
I. THE COUNTRY, CUSTOMS AND BUSINESS PRACTICES

Indonesia is located on the equator between Australia and Singapore, and has a land area of some 1.9 million km² (735 354 square miles) spanning 1 770 km (1 000 miles) from north to south and 5 152 km (3 200 miles) from east to west. Its location across important trade routes has long influenced its political and economic development. The world's largest archipelago, it comprises 13 677 islands of which 6 000 are inhabited. The five main islands are Sumatra, Java, Kalimantan (the major part of Borneo), Sulawesi and Irian Jaya (the western part of New Guinea). The most important island is Java where the capital city, Jakarta, is located. Jakarta is also Indonesia's largest city with a population of 7.6 million. Other major cities (population in brackets) include Surabaya (2.3 million), Medan (2 million), Bandung (1.6 million), Semarang (1.3 million), Ujung Pandang (900 000), Palembang (900 000), Pontianak (355 000) and Balikpapan (350 000).

More than 40 per cent of Indonesia's industrial activity is found in or near Jakarta, while another industrial zone is located near Surabaya, West Java. Primary industry, mining, and forestry activities generally are concentrated on the larger islands of Sumatra, Kalimantan, Sulawesi and Irian Jaya.

History and Government

Indonesian history extends over 2 000 years with a succession of Hindu, Buddhist and Islamic kingdoms. Marco Polo visited parts of Sumatra and Java in 1292. Portuguese and Spanish traders arrived in the sixteenth century, followed by the Dutch, who started colonizing the archipelago as of 1602. Indonesia was known as the Netherlands East Indies during the 350-year Dutch period. Independence was unilaterally declared on 17 August 1945, three days after the Japanese surrender. In December 1949, the Netherlands Government unconditionally recognized the sovereignty of the new republic, with Soekarno as the president.