

- **Indonesia's domestic and foreign passenger traffic increased 6.2% and 10.8% respectively between 1989 and 1991**

Like the rest of Asia, Indonesia's airport sector is growing rapidly, with domestic and foreign passenger traffic increasing 6.2% and 10.8% respectively between 1989 and 1991. Several factors have been responsible for Indonesia's booming air transportation industry:
- **New regulations allowing private airlines to operate jets**

 1. Presidential Decree No. 1 (1980) allowed private airlines to operate jets, although it was not until 1990 that Sempati Air became the first scheduled airline to fly jet aircraft.
- **The expansion of both Jakarta and Bali airports**

 2. The expansion of both Jakarta and Bali airports, Indonesia's busiest gateways, have provided for increased traffic through these airports. As a result of increased capacity, passengers nearly doubled from 5.6 million in 1986 to 10.5 million in 1993.
- **Deregulation policies opening up nineteen more airports to international traffic**

 3. Prior to 1970, only Jakarta and Bali offered international services. Currently, Soekarno-Hatta Airport in Jakarta handles 73% of Indonesia's international arrivals. Deregulation policies have recently opened up nineteen more airports to international traffic. In the past months, airlines have inaugurated new international routes from inter alia Surabaya and Medan. Manado will follow shortly.
- **Fares, which are controlled by the Government, were raised 10% in January 1993**

Fares, which are controlled by the Government, were raised 10% in January 1993 (Decree of the Minister of Communications No. KM 6/1993). Private airlines are restricted by how much their tariffs are allowed to undercut the state-owned carriers, Garuda and Merpati.
- **As one of the country's strategic industries, the state-owned airline company, IPTN, began the assembly of parts in 1977 and production of components in 1978**

In parallel with the expansion of the scheduled airline industry, Indonesia has been working to increase its airline production capabilities at the behest of H.E. Dr. B.J. Habibie, State Minister for Research and Technology and close ally of President Suharto. As one of the country's strategic industries under the control of BPIS (Board of Strategic Industries), the state-owned airline company, IPTN (Industri Pesawat Terbang Nusantara), began the assembly of parts in 1977 and production of components in 1978.