

The Export Development Corporation (EDC) is interested in expanding its support for Canadian companies' business activity in connection with the rapidly increasing opportunities in Indonesia.

Since 1979, EDC has entered into 19 financial agreements related to the Indonesian market totalling over Cdn \$480 million, without experiencing any material payment difficulties. These include 18 loans for capital goods ranging from aircraft to a nuclear electronics laboratory, and one multiple disbursement loan co-financed with CIDA in support of a coal rail transportation project (Bukit Asam). The Bukit Asam project, established in 1981 and recently disbursed in full, represented U.S. \$130.2 million in EDC support, and involved transportation and telecommunications goods and services from various Canadian exporters.

The Indonesian public sector historically has enjoyed substantial benefits from a financing perspective. In certain cases where international bidding is to be pre-empted, Presidential Decree 8, introduced in 1984, requires foreign financing terms for long-term projects to reflect an interest rate of 3.5 percent, with a 7-year grace period and an 18-year repayment schedule. A scarcity of concessional funds has limited EDC's ability to support export transactions where such Decree 8 financing is a prerequisite. However, in 1990 EDC successfully supported Canadian supply on OECD consensus terms for the Paiton Power Project. A trend towards more non-concessional consensus-based lending to the public sector is expected to continue. Significant opportunity exists to support exports to the private sector where EDC and Canadian exporters have targeted key borrowers.

The Canada-Indonesia Business Council is a vehicle for export marketing efforts in Indonesia. Its Indonesian counterpart, the Indonesia-Canada Business Council, is a subsection of the Indonesian Chamber of Commerce and Industry, and focuses on promoting Indonesian exports and investment inflows. These organizations of companies and individuals foster links between the private sectors with a view to increasing activities in the markets of both countries.