

- **The October 1993 deregulation package lowered the threshold for 100% foreign ownership in upstream investments to US\$ 2 million and extended the period in which 100% foreign ownership is allowed**

To meet this goal, three deregulation packages were launched in the first eight months of 1993. At the end of May, the stiffening of the capital adequacy ratio requirements for banks originally scheduled for Fall 1993 were relaxed, thus loosening the credit supply. In June, a modest trade and investment reform package was announced, which included key measures to allow the limited importation of assembled vehicles and established a system of sliding tariffs on imports of spare parts. In October, a major deregulation package, PAKTO, lowered the threshold for 100% foreign ownership in upstream investments to US\$ 2 million and extended the period during which 100% foreign ownership is allowed. In addition to lowering the tariffs and import surcharges on a number of products, PAKTO also streamlined requirements for provincial approval of proposed investments. As yet, however, the government has not eliminated the 49% limit on foreign ownership of publicly-listed shares.

- **1992 exports were valued at US\$ 34.5 billion, US\$ 24 billion of which were non-oil exports**

As a result of these measures, growth in GDP, which slowed to 5.9% in 1992 from 6.6% in 1991 and 7.4% in 1989 and 1990, is expected to rebound to 6.8% in 1993. Inflation was 9.24% as of November 1993, higher than 1992 due to one-time energy price hikes in the first quarter of 1993. 1992 exports were valued at US\$ 34.5 billion, US\$ 24 billion of which were non-oil exports. Textiles were the single largest non-oil contributor. By December 1992, banks had extended Rp 36 trillion (US\$ 17.1 billion) in investment credits overall, which represented a 36% increase over 1991. Manufacturing credits increased 47% or Rp. 5 trillion (US\$ 2.4 billion) over 1991.

- **Major trading destinations are the EC, US, and Japan**

Major trading destinations for Indonesia are split evenly between the EC, US, and Japan at 19%, 18% and 17% respectively. Singapore accounts for 13% of Indonesian exports, although many goods are re-exported directly upon reaching Singapore.