

totaling more or less 2.5 million workers, there are serious problems in unemployment. The unemployment rate last year was around 10%, and this year could be around 11% out of a labour force of around 100 million. From the economic point of view this may explain why Megawati was not able to get a majority of voters in the presidential elections despite the macro-economic stability or macro-economic improvement, as unemployment is a very serious thing in the country.

### Several sectors grew relatively high

- Transportation and communication sector grew very high in the 2<sup>nd</sup> qtr 04, followed by construction and trade.
- Manufacturing sector is starting to grow led by automotive (motorcycle) and cement, even though far from optimal.
- Agriculture sector growth was low. And mining sector grew negatively when oil and commodity prices are very high.

Sector	2 <sup>nd</sup> Qtr/2004 (y-o-y) %
Agriculture	1,7
Mining	-7,2
Manufacture	6,0
Electricity, Gas, Water	5,9
Construction	7,5
Trade	7,4
Transp. And Comm.	13,3
Finance	4,4
Services	4,6
<b>GDP</b>	<b>4,3</b>
<b>GDP Non-oil-gas</b>	<b>5,1</b>

The economy is recovering, but very slowly. We see here in the second quarter of 2004, for instance, that economic growth is about 4.3% and year on year after the first semester the economic growth was about 4.7%. Of course that was not bad if we look from a developed economy point of view, but it is still not enough for a developing country with large corporations like Indonesia. So some people jokingly say that Indonesia has the economy of a developed country as far as growth rates are concerned, with a growth rate of only around 4%. So economic growth has been mainly to support consumption. Consumption grew in the second quarter year on year between 5 and 6%, with such consumption also including motorcycles and automobiles. If you come to Jakarta, or Surabaya, or Medan, or Bandung, you see more and more cars and more and more motorcycles on the street, despite economic growth of only 4.7%.

On the other hand, exports are still not really that encouraging. The growth of exports is still only about 3% while the growth of imports is 9%. The issue here is that exports are not able to generate employment as well as economic growth because our main exports -