

Although largely self-sufficient in food products, Indonesia remains an important market for Canadian wheat exports.

Indonesia's manufacturing sector is perhaps the most dynamic, enjoying double digit growth rates and accounting for more than 18 per cent of the GDP in 1989. Indonesia has the comparative advantage of being a very low cost producer with a large domestic market while benefiting from a great deal of Asian investment.

The future growth of the Indonesian economy will depend to a large degree on the continuing success of the Five-Year Development Plan (Repelita V), covering the fiscal years 1989-90 through to 1993-94. The plan proposes a sustained level of economic growth as the basis for a more equitable distribution of income and for greater national stability. The priorities of this plan are to create widespread employment opportunities, develop human resources and to provide for basic needs and social services. More than half of the total budget has been allocated for the communications, education and agriculture sectors. In 1990, the national budget reached U.S. \$25 billion, with

approximately 20 percent coming from multilateral and bilateral assistance.

Indonesia has prudently and successfully managed its external debt burden. With a debt-service ratio of approximately 30 percent, the Government must continue to manage the balance of payments carefully throughout the 1990's. The economic growth rate is likely to slow down in the early 1990's as the government tightens the money supply to cool down an overheated economy and to lower an inflation rate which is approaching 10 percent.