prices began to slide in 1983. Major reforms have been made in tax and banking laws and customs procedures, and because of budget austerity and the accumulation of significant foreign exchange reserves, the country has been cushioned against lower oil prices, at least in the short term. However, in order to reduce dependence on oil, raise non-oil exports and create employment, protectionist trade and industrial policies that have made it difficult to compete abroad will have to be dismantled. Recent regulatory changes relating to investment and export incentives (known as the "May 6 Package") are considered a major step in the right direction and the World Bank has predicted that if additional appropriate measures to create a more efficient economy continue to be put in place, a GDP growth of 3.0 to 3.5 per cent by the end of the decade is a possibility.

Indonesia faces major challenges, but it is a country of great promise and represents currently an import market of US$10 billion plus.

According to Repelita IV allocations, education, agriculture, transportation and power are the sectors that will receive more than half the total development budget. More specifically, the education, health, housing and water supply sectors are receiving substantially larger shares than they did under Repelita III. Transmigration will as before continue to remain an ambitious program. This involves moving people from over-populated Java to lesser-populated areas of the country. In the face of declining revenues, the Indonesian government will also rely more on the private sector to assume its share of the development task. The telecommunications field will also receive priority attention, as Indonesia strives to increase its telephone density rate from the current 0.5 per 100 persons to 0.9 by 1989.

During Repelita IV, the state budget was originally estimated to reach US$151 billion, with revenues projected at US$121.6 billion and the remaining portion coming through multilateral and bilateral assistance. However, because of declining oil revenues (oil historically accounts for some 60 per cent of Indonesia's foreign exchange earnings), the budget has been reduced to US$19 billion for 1986–87 from US$20.4 billion in 1985–86 and this will be a continuing trend until oil prices firm up. Priority sectors according to development expenditures (expressed in percentage terms) are