

**The Impact of the Balance of Payments and  
Financial Crises on Indonesia's Foreign Trade and  
Economic Performance**

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## **The Impact of the Balance of Payments and Financial Crises on Indonesia's Foreign Trade and Economic Performance**

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### **Abstract**

Indonesia, Korea and Thailand were the Asian countries most seriously affected by the financial and balance of payments crises that began in Thailand in July 1997. This study examines the impact of the "twin crises" on international trade and trade-related economic activity with a focus on non-oil/gas imports and exports in the case of Indonesia in the period of 1997 to mid-year 1999. The severe currency depreciation did result in a real depreciation and a change in relative prices of tradable to non-tradable goods and services in the case of Indonesia. The resulting rise in net exports in the current account (measured in US dollars) was mainly the result of import compression not export expansion. The volume of exports expanded, however, weak international prices in US dollar terms meant that the value of merchandise exports declined. The evidence suggests that export recovery could occur if prices rebound. Imports of food for household consumption actually increased in 1998 compared with 1997. Moreover, import compression did not affect all sectors equally. Textiles and apparel were able to maintain imports and exports at close to pre-crisis levels. Electrical machinery exports also fell by a smaller amount than one would have expected, given the dependence on imported components. Changes in the direction of trade were also fairly significant and will require future research to understand fully.

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# **The Impact of the Balance of Payments and Financial Crises on Indonesia's Foreign Trade and Economic Performance**

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## Introduction

The purpose of this study is to examine the impact of the currency and financial crisis on Indonesia's international trade and trade-related economic performance. The focus is on trade-related economic activity and indicators, particularly on non-oil/gas exports and imports in the period of 1997, 1998 and early 1999. A summary of Indonesia's balance of payments in recent years, including the first three quarters of 1998, reveals the severity of the adjustment that has taken place in shifting from a deficit on current account to a surplus (Table 1).<sup>1</sup> Within a period of one year, Indonesia went from a current account deficit of nearly \$5 billion (1997) to a surplus of an estimated \$3 billion (1998).

The depreciation of the Indonesian rupiah in 1997 and 1998 went further than did that of the other Asian countries. Taking June 1997 as a benchmark, the nominal depreciation of the rupiah against the US dollar reached 80% in mid-1998 (Toida 1999, Bank Indonesia 1999). Although recovering somewhat over the remaining months of 1998 and again in mid-1999, the rupiah was still down nearly 70% from the benchmark in May 1999.<sup>2</sup> In countries experiencing a twin currency and financial crisis, it is noted

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<sup>1</sup> A similar adjustment process has taken place in Korea and Thailand, as is reported in Bank of Korea (1999) and Bank of Thailand (1999). In both cases, data for the full year 1998 are available, with Korea running a current account surplus of over \$40 billion and Thailand of over \$14 billion.

<sup>2</sup> The extent of the decline of the rupiah cannot be explained by "fundamentals" alone. Indonesia was the victim of contagion effects, panic (loss of confidence) and huge political uncertainties. It is not my purpose to evaluate the causes of the currency crisis or the banking crisis, rather it is to begin to examine the impact of the crisis on the trade sector of the real economy.

that the combination of massive currency depreciation and high domestic interest rates may lead to a vicious cycle that aggravates the severity of the banking sector's woes (Kamininsky and Reinhart 1999). This appears to be taking place in Indonesia and this has implications for the analysis of the impact of the crisis on international trade and trade-related economic activity. The massive currency depreciation and continued large fluctuations in the rupiah-US dollar exchange rate (the rupiah fell by 10% against the dollar during one week in August 1999) defy conventional economic models of exchange rate behavior. The volatility in the exchange rate and the massive depreciation are far beyond what any reasonable model would have predicted, even allowing for "overshooting" of the equilibrium. The assumptions made in standard models that purport to explain the response of the real economy to changes in the relative price of tradable and non-tradable goods and services do not apply to present circumstances in Indonesia or the other crisis-ridden Asian economies.

The depreciation of the rupiah also undoubtedly contributed to the sharp rise in the cost-of-living as measured by the consumer price index (CPI). According to data based on a sample in 44 cities, one in each province, the CPI grew by 77.6% in 1998. This rampant increase in prices is thought to have impacted the poor, particularly those poor households in urban areas the hardest (Levinsohn, Berry and Friedman 1999). The households that suffered job losses in urban areas may have been particularly adversely affected by the cost-of-living increases. Import prices have surged as a result of the depreciation and have no doubt contributed to the general cost-of-living increase. However, it is also important to recognize that other factors have also been at work

including a serious drought that reduced agricultural production. Imports of essential commodities may in fact have mitigated the rise in the cost-of-living.

The high inflation in 1998 has subsided. Even accounting for the effects of inflation and nominal wage increases in response to the inflation, it is apparent that there has been a substantial real depreciation of the rupiah. This is reflected in price data. Wholesale prices of export commodities excluding oil and gas rose by 181.6% by the end of 1998 compared with 1997 (BPS, March 1999). Wholesale prices of import commodities rose by 130% in 1998. In contrast, the general wholesale price index rose by 101.8% in 1998. This index does not include prices of most services only of commodities. The prices of non-traded services such as office rentals, insurance, infrastructure and public transportation did not rise as much as wholesale prices of commodities. As an example, wholesale prices of construction materials rose by “only” 68.1% in 1998, reflecting depressed conditions in the construction industry.

#### Economic Analysis and Currency Depreciation: A Brief Review

In the original framework developed by Salter (1959) the devaluation of the exchange rate (the rise in the relative price of tradables to non-tradables) is modeled in the case of a small open economy. Within the Salter framework the demand and supply responses to a devaluation (expenditure-switching policy) and a contraction in domestic absorption (expenditure-reducing policy) are shown to lead to a shift in resources from production of non-tradables to tradables and a switch in consumption from tradables to non-tradables. The depreciation cum expenditure reduction enables a country to reduce a current account deficit because the relative price change encourages greater production of both exportable and import-competing goods and services while reducing home demand

for both import-competing items and exportables. Production is expected to shift in favor of tradables, because they have become relatively more profitable to produce. The model provides one of the important intellectual underpinnings for IMF structural adjustment programs. The approach implies the economy smoothly moves to a new equilibrium and maintains full employment all the while. The Salter model rejects the view of export pessimists and assumes the relevant supply and demand elasticity values will satisfy the requirement for a devaluation to lead a country's net exports to rise. Admittedly, in the short-run goods in transit and under contract have already been purchased so their prices cannot be immediately changed, thus devaluation may lead to a temporary lowering of net exports. This J-curve phenomenon has been infrequently observed, however, in actual cases of small developing economies undergoing currency devaluation (Cooper 1971 and Bahmani-Oskooee and Malixi 1992).

The Salter model is based on assumptions of fixed exchange rates and absence of capital mobility, hence, it is not well-suited to the analysis of a depreciation in the exchange rate in an economy that is also experiencing financial sector problems and capital flight. A rather different approach such as Krugman (1979) in which a speculative attack forces a small open economy to abandon a fixed exchange rate and to adopt a floating exchange rate may be more relevant. Furthermore, numerous studies have modeled the possible negative growth effects of a currency devaluation (e.g., Krugman and Taylor 1978, van Wijnbergen 1986). These models hold that even if a country can rely on a devaluation to raise net exports, it does so at the cost of a lower level of economic activity caused by higher costs of imported investment and intermediate goods. Further, if there is low substitutability in production between

imported inputs and primary factors of production the possibility that devaluation will reduce real output increases.

In the present context of flexible exchange rates, studies of discrete currency devaluation may provide some insights, but are not sufficient to analyze currency fluctuations of the magnitude occurring in the Asian crisis economies. The very large fluctuations in nominal exchange rates coupled with the uncertainty in the financial markets may have consequences that make the restoration of stability and growth more difficult than implied by existing models.

One can readily envision difficulties in shifting resources from non-tradable to tradable sectors, particularly when the depreciation coincides with a banking crisis. The run on banks and other financial institutions may lead to paralysis in the financial markets. A collapse of credit may impede operation of industrial capacity, as firms may be unable to obtain working capital. If producers of non-traded goods rely on imported intermediate inputs, they will be forced to reduce output as a result of the currency collapse and rising import prices. Imports of investment goods will also become more costly in real terms for producers of non-tradables. Very high interest rates that result from the effort to stabilize the currency may aggravate the problems in the banking sector and further choke off investment demand. Even if producers of tradables would like to increase capacity, in practice they may face difficulties because of high rates of interest and inability to obtain credit to pay for imported capital and intermediate goods. This coupled with a fall in the level of investment in the non-traded goods sector implies an overall reduction in investment demand. Yotopoulos (1996) models a case where devaluation creates an excess supply of non-tradables, resulting in a type of low-level

equilibrium trap. The emergence of unemployed resources—a contractionary devaluation—has also been documented in previous empirical studies (Cooper 1971, Branson 1986, Edwards 1989, and Agenor 1991). Agenor argues that an anticipated depreciation of the real exchange rate reduces output, but the opposite holds for an unanticipated depreciation.

The implosion of effective demand brought about by depreciation may result in recession and unemployment rather than an improved balance of payments with continuous full employment. Lack of effective demand coupled with the “putty-clay” model of capital, means that an excess supply of labor can emerge even when the domestic real-wage rate is in equilibrium (Power 1973).<sup>3</sup> Machinery idled in one sector (with resulting lay-offs of production workers) cannot be used in other sectors in the short-run. Hence, unemployment may exist even if there is no distortion of real wages.

The emergence of short-run unemployment or underemployment in Indonesia (and elsewhere in the region) is one of the serious social consequences of the twin crisis. Economic activity measured by real GDP growth slowed in 1997 and became sharply negative in 1998. Another manifestation of the wrenching situation that is captured in recent trade statistics is the compression of imports.

### An Overview of Recent Economic Performance

Real GDP (constant 1993 prices) growth fell from over 7% in 1996 to under 5% in 1997 and became negative (-13.2%) in 1998 (BPS 1999). Private consumption expenditures (-3.3%) and government consumption expenditures (-15.4%) declined in

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<sup>3</sup> Phelps (1962) is quoted in Jones (1975): “. . . only new capital is putty. Before their installation, machines can be designed to utilize any desired amount of labour. But once the putty takes shape, it turns to hard baked clay.” In other words, the capital cannot be transformed from one use or industry to another in the short-run.



1998 compared with 1997 levels. Gross fixed capital formation (-35.6%) collapsed in 1998. Net exports of goods and services went from being negative (equivalent to -4.3% of GDP) in 1997 to becoming slightly positive (equal to 0.6% of GDP) in 1998. This change in the overall balance of trade (measured in constant 1993 rupiah) thus helped to moderate the decline in overall real GDP and GDP growth.

The composition of real GDP by industrial origin (Table 2) has changed in 1998 compared with 1997. The severest contractions have occurred in construction (-39.74%), quarrying (-39.67%) and banking (-37.45%). Sectors showing the greatest expansion are non-oil/gas mining (21.11%), non-food crops (5.96%), electricity (5.08%), communications (4.83%) and fisheries (4.08%). It is disappointing that non-oil/gas manufacturing contracted more rapidly than overall GDP (-14.48% vs. -13.68%). However, assuming that agriculture (including all sub-sectors), mining (not quarrying) and manufacturing constitute tradables, whereas construction, utilities, quarrying and all services constitute non-tradables, the balance of economic activity shifted towards tradables in 1998 compared with 1997. The share of tradables as defined above in GDP rose from 47.15% in 1997 to 51.12% in 1998. This shift in relative size is consistent with a real depreciation, even though the depreciation was contractionary. Data on employment is not recent enough to evaluate whether labor shifted into tradables. It is known that there have been massive layoffs in many industries and services, with construction and banking being the hardest hit. However, it is not known with any precision to where the displaced labor has moved. That will be a topic for future research once data become available.

Isolating the impact of the depreciation of the rupiah on Indonesia's trade and trade-related economic performance is beyond the scope of this study. First of all, the time frame is not sufficient in duration to do a proper evaluation. Secondly, separation of the impact of one key variable in a situation where several important variables are operating interdependently is not a particularly useful exercise. Finally, virtually all the data being examined are preliminary or very preliminary. Hence, this is more of an exercise in attempting to identify any empirical regularities and to provide the basis for comparison with the other trade-oriented countries that have been hit hardest by the Asian crisis (i.e., Thailand, Korea, and Malaysia). Trade data relevant to an evaluation of the impact of the crisis is readily available. The close association between trade and investment and between these key variables and economic growth has been the focus of recent empirical studies. Frankel and Romer (1999, 394) conclude: "Trade appears to raise income by spurring the accumulation of physical and human capital and by increasing output for given levels of capital." Hence, a decline in the amount of trade is expected to be associated with reduced accumulation and income per capita.

#### An Overview of Indonesian Trade: Merchandise Exports and Imports

Merchandise exports fell in value (current US\$) in 1998 by 8.6% compared with 1997 on a calendar year basis. The decline is caused by a combination of very weak petroleum and liquefied natural gas (LNG) prices in international markets coupled with a decline in export volume. It is estimated that the volume of oil & gas exports declined by 5%, while unit prices fell by over 32% in 1998 compared with 1997. The share of oil & gas in merchandise exports declined to just 16.1% in 1998 from 21.8% in 1997. The collapse of oil prices to a low of less than \$10 per barrel in 1998 reflects a response to

rising global supply (Iraq has been able to resume exports) and a contraction in demand in Asia. Members of the Organization of Petroleum Exporting Countries (OPEC) have exceeded their export quotas and non-members have also expanded supplies. We will concentrate the remaining discussion on non-oil/gas trade.

#### Non-Oil/Gas Export Performance in 1998

In a previous study (James 1998a) the prospects for non-oil/gas exports in 1998 were seen as highly uncertain and the official target of 13% growth was seen as overly optimistic. The expectation that exporters would have difficulty despite the massive depreciation of the rupiah was based on the following:

1. Although the rupiah depreciation would encourage an increase in the volume of non-oil/gas exports, export prices in dollars appeared to be weak.
2. Demand in major markets in Asia, particularly Japan, was declining with the deepening recession.
3. Import compression, observed in the latter months of 1997 and early 1998, threatened exports that relied on imported raw materials, intermediates and capital goods.
4. Exporters of footwear and other manufactured products were having difficulty obtaining credit for working capital, imported components and export insurance.
5. Freight rates were being increased as shipping companies sought to make up for losses resulting from rising imbalances between outward and inward cargo shipments.

The concerns were justified. The volume of trade throughput in Indonesia's main seaports and airports has fallen considerably in 1998 compared with 1997. In particular, the volume of international cargo being unloaded (corresponding to imports) has fallen

precipitously at both seaports and airports. In contrast the volume of cargo being loaded (corresponding to exports) has increased by over 20% (Table 3). The imbalance between outward and inward movements of cargo created temporary shortages of containers. Although that problem was resolved, the arrival of half-full vessels has reduced shipping companies' profits and has led them to increase freight charges. An over 20% decline in the volume of domestic trade (which is only slightly less than international trade) has also occurred in 1998 as measured by the volume of domestic cargo throughput in major seaports and airports (BPS, March 1999).

Non-oil/gas exports declined in value in 1998 compared with 1997 by 2% (Table 4). This decline represents the first setback to non-oil/gas exports since the advent of deregulation in 1986. In part, the decline reflects the poor performance in the minerals sector where export volume fell by 1.5% and the current dollar value of exports fell by 13%. These data contrast with the relatively good production performance of non-oil/gas mining (Table 2). However, the decline in export volume (in tons) is accounted for almost entirely by the collapse of exports of granite. Other mineral product export volume, including copper ore and concentrates, nickel, coal, and bauxite increased in 1998 over 1997. Hence, the reduction in the value of mineral exports is almost entirely due to reduced international prices.

Agricultural exports rose by almost 12% over 1997 in current dollar value. Export volume of agricultural commodities was up by over 64%. Hence, although prices were weak in dollar terms, exports still rose in value. However, agricultural products account for less than 8% of overall merchandise exports.

The overall performance of manufactured exports certainly deteriorated in 1998 compared with 1997—alternative growth estimates of minus 4.2 or plus 1.1 percent are the extreme negative and positive values (Table 4) in current prices. The problem of pinning down the true performance of Indonesian manufactured exports arises from the very large amount of exports in the SITC 9 or HS 98 (PEBT) category (see James 1998b for an elaboration).

The real value of merchandise exports (including oil & gas) declined by 2.75% in 1998 compared to 1997, largely the result of a reduced volume of petroleum and LNG exports (Table 5). The real value of non-oil/gas exports increased by 1.58% in 1998. Thus, it can be established that the negative growth of non-oil/gas exports (Table 4) in current prices is likely to be a result of the decline in the international prices of Indonesia's exports rather than a decline in the volume of export shipments. A finer decomposition of real export performance is limited by the problem of the allocation of PEBT exports to certain sectors. An effort is made to overcome this problem below. However, even if one can allocated most PEBT exports to particular sectors, over \$2,337.6 million in current dollar non-oil exports are in a residual "others" category in 1998 compared with \$1,866.0 million in 1997. Hence, 17.5% of non-oil/gas exports cannot be allocated with any precision. This makes it difficult to evaluate growth or contraction in any particular non-oil/gas export category, either in nominal or in real terms.

Data on the pattern of non-oil/gas exports at the SITC 2-digit level, with PEBT (SITC 92) items reported separately, is ranked by nominal dollar value in 1998 (Table 6). The same is done at the 3-digit SITC level (Table 7). Indonesia's comparative advantage

in non-oil/gas exports lies in goods the production of which makes intensive use of semi-skilled labor and natural resource inputs. This can be seen in the rankings of leading export commodities at the SITC 2-digit or 3-digit level. Vegetable oil exports (SITC 42 or 422) were sharply reduced (ignoring PEBT) in 1998 compared with 1997. A cause of this drop was the imposition of a ban on exports of palm oil in December 1997 that lasted into 1998, but was eventually replaced with a variable levy on exports. This policy sought to reduce the inflation in cooking oil prices and was partially successful (Marks, Larson and Pomeroy 1998). Cooking oil is considered one of nine essential commodities by the government and accounts for about 4% of the consumption expenditures of poor households (poorest quintile).

Unfortunately, because of a lack of recent information on production inputs into export commodities it is not possible to accurately classify the factor intensities. Using OECD classifications would be misleading. For example, for most electrical machinery produced in Indonesia, value-added is likely to be mainly in the form of labor inputs in simple assembly and packaging rather than in production of components. Hence, it would be misleading to classify these exports as human capital or technology intensive as is done in OECD countries. In addition there is the problem of allocating PEBT items. Hence, we confine our factor intensity analysis to the composition of imports.

#### Non-Oil/Gas Imports: Import Compression Accelerates

The collapse of imports began in late 1997 and worsened in 1998, with the nominal dollar value of merchandise imports declining by over one-third (Table 8). Oil & gas imports in current dollars contracted by nearly as much as total imports in 1998. Manufactured imports, which had been about level in 1997, declined precipitously in

1998. Import compression in terms of volume declines in the amount of real imports was severe in 1998 (Table 9).

Imports of non/oil gas products are disaggregated and ranked by 1998 current dollar value at the SITC 2-digit and 3-digit levels (Tables 10 and 11). The factor intensity of non-oil/gas imports may be summarized from Table 7. In 1998, over 54% of the imports covered in Table 10 are technology-intensive goods, 22% are natural resource-intensive, 17% are human-capital intensive and only 6% are labor-intensive. The result of larger natural resource-intensive imports in 1998 is largely due to the drought-related problem that led to a huge increase in rice imports (wheat imports actually declined somewhat in 1998 compared with 1997). The decline in imports is across the board, though manufacturing sectors such as transportation equipment and telecommunications equipment were particularly affected.

Imports are classified into broad economic categories: consumer goods, raw materials and intermediate goods, and capital goods (Table 12). The data reveal that there was a much more severe contraction in imports of capital goods, raw materials and intermediate goods than of consumer goods. Imports of food for household consumption rose by 38.5% year on year. This reflects the efforts of donors and the government to maintain food supplies in the face of the economic crisis and the drought that adversely affected rice production. For consumer items other than food, however, imports fell very sharply. On the basis of these data, one can surmise that food imports had the highest priority compared with any other category of imports. Overall food and beverage imports still fell by 8.9% in 1998 compared with 1997, but much of this reduction was a result of lower demand for income elastic food and beverage products. Imports of rice were

drastically increased in 1998, so that overall cereal imports also expanded despite a drop in the importation of wheat.

The economic crisis brought about a collapse in demand for passenger cars (classified as capital goods) and other transport equipment used by households. The sharp decline in imports of capital goods excluding transport equipment reflects the fall in private investment demand. The compression of imports of raw materials and intermediate inputs for industry except for processed food and beverages is also apparent. These indicators reflect the severity of the economic crisis and the overall decline in production, particularly in manufacturing. The decline in capital goods imports will have a lagged negative effect on the growth of non-oil/gas manufactured exports, if past experience is any guide (James 1997). The capacity of manufacturers to expand production (and exports) in the near-term is sufficient to permit a recovery of exports to pre-crisis levels. However, once the capacity is reached, new investment (and expanded imports of capital equipment) will be vital to sustaining export growth. In order to speed this process, it will be essential to maintain open policies towards investors and to move forward with trade liberalization. Tariffs have been reduced to zero on many machinery items that are used in export-oriented manufacturing (e.g., textile machinery) but remain rather high on intermediate inputs and final goods (between 20-30%).

Imports into the export processing zone in Batam Island and bonded zones are excluded from the data presented in Tables 8 through 12. Bank Indonesia (March 1999) reports that imports into Batam Island and the bonded zones fell from \$7,485 million in 1997 to \$6,372 million in 1998 (a decline of about 15%).



In the section analyzing key export industries that follows, there will be additional discussion of import compression at the industry level.

#### Evaluation of Export Performance in Major Industries

*Textiles & Apparel.* An attempt is made to estimate the value of exports of textile and apparel (including PEBT) in 1998 compared with 1997. It is notable that even not taking into account PEBT items, exports of textile products grew by nearly 5% (Table 13). Exports of textile yarn and woven synthetic fabrics (the two largest categories of exports among textiles) expanded enough to offset declines in less important categories including woven cotton fabrics. Apparel products, however, performed less well, with growth exclusive of PEBT items of -9.4%. Of the major clothing exports (excluding PEBT), only SITC 841 had positive growth. As PEBT textile and apparel items are estimated to have increased by nearly 6% in 1998, overall exports in textiles and apparel very nearly were maintained at the 1997 level despite the economic crisis. It is possible that overall production and employment in textiles and apparel were maintained more closely to levels preceding the crisis than in other industries. However, it is to be noted that production of yarn and synthetic fiber is less labor-intensive than is production of apparel. Hence, it is premature to come to any conclusions regarding the overall level of employment in these industries based on these preliminary estimates. Import trends in textiles and apparel may provide some additional insight into the performance of exports in these sectors.

The imports of raw materials, intermediate inputs and capital goods used in the textiles and apparel sector (although not exclusively) declined in 1998 (Table 14). Cotton is by far the most important imported raw material and imports declined by about 6.7% in

1998. All raw materials used in textiles and apparel fell by about 5.7%. Intermediate inputs (-11%) and capital goods imports (-6.7%) fell by slightly more. However, these declines were far less serious than for many other sectors and suggest that textiles and apparel remain relatively healthy despite the crisis. It is notable that imports of final apparel, textile and leather products declined by a little over 24% (Table 15). Most of these items face relatively high tariffs (15-30%). The decline in imports reflects weak consumer demand. The weakness in consumer demand possibly led producers to concentrate more on export markets in 1998. Hence, exports remained near pre-crisis levels.

*Wood Products.* Wood products have been among the most important of Indonesia's non-oil/gas exports. However, in recent years there has been a significant falling off of exports of plywood and veneers, by far the most important single non-oil manufactured export at the SITC 2 or 3-digit level (Tables 6 and 7). In 1998, it appears wood products continued to experience negative growth, even when one takes into account all forestry products exported under PEBT. The continued collapse of plywood exports in 1998 appears to be principally due to lower international prices. The volume of plywood exports actually increased (by 4.5%) over 1997 and although this is below 1996 export volume, it indicates that potential for recovery of exports in value terms is possible if prices improve. Wood products are not import-intensive and, if domestic supplies of raw materials are sufficient, should be among the earliest export sectors to recover from the impact of the crisis once external demand improves. The doubling of PEBT exports in 1998 to over \$1.5 billion (Table 16), makes it hazardous to speculate about the actual performance of other manufactured wood products such as wood

furniture. The prospects of this sector could improve with a rationalization of policies to ensure greater incentives to replant trees and to harvest logs on the basis of highest valued uses. The prohibitive export taxes on logs and simply worked timber have discouraged both replanting and efficient allocation of the raw material. A breaking up of the vertical integration between plywood mills and forest concessions would encourage a greater role for market forces to determine the allocation of these increasingly scarce resources. Increased public awareness of the performance of forest concessionaires would also tend to strengthen pressure for effective enforcement of environmental regulations and replanting requirements.

*Electronics.* Electrical machinery has been one of the fastest growing export sectors in recent years. The sector is heavily dependent upon imported components and therefore is likely to be particularly vulnerable to the impact of the crisis. Electronic and electrical machinery exports excluding PEBT fell in 1998 compared with 1997, by over 22% in the case of consumer electronic products and by about 4% for electrical machinery. However, including PEBT the decline was a little under 10% (Table 17). By far the most important export in value terms in 1997 is sound recorders (SITC 762). However, exports contracted by nearly 40% in 1998, leaving telecommunications equipment and parts (SITC 764) as the largest item (exclusive of PEBT). It is interesting to note that imports of SITC 764 (Table 11 above) were among the most savaged import items. The decline in imports had less impact on exports in telecommunications equipment than one would expect. It appears that the brunt of the import reduction was related to the decline domestic demand rather than export production, as exports fell by less than 3% (exclusive of PEBT). Moreover, it is also interesting that electrical

machinery exports fell by so little. The presence of affiliates of multinational corporations with access to strong international marketing networks and imported components from multinational parents may be a possible explanation. Unlike auto companies, electronic firms are outward-oriented and are granted only modest tariff protection. Further research may shed additional light on the performance of the electrical machinery industry.

*Rubber.* Rubber-based products have traditionally been a major export item. The decline in natural rubber is purely due to reduced international prices as the volume of rubber exports rose by over 19% in 1998 compared with 1997. The decline in natural rubber exports accounts for most of the decline in overall rubber-based exports in 1998 (Table 18). Again, this implies that a rebound in commodity prices will allow exports to recover quickly in these sectors.

*Footwear & Leather.* Footwear and leather products are another labor-intensive export that underwent booming conditions in the early to mid-nineties. Footwear exports apparently declined in 1998 (Table 19), a setback to a sector that had performed relatively well up until 1996. Given the large amount of unclassified items in PEBT, it is difficult to make a definitive statement based on these data alone. However, discussion with a member of the Footwear Exporters' Association in May 1998 revealed that footwear exporters were having difficulty in financing imported components and in obtaining export insurance. The financial position of footwear manufacturers may have been an underlying reason for declining export performance in 1998.

*Toys.* Exports of toys and related items appear to have fallen by over 12% in 1998 even when including PEBT items (Table 20). These miscellaneous manufactured

goods are generally labor-intensive but also require imported inputs. One problem is that Indonesia has maintained high tariffs of 25% on children's toys and games and on many items of sporting goods. The development of exports has been a secondary concern to producers who have enjoyed a protected local market where demand was booming until the crisis struck. Reducing tariffs on these items would encourage producers to seek to cut costs and gear production more towards export markets.

#### Direction of Trade: Impact of the Asian Crisis

*Non-Oil/Gas Exports.* The impact of the East Asian economic crisis on the direction of non-oil/gas exports is not simple. As one would expect, there has been a sharp decline in exports to slumping economies such as Japan and Korea. In fact, Japan has, until 1998, been the largest single national market for Indonesia's non-oil/gas exports (Table 21). The sharp drop of non-oil/gas exports to Japan (-23.1%) and Korea (-17.5%) contrasts with the relatively good performance in Singapore (11%) and China (10.7%). However, non-oil/gas exports fell by 16.8% in the Philippines. In the case of Taiwan there was a small increase of about 3%. Non-oil/gas exports also grew by 4.8% to Hong Kong despite its recession. And in the case of Thailand, such exports grew by over 31% in 1998. What explains the sharp rise in exports to Thailand? One possibility is that substitution of imports from high quality and cost to low cost and quality is taking place. For example, Thai consumers may be switching from high quality European products to cheaper items from nearby sources of supply. A parallel study of Thailand's trade response to the crisis will attempt to analyze this issue further.

In looking at trade with major regions, there are also some interesting developments. Non-oil/gas exports to ASEAN member countries rose by over 7% and

the share rose by almost 2 percentage points (Table 21 bottom panel). Despite tariff preferences, intra-ASEAN trade remains smaller than trade with four Northeast Asian economies: Hong Kong, Japan, Korea and Taiwan. However, in 1998 there was a sharp decline in the share going to the four. Unfortunately, information on detailed commodity trade flows with partners is not yet available. Another interesting contrast is between the EU and NAFTA. In the former there was a decline in non-oil/gas exports. In the case of NAFTA, growth was minimal, despite the robust US economy. It is likely that much of the non-oil/gas exports to Singapore are not consumed there but are transshipped to other markets, including the USA. Hence, the growth of non-oil/gas exports to NAFTA is probably underestimated. Singapore does not publish statistics on trade involving Indonesia, thus, it is not easy to reconcile differences in trade estimates provided by Indonesia and its trade partners in North America.

*Non-Oil/Gas Imports.* Import compression in Indonesia resulted in negative import growth in 1998 in the case of almost every major trading partner (Table 22). The exception is Vietnam and this is probably because of the drought-induced rise in Indonesia's demand for imported rice. In the case of Thailand, imports fell by relatively little, again probably because of rice imports.

Imports of non-oil/gas products fell most sharply in the case of India, followed by Sweden, Japan, Italy, Malaysia, France and Brazil (all over -40%). It is not yet clear why imports from these locations fell by the greatest amount. For example, why did imports from Germany fall by only 10% but those from some other EU members fall by a much greater percent? Again, one suspects that the substitution of cheaper, lower quality and nearby imported goods for expensive, high quality and distant items is occurring.

However, this explanation would seem in conflict with the sharp drop in imports from India. Hence, until detailed commodity trade statistics by partner become available it is difficult to arrive at any conclusions.

Examination of imports of non-oil/gas products by major region reveals that import compression was lower for imports from ASEAN than from EU, NAFTA or NE Asia. In the latter case, despite geographic proximity, imports fell by the greatest amount. This may be because of the concentration of imports in intermediate components, machinery and capital goods—sectors that have been hit hard by the crisis.

#### Recent Trends in Non-Oil/Gas Exports and Imports

Monthly reports on exports and imports in 1999 have been used to compile tables on the performance of non-oil/gas exports and imports during the first six months of 1999. Non-oil/gas exports continued to decline (year-on-year) during this period by 12.8%. However, it appears that the bottom was hit in early 1999, with the level of non-oil/gas exports improving by almost 16% in the second quarter compared with the first (Table 23).

Non-oil/gas imports show a similar pattern to exports, with growth in the second quarter over the first quarter of 1999 reaching 10% (Table 24). The sharp decline in both non-oil/gas exports (-22%) and imports (-16%) in June 1999 probably reflects the fact the country was in the midst of its first free election campaign in many years. The surplus in non-oil gas trade is slightly lower in the first half of 1999 (\$7,683.2 million) than 1998 (\$8,660.5 million).

*Are there signs of recovery?* GDP data released for the first quarter of 1999 are positive, indicating that the recovery is beginning. There are several other positive signs

including the strengthening of the rupiah following the election to the 6,500 level, falling interest rates and rising stock prices. However, the rupiah's rally ended with the Bank Bali fiasco and the currency had fallen to around 7,650 per US dollar in late August. Hence, with the continuing political uncertainty (the new President and Vice-President have yet to be selected) it is too early to confirm that a sustained recovery is underway. Boediono (1999: 1) points out in a recent speech, the recovery in oil prices is bolstering oil and gas exports in 1999 compared with 1998, however, non-oil exports remain weak.

*External Problems Threatening the Recovery.* The recovery of non-oil/gas exports is an essential condition for a sustained recovery. This does not necessarily mean a return to the booming growth of the pre-crisis period. However, it is true that a return to positive economic growth for a prolonged period will require a rising level of exports to support debt servicing and to allow investment to recover. In this context it is worth mentioning external problems that may hinder a rebound in exports. The first problem is the increasing tendency of countries to make use of antidumping as a remedy to surging imports. Indonesian exports have been threatened by antidumping duties in recent years in the EU, North America and Australia (Trewin and Bosworth, 1999). However, it is also true that antidumping actions have been instigated within ASEAN as well. This tendency threatens almost any export that begins to gain market share. Hence, greater discipline over use of antidumping is clearly in Indonesia's interest. In addition to the antidumping problem, other types of hidden protection are increasing. In particular, use of restrictive rules of origin in preferential trading arrangements is an issue that has not been adequately addressed by the multilateral trading system. A recent study of NAFTA rules of origin governing trade in textiles and apparel reveals that trade diversion from



Indonesia and other East Asian textile exporters has taken place on a large scale (James and Umemoto 1999). There is as of yet almost no control over the use of rules of origin at the multilateral level. These rules may be used for purposes of commercial policy rather than simply to designate country or territory of origin.

### Conclusions

The preliminary nature of the data and the problems that arise in attempting to allocate exports to broad industry categories because of the large amount of exports in the PEBT category caution me from making any strong conclusions regarding differences about export performance at the industry level. However, it is clear that several important export sectors aside from oil and gas were adversely affected by low international commodity prices. There is also some evidence that key export sectors in manufacturing including textiles and apparel, wood, and electrical machinery have good potential on the supply side to resume growth in the short-term. These sectors have either avoided the severe import compression affecting many other sectors or have resilience due to the presence of multinational enterprises. In the case of wood products, a recovery of international prices associated with a broader recovery of domestic housing demand could help exports return to pre-crisis levels. However, the domestic supply of raw material in wood-based industries may not be sustainable at present levels.

The collapse of imports of capital goods is clearly linked to the fall in investment demand in the private sector. The existence of excess capacity will allow for some growth to take place without much new investment. However, a stagnation of capital goods imports may constrain growth of non-oil exports after a year or so.

It is encouraging that Indonesia has continued to implement tariff reform and to remain open to foreign investment. There is still much to be done to reduce barriers to both international and domestic trade in Indonesia. Indonesia also needs to work hard to maintain and improve its market access in the international markets. Threats to market access in the forms of contingent protection need to be urgently addressed in this context.

It is too early to proclaim that Indonesia is on a “V-shaped” recovery path. It is recognized that all major parties are committed to the continuation of current policies of openness and structural reform. However, implementing effective policies and making the institutional reforms necessary will be difficult. The in-coming government will need to work with skill and determination if the recovery is to be sustained.

Indonesia’s experience since the twin financial and currency crises of 1997 reveals that net exports have responded positively to the massive real depreciation. The depreciation coupled with the financial crisis has been contractionary in nature. The rise in net exports has been accomplished through import compression rather than expansion of exports. The increase in net exports has shifted the current account from deficit to surplus within a very short time period. The pattern of imports indicates that priority has been given to imports of food for household consumption. Import compression has been widespread, but in the case of textiles and apparel, imports have been maintained at close to pre-crisis levels. This has helped to maintain textile and apparel exports. For many commodity exports, the decline in dollar value is caused by low international prices (in foreign currency) as the volume of exports has risen. Hence, recovery in exports is likely to be enhanced if prices begin to rise. Sectors that are fairly open and that have foreign

ownership in the form of affiliates of multinationals such as electrical machinery may also be less affected by the crises.

Further studies of the impact of the twin crises on trade-related economic activity in the other economies most afflicted would help clarify some of the issues raised in the present study.

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Table 1. Balance of Payments Summary: Indonesia (US\$ millions, current prices)

|                                      | 1995      | 1996      | 1997      | 1998 1/   | 1998-I   | 1998-II  | 1998-III | 1998-IV |
|--------------------------------------|-----------|-----------|-----------|-----------|----------|----------|----------|---------|
| <b>Exports</b>                       | 47,454.0  | 50,188.0  | 56,297.0  | 26,019.0  | 12,827.0 | 13,193.0 | 13,466.0 | na      |
| (% Change)                           | 18.0      | 5.8       | 12.2      | na        | -7.1     | -9.1     | -6.3     | na      |
| <b>Imports</b>                       | -40,921.0 | -44,240.0 | -46,223.0 | -16,228.0 | -8,006.0 | -8,222.0 | -8,366.0 | na      |
| (% Change)                           | 26.6      | 8.1       | 4.5       | na        | -25.0    | -26.9    | -31.4    | na      |
| <b>Trade balance</b>                 | 6,533.0   | 5,948.0   | 10,074.0  | 9,791.0   | 4,821.0  | 4,971.0  | 5,100.0  | na      |
| <b>Net services &amp; transfers</b>  | -12,964.0 | -13,611.0 | -14,964.0 | -8,121.0  | -3,821.0 | -4,301.0 | -3,417.0 | na      |
| <b>Current account balance</b>       | -6,431.0  | -7,663.0  | -4,890.0  | 1,670.0   | 1,000.0  | 670.0    | 1,683.0  | na      |
| <b>Capital and financial account</b> | 10,259.0  | 10,847.0  | -607.0    | -5,998.0  | -6,203.0 | 1,195.0  | -399.0   | na      |
| <b>Net errors &amp; omissions</b>    | -2,254.6  | 1,318.7   | -2,384.4  | 510.0     | 294.0    | 210.0    | 665.0    | na      |
| <b>Balance of payments</b>           | 1,573.4   | 4,502.7   | -7,881.4  | -3,818.0  | 4,909.0  | -2,075.0 | -1,949.0 | na      |

na=not available growth rates are year on year

1/ Jan-June 1998

Source: annual data is from IMF, IFS CD-Rom and July 1999. 1998 quarterly data is from Buro Pusat Statistik, Indikator Ekonomi, May 1999.

Table 2. Composition of Gross Domestic Product by Industry (Billion Rupiah, constant 1993 prices)

| Industrial Origin                              | 1997      | 1998      | Annual % Change |
|--|-----------|-----------|-----------------|
| Agriculture, Livestock, Forestry and Fisheries | 64,289.5  | 64,433.5  | 0.22%           |
| Food Crops                                     | 32,752.8  | 32,410.1  | -1.05%          |
| Non-Food Crops                                 | 10,483.0  | 11,107.8  | 5.96%           |
| Livestock and Products                         | 7,483.1   | 7,002.8   | -6.42%          |
| Forestry                                       | 6,960.6   | 7,032.8   | 1.04%           |
| Fisheries                                      | 6,610.1   | 6,880.0   | 4.08%           |
| Mining and Quarrying                           | 38,385.9  | 36,787.5  | -4.16%          |
| Crude Petroleum and Natural Gas                | 23,919.8  | 23,412.7  | -2.12%          |
| Mining Excluding Oil & Gas                     | 7,645.6   | 9,259.9   | 21.11%          |
| Quarrying                                      | 6,820.6   | 4,114.9   | -39.67%         |
| Manufacturing Industries                       | 108,828.6 | 94,808.3  | -12.88%         |
| Petroleum Refineries & Gas                     | 10,650.3  | 10,846.7  | 1.84%           |
| Manufacturing Excluding Oil & Gas              | 98,178.3  | 83,961.6  | -14.48%         |
| Utilities                                      | 5,498.6   | 5,702.1   | 3.70%           |
| Electricity                                    | 4,464.7   | 4,691.6   | 5.08%           |
| Gas  | 269.7     | 224.2     | -16.87%         |
| Water  | 764.2     | 786.3     | 2.89%           |
| Construction                                   | 35,040.6  | 21,116.4  | -39.74%         |
| Trade, Hotels & Restaurants                    | 73,503.6  | 59,572.2  | -18.95%         |
| Wholesale & Retail Trade                       | 58,822.1  | 47,287.4  | -19.61%         |
| Hotels   | 2,729.2   | 2,485.9   | -8.91%          |
| Restaurants                                    | 11,952.3  | 9,798.9   | -18.02%         |
| Transportation and Communications              | 32,169.4  | 28,051.4  | -12.80%         |
| Transportation                                 | 25,996.0  | 21,580.1  | -16.99%         |
| Communications                                 | 6,173.4   | 6,471.3   | 4.83%           |
| Financial and Business Services                | 38,730.1  | 28,372.4  | -26.74%         |
| Banking  | 16,501.1  | 10,321.7  | -37.45%         |
| Non-Bank Financial Services                    | 3,382.7   | 2,800.5   | -17.21%         |
| Services Allied to Finance                     | 259.3     | 216.1     | -16.66%         |
| Real Estate                                    | 11,825.6  | 9,380.2   | -20.68%         |
| Business Services                              | 6,761.4   | 5,653.9   | -16.38%         |
| Other Services                                 | 37,649.1  | 35,874.9  | -4.71%          |
| Government                                     | 23,616.5  | 21,965.3  | -6.99%          |
| Private  | 14,032.6  | 13,909.6  | -0.88%          |
| GDP  | 434,095.5 | 374,718.8 | -13.68%         |
| Non-Oil/Gas GDP                                | 399,525.4 | 340,459.4 | -14.78%         |

Source: Biro Pusat Statistik, Indikator Ekonomi, March 1999.

Table 3. Indonesia: Volume of International Trade at Main Seaports and Airports (tons)

| Throughput at 4 Main Seaports: | 1997       | 1998       | % Change |
|--------------------------------|------------|------------|----------|
| Cargo Unloaded                 | 32,595,535 | 19,987,787 | -38.68%  |
| Cargo Loaded                   | 17,717,968 | 21,457,856 | 21.11%   |
| Sub-Total Seaport Throughput   | 50,313,503 | 41,445,643 | -17.63%  |
| Throughput at 5 Main Airports: |            |            |          |
| Cargo Unloaded                 | 122,352    | 61,578     | -49.67%  |
| Cargo Loaded                   | 170,215    | 169,967    | -0.15%   |
| Sub-Total Airport Throughput   | 292,567    | 231,545    | -20.86%  |
| Total                          | 50,606,070 | 41,677,188 | -17.64%  |

Source: Biro Pusat Statistik, Indikator Ekonomi, March 1999.



Table 4. Indonesia's Export Performance in 1998 Compared with 1997 (F.O.B. in millions of current US\$)

| Item                            | 1997   | 1998   | Growth Rate (annual % change) |
|---------------------------------|--------|--------|-------------------------------|
| Total Merchandise Exports       | 53,444 | 48,848 | -8.6                          |
| Oil & Gas Exports               | 11,622 | 7,872  | -32.3                         |
| Non-Oil/Gas Exports             | 41,821 | 40,976 | -2.0                          |
| Manufactures (SITC 5 through 8) | 23,144 | 22,179 | -4.2                          |
| Manufactures (SITC 5 through 9) | 29,863 | 30,202 | 1.1                           |
| SITC 9                          | 6,179  | 8,023  | 19.4                          |

Source: Biro Pusat Statistik, Buletin Ringkas, March 1998 and 1999.

Table 5. Real Export Performance of Indonesia, 1997 and 1998 (F.O.B. in millions of 1995 US \$)

| Item                     | 1997   | 1998   | Growth Rate (annual % change) |
|--------------------------|--------|--------|-------------------------------|
| Real Merchandise Exports | 54,241 | 52,752 | -2.75%                        |
| Real Non-Oil/Gas Exports | 43,059 | 43,739 | 1.58%                         |

Note: The Deflator is the US Import Price Index (unit values, 1995=100).

Source: See Table 1, also International Monetary Fund, International Financial Statistics, July 1999 and Bureau of Labor Statistics, BLS Home Page, International Price Index.

Table 6. 1998 Non-Oil/Gas Export Performance Ranked by Value: SITC 2-digit Categories (US\$200 million minimum)

| 98 Rank | SITC No. | Description                        | 1997<br>(US\$ millions, current prices) | 1998    | 97 Rank |
|---------|----------|------------------------------------|---|---------|---------|
| 1       | 92       | PEBT Items                         | 5,965.8                                 | 7,548.2 | 1       |
| 2       | 63       | Wood & Cork Manufactures           | 4,454.8                                 | 2,736.2 | 2       |
| 3       | 84       | Wearing Apparel                    | 2,903.5                                 | 2,630.3 | 3       |
| 4       | 65       | Textile Products                   | 2,254.7                                 | 2,359.2 | 4       |
| 5       | 89       | Miscellaneous Manufactures         | 1,247.1                                 | 2,109.4 | 13      |
| 6       | 03       | Fish & Shrimp                      | 1,619.4                                 | 1,614.4 | 8       |
| 7       | 07       | Coffee, Tea, Cocoa & Spices        | 1,285.3                                 | 1,516.5 | 12      |
| 8       | 28       | Metal Ores & Scrap                 | 1,737.5                                 | 1,475.2 | 7       |
| 9       | 64       | Paper & Paperboard Manufactures    | 925.9                                   | 1,415.0 | 15      |
| 10      | 76       | Telecommunications Equipment       | 1,752.8                                 | 1,360.5 | 6       |
| 11      | 32       | Coal                               | 1,491.4                                 | 1,349.6 | 10      |
| 12      | 85       | Footwear                           | 1,531.0                                 | 1,206.1 | 9       |
| 13      | 42       | Vegetable Oils & Fats              | 2,196.0                                 | 1,152.5 | 5       |
| 14      | 23       | Crude Rubber                       | 1,501.4                                 | 1,110.0 | 10      |
| 15      | 77       | Electrical Machinery               | 1,073.2                                 | 1,029.1 | 14      |
| 16      | 75       | Office Machinery & Computers       | 919.8                                   | 800.1   | 16      |
| 17      | 51       | Organic Chemicals                  | 645.0                                   | 761.8   | 19      |
| 18      | 25       | Pulp & Paper                       | 489.8                                   | 690.0   | 21      |
| 19      | 68       | Non-Ferrous Metals                 | 653.3                                   | 624.6   | 18      |
| 20      | 67       | Iron & Steel                       | 327.8                                   | 614.2   | 25      |
| 21      | 57       | Plastics in Primary Form           | 334.1                                   | 493.5   | 23      |
| 22      | 97       | Monetary Gold                      | 224.0                                   | 474.5   | 33      |
| 23      | 79       | Power Distribution Equipment       | 95.3                                    | 394.7   | na      |
| 24      | 43       | Animal Fats & Oils                 | 85.4                                    | 364.7   | na      |
| 25      | 69       | Other Metal Manufactures           | 476.0                                   | 364.4   | 22      |
| 26      | 82       | Furniture                          | 758.7                                   | 355.1   | 17      |
| 27      | 71       | Machinery for Power Generation     | 170.6                                   | 332.5   | na      |
| 28      | 66       | Non-Metallic Minerals              | 303.9                                   | 331.8   | 28      |
| 29      | 78       | Road Vehicles                      | 324.8                                   | 311.8   | 26      |
| 30      | 12       | Tobacco                            | 245.8                                   | 254.3   | 31      |
| 31      | 62       | Rubber Manufactures                | 269.1                                   | 251.0   | 30      |
| 32      | 74       | Industrial Machinery & Equipment   | 190.6                                   | 223.3   | na      |
| 33      | 55       | Essential Oils & Perfume Materials | 188.7                                   | 222.1   | na      |
| 34      | 05       | Fruit & Vegetables                 | 245.2                                   | 200.9   | 32      |

Source: Biro Pusat Statistik, Buletin Ringkas, March 1998 and 1999.

Table 7. Indonesia's Non-Oil/Gas Export Performance in 1998 vs. 1997, SITC 3-digit Categories Ranked by Value (US\$ 200 million minimum)

| 98 Rank | SITC No. | Description                              | 1997<br>(F.O.B., in millions of current US\$) | 1998    | 97 Rank |
|---------|----------|--|---|---------|---------|
| 1       | 921      | PEBT Items                               | 5,965.8                                       | 7,548.2 | 1       |
| 2       | 634      | Plywood, Veneers                         | 3,742.8                                       | 2,232.1 | 2       |
| 3       | 897      | Gold, Silverware, Jewelry, nes           | 701.4   | 1,660.1 | 17      |
| 4       | 321      | Coal                                     | 1,484.8                                       | 1,346.4 | 7       |
| 5       | 283      | Copper Ore & Concentrates                | 1,497.3                                       | 1,307.5 | 6       |
| 6       | 851      | Footwear                                 | 1,531.0                                       | 1,206.1 | 4       |
| 7       | 641      | Paper & Paperboard Manufactures          | 714.8   | 1,187.1 | 15      |
| 8       | 422      | Fixed Vegetable Oil                      | 2,174.8                                       | 1,150.3 | 3       |
| 9       | 231      | Natural Rubber                           | 1,498.8                                       | 1,106.3 | 5       |
| 10      | 036      | Crustaceans, Molluscs                    | 1,045.9                                       | 1,038.0 | 8       |
| 11      | 841      | Men's Coats, Not Knitted                 | 878.2   | 942.9   | 9       |
| 12      | 653      | Woven Synthetic Fabrics                  | 854.0   | 905.4   | 11      |
| 13      | 651      | Textile Yarn                             | 763.3   | 889.5   | 13      |
| 14      | 842      | Women's Coats, Not Knitted               | 858.7   | 692.3   | 10      |
| 15      | 251      | Pulp & Waste Paper                       | 489.8   | 690.0   | 23      |
| 16      | 759      | Office Machinery & Parts                 | 619.3   | 683.9   | 19      |
| 17      | 071      | Coffee                                   | 529.7   | 615.8   | 21      |
| 18      | 764      | Telecommunications Equipment             | 629.7   | 614.3   | 18      |
| 19      | 845      | Articles of Apparel, nes                 | 578.2   | 542.9   | 20      |
| 20      | 635      | Wood Manufactures, nes                   | 711.8   | 504.1   | 16      |
| 21      | 072      | Cocoa                                    | 407.7   | 489.3   | 26      |
| 22      | 763      | Sound Recorders                          | 803.7   | 486.7   | 12.0    |
| 23      | 971      | Monetary Gold                            | 224.0   | 474.5   | 37      |
| 24      | 034      | Fish, Fresh & Frozen                     | 430.5   | 394.8   | 24      |
| 25      | 778      | Electrical Machinery & Apparatus, nes    | 412.5   | 382.0   | 25      |
| 26      | 793      | Ships, Boats, Floating Structures        | 71.1  | 365.4   | na      |
| 27      | 431      | Animal & Vegetable Oils, nes             | 85.4  | 364.7   | na      |
| 28      | 821      | Furniture                                | 758.7   | 355.1   | 14      |
| 29      | 652      | Woven Cotton Fabrics                     | 299.1   | 292.5   | 29      |
| 30      | 075      | Spices                                   | 246.4   | 284.5   | 33      |
| 31      | 687      | Articles of Tin                          | 274.5   | 280.6   | 30      |
| 32      | 673      | Flat, Rolled Iron                        | 106.6   | 276.2   | na      |
| 33      | 716      | Rotating Electrical Plant                | 127.8   | 261.6   | na      |
| 34      | 574      | Poliacetals, Polycarbonates              | 173.3   | 248.6   | na      |
| 35      | 684      | Articles of Aluminum                     | 303.4   | 246.6   | 28      |
| 36      | 642      | Articles of Paper                        | 211.1   | 227.9   | 40      |
| 37      | 773      | Electrical Distribution Equipment, nes   | 183.5   | 226.5   | na      |
| 38      | 514      | Nitrogen Compounds                       | 203.2   | 218.7   | 44      |
| 39      | 762      | Radio Broadcasting & Receiving Equipment | 254.4   | 215.6   | 32      |
| 40      | 625      | Rubber Tires & Tubes                     | 232.7   | 213.8   | 36      |
| 41      | 513      | Carboxylic Acids, Derivatives            | 222.5   | 201.6   | 38      |

Source: Biro Pusat Statistik, Buletin Ringkas, March 1998 and 1999.

Table 8. Indonesia's Import Performance in 1998 Compared with 1997 (CIF, in millions of current US\$)

| Item                            | 1997   | 1998   | Growth (% annual change) |
|---------------------------------|--------|--------|--------------------------|
| Total Merchandise Imports       | 41,680 | 27,337 | -34.41%                  |
| Oil & Gas Imports               | 3,924  | 2,664  | -32.11%                  |
| Non-Oil/Gas Imports             | 37,756 | 24,673 | -34.65%                  |
| Manufactured Imports (SITC 5-8) | 31,524 | 19,532 | -38.04%                  |
| Manufactured Imports (SITC 5-9) | 31,525 | 19,534 | -38.04%                  |

Note: Imports into Bonded Warehouse areas and Batam Island are not included in the above.

Source: Biro Pusat Statistik, Buletin Ringkas, March 1998 and 1999.

Table 9. Indonesia's Real Imports and Import Growth in 1998 Compared with 1997 (CIF, in millions of US\$, 1995 prices)

| Item                     | 1997   | 1998   | Growth (% annual change) |
|--------------------------|--------|--------|--------------------------|
| Real Merchandise Imports | 42,302 | 29,522 | -30.21%                  |
| Real Non-Oil/Gas Imports | 38,874 | 26,337 | -32.25%                  |

Note: The deflator is the US Import Price Index (1995=100).

Source: See Table 1, also International Monetary Fund, International Financial Statistics, July 1999 and Bureau of Labor Statistics, BLS Home Page, International Price Index.

Table 10. Indonesia's Non-Oil/Gas Import Performance in 1998 Ranked by Value: SITC 2-digit Categories (US\$ 200 million minimum)

| 98 Rank | SITC No. | Description                              | Factor Intensity | 1997<br>(CIF, in millions of current US\$.) | 1998    | 97 Rank | Growth (% change) |
|---------|----------|--|------------------|---|---------|---------|-------------------|
| 1       | 72       | Specialized Industrial Machinery         | TC               | 4,278.2                                     | 2,852.2 | 1       | -33.33%           |
| 2       | 74       | General Industrial Machinery             | TC               | 3,381.1                                     | 2,256.4 | 2       | -33.26%           |
| 3       | 04       | Cereals and Preparations                 | NR               | 1,097.3                                     | 1,565.1 | 10      | 42.63%            |
| 4       | 51       | Organic Chemicals                        | TC               | 2,222.7                                     | 1,491.4 | 5       | -32.90%           |
| 5       | 67       | Iron and Steel                           | HC               | 2,239.5                                     | 1,431.9 | 4       | -36.06%           |
| 6       | 77       | Electrical Machinery & Apparatus         | TC               | 2,160.4                                     | 1,241.8 | 6       | -42.52%           |
| 7       | 71       | Power Generating Equipment               | TC               | 1,877.0                                     | 1,154.4 | 7       | -38.50%           |
| 8       | 65       | Textile Products                         | UL               | 1,152.2                                     | 1,021.0 | 9       | -11.39%           |
| 9       | 26       | Textile Fibers & Waste                   | NR               | 1,054.4                                     | 991.3   | 11      | -5.98%            |
| 10      | 78       | Road Motor Vehicles                      | HC               | 2,592.9                                     | 940.0   | 3       | -63.75%           |
| 11      | 69       | Metal Manufactures, nes                  | HC               | 984.1                                       | 715.3   | 12      | -27.31%           |
| 12      | 57       | Plastics in Primary Form                 | TC               | 958.9                                       | 672.9   | 13      | -29.83%           |
| 13      | 59       | Chemical Products, nes                   | TC               | 767.6                                       | 617.9   | 15      | -19.50%           |
| 14      | 25       | Pulp & Paper                             | NR               | 616.5                                       | 612.8   | 17      | -0.60%            |
| 15      | 68       | Non-Ferrous Metal                        | NR               | 824.8                                       | 521.2   | 14      | -36.81%           |
| 16      | 76       | Telecommunications Equipment             | TC               | 1,778.8                                     | 504.7   | 8       | -71.63%           |
| 17      | 73       | Metal Working Machinery                  | TC               | 515.2                                       | 416.9   | 20      | -19.08%           |
| 18      | 79       | Other Transportation Equipment           | TC               | 636.1                                       | 396.3   | 16      | -37.70%           |
| 19      | 53       | Paints & Other Dying & Tanning Materials | HC               | 534.6                                       | 394.5   | 19      | -26.21%           |
| 20      | 52       | Inorganic Chemicals                      | TC               | 504.9                                       | 386.0   | 21      | -23.55%           |
| 21      | 06       | Sugar, Molasses & Honey                  | NR               | 464.2                                       | 376.4   | 22      | -18.91%           |
| 22      | 87       | Precision Instruments                    | TC               | 405.9                                       | 345.9   | 25      | -14.78%           |
| 23      | 89       | Miscellaneous Manufactures               | UL               | 426.1                                       | 344.9   | 24      | -19.06%           |
| 24      | 08       | Animal Feed                              | NR               | 611.1                                       | 282.4   | 18      | -53.79%           |
| 25      | 64       | Paper & Paperboard                       | HC               | 345.3                                       | 242.8   | 28      | -29.68%           |
| 26      | 66       | Mineral Manufactures                     | NR               | 447.8                                       | 231.7   | 23      | -48.26%           |
| 27      | 27       | Crude Fertilizers and Minerals, nes      | NR               | 309.7                                       | 226.7   | 30      | -26.80%           |
| 28      | 61       | Leather & Leather Products, nes          | NR               | 251.5                                       | 224.8   | 34      | -10.62%           |
| 29      | 55       | Perfumes & Cleaning Products             | HC               | 283.3                                       | 200.1   | 31      | -29.37%           |

Note: Excludes imports of Bonded Warehouse areas and Batam Island.

NR=natural resource-intensive  
 UL=labor-intensive  
 HC=human capital-intensive  
 TC=technology-intensive  
 na=not applicable

Sources: BPS, Buletin Ringkas, March 1998 and 1999. L. Krause (1987), "The Structure of Trade in Manufactured Goods in the East and Southeast Asian Region," in C. Bradford and W. Branson (eds.), Trade and Structural Change in Pacific Asia, University of Chicago Press.

Table 11. Indonesia's Import Performance in 1998 vs.1997, SITC 3-digit Categories Ranked by Value (US\$ 200 million minimum)  
(excluding petroleum & gas)

| 98 Rank | SITC No. | Description                              | Factor Intensity | 1997<br>(CIF, in millions of current US\$.) | 1998  | 97 Rank | Growth (% change) |
|---------|----------|--|------------------|---|-------|---------|-------------------|
| 1       | 042      | Rice                                     | NR               | 108.9                                       | 861.1 | na      | 690.73%           |
| 2       | 728      | Specialized Industrial Machinery         | TC               | 1,593.2                                     | 826.1 | 2       | -48.15%           |
| 3       | 263      | Cotton                                   | NR               | 818.8                                       | 763.7 | 6       | -6.73%            |
| 4       | 724      | Textile & Leather Working Machinery      | TC               | 783.8                                       | 731.5 | 7       | -6.67%            |
| 5       | 041      | Wheat, Unmilled                          | NR               | 776.5                                       | 630.4 | 8       | -18.82%           |
| 6       | 251      | Pulp & Waste Paper                       | NR               | 616.5                                       | 612.8 | 12      | -0.60%            |
| 7       | 723      | Civil Engineering Equipment              | TC               | 831.3                                       | 529.9 | 5       | -36.26%           |
| 8       | 741      | Heating & Cooling Equipment              | TC               | 857.4                                       | 505.5 | 4       | -41.04%           |
| 9       | 725      | Paper & Pulp Mill Machinery              | TC               | 594.6                                       | 494.3 | 14      | -16.87%           |
| 10      | 764      | Telecommunications Equipment & Parts     | TC               | 1,707.2                                     | 482.5 | 1       | -71.74%           |
| 11      | 511      | Hydrocarbons, Derivatives, nes           | TC               | 729.5                                       | 443.0 | 9       | -39.27%           |
| 12      | 679      | Iron & Steel Tubes & Pipes               | HC               | 505.2                                       | 441.3 | 18      | -12.65%           |
| 13      | 784      | Motor Vehicle Parts & Accessories        | HC               | 1,297.2                                     | 387.9 | 3       | -70.10%           |
| 14      | 772      | Electrical Switches & Circuits           | TC               | 587.5                                       | 378.2 | 16      | -35.63%           |
| 15      | 061      | Sugar, Molasses & Honey                  | NR               | 454.1                                       | 371.7 | 23      | -18.15%           |
| 16      | 575      | Other Plastics in Primary Form           | TC               | 482.3                                       | 369.5 | 21      | -23.39%           |
| 17      | 743      | Pumps, Compressors, Fans                 | TC               | 521.5                                       | 322.8 | 17      | -38.10%           |
| 18      | 673      | Flat, Rolled Iron                        | HC               | 503.4                                       | 317.6 | 19      | -36.91%           |
| 19      | 598      | Miscellaneous Chemical Products, nes     | TC               | 391.7                                       | 313.7 | 26      | -19.91%           |
| 20      | 712      | Steam Turbines                           | TC               | 237.4                                       | 305.7 | na      | 28.77%            |
| 21      | 778      | Electrical Machinery & Parts, nes        | TC               | 483.7                                       | 297.4 | 20      | -38.52%           |
| 22      | 515      | Organo-Inorganic Compounds               | TC               | 347.5                                       | 289.0 | na      | -16.83%           |
| 23      | 716      | Rotating Electrical Plant                | TC               | 466.3                                       | 284.5 | 22      | -38.99%           |
| 24      | 081      | Animal Feed                              | NR               | 611.1                                       | 282.4 | 13      | -53.79%           |
| 25      | 874      | Measurement & Control Instruments        | TC               | 322.2                                       | 273.5 | na      | -15.11%           |
| 26      | 512      | Alcohols, Pheno-Alcohols                 | TC               | 366.6                                       | 273.4 | 31      | -25.42%           |
| 27      | 747      | Taps, Cocks, Valves, etc.                | TC               | 291.7                                       | 253.2 | na      | -13.20%           |
| 28      | 513      | Carboxylic Acids, Derivatives            | TC               | 408.7                                       | 252.2 | 25      | -38.29%           |
| 29      | 782      | Goods for Specialized Transport Vehicles | HC               | 331.9                                       | 250.4 | na      | -24.56%           |
| 30      | 742      | Water Pumps                              | TC               | 391.4                                       | 241.2 | 27      | -38.38%           |
| 31      | 657      | Special Yarns & Fabrics                  | UL               | 318.8                                       | 240.5 | na      | -24.56%           |
| 32      | 713      | Piston Engines                           | TC               | 725.1                                       | 237.6 | 10      | -67.23%           |
| 33      | 691      | Metallic Structures, nes                 | HC               | 348.2                                       | 234.2 | na      | -32.74%           |
| 34      | 684      | Articles of Aluminum                     | NR               | 382.7                                       | 231.6 | 28      | -39.48%           |
| 35      | 711      | Steam Generators, Boilers, etc.          | TC               | 305.9                                       | 227.0 | na      | -25.79%           |
| 36      | 651      | Textile Yarn                             | UL               | 248.9                                       | 224.8 | na      | -9.68%            |
| 37      | 611      | Leather                                  | NR               | 246.4                                       | 221.3 | na      | -10.19%           |
| 38      | 531      | Synthetic Colors, etc.                   | HC               | 238.8                                       | 210.5 | na      | -11.85%           |
| 39      | 785      | Cycles, Motorcycles, etc.                | HC               | 646.2                                       | 205.5 | 11      | -68.20%           |
| 40      | 523      | Metal. Salts, Inorganic Acids            | TC               | 239.2                                       | 202.6 | na      | -15.30%           |
| 41      | 773      | Electricity Distribution Equipment, nes  | TC               | 366.1                                       | 200.4 | na      | -45.26%           |

Note: Excludes imports into Batam Island.

Source: Biro Pusat Statistik, Buletin Ringkas, March 1998 and 1999.



Table 12. Indonesia: Composition of Imports by Broad Economic Category (CIF, in millions of current US\$)

| Description  | 1997            | 1998            | % Change       |
|--|-----------------|-----------------|----------------|
| <b>Consumer Goods, of which:</b>                         | <b>2,166.3</b>  | <b>1,917.7</b>  | <b>-11.48%</b> |
| Food & Beverages Mainly for Household Consumption        | 842.8           | 1,167.4         | 38.51%         |
| Processed Fuel & Lubricants                              | 139.2           | 95.0            | -31.75%        |
| Non-industrial Transportation Equipment                  | 16.7            | 3.4             | -79.64%        |
| Other Durable Goods                                      | 248.3           | 95.0            | -61.74%        |
| Other Semi-Durable Goods                                 | 291.0           | 181.0           | -37.80%        |
| Non-Durable Goods  | 411.1           | 217.6           | -47.07%        |
| Others, not classified                                   | 217.2           | 158.2           | -27.16%        |
| <b>Raw Materials &amp; Intermediate Goods, of which:</b> | <b>30,229.5</b> | <b>19,611.8</b> | <b>-35.12%</b> |
| Primary Goods for Industry                               | 4,887.8         | 3,427.6         | -29.87%        |
| Food & Beverages   | 1,387.8         | 820.9           | -40.85%        |
| Industrial Raw Materials                                 | 2,012.8         | 1,545.7         | -23.21%        |
| Fuel & Lubricants  | 1,487.2         | 1,061.0         | -28.66%        |
| Intermediate Goods for Industry                          | 16,954.0        | 11,713.6        | -30.91%        |
| Food & Beverages, Processed                              | 472.3           | 474.0           | 0.36%          |
| Industrial Components & Materials                        | 14,141.9        | 9,697.4         | -31.43%        |
| Processed Fuel & Lubricants                              | 2,339.8         | 1,542.2         | -34.09%        |
| Spare Parts for Industry                                 | 8,387.7         | 4,470.6         | -46.70%        |
| For Capital Equipment excluding Transport Equipment      | 5,172.1         | 3,241.0         | -37.34%        |
| For Transport Equipment                                  | 3,215.6         | 1,229.6         | -61.76%        |
| <b>Capital Goods, of which:</b>                          | <b>9,284.0</b>  | <b>5,807.4</b>  | <b>-37.45%</b> |
| Capital Goods excluding Transport Equipment              | 8,617.3         | 5,427.8         | -37.01%        |
| Passenger Cars   | 126.4           | 28.3            | -77.61%        |
| Transport Equipment for Industry                         | 540.3           | 351.3           | -34.98%        |

Table 13. Textile and Clothing Exports in 1998 Compared with 1997 (SITC 3-digit Categories)

| SITC No.          | Description                  | (FOB, in million US\$, current prices) |          | Growth (% change) |
|-------------------|------------------------------|--|----------|-------------------|
|                   |                              | 1997                                   | 1998     |                   |
| Textile Products: |                              |  |          |                   |
| 651               | Yarn                         | 763.34                                 | 889.53   | 16.53%            |
| 652               | Woven Cotton Fabrics         | 299.11                                 | 292.50   | -2.21%            |
| 653               | Woven Synthetic Fabrics      | 854.01                                 | 905.39   | 6.02%             |
| 654               | Other Woven Fabrics          | 6.61                                   | 3.66     | -44.63%           |
| 655               | Knitted Fabrics              | 29.74                                  | 19.86    | -33.22%           |
| 656               | Tulle, Lace, etc.            | 50.99                                  | 36.98    | -27.48%           |
| 657               | Special Yarns & Fabrics      | 107.91                                 | 99.70    | -7.61%            |
| 658               | Made Up Articles of Textiles | 125.07                                 | 96.89    | -22.53%           |
| 659               | Textile Floor Coverings      | 17.97                                  | 14.69    | -18.25%           |
| Sub-Total:        |                              | 2,254.75                               | 2,359.20 | 4.63%             |
| Clothing Products |                              |  |          |                   |
| 841               | Men's Coats, Not Knitted     | 878.21                                 | 942.92   | 7.37%             |
| 842               | Women's Coats, Not Knitted   | 858.65                                 | 692.30   | -19.37%           |
| 843               | Men's Coats, Knitted         | 237.70                                 | 192.76   | -18.91%           |
| 844               | Women's Coats, Knitted       | 171.08                                 | 113.08   | -33.90%           |
| 845               | Articles of Apparel, nes     | 578.23                                 | 542.86   | -6.12%            |
| 846               | Accessories of Fabric        | 61.02                                  | 34.02    | -44.25%           |
| 848               | Accessories Not of Fabric    | 118.62                                 | 112.33   | -5.30%            |
| Sub-Total:        |                              | 2,903.51                               | 2,630.27 | -9.41%            |
| HS 980110300      |                              | 2,144.54                               | 2,265.6  | 5.65%             |
| Total:            |                              | 7,302.80                               | 7,255.07 | -0.65%            |

Note: Figures for HS 980110300 in 1998 are preliminary estimates.

Source: Biro Pusat Statistik, Buletin Ringkas, March 1998 and 1999 and Foreign Trade Statistics Bulletin - Exports, December 1998 and 1999.

Table 14. Imports of Textile, Leather and Clothing Industries (SITC 3-Digits)

| SITC No. | Description                         | (CIF, in million US\$, current prices) |          | Growth (% change) |
|----------|-------------------------------------|--|----------|-------------------|
|          |                                     | 1997                                   | 1998     |                   |
|          | Raw Materials:                      |  |          |                   |
| 211      | Hides, Skins, Raw                   | 13.53                                  | 9.65     | -28.68%           |
| 212      | Furskins, Raw                       | 0.01                                   | 0.02     | 100.00%           |
| 261      | Silk                                | 0.06                                   | 0.31     | 416.67%           |
| 263      | Cotton                              | 818.83                                 | 763.69   | -6.73%            |
| 264      | Jute Fibers                         | 2.79                                   | 1.57     | -43.73%           |
| 265      | Vegetable Textile Fibers            | 0.80                                   | 0.75     | -6.25%            |
| 266      | Synthetic Fibers for Spinning       | 181.97                                 | 183.63   | 0.91%             |
| 267      | Other Synthetic Fibers & Waste      | 18.79                                  | 22.60    | 20.28%            |
| 268      | Wool                                | 22.16                                  | 16.16    | -27.08%           |
|          | Sub-Total:                          | 1,058.94                               | 998.38   | -5.72%            |
|          | Intermediate Inputs:                |  |          |                   |
| 532      | Dyeing & Tanning Extracts           | 12.27                                  | 10.35    | -15.65%           |
| 611      | Leather                             | 246.39                                 | 221.25   | -10.20%           |
| 613      | Furskins, Tanned, Dressed           | 0.90                                   | 0.11     | -87.78%           |
| 652      | Woven Cotton Fabrics                | 146.84                                 | 139.02   | -5.33%            |
| 653      | Synthetic Woven Fabrics             | 177.02                                 | 189.17   | 6.86%             |
| 654      | Other Woven Fabrics                 | 27.32                                  | 25.16    | -7.91%            |
| 655      | Knit Fabrics                        | 152.45                                 | 139.41   | -8.55%            |
| 656      | Tulle, Lace, Ribbons, Embroidery    | 57.26                                  | 48.29    | -15.67%           |
| 657      | Special Yarns & Fabrics             | 318.76                                 | 240.54   | -24.54%           |
|          | Sub-Total                           | 1,139.21                               | 1,013.30 | -11.05%           |
|          | Capital Goods:                      |  |          |                   |
| 724      | Textile & Leather Working Machinery | 783.84                                 | 731.49   | -6.68%            |
|          | Total:                              | 2,981.99                               | 2,743.17 | -8.01%            |

Source: Biro Pusat Statistik, Buletin Ringkas, March 1998 and 1999.

Table 15. Final Goods Imports in Textiles, Clothing and Leather Industries (SITC 3-Digits)

| SITC No. | Description                      | (CIF, in million US\$, current prices) |       | Growth (% change) |
|----------|----------------------------------|--|-------|-------------------|
|          |                                  | 1997                                   | 1998  |                   |
| 612      | Leather Manufactures, nes        | 4.26                                   | 3.42  | -19.72%           |
| 658      | Made Up Textile Articles         | 9.99                                   | 11.74 | 17.52%            |
| 831      | Travel Goods                     | 1.54                                   | 0.64  | -58.44%           |
| 841      | Men's Coats, Not Knitted         | 3.16                                   | 1.55  | -50.95%           |
| 842      | Women's Coats, Not Knitted       | 2.75                                   | 0.68  | -75.27%           |
| 843      | Men's Coats, Knitted             | 0.54                                   | 0.57  | 5.56%             |
| 844      | Women's Coats, Knitted           | 0.65                                   | 0.41  | -36.92%           |
| 845      | Articles of Apparel, nes         | 4.86                                   | 2.31  | -52.47%           |
| 846      | Clothing Accessories of Textiles | 5.99                                   | 6.45  | 7.68%             |
| 848      | Accessories of Apparel           | 17.45                                  | 11.04 | -36.73%           |
|          | Total:                           | 51.19                                  | 38.81 | -24.18%           |

Source: Biro Pusat Statistik, Buletin Ringkas, March 1998 and 1999.

Table 16. Forestry-Based Exports, 1998 Compared with 1997 (SITC 3-Digits)

| SITC No. | Description                     | (FOB, in million US\$, current prices) |          | Growth (% change) |
|----------|---------------------------------|--|----------|-------------------|
|          |                                 | 1997                                   | 1998     |                   |
|          | Unprocessed Wood:               |  |          |                   |
| 244      | Cork, Natural & Waste           | 0.07                                   | 0.31     | 342.86%           |
| 245      | Fuel Wood & Wood Charcoal       | 31.84                                  | 29.69    | -6.75%            |
| 246      | Wood Chips & Paticles           | 4.52                                   | 2.40     | -46.90%           |
| 247      | Wood , Rough or Roughly Squared | 0.04                                   | 11.19    | 27875.00%         |
| 248      | Wood Simply Worked              | 242.63                                 | 153.21   | -36.85%           |
|          | Sub-Total:                      | 279.10                                 | 196.80   | -29.49%           |
|          | Processed Wood:                 |  |          |                   |
| 633      | Cork Manufactures               | 0.17                                   | 0.03     | -82.35%           |
| 634      | Plywood, Veneers                | 3,742.79                               | 2,232.05 | -40.36%           |
| 635      | Wood Manufactures, nes          | 711.82                                 | 504.12   | -29.18%           |
|          | Sub-Total:                      | 4,454.78                               | 2,736.20 | -38.58%           |
| 821      | Furniture:                      |  |          |                   |
|          | Furniture                       | 758.71                                 | 355.07   | -53.20%           |
|          | HS 980110200                    | 779.71                                 | 1,535.60 | 96.95%            |
|          | Total:                          | 6,272.30                               | 4,823.67 | -23.10%           |

Note: Figures for HS 980110200 in 1998 are preliminary estimates.

Source: Biro Pusat Statistik, Buletin Ringkas, March 1998 and 1999 and Foreign Trade Statistics Bulletin - Exports, December 1998 and 1999.

Table 17. Electronic Product Exports in 1998 Compared with 1997 (SITC 3-Digits)

| SITC No. | Description                                       | (FOB, in million US\$, current prices) |          | Growth (% change) |
|----------|---|--|----------|-------------------|
|          |   | 1997                                   | 1998     |                   |
|          | Consumer Electronics:                             |  |          |                   |
| 761      | Televisions                                       | 64.88                                  | 43.97    | -32.23%           |
| 762      | Radios  | 254.45                                 | 215.56   | -15.28%           |
| 763      | Sound Recorders                                   | 803.72                                 | 486.66   | -39.45%           |
| 764      | Telecommunications Equipment                      | 629.74                                 | 614.31   | -2.45%            |
|          | Sub-Total:  | 1,752.79                               | 1,360.50 | -22.38%           |
|          | Electrical Machinery:                             |  |          |                   |
| 771      | Electric Power Generators                         | 114.76                                 | 74.82    | -34.80%           |
| 772      | Electrical Equipment for Making/Breaking Circuits | 106.01                                 | 99.36    | -6.27%            |
| 773      | Electricity Distribution Equipment                | 183.49                                 | 226.45   | 23.41%            |
| 774      | Electro-Medical & X-Ray Equipment                 | 5.53                                   | 7.41     | 34.00%            |
| 775      | Heating & Cooling Equipment                       | 30.20                                  | 48.33    | 60.03%            |
| 776      | Thermionic Cathodes                               | 220.75                                 | 195.73   | -11.33%           |
| 778      | Electrical Machinery & Parts, nes                 | 412.48                                 | 382.03   | -7.38%            |
|          | Sub-Total:  | 1,073.22                               | 1,034.13 | -3.64%            |
|          | HS 980110500                                      | 305.64                                 | 436.50   | 42.82%            |
|          | Total:  | 3,131.65                               | 2,831.13 | -9.60%            |

Note: Figures for HS 980110500 in 1998 are preliminary estimates.

Source: Biro Pusat Statistik, Buletin Ringkas, March 1998 and 1999 and Foreign Trade Statistics Bulletin--Exports, December 1998 and 1999.

Table 18. Rubber Product Exports in 1998 Compared with 1997 (SITC 3-Digits)

| SITC No. | Description             | (FOB, in million US\$, current prices) |          | Growth (% change) |
|----------|-------------------------|--|----------|-------------------|
|          |                         | 1997                                   | 1998     |                   |
|          | Crude Rubber:           |  |          |                   |
| 231      | Natural Rubber          | 1,498.83                               | 1,106.30 | -26.19%           |
| 232      | Synthetic Rubber        | 2.54                                   | 3.72     | 46.46%            |
|          | Sub-Total:              | 1,501.37                               | 1,110.02 | -26.07%           |
|          | Rubber Manufactures:    |  |          |                   |
| 621      | Materials of Rubber     | 18.36                                  | 20.51    | 11.71%            |
| 625      | Rubber Tires & Tubes    | 232.68                                 | 213.78   | -8.12%            |
| 629      | Articles of Rubber, nes | 18.08                                  | 16.72    | -7.52%            |
|          | Sub-Total:              | 269.12                                 | 251.01   | -6.73%            |
|          | HS 980110700            | 131.00                                 | 134.10   | 2.37%             |
|          | Total:                  | 1,901.49                               | 1,361.03 | -28.42%           |

Source: Biro Pusat Statistik, Buletin Ringkas, March 1998 and 1999.

Note: Figures for HS 980110700 in 1998 are preliminary estimates.

Table 19. Exports of Footwear & Leather Products in 1998 Compared with 1997 (SITC 3-Digits)

| SITC No. | Description               | (FOB, in million US\$, current prices) |          | Growth (% change) |
|----------|---------------------------|--|----------|-------------------|
|          |                           | 1997                                   | 1998     |                   |
|          | Crude Leather:            |  |          |                   |
| 211      | Hides, Skins, Raw         | 1.62                                   | 3.66     | 125.93%           |
| 212      | Furskins, Raw             | 0.02                                   | 0.13     | 550.00%           |
|          | Sub-Total:                | 1.64                                   | 3.79     | 131.10%           |
|          | Leather Manufactures:     |  |          |                   |
| 611      | Leather                   | 36.03                                  | 76.12    | 111.27%           |
| 612      | Leather Manufactures, nes | 0.36                                   | 0.15     | -58.33%           |
| 613      | Furskins, Tanned, Dressed | 0.01                                   | 0.22     | 2100.00%          |
| 831      | Travel Goods              | 80.37                                  | 94.85    | 18.02%            |
| 851      | Footwear                  | 1,531.01                               | 1,206.06 | -21.22%           |
|          | Sub-Total:                | 1,647.78                               | 1,377.40 | -16.41%           |
|          | HS 9800110600             | 82.40                                  | 84.90    | 3.03%             |
|          | Total:                    | 1,731.82                               | 1,466.09 | -15.34%           |

Source: Biro Pusat Statistik, Buletin Ringkas, March 1998 and 1999.

Note: Figures for HS 980110600 in 1998 are preliminary estimates.



Table 20. Exports of Baby Carriages, Toys, Games & Sporting Goods in 1998 Compared with 1997 (SITC 3-Digits)

| SITC No. | Description                                   | (FOB, in million US\$, current prices) |        | Growth (% change) |
|----------|---|--|--------|-------------------|
|          |   | 1997                                   | 1998   |                   |
| 894      | Baby Carriages, Toys, Games, & Sporting Goods | 178.74                                 | 155.24 | -13.15%           |
|          | HS 980110800                                  | 43.9                                   | 39.8   | -9.34%            |
|          | Total:  | 222.64                                 | 195.04 | -12.40%           |

Source: Biro Pusat Statistik, Buletin Ringkas, March 1998 and 1999.

Note: Figures for HS 980110800 in 1998 are preliminary estimates.

Table 21. Direction of Trade of Non-Oil/Gas Exports in 1998 Compared with 1997 (minimum value of US\$ 500 million, current prices)

| Major Trading Partner<br>(ranked by value, 1998) | 1997<br>(export value, mil. US\$, current prices) | 1998<br>(export value, mil. US\$, current prices) | 1997<br>(share, % of non-oil/gas exports) | 1998<br>(share, % of non-oil/gas exports) | Growth<br>(% change) |
|--|---|---|---|---|----------------------|
| 1 United States                                  | 6,701.5   | 6,697.8   | 16.02%                                    | 16.35%                                    | -0.06%               |
| 2 Singapore                                      | 4,823.6   | 5,355.1   | 11.53%                                    | 13.07%                                    | 11.02%               |
| 3 Japan  | 6,939.7   | 5,338.6   | 16.59%                                    | 13.03%                                    | -23.07%              |
| 4 Hong Kong                                      | 1,778.8   | 1,863.6   | 4.25%                                     | 4.55%                                     | 4.77%                |
| 5 Netherlands                                    | 1,839.6   | 1,510.0   | 4.40%                                     | 3.69%                                     | -17.92%              |
| 6 China  | 1,313.9   | 1,454.5   | 3.14%                                     | 3.55%                                     | 10.70%               |
| 7 Germany  | 1,465.7   | 1,401.3   | 3.50%                                     | 3.42%                                     | -4.39%               |
| 8 Malaysia                                       | 1,323.6   | 1,333.4   | 3.16%                                     | 3.25%                                     | 0.74%                |
| 9 Taiwan   | 1,249.5   | 1,286.3   | 2.99%                                     | 3.14%                                     | 2.95%                |
| 10 United Kingdom                                | 1,238.1   | 1,143.1   | 2.96%                                     | 2.79%                                     | -7.67%               |
| 11 Korea   | 1,272.3   | 1,049.3   | 3.04%                                     | 2.56%                                     | -17.53%              |
| 12 Thailand                                      | 675.6   | 885.1   | 1.62%                                     | 2.16%                                     | 31.01%               |
| 13 Belgium                                       | 787.8   | 873.8   | 1.88%                                     | 2.13%                                     | 10.92%               |
| 14 Spain   | 888.1   | 868.7   | 2.12%                                     | 2.12%                                     | -2.18%               |
| 15 Australia                                     | 721.3   | 865.9   | 1.72%                                     | 2.11%                                     | 20.05%               |
| 16 Italy   | 689.4   | 756.5   | 1.65%                                     | 1.85%                                     | 9.73%                |
| 17 India   | 606.4   | 671.7   | 1.45%                                     | 1.64%                                     | 10.77%               |
| 18 Philippines                                   | 700.6   | 582.6   | 1.68%                                     | 1.42%                                     | -16.84%              |
| 19 France  | 499.3   | 547.3   | 1.19%                                     | 1.34%                                     | 9.61%                |
| 20 Saudi Arabia                                  | 575.6   | 503.6   | 1.38%                                     | 1.23%                                     | -12.51%              |
| Exports by Major Region:                         |   |   |   |   |                      |
| ASEAN  | 8,173.2   | 8,775.8   | 19.54%                                    | 21.42%                                    | 7.37%                |
| European Union                                   | 7,948.0   | 7,652.6   | 19.00%                                    | 18.68%                                    | -3.72%               |
| NAFTA  | 7,269.0   | 7,323.4   | 17.38%                                    | 17.87%                                    | 0.75%                |
| NEAsia   | 11,240.3  | 9,537.8   | 26.88%                                    | 23.28%                                    | -15.15%              |
| Total Non-Oil/Gas Exports                        | 41,821.1  | 40,975.5  | 100.00%                                   | 100.00%                                   | -2.02%               |

Note: PEBT items are allocated by first port of destination not final destination of goods.

ASEAN includes Brunei, Cambodia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

European Union includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Holland, Ireland, Italy, Luxembourg, Portugal, Spain, Sweden and the UK.

NAFTA includes Canada, Mexico and USA.

NE Asia includes Hong Kong, Korea, Japan and Taiwan.

Source: Biro Pusat Statistik, Buletin Ringkas, March 1999.

Table 22. Direction of Trade of Non-Oil/Gas Imports in 1998 Compared with 1997 (minimum value of US\$ 200 million, current prices)

| Major Trading Partner<br>(ranked by value, 1998) |                | 1997<br>(import value, mil. US\$, current prices) | 1998     | 1997<br>(share, % of non-oil/gas imports) | 1998    | Growth<br>(% change) |
|--|----------------|---|----------|---|---------|----------------------|
| 1  | Japan          | 8,232.2   | 4,278.7  | 21.80%                                    | 17.33%  | -48.02%              |
| 2  | United States  | 5,387.3   | 3,486.8  | 14.27%                                    | 14.13%  | -35.28%              |
| 3  | Germany        | 2,624.8   | 2,360.2  | 6.95%                                     | 9.56%   | -10.08%              |
| 4  | Australia      | 2,188.4   | 1,652.4  | 5.80%                                     | 6.69%   | -24.49%              |
| 5  | Singapore      | 1,933.9   | 1,485.3  | 5.12%                                     | 6.02%   | -23.20%              |
| 6  | Korea          | 2,259.2   | 1,362.1  | 5.98%                                     | 5.52%   | -39.71%              |
| 7  | Taiwan         | 1,576.3   | 991.1    | 4.17%                                     | 4.02%   | -37.12%              |
| 8  | United Kingdom | 1,081.8   | 917.9    | 2.87%                                     | 3.72%   | -15.15%              |
| 9  | China          | 1,328.2   | 871.0    | 3.52%                                     | 3.53%   | -34.42%              |
| 10   | Thailand       | 850.6   | 827.4    | 2.25%                                     | 3.35%   | -2.73%               |
| 11   | France         | 1,007.8   | 558.2    | 2.67%                                     | 2.26%   | -44.61%              |
| 12   | Canada         | 682.0   | 497.2    | 1.81%                                     | 2.01%   | -27.10%              |
| 13   | Italy          | 903.7   | 471.0    | 2.39%                                     | 1.91%   | -47.88%              |
| 14   | Malaysia       | 701.9   | 383.2    | 1.86%                                     | 1.55%   | -45.41%              |
| 15   | Vietnam        | 82.9  | 359.7    | 0.22%                                     | 1.46%   | 333.90%              |
| 16   | Netherlands    | 559.8   | 336.9    | 1.48%                                     | 1.36%   | -39.82%              |
| 17   | India          | 686.5   | 292.9    | 1.82%                                     | 1.19%   | -57.33%              |
| 18   | Belgium        | 333.8   | 273.3    | 0.88%                                     | 1.11%   | -18.12%              |
| 19   | Hong Kong      | 318.8   | 257.2    | 0.84%                                     | 1.04%   | -19.32%              |
| 20   | Finland        | 373.3   | 248.6    | 0.99%                                     | 1.01%   | -33.40%              |
| 21   | Sweden         | 481.5   | 235.0    | 1.28%                                     | 0.95%   | -51.19%              |
| 22   | Switzerland    | 335.2   | 227.7    | 0.89%                                     | 0.92%   | -32.07%              |
| 23   | Brazil         | 352.3   | 203.5    | 0.93%                                     | 0.82%   | -42.24%              |
| Imports from Major Regions:                      |                |   |          |   |         |                      |
|  | ASEAN          | 3,705.1   | 2,924.5  | 9.81%                                     | 11.85%  | -21.07%              |
|  | European Union | 8,269.5   | 5,834.5  | 21.90%                                    | 23.64%  | -29.45%              |
|  | NAFTA          | 6,131.6   | 4,025.0  | 16.24%                                    | 16.31%  | -34.36%              |
|  | NEAsia         | 12,386.5  | 6,889.1  | 32.81%                                    | 27.91%  | -44.38%              |
| Total Non-Oil/Gas Imports                        |                | 37,755.7  | 24,683.2 | 100.00%                                   | 100.00% | -34.62%              |

Source: Biro Pusat Statistik, Buletin Ringkas, March 1999.

Table 23. Recent Trends in Non-Oil/Gas Exports in Indonesia, Quarterly and Monthly Data

| (FOB, in millions of US\$, current prices) |          |          |                |                   |
|--|----------|----------|----------------|-------------------|
| Period                                     | 1997     | 1998     | % Change       | % Change          |
| Quarter:                                   |          |          | (Year on Year) | (Previous Period) |
| QI   | 9,151.3  | 10,242.0 | 11.92%         | -6.87%            |
| QII  | 10,410.9 | 10,272.0 | -1.33%         | 0.29%             |
| QIII                                       | 11,261.7 | 10,804.1 | -4.06%         | 5.18%             |
| QIV  | 10,997.2 | 9,657.4  | -12.18%        | -10.61%           |
| Month:                                     | 1998     | 1999     | % Change       | % Change          |
|  |          |          | (Year on Year) | (Previous Period) |
| Jan.                                       | 3,344.5  | 2,373.5  | -29.03%        | -26.72%           |
| Feb.                                       | 3,058.0  | 2,615.9  | -14.46%        | 10.21%            |
| Mar.                                       | 3,839.5  | 3,307.0  | -13.87%        | 26.42%            |
| April                                      | 3,138.1  | 3,209.1  | 2.26%          | -2.96%            |
| May  | 3,271.9  | 3,374.4  | 3.13%          | 5.15%             |
| June                                       | 3,862.0  | 3,013.4  | -21.97%        | -10.70%           |
| QI   | 10,242.0 | 8,296.5  | -19.00%        | -14.09%           |
| QII  | 10,272.0 | 9,596.9  | -6.57%         | 15.67%            |

Source: Biro Pusat Statistik, Buletin Ringkas, various issues.

Table 24. Recent Trends in Non-Oil/ Gas Imports in Indonesia, Quarterly and Monthly Data

| Period<br>Quarter: | (CIF, in millions of US\$, current prices) |         | % Change<br>(Year on Year) | % Change<br>(Previous Period) |
|--------------------|--|---------|----------------------------|-------------------------------|
|                    | 1997                                       | 1998    |                            |                               |
| QI                 | 9,459.7                                    | 6,217.1 | -34.28%                    | -30.28%                       |
| QII                | 9,915.4                                    | 5,636.4 | -43.16%                    | -9.34%                        |
| QIII               | 9,463.2                                    | 6,222.6 | -34.24%                    | 10.40%                        |
| QIV                | 8,917.4                                    | 6,607.1 | -25.91%                    | 6.18%                         |
| Month:             | 1998                                       | 1999    | % Change<br>(Year on Year) | % Change<br>(Previous Period) |
| Jan.               | 2,152.9                                    | 1,535.8 | -28.66%                    | -28.99%                       |
| Feb.               | 1,897.6                                    | 1,522.3 | -19.78%                    | -0.88%                        |
| Mar.               | 2,166.6                                    | 1,800.9 | -16.88%                    | 18.30%                        |
| Apr.               | 1,801.4                                    | 1,900.2 | 5.48%                      | 5.51%                         |
| May                | 1,817.7                                    | 1,765.1 | -2.89%                     | -7.11%                        |
| Jun.               | 2,017.3                                    | 1,685.9 | -16.43%                    | -4.49%                        |
| QI                 | 6,217.1                                    | 4,859.0 | -21.84%                    | -26.46%                       |
| QII                | 5,636.4                                    | 5,351.2 | -5.06%                     | 10.13%                        |

Source: Biro Pusat Statistik, Buletin Ringkas, various issues.