

CANADEXPORT

Focus on Indonesia

Why a Supplement on Indonesia?

Simply because it is the world's fifth fastest growing economy and the fourth most populous nation, with 186 million people.

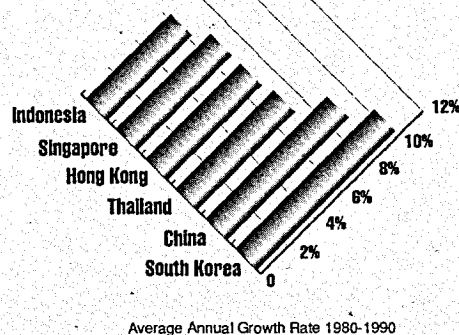
INDEED, IT'S A HUGE POTENTIAL MARKET, LARGELY UNKNOWN TO CANADIANS.

This archipelago of more than 13,000 islands spans 5,000 kilometers, more than the distance between St. John's and Victoria. A visitor to Jakarta 10 years ago would hardly recognize the city now: office towers and high rise condominiums; construction like a sleeping giant stirring to wakefulness. The same is happening more and more in the rest of Indonesia.

When President Soeharto came to power in 1968, he inherited a country that was on the brink of economic ruin. Inflation was at 650 per cent — rather than the now much more manageable 15 per cent — and about 60 per cent of the population lived under the poverty line.

Under Soeharto's New Order, the Indonesian economy has grown at a rate of almost 7 per cent a year in real terms and the number of Indonesians living in poverty has fallen to 15 per cent.

World's Fastest Growing Countries



In 1940 the literacy rate was about 10 per cent. Today, over three-quarters of Indonesians read and write.

Revenues from Indonesia's oil fields and from a consortium of international donors, including Canada, have stimulated badly needed physical infrastructure, edu-

cation and agriculture. Thanks to intensive agricultural programs, Indonesia, for many years the world's largest rice importer, is now self sufficient in rice production. Political stability, a fully convertible currency, and increasing deregulation have encouraged foreign investment.

Indonesia's oil and gas reserves are the largest in Southeast Asia, and Indonesia has become the world's largest exporter of liquefied natural gas (LNG).

When it became clear in the early 1980s that petroleum reserves had foreseeable limits, the government began to diversify into manufacturing to reduce reliance on oil exports. Thus, oil exports accounted for only 31.4 per cent of total exports in 1992, followed by textiles and garments as the second-largest export earners in 1992.

Other major foreign exchange earners are forestry, minerals, and tourism. Indonesia's beaches,

Indonesia is Canada's largest Export Market in Southeast Asia.