markets for canadian exporters

INDONESIA


Burma
Laos
Thailand
Andaman Sea
Kampuchea (Cambodia)
Vietnam
Pacific Ocean
The Philippines
Gulf of Siam
South China Sea
Sulu Sea
Medan
Malaysia
Brunei
Malaysia
Sulawesi Sea
Singapore
Halmahera
New Guinea
Pontianak
Kalimantan
Balikpapan
Sumatra
Bangka
Jayapura
Sulawesi
Palembang
Banjarmasin
Irian Jaya
Belitung
Buru
Ceram
Ujung Pandang
Java Sea
Indian Ocean
Jakarta
Banda Sea
Madura
Bandung
Java
Surabaya
Flores
Lumbok
Bali
Sumbawa
Sumba
Timor
Arafura Sea
REPUBLIC OF INDONESIA and adjacent areas
0 100 500 1000
Scale - Kilometres
Australia

MARKETS FOR CANADIAN EXPORTERS

INDONESIA

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MARKETS FOR CANADIAN EXPORTERS - INDONESIA

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I. GENERAL

AREA AND GEOGRAPHY

Indonesia comprises 13,667 islands of which 6,000 are inhabited. The total land area is approximately 772,204 square miles (2,000,000 square km.) spanning 1,123 miles from north to south and 3,175 miles from east to west.

CLIMATE

The climate is maritime equatorial and the main seasons are the wet northwest monsoon which prevails from December to March and the dry east monsoon from June to September. The general mean maximum temperature is 33^{o}C (91.4^{o}F) and the minimum is 21^{o}C (69.8^{o}F) except in mountainous areas where cooler temperatures prevail. There is less than 1^{o}C (2^{o}F) difference between the warmest and coldest months. Humidity in Indonesia is consistently high, particularly during the wet season. The relative maximum humidity is 100 percent and the minimum is 60 percent. Average annual rainfall varies from 500cm (197 inches) in parts of Java to 100 cm (39 inches) in the lesser Sunda islands. Tropical clothing is worn year-round.

POPULATION

Indonesia is the fifth most populous country in the world with an estimated 140,000,000 people with a growth rate of approximately two percent per annum. It is now expected the population will reach 200 million at the end of the century. Two-thirds of the population lives on Java, and about two-thirds of the total population is under thirty years of age. About 90 percent of Indonesians are Moslems.

MAJOR CITIES, PORTS AND INDUSTRIAL CENTRES

The capital of Indonesia is Jakarta, the largest city in the country with more than six million inhabitants. Other major cities include Bandung, Surabaya, Semarang, Medan, Ujung Pandang, Pakanbaru, Pontianak and Balikpapan, many of which are ports.

More than 40 percent of Indonesia's industrial activity is found in or near Jakarta. Another industrial zone has been established near Surabaya, at Gresik. Most primary industry, mining and forestry take place on the large islands of Sumatra, Kalimantan, Sulawesi and Irian Jaya.

Canadian visitors interested in exporting railroad, telecommunications or geophysical equipment are advised to visit Bandung, where headquarters of the state-owned telecommunications corporation and geological-geophysical section of the department of mines are located.

LOCAL TIME

There are three time zones in Indonesia. Jakarta is on Western Indonesia Standard Time which is 12 hours ahead of Eastern Standard Time. For example, when it is 2:00 p.m. in Ottawa, it is 2:00 a.m. the following day in Jakarta.

WEIGHTS AND MEASURES

Indonesia uses the metric system.

ELECTRICITY

The state-owned Perusahaan Listrik Negara (P.L.N.) is responsible for the generation, transmission and distribution of electrical energy. For industrial use, two or three phase 110/115 or 220/380 volt, 50 cycle AC is supplied. Residences and hotels usually have 110 to 130/220 volt, 50 cycle AC. Two-prong, European-type plugs are normally used.

CURRENCY

The official national currency is the Rupiah (Rp).

Rps 50, coin or banknote (approximately C$0.14)
Rps 100, coin or banknote (approximately C$0.28)
Rps 500, banknote (approximately C$1.38)
Rps 1,000 banknote (approximately C$2.75)
Rps 5,000 banknote (approximately C$13.77)
Calculated at 363 Rps = C$1 - May 3, 1978

OFFICIAL PUBLIC HOLIDAYS

A 1978 schedule of official public holidays is listed below (dates vary slightly from year to year):

January 2	-	Tahun Baru
March 24	-	Good Friday
March 27	-	Easter
July 3	-	Muhammad's Ascension
August 17	-	Independence Day
September 4-5	-	Labour Day and Lebaran
December 1	-	New year of the Haji
December 25	-	Christmas Day
December 26	-	2nd Christmas Day

The Canadian Embassy also observes the Victoria Day holiday on May 22.

LANGUAGE

The official language is Bahasa Indonesia, but most Government and business officials in the major centres also speak English. Dutch and Chinese are also used by some business people.

OFFICE HOURS

With some variations, commercial and business offices are open from 8:00 a.m. to 4:00 p.m. Monday through Friday and 8:00 a.m. to 1:00 p.m. on Saturday. Government offices are open from 8:00 a.m. to 3:00 p.m., Monday through Thursday; 8:00 a.m. to 11:00 a.m. on Friday; and 8:00 a.m. to 12 noon on Saturday. The Canadian Embassy is open 8:00 a.m. to 4:45 p.m. Monday through Thursday and 8:00 a.m. to 1:30 p.m. Fridays.

TRAVEL DOCUMENTS

A passport and Indonesian Visa are required. Tourist visas are valid up to 14 days.

TRAVEL IN INDONESIA

Within Java, air, rail or road travel is possible. On the other islands, air travel is usually necessary.

DINING AND ENTERTAINMENT

A wide range of restaurants and night life is available in Jakarta.

HEALTH CERTIFICATES

An international certificate of vaccination against smallpox and cholera is required. Inoculation against typhoid and paratyphoid is not mandatory, but strongly recommended.

CUSTOMS INSPECTION

Visitors' personal effects are exempt from duty as are the following quantities of tobacco and liquor: 200 cigarettes or 50 cigars; pipe tobacco not exceeding 500 grams; one unopened bottle of liquor and another with contents partially consumed. Gift articles and souvenirs taken out of Indonesia are exempt from export duty.

TAXIS

Basic charge Rps 200 plus Rps 70 per kilometer thereafter. Hire taxis by the hour is Rps 1400 for a minimum of two hours. There is a shortage of radio taxis. However, within Greater Jakarta, one should not experience difficulty in normal hours.

TIPPING

Normally Rps 100 per bag is given to porters or bellboys. Most hotels and restaurants add 10 percent tax and a further 10 percent service charge.

AIRPORT TAX

A tax of Rps 600 for domestic travel and Rps 1000 for international travel is payable at the airport on departure.

JAKARTA HOTELS

1978 Hotel Rates

(All Tariffs Subject to 21% tax and service charge, no breakfast)

Hotel	Single (with bath or shower) US$	Double (with bath or shower) US$	Triple (with bath or shower) US$	Swimming Pool	TV in Room	Refrigerator in Room
President	16.00	18.00	24.00	No	Yes	On request only
Aryadutha Hyatt	16.40	18.20	25.20	Yes	On request only	
Horison	16.50	20.00	26.00	Yes	Yes	On request only
Orchid Palace	17.00	20.00	26.00	Yes	On request only	
Sahid Jaya	18.15	21.50	27.50	Yes	Yes	Yes
Kartika Plaza	18.70	22.00	28.00	Yes	Yes	On request only
Kartika Chandra	20.00	21.50	27.50	Yes	Yes	Yes

Hotel	Single (with bath or shower) US$	Double (with bath or shower) US$	Triple (with bath or shower) US$	Swimming Pool	TV in Room	Refrigerator in Room
Indonesia Sheraton	20.60	22.30	28.30	Yes	Yes	On request only
Sari Pacific	22.00	25.00	31.00	mini	On request only	
Borobudur Intercontinental	26.90	31.35	37.35	Yes	On request only	
Hilton	29.50	34.00	41.00	Yes	On request only	
Mandarin	500 rooms - Opening Late September 1978.					

TOURIST NOTE

Canadian businessmen intending to break their business visit to Jakarta by taking a weekend in Bali should buy their ticket in Canada. By doing so very considerable savings will be realized and the cost is virtually negligible, whereas purchase of an individual ticket within Indonesia would cost approximately $170 Canadian.

II. FOREIGN TRADE

CANADA-INDONESIA ECONOMIC RELATIONS

Economic relations between Canada and Indonesia increased dramatically in the mid 1970s. President Suharto visited Canada in 1975, and this was followed in 1976 by a visit to Indonesia byCanada's Minister of Industry, Trade and Commerce and the Secretary of State for External Affairs. Subsequent to this visit a line of credit was extended to Indonesia in excess of $200 million.

Ministerial visits, provincial government trade missions, Canadian participation in I.G.G.I. (Inter-Governmental Group on Indonesia), Canadian involvement in the Asian Development Bank and the World Bank, have all developed a Canadian awareness of Indonesia's tremendous potential. Indonesia is now the recipient of a massive inflow of development-oriented loan funds.

Trade between Canada and Indonesia in 1969 amounted to only $3.2 million with a surplus of $1.6 million in Canada's favour. In 1977 total trade amounted to $91 million of which $66 million represented Canadian exports to Indonesia (see trade table).

Canadian imports from Indonesia consist mainly of palm oil, rubber and tea. Indonesia is a beneficiary of Canada's General Preferential Tariff in favour of developing countries.

Canada's major thrust for export sales is now concentrated on promotion of consulting services and the subsequent equipment sales related to large development projects in Indonesia. These opportunities will likely be concentrated in power generation, transportation and mineral development.

MAJOR CANADIAN EXPORTS TO INDONESIA

($'000s)

	1976	1977
Earth drilling and related machinery and parts nes	2,194	7,157
Red spring wheat nes, except seed	13,986	5,305
Construction machinery and equipment nes	283	4,610
Air and gas compressors and parts	262	3,292
Newsprint paper	3,886	3,099
Asbestos milled fibres, group 4 & 5	1,782	3,022
Aluminum pigs, ingots, shot slabs, etc.	981	2,956
Motor vehicles nes	1,890	2,182
Switchgear and protect. equipment and parts nes	416	1,660
Mining machinery, equipment and parts nes	1,773	1,440
Total	27,453	34,723
Other	49,376	31,213
Total Exports	76,829	65,936

MAJOR CANADIAN IMPORTS FROM INDONESIA

($'000s)

	1976	1977
Palm oil	6,976	8,434
Crude natural rubber, except latex	5,968	7,425
Tea, black	3,244	5,509
Palm kernel oil	755	2,253
Pepper, ground or unground	352	264
Medicinal and pharmaceutical product nes	46	96
Coffee, green	153	71
Spices, spice herbs, spice seeds, nes	41	63
Shrimps and prawns, fresh or frozen	97	52
Synthetic rubber, except latex	8	42
Total	17,640	24,209
Other	513	344
Total Imports	18,153	24,553

INDONESIA'S FOREIGN TRADE

Foreign trade is important to the economy, amounting to about one-fifth of Gross Domestic Product. In 1976, total merchandise exports were US $8,546.5 million, and imports reached US $5,673.1 million, which created a positive trade balance of US $2,873.4 million.

Major exports are petroleum products, forestry products, rubber, tin, copper, palm oil and kernels, coffee and tea. Indonesia's most important customers are Japan and the United States, together taking 70 per cent of exports.

Indonesia's principal imports have recently included machinery, rice, motor vehicles, motors, iron and steel pipes and plates, yarns, newsprint and chemicals. From 1972 to 1976 inclusive, imports rose by an average of 38 per cent per year. Major suppliers are Japan and the USA, accounting for 45 per cent of total imports.

Indonesia is a signatory to the General Agreement on Tariffs and Trade (GATT) and is a member of the Association of South East Asian Nations (ASEAN, including also Malaysia, the Philippines, Singapore and Thailand). On January 1, 1978 ASEAN countries began to exchange tariff preferences on a selected list of goods, which will be expanded on a periodic basis.

Indonesia is also a member of the Organization of Petroleum Exporting Countries (OPEC), the International Tin Council/Agreement, the International Coffee Organization/Agreement, and other commodity organizations for producers of rubber, coconut, lumber, pepper and copper.

III. THE ECONOMY

GENERAL

Despite serious economic problems, Indonesia is now enjoying a greater degree of economic stability than at any time since gaining independence in 1945. Prior to 1966 inflation was rampant, the country's economy was stagnant and foreign exchange reserves were literally non-existent. By way of contrast, reserves in 1976/77 were $1 billion, and an additional $650 million was added to official reserves in 1977/78 due to a 21 per cent increase in export earnings.

Indonesia has recovered from the major financial crisis associated with Pertamina, the state-owned oil company. In January 1978, the Government negotiated the replacement on more favourable terms of $575 million of the original $1 billion cash loans. Settlements were reached with various parties in 1976 and 1977 with respect to Pertamina's 34 ocean going tankers and two barges. Pertamina's contingent liabilities were reduced from $2,280 million to $256 million on 27 tankers, repayable without interest over a four year period. The Indonesian Government is now able to concentrate on other issues and problems facing the country.

The economy is based on mineral and oil exploitation, smallholder agriculture and export-oriented estate agriculture. The manufacturing sector is important to the economy, although it is still in the early stages of development. About 60 per cent of Indonesia's labour force works in smallholder agriculture producing food mainly for domestic consumption along with rubber, coffee, pepper and tobacco for export. Estate agriculture, developed during the colonial period, produces palm oil, rubber, coffee, tea, sugar and other export products. Tin has been Indonesia's traditional primary mineral export, although the importance of crude oil has increased substantially to the point where it is now the major source of foreign exchange earnings. Both timber and copper are major export products for Indonesia. In the manufacturing sector, production for the domestic market has expanded rapidly with respect to textiles, pharmaceuticals, fertilizer, cement and certain other commodities.

The economy of Indonesia is a mixed economy in that the Government plays the traditional role of regulation and supervision and at the same time engages directly in economic activities through state-owned enterprises. The promotion and development of economic activities has been assisted by laws designed to encourage foreign and domestic private investment with incentives, including tax and duty exemptions. Economic targets are contained in the Five-Year Plan, or "PELITA". (PELITA I covered 1969-74, II covers from 1975 to 1979, and III will cover 1980-84).

AGRICULTURE

Rice production in 1976 and 1977 was most unsatisfactory, due in part to plant hopper attacks. A new hopper variety in 1977 seriously curtailed production to about 15.9 million tons, the same as 1976, resulting in 2.6 million tons of rice being imported. Recently an effort has been made to develop a broadbased diet providing other sources of carbohydrates, specifically corn and cassava. Food production has increased very slowly over the last four years.

To offset production problems in rice and to a lesser extent in corn and cassava, it may become necessary for the government to increase imports of wheat and other non-rice grains in total food imports.

FISHERIES

In 1977 fishery production increased by 5 per cent. Inland fishery output has shown a considerable improvement. Much of this improvement can be attributed to an official program initiated in 1975-76 whereby fish fry are provided free of charge for restocking of ponds and inland open waters. The program was undertaken to improve the protein content of diets in densely populated rural areas. Domestic demand for fish has resulted in improvements in shore and marketing facilities.

FORESTRY

Ninety per cent of production of logs and sawn wood is for export. Capacity does exist to increase production to meet export demand. Demand for timber in foreign markets increased in 1977 over that of 1976 despite the weakening in prices towards the end of the year. It is estimated the sustainable yield from Indonesia's vast tropical hardwood resources, employing selective cutting, is double the 1977 rate of 25.5 million cubic meters. To discourage log exports the government has had to revamp the system of export taxes on timber exports. Processed timber exports make up less than four per cent of the total export market. As of January 1978 the export tax for many types of logs was raised from 10 to 20 per cent. At the same time the export of certain special qualities was prohibited. Sawn wood exports remain subject to a 10 per cent export duty, but exports of further processed timber are tax exempt.

POWER

By the end of 1968 total installed power capacity was 585,811 MW with an effective capacity of only 61 per cent due to major damage of some generators, obsolescence, and lack of spare parts. Under PELITA I, installed capacity was increased by 393.6 MW through rehabilitation and construction. Also constructed were a transmission network of 623 kilometers and 21 units of transformer houses of 558.5 MVA with 1,500 kilometers of high voltage lines and 1,390 local transformer houses with 1,600 kilometers of low voltage distribution lines.

PELITA II places high priority on increasing capacity and broadening distribution and transmission of networkds. The plan schedules an increase in installed capacity of 1,105 MW. Transmission networks will be increased by 3,700 kilometers, transformer houses to a capacity of 2,490 MVA, high voltage distribution lines by 8,500 kilometers, and low voltage distribution lines by 11,02 kilometers. The Government also encourages and provides assistance for the construction of micropower systems, as part of sustained efforts to ameliorate conditions in rural areas.

MINING

The mining sector, which has played a crucial role in the country's economic development, provides a major source of government revenue, foreign exchange, and employment. Its growing importance is evidenced by the increasing volume of mineral production and value of exports as well as by the extension and development of exploration programs. The mining and quarrying sector grew at an average annual rate of 16.0 per cent from 1971 to 1974 and comprised 11.8 per cent of real GDP in 1974. The sector is projected to grow at an annual rate of nine per cent under PELITA II, but recent growth figures suggest that this target will be surpassed.

As world supply conditions of minerals, particularly oil, become more precarious, Indonesia strives to develop and implement a rational and effective mining policy to reap the full benefits of its rich mineral deposits such as tin, bauxite, nickel, and copper.

Only about seven per cent of Indonesia's land area has been explored. To enable the Government to formulate a long term plan for exploration of the nation's mineral potential, geological surveys were given high priority under PELITA II. There has also been a notable increase in the number of geological surveys conducted in search of oil, primarily in the offshore areas, since the Government began providing opportunities for production sharing.

Recognizing that mining projects require large capital investments and skilled labor, both of which are still in short supply, the Government has encouraged foreign investors to participate in the development of Indonesia's mineral resources.

Mining Production 1969 to 1975

	1975	1974	1973	1972	1971	1970	1969
Petroleum (000 bbl.)	447,126.0	501,837.0	488,536.0	395,522.0	325,672.0	311,511.0	270,951.0
Tin (000 ton)	24.4	25.0	22.5	21.8	19.8	19.1	17.4
Nickel (000 ton)	801.0	878.9	867.3	935.0	900.0	600.0	256.2
Bauxite (000 ton)	992.6	1,290.0	1,229.4	1,276.0	1,237.6	1,229.2	926.7
Iron sand (000 ton)	352.9	365.2	280.9	264.9	270.9	-	-
Copper (000 ton)	204.9	212.6	-	-	-	-	-

Source: Department of Mining.

OIL AND NATURAL GAS

In 1978/79, net value of oil and gas exports is likely to remain around the 1977/78 level of about $4.5 billion. Oil provides about 57 per cent of Indonesia's domestic budgetary revenue and more than 46 per cent of net foreign exchange earnings.

There is reason for concern because domestic energy consumption has been increasing at an annual rate of 13 per cent since 1969. If this trend continues and if all new energy requirements are supplied only by oil, one half of Indonesia's present oil production will be consumed domestically within the next ten years and within the next 15 years 100 per cent will be consumed domestically. Indonesia has sizeable untapped alternative energy resources that will have to be developed in order to allow the continued export of oil, which will give the highest economic return. Coal has recently been proven to represent a giant reserve of about 10 billion tons. This giant reserve in South Sumatra represents an equivalent of 50 billion barrels of oil.

At current levels of production, approximately 70 per cent of the crude oil produced is exported and only about 30 per cent is domestically refined. The existing refinery capacity of Indonesia is 405 thousand barrels per day, but a new refinery in Cilacap, Central Java, with a capacity of 100,000 barrels per day, commenced production in 1977.

A related commodity which will be of increasing importance in the near future is natural gas. Natural gas occurs in abundance, both separately and in association with petroleum deposits. Two natural gas projects, Arun and Aceh (Northern Sumatra) and Badak in East Kalimantan, are the most promising established to date. Capital expenditure for the two projects is valued at more than US$1.5 billion; the potential combined output will be 10 million metric tons per year.

Booming oil operations have resulted in new economic opportunities in industries servicing the oil industry such as construction, consulting, transportation, catering, workshop factories supplying materials and equipment, and manufacturing.

Production and Exportation of oil
1969 to 1977 - millions of barrels

Year	Production	Export Crude Oil	Export Refinery Products	Export Total
1977	615.0			475.0
1976	550.0			449.0
1975	447.1	363.1	36.6	399.7
1974	501.8	378.9	45.1	424.0
1973	488.5	369.5	56.5	426.0
1972	395.6	299.1	45.9	345.0
1971	325.6	239.5	33.3	272.8
1970	311.5	228.1	36.2	264.3
1969	270.9	195.7	34.0	229.7

Source: Department of Mining.

TIN

Indonesia is the third largest tin producing country in the world after Malaysia and Bolivia. Tin is found in the Bangka, Belitung, Singkep, and Karimun islands off the eastern coast of Sumatra. Tin from these islands accounts for about 20 per cent of world output. Supply conditions on the world commodity markets portend a promising future for tin. Efforts are being made to increase production by rehabilitating or modernizing and expanding existing tin mines. Results of these efforts are already evidenced by a moderate increase in tin production and exploration. Production has increased from 17.4 thousand tons in 1969 to 24.4 thousand tons in 1975.

Three foreign companies, on a work agreement with the state-owned P.N. Timah, are conducting survey and exploratory work to locate new inland as well as offshore deposits. Rehabilitation work has also been done on the tin smelting plant at Muntok. The plant has been in full operation since 1974 with a capacity of 15,000 tons per year.

COPPER

An exploratory survey conducted from 1967 to 1969 showed that Erts Mountain in Irian Jaya contains a copper reserve of 32.6 million tons. It is now being mined by Freeport Indonesia under work contract basis with the Government.

The mine is 74 miles inside the jungle and 3,658 meters above sea level. Commercial production of copper started in 1973; by 1974 production had already reached 213,000 tons of copper concentrate. Its estimated maximum output is 650,000 tons per year. The markets for Indonesian copper are the Far East and Europe.

IRON SAND

Iron sand is found along the beaches south of Java especially between Cilacap and Karangbolong Mountain. Iron sand has been exploited by the state-owned Aneka Tambang since 1970. Production has increased from 54,000 tons in 1970 to 353,000 tons in 1975. Substantially all of Indonesia's iron sand production is exported.

COAL

In response to the world energy crisis and the steadily rising price of oil, the Government has endeavored to develop alternative energy sources on a large scale. At present the most promising is coal mining. Permission was granted to research and exploration companies in two areas of Sumatra. The companies have been successful in discovering significant deposits of coal.

At present there are two producing coal mines, the Ombilin Mining Unit (West Sumatra) and Bukit Asam Mining Unit (South Sumatra), operated by the state coal company, P.N. Batubara. The Government has formulated a program to increase the productive capacity of the two mines by renovating the old equipment. Output is expected to increase gradually to a maximum capacity of two million tons by 1985.

BAUXITE

Bauxite is mined in Bintan and Kijang in the Riau archipelago by the state-owned P.N. Aneka Tambang. Bauxite production increased from 701 thousand tons in 1966 to 1.2 million tons in 1970. It remained essentially unchanged at that level until 1974. In 1975 production dropped to only 992 tons in response to market demand problems abroad.

Large bauxite deposits have been found in West Kalimantan. However, substantial investments are required to find new deposits and to modernize equipment and improve dredging operations of existing facilities. Most of the bauxite mined is exported to Japan.

In December 1975 the Government approved the extensive Asahan Project, one facet of which is the construction of an aluminum reduction plant for processing the bauxite from Kijang and West Kalimantan.

NICKEL

Nickel is found in South Sulawesi, North Molucca, and Irian Jaya. At present the mines are operated by several foreign companies under a work contract with the Government and the state-owned P.N. Aneka Tambang. Additional exploration of ores of low nickel content has been conducted by P.N. Aneka Tambang in South East Kalimantan and by other companies in Halmahera and surrounding islands.

Production of nickel ore increased from 256 thousand tons in 1969 to 900 thousand tons in 1971, at which level it remained relatively steady up to 1976. Other nickel projects are underway.

MANUFACTURING

Although the portion of the manufacturing sector in the Gross Domestic Product is relatively small, it is gradually attaining importance in the national economy. Its average annual growth during the first PELITA was 15 per cent . Gross Domestic Product derived from this sector increased from 8 per cent in 1970 to 11 per cent in 1976.

To accelerate further the development of the manufacturing sector, the Government has targeted the stages of industrial development to be achieved in succeeding five year plans as follows: PELITA II places emphasis on industries which process raw materials into semifinished products; PELITA III will stress industries which process semifinished products into finished goods; and PELITA IV will concentrate on industries which produce machines and equipment for heavy and small scale industries.

Government policy regarding manufacturing development stresses industrial development which earns or saves foreign exchange, processes more domestic than imported materials, and is labor intensive or stimulates regional development. Development of capital intensive industry is also encouraged as long as this industry has a broad spread effect on national economic development.

Foreign investors are still welcomed in sectors of the industry which require sizeable capital investment or sophisticated technology, organization, or managerial skills. However, foreign investment proposals are carefully screened to avoid projects which will compete adversely with existing local industries. Government policy also requires that foreign investors impart technological and managerial skills to Indonesian nationals through implementation of training programs and provision of opportunities to assume management positions within the company.

Since the inception of the Foreign Capital Investment Law and Domestic Capital Investment Law, the manufacturing sector has attracted the largest share of private capital investment. From 1967 to 1975, the sector accounted for 58.3 per cent of foreign capital investment and 64.4 per cent of domestic capital investment. In 1975 foreign capital and domestic capital investment in the manufacturing sector comprised 48.2 per cent and 55.5 per cent, respectively, of total investment.

FOOD INDUSTRY

During PELITA I priority was given to the rehabilitation and expansion of the food industry. The growth rate of this industrial group averaged approximately nine per cent, below the average of the manufacturing sector as a whole. However, the food industry still represents the biggest group in the sector in terms of value production (31%) and of the labor force (35%).

Up to 1970 the industry comprised mainly rice hullers, sugar, palm and coconut oil, and cassava processing, the production of which accounted for 90 per cent of the whole food industry. Innovations since 1971 in food processing techniques, meat processing, cold storage for food preservation, and bread factories have brought about a structural change in the industry.

TEXTILES

In an effort to achieve selfsufficiency in meeting domestic demand for clothing, the Government has consistently sought to increase textile production. Industry capacity has been increased through rehabilitation and expansion of existing plant facilities and through installation of new plants. Domestic and foreign capital investment laws provide ample incentive to develop the industry.

Estimated annual per capita consumption of textiles has increased from six meters prior to PELITA I to nine meters at the end of PELITA I and ten meters by the end of the first year of PELITA II. Textile production has risen from 415 million meters in 1969 to 990 million meters in 1975. Within the same period, yarn production increased to 485 thousand bales from 170 thousand bales. An increase in textile production of 39 per cent is envisioned in the PELITA II period. The Government aims at reducing the gap between the weaving and spinning capacities while expanding total production to increase per capita annual consumption to 11.5 meters under PELITA II.

PULP AND PAPER

The six government-owned paper mills which were in operation prior to 1969 and which have undergone intensive rehabilitation had produced, together with two new paper mills, a total of 51 thousand tons of paper at the end of 1975. Another newspaper print mill, with a capacity of 100 thousand tons per year, will be built in Cilacap. It is expected to be operational in 1978.

PETROCHEMICALS

The establishment of petrochemical plants is expected to stimulate and facilitate the development of other industries, particularly of light industry. A new polypropylene plant was completed in Plaju in 1973 with an output capacity of 20 thousand tons. Polymer and petrochemical plants are being planned to produce, among others, polyvinyl chloride (PVC) and benzene-toluen-xylene (BTX). These projects are sponsored by P.N. Pertamina, a state-owned enterprise designated to explore and exploit Indonesia's oil resources. Other petrochemical plants located in Java, Sumatra, and Kalimantan are producing fertilizers.

PHARMACEUTICALS

It has only been in the last five years that the pharmaceutical industry has been able to modernize its facilities. This sector has developed more steadily than other industries. By the end of PELITA I about 80 per cent of the local demand for pharmaceuticals could already be met domestically by established factories. Some of them even ventured to produce their basic raw materials. However, the Government still permits importation of raw materials from abroad. The Government is also encouraging private enterpreneurs to produce drugs requiring advanced technology and considerable capital investments.

FERTILIZER

By the end of PELITA II in 1978/79, Indonesia could become an exporter of fertilizer, especially urea. The urea plant in Palembang (PUSRI) utilizing local natural gas, is targeted to go into its third stage (PUSRI III), raising its present annual capacity of 500 thousand tons to 1.5 million tons. If the 500 thousand ton output of each of the projected urea plants in Cirebon (West Java) and East Kalimantan are added to the PUSRI capacity, Indonesia's total capacity will reach 2.5 million tons of urea per year. However, Indonesia still depends upon import of other fertilizers, such as ZA and TSP. Indonesia has sufficient sulphur deposits to increase production of these fertilizers, plans for which are under way. The newly completed petrochemical plant in Gresik has already increased the production of the ZA fertilizer from 49.7 thousand tons in 1972 to 150 thousand tons in 1975.

CEMENT

At present five cement plants are in operation: one each at Gresik (East Java), Padang (West Sumatra), and Tonnasa (South Sulawesi), and two in Cibinong (West Java). Three more cement plants will soon be constructed: one in West Sumatra near the present Padang plant with a capacity of one million tons; one on Cilacap (Central Java), with a capacity of 500 thousand tons; and another in Cirebon (West Java), with a capacity of 500 thousand tons. There are plans to set up new joint venture cement plants in Baturaja (South Sumatra), Pakagine (South Sulwesi), and Biak (Irian Jaya).

The following expansions are scheduled under PELITA II: the Gresik plant, to a production capacity of 1 million tons annually; the Padang plant, to 330 thousand tons; the Tonnasa plant, to 620 thousand tons; and the two Cibinong plants to 1.2 million and 500 thousand tons, respectively.

METALS, MACHINERY & TOOLS

Diverse rates of growth were shown by the metal, machinery, and tool sector. Among the industries which showed remarkable development were the primary and secondary steel industries. The former increased its production level from 4.5 thousand tons in 1969/70 to 150 thousand tons in 1974/75. The latter was able to increase production from 1.9 thousand tons in 1969/70 to 94 thousand tons in 1974/75.

Also remarkable in their development were the industries assembling durable goods including transport vehicles, electric home appliances, and electronic products. Other industries within the sector have only recently been established. These include production of bolts, nuts, pipe fittings, welding electrodes, and machines.

Selected Outputs of the Metal, Machinery, and Tool Manufacturing 1971/72 to 1975/76

Type of Product	1975/76*	1974/75	1973/74	1972/73	1971/72
Assembled cars	15,077	65,000	36,700	23,000	16,000
Assembled motorcycles	66,939	200,000	150,000	100,000	50,000
Car batteries (000)	55	180	140	130	262
Radios (000)	300	1,000	900	700	416
Television sets (000)	40	135	70	60	66
Assembled sewing machines (000)	100	400	500	340	292
Dry batteries (000,000)	60	144	132	72	72
Zinc plate (000T)	22.5	70	70	69	66.6.
Steel pipe (000T)	25	94	80	34	6
Reinforcing rods (000T)	50	115	120	75	74
Steel wire (000T)	12.5	30	30	12	-
Electric light bulbs (000)	5	18.9	18	12.3	6
Air conditioners (000)	8	24	20	20	31.8
Electricity/telecommunications cables (000T)	2.3	9	7	6	-
Machinery/spare parts (000T)	n.a.	n.a.	8	7.5	4
Road rollers	575	575	360	200	200
Rice hullers	n.a.	3,500	3,500	2,500	-

Source: Government Memorandum in the Parlemen attached to Draft Budget 1976/77.

* Up to the first quarter of 1975/76.

n.a. Not available

IV. TRANSPORTATION AND COMMUNICATIONS

ROADS

When PELITA I started in 1969, only about 25 per cent of the total existing 85,000 kilometers of roads were in fair condition; about 75 per cent were unfit for intensive use. It was clear that the existing roads required maintenance and rehabilitation if Indonesia was to cope with problems of increasing tonnage, speed, and density of traffic.

During the first PELITA 6,500 kilometers of roads and 19,800 meters of bridges were rehabilitated; 3,800 kilometers of roads and 14,700 meters of bridges, upgraded; and 367 kilometers of roads, constructed. As of the end of 1973 approximately 19 per cent of Indonesia's 82 thousand kilometers of roads were paved.

Preparatory work has been done under PELITA II for repair and upgrading of 22,000 kilometers and construction of 1,550 kilometers of new roads.

The number of vehicles has steadily increased from 332,498 in 1969 to 656,188 in 1975 or an increase of almost 100 per cent during a seven year period.

In an effort to promote local assembly of vehicles and to limit the number of models and types of vehicles, importation of ready-built vehicles has been prohibited since 1974.

Total Number of Land Vehicles 1972-1975

	Buses	Trucks	Passenger Cars	Total
1975	40,000	203,410	412,778	656,188
1974	32,729	166,457	337,789	536,975
1973	30,368	144,060	307,739	482,167
1972	26,488	131,175	277,210	434,873

RAILWAYS

Railroad facilities exist only in Java and Sumatra islands. The tracks were partly built at the end of the nineteenth century. About 60 per cent of the passenger and freight coaches and 40 per cent of the locomotives have been in service for almost 40 years. The inadequacy of the road transportation facilities had overburdened the railway system, especially before the PELITA I.

Hampered by obsolete rolling stock and facilities and the lack of funds, the railways have required substantial subsidies from the Government. As the road transportation was improved, however, the number of passengers transported by rail declined. The decline in the number of passengers transported by rail averaged four per cent per year from 1968 to 1975. The average number of passenger-kilometers declined by about eight per cent per annum during the period 1968 to 1973 but increased markedly again in 1974 and 1975.

On the other hand, the volume of freight transported by rail has been increasing at an average annual rate of eight per cent. The number of freight kilometers has likewise increased at an average annual rate of 7.6 per cent. The upward trend would indicate that rail transport is more suitable to long distance passenger travel and long haul freight.

To rehabilitate Indonesia's railway system, new tracks and coaches, bridges, large yards, and improved service and management techniques are needed. During the PELITA I period, rehabilitation efforts resulted in the replacement of rails (950 km), replacement of sleepers (1,305,195), improvement of bridges (33,400 m), acquisition of 55 new locomotives and renovation of 78 existing locomotives, passenger coaches (228), and freight cars (1,112). The improvements accomplished under PELITA I increased average rail speed to 50 kilometers per hour, considerably reducing travel time.

Year	Number of Passengers	Passenger-Kilometers	Freight (Tons)	Freight Kilometers (Ton–KM)
1975	53,453	4,959,500	5,663	1,234,180
1974	41,118	3,815,000	5,268	1,153,440
1973	29,370	2,725,000	4,905	1,068,000
1972	40,116	3,352,000	4,561	1,038,000

SEA TRANSPORTATION

Indonesia is highly dependent on maritime connections for its interinsular and oceangoing transportation. Although Indonesia has about 600 ports for oceangoing and coastal shipping, port facilities are generally substandard due to poor equipment, inadequate dredging machines, and meager navigational or communication aids.

The shipping fleet is categorized into interinsular fleet with a total capacity of 376,000 DWT; coastal fleet with a capacity of 95,000 DWT; ocean fleet with a capacity of 507,000 DWT; and special fleet for transportation of logs, crude oil, nickel, bauxite, and coal with a capacity of 1,422 DWT.

Fully realizing the importance of sea transportation, the Government during PELITA I has undertaken extensive rehabilitation and improvement of quays, godowns, power, port facilities, and loading/unloading equipment. The Government through PELITA II is focusing attention on development of the shipping industry. For this purpose, it has decided that vessels with a capacity of up to 1,000 DWT will not be imported but must be built locally.

The Asian Development Bank is now assisting the Indonesian Government in preparing a long term development plan, ultimately to be financed by the United Nations Development Program, for three major ports -Tanjung Perak (Surabaya), Belawan (Medan), and Panjang (Lampung). In addition, the World Bank is now working with the Indonesian Development Bank (BAPINDO) in rehabilitating the interinsular fleet. To augment World Bank efforts, the Government has established P.T. Pembangunan Armada Niaga Nasional (PANN) which will be actively involved in the rehabilitation and renovation programs.

AVIATION

In 1975 there were 49 airports in Indonesia, of which 29 were for F-29 turbo props; 19 airports, for F-28 turbo jets; 8 airports, for DC-9 turbo jets; 5 airports, for DC-8 turbo jets; and 1 airport for jumbo jets. The newly opened Halim International Airport in Jakarta falls into the last category. The older Kemayoran Airport is being used for domestic flights only. Meanwhile, another international airport for Jakarta is scheduled to be built at Cengkareng, about 15 kilometers west of Jakarta. Further upgrading of the runways, telecommunication systems, navigational aids, landing equipment, meteorological services, and training of pilots are still badly needed.

A total of 269 planes operate to link the airports. These include 104 planes with MTOW (Maximum Take Off Weight) of less than 10,000 kilograms, 90 planes with MTOW of more than 10,000 kilograms and 75 helicopters.

The Garuda Indonesian Airways (GIA), the national air carrier, serves the domestic trunk lines as well as international routes; the smaller airlines operate on the feeder lines. Many private air charter services are available, especially for the exploration of areas outside Java.

TELECOMMUNICATIONS

Indonesia's geography places the role of communication in an extremely important position. Improvement of services in the communication system will not only facilitate the flow of goods and mobility of the people, but will also play a decisive role in uniting the people of a nation which spans large distances and thousands of islands.

Vital communication services are wholly operated and directed by the Government. Telephone and telegraph networks are operated by state-owned enterprises PERUMTEL; postal and mail clearances are controlled by P.N. POS & GIRO; and T.V. -R.I. controls the television networks. Television stations are available in Jakarta, Medan, Palembang, Samarinda, Ujung Pandang, and Menado. The R.R.I. (Radio Republik Indonesia) is responsible for dissemination of information and news to listeners at home and abroad. At present there are 47 radio stations and 126 transmitters in Indonesia operated by R.R.I. In addition many privately-owned radio networks are now on the air, primarily for commercial and cultural purposes.

During PELITA I priority was given to the increase in number and automation of local telephones, construction of long distance networks, and establishment of telegraph and telex connections.

Automatic telephone connections were increased from 84,300 line units in 1969 to 284,831 in 1974. A long distance transmission system, the Java-Bali Microwave Project, was completed in 1973. It connects many of Java's telephone centrals, including those in Bali. In the first year of PELITA II, the Trans-Sumatra Microwave Project was completed. This system connects Jakarta, Palembang, Padang, and Medan. Still under construction is the East Indonesia Microwave Project connecting Bali, Nusa Tenggara, and Ujung Pandang.

Indonesia includes a domestic communications satellite system (1976) in its telecommunications system. The system was designed to provide a broad range of telecommunications services, such as television, telephone, telex and data transmission for a variety of public and private users.

Communication wih the outside world has been considerably enhanced by the construction and operation of the ground satellite stations at Jatiluhur, West Java in 1969.

SHIPPING SERVICES FROM CANADA TO INDONESIA

OCEAN TRANSPORT

From Eastern Canadian Ports

Barber Blue Sea Lines schedules three sailings per month from Saint John to Jakarta. Space accommodation for general cargo, refrigerated cargo, bulk liquids and container cargo is available. The line is represented in Canada by Hurum Marine Ltd., Montreal and Toronto and R.C. Elkin Ltd., Saint John.

P.T. Djakarta Lloyd schedules monthly sailings from Toronto and Montreal in the summer and from Saint John in the winter to Belawan, Jakarta, Semerang and Surabaya. Space accommodation for general cargo and container cargo is available. The line is represented in Canada by R.G. Redburn Eastern Limited, Montreal and Toronto and R.C. Elkin Limited, Saint John.

Scindia Line schedules monthly sailings from Montreal in the summer and Halifax and Saint John in the winter to Jakarta. Space accommodation for general cargo, bulk liquids and container cargo is available. The line is represented in Canada by Montreal Shipping Company Limited, Montreal and Toronto.

From Canadian Pacific Coast Ports

East Asiatic Company schedules two sailings per month from Vancouver to Jakarta. Space accommodation for general cargo, refrigerated cargo and container cargo is available. The line is represented in Canada by Johnson Walton Steamships Ltd., Vancouver and Hurum Marine Ltd., Montreal and Toronto.

Fesco Lines schedules monthly sailings from Vancouver, Nanaimo, Port Alberni and New Westminister to Belawan. Space accommodation for general cargo and container cargo is available. The line is represented in Canada by Morflot Freightliners Ltd., Vancouver and Universal Container Services Ltd., Montreal and Toronto.

Hoegh Lines schedules sailings from Vancouver and New Westminister to Jakarta. Space accommodation for general cargo, bulk liquids and container cargo is available. The line is represented in Canada by Transpacific Transportation Co. Ltd., Vancouver and Montreal Shipping Company Limited, Montreal and Toronto.

S.C.I. Lines (Shipping Corporation of India) schedules monthly sailings from Vancouver to Jakarta. Space accommodation for general cargo and bulk liquids is available. The line is represented in Canada by Westward Shipping Ltd., Vancouver, and March Shipping Ltd., Montreal and Toronto.

States Lines schedules three sailings per month from Vancouver and New Westminister to Jakarta/Surabaya and Belawan. Space accommodation for general cargo, refrigerated cargo, bulk liquids and container cargo is available. The line is represented in Canada by Dodwell of Canada Ltd., Vancouver.

AIR TRANSPORT

There are no direct flights from Canada to Indonesia. Connecting flights are available via North American gateways, such as Vancouver, Seattle, San Francisco and Los Angeles; Asian gateways, Tokyo and Sydney and European points such as London, Frankfurt, Amsterdam, Paris, Rome and Athens. All flights arrive at destination on second day of travel.

Since flight schedules are subject to change it is recommended that the originating carriers in Canada be consulted with respect to all-cargo flight routings and the most expedient routing for air freight and passenger travel.

V. FOREIGN INVESTMENT

Indonesia has great potential for development in its abundant natural resources, favorable climate and geography, and sizeable labor force. However, its actual capacity to realize its potential is limited by a shortage of managerial and technological skill and an underdeveloped capital market. Since 1966, when President Suharto assumed office, Government economic policy has been geared toward economic stability and development. Laws were instituted to implement development, the most notable of which were the Foreign Investment Law of 1967 and the Domestic Investment Law of 1968. Both laws were later amended and supplemented in 1970 to incorporate changes in the area of taxation.

Development of Foreign and Domestic Investment
by Economic Sector 1967 to 1975

Economic Sector	Domestic Capital Project	Invest. Cap. (Rp. million)	Foreign Capital Project	Invest. Capital (US$ million)
Agriculture	98	Rp. 89,627	73	$ 131.7
Forestry	272	178,724	86	487.4
Mining	13	50,045	19	860.5
Manufacturing	1,773	1,124,265	491	2,846.0
Construction/Infrastructure	6	14,175	60	65.7
Hotel/Tourism	104	79,749	15	172.8
Real Estate	13	2,402	26	234.4
Others	121	111,727	51	86.1
Total	2,400	Rp. 1,741,714	821	$4,884.6

Source: Capital Investment Coordinating Board.

Foreign capital is still essential to the growth of the Indonesian economy; foreign capital investment is still welcomed as a complement to domestic investment. The Government stipulates that such investment benefit national economic development through the transfer of technical and management skills to Indonesian nationals. As of 1975 there were 2,400 domestic investment projects with total capital investment of Rp. 1,741.7 billion (US$4,196.9 million). At the end of 1975 approved foreign investment projects reached a total of 821 with a total capital investment of US$4,884.6 million.

Without wishing to discourage foreign investors, the Government set up a policy on capital investment as follows:

a. All foreign investments must be in the form of a joint venture with Indonesian nationals.

b. Within a period of ten years the Indonesian party in a joint venture company should be given opportunities to increase its equity to a majority at a minimum of 51 per cent.

c. For the purpose of transferring technology, in the field of assembly, every new application is tied with the requisite of using local content at a minimum of 30 per cent for parts and components in the year of production.

d. Engagement of foreign personnel in foreign investment projects is temporary for types of work which cannot yet be performed by Indonesian personnel or due to unavailability of the latter in sufficient number. Foreign investors are obliged to set up a plan for their Indonesian personnel to succeed their foreign counterparts.

Foreign and Domestic Capital Investment
1967 to 1975

	Foreign		Domestic	
Year	No. of Projects	Capital Invested US$ million	No. of Projects	Capital invested Rp. million
1975	43	$1,025.2	172	Rp. 250,858
1974	92	1,050.0	259	230,302
1973	133	502.6	630	607,574
1972	93	497.8	388	216,977
1971	112	376.1	402	190,915
1970	162	265.8	351	189,508
1969	87	742.7	195	54,757
1968	71	245.1	3	823
1967	28	179.3		
Total	821	$4,884.6	2,400	Rp.1,741,714

VI. DOING BUSINESS IN INDONESIA

OPPORTUNITIES FOR CANADIAN PRODUCTS AND SERVICES

Indonesia presents opportunities for many Canadian exporters of equipment and consulting services. Some areas of interest are: transportation, mining, oil and gas, power generation, forestry, wood processing, cement, chemicals, electronics, construction machinery, and materials handling equipment.

Possible sources of financing include the Export Development Corporation, the Canadian International Development Agency, chartered banks, the World Bank, and the Asian Development Bank.

MERCHANDISING AND DISTRIBUTION

Foreign firms are not allowed to act directly in the import/export/distribution-/marketing field. The right to import is reserved for National Importers approved by the Indonesian Government, which include both private firms and Government departments. Foreign firms may, however, establish local representative offices to assist the Indonesian firm directly responsible for importing, sales, distribution and service. Alternatively, the Indonesian firm may apply for permission to hire a foreign national directly as a technical adviser.

AGENTS

Canadian exporters looking for suitable agents may wish to write to the Commercial Division of the Canadian Embassy in Jakarta, enclosing about six sets of company brochures, to receive the names and addresses of prospective representatives. The Canadian company should then contact these Indonesian firms directly, and as soon as serious correspondence takes place a personal visit should be planned.

After visiting Indonesia, you will be in a better position to select an agent. Letters of understanding in which you appoint your agent should then be exchanged. Because Western marketing techniques are not always accepted or used in Indonesia, matters such as advertising and number of visits to potential clients should be specified. It is also important to support your agent by visiting Indonesia at least twice a year, or bringing him to Canada to learn more about your product.

Finally, it may take an agent a considerable period of time before any business has been transacted. It should also be kept in mind that business methods are different from those in Canada, and generally take more time.

COMMERCIAL STATUS REPORTS

Firms requiring status reports on companies in Indonesia should contact the Commercial Section of the Canadian Embassy in Jakarta for advice and assistance.

Traditional commercial reports are not available in Indonesia. Information is exchanged on a personal and confidential basis, and it therefore takes time to give an accurate business profile on any particular company.

CORRESPONDENCE

Correspondence should be in English and sent airmail. Two to three weeks should be allowed for delivery from Canada to Indonesian addresses.

USUAL TERMS AND METHODS OF PAYMENT

Letters of Credit - In general, private sector imports must be supported by a banker's sight letter of credit opened through a foreign exchange bank. Confirmed Letters of Credit are controlled through the Department of Trade.

Merchants' Letters of Credit were prohibited in May 1977.

ADVERTISING

Certain products may be usefully advertised, but exporters should consult the Canadian Embassy's Commercial Section to determine the suitability of this promotional method.

Advertising rates are high compared to those in Canada, and all material to be distributed in the Indonesian language must be prepared in Indonesia.

TENDERING ON PROJECTS

Indonesia offers good possibilities to engineering consultants, but it should be kept in mind that frequently only one or two Canadian firms are shortlisted on any project. Usually a shortlist will include one or two companies from each competing country, but even this is not automatically assured. It is suggested that consultants successfully complete some other project(s) abroad before bidding in Indonesia. In addition, obtaining contracts for project work will require a number of trips to Indonesia, and only those firms who are willing to invest a significant amount of time approaching the market are advised to seek project work.

For further advice on securing project-related business, firms may contact the Office of Overseas Projects, Pacific, Asia and Africa Division, Department of Industry, Trade and Commerce, Ottawa K1A 0H5.

REQUIREMENTS FOR RESIDENCE

Non-Indonesians holding a visa may apply for work permits for positions which cannot be filled by Indonesians. Work permits may take three to six months to obtain.

TELEPHONE RATES

There is only one rate to Indonesia: $12.00 for the first three minutes; $4.00 for each additional minute.

CABLE RATES

Day Rate:	$0.41 each word. Every word counts. Tax extra
Night Letter:	$4.51 for 21 words, $0.205 each additional word. Every word counts. Tax extra.

BANKING

Major Canadian banks have representatives in Jakarta or correspondent relationships with local banks. The banking system is controlled by the central bank, the Bank Indonesia.

PATENTS

Indonesia is a party to the International Convention for the Protection of Industrial Property. Patent applications may be made to the Directorate of Patents, Department of Justice, Jl. Veteran III No. 8a, Jakarta.

TRADE MARKS

The first user of a trade mark may register it for a period of ten years, with the option for renewal. The trade mark must be used within six months of registration.

IMPORT DOCUMENTATION

With some exceptions, private sector imports must be supported by a banker's sight letter of credit opened through a foreign exchange bank. In addition, shipments should include a commercial invoice, bill of lading or waybill, insurance certificate, and, if specified, certificates of origin or sanitary approval.

IMPORT RESTRICTIONS

Certain goods are denied entry into Indonesia, and these include: completely assembled passenger cars and motorcycles into Sumatra and Java; completely assembled and semi-assembled TV and radio receivers; light bulbs; fluorescent lamps; matches; iron sheets; and certain types of textiles; batteries; motor vehicle tires; and glass bottles.

The Government agency BULOG has a monopoly on the import of rice, wheat, flour, refined sugar and cloves; in addition, the armed forces have sole authority to import arms and ammunition.

Individuals may not bring in advertising material printed in the Indonesian language (Bahasa Indonesia), and pornography is also denied entry. Films (including those for commercial promotion) are subject to review and approval by Indonesian authorities and this can take as long as one month. Customs clearance of parcels may take two weeks. Where greater urgency is involved (e.g. bid documents) Canadian firms may wish to make special arrangements through the Embassy in Jakarta or with Asia Division, Pacific, Asia and Africa Bureau, ITC, Ottawa K1A 0H5.

IMPORT DUTIES

The Indonesian tariff is based on the Brussels Tariff Nomenclature. Duty rates range from nil on essential imports to 100 per cent on luxury goods. In addition, there is an import sales tax which ranges from zero to twenty per cent.

Firms should note, however, that these duties and taxes may be waived where goods are destined for inclusion in capital investment projects or other Government-related public works. Canadian firms are, in any case, advised where possible to bid exclusive of customs duties and other internal charges.

FOREIGN CURRENCY REGULATIONS

Foreign currency may be imported and exported, but there are some conditions attached to the transfer of funds relative to investment capital. Investors should consult Bank Indonesia for current regulations, and the Canadian Embassy may be of assistance in this regard.

CANADIAN BUSINESSMEN'S CLUB

This organization in Jakarta meets about every six weeks for luncheon gatherings. Periodic social events are also arranged through the Club. For further information contact the Commercial Section of the Canadian Embassy.

VII. SERVICES FOR EXPORTERS

EXPORT DEVELOPMENT CORPORATION

Of vital importance to Canadian businessmen is the Export Development Corporation (EDC), a crown corporation that reports to Parliament through the Minister of Industry, Trade and Commerce. Its purpose is to encourage, facilitate and develop Canadian export trade by providing credit insurance, guarantees, loans and other financial assistance to enable exporters to meet international competition.

The main functions of EDC are:

1. to insure the Canadian exporter against non-payment due to credit or political risks beyond the control of either the exporter or the buyer when export sales are made on normal credit terms. Almost all export transactions are insurable, not only those involving goods or technical services, but also those involving "invisible" exports such as managerial services, advertising programs, the licensing or sale of patents, trademarks, copyrights, etc;

2. to issue appropriate guarantees to chartered banks or to any person providing non-recourse supplier financing in respect of an export sale. Guarantees may also be issued in connection with a loan made to a foreign buyer for the purchase of Canadian goods and services;

3. to finance foreign buyers of Canadian capital goods and related services when extended credit terms are necessary and are not available from commercial lenders. Major engineering and other technical services (but not feasibility studies) may be financed, even when such sales are not related to the export of goods;

4. to insure Canadian investments abroad against non-commercial risks such as loss through confiscation, expropriation, war or revolution or the inability to repatriate capital or earnings.

For further information on EDC services contact:

HEAD OFFICE 110 O'Connor Street Ottawa, Ontario K1P 5T9	Tel: (613) 237-2570 Telex: 053-4136
EASTERN REGION Lock Box 124 Tour de la Bourse Montréal (Québec) H4Z 1C3	Tel: (514) 866-4796

ONTARIO REGION
Suite 2011
145 King Street West,
Toronto, Ontario
M5H 1J8
Tel:(416) 364-0135

WESTERN REGION
P.O. Box 49024
The Bentall Centre
Vancouver, British Columbia
V7X 1C4
Tel: (604) 688-8658
Telex: 045-4284

FEDERAL EXPORT PROGRAMS AND SERVICES

To further its export development objectives, the Department of Industry, Trade and Commerce administers two trade promotional programs, namely:

a) The Promotional Projects Program (PPP) in which the department plans and implements the projects; and

b) The Program for Export Market Development (PEMD) in which the initiative rests with Canadian companies operating either individually or collectively (for details see PEMD brochure).

Through the PPP, Canadian trade fairs abroad, trade missions and trade visits are initiated, organized and implemented by the department. The range of these activities includes participation in international trade fairs, solo shows and in-store promotions; the organizing of technical seminars and trade missions abroad; and the sponsoring of foreign visits to Canada to stimulate the sale of Canadian products in various export markets. The department also provides promotional publicity and specially designed exhibits for the trade fair participants. Missions and technical seminars vary in type depending on the objective. In general, outgoing missions are used for market investigations, evaluation and identification of technical market access problems. Incoming missions are designed to invite foreign government or company representatives, who can influence buying, to inspect the industrial capacity and technical capabilities of Canadian firms and the products and services they can supply. Technical seminars are used to acquaint potential buyers with Canadian expertise and technology in specific fields as a basis for joint ventures and/or sales of Canadian products and services. Using the trade visitors section of the PPP, the department is able to take advantage, at short notice, of export market opportunities by bringing foreign government trade representatives, buyers and export-oriented trainees to Canada.

In contrast to the PPP projects, proposals under PEMD are made by Canadian industry rather than the government. Through PEMD, the department makes repayable loans to individual companies to cover costs in developing export business which, because of the risks involved, might otherwise discourage such initiatives. There are several sections in PEMD, each of which is designed to deal most effectively with a particular market in terms of the regions, products or services and marketing techniques concerned. In all sections, companies are encouraged to develop self-sustaining export markets for their products.

Section "A" deals with Canadian participation in capital projects abroad; Section "B" with the export of Canadian products and services; Section"C" with participation in trade fairs outside Canada; Section"D" with the bringing of foreign buyers to Canada; and Section"E" with the formation of export consortia.

VIII. USEFUL BUSINESS ADDRESSES

Indonesian Chamber of Commerce and Industry (KADIN),
Jalan Merdeka Timur 88,
Jakarta Pusat, Indonesia.
Phone: 367096

Indonesian National Importers' Association (GINSI),
Jalan Majapahit 1,
Jakarta, Indonesia.
Phone 367269/360643

Indonesian Exporters' Association (GPEI),
Jalan Kramat Raya 4 to 6,
Jakarta, Indonesia.
Phone: 346892/350098

Co-ordinating Agency for Capital Investment (BKPM),
Jalan Gatot Subroto 6,
Jakarta, Indonesia.
Phone: 511022-28

Investment Promotion Council,
Pacific-Indonesia Business Association,
Jalan Kebon Sirih 48, Flat 13,
Jakarta, Indonesia.
Phone: 365125

Embassy of Canada,
Wisma Metropolitan, 5th Floor,
Jalan Jendral Sudirman Kav 29,
Jakarta, Indonesia.
Phone: 584417/584963-4/584631

CANADIAN REPRESENTATIVE BANK OFFICES:

Bank of Montreal,
Jalan Cikini Raya 24,
Jakarta, Indonesia.
Phone: 342771/365345

Bank of Nova Scotia,
Wisma Nusantara Bldg., 14th Floor,
Jalan MH Thamrin 59,
Jakarta, Indonesia.
Phone: 350805

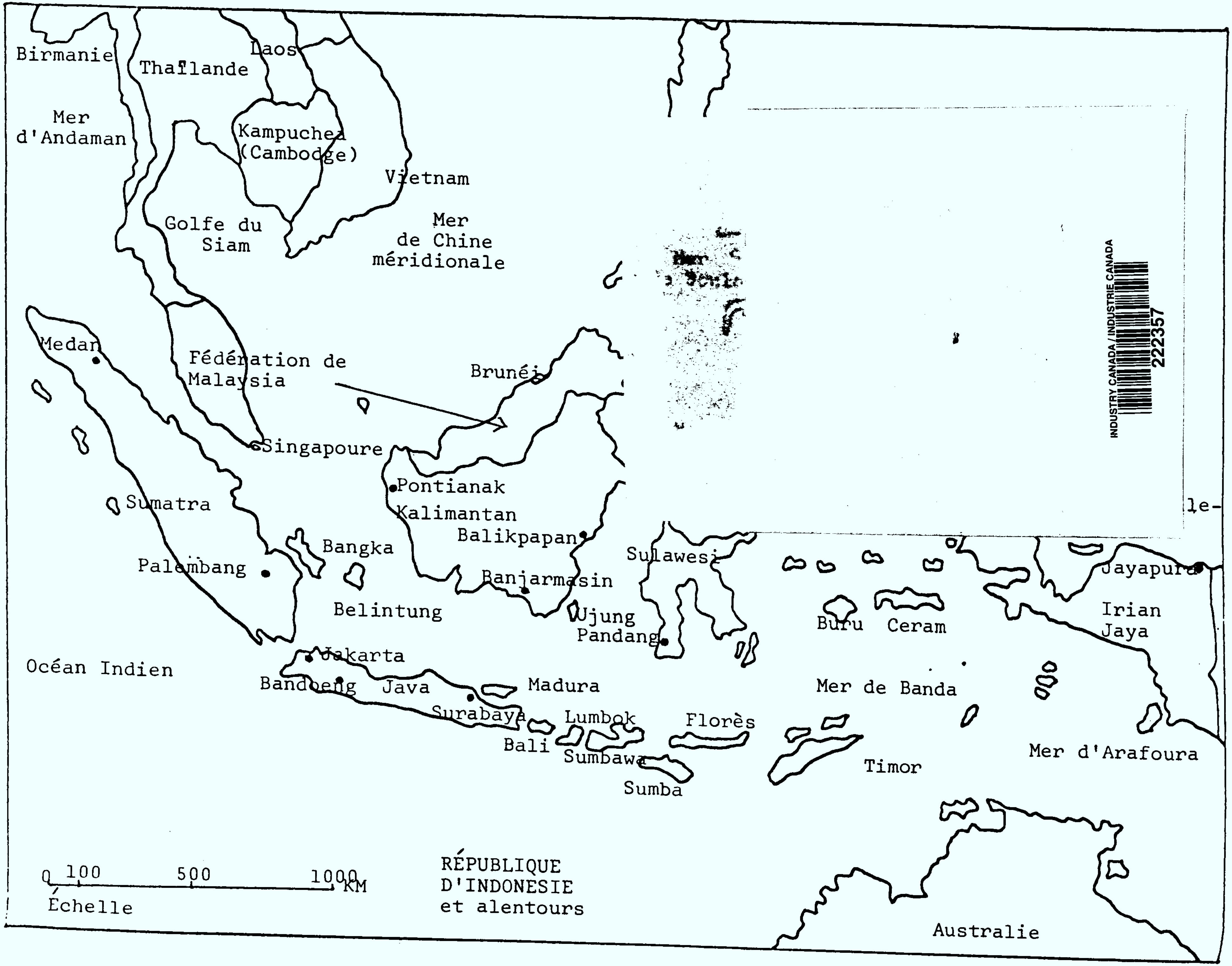
Toronto-Dominion Bank,
Wisma Nusantara Bldg., 8th Floor,
Jalan MH Thamrin 59,
Jakarta, Indonesia.
Phone: 356111, 254521, 356211
ext. 5481-5483; direct line 357253

REGIONAL OFFICES

If you have not previously marketed abroad, contact the nearest regional office of the Department of Industry, Trade and Commerce in your area.

NEWFOUNDLAND LABRADOR	Director 210 Water Street St. John's, Newfoundland A1C 1A9	Tel: (709) 737-5511 Telex: 016-4749
NOVA SCOTIA	Director Suite 1124, Duke Tower 5251 Duke Street, Scotia Square Halifax, Nova Scotia B3J 1N9	Tel: (902) 426-7540 Telex: 019-21829
NEW BRUNSWICK	Director Suite 642, 440 King Street Fredericton, New Brunswick E3B 5H8	Tel: (506) 454-9707 Telex: 014-46140
PRINCE EDWARD ISLAND	Director P.O. Box 2289 Dominion Building 97 Queen Street Charlottetown Prince Edward Island C1A 8C1	Tel: (902) 892-1211 Telex: 014-44129
QUEBEC	Le directeur 685 Cathcart Street Suite 600 Montréal (Québec) H3B 3K9	Tél: (514) 283-6254 Télex: 055-60768
	Le directeur Suite 620, 2, Place Québec Québec (Québec) G1R 2B5	Tél: (418) 694-4726 Télex: 051-3312

ONTARIO	Director Commerce Court West 51st Floor P.O. Box 325 Toronto, Ontario M5L 1G1	Tel: (416) 369-3711 Telex: 065-24378
MANITOBA	Director Suite 1104 Royal Bank Building 220 Portage Avenue Winnipeg, Manitoba R3C 0A5	Tel: (204) 985-2381 Telex: 075-7624
SASKATCHEWAN	Director Room 980 2002 Victoria Avenue Regina, Saskatchewan S4P 0R7	Tel: (306) 569-5020 Telex: 071-2745
ALBERTA NORTHWEST TERRITORIES	Director 500 Macdonald Place 9939 Jasper Avenue Edmonton, Alberta T5J 2W8	Tel: (403) 425-6330 Telex: 037-2762
BRITISH COLUMBIA YUKON	Director P.O. Box 49178 Suite 2743 Bentall Centre, Tower III 595 Burrard Street, Vancouver, British Columbia V7X 1K8	Tel: (604) 666-1434 Telex: 04-51191


Birmanie
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Kampuchea
(Cambodge)
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