99,841.7**	**107,500.0**	**121,606.0**	**142,454.7**	**167,001.6**	**191,704.9**	**222,045.5**
Oil/gas	**19,267.3**	**20,065.8**	**21,156.6**	**22,885.3**	**22,710.0**	**20,498.8**	**24,730.0**	**29,917.6**	**35,431.4**	**35,148.6**

Source : Central Bureau of Statistics. For 1992 : Bank Indonesia.

Table 6
Sectoral Weighted Growth and Its Share in GDP Growth at 1983 Market Prices

Sectors	Weighted growth					Share in GDP Growth				
	1988	1989	1990	1991	1992*	1988	1989	1990	1991	1992*
Agriculture	**1.05**	**0.76**	**0.41**	**0.27**	**0.67**	**18.1**	**9.4**	**5.7**	**4.0**	**11.0**
Food crops	0.59	0.51	0.06	−0.07	0.45	10.2	6.9	0.9	−1.0	7.4
Smalholders plantation crops	0.15	0.03	0.10	0.13	0.10	2.6	0.4	1.4	1.9	1.6
Large estate crops	0.06	0.06	0.06	0.04	0.02	1.1	0.8	0.8	0.6	0.4
Livestock and products	0.11	0.03	0.08	0.10	0.05	1.8	0.4	1.1	1.5	0.8
Forestry	0.05	−0.04	0.03	−0.01	−0.02	0.8	−0.5	0.4	−0.1	−0.3
Fishery	0.09	0.11	0.08	0.08	0.08	1.6	1.4	1.1	1.1	1.2
Mining and quarrying	**−0.50**	**0.77**	**0.76**	**1.41**	**0.39**	**−8.7**	**10.3**	**10.7**	**21.3**	**6.4**
Oil and natural gas	−0.56	0.70	0.59	1.18	−0.42	−9.7	9.4	8.3	17.8	−7.0
Others	0.06	0.07	0.17	0.23	0.81	1.0	0.9	2.4	3.5	13.3
Manufacturing	**2.06**	**1.67**	**2.25**	**1.89**	**1.97**	**35.6**	**22.4**	**31.6**	**28.6**	**32.3**
Non-oil/gas	1.63	1.57	1.83	1.57	1.69	28.2	21.1	25.7	23.8	27.7
Oil/gas	0.43	0.10	0.42	0.32	0.28	7.4	1.3	5.9	4.8	4.6
Oil refinery	*0.05*	*0.01*	*0.09*	*0.03*	*0.07*	*0.8*	*0.1*	*1.3*	*0.4*	*1.2*
L N G	*0.38*	*0.09*	*0.33*	*0.29*	*0.21*	*6.6*	*1.2*	*4.6*	*4.4*	*3.4*
Electricity, gas, and water supply	**0.06**	**0.07**	**0.10**	**0.10**	**0.05**	**1.0**	**0.9**	**1.4**	**1.5**	**0.8**
Construction	**0.48**	**0.62**	**0.74**	**0.63**	**0.53**	**8.4**	**8.3**	**10.4**	**9.6**	**8.7**
Trade, hotel and restaurant	**1.38**	**1.68**	**1.14**	**0.87**	**1.14**	**23.8**	**22.6**	**16.0**	**13.1**	**18.7**
Wholesale and retail trade	1.09	1.41	0.91	0.65	0.89	18.9	19.0	12.7	9.8	14.6
Hotel and restaurant	0.29	0.27	0.23	0.22	0.25	4.9	3.6	3.3	3.3	4.1
Transportation and communication	**0.29**	**0.60**	**0.51**	**0.39**	**0.39**	**5.0**	**8.1**	**7.2**	**5.8**	**6.5**
Transportation	0.25	0.53	0.41	0.31	0.38	4.3	7.1	5.8	4.6	6.2
Communication	0.04	0.07	0.10	0.08	0.02	0.7	1.0	1.4	1.2	0.3
Banking and other financial intermediaries	**0.10**	**0.54**	**0.56**	**0.54**	**0.32**	**1.7**	**7.2**	**7.9**	**8.2**	**5.2**
Housing rent	**0.11**	**0.12**	**0.11**	**0.11**	**0.18**	**2.0**	**1.6**	**1.6**	**1.6**	**2.9**
Public administration and defence	**0.60**	**0.46**	**0.36**	**0.23**	**0.21**	**10.4**	**6.2**	**5.0**	**3.5**	**3.5**
Other services	**0.16**	**0.22**	**0.18**	**0.18**	**0.24**	**2.7**	**3.0**	**2.5**	**2.8**	**4.0**
GROSS DOMESTIC PRODUCT	**5.8**	**7.5**	**7.1**	**6.6**	**6.1**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Non-oil/gas	**5.9**	**6.7**	**6.1**	**5.1**	**6.2**	**102.3**	**89.3**	**85.8**	**77.4**	**102.3**
Oil/gas	**−0.1**	**0.8**	**1.0**	**1.5**	**−0.1**	**−2.3**	**10.7**	**14.2**	**22.6**	**−2.3**

Source : Central Bureau of Statistics. For 1992 : Bank Indonesia.

Table 7
Percentage Change of Gross Domestic Product by Sector

Sectors	At 1983 market prices					At current market prices				
	1988	1989	1990	1991	1992*	1988	1989	1990	1991	1992*
Agriculture	**4.9**	**3.3**	**2.0**	**1.3**	**3.6**	**17.7**	**14.3**	**7.6**	**4.9**	**7.1**
Food crops	4.5	4.0	0.5	−0.6	4.1	20.4	15.9	5.8	−0.3	4.2
Smallholders plantation crops	5.3	1.2	3.9	4.9	3.7	6.0	7.0	7.1	11.1	9.3
Large estate crops	10.4	9.3	9.1	5.7	3.6	27.2	20.7	9.1	19.8	17.2
Livestock and products	4.8	1.4	3.7	4.9	2.3	17.6	7.6	14.5	15.2	12.4
Forestry	4.7	−3.9	3.0	−1.0	−2.2	16.2	12.9	13.5	7.1	5.1
Fishery	5.8	6.8	5.0	5.0	5.1	15.1	19.7	10.8	13.3	11.9
Mining and quarrying	**−2.9**	**4.9**	**5.0**	**9.3**	**2.5**	**−0.6**	**27.2**	**16.6**	**21.4**	**18.9**
Oil and natural gas	−3.5	4.8	4.2	8.5	−3.0	−2.8	24.2	11.5	19.2	−5.1
Others	4.8	6.0	14.6	18.1	57.9	27.2	55.1	55.1	33.3	136.3
Manufacturing	**12.0**	**9.2**	**12.2**	**9.8**	**9.9**	**24.1**	**15.5**	**32.0**	**20.8**	**10.6**
Non-oil/gas	12.8	11.6	13.0	10.6	10.9	23.5	16.9	27.1	21.9	10.6
Oil/gas	9.7	2.2	9.7	7.3	6.3	27.0	9.5	54.4	16.3	10.5
Oil refinery	*4.6*	*0.9*	*10.1*	*3.1*	*8.1*	*11.3*	*6.0*	*65.8*	*21.0*	*14.4*
L N G	*11.2*	*2.5*	*9.6*	*8.4*	*5.8*	*40.6*	*11.9*	*46.9*	*12.9*	*7.5*
Electricity, gas, and water supply	**11.0**	**12.2**	**17.9**	**16.1**	**6.8**	**16.3**	**16.0**	**24.8**	**25.2**	**6.2**
Construction	**9.5**	**11.8**	**13.5**	**10.9**	**8.8**	**17.8**	**23.9**	**21.0**	**19.6**	**17.4**
Trade, hotel, and restaurant	**9.1**	**10.7**	**7.1**	**5.3**	**7.1**	**15.8**	**18.4**	**17.4**	**11.4**	**13.1**
Wholesale and retail trade	8.6	10.8	6.7	4.8	6.7	16.1	19.9	17.0	10.5	12.4
Hotel and restaurant	11.5	10.3	8.7	7.9	9.1	14.4	10.6	19.8	15.9	16.5
Transportation and communication	**5.5**	**11.5**	**9.6**	**7.0**	**7.1**	**9.4**	**14.3**	**18.2**	**22.4**	**19.5**
Transportation	5.3	11.4	8.6	6.3	7.7	8.9	14.6	17.1	22.6	19.9
Communication	7.5	12.8	16.9	12.3	2.7	13.5	12.4	27.4	21.0	16.1
Banking and other financial intermediaries	**2.5**	**14.4**	**14.1**	**12.7**	**7.1**	**11.0**	**25.3**	**24.3**	**21.7**	**16.3**
Housing rent	**4.1**	**4.2**	**4.2**	**4.0**	**7.1**	**11.6**	**11.1**	**17.8**	**21.1**	**11.9**
Public administration and defence	**7.7**	**5.9**	**4.6**	**3.1**	**2.9**	**6.0**	**18.3**	**14.6**	**14.2**	**18.2**
Other services	**4.3**	**6.2**	**5.0**	**5.3**	**7.1**	**9.1**	**8.9**	**10.4**	**15.8**	**14.4**
GROSS DOMESTIC PRODUCT	**5.8**	**7.5**	**7.1**	**6.6**	**6.1**	**13.9**	**17.6**	**17.8**	**15.3**	**13.2**
Non-oil/gas	**7.4**	**8.2**	**7.5**	**6.3**	**7.7**	**15.9**	**17.1**	**17.2**	**14.8**	**15.8**
Oil/gas	**−0.6**	**4.1**	**5.4**	**8.2**	**−0.8**	**3.0**	**20.6**	**21.0**	**18.4**	**−0.8**

Source : Central Bureau of Statistics. For 1992 : Bank Indonesia.

Table 8
Sectoral Share
in GDP Formation

Sectors	At 1983 market prices					At current market prices				
	1988	1989	1990	1991	1992*	1988	1989	1990	1991	1992*
Agriculture	**21.2**	**20.4**	**19.4**	**18.4**	**18.0**	**24.2**	**23.4**	**21.4**	**19.5**	**18.4**
Food crops	13.0	12.6	11.8	11.0	10.8	14.9	14.6	13.2	11.4	10.5
Smallholders' plantation crops	2.8	2.7	2.6	2.5	2.5	3.1	2.8	2.6	2.4	2.4
Large estate crops	0.6	0.6	0.6	0.6	0.6	0.9	0.9	0.8	0.9	0.9
Livestock and products	2.2	2.1	2.0	2.0	1.9	2.5	2.3	2.2	2.2	2.2
Forestry	1.0	0.9	0.9	0.8	0.7	1.0	1.0	0.9	0.9	0.8
Fishery	1.6	1.5	1.5	1.5	1.5	1.8	1.8	1.7	1.7	1.7
Mining and quarrying	**15.9**	**15.5**	**15.2**	**15.6**	**15.0**	**12.1**	**13.0**	**12.9**	**13.6**	**14.3**
Oil and natural gas	14.7	14.3	13.9	14.2	13.0	10.9	11.5	10.9	11.3	9.5
Others	1.2	1.2	1.3	1.4	2.1	1.2	1.5	2.0	2.3	4,8
Manufacturing	**18.2**	**18.5**	**19.3**	**19.9**	**20.6**	**18.5**	**18.2**	**20.4**	**21.3**	**20.8**
Non-oil/gas	13.6	14.1	14.9	15.4	16.2	15.0	14.9	16.1	17.0	16.6
Oil/gas	4.6	4.4	4.4	4.5	4.5	3.5	3.3	4.3	4.3	4.2
Oil refinery	*1.0*	*0.9*	*0.9*	*0.9*	*0.9*	*1.4*	*1.3*	*1.8*	*1.9*	*1.9*
L N G	*3.6*	*3.5*	*3.5*	*3.6*	*3.6*	*2.1*	*2.0*	*2.5*	*2.4*	*2.3*
Electricity, gas, and water supply	**0.5**	**0.6**	**0.6**	**0.7**	**0.7**	**0.6**	**0.6**	**0.6**	**0.7**	**0.7**
Construction	**5.3**	**5.5**	**5.8**	**6.0**	**6.2**	**5.0**	**5.3**	**5.5**	**5.7**	**5.9**
Trade, hotel, and restaurant	**15.6**	**16.1**	**16.1**	**15.9**	**16.1**	**17.2**	**17.2**	**17.2**	**16.6**	**16.6**
Wholesale and retail trade	13.0	13.4	13.4	13.2	13.3	14.4	14.6	14.5	13.9	13.8
Hotel and restaurant	2.6	2.7	2.7	2.8	2.8	2.8	2.6	2.7	2.7	2.8
Transportation and communication	**5.2**	**5.4**	**5.6**	**5.6**	**5.6**	**5.7**	**5.6**	**5.6**	**5.9**	**6.3**
Trasportation	4.6	4.8	4.9	4.8	4.9	5.1	5.0	4.9	5.2	5.5
Communication	0.6	0.6	0.7	0.7	0.7	0.6	0.6	0.7	0.7	0.7
Banking and other financial intermediaries	**3.8**	**4.0**	**4.3**	**4.5**	**4.5**	**3.7**	**4.0**	**4.2**	**4.4**	**4.6**
Housing rent	**2.8**	**2.7**	**2.6**	**2.5**	**2.6**	**2.6**	**2.5**	**2.5**	**2.6**	**2.6**
Public adminstration and defence	**7.9**	**7.8**	**7.6**	**7.4**	**7.2**	**6.6**	**6.7**	**6.5**	**6.4**	**6.7**
Other services	**3.6**	**3.5**	**3.5**	**3.4**	**3.4**	**3.8**	**3.5**	**3.2**	**3.3**	**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	**80.7**	**81.3**	**81.7**	**81.4**	**82.6**	**85.6**	**85.2**	**84.8**	**84.4**	**86.3**
Oil/gas	**19.3**	**18.7**	**18.3**	**18.6**	**17.4**	**14.4**	**14.8**	**15.2**	**15.6**	**13.7**

Source : Central Bureau of Statistics. For 1992 : Bank Indonesia.

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

Items	**1988**	**1989**	**1990[r]**	**1991**	**1992***
1. Exports of goods and services					
at current market prices	34,665.6	42,505.0	54,086.0	62,322.2	75,091.7
2. Exports of goods and services					
at 1983 market prices	26,015.5	28,733.2	30,048.0	35,879.2	40,900.0
3. Export deflator (1983 = 100)	133.2	152.6	180.0	173.7	183.6
[(1:2)x100]					
4. Imports of goods and services					
at current market prices	31,171.4	38,601.0	50,677.0	60,818.7	69,260.3
5. Imports of goods and services					
at 1983 market prices	16,504.2	18,722.9	22,929.0	26,195.8	28,760.0
6. Import deflator (1983 = 100)	188.9	216.1	221.0	232.2	240.8
[(4:5)x100]					
7. Terms of trade index [(3:6) x 100]	70.5	70.6	81.4	74.8	76.2
8. Changes of terms of trade index (%)	−16.3	0.1	15.3	−8.1	1.9
9. Import capacity (1:6)	18,351.3	19,668.0	24,473.3	26,843.4	31,184.3
10. Terms of trade effect (9−2)	−7,664.2	−9,065.2	−5,574.7	−9,035.8	−9,715.7
11. Changes of terms of trade effect (%)	89.3	18.3	−38.5	68.7	7.5
12. GDP at 1983 market prices	99,981.4	107,436.5	115,110.0	122,727.0	130,210.0
13. Changes of GDP					
at 1983 market prices (%)	5.8	7.5	7.1	6.6	6.1
14. GDY (10+12)	92,317.2	98,371.3	109,535.3	113,691.2	120,494.3
15. Changes of GDY (%)	2.0	6.6	11.3	3.6	6.0

Source : Central Bureau of Statistics. For 1992 : Bank Indonesia.

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

Sectors	1988	1989	1990	1991	1992 *	Total 1) 1968 through 1992 * Value	Projects
Agriculture, forestry, and fishery	**3,184.4**	**3,667.6**	**9,403.9**	**4,939.8**	**2,485.3**	**30,733.0**	**1,340**
Agriculture	2,254.8	3,020.1	8,113.1	3,289.2	1,769.4	20,092.0	693
Forestry	486.6	222.7	593.0	1,471.9	533.7	4,386.8	305
Fishery	443.0	424.8	697.8	178.7	182.2	3,254.2	342
Mining	**110.5**	**94.4**	**147.1**	**182.3**	**236.3**	**2,409.2**	**126**
Manufacturing	**9,746.9**	**12,933.7**	**40,863.5**	**26,464.3**	**19,079.2**	**145,536.7**	**5,096**
Food	1,728.3	548.5	1,137.7	1,341.0	1,487.1	9,925.6	795
Textile	2,308.9	3,562.9	12,612.0	3,647.9	2,538.9	30,327.4	1,171
Wood	1,486.5	773.1	2,178.5	1,568.9	637.7	9,589.6	729
Paper	237.2	1,136.8	5,983.2	5,639.9	5,323.2	26,083.8	294
Chemical and pharmaceutical	3,057.4	4,051.1	12,667.8	8,534.5	3,355.2	35,040.6	959
Non-metal mineral	370.7	267.1	3,795.1	4,053.7	3,441.2	17,617.8	287
Basic metal	180.9	2,038.7	982.4	858.3	1,320.9	9,658.2	162
Metal products	279.0	507.5	1,323.3	784.5	904.6	6,891.1	609
Others	98.0	48.0	183.5	35.6	70.4	402.6	90
Construction	**31.4**	**146.1**	**86.5**	**275.0**	**215.4**	**1,285.5**	**78**
Hotel	**537.0**	**1,265.3**	**4,661.7**	**3,897.1**	**3,114.7**	**16,055.2**	**407**
Transportation	**230.7**	**288.7**	**2,083.3**	**906.5**	**860.1**	**5,580.9**	**359**
Real estate and office	**846.1**	**936.2**	**2,101.3**	**3,504.2**	**1,746.2**	**9,767.4**	**244**
Other services	**228.9**	**261.9**	**531.1**	**915.6**	**1,604.5**	**4,755.4**	**195**
T O T A L	**14,915.9**	**19,593.9**	**59,878.4**	**41,084.0**	**29,341.7**	**216,123.3**	**7,845**

1) From July 1968 to December 1992, 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	1988	1989	1990	1991	1992*	Total 1) 1968 to 1992* Value	Projects
Java & Madura	**8,734.9**	**14,459.0**	**39,165.6**	**24,993.1**	**16,437.2**	**134,691.8**	**5,188**
DKI Jakarta	1,031.4	1,419.6	3,272.3	3,604.4	4,001.9	19,486.3	1,036
West Java	5,640.4	9,275.0	27,333.4	13,511.7	7,876.1	77,740.0	2,526
Central Java	870.3	891.3	5,715.0	3,634.5	1,507.2	16,392.2	589
D.I. Yogyakarta	167.1	51.6	420.3	334.3	116.9	1,361.0	129
East Java	1,025.7	2,821.5	2,424.6	3,908.2	2,935.1	19,712.3	908
Sumatera	**3,665.6**	**3,034.8**	**10,781.7**	**6,449.5**	**5,695.8**	**40,363.8**	**1,229**
D.I. Aceh	291.4	221.2	228.2	151.4	1,450.1	3,358.5	97
North Sumatera	543.8	317.4	913.4	824.9	1,935.6	6,701.5	336
West Sumatera	118.1	138.3	456.2	157.4	42.9	1,756.2	114
R i a u	1,198.8	1,307.9	5,821.8	3,255.7	1,175.2	15,781.7	230
J a m b i	298.0	145.3	620.0	1,058.8	55.3	3,208.4	61
South Sumatera	714.7	337.1	1,771.4	554.9	519.6	5,569.9	195
Bengkulu	34.1	78.2	79.4	20.2	161.9	633.4	41
Lampung	466.7	489.4	891.3	426.2	355.2	3,354.2	155
Kalimantan	**1,353.5**	**829.8**	**5,221.3**	**4,409.2**	**3,257.2**	**19,722.5**	**608**
West Kalimantan	708.7	269.1	1,793.4	2,420.9	322.3	6,597.6	187
Central Kalimantan	33.3	89.2	104.8	192.3	2.3	767.1	86
South Kalimantan	186.5	215.1	174.1	567.9	1,157.7	2,741.3	122
East Kalimantan	425.0	256.4	3,149.0	1,228.1	1,774.9	9,616.5	213
Sulawesi	**250.4**	**332.5**	**1,245.0**	**1,214.1**	**699.9**	**6,097.2**	**350**
North Sulawesi	67.7	165.3	144.0	386.1	188.3	1,834.8	80
Central Sulawesi	55.2	48.8	426.5	452.0	33.2	1,276.2	66
South Sulawesi	120.5	68.6	547.5	323.8	178.4	1,947.3	188
Southeast Sulawesi	7.0	49.8	127.0	52.2	300.0	1,038.9	16
Nusa Tenggara	**47.0**	**91.1**	**619.1**	**390.9**	**939.3**	**2,415.5**	**111**
West Nusa Tenggara	25.3	60.7	357.3	372.0	596.0	1,540.0	65
East Nusa Tenggara	21.7	30.4	261.8	18.9	343.3	875.5	46
B a l i	**214.4**	**460.2**	**1,844.2**	**1,334.3**	**676.7**	**5,325.4**	**176**
East Timor	**1.1**	**– –**	**22.6**	**– –**	**202.9**	**227.8**	**8**
Maluku	**328.6**	**196.7**	**807.9**	**126.6**	**107.0**	**2,045.1**	**117**
Irian Jaya	**320.4**	**189.8**	**171.0**	**2,167.1**	**1,325.7**	**5,207.2**	**58**
T O T A L	**14,915.9**	**19,593.9**	**59,878.4**	**41,084.8**	**29,341.7**	**216,123.3**	**7,845**

1) From July 1968 to December 1992, 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	1988	1989	1990	1991	1992 *	Total 1) 1967 through 1992 * Value	Projects
Agriculture, forestry, and fishery	**79.7**	**173.1**	**191.6**	**26.0**	**231.4**	**2,004.5**	**149**
Agriculture	7.7	121.7	169.7	14.3	65.9	1,173.2	67
Forestry	26.3	4.4	2.4	0.7	137.6	522.5	28
Fishery	45.7	47.0	19.5	11.0	27.9	308.8	54
Mining	--	--	**115.5**	--	**2.313.0**	**5.975.0**	**122**
Manufacturing	**3,827.9**	**4,246.1**	**5,646.9**	**3,970.5**	**5,639.3**	**37,674.2**	**1,594**
Food	231.0	222.9	98.9	381.9	212.8	1,794.1	110
Textile	213.2	581.1	1,094.2	532.3	587.1	4,334.3	361
Wood	104.3	105.9	217.6	62.2	33.1	835.0	122
Paper	1,505.6	211.4	730.2	822.1	686.4	4,523.2	38
Chemical and pharmaceutical	1,544.3	2,512.4	1,998.0	925.5	2,331.7	12,858.2	358
Non-metal mineral	29.8	183.9	124.8	133.4	837.2	3,076.9	59
Basic metal	61.3	105.7	824.5	197.2	42.8	4.395.9	44
Metal products	128.8	292.3	460.1	856.2	857.0	5,524.8	432
Others	9.6	30.5	98.6	59.7	51.2	331.8	70
Construction	**2.4**	**15.9**	**76.8**	**26.4**	**41.2**	**622.4**	**119**
Hotel	**404.6**	**97.8**	**874.4**	**4,018.9**	**919.2**	**6,987.7**	**101**
Transportation	**2.5**	**4.5**	**803.0**	**166.8**	**14.2**	**1,535.5**	**32**
Real estate and office	**74.5**	**66.6**	**901.7**	**402.7**	**716.8**	**7,021.8**	**70**
Other services	**42.8**	**114.8**	**140.2**	**166.9**	**416.9**	**1,203.7**	**239**
TOTAL	**4,434.4**	**4,718.8**	**8,750.1**	**8,778.2**	**10,292.0**	**63,015.8**	**2,426**

1) From June 1967 to December 1992, 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	1988	1989	1990	1991	1992 *	Total 1) 1967 through 1992 * Value	Total 1) 1967 through 1992 * Projects
Java & Madura	**1,666.8**	**4,030.7**	**6,432.7**	**7,186.9**	**5,977.7**	**42,067.1**	**1,859**
DKI Jakarta	335.4	521.2	1,651.5	4,216.6	1,122.2	16,987.2	691
West Java	1,069.4	1,476.3	3,691.7	2,376.2	4,482.8	18,794.2	921
Central Java	25.1	1,702.7	109.7	130.6	42.5	2,506.8	56
D.I. Yogyakarta	--	--	6.9	37.0	48.4	57.3	7
East Java	236.9	330.5	972.8	426.5	281.8	3,721.6	184
Sumatera	**1,594.9**	**567.1**	**871.0**	**995.0**	**2,446.8**	**12,344.0**	**254**
D.I. Aceh	--	50.0	192.0	--	0.3	1,127.2	12
North Sumatera	55.0	17.7	360.0	35.9	657.4	4,659.9	55
West Sumatera	5.7	5.2	1.5	--	3.2	66.3	12
R i a u	614.3	318.5	247.0	950.8	1,729.2	4,493.3	127
J a m b i	--	--	--	--	--	8.0	2
South Sumatera	919.9	56.7	44.4	5.0	5.6	1,277.3	23
Bengkulu	--	41.1	--	--	--	41.1	7
Lampung	--	77.9	26.0	3.3	51.1	670.9	16
Kalimantan	**83.6**	**18.9**	**700.8**	**24.0**	**439.9**	**2,938.7**	**118**
West Kalimantan	24.3	--	6.8	12.8	--	120.5	27
Central Kalimantan	18.3	5.7	10.8	2.7	6.0	268.4	31
South Kalimantan	2.0	13.2	122.6	4.5	361.4	617.7	23
East Kalimantan	39.0	--	560.7	4.0	72.5	1,932.1	37
Sulawesi	**43.8**	**11.3**	**134.4**	**13.0**	**91.4**	**1,832.7**	**56**
North Sulawesi	--	2.4	8.0	7.2	25.6	346.8	17
Central Sulawesi	24.3	4.0	1.4	2.0	2.0	35.4	10
South Sulawesi	--	4.9	121.4	1.6	3.2	1,350.4	19
Southeast Sulawesi	19.5	--	3.6	2.2	60.6	100.1	10
Nusa Tenggara	**3.8**	**11.1**	**1.2**	**6.8**	**44.9**	**108.3**	**20**
West Nusa Tenggara	3.0	1.6	--	6.8	42.0	78.4	9
East Nusa Tenggara	0.8	9.5	1.2	--	2.9	29.9	11
B a l i	**371.1**	**79.7**	**608.5**	**550.0**	**476.0**	**2,387.7**	**88**
East Timor	--	--	--	--	--	--	--
Maluku	--	--	**0.3**	**2.5**	**0.9**	**116.2**	**11**
Irian Jaya	**670.5**	--	**1.3**	--	**814.4**	**1,221.1**	**20**
T O T A L	**4,434.5**	**4,718.8**	**8,750.1**	**8,778.2**	**10,292.0**	**63,015.8**	**2,426**

1) From June 1967 through December 1992, 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	1988	1989	1990	1991	1992 *	Total 1) 1967 through 1992 * Value	Projects
Europe	**1,433.4**	**604.5**	**1,070.4**	**1,173.6**	**1,362.5**	**9,297.6**	**398**
Belgium	--	43.1	87.1	23.0	21.7	263.4	19
France	42.2	18.8	68.7	25.8	19.9	273.5	33
Germany	955.9	6.7	13.4	59.9	36.7	1,856.3	55
Netherlands, the	270.9	282.9	567.3	183.6	94.2	2,255.7	97
Switzerland	1.2	11.0	14.3	307.8	11.5	553.7	29
Others	42.3	198.5	261.8	37.9	200.3	1,632.5	44
America	**759.6**	**366.6**	**202.8**	**388.0**	**942.2**	**3,366.8**	**186**
Canada	--	3.0	8.5	7.5	0.1	32.6	14
United States	671.8	348.0	153.7	275.6	922.5	2,716.4	144
Others	87.8	15.6	40.6	104.9	19.6	617.8	28
A s i a	**1,868.2**	**2,064.6**	**4,991.4**	**2,950.7**	**4,272.2**	**27,859.4**	**1,535**
Hong Kong	231.4	406.8	993.3	277.7	1,017.9	5,237.8	237
Japan	247.0	768.7	2,240.8	929.3	1,503.3	13,068.4	517
Malaysia	20.2	22.7	7.2	29.5	15.7	130.5	26
Philippines, the	--	--	--	8.0	0.3	14.8	5
Singapore	240.2	166.1	264.3	346.4	447.9	2,062.4	190
South Korea	209.0	466.1	722.9	301.3	617.1	2,964.5	276
Taiwan	910.2	158.2	618.3	1,056.5	563.3	3,936.0	250
Thailand	10.2	17.0	9.5	1.0	55.8	96.4	12
Others	--	59.0	135.1	1.0	50.9	348.6	22
Australia	**53.2**	**42.5**	**186.5**	**48.4**	**83.5**	**1,298.9**	**131**
Africa	--	--	**2.2**	**5.8**	**4.4**	**53.2**	**13**
Joint countries	**320.1**	**1,640.6**	**2,296.8**	**4,140.7**	**3,627.2**	**21,139.9**	**163**
Others	--	--	--	**71.0**	--	--	--
T O T A L	**4,434.5**	**4,718.8**	**8,750.1**	**8,778.2**	**10,292.0**	**63,015.8**	**2,426**

1) From June 1967 up to December 1992, after taking into account the cancelation and shifting of projects from foreign to domestic investment.
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	Miscellaneous	General Index	Changes in the General Index (%) [2)]
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
March	113.57	124.62	114.17	119.59	118.26	+1.09
1991/92						+9.78
June	117.44	126.15	117.51	122.96	121.25	+2.47
September	120.05	130.37	118.46	132.93	126.04	+3.91
December	122.64	133.74	119.46	135.02	128.60	+0.19
March	125.82	134.59	120.76	136.14	130.34	+1.35
1992/93						+10,03
April	127.37	135.17	124.16	136.76	131.54	+0.92
May	127.20	135.54	123.97	137.12	131.68	+0.11
June	128.86	136.45	124.22	137.17	132.53	+0.65
July	128.40	137.09	124.97	137.71	132.83	+0.23
August	128.19	137.44	125.51	138.18	133.04	+0.16
September	128.27	137.82	125.57	138.69	133.30	+0.20
October	128.72	138.80	125.89	139.11	133.85	+0.41
November	128.59	139.63	126.19	139.56	134.19	+0.25
December	130.19	139.95	128.33	139.66	135.08	+0.66
January	132.55	144.92	129.38	145.84	139.03	+2.92
February	137.27	147.71	130.14	147.50	141.85	+2.03
March	140.81	149.41	133.22	147.76	143.96	+1.49

1) Up to March 1990, composite of 17 cities (April 1977 – March 1978 = 100)
2) Annual/quarterly changes are calculated on a cumulative basis as summation of the monthly percentage changes.

Source : Central Bureau of Statistics.

Table 16
Wholesale Price Index [1)]
(1983 = 100)

Sectors	**1988/89**	**1989/90**	**1990/91**	**1991/92**	**1992**	**1992 against 1991 (%)**
Agriculture	167	180	194	211	225	9.22
Mining and quarrying	146	159	174	191	205	9.04
Manufacturing	159	168	181	198	206	6.19
Imports	166	183	194	203	208	3.48
Exports	126	134	164	151	159	3.92
Oil/gas	*109*	*116*	*155*	*134*	*143*	*2.88*
Non-oil/gas	*186*	*195*	*196*	*206*	*212*	*4.43*
General Index	**153**	**165**	**182**	**189**	**197**	**5.35**

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] Outstanding	M2 [1] Changes (%) Annually	M2 [1] Changes (%) Quarterly	M1 [2] Outstanding	M1 [2] Share (%)	Quasi money[3] Outstanding	Quasi money[3] Share (%)
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	41,998	23.9	4.8	14,392	34.3	27,606	65.7
1988/89	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
1992/93							
June	106,921		6.1	26,844	25.1	80,077	74.9
September	113,487		6.1	27,626	24.3	85,861	75.7
December	119,053	20.2	4.9	28,779	24.2	90,274	75.8
March *	123,314	22.3	3.6	30,648	24.9	92,666	75.1

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 (%)
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	14,392	13.5	9.5	6,246	43.4	8,146	56.6
1988/1989	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
1992/93							
June	26,844		−1.7	9,944	37.0	16,900	63.0
September	27,626		2.9	10,440	37.8	17,186	62.2
December	28,779	9.3	4.2	11,478	39.9	17,301	60.1
March *	30,648	12.2	6.5	12,508	40.8	18,140	59.2

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 M2 (March 1979 =100)	Index of M1 (March 1979 =100)
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	41,998	14,392	317.56	41,881	14,352	387.56	197.08
1988/89	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
1992/93							
June	106,921	26,844	132.53	80,677	20,255	746.58	278.15
September	113,487	27,626	133.30	85,137	20,725	787.85	284.59
December	119,053	28,779	135.08	88,120	21,305	815.45	292.55
March *	123,314	30,648	143,96	85.659	21,289	792.70	292.35

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	1990	1990/91	1991	1991/92	1992 I	1992 II	1992 III	1992 IV	1993* I	1992/93*
Changes of broad money (M2) :	**25,926**	**16,757**	**14,429**	**19,672**	**1,737**	**6,125**	**6,566**	**5,566**	**4,261**	**22,518**
Narrow money (M1)	3,705	1,415	2,523	3,748	976	−474	782	1,153	1,869	3,330
Currency	*1,667*	*1,246*	*252*	*1,999*	*1,679*	*−1,081*	*496*	*1,038*	*1,030*	*1,483*
Demand deposits	*2,038*	*169*	*2,271*	*1,749*	*−703*	*607*	*286*	*115*	*839*	*1,847*
Quasi money [1]	22,220	15,342	11,906	15,924	761	6,599	5,784	4,413	2,392	19,188
Affecting factors :										
Foreign assets (net)	−2,171	2,277	7,430	3,462	78	2,440	4,084	480	2,920	9,924
Claims on central government (net)	−3,877	−4,820	−1,356	2,407	−1,503	−696	209	699	−430	−218
Claims on entities, enterprises, and individuals	34,888	29,748	20,368	21,159	4,410	4,483	5,176	1,680	1,054	12,393
Claims on official entities and public enterprises	*−921*	*−1,503*	*105*	*1,512*	*790*	*−286*	*−170*	*158*	*334*	*36*
Claims on private enterprises and individuals	*35,809*	*31,251*	*20,263*	*19,647*	*3,620*	*4,769*	*5,346*	*1,522*	*720*	*12,357*
Net other items	−2,499	−10,237	−12,095	−2,542	−1,248	−102	−2,903	2,707	717	419

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	**1988/89**	**1989/90**	**1990/91**	**1991/92**	**1992/93**		**1993/94**
					Budget	**Actuals**	**APBN**
Revenues	32,995	38,169	49,451	51,944	56,109	58,168	62,322
Domestic	*23,004*	*28,740*	*39,546*	*41,585*	*46,509*	*47,452*	*52,769*
Development	*9,991*	*9,429*	*9,905*	*10,409*	*9,600*	*10,716*	*9,553*
Expenditures	32,990	38,165	49,450	51,992	56,109	58,166	62,322
Routine	*20,739*	*24,331*	*29,998*	*30,228*	*33,197*	*34,031*	*37,095*
Development	*12,251*	*13,834*	*19,452*	*21,764*	*22,912*	*24,135*	*25,227*
Government savings 1)	2,265	4,409	9,548	11,357	13,312	13,421	15,574
Total development fund 2)	12,256	13,838	19,453	21,766	22,912	24,137	25,227
Surplus (+)/Deficit (−)	5	4	1	2	--	2	--

1) Domestic revenues minus routine expenditures.
2) Development revenues plus government savings.

Source : Ministry of Finance.

Table 22
Government Revenues
(billions of rupiah)

Particulars	1988/89	1989/90	1990/91	1991/92	1992/93 Budget	1992/93 Actuals	1993/94 Budget
Domestic revenues	**23,004**	**28,740**	**39,546**	**41,585**	**46,509**	**47,452**	**52,769**
Oil and gas receipts	9,527	11,252	17,712	15,039	13,948	15,330	15,128
O i l	*8,326*	*9,418*	*14,578*	*12,481*	*11,201*	*12,095*	*11,807*
G a s	*1,201*	*1,834*	*3,134*	*2,588*	*2,747*	*3,235*	*3,321*
Non-oil receipts	13,477	17,488	21,834	26,546	32,561	32,122	37,641
Income tax	*3,949*	*5,488*	*6,755*	*9,580*	*10,930*	*11,913*	*14,848*
Value-added tax on goods and services and sales tax on luxury goods	*4,505*	*5,837*	*7,463*	*8,926*	*11,032*	*10,714*	*11,683*
Import duties	*1,192*	*1,587*	*2,486*	*2,133*	*3,041*	*2,652*	*3,105*
Excise duties	*1,390*	*1,477*	*1,917*	*2,233*	*2,441*	*2,381*	*2,498*
Export taxes	*156*	*171*	*44*	*19*	*60*	*8*	*30*
Land and building tax	*424*	*590*	*811*	*875*	*991*	*1,101*	*1,320*
Others	*292*	*276*	*243*	*303*	*355*	*360*	*364*
Non-tax receipts	*1,569*	*2,062*	*2,115*	*2,487*	*2,910*	*2,993*	*3,583*
Oil-based fuel receipts	--	--	--	--	*801*	--	*210*
Development revenues	**9,991**	**9,429**	**9,905**	**10,409**	**9,600**	**10,716**	**9,553**
Program aid	2,041	1,007	1,397	1,563	501	512	427
Pure	*33*	*11*	*35*	–	–	–	–
Local cost financing	*2,008*	*996*	*1,362*	*1,563*	*501*	*512*	*427*
Project aid	7,950	8,422	8,508	8,846	9,099	10,204	9,126
T O T A L	**32,995**	**38,169**	**49,451**	**51,994**	**56,109**	**58,168**	**62,322**

Source : Ministry of Finance.

Table 23
Government Expenditures
(billions of rupiah)

Particulars	1988/89	1989/90	1990/91	1991/92	1992/93 Budget	1992/93 Actuals	1993/94 Budget
Routine expenditures	**20,739**	**24,331**	**29,998**	**30,228**	**33,197**	**34,031**	**37,095**
Personnel expenditures	4,998	6,201	7,054	8,103	9,145	9,466	10,894
Rice allowance	*518*	*588*	*640*	*923*	*886*	*888*	*905*
Salaries and pensions	*3,833*	*4,826*	*5,570*	*6,299*	*7,220*	*7,533*	*8,868*
Food allowance	*327*	*373*	*382*	*393*	*473*	*473*	*482*
Other domestic personnel expenditures	*185*	*243*	*264*	*279*	*311*	*313*	*342*
Overseas personnel expenditures	*135*	*171*	*198*	*209*	*255*	*259*	*297*
Material expenditures	1,492	1,702	1,830	2,373	2,432	2,870	2,980
Domestic	*1,378*	*1,569*	*1,670*	*2,218*	*2,248*	*2,681*	*2,786*
Overseas	*114*	*133*	*160*	*155*	*184*	*189*	*194*
Subsidies to local government	3,038	3,566	4,236	4,834	5,269	5,283	6,029
Irian Jaya/non-personnel expenditures	*259*	*228*	*275*	*314*	*376*	*377*	*378*
Other autonomous regions/ personnel expenditures	*2,779*	*3,338*	*3,961*	*4,520*	*4,893*	*4,906*	*5,651*
Amortization and interest payments	10,940	11,939	13,395	13,434	15,902	15,217	16,712
Domestic debt	*77*	*149*	*250*	*251*	*275*	*275*	*286*
Foreign debt	*10,863*	*11,790*	*13,145*	*13,183*	*15,627*	*14,942*	*16,426*
Food stock expenditures	--	--	--	--	--	--	--
Others	271	923	3,483	1,484	449	1,195	480
Development expenditures	**12,251**	**13,834**	**19,452**	**21,764**	**22,912**	**24,135**	**25,227**
Ministries/institutions including national defence and security	1,856	2,509	4,853	5,971	8,038	7,858	9,265
Regional development	1,491	1,719	2,998	3,953	4,951	5,040	5,896
Subsidies to villages	*112*	*112*	*181*	*250*	*327*	*327*	*390*
Subsidies to regencies	*267*	*270*	*392*	*583*	*825*	*825*	*1,030*
East Timor	*6*	--	--	--	--		
Subsidies to provinces	*334*	*324*	*486*	*574*	*716*	*701*	*783*
Land and building tax	*344*	*478*	*657*	*708*	*802*	*891*	*1,069*
Construction of primary schools	*130*	*100*	*374*	*520*	*669*	*655*	*748*
Subsidies for construction/ reconstruction of markets	*3*	*3*	*3*	*2*	*3*	*1*	*5*
Public health services	*99*	*122*	*193*	*269*	*339*	*320*	*393*
Subsidies for afforestation and reforestation	*16*	*16*	*33*	*75*	*97*	*95*	*104*
Presidential instruction on road infrastructures	*180*	*294*	*679*	*972*	*1,173*	*1,225*	*1,374*
Other expenditures	954	1,184	1,093	1,494	824	1,033	940
Subsidies for fertilizer	*200*	*278*	*265*	*302*	*175*	*175*	*175*
Government equity participation	*125*	*141*	*323*	*470*	*146*	*150*	*126*
Others	*629*	*765*	*505*	*722*	*503*	*708*	*639*
Development budget reserves	--	--	2,000	1,500	--	--	--
Project aids	7,950	8,422	8,508	8,846	9,099	10,204	9,126
TOTAL	**32,990**	**38,165**	**49,450**	**51,992**	**56,109**	**58,166**	**62,322**

Source : Ministry of Finance.

Table 24
Development Expenditures by Sector
(billions of rupiah)

Particulars	1988/89	1989/90	1990/91	1991/92	1992/93 Budget	1992/93 Actuals	1993/94 Budget
Government	**179**	**188**	**250**	**321**	**398**	**401**	**432**
State apparatus	152	163	215	269	324	327	349
Law	27	25	35	52	74	74	83
National defence and security	**555**	**720**	**996**	**1,023**	**1,120**	**1,204**	**1,147**
Education and culture	**2,327**	**1,840**	**2,607**	**2,847**	**3,569**	**3,733**	**4,226**
Education, youth, culture, and religion	1,606	1,507	2,052	2,417	3,002	3,147	3,565
Science, technology, and research	721	333	555	430	567	586	661
Health, social welfare, women's role, population, and family planning program	**338**	**470**	**723**	**891**	**955**	**957**	**1,087**
Housing and settlement	**481**	**495**	**677**	**801**	**959**	**1,054**	**971**
Religion and manpower	**284**	**306**	**621**	**766**	**953**	**966**	**1.034**
Religion	18	25	42	47	67	78	81
Manpower and transmigration	266	281	579	719	886	888	953
Economy	**6,487**	**7,347**	**8,766**	**10,288**	**11,266**	**12,101**	**11,965**
Agriculture and irrigation	1,611	2,049	2,308	2,714	2,955	3,240	3,082
Manufacturing	447	400	547	545	520	570	529
Mining and energy	2,074	1,418	1,874	2,463	3,013	3,333	3,286
Transportation and tourism	2,012	3,006	3,744	3,910	4,385	4,538	4,667
Information, press, and communication	28	59	94	78	80	82	82
Trade and cooperatives	315	415	199	579	313	338	319
Regional, business, and environment	**1,600**	**2,468**	**2,812**	**3,328**	**3,692**	**3,719**	**4,365**
Regional, rural, and urban development	1,137	1,369	1,938	2,479	2,919	2,920	3,562
Business development	238	625	334	410	390	409	394
Resources and environment	225	474	540	439	383	390	409
Development budget reserves	--	--	**2,000**	**1,500**	--	--	--
TOTAL	**12,251**	**13,834**	**19,452**	**21,764**	**22,912**	**24,135**	**25,227**

Source : Ministry of Finance.

Table 25
Balance of Payments [1]
(millions of $)

Items	1988/89	1989/90	1990/91	1991/92	1992/93*
A. Balance of goods and services	**−1,859**	**−1,599**	**−3,741**	**−4,352**	**−3,264**
1. Merchandise, exports f.o.b.	19,824	23,830	28,143	29,714	34,629
imports f.o.b.	−14,311	−17,374	−23,028	−24,803	−27,807
2. Freight and insurance on imports	−1,555	−1,886	−2,519	−2,719	−3,051
3. Other transportation	−317	−462	−607	−679	−720
4. Travel	806	953	1,380	1,619	2,008
5. Investment income	−4,198	−4,612	−5,388	−5,579	−5,812
5.1. Oil and LNG sector	−1,242	−1,692	−2,127	−2,023	−2,189
5.2. Direct investment and others	−2,956	−2,920	−3,261	−3,556	−3,623
6. Government, not included elsewhere	−142	−150	−160	−205	−214
7. Other services	−1,966	−1,898	−1,562	−1,700	2,297
Balance of goods (1)	**5,513**	**6,456**	**5,115**	**4,911**	**6,822**
Balance of services (2 through 7)	**−7,372**	**−8,055**	**−8,856**	**−9,263**	**−10,086**
B. Grants	**166**	**171**	**226**	**210**	**275**
8. Private	−−	−−	−−	−−	−−
9. Government	166	171	226	210	275
C. Current account (A+B)	**−1,693**	**−1,428**	**−3,515**	**−4,142**	**−2,989**
D. Capital movements	**3,125**	**1,986**	**3,252**	**4,360**	**3,683**
D.1. Other than reserves	2,448	2,234	6,554	5,341	5,122
10. Direct investment and other long-term capital movements	2,425	2,287	6,623	5,267	4,988
10.1. Direct investment	585	722	1,424	1,531	1,701
10.2. Bonds	169	−−	−−	−−	−−
a. Official	169	−−	−−	−−	−−
b. Private	−−	−−	−−	−−	−−
10.3. Other long-term capital movements	1,671	1,565	5,199	3,736	3,287
a. Official	2,490	1,659	698	1,208	536
b. Private	−819	−94	4,501	2,528	2,751
11. Short-term capital movements	23	−53	−69	74	134
11.1. Official	−−	−−	−−	−−	−−
11.2. Private	23	−53	−69	74	134
D.2. Reserves	677	−248	−3,302	−981	−1,439
12. Monetary gold	163	−37	97	62	52
13. Special Drawing Rights	5	−1	−−	−−	2
14. Reserves position in the Fund	5	−−	−−	2	−169
15. Foreign exchange	505	−210	−3,392	−1,046	−1,324
16. Others	−1	−−	−7	1	−−
E. Errors and Ommissions (between C and D)	**−1,432**	**−558**	**263**	**218**	**−694**

1) – The presentation follows the IMF standard.
– Positive is for credit and negative is for debit.

Table 26
Export Value [1)]
(millions of $)

Items	1988/89	1989/90	1990/91	1991/92	1992/93*
Non-oil/gas	**12,184**	**14,493**	**15,380**	**19,008**	**24,301**
Wood and wood products	2,903	3,465	3,452	3,732	3,834
Log	*9*	*6*	*5*	*10*	*10*
Plywood	*2,095*	*2,438*	*2,764*	*2,868*	*2,862*
Sawn timber	*592*	*600*	*90*	*90*	*91*
Others	*207*	*421*	*593*	*764*	*871*
Rubber	1,229	956	887	932	941
Coffee	576	452	371	362	349
Palm oil	313	279	284	349	476
Shrimp and other animal products	839	781	1,076	1,150	1,121
Shrimp	*541*	*520*	*711*	*810*	*780*
Others	*298*	*261*	*365*	*340*	*341*
T e a	136	181	154	145	134
Foodstuffs	357	347	445	502	527
Tapioca	*154*	*97*	*121*	*99*	*106*
Others	*203*	*250*	*324*	*403*	*421*
Pepper	144	94	78	69	66
Tobacco	43	44	72	65	67
Copra cakes	42	51	56	51	43
Hides	69	70	58	43	43
Rattan and rattan products	153	235	230	295	324
Raw rattan	*37*	–	–	–	–
Rattan mat	*51*	*86*	*21*	*37*	*35*
Rattan furniture	*58*	*132*	*189*	*234*	*261*
Others	*7*	*17*	*20*	*24*	*28*
Textile and textile products	1,571	2,219	2,731	4,011	5,527
Handicrafts	184	250	357	489	547
Electrical appliances	106	176	259	544	878
Urea fertilizer	136	167	214	291	218
Cement	86	128	69	68	122
Iron steel	317	490	308	380	419
Paper	153	224	248	330	359
Glasswares	108	94	100	124	141
Footwears	126	304	679	1,028	1,275
Mining products	1,556	1,582	1,440	1,692	1,809
T i n	*165*	*213*	*147*	*146*	*149*
Copper	*238*	*321*	*447*	*528*	*709*
Aluminum	*301*	*267*	*202*	*159*	*131*
Nickel	*438*	*404*	*326*	*289*	*187*
Gold	*323*	*218*	*68*	*141*	*153*
Others [2)]	*91*	*159*	*250*	*429*	*480*
Others	1,037	1,904	1,812	2,356	5,081
O i l [3)]	**5,007**	**6,288**	**8,053**	**6,869**	**6,390**
G a s	**2,633**	**3,049**	**4,710**	**3,837**	**3,938**
L N G	2,508	2,801	4,304	3,510	3,594
L P G [4)]	125	248	406	327	344
T O T A L	**19,824**	**23,830**	**28,143**	**29,714**	**34,629**

1. The change in commodity classification system from CCCN to HS in 1991/92, shifting the grouping of some export commodities.
2. Includes natural sands, which for 1988/89 through 1992/93 were $4.6 million, $4.4 million, $5.7 million, $4.6 million, and $6.2 million.
3. Consists of crude oil and oil products.
4. Prior to 1987/88 the LPG export was included in the oil exports as refinery output.

Table 27
Export Volume [1]
(thousands of ton)

Items [1]	1988/89	1989/90	1990/91	1991/92	1992/93 *
Non-oil/gas	**47,855**	**38,778**	**40,873**	**61,926**	**67,609**
Wood and wood products	7,764	9,914	7,029	9,396	7,928
Log	*276*	*136*	*108*	*413*	*248*
Plywood	*4,381*	*5,086*	*5,351*	*6,835*	*6,495*
Sawn timber	*2,093*	*1,739*	*97*	*193*	*156*
Others	*1,014*	*2,953*	*1,473*	*1,955*	*1,029*
Rubber	1,220	1,222	1,221	1,473	1,343
Coffee	323	399	426	497	406
Palm oil	808	943	1,098	1,527	1,212
Shrimp and other animal products	243	316	411	552	553
Shrimp	*91*	*137*	*133*	*226*	*228*
Others	*152*	*179*	*278*	*326*	*325*
T e a	110	118	112	120	105
Foodstuffs	2,592	2,446	2,449	2,769	2,239
Tapioca	*1,368*	*1,303*	*1,268*	*868*	*1,014*
Others	*1,224*	*1,143*	*1,181*	*1,901*	*1,225*
Pepper	53	44	52	66	55
Tobacco	20	17	21	28	33
Copra cakes	355	466	632	697	424
Hides	4	4	2	4	3
Rattan and rattan products	63	70	95	165	181
Raw rattan	*30*	--	--	--	--
Rattan mat	*8*	*12*	*6*	*75*	*79*
Rattan furniture	*23*	*50*	*71*	*80*	*89*
Others	*2*	*8*	*18*	*11*	*13*
Textile and textile products	545	367	390	1,127	1,497
Handicrafts	71	72	94	332	371
Electrical appliances	40	48	64	178	276
Urea fertilizer	1,011	1,727	1,553	2,219	1,610
Cement	3,343	4,008	1,753	2,091	2,497
Iron steel	1,261	956	600	1,172	1,896
Paper	229	318	401	739	1,420
Glasswares	235	219	220	316	608
Footwears	20	48	103	555	682
Mining products	24,014	12,716	18,997	28,351	29,372
T i n	*24*	*26*	*26*	*32*	*30*
Copper	*318*	*341*	*477*	*630*	*672*
Aluminum	*124*	*165*	*136*	*130*	*121*
Nickel	*1,592*	*1,965*	*1,615*	*1,895*	*1,724*
Gold [2]	*22,262*	*17,971*	*5,648*	*17,742*	*15,810*
Others [3]	*21,956*	*10,219*	*16,743*	*25,664*	*26,825*
Others	3,531	2,340	3,150	7,552	12,898
O i l (millions of barrel) [4]	**336**	**351**	**360**	**382**	**353**
G a s					
L N G (millions of MMBTU) [5]	945	967	1,100	1,157	1,169
L P G [6]	1,353	2,414	2,635	2,378	2,513

1. The change in commodity classification system from CCCN to HS in 1991/92, shifting the grouping of some export commodities.
2. In kilogram.
3. Includes natural sands, which for 1988/89 through 1992/93 were 19,610 ; 3,615 ; 8,136 ; 9,035 ; and 11,065 thousand tons, respectively..
4. Consists of crude oil and oil products.
5. MMBTU = Mille-mille British Thermal Unit.
6. Prior to 1987/88 the LPG export was included in the oil exports as refinery output.

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

	1988/89	(%)	1989/90	(%)	1990/91	(%)	1991/92	(%)	1992/93*	(%)
AFRICA	**247.1**	**2.0**	**215.0**	**1.5**	**227.8**	**1.5**	**337.9**	**1.8**	**533.1**	**2.2**
AMERICA	**1,960.3**	**16.1**	**2,373.5**	**16.4**	**2,636.0**	**17.1**	**3,321.2**	**17.5**	**4,692.0**	**19.3**
Canada	96.6	0.8	113.8	0.8	129.8	0.8	203.1	1.1	277.0	1.1
United States	1,821.5	15.0	2,196.9	15.2	2,383.9	15.5	2,911.8	15.3	3,873.9	15.9
Others	42.2	0.3	62.8	0.4	122.3	0.8	206.3	1.1	541.1	2.2
ASIA	**7,375.6**	**60.5**	**8,887.2**	**61.3**	**8,841.9**	**57.5**	**11,120.0**	**58.5**	**13,723.0**	**56.5**
ASEAN	2,155.7	17.7	2,431.8	16.8	2,308.0	15.0	3,212.6	16.9	4,642.0	19.1
Brunei Darussalam	7.0	0.1	9.2	0.1	10.0	0.1	12.0	0.1	29.8	0.1
Malaysia	213.0	1.7	211.4	1.5	251.8	1.6	392.3	2.1	508.8	2.1
Philippines, the	75.6	0.6	118.5	0.8	139.7	0.9	160.1	0.8	168.6	0.7
Singapore	1,695.1	13.9	1,875.0	12.9	1,705.1	11.1	2,417.8	12.7	3,493.1	14.4
Thailand	165.0	1.4	217.6	1.5	201.3	1.3	230.4	1.2	441.7	1.8
China, Peoples' Rep. of	388.5	3.2	373.1	2.6	614.9	4.0	627.0	3.3	788.9	3.2
Hong Kong	577.3	4.7	565.3	3.9	689.4	4.5	770.8	4.1	950.6	3.9
India	68.3	0.6	46.1	0.3	65.9	0.4	43.1	0.2	62.9	0.3
Japan	2,944.1	24.2	3,674.5	25.4	3,366.5	21.9	3,717.7	19.6	4,017.5	16.5
Middle East	350.5	2.9	663.8	4.6	561.5	3.7	1,012.1	5.3	1,132.3	4.7
Arab Emirates	74.8	0.6	104.8	0.7	116.7	0.8	292.0	1.5	365.2	1.5
Iran	20.8	0.2	46.9	0.3	51.3	0.3	93.4	0.5	29.5	0.1
Iraq	13.9	0.1	180.7	1.2	25.1	0.2	5.1	0.0	3.6	0.0
Kuwait	30.5	0.3	51.2	0.4	15.9	0.1	22.3	0.1	47.0	0.2
Saudi Arabia	162.8	1.3	244.8	1.7	325.7	2.1	539.2	2.8	633.3	2.6
Yordan	25.1	0.2	18.6	0.1	10.2	0.1	29.8	0.2	27.5	0.1
Others	22.6	0.2	16.8	0.1	16.6	0.1	29.9	0.2	26.2	0.1
Pakistan	44.6	0.4	40.4	0.3	57.1	0.4	59.4	0.3	95.3	0.4
South Korea	345.0	2.8	438.6	3.0	504.4	3.3	691.0	3.6	700.7	2.9
Taiwan	331.7	2.7	391.2	2.7	411.6	2.7	561.0	3.0	779.1	3.2
Others	169.9	1.4	262.2	1.8	262.8	1.7	425.4	2.2	553.7	2.3
EUROPE	**2,416.2**	**19.8**	**2,774.3**	**19.1**	**3,438.5**	**22.4**	**3,930.7**	**20.7**	**4,860.6**	**20.0**
European Community	2,201.2	18.1	2,469.0	17.0	3,198.1	20.8	3,639.7	19.1	4,540.3	18.7
Belgium – Luxemburg	164.1	1.3	176.0	1.2	213.5	1.4	246.4	1.3	389.7	1.6
France	175.9	1.4	222.7	1.5	308.2	2.0	377.0	2.0	454.0	1.9
Germany	461.3	3.8	516.0	3.6	821.0	5.3	855.8	4.5	1,010.8	4.2
Italy	199.9	1.6	229.3	1.6	283.8	1.8	393.0	2.1	463.7	1.9
Netherlands, the	660.3	5.4	722.3	5.0	721 1	4.7	798.9	4.2	969.8	4.0
United Kingdom	405.5	3.3	427.5	2.9	558.1	3.6	661.0	3.5	817.6	3.4
Others	134.2	1.1	175.2	1.2	292.5	1.9	307.6	1.6	434.7	1.8
USSR	65.7	0.5	102.9	0.7	46.4	0.3	42.9	0.2	66.1	0.3
Other Eastern Europe	89.0	0.7	104.1	0.7	76.7	0.5	82.9	0.4	104.4	0.4
Others	60.2	0.5	98.3	0.7	117.3	0.8	165.2	0.9	149.8	0.6
AUSTRALIA	**156.0**	**1.3**	**211.2**	**1.5**	**218.4**	**1.4**	**292.3**	**1.5**	**488.7**	**2.0**
OTHERS	**28.8**	**0.2**	**31.8**	**0.2**	**17.4**	**0.1**	**5.8**	**0.0**	**3.6**	**0.0**
T O T A L	**12,184.0**	**100.0**	**14,493.0**	**100.0**	**15,380.0**	**100.0**	**19,008.0**	**100.0**	**24,301.0**	**100.0**

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

	1988/89	(%)	1989/90	(%)	1990/91	(%)	1991/92	(%)	1992/93*	(%)*
AFRICA	**302**	**2.5**	**174**	**1.2**	**150**	**0.8**	**147**	**0.7**	**214**	**0.9**
AMERICA	**2,690**	**21.9**	**2,579**	**17.4**	**3,104**	**16.0**	**3,581**	**16.5**	**4,537**	**18.6**
Canada	325	2.7	285	1.9	272	1.4	323	1.5	400	1.6
Latin America	237	1.9	262	1.8	452	2.3	359	1.7	419	1.7
United States	2,038	16.6	1,963	13.2	2,322	11.9	2,849	13.1	3,660	15.0
Others	90	0.7	69	0.5	58	0.3	50	0.2	58	0.3
ASIA	**5,850**	**47.8**	**8,032**	**54.1**	**10,628**	**54.6**	**11,696**	**54.0**	**12,284**	**50.2**
ASEAN	1,004	8.2	1,396	9.4	1,123	5.8	1,301	6.0	1,490	6.1
Brunei Darussalam	1	--	2	--	1	--	1	--	1	--
Malaysia	221	1.8	209	1.4	139	0.7	207	1.0	355	1.5
Philippines, the	75	0.6	67	0.5	34	0.2	35	0.2	45	0.2
Singapore	427	3.5	950	6.4	783	4.0	753	3.5	822	3.3
Thailand	280	2.3	168	1.1	166	0.9	305	1.4	267	1.1
China, Peoples' Rep. of	311	2.5	489	3.3	572	2.9	659	3.0	703	2.9
Hong Kong	106	0.9	167	1.1	254	1.3	193	0.9	224	0.9
India	65	0.5	73	0.5	155	0.8	231	1.1	145	0.6
Iraq	5	--	19	0.1	4	--	1	--	1	--
Japan	2,855	23.3	3,980	26.8	6,046	31.1	6,498	30.0	6,002	24.6
Myanmar	1	--	2	--	1	--	5	--	5	--
Pakistan	50	0.4	51	0.4	38	0.2	48	0.2	108	0.4
Saudi Arabia	199	1.6	148	1.0	147	0.8	149	0.7	154	0.6
South Korea	399	3.3	554	3.7	864	4.4	1,282	5.9	1,940	7.9
Taiwan	585	4.8	896	6.0	1.168	6.0	1.042	4.8	1.232	5.0
Others	266	2.2	257	1.8	256	1.3	288	1.4	280	1.2
AUSTRALIA & OCEANIA	**693**	**5.7**	**913**	**6.2**	**948**	**4.9**	**1,173**	**5.4**	**1,229**	**5.1**
EUROPE	**2,704**	**22.1**	**3,147**	**21.1**	**4,618**	**23.7**	**5,063**	**23.4**	**6,183**	**25.3**
European Community	2,065	16.8	2,529	17.0	3,845	19.8	4,198	19.4	5,198	21.3
Belgium – Luxemburg	138	1.1	163	1.1	226	1.2	236	1.1	287	1.2
France	320	2.6	444	3.0	528	2.7	603	2.8	718	2.9
Germany	179	6.1	894	6.0	1,535	7.9	1,816	8.4	1,916	7.8
Italy	199	1.6	296	2.0	391	2.0	436	2.0	723	3.0
Netherlands, the	215	1.8	230	1.5	544	2.8	423	1.9	615	2.5
United Kingdom	284	2.3	333	2.3	390	2.0	516	2.4	628	2.6
Others	160	1.3	169	1.1	231	1.2	168	0.8	311	1.3
U S S R	27	0.2	44	0.3	37	0.2	33	0.2	46	0.2
Other Eastern Europe 1)	90	0.8	101	0.7	121	0.6	113	0.5	78	0.3
Others	522	4.3	473	3.1	615	3.1	719	3.3	861	3.5
T O T A L	**12,239**	**100.0**	**14,845**	**100.0**	**19,448**	**100.0**	**21,660**	**100.0**	**24,447**	**100.0**

1) Comprises Czcehoslovakia, East Germany, Hungary, Poland, Rumania, Bulgaria, and Yugoslavia.

Table 30
Funds Mobilized by Commercial Banks, Development Banks, and Savings Banks [1]
(billions of rupiah)

End of period	Demand deposits			Time deposits			Savings deposits	Total
	Rupiah	Foreign currency	Sub-total	Rupiah[2]	Foreign currency	Sub-total		
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	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								
March	13,520	4,429	17,949	33,751	16,089	49,840	9,722	77,511
June	15,739	4,488	20,227	38,226	15,393	53,619	10,595	84,441
September	16,769	3,488	20,257	39,985	16,790	56,775	12,857	89,889
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
April	17,121	4,295	21,416	40,045	18,469	58,514	18,548	98,478
May	17,594	4,661	22,255	41,486	18,209	59,695	19,222	101,172
June	18,385	4,490	22,875	42,129	18,104	60,233	19,684	102,792
July	19,330	4,404	23,734	42,308	18,036	60,344	20,533	104,611
August	19,239	4,383	23,622	43,712	17,835	61,547	21,182	106,351
September	19,260	4,433	23,693	44,676	18,951	63,627	22,104	109,424
October	19,676	4,223	23,899	45,626	19,998	65,624	23,245	112,768
November	20,503	4,498	25,001	45,601	20,100	65,701	24,286	114,988
December	19,464	4,298	23,762	45,182	20,437	65,619	25,469	114,850
1993								
January	19,857	4,404	24,261	43,447	21,683	65,130	26,133	115,524
February	20,503	4,329	24,832	44,260	21,113	65,373	26,935	117,140
March	20,511	4,960	25,471	42,939	21,729	64,668	28,009	118,148

1) Includes funds held by the Central Government and non-residents.
2) Includes certificates of deposit.

Table 31
Demand Deposits in Rupiah and Foreign Currency by Group of Banks[1)]
(billions of rupiah)

End of period	State Banks 2)			Private national banks 3)			Regional development banks			Foreign & joint-vent. 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
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	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															
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
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
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
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
April	8,289	1,513	9,802	6,382	1,515	7,897	1,640	--	1,640	810	1,267	2,077	17,121	4,295	21,416
May	8,385	1,493	9,878	6,648	1,715	8,363	1,725	--	1,725	836	1,453	2,289	17,594	4,661	22,255
June	8,813	1,453	10,266	6,847	1,580	8,427	1,788	--	1,788	937	1,457	2,394	18,385	4,490	22,875
July	9,278	1,761	11,039	7,486	1,296	8,782	1,775	--	1,755	791	1,347	2,138	19,330	4,404	23,734
August	9,516	1,831	11,347	7,045	1,271	8,316	1,833	1	1,834	845	1,280	2,125	19,239	4,383	23,622
September	9,574	1,884	11,458	6,880	1,142	8,022	1,846	--	1,846	960	1,407	2,367	19,260	4,433	23,693
October	9,410	1,902	11,312	7,574	984	8,558	1,811	--	1,811	881	1,337	2,218	19,676	4,223	23,899
November	9,423	2,060	11,483	8,088	925	9,013	2,041	1	2,042	951	1,512	2,463	20,503	4,498	25,001
December	9,281	2,013	11,294	7,347	981	8,328	1,950	--	1,950	886	1,304	2,190	19,464	4,298	23,762
1993															
January	9,293	2,035	11,328	7,674	942	8,616	1,996	1	1,997	894	1,426	2,320	19,857	4,404	24,261
February	10,041	1,930	11,971	7,438	996	8,434	2,060	1	2,061	964	1,402	2,366	20,503	4,329	24,832
March *	9,888	2,388	12,276	7,735	1,125	8,860	1,801	1	1,802	1,087	1,446	2,533	20,511	4,960	25,471

1) Includes certificates of deposit.
2) Includes Bapindo and Bank Tabungan Negara.
3) 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		
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													
1990/91													
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
April	1,102	622	--	1,323	4,658	6,574	4,054	121	19,099	2,127	39,680	365	40,045
May	1,168	655	--	1,391	4,920	6,669	4,643	80	19,563	1,965	41,054	432	41,486
June	1,262	725	--	1,589	4,848	6,791	4,747	90	19,471	2,179	41,702	426	42,128
July	1,336	732	--	1,606	5,014	6,662	4,546	111	20,216	1,620	41,843	465	42,308
August	1,295	712	--	1,646	4,719	6,940	4,817	97	20,669	2,339	43,234	478	43,712
September	1,446	679	--	1,596	4,727	7,087	4,874	89	20,921	2,779	44,198	478	44,676
October	1,443	649	--	1,609	4,932	7,782	5,079	99	20,985	2,601	45,179	447	45,626
November	1,494	641	--	1,533	4,786	8,047	5,258	104	21,067	2,262	45,192	409	45,601
December	1,503	610	--	1,538	4,507	8,194	5,152	102	21,067	2,127	44,800	382	45,182
1993													
January	1,489	588	--	1,482	4,551	7,600	5,256	101	19,816	2,224	43,107	340	43,447
February	1,434	674	--	1,604	4,843	7,848	5,320	117	19,784	2,331	43,955	305	44,260
March *	1,614	600	--	1,609	3,943	7,872	5,025	88	19,668	2,103	42,522	417	42,939

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
1980	679	141	476	136	196	23	1.651
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	4,149	1,824	1,924	3,103	190	11,726
1986	671	5,695	2,198	2,173	3,097	133	13,967
1987	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							
March	816	8,985	7,041	10,393	20,278	2,327	49,840
June	854	8,742	8,307	13,854	20,522	1,340	53,619
September	854	9,110	9,199	14,472	18,431	4,701	56,767
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
April	927	10,816	11,371	13,239	17,840	4,321	58,514
May	942	11,108	12,214	13,948	17,289	4,194	59,695
June	937	11,849	12,820	13,738	16,800	4,088	60,232
July	948	11,700	13,157	13,885	16,821	3,833	60,344
August	956	12,149	14,007	14,081	16,908	3,446	61,547
September	865	12,157	14,906	15,179	17,245	3,275	63,627
October	781	12,460	15,185	15,445	18,277	3,475	65,623
November	712	12,494	15,163	15,799	17,805	3,728	65,701
December	612	12,564	15,378	15,050	18,503	3,512	65,619
1993							
January	576	12,624	14,991	14,850	18,732	3,357	65,130
February	542	12,841	15,092	15,177	18,175	3,546	65,373
March *	505	13,091	14,629	14,846	18,246	3,351	64,668

1) Including mature time deposits.

Table 34
Savings Deposits
with State 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)
1992								
July	21,585	6,897	126	31	1,893	1,146	23,604	8,074
August	23,261	7,108	131	38	1,861	1,169	25,253	8,315
September	22,145	7,484	127	35	1,834	1,136	24,106	8,655
October	22,312	7,774	139	41	1,737	1,236	24,188	9,051
November	22,672	8,387	135	42	1,687	1,322	24,494	9,751
December	22,614	9,178	129	37	1,612	1,481	24,355	10,696
1993								
January	22,870	9,419	135	39	1,730	1,672	24,735	11,130
February	22,759	10,120	137	32	1,756	1,712	24,652	11,864
March *	22,967	10,694	127	21	1,758	1,729	24,852	12,444

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)
1992								
July	7,394	9,647	361	55	1,958	2,085	9,713	11,787
August	7,519	9,961	355	40	2,004	2,170	9,978	12,171
September	7,540	10,380	357	41	2,027	2,293	9,924	12,714
October	7,598	11,018	358	43	2,055	2,341	11,011	13,402
November	7,867	11,425	360	45	1,827	2,227	10,054	13,697
December	7,902	11,658	355	45	1,766	2,180	10,023	13,883
1993								
January	7,963	11,859	404	84	1,745	2,149	10,112	14,092
February	8,077	11,912	367	79	1,674	2,134	10,118	14,125
March *	8,169	12,442	355	50	1,609	2,080	10,133	14,572

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)
1992								
July	1,888	514	--	--	743	135	2.631	649
August	1,932	533	--	--	735	142	2,667	675
September	2,004	575	--	--	710	139	2,714	714
October	2,092	626	--	--	700	145	2,792	771
November	2,120	664	--	--	688	150	2,808	814
December	2,116	706	--	--	670	159	2,786	865
1993								
January	2,163	725	--	--	671	162	2,834	887
February	2,773	753	--	--	669	168	3,442	921
March *	2,157	787	--	--	692	180	2,849	967

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)
1992								
July	2	20	--	--	1	3	3	23
August	2	19	--	--	1	2	3	21
September	2	19	--	--	1	2	3	21
October	2	19	--	--	--	2	2	24
November	2	21	--	--	1	3	3	25
December	2	22	--	--	1	3	3	25
1993								
January	2	21	--	--	1	3	3	24
February	2	22	--	--	1	3	3	25
March *	2	22	--	--	1	4	3	26

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 Banks [1]

End of period	Savings deposits [2]		Taska [3]		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)
1992								
July	30,869	17,078	487	86	4,595	3,369	35,951	20,533
August	32,714	17,621	486	78	4,601	3,483	37,801	21,182
September	31,691	18,458	484	76	4,572	3,570	36,747	22,104
October	32,004	19,437	497	84	4,492	3,724	36,993	23,245
November	32,661	20,497	495	87	4,203	3,702	37,359	24,286
December	32,634	21,564	484	82	4,049	3,823	37,167	25,469
1993								
January	32,998	22,024	539	123	4,147	3,986	37,684	26,133
February	33,612	22,806	505	112	4,100	4,017	38,217	26,935
March *	33,295	23,945	482	71	4,060	3,993	37,837	28,009

1) Excluding rural banks (Bank Perkreditan Rakyat or BPR).
2) No restriction on withdrawal.
3) Taska *(Tabungan Asuransi Berjangka) or Time Insurance Savings Scheme : a savings scheme associated with life insurance.*

Table 39
Bank Credits in Rupiah and Foreign Currency by Economic Sector [1]
(billions of rupiah)

Particulars	March 31 1988	March 31 1989	March 31 1990	March 31 1991	March 31 1992	June 30 1992	Sep. 30 1992	Dec. 31 1992	Mar. 31 * 1993
Credits in rupiah	**33,962**	**44,615**	**65,814**	**88,115**	**97,271**	**98,512**	**100,889**	**101,669**	**102,517**
Agriculture	2,854	4,273	5,834	7,308	8,372	9,010	9,337	9,173	9,367
Mining	281	371	462	603	594	583	644	605	542
Manufacturing	11,374	14,632	19,508	25,341	25,515	23,166	25,128	26,197	30,932
Trade	10,821	14,374	21,811	26,966	28,039	28,797	28,784	28,100	27,916
Services	5,676	7,165	10,460	15,022	18,946	17,587	21,850	22,725	23,197
Others	2,956	3,800	7,739	12,875	15,805	19,369	15,146	14,869	10,563
Credits in foreign currency	**1,119**	**1,911**	**5,750**	**12,298**	**19,288**	**20,322**	**21,823**	**22,020**	**23,367**
Agriculture	37	38	148	321	527	783	1,134	1,108	819
Mining	13	17	57	42	136	158	159	157	186
Manufacturing	554	1,051	2,941	5,972	9,896	9,991	10,806	11,092	12,600
Trade	176	313	1,003	2,624	3,868	4,361	4,783	4,844	5,080
Services	302	425	1,313	2,787	3,586	3,796	3,816	3,891	3,687
Others	37	67	288	552	1,275	1,233	1,125	928	995
Total	**35,081**	**46,526**	**71,564**	**100,413**	**116,559**	**118,834**	**122,712**	**123,689**	**125,884**
Agriculture	2,891	4,311	5,982	7,629	8,899	9,793	10,471	10,281	10,186
Mining	294	388	519	645	730	741	803	762	728
Manufacturing	11,928	15,683	22,449	31,313	35,411	33,157	35,934	37,289	43,532
Trade	10,997	14,687	22,814	29,590	31,907	33,158	33,567	32,944	32,996
Services	5,978	7,590	11,773	17,809	22,532	21,383	25,666	26,616	26,884
Others	2,993	3,867	8,027	13,427	17,080	20,602	16,271	15,797	11,558

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

Table 40
Bank Credits in Rupiah and Foreign Currency
by Type of Credit and Economic Sector 1)
(billions of rupiah)

Particulars	March 31					June 30	Sep. 30	Dec. 31	Mar. 31 *
	1988	1989	1990	1991	1992	1992	1992	1992	1993
Working capital	**25,533**	**34,290**	**55,141**	**78,125**	**88,349**	**87,670**	**89,141**	**87,695**	**87,964**
Agriculture	1,092	1,632	2,261	2,903	3,035	3,330	3,562	3,231	2,895
Mining	64	75	198	254	287	281	332	303	287
Manufacturing	8,122	10,843	15,740	22,106	23,627	19,884	21,372	21,873	26,899
Trade	10,563	13,990	21,394	27,398	28,996	30,783	29,828	28,845	28,727
Services	3,782	4,959	7,740	12,541	16,335	14,949	18,819	18,720	18,768
Others	1,910	2,790	7,808	12,923	16,069	19,443	15,228	14,723	10,388
Investment	**9,548**	**12,236**	**16,423**	**22,288**	**28,210**	**31,164**	**33,751**	**35,994**	**37,920**
Agriculture	1,799	2,679	3,721	4,726	5,864	6,463	6,909	7,050	7,291
Mining	230	313	321	391	443	460	471	459	441
Manufacturing	3,806	4,840	6,709	9,207	11,784	13,273	14,562	15,416	16,633
Trade	434	697	1,420	2,192	2,911	3,375	3,738	4,099	4,269
Services	2,196	2,631	4,033	5,268	6,197	6,434	6,847	7,896	8,116
Others	1,083	1,077	219	504	1,011	1,159	1,043	1,074	1,170
Total	**35,081**	**46,526**	**71,564**	**100,413**	**116,559**	**118,834**	**122,712**	**123,689**	**125,884**
Agriculture	2,891	4,311	5,982	7,629	8,899	9,793	10,471	10,281	10,186
Mining	294	388	519	645	730	741	803	762	728
Manufacturing	11,928	15,683	22,449	31,313	35,411	33,157	35,934	37,289	43,532
Trade	10,997	14,687	22,814	29,590	31,907	33,158	33,567	32,944	32,996
Services	5,978	7,590	11,773	17,809	22,532	21,383	25,666	26,616	26,884
Others	2,993	3,867	8,027	13,427	17,080	20,602	16,271	15,797	11,558

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

Tabel 41
Credits to the Economically-weak Group [1]
(billions of rupiah and thousands of customer)

Items	March 31					June 30	Sep. 30	Dec. 31	Mar. 31 *
	1988	1989	1990	1991	1992	1992	1992	1992	1993
Small Scale Investment Credits (KIK)									
Number of application approved (customers)	298	316	334	...	...	...	...	...	...
Value of application approved	1,294	1,484	1,947	...	...	...	...	...	...
Outstanding credits	312	427	749	743	477	429	388	365	328
Permanent Working Capital Credits (KMKP)									
Number of application approved (customers)	2,281	2,391	2,491	...	...	...	...	...	...
Value of application approved	3,837	4,478	5,854	...	...	...	...	...	...
Outstanding credits	946	1,127	1,784	1,699	1,417	1,361	1,337	699	846
KIK/KMKP (1+2)									
Number of application approved (customers)	2,579	2,707	2,798	...	...	...	...	...	...
Value of application approved	5,131	5,962	7,801	...	...	...	...	...	...
Outstanding credits	1,258	1,554	2,533	2,442 r	1,894	1,790	1,725	1,064	1,174
Rural General Credits (Kupedes) [2]	462	607	938	1,451	1,535	1,535	1,570	1,630	1,716
Investment	16	29	79	144	176	162	172	178	196
Working capital	446	578	859	1,307	1,359	1,373	1,398	1,452	1,520
Working Capital Credits under Keppres No. 29/1984	54	77	161	52	--	--	--	--	--
Credits with maximum of Rp75 million	525	997	2,938	2,367	908	831	777	722	683
Investment	208	372	1,145	1,190	908	831	777	722	683
Working capital	317	625	1,793	1,177	--	--	--	--	--
Credits for Teachers (KPG) [3]	306	317	380	276	147	141	108	90	80
Credits for Indonesian Students (KMI)	52	57	56	45	45	32	30	31	38
Credits for Cooperatives	340	405	416	460	2,114	2,576	2,857	2,565	2,455
Investment	74	54	57	65	101	95	106	150	151
Working capital	266	351	359	395	2,103	2,481	2,751	2,415	2,304
Mass Intensification Program (Bimas) [4]	134	133	132	--	--	--	--	--	--
Inpres Pasar	92	91	91	--	--	--	--	--	--
Pension Credits	50	62	196	--	--	--	--	--	--
Viability Credits up to Rp75 million	100	--	--	--	--	--	--	--	--
Keppres No.14A/1980 Credits	63	--	--	--	--	--	--	--	--
House Ownership Credits									
State Savings Bank (BTN)									
Customers	425	539	626	687	...	...	...	...	...
Outstanding credits	1,613	2,120	2,370	2,273	2,421	2,470	2,519	2,583	2,626
Credits for Student Dormitories	5	8	4	8	--	--	--	--	--
Smallholder Nucleas Estate or Perusahaan Inti Rakyat (PIR) Plasma	339	445	497	584	836	834	878	1,004	1,044
Rejuvenation, Rehabilitation, and extension of export plantation (PRPTE)	326	338	181	157	28	36	22	23	23
House Ownership Credits (KPR)									
PT Papan Sejahtera									
Customers	9	13	17	23	25	26	26	27	27
Outstanding credits	132	190	236	242	225	225	225	228	228
Petty Trader Credits (Kredit Candak Kulak)									
Customers	16,503	16,795	17,046	17,110	--	--	--	--	--
Outstanding credits	14	15	15	15	--	--	--	--	--
TOTAL	**5,865**	**7,416**	**11,144**	**10,372**	**10,178**	**10,470**	**10,711**	**9,940**	**10,067**

1) Includes credits extended by non-bank institutions.
2) Kupedes *(Kredit Umum Pedesaan)* introduced in January 1984 to replace Mini and Midi credits.
3) Provided for motor-cycle ownership.
4) Includes credits for farm's enterprises (KUT).

Table 42
Bank Credits in Rupiah and Foreign Currency by Priority and Non-priority
(billions of rupiah)

Specifications	March 31					June 30	Sep. 30	Dec. 31	Mar. 31 *
	1988	1989	1990	1991	1992	1992	1992	1992	1993
State banks 1)	**22,894**	**30,270**	**42,589**	**54,699**	**61,751**	**63,357**	**66,145**	**68,236**	**69,119**
Priority	6,941	9,485	15,860	15,818	13,427	13,913	14,391	15,616	14,244
Working capital	*5,426*	*7,386*	*13,207*	*12,385*	*9,991*	*10,425*	*10,527*	*11,644*	*10,273*
Investment	*1,515*	*2,099*	*2,653*	*3,433*	*3,436*	*3,488*	*3,864*	*3,972*	*3,971*
Non-priority	15,953	20,785	26,729	38,881	48,324	49,444	51,754	52,620	54,875
Working capital	*9,689*	*12,992*	*15,465*	*23,845*	*29,463*	*33,415*	*34,774*	*34,342*	*36,081*
Investment	*6,264*	*7,793*	*11,264*	*15,036*	*18,861*	*16,029*	*16,980*	*18,278*	*18,794*
Private national banks	**8,210**	**11,441**	**22,684**	**35,641**	**42,300**	**42,696**	**43,466**	**42,337**	**43,256**
Priority	813	1,405	3,083	1,954	1,258	1,095	1,059	1,030	922
Working capital	*626*	*1,092*	*2,070*	*992*	*449*	*425*	*385*	*365*	*292*
Investment	*187*	*313*	*1,013*	*962*	*809*	*670*	*674*	*665*	*630*
Non-priority	7,397	10,036	19,601	33,687	41,042	41,601	42,407	41,307	42,334
Working capital	*7,223*	*9,698*	*18,977*	*32,157*	*38,160*	*39,151*	*39,253*	*37,962*	*38,778*
Investment	*174*	*338*	*624*	*1,530*	*2,882*	*2,450*	*3,154*	*3,345*	*3,556*
Regional development banks	**994**	**1,238**	**1,814**	**2,512**	**2,628**	**2,763**	**2,944**	**3,015**	**3,012**
Priority	319	444	798	616	447	437	400	367	368
Working capital	*158*	*229*	*381*	*245*	*150*	*141*	*139*	*121*	*127*
Investment	*161*	*215*	*417*	*371*	*297*	*296*	*261*	*246*	*241*
Non-priority	675	794	1,016	1,896	2,181	2,326	2,544	2,648	2,644
Working capital	*561*	*656*	*851*	*1,574*	*1,565*	*1,686*	*1,894*	*1,946*	*1,840*
Investment	*114*	*138*	*165*	*322*	*616*	*640*	*650*	*702*	*804*
Foreign banks	**1,520**	**1,994**	**3,786**	**6,837**	**9,060**	**9,228**	**9,364**	**9,330**	**9,742**
Priority	130	230	401	580	655	551	511	477	438
Working capital	*130*	*230*	*401*	*580*	*655*	*551*	*511*	*477*	*438*
Investment	–	–	–	–	–	–	–	–	–
Non-priority	1,390	1,764	3,385	6,257	8,405	8,677	8,853	8,853	9,304
Working capital	*1,375*	*1,757*	*3,321*	*5,989*	*7,188*	*7,199*	*7,374*	*7,191*	*7,598*
Investment	*15*	*7*	*64*	*268*	*1,217*	*1,478*	*1,479*	*1,662*	*1,706*
T o t a l	**33,618**	**44,943**	**70,873**	**99,689**	**115,739**	**118,044**	**121,919**	**122,918**	**125,129**
Priority	8,203	11,564	20,142	18,968	15,787	15,996	16,361	17,490	15,972
Working capital	*6,340*	*8,937*	*16,059*	*14,202*	*11,245*	*11,542*	*11,562*	*12,732*	*11,130*
Investment	*1,863*	*2,627*	*4,083*	*4,766*	*4,542*	*4,454*	*4,799*	*4,758*	*4,842*
Non-priority	25,415	33,379	50,731	80,721	99,952	102,048	105,558	105,428	109,157
Working capital	*18,848*	*25,103*	*38,614*	*63,565*	*76,376*	*81,451*	*83,295*	*81,441*	*84,297*
Investment	*6,567*	*8,276*	*12,117*	*17,156*	*23,576*	*20,597*	*22,263*	*23,987*	*24,860*

1) Since May 1989 includes State Savings Bank (BTN). Bank Indonesia's direct credits to Bulog and Pertamina have been transferred to state commercial banks since April and November 1984.

Table 43
Interest Rates on Time Deposits in Rupiah and Foreign Currency
(percent per annum)

Maturity	March 1991		March 1992		March 1993	
	Rupiah	Foreign currency	Rupiah	Foreign currency	Rupiah	Foreign currency
State banks						
1 month	23.00–27.50	5.00–8.25	19.00–19.00	4.18–7.00	12.00–13.00	5.25–7.00
3 months	24.00–27.50	4.15–8.25	20.00–20.00	4.12–7.50	13.00–14.00	5.25–7.75
6 months	24.00–27.50	5.15–8.14	20.00–21.00	4.12–8.00	14.00–14.50	5.45–7.50
12 months	22.00–24.00	5.35–8.21	20.00–21.00	4.25–8.00	14.00–14.50	5.60–7.50
24 months	19.00–24.00		19.00–21.00		14.00–14.50	
Private national banks						
1 month	21.50–28.00	8.25–9.25	18.00–22.00	6.50–9.50	13.00–17.50	6.00–7.50
3 months	21.50–28.00	8.50–9.25	19.00–23.00	6.75–9.00	14.00–18.50	6.00–7.50
6 months	21.00–28.00	8.25–9.50	21.00–23.50	6.75–9.00	14.50–19.00	6.00–7.50
12 months	20.00–28.50	8.25–9.50	20.00–23.00	6.50–9.00	14.50–19.00	6.00–7.50
24 months	21.00–25.00		20.00–21.00		15.00–15.00	
Foreign banks						
1 month	16.50–24.00	5.25–7.50	16.00–20.00	2.75–9.00	10.50–13.00	2.00–5 00
3 months	16.75–24.00	4.25–7.50	16.00–20.50	3.25–9.00	10.50–13.50	2.25–5.13
6 months	17.00–23.75	4.25–7.63	16.00–21.00	3.50–9.00	10.50–14.00	2.25–5.25
12 months	17.25–24.00	4.25–7.63	16.00–21.00	3.50–9.00	10.50–14.00	2.50–5.50

Table 44
Jakarta Interbank
Call Money

Period	Value of transaction (billions of rupiah)	Weighted average interest rate (percent per annum)
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 – December		
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 – March	12,480	22.28
April – June	11,572	13.82
July – September	11,851	12.25
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
April	4,409	12.59
May	4,179	12.10
June	5,117	12.05
April–June	13,705	12.24
July	5,897	12.25
August	5,671	11.69
September	5,033	11.59
July–September	16,601	11.86
October	5,752	11.79
November	5,186	11.51
December	4,578	11.27
October–December	15,516	11.54
1993 : January	5,092	11.55
February	5,558	11.28
March	6,462	11.40
January–March	17,112	11.41

Table 45
Certificates of Deposit [1]
(billions of rupiah)

End of period		State banks	Foreign banks [2]	Total
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		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 :	March	103	331	434
	June	171	958	1,129
	September	187	1,194	1,379
	December	222	1,160	1,382
1992 :	January	238	1,320	1,558
	February	237	1,038	2,275
	March	243	985	1,228
	April	150	912	1,062
	May	154	898	1,052
	June	161	740	901
	July	166	631	797
	August	368	614	982
	September	371	651	1,022
	October	424	648	1,072
	November	451	628	1,079
	December	456	554	1,010
1993 :	January	441	401	842
	February [3]	446	445	891
	March	–	–	–

1) Outstanding certificates of deposit represent the outstanding amount at the end of the previous period plus the amount sold and less the amount redeemed during the concerned period.
2) Prior to March 1985 represented outstanding certificates of deposit of foreign banks. Since March 1985 includes outstanding certificates of deposit of private national commercial banks.
3) February 15, 1993.

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

Period	1992				1993
	March	June	September	December	March
1 month	16.75–21.00	12.90–19.00	12.90–19.00	11.90–16.80	10.50–16.50
3 months	17.45–21.60	13.10–20.00	13.10–20.00	11.90–16.80	11.75–16.50
6 months	19.00–23.00	13.00–20.00	13.10–20.00	11.50–17.10	11.50–16.80
12 months	16.30–23.00	12.30–20.00	12.30–20.00	10.90–17.10	12.50–17.00
24 months	13.75–21.00	13.20–17.00	11.80–17.00	12.85–15.00	12.50–14.50

Table 47
Issuance, Repayment, and Position of Bank Indonesia Certificates (SBIs) [1]
(billions of rupiah)

Period	Issuance	Cumulative	Repayment	Cumulative	Position
1984/85					
April–March	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 [2]					
April–March	27,874	43,343	27,267	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[3] –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–September	5,923	140,837	6,572	139,425	1,412
October–December	4,849	145,686	4,731	144,156	1,530
January[4] –March	15,063	160,749	7,179	151,335	9,414
1991/92	**57,728**	**218,477**	**55,903**	**207,238**	**11,239**
April–June	16,355	171,472	13,775	165,110	11,994
July–September	15,529	192,633	16,113	181,223	11,410
October–December	12,281	204,914	12,749	193,972	10,942
January–March	13,563	218,477	13,266	207,238	11,239
1992/93	**75,073**	**293,550**	**63,347**	**270,585**	**22,965**
April	4,405	222,882	2,605	209,843	13,039
May	3,994	226,876	2,606	212,449	14,427
June	4,674	231,550	3,559	216,008	15,542
July	5,366	236,916	3,952	219,960	16,956
August	6,160	243,076	5,127	225,087	17,989
September	4,746	247,822	4,753	229,840	17,982
October	5,963	253,785	4,038	233,878	19,907
November	7,368	261,153	5,978	239,856	21,297
December	5,657	266,810	6,355	246,211	20,599
January	4,732	271,542	3,795	250,006	21,536
February	15,617	287,159	13,438	263,444	23,715
March	6,391	293,550	7,141	270,585	22,965

1) The issuance of SBI was started in February 1984.
2) Since July 1987 the issuance of the 7 day SBI has been started.
3) Since October 1988, the 180 day SBI has been issued.
4) Since February 23, 1991 the 360 day SBI has been issued.

Table 48
Interest Rates on Bank Indonesia Certificates [1]
(percent per annum)

Period	7 days	14 days	28 days	90 days	180 days	360 days
1984/85						
April–March	–	14.75–16.00	14.50–18.50	15.00–18.50	–	–
1985/86						
April–March	–	15.00	14.00–16.00	15.00	–	–
1986/87						
April–March	–	–	14.00	15.00	–	–
1987/88						
April–March						
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 [2]	17.75–24.00	–	19.25–25.00	20.00–26.00	20.75–26.00	22.00–26.00
1991/92						
April–June	18.00–18.00	18.47–18.50	20.00–19.00	20.50–20.00	20.50–20.00	21.50–21.00
July–September	17.38–17.38	17.88–17.88	18.50–18.50	19.63–19.63	19.88–19.88	20.88–20.88
October–December	17.38–17.38	17.88–17.88	18.50–18.50	19.63–19.63	19.88–19.88	20.88–20.50
January–March	17.00–17.00	17.50–17.50	17.88–18.00	18.88–19.00	19.88–19.50	20.50–20.00
1992/93						
April	16.00–16.00	16.50–16.50	17.00–17.00	17.50–17.50	18.00–18.00	18.50–18.50
May	–	–	17.00–17.00	17.50–17.50	18.00–18.00	18.50–18.50
June	15.00–15.00	15.50–15.50	16.00–16.00	16.50–16.50	17.00–17.00	17.50–17.50
July	–	–	16.00–16.00	16.45–16.50	17.00–17.00	17.50–17.50
August	14.00–14.00	14.50–14.50	15.00–16.00	15.50–16.50	16.00–17.00	16.50–17.50
September	13.50–13.50	13.50–14.00	14.50–15.00	14.75–15.50	15.00–16.00	15.00–16.50
October	13.00–13.00	13.50–13.50	14.00–14.50	14.25–14.75	14.50–15.00	14.50–15.00
November	12.00–13.00	13.00–13.50	13.00–14.00	13.75–14.25	13.75–14.50	14.00–14.50
December	–	–	13.50–13.50	13.75–13.75	14.00–14.00	14.00–14.00
January	12.00–12.00	12.50–12.50	13.00–13.50	13.25–13.75	13.50–14.00	13.50–14.00
February	11.50–11.50	12.00–12.00	12.50–13.00	12.75–13.25	13.00–13.50	13.00–13.50
March	11.50–11.50	12.00–12.00	12.50–12.50	12.25–13.00	13.00–13.00	13.00–13.25

1) First issuance of SBIs by maturity : – 15–day SBI in October 1984 and suspended in May 18, 1985. – 7–day SBI on July 23, 1987, – 28–day, – 90–day and – 180–day SBI in October 1988.
2) The 360–day SBI started to be issued on February 23, 1991.

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

Period	Buying	Selling	Outstanding
1985/86			
April–March	6,113	5,705	613
1986/87			
April–March	31,628	31,319	922
1987/88			
April–March	15,860	16,782	--
1988/89	**1,266**	**1,266**	**--**
April–June	241	190	51
July–September	740	791	--
October–December	140	140	--
January–March	145	145	--
1989/90	**1,302**	**1,049**	**253**
April–June	369	369	--
July–September	--	--	--
October–December	--	--	--
January–March	933	680	253
1990/91	**10,315**	**3,786**	**6,782**
April–June	1,856	2,109	--
July–September	--	--	--
October–December	--	--	--
January–March	8,459	1,677	6,782
1991/92	**17,319**	**19,905**	**4,196**
April–June	3,574	2,617	7,739
July–September	2,569	5,313	4,995
October–December	4,524	5,177	4,342
January–March	6,652	6,798	4,196
1992/93	**32,137**	**33,714**	**2,619**
April	1,055	2,582	2,669
May	1,445	1,347	2,767
June	2,288	2,247	2,808
July	1,969	2,498	2,279
August	1,851	2,277	1,853
September	3,401	3,259	1,995
October	3,721	3,799	1,917
November	3,164	2,638	2,443
December	3,574	3,197	2,820
January	2,526	2,850	2,496
February	3,198	2,471	3,223
March	3,945	4,549	2,619

Table 50
Selected Manufacturing Products

Products	Units	1988/89	1989/90	1990/91	1991/92	1992/93 *
Oil-based fuels	**million barrels**	**158.6**	**171.5**	**189.4**	**200.5**	**210.7** 1)
LNG	**million MMBTUs**	**963.2**	**986.7**	**1,142.0**	**1,186.1**	**1,237.0** 2)
LPG	**thousand tons**	**1,717.4**	**2,576.9**	**2,762.0**	**2,707.1**	**2,742.0** 2)
Plywood and sawn timber						
Plywood	thousand m3	6,940.0	7,691.5	8,370.0	8,500.0	9,000.0
Sawn timber	thousand m3	10,319.5	10,853.8	11,100.0	10,500.0	10,000.0
Fertilizer						
Urea fertilizer	thousand tons	4,245.9	4,891.6	5,131.1	4,881.2	4,945.5
ZA and TSP fertilizer	thousand tons	1,752.1	1,888.1	1,881.0	1,687.0	1,460.0
Cement	**thousand tons**	**13,218.0**	**14,099.0**	**15,783.0**	**16,153.4**	**17,791.7**
Pulp	**thousand tons**	**103.7**	**211.3**	**376.7**	**444.4**	**450.0**
Paper	**thousand tons**	**948.2**	**1,149.0**	**1,399.7**	**1,644.0**	**1,922.5**
Textile and weaving yarn						
Textile	million meters	3,503.0	4,493.6	5,028.2	5,341.7	5,564.0
Weaving yarn	thousand bales	2,712.3	3,405.0 r	3,572.7	4,140.2	4,474.0
Clothes	million dozen	39.1	48.9	58.6	66.0	72.0
Staple fiber	thousand tons	160.2	170.7	177.0	216.2	210.0
Motor vehicle tires						
Automobile tires	thousand units	6,396.3	7,376.8	8,220.3	8,209.1	8,772.0
Motorcycle tires	thousand units	4,869.5	5,489.8	5,829.2	7,682.3	7,923.4
Basic metal						
Sponge iron	thousand tons	984.8	1,210.4	1,356.9	1,355.0	1,320.0
Steel ingot	thousand tons	1,360.6	1,583.1	1,988.1	2,091.1	2,100.0
Concrete steel bar	thousand tons	829.9	928.1	1,391.3	1,310.6	1,277.3
Wire rod	thousand tons	452.1	449.0	537.0	445.5	513.8
Steel wire	thousand tons	130.8	142.6	155.7	170.5	. . .
Steel pipe	thousand tons	244.3	272.8	326.8	280.6	. . .
Galvanized iron sheet	thousand tons	159.4	144.5	159.0	175.9	225.0
Aluminum plate	thousand tons	32.7	28.4	47.2	40.7	42.3
Transpotation means						
Automobiles	thousand units	166.7	174.8	271.4	260.5	195.5
Motorcycles	thousand units	259.9	281.0	410.0	435.5	457.3
Aircrafts	units	5.0	12.0	6.0	9.0	6.0
Helicopters	units	13.0	17.0	14.0	12.0	7.0
Steel vessels	thousand BRT	17.4	22.5	32.6	44.9	45.0
Others						
Clove cigarettes	billion pieces	124.2	130.4	139.3	125.0	157.9
White cigarettes	billion pieces	17.6	30.3	34.8	52.8	63.6
Refined coconut oil	thousand tons	477.8	486.1	490.4	540.3	553.1
Olein	thousand tons	728.4	846.5	968.9	980.5	1,398.4
Laundry soap	thousand tons	165.5	165.7	191.2	219.9	252.9
Detergent	thousand tons	175.0	193.2	212.6	233.9	257.2
Electric/telecommunication cords	thousand tons	58.9	64.6	72.4	82.0	91.4
Light bulbs/TL bulbs	million units	107.9	137.8	171.7	223.3	257.0
Radio and radio cassette recorders	thousand units	1,535.9	2,338.6	3,091.7	3,788.0	5,018.2
Car radio cassette recorders	thousand units	444.8	536.9	692.5	1,467.4	1,648.1
Television set	thousand units	521.9	796.6	1,082.0	1,581.1	1,796.7
Refrigerators	thousand units	104.0	138.3	158.9	213.3	230.2
Sewing machines	thousand units	51.8	34.0	29.3	28.8	35.1
Storage batteries	thousand units	6,146.9	6,411.2	7,980.2	9,500.0	10,600.0
Dry batteries	million units	1,016.7	1,076.7	1,158.4	1,224.1	1,441.9
Pesticide sprayers	thousand units	249.0	283.9	310.6	335.3	367.6
Hand tractors	units	2,490.0	5,533.0	6,330.0	10,000.0	9,350.0
Diesel engines	thousand units	32.4 r	44.3 r	49.7 r	51.8	54.0
Hullers	units	830.0	1,263.0	1,337.0	2,000.0	1,511.0
Sport shoes	million pairs	44.6	156.7	142.7	185.2	378.1
Leather shoes	million pairs	19.3	19.5	24.5	31.8	45.0

1) End of calendar year; estimation based on production up to October.
2) End of calendar year.

Sources : – Supplement to the President's Report to Parliament, March 1, 1993.
– Ministry of Mining and Energy.

Table 51
Selected Agricultural Products
(thousands of ton)

Products	1988	1989	1990	1991	1992*
Foodstuffs					
Rice	28,340	29,072	29,366	29,048	30,740
Corn	6,652	6,193	6,734	6,256	7,039
Cassava	15,471	17,117	15,830	15,954	15,766
Sweet potatoes	2,159	2,224	1,971	2,039	2,006
Peanuts	589	620	651	652	674
Soybeans	1,270	1,315	1,487	1,555	1,687
Mung beans	285	262	273	237	301
Cash crops					
Rubber	1,176	1,209	1,275	1,284	1,327
Smallholder	*839*	*853*	*913*	*919*	*926*
Estate	*337*	*356*	*362*	*365*	*401*
Copra	2,139	2,208	2,332	2,337	2,342
Palm oil	1,800	1,965	2,413	2,658	3,162
Palm kernels	360	393	504	551	643
Sugar cane	1,918	2,108	2,119	2,253	2,316
T e a	137	141	155	159	163
Smallholder	*26*	*25*	*31*	*32*	*33*
Estate	*111*	*116*	*124*	*127*	*130*
Coffee	386	401	413	419	422
Smallholder	*362*	*377*	*384*	*390*	*390*
Estate	*24*	*24*	*29*	*29*	*32*
Tobacco	116	81	156	161	161
Smallholder	*113*	*77*	*152*	*157*	*157*
Estate	*3*	*4*	*4*	*4*	*4*
Pepper	56	68	70	69	70
Nutmeg	15	15	16	17	17
Cloves	61	55	66	84	75
Forestry					
Log 1)	28,485	24,409	25,312	23,892	8,892 2)
Livestocks					
Meat	937	971	1,028	1,099	1190
E g g	443	456	484	510	535
Milk 3)	265	338	346	360	382
Fishery					
S e a	2,170	2,272	2,370	2,505	2,628
Inland	711	765	793	807	844

1) Fiscal year; thousands of cubic meter.
2) Up to July 1992.
3) Millions of liter.

Sources : – Supplement to the President's Report to Parliament, March 1, 1993.
– Ministry of Agriculture.

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

Particulars	1988	1989	1990	1991	1992*
Output (thousands of ton)					
Paddy [1)]	28,340	29,072	29,366	29,048	30,740
Corn (kernel)	6,652	6,193	6,734	6,256	7,039
Cassava	15,471	17,117	15,830	15,954	15,766
Sweet potatoes	2,159	2,224	1,971	2,039	2,006
Peanuts	589	620	651	652	674
Soybeans	1,270	1,315	1,487	1,555	1,687
Mung beans	285	262	273	237	301
Harvested area (thousands of hectare)					
Paddy	10,138	10,531	10,502	10,282	10,870
Corn	3,406	2,944	3,158	2,909	3,248
Cassava	1,303	1,408	1,312	1,319	1,289
Sweet potatoes	248	240	209	214	213
Peanuts	608	621	635	628	657
Soybeans	1,177	1,198	1,334	1,368	1,506
Mung beans	362	332	345	301	357
Average yield (quintals per hectare)					
Paddy [1)]	28.0	27.6	28.0	28.3	28.3
Corn (kernel)	19.5	21.0	21.3	21.5	21.7
Cassava	118.7	121.6	120.7	121.0	122.3
Sweet potatoes	87.1	92.6	94.0[r]	95.3	94.2
Peanuts	9.7	10.0	10.2	10.4	10.3
Soybeans	10.8	11.0	11.1	11.4	11.2
Mung beans	7.9	7.9	7.9	7.9	8.4

1) Equivalent of rice.

Sources : – Supplement to the President's Report to Parliament, March 1, 1993.
– Ministry of Agriculture.

Table 53
Selected Mining and Quarrying Outputs

Outputs	Units	1988/89	1989/90	1990/91	1991/92	1992/93 *
Oil	millions of barrel	496.9	515.5	553.0	572.8	557.2 1)
Crude oil	*millions of barrel*	*435.2*	*450.8*	*486.5*	*507.0*	*492.6* 1)
Condensate	*millions of barrel*	*61.7*	*64.7*	*66.5*	*65.8*	*64.6* 1)
Natural gas	billions of MSCF 3)	1,887.0	2,011.6	2,206.9	2,465.5	2,253.1 1)
Tin	thousands of ton	30.5	31.5	29.8	30.1	28.7
Coal	thousands of ton	5,175.7	9,478.2	10,731.5	13,659.6	22,035.5
Copper (concentrate)	thousands of ton	302.7	329.9	499.2	720.8	939.9
Nickel						
Nickel ore	*thousands of ton*	*1,830.3*	*1,652.4*	*2,296.7*	*2,459.1*	*2,373.1*
Ferro-nickel 2)	*thousands of ton*	*4.8*	*5.0*	*5.1*	*5.4*	*5.5*
Nickel matte 2)	*thousands of ton*	*30.0*r	*30.0*	*26.7*	*34.7*	*37.9*
Bauxite	thousands of ton	514.1	994.8	1,300.5	1,241.8	838.2
Gold	kilogram	5,096.3	6,672.3	12,095.0	19,646.0	42,078.0
Silver	kilogram	64,562.4	73,324.9	65,900.0r	82,500.0	106,830.0

1) End of calendar year.
2) The data indicate the amount of nickel content.
3) MSCF = Mille Standard Cubic Feet.

Sources : – Supplement to the President's Report to Parliament, March 1, 1993.
– Ministry of Mining and Energy.

Table 54
Transportation Means and Outputs

Particulars	Units	1988/89	1989/90	1990/91	1991/92	1992/93 *
Land transportation						
Motor vehicles [1]						
Buses	*thousand units*	*371.6*	*412.4*	*438.1*	*446.6*	*463.6*
Cargo vehicles	*thousand units*	*1,124.2*	*1,247.8*	*1,306.5*	*1,338.4*	*1,405.3*
Passenger cars	*thousand units*	*1,320.6*	*1,465.9*	*1,641.3*	*1,700.8*	*1,729.0*
Motorcycles	*thousand units*	*6,857.9*	*7,612.2*	*8,387.2*	*8,637.0*	*8,713.6*
Railway transportation						
Passengers	*thousand persons*	*53,833*	*55,400*	*57,000*	*60,300*	*14,500* [2]
Passengers-km	*thousand persons x km*	*7,997,300*	*8,594,000*	*9,238,500*	*9,617,300*	*2,124,500* [2]
Cargo	*thousand tons*	*10,775*	*12,200*	*12,700*	*13,800*	*3,600* [2]
Cargo-ton-km	*thousand ton x km*	*2,448,670*	*3,043,000*	*3,377,800*	*3,464,300*	*918,000* [2]
River, lake, and ferry transportation						
Passengers	*thousand persons*	*41,560*	*42,058*	*46,067*	*46,637*	*14,579* [2]
Cargo	*thousand tons*	*10,741*	*10,920*	*11,953*	*12,903*	*3,305* [2]
Vehicles	*thousand units*	*3,067*	*3,169*	*3,433*	*5,055*	*1,936* [2]
Sea transportation						
Ocean going tarnsportation						
Number of vessels	*units*	*35*	*35*	*28*	*27*	*27* [3]
Capacity	*thousand DWT*	*447*	*447*	*354*	*347*	*347* [3]
Cargo	*thousand tons*	*17,878*	*21,983*	*21,917*	*18,200*	*23,831* [3]
Interisland shipping						
Number of vessels	*units*	*274*	*259*	*311*	*344*	*344* [3]
Capacity	*thousand DWT*	*503*	*466*	*611*	*844*	*844* [3]
Cargo	*thousand tons*	*9,295*	*9,932*	*10,126*	*10,632*	*14,762* [3]
Local shipping						
Number of vessels	*units*	*1,018*	*1,097*	*1,097*	*1,119*	*1,119* [3]
Capacity	*thousand BRT*	*152*	*158*	*158*	*180*	*180* [3]
Cargo	*thousand tons*	*3,266*	*3,784*	*3,820*	*3,939*	*4,282* [3]
Traditional shipping						
Number of vessels	*units*	*3,740*	*3,721*	*3,721*	*3,974*	*3,974* [3]
Capacity	*thousand BRT*	*199*	*199*	*199*	*209*	*209* [3]
Cargo	*thousand tons*	*2,951*	*2,901*	*3,000*	*3,174*	*3,341* [3]
Pioneer sailing services						
Number of vessels	*units*	*16*	*16*	*26*	*26*	*26* [3]
Capacity	*thousand DWT*	. . .	. . .	. . .	. . .	. . .
Cargo	*thousand tons*	*27*	*36* r	*37*	*83*	*124* [3]
Air transportation						
Fleet [4]	units	164 r	182	193	223	. . .
Outputs	thousand persons					
Passengers	*thousand persons*	*8,823*	*9,219*	*9,226*	*10,069*	*4,925* [5]
Domestic flights	*thousand persons*	*6,934*	*7,308*	*7,704*	*7,831*	*3,746* [5]
Overseas flights	*thousand persons*	*1,889*	*1,911*	*1,522*	*2,238*	*1,179* [5]
Cargo	thousand tons	138	150	150	178	81 [5]
Domestic flights		*77*	*76*	*96*	*99*	*43* [5]
Overseas flights		*65*	*72*	*54*	*79*	*38* [5]

1) Cumulative figures.
2) Provisional figures up to Semester I.
3) Provisional figures up to the end of December 1992.
4) Scheduled air transportation fleet.
5) Provisional figures up to June 1992.

Source : Supplement to the President's Report to Parliament, March 1, 1993.

Table 55
Selected Indicators of Tourism

Particulars	Units	1988	1989	1990	1991	1992*
Foreign tourists	**persons**	**1,301,049**	**1,625,965**	**2,177,566**	**2,569,870**	**3,060,197**
Ports of entry						
Airports	areas	12	12	13	13	. . .
Seaports	areas	11	11	11	11	. . .
Tourist points of interest	**areas**	**17**	**19**	**23**	**23**	**23**
Facility 1)						
Star-rated hotel	units	347	402	410	467	485
Number of rooms	*units*	*27,407*	*31,093*	*34,971*	*42,114*	*43,879*
Occupation rate 2)	*percent*	*53.8*	*55.6*r	*62.9*	*54.6*	*52.4*
Nonstar-rated hotel 3)	units	3,619	4,364	5,062	5,233	6,626
Number of rooms	*units*	*74,616*	*74,616*	*81,812*	*96,083*	*107,165*
Travel agencies	**units**	**751**	**917**	**1,089**	**1,197**	**1,341**

1) Data up to October 1992.
2) Since 1990 covers only 23 tourist points of interest.
3) Having more than 10 rooms.

Source : Ministry of Tourism, Post, and Telecommunication monthly report, January 1993.

Table 56
Selected Indicators of Telecommunication Development

Particulars	Units	1988	1989	1990	1991	1992*
Telephone						
Telephone exchange						
Automatic	*units*	*223*	*266*	*367r*	*536*	*666*
Manual	*units*	*496*	*480*	*419*	*293*	*184*
Capacity						
Automatic	*line units*	*909,211*	*1,003,685*	*1,320,841*	*1,514,760*	*1,980,526*
Manual	*line units*	*121,230*	*116,950*	*101,483*	*49,690*	*26,258*
Utilization of the capacity						
Automatic	*percent*	83.7	79.5	75.7	79.8	73.3
Manual	*percent*	80.5	80.7	82.4r	74.0	69.0
Public telephones	line units	5,736	6,748	13,518	24,563	36,716
Motor-vehicle telephone networks *(Sambungan Telepon Kendaraan Bermotor or STKB)*						
Capacity	*line units*	*10,000* [1]	*15,452*	*21,300*	*21,378*	*33,800*
Subscription	*line units*	*9,008*	*12,928*	*18,096*	*20,222*	. . .
Number of cities having STKB facility	*cities*	*5*	*5*	*5*	*9*	. . .
Long-distance telephone subscription	line units	732	785	785	785	. . .
Long-distance direct dialing coverage	cities	129	147	181	236	. . .
International direct dialing coverage						
Cities of origin	*cities*	*35*	*51*	*95*	*115*	. . .
Countries of destination	*countries*	*138*	*145*	*182*	*190*	. . .
Telecommunication stalls	**units**	**84**	**174**	**407r**	**800**	**996**
Earth stations for supporting domestic satellite telecommunication	**units**	**141**	**143**	**229**	**230**	. . .
Telex						
Central telex	units	36	36	35	40	39
Capacity	line units	17,300	17,700	22,850r	29,477	31,774
Subscription	line units	15,441	16,014r	16,486r	16,396	16,510
General telex offices	offices	794	879	1,039	1,111	1,327
Coverage	countries	24	24	23	22	. . .
Package data communication networks *(Sambungan Komunikasi Data Paket* or SKDP)						
Central SKDP	units	3	7	7	7	7
Capacity	line units	512	704	704	704	704
Subscription	line units	269	396	514r	585	575
Cities of origin	cities	9	12	. . .	. . .	. . .
Coverage	countries[2]	26	26	32	51	. . .
Birofax coverage	**countries**[2]	**36**	**36**	**46**	**42**	. . .

1) Only for local call.
2) Direct connection.

Sources : – Ministry of Tourism, Post, and Telecommunication monthly report, June 1989, July 1990, February 1991, February 1992, and January 1993.
– Directorate General of Post and Telecommunication annual report, 1990, and PT Indosat annual report, 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	
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
1992/93*	...	...	...	...	...	10,267

Source : State Electric Company (PLN).

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

Year	Generated by PLN	Generated by non-PLN 2)	Total
1988/1989	24,940	683	25,623
1989/1990	28,733 r	836	29,569
1990/1991	34,009 r	857 r	34,864 r
1991/1992	37,893 r	778 r	38,670 r
1992/1993*	23,681	651	24,332

1) KWH = Kilowatt Hour.
2) Only those distributed to the general public through PLN.
* Data up to October, 1992.

Source : State Electric Company (PLN).

Table 59
The Spread of Population
by Major Island [1)]

Particulars	1971		1980		1990	
	Number of population (thousand persons)	Share (%)	Number of population (thousand persons)	Share (%)	Number of population (thousand persons)	Share (%)
Java	**76,086.3**	**63.83**	**91,269.5**	**61.88**	**107,573.7**	**60.00**
Outside Java	**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	8,487.1	5.75	10,163.9	5.67
Others	2,013.0	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 person)

Particulars	1988	1989	1990	1991	1992*
Working age population [1]	**129,402.2**	**132,905.3**	**135,714.3**	**137,310.2**	**140,337.4**
Economically active	74,595.6	75,507.9	77,802.1	78,455.5	79,451.4
By age					
10 – 14	*2,726.0*	*2,724.6*	*2,450.6*	*2,231.6*	*2,333.3*
15 – 19	*7,629.8*	*7,860.2*	*7,899.3*	*7,885.1*	*7,793.4*
20 – 24	*8,995.2*	*8,563.6*	*9,478.0*	*9,722.1*	*9,613.9*
25 – 29	*9,868.5*	*9,213.4*	*10,493.7*	*10,928.8*	*10,751.7*
30 – 34	*9,080.8*	*9,170.8*	*9,767.9*	*10,264.0*	*10,361.9*
35 – 39	*8,480.7*	*8,996.1*	*9,415.1*	*9,632.8*	*9,837.9*
40 – 44	*6,737.0*	*6,982.5*	*7,019.4*	*6,973.1*	*7,424.3*
45 – 49	*6,786.3*	*6,858.9*	*6,708.6*	*6,318.4*	*6,425.3*
50 – 54	*5,411.2*	*5,659.7*	*5,450.3*	*5,406.5*	*5,489.6*
55 – 59	*3,789.3*	*4,066.2*	*3,824.4*	*3,703.1*	*3,785.0*
60 – 64	*2,652.9*	*2,806.0*	*2,760.0*	*2,803.5*	*2,877.2*
65+	*2,436.1*	*2,623.9*	*2,534.8*	*2,583.4*	*2,747.9*
tt	*1.8*	*2.0*	*– –*	*3.1*	*– –*
By working and looking for work classification					
Working	*72,518.1*	*73,424.8*	*75,850.6*	*76,423.3*	*77,568.3*
– Agriculture	*40,557.8*	*41,284.2*	*42,378.3*	*41,205.8*	*42,084.2*
– Mining and quarrying	–	*448.9*	*528.2*	*564.66*	*604.6*
– Manufacturing industry	*5,996.7*	*7,334.9*	*7,693.3*	*7,946.4*	*8,073.7*
– Electricity, gas, and water	–	*125.3*	*134.7*	*150.7*	*137.8*
– Construction	–	*1,828.6*	*2,059.5*	*2,436.6*	*2,414.1*
– Trade	*10,649.2*	*10,890.7*	*11,067.4*	*11,430.7*	*11,649.9*
– Transportation	–	*2,192.1*	*2,312.5*	*2,493.4*	*2,565.9*
– Finance	–	*396.5*	*478.4*	*516.1*	*527.4*
– Public service	*11,402.5*	*8,869 1*	*9,070.3*	*9,530.0*	*9,492.2*
– Others	*3,906.3*	*54.5*	*128.0*	*149.0*	*54.5*
– Not stated	*5.6*	*– –*	*– –*	*– –*	*– –*
Looking for work	*2,077.5*	*2,083.2*	*1,951.7*	*2,032.4*	*1,783.0*
Not economically active	54,806.6	57,397.4	57,912.2	58,854.7	60,886.0

1) Population of 10 years of age and over.
* Data up to May, 1992.

Source : Central Bureau of Statistics.

Table 61
Average Monthly Wage
by Economic Sector
(rupiah)

Sectors	Average minimum wage			Average maximum wage		
	1990	1991	1992	1990	1991	1992
Plantation	100,590	116,370	149,699	1,050,966	1,535,665	1,814,862
Mining	218,242	321,750	368,807	2,269,216	3,869,560	3,950,119
Manufacturing	171,957	180,689	187,800	1,997,947	2,070,460	2,704,974
Construction	165,374	176,338	254,366	1,885,486	1,959,806	2,263,366
Electricity	105,752	124,740	150,782	821,069	1,001,849	1,308,292
Trade/bank and insurance	227,612	233,707	305,080	1,967,498	2,479,148	3,313,904
Transportation	133,671	168,800	223,145	1,172,333	2,179,183	2,804,609
Services	157,585	200,837	234,683	1,775,659	1,288,040	2,270,505
Others	69,200	69,200	69,200	461,900	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	%
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
1992/93 *	12,086	4,724.2	3,084.0	65.3	21,698.3	21,069.0	97.1

1) At end of period.
Source : Supplement to the President's Report to Parliament, March 1, 1993.

Table 63
Realization of Transmigration
(families)

Year	Target	Realization		Total
		Official transmigration	Spontaneous transmigration	
1988/89	175,000	27,697	117,412	145,109
1989/90	27,000	7,340	19,193	26,533
1990/91	60,000	21,498	33,336	34,834
1991/92	80,800	25,896	49,354	75,250
1992/93 *	60,000	17,751	23,672	41,423

Source : Ministry of Transmigration.

Table 64
Selected Institutional Indicators of Cooperatives

Particulars	Units	1988	1989	1990	1991	1992 *
Number of cooperatives	units	33,324	36,147	36,502	37,858	39,031
KUD (Village Unit Cooperatives)	*units*	*7,873*	*8,276*	*8,334*	*8,535*	*8,749*
- Self-supporting KUD	*units*	*– –*	*544*	*885*	*1,381*	*. . .*
Non-KUD	*units*	*25,451*	*27,871*	*28,168*	*29,323*	*30,282*
Membership	thousand persons	25,056	25,601	29,134	32,912	33,050
KUD	*thousand persons*	*17,404*	*17,903*	*18,355*	*20,433*	*20,471*
- Self-supporting KUD	*thousand persons*	*– –*	*1,430*	*. . .*	*. . .*	*. . .*
Non-KUD	*thousand persons*	*7,562*	*7,698*	*10,779*	*12,479*	*12,579*
Number of cooperatives' management, members, and management trainees	thousand persons	7.1	9.5	18.4	10.4	4.7
Accumulated savings	billion rupiah	518.0	518.0	638.0	706.2	1,122.5
Accumulated capital	billion rupiah	926.0	1,242.9	1,574.6	1,796.0	3,155.3
Total assets	billion rupiah	2,031.6	3,284.1	3,543.3	4,278.0	3,800.6
Bank credit to cooperatives 1)	billion rupiah	404.9	416.0	460.0	2,114.0	2,455.0
Investment	*billion rupiah*	*53.5*	*57.0*	*65.0*	*101.0*	*151.0*
Working capital	*billion rupiah*	*351.4*	*359.0*	*395.0*	*2,013.0*	*2,304.0*

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

Sources : – Supplement to the President's Report to Parliament, March 1, 1993.
– Ministry of Cooperatives.

Table 65
Selected Operational Activities of Cooperatives/KUDs

Activities	Units	1988	1989	1990	1991	1992*
Procurement of food (rice)						
Number of KUDs	units	2,022	2,341	2,124	2,126	2,876
Total amount purchased	million tons	1.1	2.2	1.2	1.4	2.1
Procurement and distribution of fertilizer						
Number of KUDs	units	1,718	2,607	2,696	2,923	2,930
Total amount accepted	million tons	3.6	5.4	5.4	5.1	2.7
Total amount distributed	million tons	3.4	4.4	4.3	4.1	2.5
Distibution of pesticides						
Number of KUDs	units	424	755	...	...	...
Total amount accepted	million liters	1.6	1.6	...	...	...
Total amount distributed	million liters	1.5	1.5	...	...	...
Marketing of copra						
Number of KUDs	units	130	137	129	180	146
Total amount purchased	thousand tons	27.8	26.2	28.4	28.2	29.2
Total amount sold	thousand tons	26.1	24.9	27.5	282	28.7
Marketing of cloves						
Number of KUDs	units	448	359	546	837	698
Total amount purchased	thousand tons	8.3	3.9	1.6	120.9	77.4
Total amount sold	thousand tons	5.4	3.8	0.5	119.8	72.3
Livestock farm						
Number of cooperatives	units	499	510	568	568	568
Membership	thousand persons	53.8	55.0	56.0	57.1	56.5
Total assets	billion rupiah	102.5	104.8	105.7	110.9	111.2
Dairy farm						
Number of cooperatives/KUDs	units	173	190	196	201	203
Membership	thousand persons	72.0	98.0	98.0	74.6	98.1
Number of milch cows	thousand heads	225	250	258	248	260
Amount of milk received	million liters	310.2	250.0	257.0	255.3	260
Fishery						
Number of cooperatives	units	677	726	726	730	736
Membership	thousand persons	154.1	170.2	779.1	781.3	800.0
Total assets	billion rupiah	88.8	112.0	141.1	148.1	155.5
Handicraft						
Number of cooperatives	units	1,253	1,379	1,148	1,173	1,173
Membership	thousand persons	290.8	296.6	150.4	157.2	157.2
Total assests	billion rupiah	411.8	421.0	205.2	270.4	188.7
Distribution of electricity						
Number of cooperatives/KUDs	units	966	1,136	1,580	1,656	2,232
Number of customers	thousand customers	2,042.5	2,478.8	3,209.2	4,687.6	6,586.4
Number of villages	villages	6,593	8,108	10,112	12,118	14,527
Credits to petty traders (Kredit Candak Kulak)						
Number of cooperatives	units	5,981	5,981	5,679	5,979	...
Amount of credits	billion rupiah	244,3	253,4	256,3	263,8	...
Number of customers	million persons	16,8	17,5	17,0	17,2	...

Source : Supplement to the President's Report to Parliament, March 1, 1993.