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Recent Economic Developments in Indonesia

As a result of a stable political environment and an extensive program of structural economic reform, Indonesia has experienced solid economic growth in recent years. Since the early 1980's, real GDP growth has averaged 5.5 percent per annum, reaching 6.2 percent in 1991; and export values have increased significantly from U.S. \$21.9 billion, to values of U.S. \$25.7 billion in 1990 and \$28.9 billion in 1991. (The Economic Growth Table I in the Preface provides a comparative picture of Indonesia's economic growth performance over 3 years in relation to other countries.)

Threatened by severe external shocks from the global recession and weakening oil prices during the mid-1980's, Indonesia's economy was upheld by the Government's effective reform policies. These

policies included tax reform (1984-86), liberalization of banking laws (1983-88), an overhaul of customs and export procedures (1985-90), and incentives to encourage increased foreign investment and non-oil/gas exports (1990-91). The government also focused on deregulation, the privatization of public corporations and sound macro-economic management. These reforms, recognized by the World Bank and the IMF as an example of a successful development strategy, have led to a diversification of the economy away from a dependence on oil exports towards a more dynamic and balanced economy.

Agriculture still plays a very significant role in the Indonesian economy, accounting for nearly one quarter of the gross domestic product in 1989.

TABLE IV

ASEAN ECONOMIES AT A GLANCE

(IN \$US) 1991

	POP (M)	POP. GROWTH	GDP GROWTH	GNP PER CAPITA	EXPORTS (B)	FOREIGN DEBT(B)	INFLATION CPI	CURRENT ACCT(M)
BRUNEI	.3	2.8%	4.5%	\$18,000	\$2.2	0	2.3%	\$500
INDONESIA	183.0	1.8%	6.2%	\$605	\$28.9	\$67.9	9.2%	-\$2,400
MALAYSIA	18.2	2.3%	8.8%	\$2,465	\$34.7	\$19.5	4.4%	-\$1,672
PHILIPPINES	63.6	2.3%	0%	\$725	\$8.9	\$30.4	18.7%	-\$2,700
SINGAPORE	2.7	1.1%	6.7%	\$12,285	\$62.5	0	3.4%	\$2,350
THAILAND	57.3	1.4%	7.9%	\$1,605	\$28.4	\$25.9	6.0%	-\$7,953
ASEAN	325.1				\$165.6			
CANADA	26.9	.8%	-0.2%	\$21,750	\$127.8	\$149	4.4%	-\$18,718

NOTE:

M = Millions

B = Billions

CPI = Consumer Price Index

GDP = value of all goods and services produced in a country in one year

GNP per capita = GDP + or - surplus or deficit in trade / population

Current Account = surplus or deficit in trade

Source: Asia Week Magazine

IMF Direction of Trade

IMF International Financial Statistics Monthly

World Bank