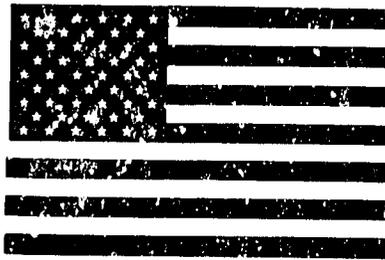


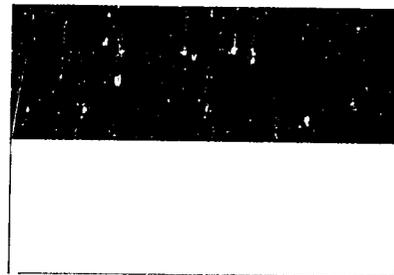
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U.S. Agricultural Trade and Development Mission



Singapore
May 22-24



Indonesia
May 25-28

1988

AA/ANE, Julia Bloch



United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D. C.
20250

July 29, 1988

TO: Ralph Johnson, Deputy Assistant
Secretary for Trade and Commercial Affairs

Duane Acker, Assistant to the
Administrator, AID

FROM: Wayne W. Sharp, U.S. Coordinator
Agricultural Trade and Development Missions

SUBJECT: Evaluation of Singapore/Indonesia Mission Report

As Secretary Lyng indicated to the President in his transmittal letter of July 22, the Department of Agriculture has now begun the process of evaluating the results of the Agricultural Trade and Development Mission to Singapore and Indonesia and ensuring effective follow-up to the recommendations.

As part of this process we would appreciate receiving the Department of State's and AID's assessment of the Mission's report and of the feasibility of implementing the recommendations. We have instructed our own agencies to provide their evaluation by August 19. May we have your evaluations also by August 19.

Enclosed are two copies of the report. If you need additional copies please let me know. We are also asking the Posts for their input and have invited the private sector to provide their assessment of the findings and recommendations by August 26. Shortly thereafter we ought to convene a meeting of our Missions Coordinating Committee to review these evaluations and to follow up as appropriate.

Many thanks for your continuing cooperation.

cc: Alan Tracy

PN - AED-737
15A 63557

U.S. AGRICULTURAL TRADE AND DEVELOPMENT MISSION

SINGAPORE AND INDONESIA

MISSION REPORT

JULY 22, 1968

LETTERS OF TRANSMITTAL



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

July 22, 1988

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I have the pleasure of transmitting to you the report of the Agricultural Trade and Development Mission to Singapore and Indonesia. Organized under the Trade and Development Missions Program as mandated by the Agricultural Aid and Trade Missions Act (Section 157, Public Law 100-202 as amended) which you signed in December 1987, the Mission visited Singapore, May 23-24, and Indonesia, May 25-27, under the leadership of Robert D. Scherer, President of the National Cooperative Business Association.

The Mission had five key objectives: To establish a policy dialogue on market access and trade issues with host government and key private industry officials; to consider cooperative trade and development initiatives or opportunities as appropriate; to review the viability and implementation of U.S. Government programs in the host country; to ensure a means for effective follow-up to the Mission's activities; and to prepare a comprehensive report.

In keeping with the mandate of the law and the priorities of this Administration, members of the Mission reviewed trade policies and opportunities for U.S. private industry in Singapore, and discussed both trade policy issues and current development assistance programs with private sector representatives and Government officials in Indonesia. Their findings and recommendations are contained in this report. These were reached independently, and do not necessarily reflect the views or policies of the Department of Agriculture, the Department of State, or the Agency for International Development. I have instructed the U.S. Coordinator for the Missions Program to analyze carefully the results of this Mission and ensure effective follow-up to the recommendations.

I express my appreciation to the members of the Mission for their diligence and dedication to the objectives of the Agricultural Trade and Development Missions Program. The Program also has the full support of the Department of State and the Agency for International Development.

I believe the Missions Program can be a significant step in strengthening our economic and trade relationships with less developed countries and key trading partners in the developing world. I am committed to ensuring the success of this Program.

Respectfully,

A handwritten signature in cursive script that reads "Richard E. Lyng".

RICHARD E. LYNG
Secretary

4



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

July 22, 1988

Honorable Patrick J. Leahy
Chairman, Committee on Agriculture,
Nutrition and Forestry
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

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Sincerely,

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RICHARD E. LYNG
Secretary



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

July 22, 1988

Honorable Claiborne Pell
Chairman, Committee on Foreign Relations
United States Senate
Washington, D.C. 20510

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RICHARD E. LYNG
Secretary



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

July 22, 1988

Honorable E (Kika) de la Garza
Chairman, Committee on Agriculture
House of Representatives
Washington, D.C. 20515

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A handwritten signature in cursive script that reads "Richard E. Lyng".

RICHARD E. LYNG
Secretary

1



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

July 22, 1988

Honorable Dante B. Fascell
Chairman, Committee on Foreign Affairs
House of Representatives
Washington, D.C. 20515

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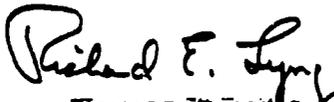
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Sincerely,


RICHARD E. LYNG
Secretary

8

ACKNOWLEDGEMENTS



United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D.C.
20250

July 22, 1988

While many individuals in the Department of Agriculture, the State Department, the Agency for International Development, and the U.S. private sector contributed significantly to the development and operation of this Mission to Singapore and Indonesia, we hereby acknowledge in particular the excellent contributions of the members of the Mission's Advance Team:

Alan T. Tracy, Special Assistant to the President for
Agricultural Trade and Food Assistance;

Clarke Ellis, Director of the Office of Economic
Policy, Bureau of East Asia and Pacific Affairs,
Department of State;

John Tennant, Chief of the East Asia Division, Office of
Project Development, Asia/Near East Bureau, Agency for
International Development;

Douglas R. Freeman, Assistant U.S. Coordinator,
Agricultural Trade and Development Missions Program,
Foreign Agricultural Service, Department of Agriculture.

In addition, we commend the efforts of U.S. Embassy officials in support of the Missions Program: in Singapore, Ambassador Daryl Arnold and Peter Kurz, Agricultural Trade Officer, who coordinated the Mission's visit; in Jakarta, Ambassador Paul Wolfowitz, Michael Connors, Deputy Chief of Mission, David Merrill, AID Mission Director, and Kenneth Murray, Agricultural Attache (who arranged for the Mission's visit and will coordinate follow-up).

Special recognition is due to Franklin Lee, Ruth Mihalec, and Christy Comer of USDA's Foreign Agricultural Service for their work on behalf of the Missions Program in addition to their regular duties.

Wayne W. Sharp
U.S. Coordinator
Agricultural Trade and Development Missions

MISSION REPORT

**U.S. AGRICULTURAL
TRADE AND DEVELOPMENT MISSION**

SINGAPORE, INDONESIA

MAY 23-27, 1988

TABLE OF CONTENTS

	<u>PAGE</u>
Foreword	i
Letter of Thanks	ii
Membership of Singapore/Indonesia Team	iii
Executive Summary	
Singapore	1
Indonesia	3
Recommendations and Follow Up	
Singapore	6
Indonesia	6
General Management of Agricultural Trade and Development	
Missions Program	9
Issues and Findings Regarding Indonesia	
Background	10
The Aspirations/Policies of Indonesia	10
Comments by Key Government of Indonesia Officials	11
The Impact of Deregulation	13
Aquaculture Development - A Special Opportunity for Two-way Trade	13
U.S. Marketing Opportunities for Major Agricultural Commodities	16
U.S. Development Programs as Related to Trade	19
Annex A - The Trade and Development Program/U.S. Government Programs	
Annex B - Singapore	
Annex C - Indonesia	

FOREWORD

The Agriculture Trade and Development Missions Program was created by an Act of Congress as a new means of stimulating trade with developing countries.

The intent of Congress was to overcome what were perceived as compartmentalized efforts of the public and private sector to expand trade and marketing of U.S. agricultural products, and to improve coordination to get more "bang for our buck." A view prevailed in the Congress that there are a number of government credit guarantee programs, loan and grant programs which may not be fully understood by developing countries, or recognized as opportunities for buying or receiving U.S. agricultural commodities.

The report from the Senate Agriculture Committee explained the purpose and need for the program.

It is the intent of the Committee that the use of Aid and Trade Missions will result in the use of a variety of programs simultaneously in the involved developing countries. A mix of both sales and donations is justified as is prudent market development. United States donations of food aid through PL 480 exceed any other country donations, but have not necessarily succeeded in stimulating cash sales by the recipient countries. The Committee believes that S. 659 will maximize U.S. agricultural exports by identifying and implementing concurrently U.S. programs that best suit the needs of developing countries."

One of the first missions was to Singapore and Indonesia. This report is the result of that visit by a small group of experts from the public and private sector.

LETTER OF THANKS

On behalf of the Singapore/Indonesia Agriculture Trade and Development Mission (ATDM), I wish to extend my special thanks to the Indonesia country team consisting of Ambassador Paul Wolfowitz, AID Mission Director Dave Merrill, DCM Michael V. Connors, Commercial Attache Paul Walters, and Agricultural Attache Ken Murray. The Country Team prepared a well orchestrated agenda, and assisted us in ways too numerous to mention.

Our trip to Singapore was equally well planned, thanks to Ambassador Daryl Arnold and the Agriculture Trade Officer, Peter Kurz. Their sensitivity to the role of private sector trade opportunities enabled the team to obtain an insight into the importance of Singapore as a business, finance, and trade center of Asia.

The office of the Agricultural Trade and Development Program headed by Wayne Sharp should be applauded for developing a strategy for the implementation of this new and creative program. Interagency collaboration has resulted in speedy implementation and close working relationships.

We want to thank Alan Tracy, from the White House Office of Food and Agriculture, who headed the advance team to Indonesia and Singapore and paved the way for a successful trip.

Many other people participated in the planning and implementation of the mission. To everyone, our deep gratitude.

Sincerely,



Robert D. Scherer
Team Leader

**MEMBERSHIP OF THE
AGRICULTURAL TRADE AND DEVELOPMENT MISSION
TO SINGAPORE AND INDONESIA**

Mission Leader

Robert D. Scherer, President
National Cooperative Business Association

Mission Coordinator

Ralph Johnson, Deputy Assistant Secretary for
Trade and Commercial Affairs
U.S. Department of State

Executive Secretary

Peggy A. Sheehan, Vice President, Food Policy and
Government Relations
National Cooperative Business Association

Team Members

Nelson Denlinger, Executive Vice President
U.S. Wheat Associates, Inc.

Leo Mayer, Deputy Assistant Secretary
Office of Economics, U.S. Department of Agriculture

Steven A. McCoy, Executive Director
North American Export Grain Association

James T. O'Meara, Deputy Food for Peace Coordinator
Agency for International Development

Charles Sykes, Assistant Executive Director
CARE, Washington

EXECUTIVE SUMMARY

SINGAPORE

The Singapore/Indonesia Agricultural Trade and Development Mission began its visit in Singapore on May 22, 1988. The plan called for one and one-half days of meetings to discuss Singapore's role as the financial and commercial center of Southeast Asia. The team met with our U.S. Ambassador, the Agriculture Trade Officer (ATO) and key members of the private sector business community. Private sector meetings were divided into two segments -- those individuals and/or groups involved in bulk commodity trade, and those representing high value commodities. The team also focused on Singapore's role in trade with its Asian neighbors especially Indonesia.

The total volume of sales of U.S. agricultural products to Singapore, particularly in the bulk commodity field, is not large but is growing. High value goods are a better market for U.S. exports in the future.

It was noted that Singapore does not often receive the attention of a trade team such as ours. It was hoped that the team visit and our report would increase the awareness in the U.S. of the agribusiness community of Singapore's potential as the high value product sales area as well as a source for business contacts for trade in Southeast Asia.

1. Singapore's ties with Indonesia and other nearby countries

The team discussed Singapore's role in trade and commerce with Indonesia and neighboring countries. Singapore has a major bulk handling facility but Indonesia, as well as other nearby countries, still want to control and develop their own bulk handling facilities. There is a considerable amount of unreported trade between Indonesia and Singapore. Singapore does not officially report trade or transshipment data although they are available from the five major banks of Indonesia.

The ATO in Singapore reported that Indonesia wants to develop markets for tourism and to encourage business. Supermarkets openings in Indonesia are increasing. The ATO/Singapore has conducted a mid-level management seminar in Indonesia for the supermarket sector.

On the subject of bulk vs high value foods, Indonesia preferred to import bulk directly from the U.S. while purchasing some high value commodities through Singapore.

An interesting Indonesia/Singapore joint venture in swine production could increase demand for feedgrains and U.S. technology. Singapore swine production has moved to Batam, Indonesia. The venture has already imported 3,000 head of breeding stock from Kentucky. The target is to provide 100,000 head annually to Singapore. This is against a consumption demand of one million head of swine.

2. Singapore as a U.S. Market

Many of the U.S. cooperators and grain companies have offices in Singapore. These offices are aware of the buying and selling patterns of the region.

There is stiff competition for U.S. exports to Singapore from Australia, New Zealand, and Japan. The first two countries enjoy a transportation advantage while Japan's advantage derives from aggressive marketing, longevity in customer relationships and a willingness to suffer short term losses to earn long term gains.

3. Importers, supermarket buyers and hotel representatives who purchase high value commodities offered several suggestions to the team to be passed on to U.S. exporters:

- a. Face to face contact by the manufacturer is needed. Brand name goods are better serviced by the manufacturer than by brokers who may handle a number of brands in a particular product line.
- b. Tourism in Singapore is creating additional demand for Western products. U.S. exporters should become more fully aware of this fact, and capitalize on it.
- c. Problems associated with logistics, freight rates, and packaging offer a special challenge to U.S. exporters. The importers gave examples of rusty tins and English only labels as problems related to U.S. goods which restrict the sales of U.S. products.
- d. U.S. product lines only rarely are developed with the Asian customer in mind. An important exception has been Kentucky Fried Chicken, which developed a special formula for the Far East consumer that has enhanced its consumer acceptance in the region. Market research is needed to better understand the Asian customer. Competitors such as Japan, Australia and the EEC continuously evaluate consumer demands. If the U.S. is to compete, a variety of promotional and research methods must be used.
- e. Lack of follow up by U.S. business is a problem. Some buyers suggested that they were ready to buy, but could not reach the seller.

4. Better utilization of the services of the Agriculture Trade Office was recommended. Some American businesses may not know that the office exists. Publicity is needed in the U.S. to advertise the services provided by the ATO.

5. The TEA (Targeted Export Assistance) program is being used extensively and effectively in Singapore. Promotion is underway for canned fruit, potatoes, Florida citrus, pistachios and wine. Other industries, particularly high value products, should utilize the program in Singapore.

The team members made valuable contacts in Singapore for follow-up activities. They also became better acquainted with the function of the ATO.

The short stay in Singapore also provided an opportunity for the team members to review the activities and objectives of the Indonesia mission.

Conclusion

Singapore proved to be a valuable source of information for the team on issues such as:

- Trade and shipping in the region
- Singapore/Indonesia relations
- Problems related to the sale and marketing of U.S. products
- Singapore as a source of business contacts and trade information
- The role of the Agriculture Trade Office in assisting U.S. business
- Singapore as a center of banking and finance

INDONESIA

The Agricultural Trade and Development Mission visited Indonesia from May 25-28, 1988. The Mission team met with the Ambassador, the country team, key Indonesian government officials and members of the Indonesian and American business community.

Indonesia was selected as one of the first countries to be visited by a Agriculture Trade and Development Mission because it was viewed as a key developing country which has the potential of becoming a major trading partner of the United States.

Indonesia is an expanding market for a wide array of agricultural and food products, ranging from the basic commodities - wheat, corn, soybeans, cotton, and perhaps even rice - to retail ready products for the expanding middle class. To tap this market in the coming years will require great flexibility in the many export promotion programs offered by the United States Government, including export credit enhancement and market development activities.

1. The policy and investment climate is very positive to private sector investment, particularly in agribusiness, food processing and the development of fish, prawn, and livestock sectors. This positive climate results from actions taken to deregulate the economy; planned and/or announced revisions in the area of commercial law and the government's interest in joint ventures. The U.S. applauds the GOI's past and present initiatives and the mission encourages the provision of technical assistance to the government to enable further liberalization (including as appropriate, utilizing food aid and other programs to support meaningful policy change).
2. Indonesia is a market for U.S. agricultural commodities when our prices are competitive. While desiring self sufficiency in rice, soybeans, and corn, Indonesia is still a major importer of wheat, soybeans, and cotton. Soybeans, wheat and feedgrains will be needed to support the growing poultry and aquaculture sectors. Imported soybeans and wheat constitute important sources of food. The U.S. must be price competitive to capture wheat, soybeans, and/or the cotton market. This may require the U.S. government to enhance the U.S. competitive position, particularly in the face of subsidized sales from the EC, Saudi Arabia and others.

3. New U.S. government programs should be considered to assist Indonesia in the procurement of additional agriculture commodities. New programs which should be explored include:
 - a) An Export Enhancement Program (EEP) for wheat sales to meet EC and Saudi Arabia competition.
 - b) A Section 416 feedgrain (corn or sorghum) grant program.
 - c) A GSM guaranteed export credit program for cotton. Policy changes by either the U.S. or Indonesia, or both, will be needed to utilize the GSM program.
4. Approval of current U.S. government programs should be expedited. The U.S. government should continue to provide PL 480 Title I commodities such as wheat and soybeans. The FY 88 Title I sales agreement should be signed immediately. (The agreement has been signed.) Early submission of the FY 1989 PL 480 Title I proposal for FY 89 should be considered as well as forward funding of FY 1989. Monetization programs should be accelerated in order to provide funding on a timely basis.
5. Indonesia should be encouraged to liberalize their regulations and remove restrictions on the import of high value food products. In 1982, the Government of Indonesia announced its decision to ban or reduce imports of non-essential foods, beverages and fruits. The decree, issued by the Minister of Trade and Cooperatives, cited the need to regulate imports to develop domestic production, to give priority to domestic materials and to increase employment. Many of U.S. exports were affected, including four items which were bound in the multilateral trade negotiations (citrus fruit other than oranges, fresh grapes, raisins and canned turkey meat). These measures were viewed as temporary and adopted to conserve foreign exchange. Indonesia should be encouraged to remove these restrictions on U.S. products.
6. Market Development. Additional funds should be provided for market development activities in Indonesia. It is recommended that a study be conducted to determine which commodities offer the best export market for the U.S. Attention should be given to the analysis of the constraints on cotton exports to Indonesia.
7. Aquaculture: New Grounds to Explore. The U.S.G. should assist both the public and private aquaculture sectors in Indonesia. The Agricultural Attache should be provided funds to analyze the potential impact on grains and soybean imports which will result from expanding aquaculture. There are a number of public and private organizations working in the aquaculture sector. Several cooperators, i.e. ASA, Feedgrain Council, and U.S. Wheat, are providing technical assistance in feed formulation, nutrition, or the promotion of consumer consumption of fish and prawns. The GOI is interested in expanding production and expanding U.S. markets. Several individuals in both public and private sectors reported difficulty with FDA regulations. Others indicated that FDA was not a problem but quality control of prawns needed to be improved. This study is designed to consolidate information from all sectors, both public and private.

8. Several areas need follow-up action, further study and/or technical assistance. The U.S. should continue to provide technical assistance to the Government of Indonesia in the private sector development area through training or the funding of activities such as market research, investment studies, legal assistance, advice on quality control standards and licensing codes.
9. The Mission suggests that if requested by the GOI technical assistance be provided in trade development and GATT (General Agreement Tariff and Trade) regulations. This would be accomplished through training seminars on the utilization of GSP and the implications for Indonesia. Information could be provided on new opportunities for access to U.S. markets which have resulted from the GSP action.
10. Private Sector Initiatives. The Private Sector should continue the dialogue begun with the GOI in Indonesia. Meetings with GOI officials and private businessmen raised interest in a number of promising joint ventures, especially agroprocessing, forestry, and aquaculture. The dialogue on food processing revealed a strong desire by the Indonesians for technical assistance in packaging, quality control, and marketing.

The Singapore/Indonesia Mission team will meet in Washington to follow-up on possible ventures or technical assistance.

11. As its final recommendation and as a means to provide follow-up action, the Mission proposes the formation of an informal trade committee in Indonesia. The objective of the committee would be to promote mutually beneficial trade opportunities between the United States and Indonesia. More specifically, the committee would follow-up on recommendations made by the Trade and Development Mission, facilitate the exchange of information on trade opportunities between the two nations, identify areas where further analyses and consultations would be beneficial. The committee would serve as an ongoing consultative mechanism.

The ATDM team would remain intact to serve as the follow-up mechanism in the U.S. and to coordinate with the Indonesian Committee. The team leader, who is a member of the private sector, will continue to serve as the chairman of the U.S. Indonesia Trade and Development Team.

12. The reorganization of the Indonesian Cabinet presented no problems to the team's ability to meet with key officials. We were told that the team's visit presented the opportunity for the Country Team to meet earlier with these officials. The coordinator's office should take this experience into consideration when selecting future countries.

RECOMMENDATIONS AND FOLLOW UP

SINGAPORE

1. The role of the Agriculture Trade Officer (ATO) in Singapore should be enhanced. The ATO can play an increasingly important regional role helping to export U.S. processed products and providing trade services in the area. USDA should explore ways to publicize the services of the ATO and to encourage U.S. private business to visit Singapore to explore new opportunities.
2. Taxation of U.S. overseas personnel, according to sources serving overseas, is hurting U.S. business opportunities. Reciprocal tax treaties were mentioned as a solution to this problem. For example, Indonesia has a reciprocal tax treaty under review at this time. Congress and the Administration should review this issue as a deterrent to business and trade.
3. USDA should more broadly publicize the TEA (Targeted Export Assistance) program.
4. Suggestions from private sector groups should be disseminated to business groups throughout the U.S. This could be done through Export Commissions, the Chamber of Commerce and various publications. Private sector team members should follow-up on this action by publicizing suggestions in their own journals or newsletters.
5. The team leader should designate a team member to organize a meeting with organizations like the Wholesale Grocers Association to debrief potential exporters of high value processed foods. The High Value Products Division in FAS/USDA should be involved in this debriefing.

INDONESIA

Market Access and Trade Negotiation Issues

1. The Department of State and the U.S. Trade Representative (USTR) should provide technical assistance to the Government of Indonesia (GOI) through workshops or seminars on Generalized System Preferences (GSP). Recent events have placed Indonesia in a more favorable position relating to exports to the United States. Indonesia needs to fully understand the implications and opportunities created by the removal of other East Asian countries from GSP (annex C-3).
2. If requested by the Government of Indonesia, State and USTR should be responsive to requests for information or technical assistance regarding GATT. Coordination with the U.S. on a Uruguay Round position, building on our common interests, especially agriculture, and recognizing that GATT can provide useful guidance for deregulation of the Indonesian trade section can be beneficial to Indonesia.

21

3. The U.S. should give official recognition to Indonesia for the actions taken to deregulate and liberalize the economy. We should continue to support these efforts and look forward to continued movement in this direction.

Food Aid Programs - PL 480 and Section 416 Programs

1. AID and USDA should accelerate their efforts to undertake a Section 416 program in feedgrains. This program would complement the Mission's overall effort to liberalize agricultural markets. Specific consideration in this program would be given to long-term U.S. agricultural market development in feedgrains.

2. The AID Mission in Indonesia should initiate discussion with GOI on FY 89 Title I Self-Help Measures as part of FY 88 signing. The Mission should set early target date (e.g. prior 8 October 1988) for submission of FY 90 program.

3. AID/Washington should investigate possibilities of forward funding for the FY 89 portion of the recently approved NCBA monetization proposal (annex C-4), and move toward accelerating the CARE monetization program.

Commodity Sales and Market Development Activities

1. The Agricultural Attache in Indonesia should follow-up on the interest expressed by BULOG in purchasing wheat under the Export Enhancement Program (EEP).

2. After this report has been submitted to the President and the Congress, the ATDM team should initiate discussion with appropriate committees of Congress with regards to problems associated with the GSM loan guarantee program. The team found efforts to expand exports of agricultural commodities utilizing the GSM loan guarantee programs are hampered by the requirement that the host government must guarantee private sector loans. For example, when the team inquired about utilizing the GSM program for expanding imports of U.S. cotton we were told that the government of Indonesia will not guarantee private sector loans since they had been "burned" by that practice many years ago.

3. The Agricultural Attache Office has a small budget for market development activities. USDA should make funds available from existing resources to enable the ATO to undertake marketing activities such as workshops, marketing studies, and other market development projects.

4. The U.S. Embassy should continue to encourage the Government of Indonesia to remove import restrictions on non-essential food, vegetables, and fruits. Many of the commodities affected are not produced domestically and therefore do not run counter to local producers.

5. The U.S.G. should assist both the public and private aquaculture sectors in Indonesia. In several meetings knowledgeable individuals predicted the growth of imports of grains and soybeans due to the expansion in the aquaculture sector, but no one could project the magnitude of the growth. The ATO should be provided funds to analyze the potential impact on grains and soybean imports which will result from expanding aquaculture.

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Other Recommendations

1. The U.S. private sector should continue the dialogue begun with the Government of Indonesia and Indonesian businessmen. Meetings with GOI officials and private businessmen raised interest in a number of promising ventures, especially agriprocessing, forestry, and aquaculture. The dialogue on food processing also included the desire by the Indonesians for technical assistance in packaging, quality control, and marketing. The private sector team members should conduct debriefing sessions for the business community in the U.S.
2. The U.S. Embassy should establish a trade and development group or committee to follow-up on recommendations made by the ATDM team. The group should consist of both the public and private sectors.
3. The Singapore/Indonesia Mission team should meet at least every three months to follow-up on possible ventures or technical assistance requests.

GENERAL MANAGEMENT OF AGRICULTURAL TRADE
AND DEVELOPMENT MISSIONS PROGRAM

The management of the Agricultural Trade and Development Missions Program has been excellent at both the field level and in Washington. USDA, AID, and State should be commended for the quick action taken to implement a new program. We have the following suggestions for future missions:

1. Teams and team leaders should be selected immediately after the planning workshop. Ideally, a three month lead time between the workshop and team departure should be allowed. As more interest in the program is generated and a broader participation is achieved, the need for the workshop process should be re-evaluated.
2. Substitutions of team members should be discouraged. Teams need to work together and develop mutual understandings prior to departure.
3. The team and team leader should have at least two planning sessions prior to departure.
4. The advance team should meet with the team both before and after their visit to discuss the action plan, meetings to be scheduled, and general program for the team.
5. The Action Plan should be viewed as a general list of items to be considered by the team. The team found that items not in the plan offered better opportunities for trade and development initiatives than those previously identified.
6. The team composition needs to be a mixture of in-country expertise, people with knowledge of projects and government officials who have the authority to make commitments for follow-up action.
7. The length of the in-country visit in a major country like Indonesia was too short. Team members felt the need to follow-up on initial briefing and meetings but there was not time. Future missions should be allowed no less than five working days in-country.
8. The Ambassador and other senior officials of the Country Team should participate in team briefings and dialogue with both the public and private sector. The team's visit to Indonesia was greatly enhanced by their participation. The coordinator's office should encourage their full participation in future missions.

24

ISSUES AND FINDINGS REGARDING INDONESIA

Background

The Republic of Indonesia is an archipelago of more than 13,500 islands extending over 3000 miles from Southeast Asia to Australia. With a population of 175 million people, it is the 5th largest country in the world. Over 50% of the population of Indonesia is under 15 years of age. Indonesia has over 600 languages and dialects. Indonesia has the largest Moslem population in the world and practices religious tolerance to all major religions. Indonesia's per capita income has fallen from \$527 in 1985 to \$401 in 1987. Indonesia is striving to produce adequate food to feed its large population, and is close to self-sufficiency in rice. The policy promoting self-sufficiency is intended to maintain employment in rural areas, in the face of urbanization.

Of particular significance to the economic growth of Indonesia is the progress being made in structural change and deregulation. Indonesia is attempting to move away from an oil dependent economy and is eager to focus on new areas such as agricultural processing and production of goods for export. It is especially interested in industries which will have a major impact on employment, particularly in rural areas. A 5% to 6% GNP growth rate is required to create jobs for two million labor force entrants per year. The current growth rate is only 3% with an even lower projected rate next year. Indonesia is generally open to trade and presents good opportunities for investment. Foreign investment approvals in Indonesia totaled \$1.5 billion in 1987. U.S. companies accounted for \$90 million of this total. The interest rate for the largest private bank in Indonesia, the Central Asia Bank, is 18.5% for six months. While Indonesia is a non-aligned country, it is friendly to the United States and is actively promoting two-way trade. The United States is Indonesia's second largest trading partner. Due to the declining oil prices, Indonesia is exploring all opportunities to broaden its export earning base. Indonesia has a \$43 billion foreign debt but unlike most other developing countries has not sought debt rescheduling and is considered credit worthy. The government is considered to be very competent and highly professional.

The Aspirations/Policies of Indonesia

The aspirations of the Government of Indonesia can best be summarized by the desire to provide jobs which provide an equitable income for its large population. To do this Indonesia must find ways to diversify its economy and improve its infrastructure. To accomplish this goal, Indonesia must also look beyond its borders to encourage investment and trade.

The forward of the Indonesia Guide for Investors states that the policy of Indonesia is to give priority to industrial development that will assist in the diversification of the non-oil and non-gas sectors of the economy. The guide states:

"The private sector, both domestic and international, has a major role to play in the continued development of our economy, and we are working to ensure that a strong partnership between the public and

25

private sectors can be established to the benefit of both parties; improve its investment process; to increase efficiency. Recent reforms in our customs and port procedures are other major steps intended to increase Indonesia's internal efficiency and international competitiveness. The international community has heartily applauded these reforms. These changes follow the important tax reforms of 1984 that have given Indonesia one of the most competitive tax systems in the world".

Comments by Key Government of Indonesia Officials

Key officials of the Government of Indonesia briefed the team on their policies, priorities and goals.

Minister Radius Prawiro, the Coordinating Minister of Economic, Financial, and Industrial Affairs indicated that food production continued to be the government's highest priority. He explained the government's interest in the expansion of the cattle and poultry industry. Indonesia needs to decrease its international debt and he hoped industries such as shrimp production could earn foreign exchange. He stated that the GOI was addressing the environmental problem through a \$70 million pest management program. He encouraged other countries to take action too.

When asked why Indonesia does not utilize GSM 102/103 programs, (these are credit programs which must be guaranteed by the government) he responded that Indonesia had bad experiences in the past with guarantees on private sector loans. He asked why the U.S. couldn't provide agricultural credit for the purchase of U.S. commodities directly to the private sector without Government of Indonesia guarantees? We said we would raise this issue in our report.

During our meeting with Mr. Arifin Siregar, the Minister of Trade, we discussed mutual trade opportunities. The points discussed with the Minister included the interest of the U.S. in exporting high value agricultural products such as citrus, wine, and apples. We also discussed the benefit to Indonesia from the withdrawal of GSP from Singapore and other Asian countries. The Minister stated that the U.S. was a major supplier of wheat and cotton. The Minister said that deregulation and a dismantling of restrictions should enhance trade. He added that the GOI would like to give more control to Indonesian businessmen and that past protective measures had hampered infant businesses.

Robert Scherer, team leader, asked about the climate of joint ventures. Minister Siregar encouraged joint ventures but indicated that Indonesia was short on capital and expertise and that Indonesian businessmen were not experienced.

The Minister recognized that there are still complaints of too many regulations, but that the GOI is trying to improve the business climate.

When asked about the guidelines for investment, the Minister indicated that Indonesia has an investment board. The GOI provides tax facilities and is attempting to overhaul the tax system. Indonesia has a tax treaty against doubling taxation which is subject to government approval.

26

Land ownership is still a problem in Indonesia but long term leasing arrangements and joint ventures have assisted foreign investors.

Minister Siregar indicated that Indonesia has problems with the U.S. due to black listing of shrimp. Last year Indonesia exported \$350 million worth of shrimp mainly to Japan. Indonesia wants to ship more tuna and skipjacks.

When asked how the U.S. could become more competitive, the Minister said that Indonesia is continuing to depend on imports of cotton and wheat. The per capita consumption of wheat is increasing. Indonesia can not become self-sufficient in cotton. The U.S. quality of cotton is good but price and financing is a problem.

Our next meeting was with Chairman Bustinal Arifin of BULOG (the state commodity trading entity). During the meeting we discussed the purpose of our visit, commodities imported by BULOG, and U.S. government trade and food aid programs.

Chairman Arifin outlined imports from the U.S. as follows:

	(in thousands of metric tons)				
	<u>'83</u>	<u>'84</u>	<u>'85</u>	<u>'86</u>	<u>'87</u>
Rice	35.0	53.8	-	-	-
Wheat	96.0	66.1	39.8	44.0	20.6
Soybean	29.3	25.7	10.2	5.2	15.6
Soybean Meal	6.5	6.7	4.3	13.7	-
Corn	-	-	-	-	10.7

Chairman Arifin stated that there was a growing demand for soybeans. He indicated that the annual demand could reach 700,000 metric tons which is double the present 350,000 to 360,000 metric ton rate. Chairman Arifin expressed interest in the purchase of wheat under the EEP program. He also asked the team to raise the issue of the prohibition of the export of pasta products by Indonesia if Indonesia is a recipient of Title I or EEP. He indicated that the market for U.S. wheat could increase if the re-export restriction could be waived for pasta products.

(See section on U.S. Marketing Opportunities of Major Agricultural Commodities for a commodity by commodity analysis.)

The overall objectives of the Government of Indonesia in the agriculture sector were articulated as follows: (1) to maintain or achieve national self-sufficiency in rice and major secondary food crops and improve dietary patterns, (2) to raise farm incomes and improve rural income distribution, (3) to provide consumers with food at reasonable and relatively stable prices, (4) to create employment for the rural population in agriculture and in agricultural processing industries, (5) to increase agricultural exports and reduce imports, and (6) to control budget subsidies to producers and consumers, consistent with the above objectives.

21'

The Impact of Deregulation

The Government of Indonesia has taken major steps to improve its business climate through deregulation. The business sector in Indonesia is very pleased with deregulation. As one may expect, they are encouraging other areas of reform and are optimistic that this trend will continue. The team had the pleasure of meeting members of the Indonesian Chamber of Commerce and Industry (KADIN). The President, Dr. H. Sukamdani, outlined the impact of the deregulation as follows:

"The government in January 1987 passed a law on the Indonesian Chamber of Commerce and Industry (KADIN) through a Law No. 1/1987 and through a Presidential Decree No. 3/1988 approved the Statutes of KADIN produced by a meeting of Indonesian National Businessmen held on September 1987".

"We are very grateful to the government that approved the important unity of the business sector, namely the three agents of economy (state-owned companies, cooperatives, and private companies) and hoped we could play our respective roles as the engine of the national development. These three agents constitute partners of the government for communication and consultation and as such represented by the whole business community."

"As you might learned we have just since last March 1988 a newly formed government, which appealed the Indonesian business community strongly to intensify our efforts due to the difficulties and challenges that lie ahead in the years to come in order to keep the momentum of the country's development." (Full speech annex C-5)

Aquaculture Development

The role of aquaculture as a foreign exchange earner for Indonesia as well as a means of expanding U.S. markets of cereals and soybeans resulted in special emphasis on this sector.

The Government of Indonesia is keenly interested in developing its full potential in the fishery sector.

The Director General of Fisheries, Mr. R. Soeprapto's statement in the forward of a 1987 publication entitled, Shrimp Culture in Indonesia, its prospect, outlined the importance of shrimp production to Indonesia and encourages the private sector and the foreign investor. He introduced the publication with the following statement:

"Shrimp culture is one of prime important venture to be developed to materialize the fisheries development goal for increasing animal production, foreign exchange earning and employment.

Indonesia has an excellent opportunity to develop shrimp culture through intensification and extensification programme since a great potential of mangrove area is available. To accelerate the achieve-

ment of economic development goal participation of private sectors both domestic and foreign investor is deemed necessary.

This information on shrimp culture development and its prospect, hopefully will serve as a useful guidance for those ones who are interested in this venture.

The participation of investor with the existing fishfarmers is undoubtedly will foster further development of Indonesia's shrimp culture."

The U.S. is not presently a major recipient of Indonesian shrimp. The team discussed the potential for increased shrimp production and its implication on exports to the U.S. A great deal of discussion took place with regards to increased utilization of feed for shrimp production. U.S. cooperators such as the American Soybean Association, The Feedgrain Council, and U.S. Wheat are actively pursuing programs to expand the use of feed in shrimp production. Only 15% of local producers use high protein feed for shrimp production.

In 1985 Indonesia exported shrimp to several countries, mostly to Japan (77.4%) followed by Singapore (12.8%), Hong Kong (5.3%), USA (1.5%) and others with smaller quantities.

Indonesia wants to increase exports to the U.S., but has had problems with FDA regulations.

EXPORT OF SHRIMP BY COUNTRY OF DESTINATION, 1985

<u>No.</u>	<u>Country of Destination</u>	<u>Export Volume (Metric Ton)</u>	<u>Percent</u>
1.	Japan	23,965	77.4 %
2.	Singapore	3,959	12.8
3.	Hong Kong	1,627	5.2
4.	United States of America	481	1.5
5.	Malaysia	210	0.7
6.	Other countries	<u>735</u>	<u>2.4</u>
	T O T A L	30,980	100.0 %

The Asian Development Bank at the request of the Directorate General of Fisheries, commissioned an intensive study on Indonesian fisheries. The document was prepared by Robert R. Nathan Associates and is dated January, 1988. The purpose of the study was:

25

"The fisheries sector has received increasing attention from the Government of Indonesia (GOI) and the Indonesian private sector, as concern over increasing non-traditional exports and rural employment has risen. The GOI requested the assistance of the Asian Development Bank in completing a review of the economies of the fisheries sector as an input into the planning process for Repelita V. Robert R. Nathan Associates, Inc. (RRNA) was contracted to carry out this study in cooperation with Hawaii Agronomics and Unisystems Utama.

As stated in the terms of reference, the main objective of the study is to provide 'a detailed analysis of the structure and growth of the fisheries sector, its forward and backward linkages, and its relationship to the public policy environment' in order to identify 'key development issues and options.' We were asked to emphasize market demand and profitability, in keeping with a greater emphasis on private sector-based development in Indonesia.

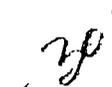
Three principal tasks were outlined in the terms of reference: (1) to evaluate the current structure of fisheries production and marketing in Indonesia, and relevant aspects of the applicable international market and coordinating mechanisms; (2) to identify opportunities to expand fisheries export earnings, enlarge domestic markets, and improve infrastructure and sector support institutions; and (3) to recommend an overall GOI fisheries development strategy with specific attention to marketing strategy and linkages between artisanal and commercial operations."

Still another report by the South East Asia Shellfish Associates, Ltd. (SEASA) concluded that:

"The Indonesia seafood sector contains numerous opportunities in which to maximize yields, improve living standards and increase foreign exchange earnings through greater export volumes and additional fisheries investment. Future success in realizing these objectives will be based on the country's natural advantages in marine resource locations and environments, the existing social culture, work ethics and government directives and incentives.

"More specific concentration on present product quality, market forces and appropriate production technology will be helpful in reducing risk perception and encouraging both domestic and foreign participants to actively develop the comparative advantages in Indonesia's fisheries sector."

The team concluded that aquaculture development in Indonesia offers potential benefits to both Indonesia and the U.S. From the studies listed above as well as discussions with GOI officials and the private sector, aquaculture offers benefits to Indonesia in the form of an improved diet for its people, employment and foreign earning generation. From the U.S. perspective there is the potential for growth in the utilization of grains and soybeans as a feed for aquaculture projects.



With all the interest and potential benefits from aquaculture development, follow-up action in this area is important. A workshop could be conducted under the auspices of the Indonesia Trade and Development Ad Hoc Committee to bring together all of the interested parties in both the public and private sector. The purpose of the workshop would be to share the current information available on the potential of aquaculture in Indonesia. The workshop should also identify and quantify imports of agricultural commodities from the U.S. Issues such as FDA regulations, quality control, and marketing in the U.S. could also be covered.

An aquaculture workshop could be conducted as part of a series of workshops which identify specific U.S./Indonesia trade opportunities.

U.S. Marketing Opportunities for Major Agricultural Commodities

Prior to the team's departure, the Foreign Agriculture Service prepared an informal commodity survey on market opportunities for u.s. agricultural exports which provided useful background for the dialogue between the ATDM team, GOI officials and private sector businessmen in Indonesia.

FAS Survey/Oilseed Complex

Indonesia is the fifth most populous country, but per capita consumption of animal protein is less than one kilogram per year. The government has set an annual target of 3.6 kg per capita consumption by 1992. Indonesia imports both soybeans and soybean meal. Growth in per capita income will trigger demand for animal products and, therefore, protein meal. A soybean crushing facility is expected to begin operation in early 1988, thus adding an opportunity for U.S. exports of soybeans for crushing. The plant is expected eventually to produce approximately 250-270,000 MT of meal per year, about 90 percent of the country's current meal needs. The major constraint to obtaining these goals is a lack of purchasing power and the high production cost of animal protein.

Mission Comments/Findings

Meetings with the Minister of Agriculture and the Chairman of BULOG (BULOG is the state commodity trading entity) confirmed that soybeans are, and will continue to be, imported by Indonesia in large quantities. The utilization of soy products is growing.

In addition to an expanding demand due to population growth, utilization of soybean meal is growing due to a demand for livestock and aquaculture products. Another market is soybean products for human consumption.

According to the American Soybean Association (ASA), Indonesia consumes about 8.8 kg per person in the form of tempeh and tofu. Soybean products are increasingly being used in meat processing and other products.

Chairman Bustinal Arifin (BULOG) indicated that Indonesia imports 360-390 thousand metric tons of soybeans per year. He said he expected demand to reach 700,000 as new crushing facilities become fully operational.

- 31 -

As Indonesia earns foreign exchange through exports of items like shrimp and tuna, the prospect for U.S. sales improves. A number of contacts commented that China's exports of soybeans to Indonesia would recede as they consume more of their own production thus improving the U.S. position for sales to Indonesia.

FAS Survey/Wheat

The U.S. share of Indonesia's wheat import market, estimated at 1.6 million metric tons (MT) in 1987/88, has fallen over the past several seasons due to competitors' freight advantage. Future exports of U.S. wheat to Indonesia will depend in part on continuation of financing programs such as PL 480 Title I.

Mission Comments/Finds

As indicated by the FAS survey, wheat will continue to be a major commodity imported by Indonesia. Meetings with the Ministers of Trade, and Agriculture, and the Chairman of BULOG, indicated a strong desire for U.S. wheat.

Chairman Arifin indicated that Indonesia purchases wheat from the U.S., Canada, Australia, Argentina, and Saudi Arabia. Although the GOI purchases spring wheat from Saudi Arabia it is very hard, and \$40 above the U.S. price. Chairman Arifin indicated that Indonesia can blend all kinds of wheat. He said Indonesia will import 1.7 million tons annually. He quoted the following import figures on wheat from the U.S. as:

	(in thousands of metric tons)				
	'83	'84	'85	'86	'87
WHEAT	96.0	66.1	39.8	44.0	20.6

He indicated that he was interested in an EEP program of perhaps 100,000 to 200,000 MT.

An issue related to U.S. wheat sales is the re-export of pasta products. Chairman Arifin indicated that he was concerned that pasta exports would jeopardize Indonesia's eligibility for PL 480 or EEP. He asked the team to explore the situation in Washington.

FAS Survey/Coarse Grains

Indonesia will probably import corn from the U.S. only when financing is offered and usual suppliers (Thailand) are in short supply.

Mission Comments/Findings

Chairman Arifin announced that BULOG no longer controls corn imports. He indicated that corn or sorghum, perhaps a 50/50 split, would be acceptable under a Section 416 donation. He said that cooperatives will need more feedgrains as milk production increases.

32'

FAS Survey/Cotton

Since Indonesia is an insignificant cotton producer, virtually all cotton consumed must be imported. Imports and utilization have increased significantly in recent years. Domestic textile demand has reportedly leveled off. Strong export demand for Indonesia's yarn, textiles, and garments is reported to be responsible for an upward trend in cotton imports and consumption.

Indonesia is already an important market for U.S. cotton. U.S. exports to Indonesia during the 1980-1984 period averaged 274,000 bales, or 52 percent of Indonesian imports. U.S. exports to Indonesia fell during 1985-86 when U.S. cotton was non-competitive in price, but recovered to 324,000 bales in 1986-87 after the marketing loan provision of the Food Security Act of 1985 became effective. U.S. export commitments (export shipments plus cotton sold but not yet shipped) to Indonesia have been promising during the first half of the 1987-88 crop year. These commitments totaled 252,000 bales during August 1987-January 1988.

Mission Comments/Findings

Indonesian officials indicated that there is still a strong desire to import large quantities of U.S. cotton. One official complained about the U.S. restrictions on textile imports.

Financing of larger quantities will be a problem for Indonesia. Although the U.S. has offered the GSM 102-103 credit guarantee programs to Indonesia, officials indicated that their own laws prohibit guarantees for private sector transactions.

FAS Survey/Pulses

There is potential for Indonesia to increase its imports of U.S. peas, given more work with the canners, and promotional/educational efforts with consumers.

Mission Comments/Findings

The team did not discuss pulses with government officials although there was some interest by local canners. It was suggested that the American Dry Pea and Lentil Association utilize TEA (Targeted Export Assistance) program funds to promote the consumption of pulses.

FAS Survey/Dairy Cattle

For FY 1988, the U.S. government has provided \$5 million in GSM-103 export financing guarantees and \$8.8 million in Export Enhancement Program (EEP) funds for the export of breeding livestock/materials to Indonesia. Indonesia was a significant importer of breeding animals in 1987, in particular of dairy cattle. These government programs should help U.S. livestock exporters remain competitive in the Indonesian market, and aid longer term market development.

Mission Comments/Findings

Several Indonesian government officials commented on their desire to expand dairy production. Minister of Coordination Prawiro commented that they were interested in expanding both the cattle and poultry industry. He indicated that they will continue to import beef. Chairman Arafin of BULOG indicated that milk production has reached 3.8 million liters per year. Production is principally through cooperatives who have grown significantly in recent years.

U.S. Development Programs as Related to Trade

In the area of trade and development, The Agency for International Development's (AID) major emphasis is to assist Indonesia in creating jobs through an open deregulated market and trade oriented economy by supporting deregulated trade, industry, and finance and providing assistance to create an efficient agriculture production, processing, distribution, and consumption system.

While these initiatives are relatively new and some are still at the embryonic stage, AID should be commended for its insight in recognizing that trade is a vital component in the development strategy of Indonesia.

AID briefed the team on the details of new trade oriented projects designed to increase U.S./Indonesia trade by providing technical assistance, promoting business linkages, and assisting U.S. business in making appropriate contacts in Indonesia. The purposes of a new trade expansion project are to:

1. Support development of policy measures and legal services which affect trade and technology linkages. Important micro-policy reform measures to be supported are in contract enforcement; technology licensing; patent and copyright protection; and production sharing, joint venture, sourcing and franchise agreements.
2. Establish a Center for Indonesian/U.S. Trade and Technology in Jakarta. This center would serve as a showcase and information network for U.S. and Indonesian technology and expertise, especially as related to agricultural products.
3. Support organizations which provide assistance in trade and technology transfer between Indonesian and U.S. private sector firms.
4. Promote U.S./Indonesian business linkages.
5. Promote U.S. technologies which meet the needs of Indonesian economic development.

- 34 -

Another project which focuses on trade and development is the Indonesian Enterprise and Trade Development Foundation (IETDF). The project is designed to respond rapidly to cooperative and private sector business initiatives. IETDF is a not-for profit financial foundation which has been created with private sector equity and local currencies generated by the sale of PL 480 donated commodities. (See annex C-6).

APPENDICES

AGRICULTURAL TRADE AND DEVELOPMENT MISSIONS

BACKGROUND AND SUMMARY

Background: On December 22, 1987, Congress passed and the President signed legislation (PL 100-202, Sec. 157) requiring Agricultural Trade and Aid Missions to visit at least 16 eligible countries within one year of enactment. On January 14, 1988, Secretary Lyng established the Agricultural Trade and Development Missions (ADTM) Program and appointed the U.S. Coordinator.

Summary of Key Legislative Provisions:

1. Required U.S. Government Participation: Under the chairmanship of the Secretary of Agriculture, USG participation will include representatives from USDA, the Department of State, and USAID.
2. Required Non-U.S. Government Participation: Not less than 3 nor more than 6 representatives of market development cooperators, tax exempt nonprofit agribusiness organizations, private voluntary organizations, and cooperatives appointed jointly by the Secretary of Agriculture, Secretary of State, and the Administrator of USAID. Nongovernment mission participants will serve without compensation, but be reimbursed for travel and per diem expenses.
3. Objectives of Trade and Development Missions:
 - (a) Meet with appropriate foreign and U.S. representatives in each country to assist in planning the extent to which U.S. trade and aid could be used to meet the food and economic needs of the country.
 - (b) To provide technical expertise and information with respect to U.S. agricultural trade and aid programs (see annex A-2), agricultural commodities, and other assistance available to the host country.
 - (c) Assist in obtaining firm commitments for proposals for food aid programs and agreements for commodity sales.
4. Eligible Countries: Friendly countries in various stages of development that are eligible to participate in U.S. agricultural aid and trade programs, which include the Food Security Act of 1985 (PL 99-198), the CCC Charter Act or by other appropriate authorities.
5. Funding: Whatever may be necessary, provided that \$200,000 is appropriated for FY 1988.
6. Reporting Requirements: An initial report will be submitted to the President and Congress within 60 days of completion of each mission. Quarterly progress reports will be submitted to Congress by the Secretary of Agriculture and the Administrator of USAID for a two-year period beginning one year after enactment of this legislation.

PROGRAM SYNOPSES
OFFICE OF THE GENERAL SALES MANAGER
FOREIGN AGRICULTURAL SERVICE
U.S. DEPARTMENT OF AGRICULTURE

USDA Agricultural Export Programs

The Department of Agriculture (USDA), in conjunction with other U.S. Government agencies, operates a number of Agricultural Export Programs. These programs range from concessional (grant of commodity and ocean freight) to commercial loan guarantees and export bonus incentives. The following is a brief synopsis of the key programs.

A. Food Aid

1. Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480)

a. Title I provides long-term (20-40 year) low interest (3-4 percent) loans to developing countries to purchase U.S. agricultural commodities. Sales are made by private business firms, usually on a bid basis in response to tenders issued in the United States by importing country. The annual funding level is set by law. Eligible commodities are determined by USDA, and eligible countries are determined by interagency consensus. In fiscal 1987, eight commodities will be shipped to thirty countries.

b. Title II authorizes food donations to needy countries with a minimum export tonnage requirement of 1.9 million metric tons--of which at least 1.4 million metric tons are distributed through nonprofit voluntary agencies and the World Food Program. Commodities shipped generally come from CCC stocks. In fiscal 1987, donations will be approved for 74 countries.

c. Title III, called "Food for Development", is similar to Title I except it provides for loan forgiveness providing the importing country uses funds generated by the sale of P.L. 480 commodities for certain programs of agricultural self-help specified in the agreement. Three Title III programs will be administered during fiscal 1987.

d. Local Currency/Private Enterprise Initiative (Section 108): Under the local currency initiative P.L. 480 commodities will be sold for cash (local currency) to be paid within 120 days of shipment. Local currencies will be lent through intermediary banks to private sector organizations to enhance private sector development. These funds will be lent at commercial rates of interest. In fiscal 1987, we have signed agreements with Tunisia, Jamaica, Costa Rica and Sri Lanka.

2. Section 416 of the Agriculture Act of 1949 also permits CCC to donate, for export, commodities from CCC's inventory. The 1985 Farm Bill amended Section 416 by expanding the list of eligible commodities to include all edible commodities, except honey, held by CCC. Subject to commodity availability and to eligible countries, the Act requires CCC to export, in each of fiscal years 1986 through 1990, 500,000 metric tons of grains and oilseeds and 150,000 metric tons of dairy products. There is no dollar limit to these donations.

3. Food for Progress, included in the 1985 Farm Bill, uses both P.L. 480 and Section 416 authority in providing commodities to needy countries to encourage agricultural reform. Provided there are adequate numbers of eligible recipients, not less than 75,000 metric tons shall be made available each year under Section 416 for this program. The maximum annual program level through fiscal 1990 is 500,000 metric tons of commodities.

B. Commercial Export Credit Programs

1. GSM-102 (Export Credit Guarantee Program) provides to U.S. exporters guaranteed repayment of 6-month to 3-year payment terms made to eligible foreign purchasers of U.S. agricultural commodities. Any agricultural commodity may be covered. The 1985 Farm Bill directs that a minimum of \$5 billion in GSM-102 guarantees be made available each fiscal year through fiscal 1990. The Administration has proposed a \$3.0 billion program level for FY 1988.

2. GSM-103 (Intermediate Credit Guarantee Program)--established in July 1986--is similar to GSM-102 except that it guarantees loans from 3-10 years. The 1985 Farm Bill directs CCC to make a minimum of \$500 million available in such guarantees during fiscal 1987 and 1988 and a maximum of \$1 billion available in fiscal 1989 and 1990.

C. Programs to Expand Exports and Counter Unfair Foreign Trade Practices

1. Export Enhancement Program (EEP), announced by USDA in May 1985, was extended through 1990 by the 1985 Farm Bill. USDA will use at least \$1.5 billion worth of CCC-owned commodities as export bonuses through fiscal 1988 to make U.S. export commodities more competitive and to offset the adverse effects of unfair trade practices or subsidies. At present EEP has been announced for 12 different commodities to 38 targeted countries. Total sales of \$2.1 billion have been made using about \$1.0 billion in bonuses (based on market value).

2. Targeted Export Assistance (TEA) Program, mandated by Section 1124 of the 1985 Farm Bill, directs the Secretary of Agriculture to provide export assistance to U.S. agricultural commodities to offset or counter the effects of unfair trade practices by foreign competitors or importers. Support levels of \$110 million are specified for fiscal 1987 and 1988, and \$325 million for fiscal 1989 and 1990. The legislation provides that support may be either cash or commodities.

D. Dairy Export Programs

1. Mandated Dairy Sales. The 1985 Farm Bill requires the Secretary of Agriculture to sell for export at least 150,000 metric tons of CCC-owned dairy products during each of fiscal years 1986, 1987 and 1988.

2. Dairy Export Incentive Program (DEIP). Section 153 of the Farm Bill requires CCC to develop and maintain a DEIP through fiscal 1989. CCC will make payments (either in cash or CCC-owned commodities) on a bid basis to entities selling U.S. dairy products for export. Such sales must be additional and not displace commercial export sales.

39

E. Other Active Export Programs

1. Direct Sales. The CCC Charter Act provides ongoing authority for direct sales from CCC's inventory as the Secretary deems appropriate.

2. Barter. The CCC Charter Act also permits the Secretary to barter CCC commodities for other countries' commodities. In addition, the 1985 Farm Bill amended Section 416 to require the Secretary to establish a pilot barter program during fiscal years 1986 and 1987—in which CCC would complete agreements with at least two countries bartering for strategic or other materials. The 1985 Farm Bill also amended the CCC Charter Act to exhort the Secretary to barter for strategic and critical materials, particularly petroleum products. Two pilot barter programs are being developed for FY 1987.

F. Other OGSM Programs to Assist Exports

1. Cooperator programs are maintained with some 50 nonprofit commodity associations in order to design/maintain jointly-sponsored foreign market development activities. The 1985 Farm Bill expressed the sense of Congress that these programs should be continued and broadened so as to increase funding for value-added farm products and processed foods.

2. Market Information. Through a computerized system, the FAS Agricultural Information and Marketing Services (AIMS) program handles trade inquiries from foreign importers for specific products. Information is passed on electronically and by mail to participating U.S. firms, with a subscription fee for each commodity. Other services include: a weekly newsletter listing trade opportunities (Export Briefs); International Marketing Profiles; and a Buyer Alert service which disseminates firm product offers to importers in the 15 leading value-added export markets.

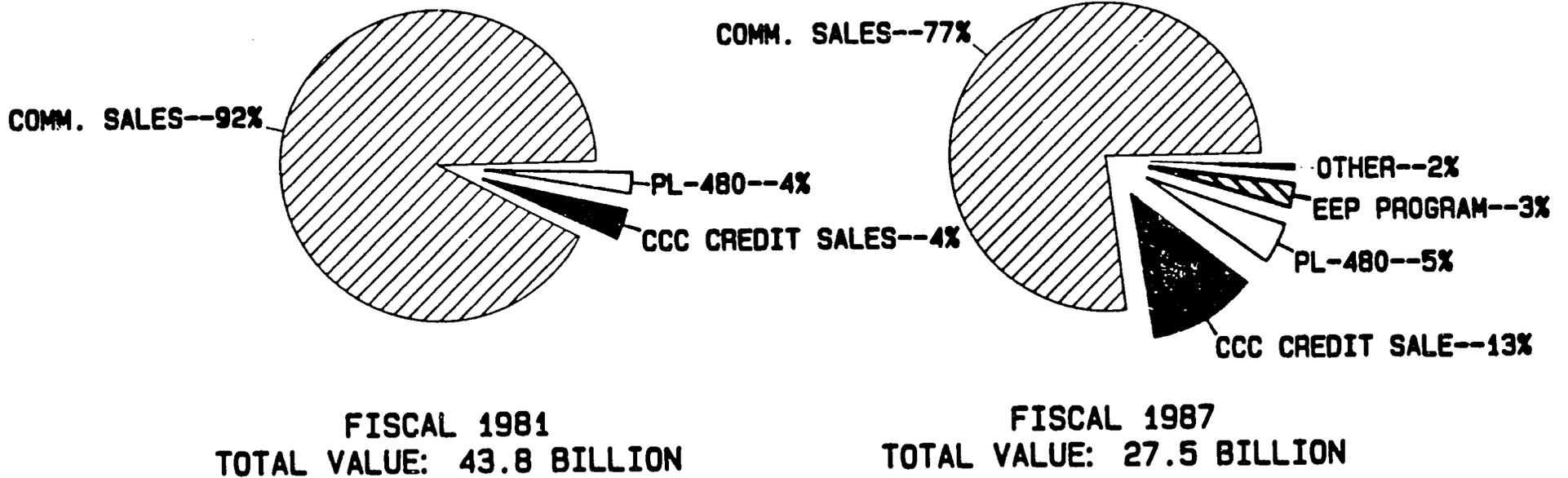
3. Export Product Review. The FAS Export Product Review Program assists U.S. exporters by determining whether product labels and ingredients comply with legal requirements in targeted foreign markets.

4. Product Publicity. The monthly newsletter, Contacts for U.S. Farm Products, assists new exporters and those with new export products to introduce U.S. food items to overseas buyers. FAS translates the newsletter into about a dozen languages and distributes it in close to 60 countries.

5. Trade Exhibits. Because trade fair exhibits continue to be one of the most effective means of introducing and promoting food products overseas, FAS coordinates U.S. participation at about 10 shows each year. Other such activities include: Hotel-Restaurant-Institutional (HRI) exhibits; food and beverage exposition; product displays in offices of U.S. agricultural counselors and attaches; point-of-purchase promotions in leading foreign markets; and livestock shows, which promote the sale of U.S. breeding stock and feedstuffs.

6. Sales Teams. The FAS sales team program enables U.S. firms, which handle food products with sales possibilities in targeted markets, to participate in a coordinated sales mission. FAS arranges personal visits with foreign buyers. The program, backed by market research to identify products with the best export potential, is tailored to the individual needs of each team member.

USDA EXPORT SALES AND PROGRAMS FY 1981 AND FY 1987



AGRICULTURAL TRADE MISSION

Action Package: Singapore

Singapore is a major financial and commercial center in Southeast Asia. It is a major transshipment point for the region; many goods shipped to Indonesia move through Singapore first. The Mission's visit will highlight Singapore's role and will provide a useful orientation to the region.

- (1) Singapore's position in regional agricultural development. The Mission will meet with selected government officials and members of the Economic Development Board (interested in investments and joint ventures).
- (2) U.S. agriculture in Southeast Asia. The Mission will meet with selected representatives from the Singaporean private sector.

The visit will also include informal discussions with representatives of U.S. business working out of Singapore, including ConAgra International and Cargill Commodity Trading.

KEY ECONOMIC INDICATORS
(In millions of U.S. dollars unless noted)

	1984	1985	1986	1987 Projections*
Domestic Economy				
Population (millions)	2.53	2.56	2.59	2.62
Population growth (%)	1.20	1.19	1.17	1.00
GDP at current market prices	18,774.51	17,508.00	17,348.03	18,537.44
GDP at 1985				
market prices (S\$ millions)	39,572.50	38,923.50	39,640.90	42,019.35
% change	8.30	-1.64	1.84	6.00
GNP at current market prices	19,134.17	18,144.26	17,996.33**	19,090.05
Per capita GNP	7,562.91	7,087.60	6,948.39	7,286.28
Consumer Price Index % change	2.60	0.50	-1.40	1.30
Production and Employment				
Labor force (1,000s)	1,187.80	1,184.70	1,210.10	1,230.00
Unemployment (%)	2.70	4.20	6.50	4.30
Industrial Production % change (1983=100)	9.00	-7.30	8.60	8.00
Government operating surplus as % of GDP	2,378.04 12.70	1,913.60 11.00	1,720.35 9.90	1,900.00 10.40
Balance of Payments				
Exports (f.o.b.)	22,662.28	21,499.50	21,300.31	24,495.50
Imports (f.o.b.)	26,733.44	24,513.50	23,628.55	27,172.83
Trade balance	-4,071.16	-3,014.00	-2,328.24	-2,100.50
Current account balance	-365.95	-14.73	478.97	530.00
Foreign debt***	1,904.80	1,790.80	n.a	n.a
Debt-service owed	317.20	721.80	n.a	n.a
Debt-service ratio as % of exports (goods & services)	1.00	2.40	n.a	n.a
Foreign exchange reserves	10,664.29	12,308.02	12,931.71	13,500.00
Average exchange rate (S\$ to US\$1)	2.1331	2.2002	2.1774	2.1150
Foreign Investment				
New foreign investment commitments in manufacturing (excluding petrochemicals)	626.65	410.74	544.55	580.50
From the U.S.	377.81	196.35	203.68	220.00
U.S. share of total (%)	60.29	47.80	37.40	37.90
U.S.—Singapore Trade				
Singapore's imports from U.S. (c.i.f.)	4,183.07	3,986.46	3,819.83	4,200.00
Singapore's exports to U.S. (f.o.b.)	4,824.76	4,826.38	5,257.37	6,000.00
Singapore's trade balance with the U.S.	641.69	837.92	1,437.54	1,800.00
U.S. share of Singapore's imports (%)	14.60	15.18	14.97	15.00
U.S. share of Singapore's exports (%)	20.05	21.16	23.37	23.80
U.S. bilateral aid				
Economic	0.00	0.00	0.00	0.00
Military	0.10	0.10	0.05	0.05

Principal U.S. exports (1986): Electrical Machinery (US\$ 911.1 million)
Transport Equipment (US\$ 401.2 million)
Office and Data Machines (US\$ 385.3 million)

Principal U.S. imports (1986): Electrical Machinery (US\$ 1,253.3 million)
Office and Data Machines (US\$ 1,368.4 million)
Telecommunications Apparatus (US\$ 666.8 million)

n.a : not available

* These are estimates based on fragmentary data and should be interpreted with caution.

** Singapore experienced price deflation in 1986, lowering nominal GNP value.

*** More than half of Singapore's debt arises from its intermediary role in international banking and finance. The figures reflect long-term debt that is outstanding and disbursed.

Source: GOS, USC and World Bank Publications.

44

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45

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46

AGRICULTURAL TRADE AND DEVELOPMENT MISSION

Action Package: Indonesia

The U.S. has several trade policy concerns with Indonesia which the Mission should be aware of and may raise with GOI officials at appropriate opportunities. In particular these include trade barriers on fresh fruit imports and corn.

Details on these and other issues are contained in the briefing book.

Following are action items for specific attention by the Mission:

- (1) Food for Progress (Section 416) Program. The AID mission has submitted a proposal for a \$10 million Section 416 program for the import of sorghum. Such a program could give a nudge to the movement toward liberalization in Indonesia's agricultural sector. The Mission could pursue how this program might be used to increase U.S. access to this market.
- (2) Targeted Export Assistance (TEA) Program or Other Market Development Funding (Livestock and Poultry). A program for livestock and poultry development could provide a means of stimulating these industries and creating a greater market for U.S. feed ingredients. Current annual per capital consumption of livestock and poultry products is extremely low (eggs 2.3 kgs., milk 1.3, beef 1.7, pork 0.9, poultry 2.1). There is thus great potential with a country population in excess of 170 million. Areas of interest for technological development are nutrition, breeding (semen), slaughter and processing, and disease control.
- (3) De-regulation of Import Restrictions on High-value Products. Since 1982 the Government of Indonesia (GOI) has designated two state trading companies as the sole importers of many high-value products such as fruit, wine and processed foods. In addition, these two companies are allowed to import no more than \$8 million annually of these products. The objective is to work toward elimination of the two state companies in favor of a system of free imports. Initially, the Mission may discuss the advantages of removing a number of products from the restricted list.
- (4) Export Enhancement Program (EEP) for Wheat. The European Community (EC) has recently entered the market with over 100,000 metric tons of highly subsidized wheat. The EC traditionally has not been a supplier to the Indonesian market. The U.S. historically has been the principal supplier but now has only a fraction of commercial sales. An EEP proposal is being developed by the U.S. Agricultural Counselor in the Embassy. This subject can be explored further during the Mission's visit.
- (5) Completion of Export Enhancement Program for Dairy Cattle. The sale of 8,000 dairy cattle under EEP was approved and bids accepted for 4,000 head thus far. These cattle are meant for distribution to dairy cooperatives. This program is very important in the highest levels of the GOI. This program has, however, been terminated. It was originally established to facilitate purchase and shipment of dairy cattle abroad, but costs were excessive. It is almost certain that this subject will

be on the GOI's agenda for the Mission's visit.

- (6) OPIC Package. An OPIC program could contribute much to fulfilling Indonesian interests in improving food industry infrastructure. An OPIC package for nearly \$7 million in loan guarantees is being used in the Land O'Lakes dairy project in Central Java.
- (7) PL 480/Title I Agreement. It is likely that the Title I Agreement for FY 1988 can be signed within the next few weeks. This might be done during the Mission's visit, or, if signed earlier, the agreement can be widely publicized during the visit.
- (8) Commercial U.S. Wheat Imports for Flour and Pasta. The GOI has been receiving PL 480/Title I for wheat, and BULOG, the state importing agency, has been restricted from re-exporting flour. Indonesia's flour milling facilities are state-of-the-art, but only 60 percent of capacity is being used at present. The millers want to compete with the EC for the Asian flour market. There is not only the freight advantage, but the milling industry in Indonesia can turn out and deliver a product within one to two weeks, compared to months for European suppliers. Local millers want to capitalize on this advantage and are willing to commit themselves to using only additional U.S. wheat to produce the flour for export. They are also interested in starting pasta exports if PL 480 restrictions can be waived. They wish to import U.S. durum wheat for this purpose.
- (9) Section 108 Program. The GOI has policy problems with Section 108. The Ministry of Finance does not look favorably on special accounts as called for under Section 108 legislation. The Ministry also fears that a U.S. Government-owned and -operated account would set a precedent for other donors. Other requirements are also seen as impediments. Uncertainty as to purpose and mechanism are hurdles for the AID mission. This program is an appropriate one for the Mission to explore, possibly leading to the mission's suggesting modifications (particularly in allowing a greater role by the housing investment guarantee) in the 108 rules which might make the program more palatable to Indonesia.
- (10) GSM 102/103 Credits. GOI guarantees may be a problem. BULOG resists the GOI's guaranteeing repayment of loans made to private industry. This issue, however, should more appropriately be addressed by the Minister of Finance, with whom the Mission should meet.
- (11) Trade Liberalization. The Minister of Agriculture has indicated a willingness to discuss with the Mission the GOI's attempts to improve liberalization of domestic barriers and to attract foreign investment. On this point, BULOG officials told the ATDM Advance Team of its decision to eliminate licensing restrictions on imported feed grains. This change was to become effective May 1.
- (12) GATT Reform. The Head of the Mission should review with top GOI officials in general mutual Indonesian and U.S. interests in GATT reform.

Table 1

INDONESIA - Key Economic Indicators

	1984	1985	1986	1987 ^a
Population (million midyear)	160	164	168	172
GDP (billions of Rupiah, 1983 constant prices)	78,144	79,911	82,475	84,949
GDP (\$ million, constant prices)	47,650	48,730	50,290	51,800
GDP per capita (\$ at 1987 exchange rate)	333	356	377	401
GDP per capita (\$ at prevailing exchange rate)	533	527	453	401
GDP (% growth in constant 1983 rupiah prices)	6.0	2.3	3.2	3.0
Consumer Price Index (1977/78 = 100)	241.6	252.2	275.3	297.3
Growth in Consumer Prices	9.1	4.4	9.1	8.0
Money Supply (Rps. billion-Dec. 31) ^b	8,581	10,104	11,677	11,585
Foreign Investment Approvals ^c (non-oil)(\$ million)	2,882	1,107	859	903
Net Official Int'l Reserves (\$ million-Dec. 31)	5,720	5,880	5,411	6,251 ^d
External Official Debt (Disbursed - \$ million-Dec. 31)	20,309	23,887	30,101	35,000
Debt Service (\$ million)	3,251	4,037	4,800	5,213
	FY	FY	FY	FY
<u>GOVERNMENT BUDGET (billions of Rupiahs)</u>	<u>85/86</u>	<u>86/87</u>	<u>87/88</u>	<u>88/89</u>
	Actual	Actual	Budget	Budget
Routine Expenditures	11,151	13,559	15,026	20,066
Development Expenditures	10,873	8,332	7,756	7,756
Domestic Revenues	19,253	16,140	17,236	21,803
Dev. Receipts (external loans and grants)	3,572	5,752	5,547	5,997
	FY	FY	FY	FY
<u>OFFICIAL BALANCE OF PAYMENTS</u> (\$ million)	<u>85/86</u>	<u>86/87</u>	<u>87/88</u>	<u>88/89</u>
	Actual	Actual	Est.	Est.
Overall Balance (change in off. reserves)	160	-469	860	800
Current account	-1,832	-4,051	-1,685	-654
Exports, Merchandise (F.O.B.)	18,612	13,697	17,601	19,519
Oil and LNG	12,437	6,966	8,547	8,174
Non-oil	6,175	6,731	9,054	11,345
Imports, Merchandise (F.O.B.)	14,200	11,451	12,568	-13,131
Oil and LNG sector imports	3,200	2,095	2,407	-2,082
Non-oil	11,000	9,356	10,161	-11,049
	1984	1985	1986	1987 ^e
<u>U.S.-Indonesian Trade (\$ million)</u>				
Indonesian Exports to the U.S.(C.I.F.)	5,867	4,933	3,675	2,017
U.S. Share of Indonesian Exports (%)	21.3	21.7	19.8	N/A
Indonesian Imports from the U.S.(F.O.B.)	1,193	781	918	427
U.S. Share of Indonesian Imports (%)	17.9	16.8	13.3	N/A

Sources: Bank Indonesia, Central Bureau of Statistics, Department of Finance, Investment Coordinating Board, U.S. Department of Commerce, International Monetary Fund and Embassy estimates.

--^a1987 data are entire year, except where noted.

--^b1987 data are as of August, 1987.

--^c1987 data are for the eight months thru August 1987.

--^dAs of September 1987

--^e1987 data are thru June 1987.

Table 2

QUANTITY AND VALUE OF INDONESIAN AGRICULTURAL EXPORTS WITH U.S. SHARE (%) 1/
1986

<u>(MAJOR PRODUCTS)</u>	<u>Quantity</u> <u>(000 MT)</u>		<u>Value</u> <u>(\$ M)</u>	
<u>Vegetables</u>	479.8	(*)	59.7	(*)
<u>Fresh Fruits and Nuts</u>	16.9	(3.3)	13.6	(19.4)
<u>Fruits ,Prepared</u>	20.1	(27.6)	9.4	(29.9)
<u>Sugar (molasses)</u>	714.8	(0.6)	39.8	(0.6)
<u>Coffee</u>	298.5	(22.6)	821.7	(21.4)
<u>Cocoa</u>	35.0	(8.0)	61.0	(8.6)
<u>Tea</u>	79.0	(19.7)	99.1	(18.5)
<u>Animal Feedstuffs</u> (copra cake, etc)	920.7	(0.0)	71.9	(0.0)
<u>Tobacco, Unmanufactured</u>	23.1	(9.6)	62.5	(7.6)
<u>Tobacco, Manufactured</u> (clove cigarettes)	0.6	(18.1)	5.8	(40.5)
<u>Hides and Skins</u>	5.1	(*)	28.4	(*)
<u>Oilseed (copra, palm, etc)</u>	20.4	(0.0)	2.6	(0.0)
<u>Fixed Vegetable Oils</u> (palm, coconut, etc)	615.4	(5.1)	124.9	(5.6)
<u>Other Oil and Fat Products</u> (stearine, fatty acids)	143.2	(6.2)	33.3	(5.2)
<u>Essential Oils, Perfumes</u>	2.7	(36.1)	27.5	(42.8)
<u>All Other Agricultural 2/</u>	<u>307.5</u>	<u>(8.0)</u>	<u>289.8</u>	<u>(29.5)</u>
SUBTOTAL	<u>3682.8</u>	<u>(4.5)</u>	<u>1751.0</u>	<u>(18.0)</u>
<u>Fisheries</u> (shrimp, canned fish)	84.8	(1.4)	330.3	(1.7)
<u>Rubber</u>	961.1	(46.7)	713.2	(47.1)
<u>Wood</u> (logs, sawn, plywd)	1477.0	(13.2)	1408.2	(19.8)
<u>Crude Animal Materials, NES</u>	7.2	(8.2)	8.6	(6.7)
<u>Crude Vegetable Materials</u> (rattan, wicker)	<u>143.0</u>	<u>(0.2)</u>	<u>109.2</u>	<u>(0.7)</u>
TOTAL	<u>9648.9</u>	<u>(12.8)</u>	<u>4320.3</u>	<u>(21.8)</u>

1/Figures in brackets are U.S. share of Indonesian agricultural exports.

2/Excluding related products below.

*Negligible

Source: Central Bureau of Statistics

50

Table 3

QUANTITY AND VALUE OF INDONESIAN AGRICULTURAL IMPORTS WITH U.S. SHARE (%) 1

<u>(MAJOR PRODUCTS)</u>	<u>1986</u>			
	<u>Quantity</u> <u>(000 MT) .</u>		<u>Value</u> <u>(\$ M)</u>	
<u>Live Animals</u> (chicks, dairy cows)	4.1	(2.1)	17.5	(25.2)
<u>Meat</u> (fr. beef, proc. meats)	2.4	(22.3)	7.5	(34.4)
<u>Dairy</u>	53.5	(9.6)	56.3	(9.3)
<u>Wheat</u>		1610.1	(29.1)	272.4
<u>Rice</u>	27.8	(4.8)	5.9	(9.3)
<u>Other Grains (corn, etc)</u>	100.5	(1.3)	11.6	(3.8)
<u>Flours and Meals</u>	29.3	(6.5)	8.9	(11.1)
<u>Cereal Preparations</u> (malt, noodles)	19.9	(33.2)	9.6	(24.8)
<u>Vegetables</u>	69.5	(2.7)	26.3	(6.8)
<u>Fruit, Prepared</u>	8.4	(11.2)	5.3	(22.5)
<u>Sugar and products</u>	63.6	(0.3)	21.5	(1.9)
<u>Spices</u>	10.7	(0.2)	12.5	(0.7)
<u>Animal Feedstuffs</u> (soybean meal, fish meal)	556.0	(40.9)	130.2	(41.0)
<u>Food Prep. NES</u>	(9.3)	17.5	(15.5)	25.6
<u>Tobacco, Unmanufactured</u>	9.8	(10.4)	21.4	(27.1)
<u>Tobacco, Manufactured</u> (cigarettes)	0.2	(57.5)	1.0	(52.5)
<u>Oilseeds</u> (soybeans, peanuts)	441.2	(12.4)	113.6	(11.5)
<u>Cotton</u>	171.5	(24.3)	171.6	(27.8)
<u>Vegetable Oils</u> (coconut)	11.3	(1.5)	5.3	(6.0)
<u>Other Oil & Fat Products</u> (industrial)	15.4	(2.8)	10.2	(6.1)
<u>All Other Agric.</u>	<u>34.0</u>	<u>(2.9)</u>	<u>63.7</u>	<u>(7.1)</u>
TOTAL	3250.5	(25.1)	967.8	(22.2)

1/Figures in brackets are U.S. share of Indonesian agricultural imports.

2/Not including wood, rubber and fishery.

*Negligible

Source: Central Bureau of Statistics

GSP IMPORTS - 1987
 TOP 50 DUTY FREE ITEMS - VALUES IN DOLLARS
 PARTNER : Taiwan.....
 RANK : 1

TSUS	DESCRIPTION	GSP FREE VALUE
		\$106,571,962
73477	GOLF EQUIPMENT NSPF AND PARTS THEREOF	\$89,174,252
73738	STUFFED TOY ANIMALS, VALUED OVER \$.10 PER INCH OF HEIGHT	\$87,621,254
53487	EARTHENWARE OR STONWARE, FG SMOKERS, ETC ART,NES,OV \$10 DOZ	\$72,902,055
73252	WHEELED GOODS EXCEPT SKATES AND CHAIN-DRIVEN FOR CHILDREN	\$72,521,215
53494	NONBONE CHINAWARE OR SUBPOR- CELAIN HOUSEHOLD ARTICLES, NES	\$72,485,529
71249	ELECTRICAL MEASURING ETC DEVICES NSPF AND PARTS THEREOF	\$64,844,550
73740	TOY ANIMALS ETC, NSPF, NOT HAVING A SPRING MECHANISM	\$56,551,648
68818	OTHER INSULATED CONDUCTORS, NSPF	\$55,707,044
68570	ELECTRIC SOUND OR VISUAL SIGNALING APPARATUS A PARTS	\$55,263,129
67625	MACHINES, NES, HAVING CALCULATING MECHANISMS	\$47,764,126
65337	ILLUMINATING ARTICLES, OF BRASS --	\$45,524,244
64783	BUTT HINGES OF IRON STL NES	\$43,708,366
68524	OTHER TRANCEIVERS, OTHER THAN LOW-POWERED, NES	\$41,056,509
67442	MACHINE TOOLS,NES	\$41,018,109
68573	BELLS, SIRENS, INDICATOR PANELS, ETC., OTHER THAN SOUND SIGNALLING APPARATUS	\$40,639,656
68332	ELECTRO-MECH APPLIANCES W ELEC MOTOR A PTS,NES HH,HOTEL,RESTRNT TYPE	\$37,892,305
65740	ALUMINUM ARTICLES NSPF NOT COATED WITH PRECIOUS METALS	\$37,244,900
65352	OTHER HEATING OR COOKING APPARATUS, NON-ELECTRIC, OF BASE METAL	\$36,345,200
68466	TERMINAL APPARATUS AND PARTS THEREOF	\$35,229,481
68320	HAND DIRECT/CONTROL TOOL WITH SELF-CONTAIN ELEC MOTOR A PARTS	\$34,379,387
54567	GLASS ILLUMINATING AND RE- FLECTING ARTICLES AND PARTS,NES	\$34,243,481
73506	SKI BINDINGS,POLES,GLOVES AND OTHER ACCESSORIES,NSPF,AND PARTS THEREOF	\$33,593,651
65425	BRASS ARTICLES,WARES,AND PARTS OF COPPER,NOT COATED OR PLATED IN PRECIOUS M	\$31,175,256
72711	FURNITURE AND PARTS, OF RATTAN	\$30,462,621
65400	ARTICLES OF IRON OR STEEL, NOT COATED, NOT ENAMELED, NSPF	\$30,008,783
73723	STUFFED DOLLS	\$28,812,527
77220	CONTAINERS FOR PACKING ETC MERCHANDISE, RUBBER OR PLASTICS	\$27,905,408
73420	GAME MACHINES INCLUDING COIN AND DISC OPERATED AND PARTS	\$27,677,793
77450	PARTS OF FOOTWEAR,NSPF,OF RUBBER DR PLASTICS	\$27,208,560
72445	MAGNETIC RECORDING MEDIA, NO MATERIAL RECORDED THEREON	\$27,082,435
68560	RADIO NAVIGATION AID REMOTE CONTROL A RADAR APPARATUS A PTS	\$26,960,110
46140	COSMETICS, ETC NOT CONTAINING ALCOHOL	\$26,861,637
68017	TAPS,COCKS,VALVES,ETC;HAND-OPERATED AND CHECK AND PARTS THEREOF,OF IRON OR	\$26,617,065
24014	PLYWOOD,BIRCH FACE PLY, NO FACE FINSH,OR CLEAR FACE FINISH-	\$26,544,871
72759	FURNITURE AND PARTS, OF RUBBER DR PLASTIC, EXC WATERBED MATTRESSES	\$25,878,322
68207	TRANSFORMERS RATED 1 KVA OR MORE	\$25,762,907
77251	PNEUMATIC TIRES,NES	\$25,432,990
67470	HAND-DIRECT DR CONTROLD TOOL NON-ELECTRIC NES A PTS	\$25,322,551
66250	MECHANICAL APPLIANCES,NES,FOR DISPERSING LIQUIDS DR POWDERS	\$24,684,310
20660	WOOD FRAMES, PICTURE AND MIRROR	\$24,418,237
73454	BASEBALL AND SOFTBALL GLOVES AND MITTS	\$24,265,004
68448	OTHER ELECTRIC APPLIANCES, NSPF	\$24,045,223
66067	PARTS OF PISTON-TYPE ENGINES,FOR INTERNAL COMBUSTION ENGINES,NOT COMPRESSIO	\$23,719,469
79160	BELTS AND BUCKLES, LEATHER, TO BE WORN ON THE PERSON	\$23,444,804
65335	PORTABLE INDOOR TABLE, FLOOR AND OTHER LAMPS, OF BRASS ETC	\$23,184,500
68565	ELECTRICAL SOUND SIGNALING APPARATUS	\$22,341,597
67434	BORING AND MILLING MACHINES	\$22,337,074
67453	PARTS FOR MACHINE TOOL,ETC,NES	\$22,036,730
73456	BASEBALL EQUIPMENT AND PARTS, NES	\$20,062,761
66118	COMPRESSORS AND PARTS, NSPF	
TOTAL TOP 50 FROM Taiwan.....		\$1,936,535,598
TOTAL GSP FREE FROM Taiwan.....		\$4,172,957,964

GSP IMPORTS - 1987
 TOP 50 DUTY FREE ITEMS - VALUES IN DOLLARS
 PARTNER : Korea, South.....
 RANK : 2

TSUS	DESCRIPTION	GSP FREE VALUE
67615	ACCOUNTING, COMPUTING, AND OTHER DATA-PROCESSING MACHINES	
68590	SWITCHBOARDS PANELS, ETC FOR MAKG CONNECTG O BRKG CIRCUIT	\$84,081,902
74038	JEWELRY ETC AND PARTS NSPF, VALUED OVER \$.20 PER DOZEN	\$71,808,843
77458	ARTICLES OF RUBBER OR PLASTICS	\$56,516,199
77455	ARTICLES, NSPF, OF RUBBER OR PLASTICS	\$52,913,810
68457	TELEPHONE SWITCHING APPARATUS, AND PARTS AND COMPONENTS	\$45,084,064
72735	FURNITURE, WOOD NSPF	\$40,979,901
65725	ARTICLES OF IRON OR STEEL, NT COATED W/PREC MTL, NT ALLOYED, NES	\$38,003,901
73520	GAME, SPORT, PLAYGROUND ETC EQUIPMENT AND PARTS OF NSPF	\$36,736,423
73798	TOYS AND PARTS OF TOYS, NSPF	\$36,288,251
68332	ELECTRO-MECH APPLIANCES W ELEC MOTOR A PTS, NES HH, HOTEL, RESTRNT TYPE	\$35,604,141
66120	AIR-CONDITIONING MACHINES AND PARTS	\$34,951,979
77143	FLEXIBLE FILM, STRIPS, AND SHEETS, NOT IN IMITATION OF PATENT LEATHER, AND OF P	\$34,951,622
68539	TELEPHONE ANSWERING MACHINES	\$34,298,203
69232	PARTS NSPF OF MOTOR VEHICLES, NOT ALLOYED NOR ADVANCED BEYOND CLEANING, PARTL	\$33,958,195
71249	ELECTRICAL MEASURING ETC DEVICES NSPF AND PARTS THEREOF	\$33,334,526
73506	SKI BINDINGS, POLES, GLOVES AND OTHER ACCESSORIES, NSPF, AND PARTS THEREOF	\$32,012,858
66135	REFRIGERATOR A REFRIGERATING EQUIPMENT AND PARTS	\$29,803,818
68560	RADIO NAVIGATION AID REMOTE CONTROL A RADAR APPARATUS A PTS	\$28,642,667
68017	TAPS, COCKS, VALVES, ETC; HAND-OPERATED AND CHECK AND PARTS THEREOF, OF IRON OR	\$27,796,638
68520	CITIZENS BAND RECEIVERS, NES	\$27,538,616
68260	GENERATOR, MOTOR GENERATOR CONVERTERS, ETC, ELECTRICAL, NES -	\$27,148,932
73454	BASEBALL AND SOFTBALL GLOVES AND MITTS	\$26,668,532
68360	IGN MAGNETOS, COILS A OTHR ELEC START A IGN EQUIPMENT A PTS	\$26,256,787
73735	METAL TOY ANIMALS ETC, NOT HAVING A SPRING MECHANISM	\$25,967,478
70845	EYEGASSES, GOGGLE, ETC EX FRAME ETC OVER \$2.50 DOZEN	\$25,850,021
73477	GOLF EQUIPMENT NSPF AND PARTS THEREOF	\$24,586,313
73420	GAME MACHINES INCLUDING COIN AND DISC OPERATED AND PARTS	\$24,109,319
68570	ELECTRIC SOUND OR VISUAL SIGNALING APPARATUS A PARTS	\$22,849,093
68690	ELECTRIC FILAMENT LAMPS, FOR OPERATING AT 100VLTs A OVER, NES	\$22,823,534
68810	CHRISTMAS TREE LIGHTING SETS H OR HO BULBS A SIM WIRING SETS	\$22,421,294
70823	MOUNTED LENSES, NES	\$21,890,528
67625	MACHINES, NES, HAVING CALCULATING MECHANISMS	\$20,748,957
73751	SKINS FOR TOY FIGURE6 OF ANIMATE OR INANIMATE OBJECTS	\$18,848,576
68528	OTHER TRANSMISSION APPARATUS	\$18,706,969
72770	OTHER FURNITURE NES	\$18,016,658
25446	PRTD PPR, EXC INDIA, BIBLE, IMPRG OR COAT N/LITHO-PRINTD	\$17,631,540
73509	INFLATABLE BALLS NSPF	\$17,315,840
68573	BELLS, SIRENS, INDICATOR PANELS, ETC., OTHER THAN SOUND SIGNALLING APPARATUS	\$16,562,259
18305	EDIBLE PREPARATIONS NSPF, (INCLUDING, PREPARED MEALS INDIVIDUALLY PACKAGED	\$16,205,334
73740	TOY ANIMALS ETC, NSPF, NOT HAVING A SPRING MECHANISM	\$15,816,647
66410	ELEVATOR, HOIST, WINCHES, ETC AND CONVEYORS AND PARTS NSPF	\$15,548,440
42506	AMINO ACID SALTS	\$15,488,526
72216	PHOTOGRAPHIC CAMERAS, OTHER THAN FIXED-FDCUS, OVER \$10 EACH	\$15,225,364
73456	BASEBALL EQUIPMENT AND PARTS, NES	\$15,136,402
65270	FRAMES A MIRRORS, O BASE METAL, NT COATED O PLATED W PRECIOUS METAL	\$14,477,137
77450	PARTS OF FOOTWEAR, NSPF, OF RUBBER OR PLASTICS	\$14,161,036
73793	TOYS HAVING AN ELECTRIC MOTOR	\$14,012,037
68842	OTHER CONNECTION APPARATUS, NSPF	\$13,827,530
70847	FRAMES, MOUNTING AND PARTS OF EYEGASSES, GOGGLES, ETC	\$13,817,619
		\$13,416,251
TOTAL TOP 50 FROM Korea, South.....		\$1,390,847,160
TOTAL GSP FREE FROM Korea, South.....		\$2,503,579,981

GSP IMPORTS - 1987
 TOP 50 DUTY FREE ITEMS - VALUES IN DOLLARS
 PARTNER : Hong Kong.....
 RANK : 3

TSUS	DESCRIPTION	GSP FREE VALUE
72445	MAGNETIC RECORDING MEDIA, NO MATERIAL RECORDED THEREON	\$109,519,634
68590	SWITCHBOARDS PANELS, ETC FOR MAKG CONNECTG O BRKG CIRCUIT	\$91,144,430
73420	GAME MACHINES INCLUDING COIN AND DISC OPERATED AND PARTS	\$80,316,030
73793	TOYS HAVING AN ELECTRIC MOTOR	\$50,542,693
68420	PORT ELEC TOASTERS WAFL IRNS OVENS COFFEE MKRS ETC KIT O HH	\$45,897,471
68458	TELEPHONE SETS AND OTHER TERMINAL EQUIPMENT AND PARTS	\$45,110,987
77458	ARTICLES OF RUBBER OR PLASTICS	\$35,847,638
68332	ELECTRO-MECH APPLIANCES W ELEC MOTOR A PTS,NES HH,HOTEL,RESTRNT TYPE	\$33,629,738
67620	CALCULATING MACHINES FOR MULTIPLYING AND DIVIDING -	\$31,242,336
77455	ARTICLES,NSPF,OF RUBBER OR PLASTICS	\$30,890,986
68540	TAPE RECORDERS AND DICTATION AND TRANSCRIBING MACHINES, AND PARTS THEREOF	\$30,449,954
77215	HOUSEHOLD ARTICLES NSPF OF RUBBER OR PLASTICS	\$28,750,177
68525	CORDLESS HANDSET TELEPHONES	\$28,129,417
68570	ELECTRIC SOUND OR VISUAL SIGNALING APPARATUS A PARTS	\$27,247,385
68539	TELEPHONE ANSWERING MACHINES	\$24,574,181
67615	ACCOUNTING, COMPUTING, AND OTHER DATA-PROCESSING MACHINES	\$24,341,580
73735	METAL TOY ANIMALS ETC, NOT HAVING A SPRING MECHANISM	\$22,604,557
68560	RADIO NAVIGATION AID REMOTE CONTROL A RADAR APPARATUS A PTS	\$21,393,318
65380	SILVER PLATED HOUSEHOLD AND SANITARY ARTICLES AND WARES	\$21,279,853
65725	ARTICLES OF IRON OR STEEL,NT COATED W/PREC MTL,NT ALLOYED,NES	\$21,249,206
70845	EYEGLASSES,GOGGLE,ETC EX FRAME ETC OVER \$2.50 DOZEN	\$20,648,720
77220	CONTAINERS FOR PACKING ETC MERCHANDISE, RUBBER OR PLASTICS	\$20,554,863
73520	GAME, SPORT, PLAYGROUND ETC EQUIPMENT AND PARTS OF NSPF	\$19,743,106
68834	ELECTRICAL ARTICLES USING PRE-PROGRAMMED DIGITAL INTEGRATED CIRCUITS TO PR	\$19,080,740
54451	GLASS MIRRORS, NES NOT OVER 1 SQ FT IN REFLECTING AREA	\$19,011,054
67630	OFFICE MACHINES,NSPF	\$17,662,888
73415	DICE, CHESSMEN ETC.	\$14,147,337
68330	VACUUM CLEANER,FIDOR POLISHER W SELF-CONTAIN ELEC MOTOR A PART	\$12,957,818
69610	YACHTS, OR PLEASURE BOATS VALUED OVER \$15000 EACH	\$12,439,527
65339	ILLUMINATING ARTICLES OF BASE METAL, NES	\$11,538,845
68225	ELECTRIC MOTORS UNDER 1/40 HORSEPOWER NES	\$11,454,655
68470	MICROPHONES,LOUDSPEAKER,HEAD PHONES ETC AND PARTS	\$11,151,690
68466	TERMINAL APPARATUS AND PARTS THEREOF	\$11,023,794
72735	FURNITURE, WOOD NSPF	\$10,781,090
73740	TOY ANIMALS ETC, NSPF, NOT HAVING A SPRING MECHANISM	\$10,738,873
68230	ELECTRIC MOTORS OF 1/40 OR MORE A NOT OVER 1/10 HORSEPOWER	\$10,730,178
25660	ALBMS, AUTOGRAPH, PHOTO ETC AND ALBUMS FOR PHONOGRAPH RECORDS	\$10,448,250
65400	ARTICLES OF IRON OR STEEL, NOT COATED, NOT ENAMELED, NSPF	\$10,337,167
72272	PHOTO FLASH-LITING APPARATUS INC ELECTRONIC STROBOSCOPIC	\$10,050,838
52039	PRECIOUS AND SEMIPRECIOUS STONES, CUT,NOT SET, FOR JEWELRY NES	\$9,971,399
72711	FURNITURE AND PARTS, OF RATTAN	\$9,822,868
69615	PARTS FOR YACHTS OR PLEASURE BOATS	\$9,419,526
65394	STAINLESS STEEL COOKING A KITCHEN WARE, NOT COATED, NOT ENAMELED	\$9,419,318
18246	SAUCES EXCEPT THIN SOY	\$9,337,919
75020	HAIR ORNAMENTS, NOT COMBS, RUBBER OR PLASTIC, UNSET ETC	\$8,992,590
65148	HAND TOOLS INC TABLE ETC,NSPF OF IRON OR STEEL	\$8,358,809
64692	LOCKS AND PADLOCKS OF BASE METAL, NES	\$8,197,259
66230	WEIGHING MACHINERY AND SCALES NES	\$7,990,825
68295	PRIMARY CELLS AND PRIMARY BATTERIES AND PARTS THEREOF	\$7,987,791
75604	CIGARET LIGHTERS NES, VALUED NOT OVER \$5 PER DOZEN PIECES -	\$7,652,006
TOTAL TOP 50 FROM Hong Kong.....		\$1,165,823,594
TOTAL GSP FREE FROM Hong Kong.....		\$1,703,154,628

GSP IMPORTS - 1987
 TOP 50 DUTY FREE ITEMS - VALUES IN DOLLARS
 PARTNER : Singapore.....
 RANK : 5

TSUS	DESCRIPTION	GSP FREE VALUE
67615	ACCOUNTING, COMPUTING, AND OTHER DATA-PROCESSING MACHINES	\$158,057,333
67850	MACHINES, NOT SPECIALLY PROVIDED FOR, AND PARTS	\$135,270,654
68458	TELEPHONE SETS AND OTHER TERMINAL EQUIPMENT AND PARTS	\$112,271,399
68590	SWITCHBOARDS PANELS, ETC FOR MAKG CONNECTG O BRKG CIRCUIT	\$71,060,486
67630	OFFICE MACHINES, NSPF	\$63,945,166
68539	TELEPHONE ANSWERING MACHINES	\$42,220,073
68525	CORDLESS HANDSET TELEPHONES	\$39,924,595
66120	AIR-CONDITIONING MACHINES AND PARTS	\$36,259,521
72735	FURNITURE, HOOD NSPF	\$33,699,895
70927	MEDICAL AND SURGICAL INSTRUMENTS ETC NSPF, AND PARTS	\$28,714,457
68415	ELECTRIC FLATIRONS, NES	\$27,464,437
68524	OTHER TRANCEIVERS, OTHER THAN LOW-POWERED, NES	\$26,441,081
68260	GENERATOR, MOTOR GENERATOR CONVERTERS, ETC, ELECTRICAL, NES -	\$24,554,445
68560	RADIO NAVIGATION AID REMOTE CONTROL A RADAR APPARATUS A PTS	\$23,062,702
73716	CONSTRUCTION KITS OR SETS, NES	\$21,947,852
73793	TOYS HAVING AN ELECTRIC MOTOR	\$20,191,512
68514	ENTERTAINMENT BROADCAST BAND RECEIVERS	\$16,533,321
65725	ARTICLES OF IRON OR STEEL, NT COATED W/PREC MTL, MT ALLOYED, NES	\$16,264,730
68255	PARTS OF ELECTRIC MOTORS UNDER 1/40 HORSEPOWER	\$15,618,318
69610	YACHTS, OR PLEASURE BOATS VALUED OVER \$15000 EACH	\$15,449,459
68225	ELECTRIC MOTORS UNDER 1/40 HORSEPOWER NES	\$15,218,737
68540	TAPE RECORDERS AND DICTATION AND TRANSCRIBING MACHINES, AND PARTS THEREOF	\$14,247,601
72729	NON-FOLDING CHAIRS OF WOOD OTHER THAN TEAK	\$13,813,724
74814	JEWELRY, NES, OF PRECIOUS METALS	\$11,942,329
69232	PARTS NSPF OF MOTOR VEHICLES, NOT ALLOYED NOR ADVANCED BEYOND CLEANING, PARTL	\$11,449,108
73715	CONSTRUCTION KITS OR SETS NES	\$10,450,227
68842	OTHER CONNECTION APPARATUS, NSPF	\$10,419,523
68332	ELECTRO-MECH APPLIANCES W ELEC MOTOR A PTS, NES HH, HOTEL, RESTRNT TYPE	\$9,829,393
68470	MICROPHONES, LOUDSPEAKER, HEAD PHONES ETC AND PARTS	\$8,960,440
71080	DRAFTING ETC. INSTRUMENTS, MACHINES AND PARTS, NSPF	\$8,035,504
67620	CALCULATING MACHINES FOR MULTIPLYING AND DIVIDING -	\$7,680,415
66110	COMPRESSORS AND PARTS, NSPF	\$7,594,103
66097	SUBMERSIBLE PUMPS & PUMPS A LIQUID ELEVATORS NES	\$7,511,632
67435	METAL-WORKING MACHINE TOOL, NES	\$6,219,975
73420	GAME MACHINES INCLUDING COIN AND DISC OPERATED AND PARTS	\$6,196,532
70803	LENSES, OPTICAL NES, NOT MOUNTED	\$6,170,419
71178	PRESSURE AND LEVEL GAUGES; THERMOSTATS; ETC, AND PARTS, NSPF, NOT FLOW METERS, HE	\$5,939,657
71249	ELECTRICAL MEASURING ETC DEVICES NSPF AND PARTS THEREOF	\$5,832,521
73714	SCALE MODEL RAILROADS, ETC., MADE TO SCALE AT A RATIO LARGER THAN 1 TO 85	\$5,749,451
68420	PORT ELEC TOASTERS WAFL IRNS OVENS COFFEE MXRS ETC KIT O HH	\$5,381,784
74015	JEWELRY, ETC, NSPF	\$5,240,235
68017	TAPS, COCKS, VALVES, ETC; HAND-OPERATED AND CHECK AND PARTS THEREOF, OF IRON OR	\$4,839,002
68573	BELLS, SIRENS, INDICATOR PANELS, ETC., OTHER THAN SOUND SIGNALLING APPARATUS	\$4,426,925
66067	PARTS OF PISTON-TYPE ENGINES, FOR INTERNAL COMBUSTION ENGINES, NOT COMPRESSIO	\$4,402,205
70889	OPTICAL APPLIANCES AND OPTICAL INSTRUMENTS NSPF	\$4,222,915
45020	FLAVORING EXTRACTS ETC, NO ALCOHOL AND NOT IN AMPOULES ETC	\$4,206,206
77458	ARTICLES OF RUBBER OR PLASTICS	\$3,972,715
70917	ELECTRO-MEDICAL APPARATUS NSPF, AND PARTS THEREOF	\$3,704,232
24014	PLYWOOD, BIRCH FACE PLY, NO FACE FINSH, OR CLEAR FACE FINISH-	\$3,638,868
51791	CARBON AND GRAPHITE ARTICLES, NES	\$3,598,953
TOTAL TOP 50 FROM Singapore.....		\$1,149,766,890
TOTAL GSP FREE FROM Singapore.....		\$1,296,916,767

GSP IMPORTS - 1951
 TOP 50 DUTY FREE ITEMS - VALUES IN DOLLARS
 PARTNER : Indonesia.....
 RANK : 22

GSP FREE VALUE

TSUS	DESCRIPTION	GSP FREE VALUE
		\$12,227,894
24021	PLYWOOD, NES, SOFTWD FACE, NO FACE FINSH, OR CLEAR FACE FINISH	\$2,907,227
24038	WOOD VENEER PANELS, 2 FACES OTHER HOOD NES, CLEAR FINISHED OR NOT FINISHED	\$2,596,121
17045	CIGAR LEAF, STEMMED	\$2,387,494
10031	BIRDS, LIVE, NSPF, VALUED OVER 5 DOLLARS EACH	\$2,151,997
73477	GOLF EQUIPMENT NSPF AND PARTS THEREOF	\$2,137,480
72711	FURNITURE AND PARTS, OF RATTAN	\$1,515,672
20709	OTHER ARTICLES OF WOOD NSPF	\$1,405,476
22242	BASKETS AND BAGS, OF RATTAN OR OF PALM LEAF	\$1,320,536
20700	ARTICLES NSPF, OF WOOD	\$1,255,978
72740	FURNITURE PARTS OF WOOD, NSPF	\$1,248,722
74014	JEWELRY, NES, OF PRECIOUS METALS	\$1,247,321
20266	WOOD MOLDINGS, CARVINGS AND ORNAMENTS FOR DECORATIONS	\$1,126,388
73485	LAWN TENNIS BALLS	\$1,111,571
22210	RATTAN (EXCEPT WHOLE) AND WEBBING MADE THEREFROM	\$921,811
11406	CLAMS NES (INCLUDING PASTES AND SAUCES), IN AIRTIGHT CONTAINERS	\$905,597
17063	CLOVE CIGARETTES	\$865,418
74038	JEWELRY ETC AND PARTS NSPF, VALUED OVER \$.20 PER DOZEN	\$792,337
72741	FURNITURE PARTS OF WOOD, NSPF	\$752,604
11404	BOILED CLAMS, WHOLE, MINCED, OR CHOPPED, WHETHER OR NOT SALTED, IN IMMEDIATE	\$733,169
46080	ODORIFEROUS OR AROMATIC SUBSTANCES, NSPF, NOT MIXED	\$692,209
74041	JEWELRY AND OTHER OBJECTS OF PERSONAL ADORNMENT, NES	\$585,979
66410	ELEVATOR, HOIST, WINCHES, ETC AND CONVEYORS AND PARTS NSPF	\$517,820
20630	WOOD DOORS, INCL FLUSH, WITH OR WITHOUT THEIR HARDWARE	\$425,687
79127	LEATHER, OTHER THAN PATENT LEATHER, CUT OR WHOLLY MANUFACTURED INTO UPPERS SU	\$422,234
72735	FURNITURE, WOOD NSPF	\$397,808
68014	TAPS, COCKS, VALVES, AND SIMILAR DEVICES; HAND-OPERATED AND CHECK AND PARTS THE	\$386,990
22244	BSKTS AND BAGS OF UNSPUN VEG MATERIALS, NES	\$373,763
74015	JEWELRY, ETC, NSPF	\$294,019
42836	GLYCERINE CRUDE	\$293,258
24058	WOOD VENEER PANELS, ONE FACE PLY, NES	\$226,825
77251	PNEUMATIC TIRES, NES	\$220,555
20654	WOOD TOOLS, TOOL BODIES AND TOOL HANDLES NES	\$210,129
77450	PARTS OF FOOTWEAR, NSPF, OF RUBBER OR PLASTICS	\$191,954
77455	ARTICLES, NSPF, OF RUBBER OR PLASTICS	\$187,239
73432	TABLE TENNIS BALLS	\$174,113
42536	THIOUREA, THIOUREA DIOXIDE THIOCARBAMATES, CYANATES, ETC	\$136,628
22260	ARTICLES NES, OF BAMBOO RATTAN, WILLOW OR CHIP	\$131,143
20320	COMPRESSED WOOD TOOL HANDLES INCL FOR CUTLERY AND BROOMS, MOPS, BRUSHES ETC	\$130,448
65740	ALUMINUM ARTICLES NSPF NOT COATED WITH PRECIOUS METALS	\$129,767
79070	HIGS, TOUPEES, CHIGNONS, AND SIMILAR ARTICLES	\$115,031
20260	HARDWOOD FLOORING, EXCEPT IN STRIPS AND PLANKS	\$109,788
68470	MICROPHONES, LOUDSPEAKER, HEAD PHONES ETC AND PARTS	\$107,968
24019	PLYWOOD, WALNUT FACE, NO FACE FINISH, OR WITH CLEAR FACE FINSH	\$102,299
72714	FURNITURE OF UNSPUN FIBROUS VEGETABLE MATERIALS, NSPF	\$100,265
73507	BOXING GLOVES, AND OTHER GLOVES, NSPF, SPECIALLY DESIGNED FOR USE IN SPORTS	\$98,525
42838	GLYCERINE, REFINED	\$97,039
24014	PLYWOOD, BIRCH FACE PLY, NO FACE FINSH, OR CLEAR FACE FINISH-	\$96,365
18249	SHRIMP CHIPS	\$91,872
68540	TAPE RECORDERS AND DICTATION AND TRANSCRIBING MACHINES, AND PARTS THEREOF	\$89,726
18246	SAUCES EXCEPT THIN SOY	
	TOTAL TOP 50 FROM Indonesia.....	\$46,748,259
	TOTAL GSP FREE FROM Indonesia.....	\$49,435,852

NATIONAL COOPERATIVE BUSINESS ASSOCIATION

INDONESIAN ENTERPRISE AND
TRADE AND DEVELOPMENT FOUNDATIONI. INTRODUCTION AND OVERVIEW

The Indonesian Enterprise and Trade Development Foundation (IETDF) is designed in the foregoing project document to establish a financial mechanism within the Indonesian cooperative and private sectors that is capable of rapidly responding to financially viable business propositions involving the production, processing and marketing of high priority export oriented or import substitutable commodities with labor intensive production requirements. Through such establishment, the not-for-profit foundation will demonstrate that a USAID supported project financed through both U.S. and Indonesian private sector equity contribution as well as the commercial sale of monetized PL 480 surplus commodities by the entity's shareholders can viably generate significant employment benefits working with and through the U.S. and Indonesian private and cooperative sectors.

The foundation will additionally demonstrate through its joint U.S. and Indonesian held equity composition and thus both countries' active management participation, that mutually beneficial commercial trade linkages can be developed by the coordination of U.S. farm aid and trade programs with private entities involved in third world development. By promoting and undertaking investment in ventures designed to stimulate Indonesia's rural economic activity through export oriented production and U.S. technology transfer, the foundation will place high priority on the further development of both countries as long-term commercial markets.

The foundation will focus upon ventures or production arrangements undertaken by rural cooperatives in collaboration with the Indonesian private sector and foreign private sector firms/cooperatives in the development of such joint operations. It will further prioritize business activities outside those traditionally implemented by Indonesian cooperatives within specially created government programs. This will be done by seeking private sector collaboration and investment in areas where such consolidation with cooperatives will enhance the viability of a particular operation to both parties. Avoidance of operational areas currently well undertaken by existing cooperatives and private sector firms or areas potentially competitive with U.S. agricultural production will minimize the possibility of any negative effects to current private sector activity through the foundation's establishment.

Initial focus is planned upon three subsectors of the rural economy: integrated non-primary or secondary crop agricultural production and processing ventures, integrated livestock and fishery production and processing ventures, and light manufacturing of labor intensive export oriented products. As these ventures develop, either rapidly or slowly, the foundation will have in place a system of bringing newly proposed ventures forward for appraisal, policy review and eventual operation. As

criteria for a venture's assistance from the foundation, substantial emphasis will be placed upon a proposed product's existing demand, beginning with a market well defined and willing to invest, emphasizing Indonesia's relative production advantages over alternate producers, and extending backwards to the lower level producers.

The National Cooperative Business Association (NCBA) and its international trading subsidiary, Cooperative Business International (CBI), with experience in the implementation of both GOI and USAID financed cooperative and private sector development activities, and also in the development of trade and foreign investment programs in Indonesia, will coordinate the foundation's overall management while supervision would be provided by a board of directors representing the foundation's shareholders. Prominent government and private sector leaders would contribute to the foundation through formal advisory roles.

The proposed foundation provides a unique opportunity to initiate a program of revolving capital assistance at a time of increasing budgetary constraints within both governments. Monetization of U.S. surplus commodities in Indonesia has been undertaken by the National Cooperative Business Association without detrimental effects to the domestic food market and resultant funds were subsequently disbursed under strict financial control and direction. In an economy such as Indonesia's where government assumes a strong leadership role with political factors extending deep into business decisionmaking, negotiations on the proposed foundation's establishment have gained official sanction and the initial assistance necessary for its planned enterprise development initiatives.

Aside from a substantial positive policy impact potential, the foundation will be placed in a key new private sector position with long term implications for further U.S. agribusiness sales and technology transfer to go along with its establishment of viable Indonesian export commodities and products as well as the long term employment their production will generate.

Developed by the National Cooperative Business Association



KAMAR DAGANG DAN INDUSTRI INDONESIA
 (INDONESIAN CHAMBER OF COMMERCE & INDUSTRY)
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 Telp. 324000, 324064, 3101885, 3101886, 3101887, Telex 61262 KADIN IA

ADDRESS BY THE PRESIDENT OF THE INDONESIAN CHAMBER OF COMMERCE & INDUSTRY
 AT THE MEETING WITH THE AMERICAN AGRICULTURAL TRADE AND DEVELOPMENT MISSION
 IN GEDUNG CHANDRA, 3RD FLOOR ON THURSDAY MAY 26, 1988 AT 14.30 HOURS

Distinguished Mr. Robert D. Scherer, Mission Leader and prominent Member
 Delegates

Dear fellow Board Member of KADIN Indonesia and Head of Compartments and
 Departments of the Chamber

Distinguished Guests,

It is indeed an honour and privilege to welcome our prominent guests from
 the United States of which I was informed by the Secretary General of our Ministry
 of Agriculture, including the purpose of the visit.

Indonesia has managed to avoid a worse disaster, because of firm government
 counter-measures which include a series of reforms, deregulations and de-
 bureaucratization that help stimulate the private sector, exports and foreign
 investment. Still more reforms are needed and this will come in due course
 of time, according to our government.

The government in January 1987 passed a law on the Indonesian Chamber of
 Commerce and Industry (KADIN) through a Law No.1/1987 and through a Presidential
 Decree No.3/1988 approved the Statutes of KADIN produced by a meeting of Indo-
 nesian National Businessmen held on September 1987.

We are very grateful to the government that approved the important unity of
 the business sector, namely the three agents of economy (state-owned companies,
 co-operatives and private companies) and hoped we could play our respective
 roles as the engine of the national development. These three agents constitute
 partners of the government for communication and consultation and as such
 represented by the whole business community.

- 2 -

As you might have learned we have just since last March 1988 a newly formed Government, which appealed the Indonesian business community strongly to intensify our efforts due to the difficulties and challenges that lie ahead in the years to come in order to keep the momentum of the country's development. *

Our Trade Minister, H.E. Mr. Arifin Siregar had the idea to create a very close co-operation between the government and the business world which might be described as an effort to establish an "Indonesia Incorporated". This had been practised in many other countries, particularly Japan as an economic giant capable of competing successfully in the world market.

The government will continue to enhance the business climate by improving business infrastructure, providing more facilities, with the expectation to boost exports of non-oil/gas products.

Distinguished Guests,

After the newly reshuffled cabinet, most businessmen projected a very stable political situation and expected consistent policies in the various sectors without many fundamental changes.

Other indicators which are causing a bullish mood among investors are the checked inflation rate at only 8,6% in 1987 and projected at only 8% in 1988.

New foreign investments keep rising steadily, while the manufacturing sector is the most attractive, followed by the agricultural sector notably the agribusiness (shrimp, palm oil, maize, garlic, kapok etc) and tourism (hotels, restaurants etc). Indonesia still needs desperately not only capital goods and other producing facilities, but also innovations, know-how and expertise.

So it is obvious that Indonesia emphasizes the growing importance of maintaining a generous co-operative relationship between all nations, including the USA, by exploiting and making use properly of the abundant resources for mutual benefit.

Prospects of investment development under the foreign investment scheme in Indonesia are bright this year. Concerning the United States investments

60

in Indonesia, I am confident that it could be stepped up. Viewed from the amount of investment in Indonesia the United States ranks fourth at present after Japan, Hongkong and West Germany. US investment in this country totaled US\$ 1,245 billion, Japan to the amount of US\$ 5,651 billion, Hongkong US\$ 1,876 billion and West Germany US\$ 1,817 billion.

Foreign investors are protected against expropriation and nationalization here in Indonesia. Beside that, they are guaranteed to transfer abroad of profits, dividend and repatriation of capital. They are also granted an exemption from import duty on capital goods, equipments and raw materials needed for their investment projects. Indonesian has concluded many bilateral Agreements on the promotion and protection of investments with several countries including the USA in 1984. Direct foreign investment in Indonesia is accomplished through a joint-venture between the foreign and Indonesian parties which take the form of an Indonesian limited liability or PT (Perseroan Terbatas).

For a foreign capital investment a permit is valid for 30 years and is extendable for up to another 30 years. Foreign investment projects producing for export, namely those which export at least 35% of their production are given additional incentives, also to projects costing more than US\$ 10 million and projects located in less developed regions, remote from development centres.

Objectively I can assure you, being myself an entrepreneur, Indonesia is still one of the sound places for investments, mainly for those that are oriented to export markets, due to this country's abundant in basic materials and its stable politically and security.

Distinguished Guests,

When I look at the figures of the balance of trade between Indonesia and the United States as compiled by our Central Bureau of Statistics within the last five years (1983-1987) it appeared that the trade balance was always in favour of Indonesia, amounting at the highest figure of US\$ 2,319 billion in 1985, but the peak of the trade volume was in 1984 to the amount of US\$ 7,064 billion.

61

- 4 -

The Indonesian export commodities of non-oil and gas comprises rubber, plywood, coffee, textile, garments, shrimps, tuna fish, handicrafts etc. While our import consisted of machineries, wheat, soya beans, cotton, etc.

The American economy is still developing to that extent that gives greater opportunities to the developing countris, including Indonesia, especially in the form of GSP (Generalized System of Preferences). To enhance our export to the States more access to her market should be opened and lenient tariff and non-tariff barriers be performed. Especially the policy of protectionism still constitutes some problem for our export.

Anyhow those are informative explanations which might be of interest to you and in conclusion I sincerely hope that business contacts could be concluded with your Indonesia counterparts.

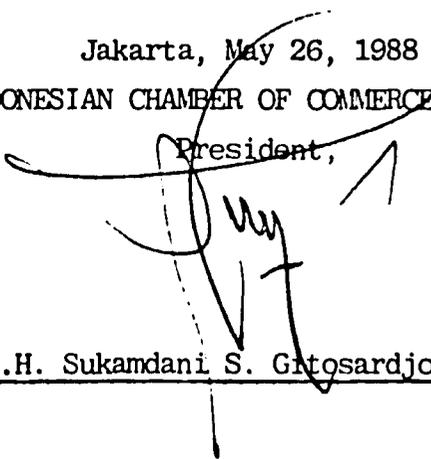
Wishing you a pleasant stay in Jakarta and bringing home a rewarding and fruitful result.

Thank you.

Jakarta, May 26, 1988

THE INDONESIAN CHAMBER OF COMMERCE & INDUSTRY

President,


Dr.H. Sukamdani S. Gitosardjono

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

Indonesia's Development Situation

Indonesia has made substantial economic and social progress over the past twenty years. Between 1965 and 1985, GDP growth averaged 7% per year, while per capita incomes averaged a strong 4.8% growth. By 1985, Indonesia had doubled its rice production to achieve a fragile self-sufficiency in rice, despite a population two-thirds that of the U.S. and an arable land area about the same size as California. It had cut its crude death rate by 25%, its infant mortality rate by 30%, and its child mortality rate by 40%. It increased its calorie supply per capita from 1800 to over 2500 per day and its life expectancy from 44 years to 55 years. It increased its enrollment rates for primary education by 64%, for secondary education by 225% and for higher education by 600%; literacy increased by 130%. It cut its crude birth rate by 25% and its total fertility rate by 31%. It brought the percentage of married women using contraceptives from zero to 40.

Indonesia's macroeconomic performance was also exceptional. GDP growth averaged 7.9% between 1965 and 1980 after averaging 1.8% in the preceding five years. Although GDP growth slowed to 3.5% during 1980-85, it still averaged almost 7% annually over the entire twenty-year period. Per capita incomes averaged a strong 4.8% growth during the same time span.

Although the growth of oil and natural gas contributed significantly to this economic performance, other sectors were also important. Differences in sectoral growth rates, however, resulted in a dramatic restructuring of the economy with agriculture's share falling, while services, manufacturing and mining, construction, and utilities rose. External trade, largely as a result of oil and LNG, also grew rapidly in importance in the 1965-85 period, from 5% to 23% of GDP.

Events of the early 1980s, however, seriously threatened these gains and exposed fundamental weaknesses in the domestic economy. Agricultural growth, critical for the well-being of over 80% of the population, slowed; falling oil prices drastically curtailed government revenues and reduced its ability to invest in new development initiatives; and an aging import substitution industrial strategy prevented the manufacturing sector from growing enough to even partially take up the slack.

67

Behind the urgency to address these problems through economic restructuring lies the employment and incomes problem. Per-capita income in Indonesia was estimated to be below \$400 in 1987 (owing to the 1986 devaluation), a level that puts Indonesia back in the lower income country category. The incidence of poverty (44.6%) and the degree of underemployment (40.8%) in the rural areas are nearly twice those in the urban areas and are a major factor in the rural-urban migration underway today. Over 40% of the population still live below the IBRD-defined poverty line. Future projections are for essentially stagnant real per-capita incomes unless Indonesia vigorously seeks to deregulate the economy. With the population projected to reach 223 million by the year 2000, employment must grow at an average of 2 million jobs annually just to absorb new entrants into the labor force.

The magnitude and complexity of the problem are great. The sheer numbers entering the labor force, the rapidly increasing educational levels and rising aspirations of new labor force entrants, the decline of agriculture as a significant source of new employment, the anticipated concentration of labor force entrants in towns and cities (nearly one-half of the population increase during the 1980s and two-thirds during the 1990s is expected to occur in urban areas), the major uncertainties surrounding future oil production and prices, and the significantly lower growth expected for the economy in general all combine to indicate the growing importance of this problem in Indonesia.

To meet these challenges, the Government of Indonesia (GOI) has introduced a series of significant policy reforms over the last four years. It moved swiftly to realign its currency through major devaluations in 1983 and 1986 in order to curtail imports and stimulate exports; it introduced a progressive tax system, postponed large government-financed capital projects and maintained austere budgets during IFY 86-88; and it has recently placed limits on state enterprise import financing, reformed banking regulations to allow interest rates to move up to market levels, undertaken trade policy reforms, liberalized capital markets, and streamlined ports and customs procedures.

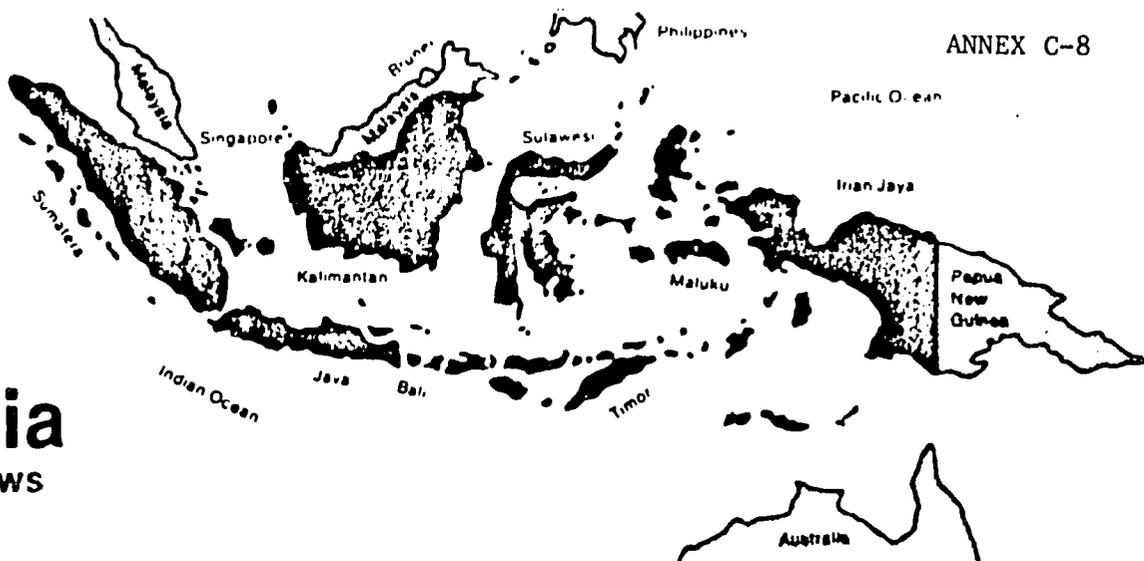
Although these changes are highly impressive, GOI policy-makers recognize that additional measures are needed to ensure continued economic growth at levels sufficient to address the growing requirements for employment. Major issues currently being examined include continued promotion of non-oil exports, mobilization of domestic resources through continuing deregulation of the financial sector, the reorganization or divestiture of public enterprises, and continued implementation of recent tax reforms. Other significant issues include the deregulation of industrial and commercial licensing and import trade policy, expansion of programs focusing on the development of key professional and management skills, and the diversification of agriculture toward secondary cropping and agro-forestry crops.

The GOI, USAID, and most other observers consider the employment/incomes issue to be the overriding socio-political-economic challenge facing Indonesia for at least the next ten years. USAID's present program is structured to meet this challenge and focuses on a unified goal of improving long-term, sustainable employment and income opportunities through means which promote efficiency and productivity in the economy.



Indonesia

News and Views



PRESS RELEASE

March 24, 1988

NEW INDONESIAN CABINET

President Soeharto officially announced last Monday evening, March 21, 1988, the formation of the New Cabinet (the Fifth Development Cabinet) consisting of 21 Ministers, each heading a Department, 3 Coordinating Ministers, 8 State Ministers and 6 Junior Ministers.

Following is the composition of the New Cabinet:

1. Coordinating Minister Sudomo
for Political and Security
Affairs
2. Coordinating Minister Drs. Radius Prawiro
for Economic, Financial
and Industrial Affairs
3. Coordinating Minister Soepardjo Roestam
for People's Welfare
4. Minister for Home Affairs Rudini
5. Minister for Foreign Affairs Ali Alatas
(Former Indonesian Ambassador
to the U.N.)
6. Minister of Defense L.B. Moerdani
and Security
7. Minister of Justice Ismail Saleh
8. Minister of Information Harmoko

66

- 2 -

9. Minister of Finance Prof. Dr. J.B. Sumarlin
10. Minister of Trade Dr. Arifin Siregar
11. Minister of Industry Hartarto
12. Minister of Forestry Hasjrul Harahap
13. Minister of Agriculture Wardoyo
14. Minister of Mining and Energy Ginanjar Kartasasmita
15. Minister of Public Work Radinal Mochtar
16. Minister of Communications Azwar Anas
17. Minister of Cooperatives Bustanil Arifin
18. Minister of Manpower Cosmas Batubara
19. Minister of Transmigration Soegiarto
20. Minister of Tourism, Post Soesilo Soedarman
and Telecommunications (Former Indonesian
Ambassador to the
United States)
21. Minister of Education Prof. Dr. Fuad Hassan
and Culture
22. Minister of Religious Affairs H. Munawir Sjadzali
23. Minister of Health Dr. Adhyatma
24. Minister of Social Affairs Prof. Dr. Haryati Soebadio
25. State Minister/State Secretary Moerdiono
26. State Minister for National Prof. Dr. Saleh Afiff
Development Planning/Chairman of
Bappenas (National Development
Planning Board)
27. State Minister for the Prof. Dr. B.J. Habibie
Assessment and Application
of Technology (BPPT)
28. State Minister for Population Dr. Emil Salim
and the Environment

- 3 -

29. State Minister for Housing Affairs Siswono Yudohusodo
30. State Minister for Youth Affairs and Sports Akbar Tanjung
31. State Minister for the Efficient Utilization of The State Apparatus Sarwono Kusumaatmadja
32. State Minister for Women's Affairs Mrs. A. Sulasikin Murpratomo
33. Junior Minister/ Cabinet Secretary Saadilah Mursjid
34. Junior Minister of Finance Nasrudin Sumintapura
35. Junior Minister of Trade Dr. J. Soedradjad Djiwandono
36. Junior Minister of Industry T. Ariwibowo
37. Junior Minister of Agriculture Dr. Sjarifudin Baharsyah
38. Junior Minister of National Development Planning/ Vice Chairman of the National Development Board/Bappenas) Prof. Dr. B.S. Muljono

Three High Ranking Officials with the rank equal to Minister:

1. Commander in Chief of the Indonesian Armed Forces Gen. Try Soetrisno
2. Attorney General Sukarton Marmosudjono
3. Governor of the Central Bank Prof. Dr. Adrianus Moy

62

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12'

MARKET DEVELOPMENT ACTIVITIES IN INDONESIA

The Foreign Agricultural Service is conducting two market development programs in Indonesia in FY 1988--the Cooperator Program and Targeted Export Assistance (TEA) Program--with a combined approved budget of approximately \$1,071,665, as indicated in the following tables.

COOPERATOR PROGRAM*

Cooperator	: Number of : Activities	: FY 1988 : Approved Budget
American Soybean Association	3	\$ 80,988
Cotton Council International	3	22,500
Holstein-Friesian Association of America	7	95,147
National Assn. of State Depts. of Agriculture	1	327,200
National Association of Swine Records	1	5,025
National Renderers Association	2	26,585
Protein Grain Products International	1	1,920
Rice Council for Market Development	1	32,000
Tobacco Cooperators	1	4,000
USA Poultry and Egg Export Council	1	2,200
U.S. Feed Grains Council	1	12,600
U.S. Meat Export Federation	2	25,600
U.S. Wheat Associates	15	375,900
TOTAL	39	\$1,011,665

TEA PROGRAM

Participant	: Number of : Activities	: FY 1987 : Approved Budget
Mid-America International Agri-Trade Council	1	\$20,000
National Potato Promotion Board	2	40,000
TOTAL	3	\$60,000

There are no Cooperator/TEA Participant offices in Indonesia.

* Administrative expenses not included.