

**Indonesian tourism has grown by 334 per cent in the last ten years.**

mountains and rich cultural heritage attracted more than three million visitors in 1993; the target for the the end of the decade is nine million tourists.

Low wages and deregulation have brought U.S.\$34 billion in foreign direct investment to the country since 1987. Last year, Jakarta approved foreign investment worth U.S.\$10.2 billion, up from U.S.\$8.8 billion in 1991. Indonesia has been steadily deregulating its daunting system of tariff barriers and other deterrents to foreign investment. Recognizing the regional competition of Vietnam and China, which offer cheaper labour and land, Indonesia presented an unprecedented two rounds of deregulation in 1993.

Indonesia's manufacturing sector is an increasingly important part of its economy. With wages among the most competitive in Southeast Asia, Indonesia's huge, motivated and increasingly educated workforce is still an important magnet for the foreign investor. More than half of the country's population is under the age of 25 and about 2.3 million new young people enter the job market every year. This group not only represents an attractive labour pool, but an increasingly prosperous and sophisticated domestic market.

**Business trips to Indonesia should be made at least three times per year.**

# Canada Indonesia Trade

*Indonesia is Canada's largest export market in Southeast Asia. Two-way trade between the two countries increased by 47 per cent in 1992 and is expected to grow at approximately 10 per cent per year through this decade, offering some of the most significant business opportunities for Canadians in the region. Total trade should exceed \$1 billion in 1994.*

*The World Bank's Annual Review projects that Indonesia's GDP growth will average between 6 per cent and 7 per cent to the end of the decade. Manufacturing, the most dynamic sector of the economy, is growing at about 15 per cent.*

*Canadian companies have had a very high success ratio bidding on Asian Development Bank (ADB) projects, averaging 67 per cent since 1990. Since 1989, Canadian consulting firms provided approximately U.S.\$70 million in consulting services under ADB projects.*

*Although the Indonesian business community is very interested in investing abroad, its trade and investment in Canada is not significant at this point. Several large Indonesian firms have established trading offices in Canada which could serve as beach heads for potential investment.*

*Indonesia offers opportunities in a number of sectors. However, Canadians should note that the most effective strategy for identifying and acting upon these opportunities is through the establishment of a permanent presence and the nurturing of appropriate relationships. Companies only interested in short-term ventures should not consider this market.*

**By the year 2,000, Asia-Pacific will be 25 per cent of the global economy**

## Environment

Indonesia's rapidly changing economy has brought about ecological challenges. The combination of resource extraction and exploitation, rapidly increasing industrialization and expanding population have combined to produce an unprecedented strain on the environment. There is now a growing awareness of the need for environmental management and protection.

All new projects in Indonesia, using international funding, must adhere to Indonesia's strict new environmental regulations — most of which were written with the help of Canadians with CIDA assistance.