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and Outlook for 1998**

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Working Paper Series Vol. 98-12  
May 1998

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### **Abstract**

Export performance weakened in 1997. The 7.3 percent growth rate of total merchandise exports was below the 9.7 percent growth in the previous year. This decline was largely caused by a nearly one percent drop in the value of oil and gas exports. However, non-oil/gas export growth actually improved to 9.8 percent from 9.0 percent the previous year. In volume terms, Indonesian non-oil/gas exports increased by 12.5 percent in 1997 compared with 1996. Imports actually recorded negative growth (-2.1 percent) in 1997, with non-oil/gas imports falling 4.1 percent. Oil and gas imports rose by 9.1 percent in 1997 and coupled with the decline in oil and gas exports, this reduced the sector's contribution to the 1997 trade surplus. The future growth of non-oil exports is highly uncertain. External demand in Japan and the rest of East Asia has weakened considerably. Among other things, the competitiveness of Indonesian exports depends upon the extent to which the massive nominal depreciation results in real exchange rate depreciation and upon the effect of the real depreciation of the other Asian countries' currencies. An immediate problem in evaluating Indonesian export performance and prospects is the lack of accurate information on the composition, growth and direction of non-oil manufactured exports. The simplification of the export documentation, while useful, has, unfortunately, resulted in a problem in Indonesian export statistics. A solution to this problem is proposed in this working paper.

## **Indonesia: Non-Oil/Gas Export Performance in 1997 and Outlook for 1998**

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### Introduction.

The financial crisis and currency turmoil that began in the second half of 1997 has culminated in an economic crisis characterized by double-digit inflation and unemployment in 1998. High levels of private corporate foreign debt and the excessive depreciation of the rupiah (from 2,500 per U.S. dollar in July 1997 to over 10,000 in May 1998) rendered many companies technically bankrupt. A severe loss of confidence has ravaged the banking sector and this has caused the payments system to come to a near standstill in early 1998. For the third time in a period of six months, a stabilization and reform program supervised by the IMF has been signed. A new cabinet and economic team are now seeking to restore the credibility and confidence necessary to improve the country's credit standing and get the economy moving again. The new President and cabinet are likely to be transitory, however and there is considerable uncertainty regarding the future. Much is contingent upon the political reform process and the prospects for truly democratic elections. In the short-term the economic crisis could intensify.

A key aspect of the stabilization effort is the reduction of the external payments deficit. The wrenching adjustment from a current account deficit to a surplus has been achieved though at the cost of negative economic growth, severe cutbacks in public and private expenditures and price adjustments that have had a serious impact on the living standards of tens of millions of low-income citizens. The performance of external trade is of particular importance in mitigating the severity of the adjustment. In this regard, non-oil exports have a crucial role to play in raising the foreign exchange necessary for the country to purchase imports of necessities such as foodstuff and industrial raw materials and intermediate inputs.

Oil and gas exports have been weakened by worldwide declines in crude petroleum prices, which stood at about \$13 per barrel as of this writing. Indonesia's oil and gas exports declined in value in 1997 compared with 1996 by about 1 percent (Table 1). The outlook

for soft oil prices has been solidified by the economic crisis that has slowed economic growth in Japan, Korea and Southeast Asia. In recent years before the crisis, rising consumption of petroleum in East Asia had become a major source of expansion of world demand. With the slowdown of these economies the outlook for oil prices is rather bearish. Hence, the focus herein is on the performance of non-oil/gas exports.

#### Non-Oil Export Performance in 1997 Compared with 1996: An Overview.

Total exports exceeded \$50 billion for the first time, reaching \$53.4 billion in 1997, an increase of 7.3 percent over the level achieved in 1996. Oil and gas exports dragged down overall export performance during the year however. Non-oil/gas exports in 1997 exceeded the level of 1996 by nearly ten percent and topped \$40 billion for the first time. The share of non-oil/gas in total exports (78 percent) in 1997 was also up compared with 1996 (76 percent). It is expected that manufactured exports would lead the way, given rather stable commodity prices. However, it is not possible to conclude that this is the case from the data provided by the Central Bureau of Statistics to the Ministry of Industry and Trade. The reason is that starting in August of 1997, export shipments of 300 million rupiah or less in value were allowed to use a new simplified document (*Pemberitahuan Ekspor Barang Tertentu* or PEBT) that uses a special HS (harmonized system) code. Before August 1997, export shipments of 100 million rupiah or less could use the simplified documentation, but this amounted to a relatively small amount of non-oil exports up to that month in 1997 (see discussion of Table 3 data below). Beginning in August 1997, PEBT non-oil exports became very large and accounted for about one-third of all non-oil exports in the last five months of 1997. The HS code 98 used by PEBT has a concordance with SITC section 9. The growth of exports in SITC section 9 (Table 1, last row) in 1997 was 7,535 percent over 1996! Attempting to understand the composition of PEBT exports is essential to evaluating the performance of non-oil manufactured exports in 1997. Without taking this factor into account, a highly misleading picture of almost 12 percent negative growth of manufactured exports (traditionally defined as SITC sections 5 through 8) emerges in Table 1. If all Section 9 exports were manufactures, a quite opposite result of almost 14 percent positive growth would emerge (possibly also misleading). This data problem will be returned to below.

One of the most prominent trends in the global economy over the past 4 decades has been the relatively rapid expansion of the volume of world trade compared with world output or income. This trend has been very pronounced in the 1990s, and despite the slowdown

in East Asian trade that began in the second half of 1995 and continued through 1996, world trade volume has continued to expand more rapidly than world GDP. The World Trade Organization (WTO) estimates that world trade volume rose by 9.5 percent in 1997 compared with a 3 percent rise in real world GDP.<sup>1</sup> The growth of world trade volume in 1997 is much higher than in 1996. The currency turmoil in East Asia has reduced the dollar value of exports in 1997, but the volume of exports (or real exports) has continued to expand rapidly.

Indonesia's real non-oil exports rose by 12.5 percent in 1997 (Table 2), a strong performance compared with the 8 percent growth in 1996. The volume growth is still above the world "average" of 9.5 percent for the year. With the massive devaluation of the rupiah since mid-1997, one would expect that volume growth would be substantial in 1998. The possible impact of the devaluation on trade volume and value in 1998 will be considered in the final section of the report.

It is difficult to evaluate the pattern or composition of Indonesia's non-oil exports in 1997 for the reasons given above. A ranking of SITC two-digit exports (Table 3) by value makes the problem clear. SITC section 92 (PEBT items) ranks first at nearly \$6 billion in 1997. While one can be reasonably confident that relative rankings of SITC 63 (wood), 84 (clothing) and 65 (textiles) are likely to remain unchanged as the top three export sectors, one cannot easily evaluate the growth performance of these sectors. Moreover, after the top three items, even ranking by value of remaining items is uncertain. For example, excluding PEBT, footwear (SITC 85) fell from 4<sup>th</sup> in 1996 to 8<sup>th</sup> in 1997, while vegetable oil (SITC 42) rose from 10<sup>th</sup> to 4<sup>th</sup>! A category (SITC 93) of "transaksi khusus" (special transactions) also appears in Table 3 (20<sup>th</sup> in rank in 1997). These items reaching \$529.5 million in 1997 from nil in 1996 are under older versions of PEBT, with lower thresholds than the 300 million rupiah allowed in August 1997. PEBT items under the HS code 980110 are broken down into nine main categories as can be seen in Table 3. For broad export categories such as textiles & clothing, wood, and electronics, the PEBT breakdown allows some adjustments to be made in order to get some idea of the actual export performance of these sectors in 1997. However, the very large amount of exports going out as "others" makes it impossible to be precise about the performance of exports

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<sup>1</sup> The source of this estimate is the WTO, Geneva, cited in various press reports. In 1996 world trade volume grew by only 5.0 percent as is reported in WTO, *Annual Report 1997*, two volumes, Geneva, Table 1.1, vol. 2, p.1.

even with the adjustments, which are made in a later section of this report.

With PEBT so large (\$6,495.3 million in 1997), growth rate calculations become meaningless unless the PEBT items can be properly allocated to specific SITC categories.<sup>2</sup> With existing published statistics it is impossible to do this at meaningful levels of disaggregation (two or three-digit categories). This is unfortunate and may lead to confusion on the part of analysts unfamiliar with the PEBT problem. Standard BPS trade figures will show large declines in some major export items unless adjustments are made. This may lead to a gloomier view of Indonesia's economic situation than is really the case. The lack of clear information on export performance in sectors such as textiles, clothing and footwear may also lead to problems for exporters if agencies and private financial institutions require such information in ascertaining the need for additional trade credit for Indonesian companies.

A ranking of SITC 3-digit exports for 1997 compared with 1996 is presented (Table 4). Again PEBT items both "new" (SITC 921) and "old" (SITC 931) are substantial. The relative ranking of plywood (SITC 634) is unchanged. However, there may be major adjustments in the rankings if PEBT items could be allocated to specific 3-digit items in clothing, textiles, footwear, electronics, forestry, and food products. SITC 894 (toys and sporting goods) which ranked 14<sup>th</sup> in 1996 with exports of \$468.1 million drops out of the picture in 1997. Toys exported as PEBT items under HS category 980110800 were \$43.9 million in 1997 and added to the SITC category inclusive of toys (894) would make that sector rank 38<sup>th</sup> in Table 4 with an export value of \$222.7 million. Hence the rankings in table 4 are likely to have some inaccuracies.

Data problems preclude a detailed analysis of exports by their factor content. It is safe to say that Indonesia's comparative advantage continues to lie in labor-intensive and natural resource-intensive industries (10 3-digit manufacturing categories in Table 4 are labor-intensive, 16 are natural resource-intensive and these tend to be among the higher ranking items). It is very likely the factor content of manufactured exports remains relatively labor and natural resource intensive.<sup>3</sup>

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<sup>2</sup> The figure is the sum of SITC 92 and 93.

<sup>3</sup> Previous trade reports by this author show labor and natural resource intensive exports accounted for 69, 67 and 64 percent of manufactured exports respectively in 1994, 1995 and 1996. See, for example, William E. James, "Indonesia: Non-Oil/Gas Export Performance in

### Patterns of Non-Oil/Gas Imports.

Oil and gas imports rose sharply in 1997, partially offsetting the effect of the decline in non-oil/gas imports on total imports for the year (Table 5). The 9.1 percent rise in oil and gas imports coupled with the negative growth of oil and gas exports, led to a decline in the overall contribution of the oil and gas sector to the trade surplus in 1997. The 2.9 percent drop in total imports for 1997 can be related to the currency turmoil and financial instability that occurred in the latter half of 1997. Imports for the first semester (Jan.-June) were up 0.65 percent in total, so the decline took place in the second half of the year.

Non-oil imports fell by 4.0 percent in 1997, again most of the decline occurred in the later part of the year as there was a decline of only 0.77 percent in the first semester. Part of the decline was in imports of manufactured goods, but most of it was because of declining imports of non-manufactured items. The volume of imports declined by much less than the value in nominal terms as can be seen in Table 6. Real total imports fell by only half a percentage point in 1997 over 1996, with real non-oil imports declining by just 1.6 percent. It should be cautioned that the above figures do not include imports into export processing zones such as Batam Island or into bonded zones and bonded warehouses. No data are available from BPS on the yearly imports that go into the special zones.<sup>4</sup>

A ranking of two-digit SITC imports is provided in Table 7 comparing 1997 and 1996. The first five items are unchanged despite the fact that four of them had negative growth in value for the year. There are some relatively minor changes in the ranking in 1997 compared with 1996. Wheat (SITC 04) dropped four places from 6<sup>th</sup> to 10<sup>th</sup> as import value declined by 45.5 percent. Machinery imports dominate the top positions in the table.

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1996 and Prospects for 1997,” *East Asian Economic Perspectives*, March 1998, pp. 72-101.

<sup>4</sup> Bank Indonesia’s publication, *Indonesian Financial Statistics*, March 1998, has an entry for such imports (“Import through Export Zone”). The numbers for 1997 are lower than in 1996, though the accuracy of the data are questionable (it appears they are off by three decimal places). Observers of Indonesia’s economy consider imports into such zones may be around \$7 billion per year in the past two years.

A more detailed picture of imports at the SITC 3-digit level is presented in Table 8. The largest 3-digit import is telecommunications equipment (SITC 764), followed by specialized industrial machinery (SITC 728), motor vehicles (SITC 784), heating and cooling equipment (SITC 741), and civil engineering plant and equipment (SITC 723). While machinery items are important, some agricultural items that serve as important inputs into sectors such as textiles (cotton), livestock (feed) and food processing (sugar, wheat) are among the top imports. Sharp reductions in cotton imports (-16.5 percent) may be indicative of slowing production in the textile sector.

Seventeen of the top 30 import items in table 8 recorded negative growth in 1997. It is unlikely that the declines in machinery sectors are due to success with import substitution policies. For example, the decline in imports of motor vehicles and parts (SITC 784) is a result of slumping domestic demand for automobiles (sales fell sharply in 1997 compared with 1996). The same can be said for piston engines (SITC 713).

Electrical equipment for generation of electric power (SITC 771) showed strong growth along with some related electrical imports (SITC 772 and 778) reflecting the development of large private power stations. Ship imports (SITC 793) grew by over 55 percent, reflecting the import liberalization that allows Indonesian companies to import used boats.

Imports remain heavily concentrated in technology and capital-intensive items, again reflecting the comparative advantage Indonesia holds in labor-intensive and resource-based industries. For example 24 of the 30 top imports are intensive in either technology (16) or human/physical capital (8). The other six are intensive in natural resources, none in the use of unskilled labor.

The declining trend in imports that gathered momentum in the latter part of 1997 follows a similar pattern to the other Asian economies experiencing financial crises. If imports collapse, however, there could be serious consequences for exports that rely on imported inputs.

#### Tracing the Performance of Exports in Textiles, Clothing, Wood and Electronics.

One of the potentially most misleading statistics in 1997 is the growth performance of textiles and clothing. The Jakarta Post reported on April 10 that textiles and clothing

exports had declined by 19.64 percent in 1997 compared to 1996.<sup>5</sup> However, if one adjusts the amount of exports in SITC categories 65 (textiles) and 84 (clothing) by the amount exported under HS 980110300, exports grew by 13.7 percent (see Table 9). In the first semester of 1997, combined textiles and clothing exports were \$3,327.6 million. With the lion's share of PEBT textiles and clothing exports taking place between August and December, this means that textile and clothing exports as a whole were \$3,975.2 million in the latter half of the year. BPS reports in a separate table that exports of textiles and clothing (adjusted perhaps for the "old PEBT" items) reached \$3,378.2 million in the first semester of 1997, an increase of 10.5 percent over the same period in 1996. This still implies an acceleration of growth took place in the latter half of the year. Given the broadness of the textiles and clothing category in PEBT, it is impossible to comment on the growth performance at a more detailed level. Every item except SITC 656 in Table 9 decreased when PEBT is excluded.

Wood product exports have experienced declining growth in recent years, particularly plywood, with declines in volume taking place. Export growth of wood-based products was negative in 1994 and 1995 and recovered slightly to positive growth in 1996.<sup>6</sup> In 1997, the HS item 980110200 (forestry products) added to the standard wood SITC categories (Table 10) yields a growth rate of only 2.47 percent. The drought brought about by *El Nino* in 1997 hampered wood exports, as logs could not easily be transported downstream in rivers from forest concessions to plywood mills. It appears that even taking into account the PEBT exports in the latter half of 1997, wood export growth decelerated compared with the first half of the year. In 1998, the prospects for wood exports have been enhanced by reforms that have abolished the plywood cartel and have opened up trading opportunities by reducing prohibitive export taxes on logs and lightly processed wood. The reforms may also lead to greatly reduced incidence of illegal smuggling of logs out of the country. The return of normal rainfall will allow rivers to be used to transport logs also enabling exports to expand.

Electronics products are seen as a future source of almost unlimited export opportunity in Indonesia. Indonesian electronics exports have lagged behind all other ASEAN members (except Brunei and new members Myanmar, Laos and Vietnam). Growth in recent years

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<sup>5</sup> "RI's 1997 Exports Up 7.3%, Imports Down 2.9%", *Jakarta Post*, April 20, 1998.

<sup>6</sup> W. James, "Indonesia: Non-Oil/Gas Export Performance in 1996 and Prospects for 1997," *East Asian Economic Perspectives*, March 1998.

has been very strong in a number of electronic items, particularly for consumer items such as radios and sound recorders. However, 1997 appears to have been a bad year for Indonesian electronics. Even when adjusted for PEBT under HS 980110500, export growth was slightly negative in 1997 (table 11). Particularly alarming is that exports appear to have grown very rapidly over the first half of the year (by over 35 percent according to BPS figures), implying that the electronics sector has been one of the most seriously affected sectors, perhaps because of its heavy reliance on imported inputs. A detailed examination of imports into electronics industries would help shed more light on the problems in this sector.

#### Imports in Textile, Clothing and Leather Industries: Problems Ahead?

An attempt is made to examine imports of raw materials, intermediate goods and machinery into the textile, clothing and leather industries (Table 12) and also to assess import competition in final goods for those sectors (Table 13). It is found that imports declined severely in 1997 for raw materials (-16.6 percent), though less so for intermediate inputs (-10.1 percent). The combined decline in imports may indicate a slowing of production in these industries that may impact exports with some lag. The declining imports may also reflect weakening domestic demand, however. Imports of textile and leather working machinery, however, rose by 5.9 percent in 1997. Final goods imports declined by 1.3 percent in 1997, implying weak domestic demand and perhaps, rising import prices relative to domestic products (a direct result of the dramatic devaluation of the rupiah in the latter part of the year). It will be important to monitor closely the performance of the textiles and clothing sectors in exports and imports in 1998 and beyond. These sectors' export performance is crucial to Indonesia's economic recovery.

#### Direction of Trade: Non-Oil/Gas Exports and Imports.

The direction of Indonesia's exports of non-oil/gas products has been heavily oriented towards Japan and the United States, though diversification has increased in recent years. Unfortunately, the direction of exports in 1997 can not be known by using BPS data because PEBT exports are not required to report country of destination, only the immediate port of destination. BPS assumes that port of destination equals country of destination in publishing direction of export statistics. It can be seen immediately in Table 14 that Singapore (ranked 3<sup>rd</sup>) and Hong Kong (ranked 5<sup>th</sup>) are important

destinations for export shipments. It is very unlikely though that they are the final country of destination for much of what is shipped there. Hence, the statistics in Table 14 should be viewed with caution. Japan remains the single largest market, and the stagnation of Japan's economy since the bubble economy burst in 1991 continued in 1997. The negative value growth to Japan masks an increase in export volume.

In order to understand the true picture of the direction of Indonesian exports, trading partners import statistics may be studied. Unfortunately, this is also no panacea because Singapore continues to obscure its trade with Indonesia (imports from Indonesia and exports to Indonesia are not made public by the Singaporean authorities).

Japan, the United States and Germany are the three main import sources for non-oil/gas products, while Korea ranks 4<sup>th</sup> and Thailand 11<sup>th</sup>. Indonesia's imports from both economically troubled countries, along with Japan, fell reflecting the adverse economic circumstances. Imports from Singapore show a huge jump (24.3 percent) in 1997. Imports from the USA and France increased as well. For all other top partners (\$1 billion cut-off, either in 1996 or 1997), imports of non-oil/gas products fell in 1997.

#### Recent Trends in Non-Oil/Gas Exports and Prospects for 1998.

The massive devaluation of the rupiah, which has lost about 80 percent of its value against the U.S. dollar could be expected to give impetus to a new surge of exports and to lead to a contraction in imports. Imports have declined, as one would expect with such a massive devaluation. However, the export surge has not yet materialized when one measures export value in dollar terms. In rupiah terms, of course, the devaluation has increased the nominal rupiah value of exports by a considerable amount. For example, the nominal rupiah value of exports of all goods and services is estimated to have increased by 22.7 percent in 1997 compared with 1996.<sup>7</sup> In 1998, the rupiah value of exports will continue to rise but what counts is whether the dollar value of exports increases. There is some cause for pessimism in viewing the prospects for non-oil/gas exports in 1998.

Concerns about how the financial crisis might affect foreign trade arose in early 1998 as

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<sup>7</sup> Project Link, *Project Link World Outlook: Countries and Regions*, New York: United Nations, March 16, 1998, p. 62.

Indonesian companies found it increasingly difficult to obtain credit with which to purchase imported raw materials and intermediate inputs. The freezing up of the payments system in Indonesia coupled with foreign banks' reluctance to deal with Indonesian banks have prevented Indonesian exporters from opening new letters of credit. The credit squeeze may prevent Indonesian firms from being able to take advantage of the competitiveness gained through the massive devaluation of the rupiah. The recent performance of non-oil exports is reported on in both a quarterly and monthly basis (Table 16). Non-oil export growth accelerated in the third quarter of 1997, but slowed during the fourth quarter of the year. Non-oil exports declined in the fourth quarter of 1997 compared with the third quarter. Growth was healthy in January 1998 but fell to only around 6 percent in February. Moreover, in four of the past five months, non-oil exports have actually declined compared with the previous month—suggesting that the export surge expected as a result of the massive devaluation may be faltering.

Non-oil imports are shrinking with negative year-on-year growth in quarters 2-4 in 1997 and continued negative growth in the first two months of 1998 (Table 17). Year-on year growth in monthly imports has been terrible (-20% in December, -34% in January, -33% in February). The deceleration of imports can be seen in the monthly growth rates (compared with the previous month) in the last column of Table 17. Rumors that firms in critical sectors such as textiles, clothing, and footwear are running low on inventory of imported inputs may have a sound foundation. A detailed decomposition of imports during the first three months of 1998 would help in ascertaining the true situation. It is likely that reduced availability of imported raw materials and intermediate inputs will affect exports with a time lag. Hence, it will be important to monitor closely export trends in key sectors that rely on imported inputs.

The prospects for expansion of non-oil exports in 1998 are thought to be very good with several caveats. First, the free flow of trade depends on the proper functioning of financial institutions and this appears to be a crucial bottleneck in Indonesia. Despite the press announcements of various trade credit programs for Indonesia by Japan, the United States, Singapore and Australia, these are not really new programs and are very difficult for Indonesian companies to access. The lack of coordination of efforts to improve trade finance within the government and among donors is hindering use of the available credit.

The second problem is external. Japan, Korea, Malaysia and Thailand are among Indonesia's most important trading partners and all are experiencing varying degrees of

economic contraction and financing problems. Weak demand in East Asian markets may be offset by growth elsewhere (Europe, North America, South America, and South Asia). However, the competitive devaluation of East Asian currencies, including the Japanese yen, mean Indonesia may face increased competition in export markets from these countries. A crucial determinant of relative competitiveness is the real effective exchange rate (REER) and the extent to which there is real depreciation depends not only upon the extent of nominal depreciation, but on the relative rates of inflation in these countries. Holding the line on inflation while correcting distortions in relative prices is essential to gains in competitiveness from the realignment of the exchange rate.

China has avoided the currency turmoil and has refrained from competitive devaluation thus far. However, China remains a formidable competitor. The China factor looms as a major uncertainty facing Indonesia and other Southeast Asian countries that are trying to export their way out of their current difficulties.

Japan is Indonesia's largest trading partner, and the stagnation of Indonesian exports to Japan since the collapse of the bubble economy in 1991 is apparent. Import data from Japan collected by the author (to be presented in a separate report) shows nominal export growth of only 3.7 percent per annum between 1991-1996, compared with 9.9 percent growth during 1987-1991. There is some evidence that Japan's import demand is becoming more price sensitive, which could help Indonesian exports in future. However, the key determinant of Indonesian export performance in Japan is more likely to be Japanese economic activity as recent estimates of the income elasticity of demand for imports in Japan are in the range of 1.25-1.40. Hence, recovery to growth of 2 percent in Japan could raise import demand by 2.5 –2.8 percent.

The adjustment process involves a shift from a current account deficit to a surplus. The trade balance itself has been in surplus but has been more than offset by deficits in the services and income accounts of the current account in recent years. The trade surplus in 1997 was \$11.8 billion, up from \$6.9 billion in 1996. Moreover, non-oil trade recorded a surplus in 1997 of \$4.1 billion compared with a deficit of \$1.2 billion the previous year. The true size of the trade surplus is probably smaller than BPS numbers suggest since they do not include imports into the special zones as noted in the various tables on imports. The growing imbalance between merchandise exports and imports has had some adverse side effects. Exporters have complained about rising freight rates and a scarcity of containers for their export shipments. The higher costs result from the low volume of

imports relative to exports in making shipments to and from ports in Indonesia. Costs of loading ships by traditional (non-containerized) methods are far higher than use of containers. Hence, arranging for additional containers to meet exporters' needs is a priority facing the MoIT. This type of problem should not be insurmountable, though it may lead to some increases in container charges to meet the imbalance in demand.

Indonesian reforms that relax export restrictions on crude palm oil, logs, and rattan may also spur improved export performance. The CPO export ban was lifted on April 22, 1998 and was replaced by an export tax of 40%. The relatively high tax will still discourage exports, though it is a much more efficient mechanism than the quantitative restriction it replaces. Lifting of the ban and use of the tax should alleviate somewhat the smuggling of CPO, though there has been some confusion in the government over this point. The government apparently imposed a policy of demanding that companies or traders shipping CPO inter-island deposit the equivalent of the export tax as a means of preventing smuggling and this has led to protest from CPO traders. Palm oil plantations are concentrated on Sumatra and refineries are located mainly on Java, hence the tax could disrupt normal production of cooking oil. It is likely that vegetable oil exports in 1998 will be somewhat lower than in 1997. The expected decline in growth this year is a direct result of the ban on CPO exports during the first four months of 1998.

Annually, smugglers are said to ship 100,000 tons of commercial rattan out of Indonesia to rattan furniture makers in the Philippines, Malaysia, Taiwan and China. The lowering of prohibitive export taxes on both logs and rattan will help curtail smuggling and increase officially recorded exports of these products. The government has placed a 40% tax on log exports and initially is limiting the number and amounts of log exports by requiring exporters to register with the government and submit monthly export plans and export realization documents within ten days of shipment of logs. Inter-island shipments of logs and sawn wood are also subject to tax withholding of 30% plus a 10% value-added tax. Easing these restrictions would stimulate increased exports and improve incentives for investment in replanting trees.

Reducing export taxes and restrictions on other agricultural items can also spur improved export performance and raise the incomes of farmer exporters. These reforms should be put in place as soon as possible so that export incentives are improved.

Another problem in export development is the increasing use of anti-dumping by

Indonesia's trade partners. A thorough review of the totality of anti-dumping actions affecting Indonesian companies and exports is beyond the scope of this report. However, it is known that the European Union has used anti-dumping against Indonesian companies in sectors such as textiles, footwear, bicycles, and clothing items. Anti-dumping actions have even begun to affect Indonesian exports within the Association of Southeast Asian Nations (ASEAN), with imposition of anti-dumping duties on paper by Malaysia and the threat of anti-dumping penalties on tinted glass exports to Thailand. Indonesian paper exporters have also been threatened with anti-dumping action in emerging new markets including South Africa. The undisciplined use of anti-dumping procedures, thus is becoming a more serious threat to future export development. The effective mobilization of information to counter the dumping accusations of trading partners requires the cooperation of private companies and government agencies. Provision of accurate statistics on trade, production costs and prices can help to counter accusations based on increases in imports in these partner markets.

With the data problems associated with the PEBT it is difficult to develop any detailed forecasts for non-oil manufactured exports in 1998. Globally, manufactured exports have tended to grow faster in volume and value than total merchandise exports, though in 1996 the value of manufactured exports rose only 3 percent while total exports value increased by 4 percent.<sup>8</sup> The official target for non-oil exports in the last year of the Sixth Five Year Development Plan (Repelita VI) would require a growth rate of 13% in fiscal year 1998/99 compared with the previous year. The fiscal year began on April 1, 1998, but data is not yet available for March 1998, so it is premature to evaluate the prospects for reaching the target of \$49.3 billion by the end of the fiscal year. The growth rate of 13% appears to be rather optimistic. As can be seen from Figure 1, exports of non-oil/gas products are decelerating in recent months, despite the massive devaluation. Imports of non-oil/gas products are collapsing as can be seen from Figure 2. The reduced availability of imports will almost certainly lead to a decline in manufactured exports with a time lag of perhaps 3-4 months as manufactured exports rely heavily on imported inputs.

Existing forecasts are put out by IMF, Project Link and the Pacific Economic Outlook

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<sup>8</sup> See WTO, *Annual Report 1997*, Vol. 2, Table II.1, p.9.

(PEO), however these are for total exports, including oil and gas.<sup>9</sup> The existing forecasts of the IMF and PEO are too optimistic and will no doubt be revised downwards. Project Link forecasts released in March 1998 project Indonesian exports to grow in dollar terms (in current prices) by only 3.3 percent in 1998, while imports are projected to decline by 11.2 percent.<sup>10</sup> Positive growth in non-oil/gas exports of 6-8 percent in current dollar prices is possible in 1998 provided the political situation stabilizes. Financial support from the IMF and other donors will be essential to achieving such an outcome. If the political situation deteriorates, non-oil/gas exports are likely to decline or at best remain stagnant.

### Conclusion and Recommendations.

The immediate problem is to attempt to improve 1997 non-oil export data by making adjustments based on the allocation of PEBT exports to SITC categories. An effort to adjust 1997 trade data to obtain better estimates by three-digit SITC categories is possible. Two alternative approaches are possible. One is to collect trading partners import data and to reconstruct estimates of export performance accordingly. Trade statistics for Japan, Korea, Taiwan, the United States, Australia and the EU for 1997 can be examined, as they become available. This will take some time to accomplish. Therefore, another alternative is suggested.

One may use BPS (Biro Pusat Statistik) data on company exports to re-estimate exports by SITC three-digit categories using a concordance with the HS codes. Accomplishing this will depend upon the cooperation of BPS using highly sensitive information. The exercise to improve 1997 trade data will probably have to be followed by a similar exercise on 1998 data. In the meantime it is recommended that the PEBT document be revised to include a standard nine-digit HS code (rather than the special HS 98 code) and also to include intended destination rather than just the port of immediate destination.

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<sup>9</sup> IMF, *World Economic Outlook 1998*, was not available at the time this paper was written. The Pacific Economic Outlook has forecast negative growth for Asian import volume in 1998, but revised forecasts for Indonesian exports were not available as of the writing of this report.

<sup>10</sup> *Project Link World Outlook: Countries and Regions*, March 16, 1998, Project Link, United Nations, Department of Economic and Social Affairs, p.62.

These changes should not be too difficult for exporters to comply with. Another problem is the lack of accurate information on the amount of imports into the special zones. Obtaining realistic estimates of such imports would also help clarify the trade situation overall. The improvement in trade statistics will be helpful in monitoring the adjustment process, the impact of the reforms, and will allow investors to make judgements on the basis of more accurate information than exists at present.

Figure 1: Indonesian Non-Oil/Gas Exports, Monthly Data(U.S. \$ millions)

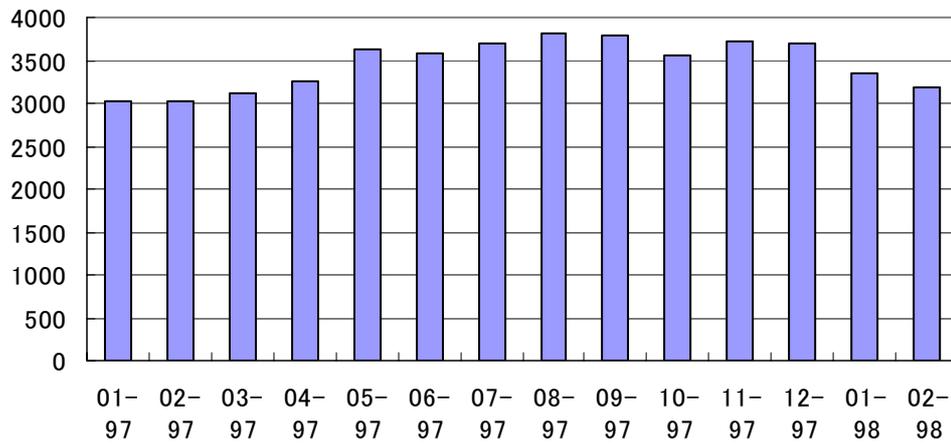


Figure 2: Indonesian Non-Oil/Gas Imports, Monthly Data(U.S. \$ millions)

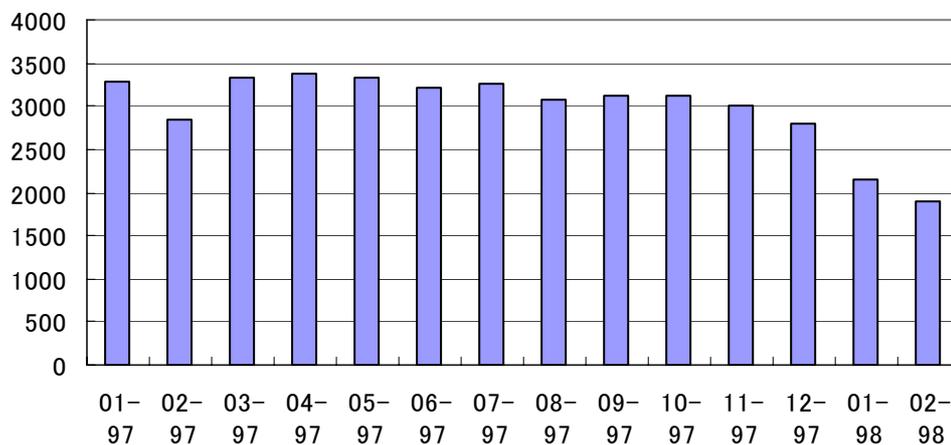


Table 1: Indonesia's Export Performance in 1997 Compared with 1996

ITEM (FOB)	1996 (U.S. \$ millions, in current prices)	1997	Growth (%)
Total Exports	49,815	53,444	7.3
Oil & Gas Exports	11,721	11,622	-0.9
Non-Oil/Gas Exports	38,093	41,821	9.8
Manufactures, sitc 5-8	26,208	23,144	-11.7
Manufactures, sitc 5-9	26,296	29,863	13.6
sitc 9	88	6,719	7535.2

Source: BPS, Buletin Ringkas, March 1997 and 1998, Agency for Research and Development, Ministry of Industry and Trade.

Table 2: Real Versus Nominal Exports and Export Growth of Indonesia, 1996 and 1997.

Item	1996 (FOB)	1997 (in millions of U.S. \$)	Growth (%)
Nominal Total Exports	49,815	53,444	7.3
Real Total Exports*	46,383	50,996	9.9
Nominal Non-Oil/Gas Exports	38,093	41,821	9.8
Real Non-Oil/Gas Exports*	35,468	39,906	12.5

Source: BPS, Buletin Ringkas, March 1997 and 1998, Agency for Research and Development, Ministry of Industry and Trade.

\* The deflator is the U.S. import price index, 1990=100.0 from IMF, IFS, Yearbook 1997.

Table 3: 1997 Non-Oil/Gas Export Performance Ranked by Value (SITC 2-digits)  
(\$200.0 million minimum value)

SITC No.	Description (FOB)	1997 (\$ U.S. mil.)	1996 (\$ U.S. mil.)	Rank 1997	Rank 1996
92	PEBT items	5,965.8	0.0	1	not applicable
63	wood & cork manufactures	4,454.8	4,843.0	2	1
84	clothing	2,903.5	3,591.5	3	2
65	textiles	2,254.7	2,834.1	4	3
42	vegetable oils & fats	2,196.0	1,343.7	5	10
76	telecommunications eq.	1,752.8	2,067.1	6	5
28	metal ores & by-products	1,737.5	2,035.2	7	6
group 03	fish & shrimp	1,619.4	1,676.8	8	8
85	footwear	1,531.0	2,195.1	9	4
23	crude rubber	1,501.4	1,922.8	10	7
32	coal	1,491.4	1,123.6	11	12
group 07	coffee, tea, cocoa, spices	1,285.3	1,275.8	12	11
89	miscellaneous manufactures	1,247.1	1,549.7	13	9
77	electrical machinery	1,073.2	1,075.5	14	13
64	paper & paperboard	925.9	942.1	15	15
75	office machines & computers	919.8	800.0	16	16
82	furniture	758.7	952.0	17	14
68	non-ferrous metals	653.3	665.1	18	17
51	organic chemicals	645.0	505.0	19	18
93	special transactions	529.5	0.0	20	not applicable
25	pulp & waste paper	489.8	431.8	21	20
69	metal manufactures	476.0	432.3	22	19
57	plastics in primary form	334.1	313.0	23	26
88	photographic & optical eq.	330.3	243.7	24	29
67	iron & steel	327.8	335.2	25	24
78	road vehicles	324.8	348.2	26	23
56	fertilizers	311.2	269.6	27	28
66	non-metallic minerals	303.9	407.9	28	21
24	wood, lumber & cork	279.1	326.0	29	25
62	rubber manufactures	269.1	298.9	30	27
12	tobacco	245.8	219.5	31	32
group 05	fruits & vegetables	245.2	369.8	32	22
97	monetary gold	224.0	88.0	33	not applicable

Source: BPS, Buletin Ringkas, March 1997 and 1998, Agency for Research and Development, Ministry of Industry and Trade.

Memo item: PEBT Exports in 1997 by HS category

HS number	Description	97 Value (U.S. \$ mil.)
98-100	agricultural products	402.1
98-200	forestry products	905.7
98-300	textiles & clothing	2,144.50
98-400	handicrafts	84.5
98-500	electronics	305.6
98-600	leather products	82.4
98-700	rubber products	131.0
98-800	toys	43.9
98-900	others	1,866.0
	total	5,695.80

Note: HS code is abbreviated from 980110100, etc.

Table 4: Indonesian Export Performance in 1997 Vs. 1996, SITC 3-Digits Ranked by Value  
(Excluding Oil & Gas)

Rank 1997	Description	SITC No.	1997 Value (US \$ mil.)	Rank 1996	1996 Value (US \$ mil.)
1	PEBT items	921	5,965.8	not applicable	not applicable
2	plywood	634	3,742.8	1	3,991.5
3	vegetable oil	422	2,174.8	5	1,338.3
4	footwear	851	1,531.0	2	2,195.1
5	crude rubber	231	1,498.8	3	1,920.1
6	copper ore	283	1,497.3	4	1,747.7
7	coal	321	1,484.8	8	1,120.8
8	shrimps	group 036	1,045.9	9	1,063.6
9	men's coats, not knit	841	878.2	7	1,131.6
10	women's coats, not knit	842	858.7	10	958.9
11	woven synthetic fabrics	653	854.0	6	1,150.6
12	sound recorders	763	803.7	14	837.2
13	textile yarn	651	763.3	12	912.0
14	furniture	821	758.7	11	952.0
15	paper & paperboard	641	714.8	17	694.0
16	wood manufactures, nes	635	711.8	13	851.4
17	jewelry	897	701.4	19	526.7
18	telecommunications equip.	764	629.7	16	724.0
19	office machinery and parts	759	619.3	27	357.1
20	articles of apparel, nes	845	578.2	15	759.3
21	coffee	group 071	529.7	18	605.9
22	special transactions	931	529.4	not applicable	not applicable
23	pulp & waste paper	251	489.8	23	431.8
24	fish, fresh & frozen	group 034	430.5	24	424.8
25	electrical machinery	778	412.5	21	465.6
26	cocoa	group 072	407.7	26	365.3
27	fertilizer	562	311.2	33	269.6
28	articles of aluminum	684	303.4	29	302.2
29	woven cotton fabrics	652	299.1	28	346.1
30	articles of tin	687	274.5	31	276.1
31	automatic data process equip.	752	264.6	25	403.2
32	radios	762	254.4	22	460.8
33	spices	group 075	246.4	not applicable	112.5
34	wood, simply worked	248	242.6	30	279.7
35	men's coats, knit	843	237.7	32	272.2
36	rubber tires	625	232.7	36	247.2
37	monetary gold	971	224.0	not applicable	87.8
38	polycarbons	513	222.5	not applicable	155.1
39	therminonic cathodes	776	220.7	39	220.4
40	nickel ore	284	210.3	34	260.2
41	construction materials	691	204.0	not applicable	69.0
42	optical & photographic equip.	881	203.7	not applicable	124.0
43	nitrogen compounds, fungicides	514	203.2	not applicable	166.1

Source: Ministry of Industry and Trade, Research & Development Department, BPS, Bulletin Ringkas, March 1997 and 1998.

Minimum value is \$200.0 million in 1997.

Table 5: Indonesia's Import Performance in 1997 Compared with 1996

ITEM	(CIF)	1996 (U.S. \$ millions in current prices)	1997	% Growth
Total Imports		42,929	41,680	-2.9
Oil & Gas Imports		3,596	3,924	9.1
Non-Oil/Gas Imports		39,333	37,756	-4.0
Manuf. Imports (SITC 5-8)		31,524	31,301	-0.7
Manuf. Imports (SITC 5-9)		31,525	31,305	-0.7

Source: BPS, Buletin Ringkas, March 1997 and 1998.

Imports into special zones, bonded warehouses and bonded zones are not included in the above.

Table 6: Real Versus Nominal Imports and Import Growth in Indonesia, 1996 and 1997

ITEM	(CIF)	1996 (U.S. \$ millions)	1997	% Growth
Nominal Total Imports		42,929	41,680	-2.9
Real Total Imports*		39,971	39,771	-0.5
Nominal Non-Oil/Gas Imports		39,287	37,666	-4.1
Real Non-Oil/Gas Imports*		36,623	36,027	-1.6

Source: BPS, Buletin Ringkas, March 1997 and 1998.

\* The deflator is the U.S. import price index (1990=100.0) from IMF, IFS, 1997 Yearbook.

Imports into special zones, bonded zones and bonded warehouses are not included in the above.

Table 7: Indonesian Non-Oil/Gas Import Performance in 1997 Vs. 1996, SITC 2-Digits Ranked by Value  
(\$200.0 million minimum value)

Rank '97	Description	SITC No. (CIF)	97 Value (U.S. \$ mil.)	Rank '96	96 Value (US \$ mil.)	% Change
1	specialized industrial machinery	72	4,278.2	1	4,471.4	-4.3
2	general industrial machinery	74	3,381.1	2	3,293.3	2.7
3	road motor vehicles	78	2,592.9	3	2,673.5	-3.0
4	iron and steel	67	2,239.5	4	2,333.8	-4.0
5	organic chemicals	51	2,222.7	5	2,225.4	-0.1
6	electrical machinery & apparatus	77	2,160.4	8	1,890.6	14.3
7	power generating equipment	71	1,877.0	7	1,968.6	-4.7
8	telecommunications equipment	76	1,778.8	9	1,766.2	0.7
9	textile yarns, fabrics & products	65	1,152.2	11	1,265.6	-9.0
10	wheat	group 04	1,097.3	6	1,995.0	-45.0
11	textile fibres & wastes	26	1,054.4	10	1,283.9	-17.9
12	metal manufactures nes	69	984.1	14	832.8	18.2
13	plastic, primary form	57	958.9	12	1,049.8	-8.7
14	non-ferrous metal	68	824.8	13	904.9	-8.9
15	chemical products nes	59	767.6	15	808.3	-5.0
16	other transportation equipment	79	636.1	19	533.9	19.1
17	pulp and paper	25	616.5	16	704.5	-12.5
18	dyeing, tanning & coloring mats.	53	534.6	22	512.1	4.4
19	metal working machinery	73	515.2	18	598.3	-13.9
20	inorganic chemicals	52	504.9	20	527.1	-4.2
21	sugar, molasses, & honey	group 06	464.2	21	514.2	-9.7
22	non-metallc mineral manufs.	66	447.8	23	485.9	-7.8
23	miscellaneous manufactures	89	426.1	25	428.9	-0.7
24	precision instruments	87	405.9	24	483.6	-16.1
25	ferrous metal scrap & waste	28	361.7	26	409.9	-11.8
26	office machinery & computers	75	353.0	29	301.7	17.0
27	paper & paperboard	64	345.3	30	293.1	17.8
28	oil seeds, nuts & kernels	22	329.9	27	383.4	-14.0
29	fertilizers and minerals, crude	27	309.7	28	343.9	-9.9
30	essential oils & perfume mats	55	283.3	33	259.1	9.3
31	fruits and vegetables	group 05	274.6	34	249.2	10.2
32	medicines & pharmaceuticals	54	262.6	32	265.2	-1.0
33	leather and leather products nes	61	251.5	31	292.8	-14.1
34	photographic & optical apparatus	88	221.1	38	198.6	11.3
35	fertilizers, manufactured	56	220.5	35	214.9	2.6
36	rubber manufactures nes	62	210.1	39	193.2	8.7
37	tobacco & tobacco manufs	12	206.5	41	181.4	13.8

Source: BPS, Buletin Ringkas, March 1997 and 1998.

Note: all figures are in current prices. Imports into special zones, bonded zones and bonded warehouses are excluded.

Table 8: Indonesian Import Performance in 1997 Compared with 1996, SITC 3-Digits Ranked by Value (Top 30 Items)  
(Excluding Oil & Gas)

Rank '97	Description	SITC No. (CIF)	97 value (US \$ mil.)	Rank '96	96 value (US \$ mil.)	% Change
1	telecoms equip. & parts	764	1,707	1	1,724	-1.0
2	industrial mach., specialized	728	1,593	2	1,639	-2.8
3	motor vehicle parts & access.	784	1,297	3	1,360	-3.9
4	heating & cooling equipment	741	857	6	944	-9.2
5	civil engineering plant	723	831	7	838	-0.8
6	cotton	263	819	5	981	-16.5
7	textile & leather working mach.	724	784	8	740	5.9
8	wheat	group 041	777	4	1,050	-26.0
9	Hydrocarbons, nes & derivatives	511	729	17	545	33.8
10	piston engines	713	725	10	727	-0.3
11	motorcycles, scooters & others	785	646	12	640	0.9
12	pulp & paper waste	251	616	11	705	-12.6
13	feedstuff for animals	group 081	611	13	603	1.3
14	paper & pulp mill machinery	725	595	8	807	-26.3
15	mechanical handling equipment	744	592	15	557	6.3
16	elec equip for circuit makers &	772	588	22	477	23.3
17	pumps, compressors, fans,	743	522	19	530	-1.5
18	iron & steel tubes & pipes	679	505	16	545	-7.3
19	flat rolled product, not clad	673	503	14	566	-11.1
20	electrical mach. & parts, nes	778	484	25	428	13.1
21	other plastics in primary forms	575	482	20	522	-7.7
22	sugar, molasses & honey	group 061	454	21	506	-10.3
23	steel & iron ingots	672	445	28	396	12.4
24	carboxylic acids	513	409	18	538	-24.0
25	miscellaneous chemicals, nes	598	392	24	442	-11.3
26	water pumps	742	391	not applicable	300	30.3
27	articles of aluminum	684	383	not applicable	337	13.6
28	ships	793	380	not applicable	244	55.7
29	electric power generators	771	374	not applicable	242	54.5
30	alcohol, pheno-alcohols	512	367	not applicable	331	10.9

Source: BPS, Buletin Ringkas, March 1997 and 1998, Agency for Research and Development, Ministry of Industry and Trade.

Table 9: Textiles and Clothing Exports in 1997 Compared with 1996 (SITC 3-Digits)

SITC No.	Description	96 Value (FOB)	97 Value (U.S. \$ millions, in current prices)	% Change
Textile Products:				
	651 yarn	912.03	763.34	
	652 woven cotton fabrics	346.13	299.11	
	653 woven synthetic fabrics	1,150.59	854.01	
	654 other woven fabrics	7.32	6.61	
	655 knitted fabrics	38.51	29.74	
	656 tulle, lace, etc.	46.02	50.99	
	657 special yarns & fabrics	114.93	107.91	
	658 made up articles of textiles	194.91	125.07	
	659 textile floor coverings	23.68	17.97	
	sub-total	2,834.12	2,254.75	
Clothing Products:				
	841 men's coats, not knitted	1,131.58	878.21	
	842 women's coats, not knitted	958.91	858.65	
	843 men's coats, knitted	272.25	237.70	
	844 women's coats, knitted	237.30	171.08	
	845 articles of apparel, nes	759.29	578.23	
	846 accessories of fabric	94.63	61.02	
	848 accessories not of fabric	137.51	118.62	
	sub-total	3,591.47	2,903.51	
HS	980110300	0	2,144.54	
	Total	6,425.59	7,302.80	13.7

Source: BPS, Buletin Ringkas, March 1997 and 1998, Agency for Research and Development, Ministry of Industry and Trade.

Table 10: Wood-Based Exports in 1997 Compared with 1996 (SITC 3-Digits)

SITC No.	Description	96 Value (FOB)	97 Value (U.S. \$ millions, in current prices)	% Change
Unprocessed Wood:				
244	cork, natural & waste	0.03	0.07	
245	fuel wood & wood charcoal	38.10	31.84	
246	wood chips & particles	8.12	4.52	
247	wood, rough or roughly squared	0.00	0.04	
248	wood simply worked	279.74	242.63	
	sub-total	325.99	279.1	
Processed Wood:				
633	cork manufactures	0.15	0.17	
634	plywood, veneers	3,991.45	3,742.79	
635	wood manufactures, nes	851.36	711.82	
	sub-total	4,842.96	4,454.78	
Furniture:				
	821 furniture	951.96	758.71	
HS	980110200	0	779.71	
Total:		6,120.91	6,271.98	2.47

Source: BPS, Buletin Ringkas, March 1997 and 1998, Agency for Research and Development, Ministry of Industry and Trade.

Table 11: Electronic Product Exports in 1997 Compared with 1996 (SITC 3-Digits)

SITC No.	Description	(FOB)	96 Value (U.S. \$ million, in current prices)	97 Value	% Change
Consumer electronics:					
761	televisions		45.15	64.88	
762	radios		460.75	254.45	
763	sound recorders		837.18	803.72	
764	telecommunications equipment		724.04	629.74	
	sub-total:		2,067.12	1,752.79	
Electrical machinery:					
771	electric power generators		109.34	114.76	
772	elec equipment for making & breaking circuits		117.18	106.01	
773	electrical conducting equipment		143.99	183.49	
774	electrical apparatus		0.22	5.53	
775	heating & cooling equipment		18.76	30.20	
776	thermionic cathodes		220.39	220.75	
778	elec machinery & parts, nes		465.60	412.48	
	sub-total		1,075.48	1,073.22	
HS	980110500		0	305.64	
Total:			3,142.60	3,131.65	-0.03

Source: BPS, Buletin Ringkas, March 1997 and 1998, Agency for Research and Development, Ministry of Industry and Trade.

Table 12: Imports of Textile, Clothing and Leather Industries (SITC 3-Digits)

SITC No.	Description	96 Value (CIF)	97 Value (U.S. \$ millions, in current prices)	%change
Raw Materials:				
211	hides & skins, raw	19.09	13.53	
212	furskins, raw	0.03	0.01	
261	silk	0.77	0.06	
263	cotton	980.58	818.83	
264	jute fibres	1.76	2.79	
265	vegetable textile fibres	0.68	0.80	
266	synthetic fibres for spinning	206.92	181.97	
267	other synthetic fibres & waste	37.31	18.79	
268	wool	23.73	22.16	
	sub-total:	1,270.87	1,058.94	-16.68
Intermediate Inputs:				
532	dyeing & tanning extracts	11.20	12.27	
611	leather	286.46	246.39	
613	furskins, tanned	0.75	0.90	
652	woven cotton fabrics	138.94	146.84	
653	synthetic woven fabrics	186.53	177.02	
654	other woven fabrics	30.11	27.32	
655	knit fabrics	194.01	152.45	
656	tulle, lace, ribbons, embroidery	60.44	57.26	
657	special yarns & fabrics	359.22	318.76	
	sub-total	1,267.76	1,139.21	-10.14
Sub-total of raw & intermediates		2,538.63	2,198.15	-13.41
Machinery:				
724	textile & leather working mach.	740.38	783.84	5.87
Total:		3,279.01	2,981.99	-9.06

Source: BPS, Buletin Ringkas, March 1997 and 1998. The above excludes imports into special zones, bonded warehouses and bonded zones.

Table 13: Final Goods Imports in Textile, Clothing, Leather and Footwear Industries (SITC 3-Digit

SITC No.	Description (CIF)	96 Value (U.S. \$ millions, in current prices)	97 Value	% Change
612	leather manufactures	5.61	4.26	
658	made up articles of textiles	13.59	9.99	
831	travel goods	1.46	1.54	
841	men's coats, not knit	1.87	3.16	
842	women's coats, not knit	2.11	2.75	
843	men's coats, knit	1.89	0.54	
844	women's coats, knit	0.54	0.65	
845	articles of apparel, nes	3.87	4.86	
846	clothing accessories of textiles	6.45	5.99	
848	accessories for apparel	10.86	17.45	
851	footwear	125.76	120.48	
Total:		174.01	171.67	-1.34

Source: BPS, Buletin Ringkas, March 1997 and 1998.

Table 14: Direction of Trade of Non-Oil/Gas Exports in 1997 Compared with 1996  
(Minimum value of \$1,000.0 million, either year)

97 Rank	Major Trading Partner (FOB)	96 Value (U.S. \$ millions, in current prices)	97 Value (U.S. \$ millions, in current prices)	97 share (%)	Growth (%)
1	Japan	7,018.9	6,939.7	16.59	-1.13
2	United States	6,278.3	6,701.5	16.02	6.74
3	Singapore	3,832.7	4,823.6	11.53	25.85
4	Netherlands	1,655.5	1,839.6	4.40	11.12
5	Hong Kong	1,605.8	1,778.8	4.25	10.77
6	Germany	1,487.1	1,465.7	3.50	-1.44
7	Malaysia	1,088.9	1,323.6	3.16	21.55
8	China	988.8	1,313.9	3.14	32.88
9	Korea	1,494.3	1,272.3	3.04	-14.86
10	Taiwan	1,067.3	1,249.5	2.99	17.07
11	United Kingdom	1,192.9	1,238.1	2.96	3.79

Note: PEBT items were allocated by port of destination rather than ultimate country or territory of destination.

Source: BPS, Buletin Ringkas, March 1998.

Table 15: Direction of Trade of Non-Oil/Gas Imports in 1997 Compared with 1996  
(minimum value of \$1,000.0 million, either year)

97 Rank	Major Trading Partner (CIF)	96 Value (U.S. \$ millions, in current prices)	97 Value (U.S. \$ millions, in current prices)	97 Share (%)	Growth (%)
1	Japan	8,484.2	8,233.2	21.80	-2.97
2	United States	4,984.5	5,387.3	14.27	8.08
3	Germany	2,997.9	2,624.8	6.95	-12.45
4	Korea	2,395.9	2,259.2	5.98	-5.71
5	Singapore	1,566.3	1,933.9	5.12	24.26
6	Taiwan	1,655.7	1,576.3	4.17	-4.80
7	China	1,366.5	1,328.2	3.52	-2.80
8	United Kingdom	1,115.7	1,081.8	2.87	-3.04
9	France	994.9	1,007.8	2.67	1.30
10	Italy	1,180.6	903.7	2.39	-23.45
11	Thailand	1,095.2	850.6	2.25	-22.33

Source: BPS, Bulletin Ringkas, March 1998.

Imports into special zones, bonded zones and bonded warehouses are excluded.

Table 16: Recent Trends in Non-Oil/Gas Exports in Indonesia, Quarterly and Monthly Data

Period (FOB)	96 Value (U.S. \$ mil. In current prices)	97 Value (U.S. \$ mil. In current prices)	% Change Year on Year	% Change Previous Period
<b>Quarter</b>				
I	8,462.3	9,151.3	8.14	-9.81
II	9,953.2	10,410.9	8.52	13.76
III	9,890.6	11,261.7	13.86	8.17
IV	10,146.9	10,997.2	8.38	-2.35
<b>Month</b>				
10-96/97	3,337.0	3,564.4	6.81	-5.96
11-96/97	3,357.1	3,731.3	11.15	4.68
12-96/97	3,452.8	3,701.5	7.20	-0.80
01-97/98	3,020.2	3,344.4	10.73	-9.64
02-97/98	3,017.8	3,195.8 P	5.90	-4.44
03-97/98				

P=preliminary estimates

Source: BPS, Buletin Ringkas, various issues, 1997 and 1998, Agency for Research and Development, Ministry of Industry and Trade.

Table 17: Recent Trends in Non-Oil/Gas Imports, Quarterly and Monthly Data

Period	96 Value (CIF)	97 Value (U.S. \$ millions, in current prices)	% Change Year on Year	%Change Previous Period
<b>Quarter</b>				
I	8,703.1	9,459.7	8.69	-4.13
II	10,823.0	9,915.4	-8.38	4.82
III	9,939.8	9,463.2	-4.79	-4.56
IV	9,867.2	8,917.4	-9.63	-5.77
<b>Month</b>				
10-96/97	3,191.4	3,121.0	-2.21	-0.03
11-96/97	3,183.9	3,008.6	-5.51	-3.60
12-96/97	3,491.8	2,787.8	-20.16	-7.34
01-97/98	3,285.4	2,152.9	-34.47	-22.77
02-97/98	2,833.2	1,900.4 P	-32.92	-11.73
03-97/98				

P=preliminary estimates

Source: BPS, Buletin Ringkas, various issues, 1997 and 1998, Agency for Research and Development, Ministry of Industry and Trade.

Note: Imports into special zones, bonded warehouses and bonded zones are not included.