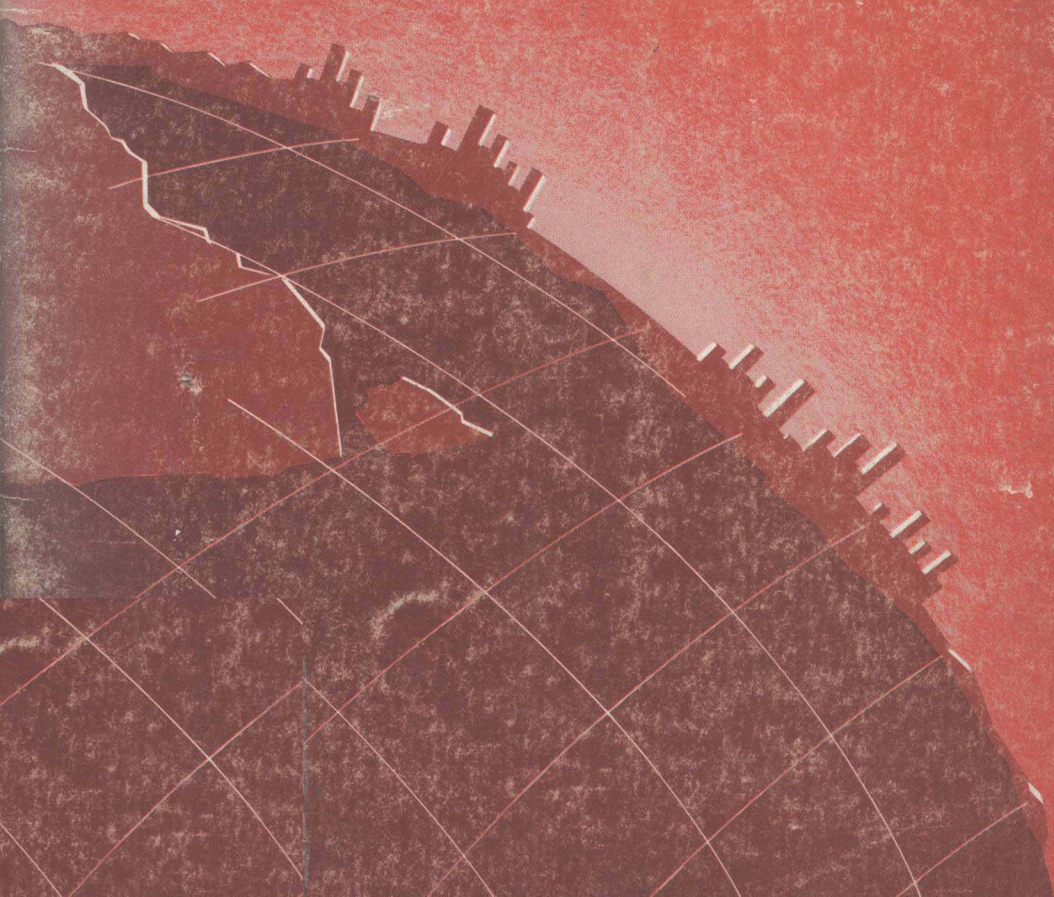


A Guide to Doing Business in the ASEAN Region

**BRUNEI · INDONESIA · MALAYSIA
PHILIPPINES · SINGAPORE · THAILAND**



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U.S. DEPARTMENT OF COMMERCE
International Trade Administration
Office of Pacific Basin
February 1985





UNITED STATES DEPARTMENT OF COMMERCE
The Under Secretary for International Trade
Washington, D. C. 20230

MEMORANDUM FOR: Business Executives

SUBJECT: How to Build Profitable Overseas
Business in the ASEAN Region

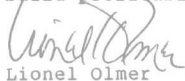
The member countries of the Association of South East Asian Nations (ASEAN) -- Brunei, Indonesia, Malaysia, Philippines, Singapore, and Thailand -- have demonstrated impressive economic strength in recent years. They represent a market that has vast potential for U.S. products and services. In 1983, most members' growth rates ranged from four to eight percent. Continued development is resulting in multi-billion dollar expenditures on equipment, supplies, and services necessary for further growth.

To help you explore this expanding market and the potential for your products and services, we have updated the Guide To Doing Business in the ASEAN Region.

In addition, the International Trade Administration (ITA) can provide you with a variety of services to assist you in penetrating the ASEAN market:

- o Country specialists in the Office of the Pacific Basin in Washington are available to advise you on marketing opportunities. They can help you create a marketing plan to speed your entry into the ASEAN region or increase your market share.
- o ITA district offices throughout the United States will counsel you on how to get started in exporting, where and how to find buyers and distributors abroad, and how to compete for foreign government contracts.
- o After consulting with our experts, you may want to visit the ASEAN region to meet prospective agents and ultimate customers. Our Foreign Commercial Service Officers assigned to our embassies in the region can help you identify leads and can provide in-country counseling.

I urge you to use this guide and the Commerce Department services to build profitable overseas business with ASEAN members.


Lionel Olmer





**ASEAN-U.S.
Business Council**

International Division
Chamber of Commerce of the United States
1615 H Street, N.W.,/Washington, D.C. 20062

Telex: RCA 248302
Cable: COCUSA
Tel: (202) 463-5483

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We are pleased to cooperate with the U.S. Department of Commerce in preparing this guide for exporters to the ASEAN region. United States business interests in ASEAN are growing rapidly. The six countries in the region constitute one of the most dynamic and fastest growing areas in the world. U.S. exports to ASEAN have increased an impressive nine-fold during the past decade, and ASEAN now ranks among the United States' largest trading partners.

Since the formation of the ASEAN regional group in 1967, ASEAN has been devoted to the promotion of regional cooperation in economic, social, cultural, and technical matters. One outgrowth of this regional cooperation was the establishment, in 1979, of the ASEAN-U.S. Business Council. With the full support of the respective governments, the Council seeks to strengthen business ties between the two private sectors by acting as a forum for the discussion of trade, investment and economic relations among ASEAN and U.S. business leaders, and as a mechanism for conducting joint projects.

Many U.S. companies now enjoy profitable business relations with ASEAN partners in a wide range of fields, spanning opportunities from agribusiness to the most highly sophisticated electronics and telecommunications industries. Yet many market segments in this region remain untapped by a vast number of U.S. business, both large and small.

We hope this guide will encourage those of you not presently exporting to the ASEAN region to consider these attractive, new market opportunities, and to seek further export information through the sources found herein.

The Council operates under the administrative aegis of the Chamber of Commerce of the United States but is autonomous in matters of policy.

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ASEAN—An Introduction

The Association of South East Asian Nations (ASEAN) is an organization for economic, political, social, and cultural cooperation among the six member countries: Brunei, Indonesia, Malaysia, Philippines, Singapore, and Thailand. (Brunei became a member in January 1984, upon being granted independence by the United Kingdom.)

The ASEAN Economies

Exceptionally high, sustained growth rates in each country have distinguished ASEAN as one of the fastest-growing regions in the world. Between 1971 and 1982, average real GDP growth rates ranged from 5.7 percent in the Philippines to 9.2 percent in Singapore. In 1982, worldwide recession caused real growth to slow in the ASEAN countries; however, the ASEAN economies performed better in 1983 and are expected to do even better in 1984. Growth rates for 1983 ranged from 4.5 to 7.9 percent (excluding the Philippines).

ASEAN countries have maintained vigorous economies mainly because of their dedication to development through free enterprise, their skilled work forces, their abundance of natural resources, and the their pragmatic economic policies. ASEAN continues to be a major supplier to the industrialized countries of key raw materials—rubber, tin, metals, and petroleum. Government policies, however, have led to greater diversification of their economies, significantly altering the composition of production and trade. A broad range of manufactured goods, including textiles, electronic components, and consumer goods, now comprises well over half the U.S. imports from the region.

Rising per capita income, ranging from \$580 in Indonesia to \$22,000 in Brunei in 1982, a market of 270 million people—larger in population than the U.S. and Canadian markets combined; and aggressive government development projects requiring capital equipment and technology from abroad offer a rapidly expanding market for American business. Trade statistics indicate that U.S. firms are, in fact, taking advantage of many of the opportunities these prosperous countries offer.

Trade and Investment Trends

U.S. exports to ASEAN fell slightly in 1983, to \$9.47 billion. However, the decrease was less than the 5.5 percent decline in our exports worldwide. Statistics for the first five months of 1984 show a further decline in exports to ASEAN of 5.6 percent, compared to the same period last year.

Our imports from ASEAN in 1983 rose 17.3 percent over 1982, far more than the 6 percent increase registered worldwide. Imports during January-May 1984 rose by 45.9 percent over the same period in 1983. (This reflects increased imports of petroleum and raw materials as a result of the U.S. recovery.)

chants who prospered on the abaca trade, the community as a whole found the period between 1898 and 1909 one of economic hardship.

Chapter 3 covers the "golden era," between 1909 and 1929, for the Chinese in their economic pursuits. Whereas the implementation of a free trade policy between the Philippines and the United States gave the islands an export-led economic growth, such a policy also benefited most Chinese businessmen who flourished on the back of a burgeoning consumer market among Filipinos. In exploiting opportunities in the growing domestic economy, the Chinese were able to capture a major market share by expanding business lines in which they were key players, and to broaden the market base by venturing into new growth areas in manufacturing and finance. Meanwhile, a generational change of Chinese leadership began to take place during the 1920s, at a time when the community was becoming more active in social and economic mobilization.

In the 1930s, such developments as the impact of the Great Depression, Japanese competition in retail trade, and the rise of Filipino economic nationalism, significantly changed the economic conditions and policy settings of the Philippines. Chapter 4 examines the difficulties that confronted the Chinese during this decade of adverse economic circumstances when their business interests stagnated, and seeks to explain why they failed to cope with the upsurge in nationalistic economic policies and competing public corporations of the Filipinos. On the eve of Japanese invasion of the Philippines in late 1941, the Chinese community, as a whole, found its economic future in the host country was none too certain.

Business Climate

The ASEAN governments recognize that a favorable business climate is an essential ingredient in attracting trade and investment. There are, of course, many factors influencing the business climate, including political stability, government regulations, tax laws, and quality and cost of the work force. ASEAN has been a politically stable region. The governments, even with changes in leadership, have maintained their basic free enterprise philosophy. The Philippines is currently experiencing problems but the desire for foreign investment and trade is not likely to diminish. The ASEAN countries regulate foreign investors through such measures as equity share limits, restrictions on investing in certain sectors, and requirements on the use of local labor and raw materials. However, all of the countries offer incentives to encourage foreign investment in certain sectors. Wage rates in ASEAN are attractive. Availability of skilled labor varies between the countries, but English is widely spoken.

ASEAN Cooperation

ASEAN was founded in 1967 to promote regional economic, social, and cultural cooperation. The organization and its programs did not expand rapidly until 1976. In that year, the five heads of government signed the Declaration of ASEAN Concord, which forms the basis for a wide range of cooperative activities in industrial development and trade.

Many of these programs have implications for U.S. companies doing business in the region. One such program is the Preferential Trading Arrangement (PTA), under which the five offer each other tariff preferences on some of the goods traded among them. To date, reductions of 20 percent (later to be raised to 50 percent) have been made on several thousand items.

Another area of ASEAN cooperation of possible interest to U.S. companies is the development of a program of joint industrial projects. These programs are negotiated and approved by consensus within the formal ASEAN organization. Tariff preferences are offered on the output of the projects to encourage trade within the group. (See *Business America*, March 21, 1983.) The ASEAN Industrial Projects (AIPs) are large-scale industrial facilities which are co-owned by the governments and private investors from all five of the countries. Third-country investors and contractors can also participate. The four currently approved projects are: two for ammonia and urea (Indonesia and Malaysia), soda ash (Thailand), and copper fabrication (Philippines).

The ASEAN Industrial Complementation (AIC) scheme was designed to permit each country to produce a component or group of components which can be traded among the five for assembly into a complete product. ASEAN has approved an AIC for the automotive industry, and packages of components have been allocated among the five countries. However, progress has been hampered by the fact that several of the countries are planning to develop their own automotive industries. The ASEAN private sectors have also proposed AICs for the chemical, furniture, and food processing industries.

The most promising of the ASEAN plans, and the one of greatest potential interest to U.S. firms, is the ASEAN Industrial Joint Venture (AIJV) program. The program was approved by the ASEAN foreign ministers on November, 7 1983. An AIJV requires companies from only two of the countries to participate, rather than all six. In addition, non-ASEAN firms can participate up to a 49 percent equity share. Tariff preferences on the output of the venture may be offered by as many as all five of the countries. These provisions, a sign of ASEAN flexibility and pragmatism, should make it easier for ASEAN firms to establish such ventures.

Although the ASEAN governments are deeply involved in the joint projects, the private sectors in each country are playing an increasingly active role in ASEAN cooperation. The ASEAN Chamber of Commerce and Industry (ASEAN CCI), formed in 1972, provides for closer cooperation among the private sectors of the countries and complements the efforts of the governments in building a firm foundation for regional cooperation. The ASEAN CCI has established 23 Regional Industry and Commodity Clubs (RICs) to bring together businesspeople with similar interests. U.S. companies active in the region can and do participate in the RICs through their national memberships and thus play a part in ASEAN cooperation.

Economic cooperation among the ASEAN private sectors also includes financing. In 1981, some 140 major banks from all five of the countries joined to form the ASEAN Finance Corporation (AFC), a long-term financing institution incorporated in Singapore as a merchant bank. The AFC's goals are to promote industrial development, intra-regional trade, and financial cooperation both among the ASEAN countries and between ASEAN and non-ASEAN financial entities. One specific purpose is to mobilize financial resources for the AIPs, AICs, and AIJVs.

The growing and diversified economies of the ASEAN countries, together with their rising incomes, generally favorable business climates, and free enterprise orientation, make ASEAN a region of considerable opportunity for American business.

BRUNEI

MARKET CHARACTERISTICS

Exports to the World

In 1983 exports from Brunei totalled \$3.4 billion, down from \$3.5 billion in 1982 and \$3.6 billion in 1981. This trend mirrors the the worldwide decreased demand for oil—Brunei's only significant export. Since oil prices are expected to remain steady, Brunei's exports will decrease only marginally in 1984. Exports to the U.S. totalled \$9 million in 1983 and \$2 million for the first five months of 1984.

Imports

In 1981 imports totalled \$4.6 billion, and by 1983 they had almost doubled in value. Major imports include: machinery and transport equipment (317.5 million), manufactured goods (\$241.4), and food and live animals (\$90.2 million). U.S. exports to Brunei reached \$55.1 million in 1983 with transportation equipment and manufactured goods the leading items.

Trade and Investment Policy

The Government of Brunei Darussalam imposes few import duties, no export duties, and no restrictions (except for Indonesian and Indian currency) on the importation of capital.

Brunei maintains a free market economy. The government is actively involved in commercial ventures, including 50 percent equity in Brunei Shell Petroleum and ventures in LNG, agriculture and utilities. Investment incentives are offered and foreign investment is encouraged, particularly in areas which help diversify the economy.

Prospects for Trade

The prospects for growth of trade with oil-rich Brunei are good, although opportunities tend to be specialized and the market is quite small (Brunei's total population is only about 215,000). The greatest opportunities exist in construction, oil and gas, manufactured goods, and agricultural products. Prospects for trade should not be expected to be actualized with only one visit; most Brunei organizations importing goods have long-established sources. More than one visit normally is required to establish credentials as a businessman with commitment to the market. Importers in Brunei are more comfortable if there is a representative nearby, such as in Singapore, so that servicing and support do not depend on a far-away American base.

PLANS FOR ECONOMIC DEVELOPMENT

Development Plan—Brunei's five-year plan (1985-89) will be publicly released in the middle of 1985. Strengthening the non-oil private sector through economic diversification is expected to be one of its dominant themes. Agriculture and fishing will likely be priority sectors.

Economic growth rates are largely contingent upon the price of oil. For the first half of the plan, growth is expected to hover around 4 percent, but as recovery trends continue and the price of oil increases, growth rates should increase. While the government has encouraged diversification in the economy, especially in the agricultural and manufacturing sectors, it has met with little success. The population enjoys a high standard of living based on oil and gas revenue, and until the profitability of other sectors can be demonstrated there will be little diversification.

Major Projects—Brunei in 1984 was at the end of a planning cycle, which, combined with the large number of major projects which were completed for independence earlier this year, meant that few plans for new major projects have been announced this year. Current major projects involve completion of road projects, airport expansion, and government housing construction. Major projects that will be in the new five-year plan are likely to include additional roads, further construction of government housing, extension of sewerage services to river towns, new government buildings, improvements in telecommunications services, and investment in capital intensive methods of agricultural production.

THE FIVE TOP CATEGORIES FOR U.S. EXPORTS

Construction—The construction industry is one of the fastest-growing and most important sectors of the economy. The majority of large construction projects are under government contract administered by the Public Works Department (PWD). With a budget of \$1.15 billion, the PWD ranks fourth in the 1984 budget. Currently, there are over 600 projects being handled by the PWD. Because most of the country's housing stock is of poor quality, additional housing construction can be expected.

Machinery and Transportation Equipment—In 1983, imports machinery and transport equipment totalled \$317 million, almost doubling the 1979 figure and making it the largest import category. As the government continues its development plans, demand for machinery will rise.

The private automobile market is also growing. In 1983, there were over 63 thousand privately-owned vehicles. This number is encouragingly high when one considers the relative size of the market.

Manufactured Goods—Manufactured goods probably offer the greatest potential market for U.S. firms. In 1982, demand reached \$197 million and has remained high in recent years. The population enjoys one of the highest per capita incomes in the world and as such, provides specialized opportunities for marketing U.S. goods. As a former British colony and protectorate, Brunei has had long exposure to the West and has a growing desire for Western products from vacuum cleaners to video machines.

Food and Live Animals—The limited resources of Brunei's agricultural sector necessitates importation of 80 percent of all food stuffs. The government, in its attempts to broaden the food base, purchased a large cattle breeding center in Australia. Its first load of beef was shipped in June, 1983. In the current five-year plan, emphasis is placed on research and projects for rice, fruit crops and staff training for young farmers. It is estimated that 130,000 hectares are suitable for tropical agriculture. Despite government efforts and apparent availability, few people choose to work the land, opting instead for the higher paying jobs in the city and on the oil rigs.

Telecommunications—In 1977, there were only 12,000 telephone lines in Brunei, but by 1983, that figure had jumped to 33,000. International Satellite transmissions connect Brunei directly to Singapore, Hong Kong and the United Kingdom.

In 1983, there were over 26 thousand telephones in use and there is still a long waiting list for service. The main constraint is a shortage of cable in many areas. There are plans for more telephone exchanges, and a larger earth satellite ground station to facilitate international calls. It is estimated that there will be nearly 35 thousand phones in service by 1985.

Economy

GROSS DOMESTIC PRODUCT

Brunei's economy is dominated by oil and gas development so GDP growth rates reflect trends in this sector. In 1982 growth in oil and gas development led to a real GDP growth rate of 6.3 percent. Oil production is unlikely to rise above 1982 levels. Consequently, real GDP growth in 1983 and 1984 is unlikely to be more than about 3.4 percent.

SECTORAL SHARE OF THE ECONOMY

Mining and Manufacturing—The mining and manufacturing sector (largely oil and gas development) makes up 76 percent of total GDP and 98 percent of all exports. There is practically no local manufacturing in Brunei.

Agriculture—Brunei is self-sufficient for most types of vegetables and in poultry intended for domestic consumption but it imports 90 percent of its rice. One objective of the new five year plan will be to increase domestic production of rice to 30 to 40 percent by the end of the period. Fish farming projects and expanded cattle fattening ranches in Australia are planned for implementation in the near future. The agriculture sector is expected to grow by 5-6 percent in 1989, a direct result of government encouragement. A study carried out by a consulting firm suggested that rubber production and small scale cultivation of spices and high value fruit offer the greatest potential for agricultural activity.

FINANCING

Currency—The Brunei dollar is freely interchangeable (at par and without charge) with the Singapore dollar. The Brunei dollar floats beside the Singapore dollar and against the United States dollar. In August, 1984, the Brunei/U.S. dollar exchange was \$2.0=U.S. \$1.0.

Domestic Credit and Investment—There are nine banks providing general services in Brunei. The National Bank of Brunei and the Island Development Bank are locally incorporated. The remaining seven are branches of foreign companies including: Bank of America, Citibank, Hong Kong and Shanghai Banking Corporation, the Chartered Bank, Overseas Union Bank, United Malaysian Banking Corporation and the Malaysian Banking Bhd.

Foreign Investment—Most foreign investment is in the oil and gas industry. The Royal Dutch Shell Group and the Government each have 50 percent equity in oil production and refinery capacity. Foreign investment in non-oil activities is increasing with the fastest growth in the construction sector. Opportunities will increase as the government implements its plans for economic diversification. If a company seeks to qualify for investment incentives offered by the government, success is likely if the proposal includes a local partner since most

incentives are associated with government-objectives for diversification of the locally based economy.

Foreign Aid—Brunei receives no direct foreign aid.

PENETRATING THE MARKET

Business Practices

The official state language is Malay, though English is widely understood and is the language of most business transactions. Other languages include Chinese, and a number of regional dialects. Business cards are customarily exchanged.

USE OF AGENTS

While the appointment of a local agent is not legally required, the selection of an active and aggressive local representative or partner is increasingly necessary for success in bidding for government business. The largest marketing area is the capital, Bandar Seri Bagawan. Many firms base their operations in Singapore, with representatives visiting the country periodically.

OFFICE HOURS

Business is carried out Monday through Thursday and Saturday. Offices are open from 7:45 am until 4:30 pm. Office hours may vary slightly with different government departments.

HOLIDAYS

Brunei Government and business offices were closed on the following public holidays in 1984:

January 2.....	New Year's Day
February 2.....	Chinese New Year Brunei Darussalem
.....	National Day
April 28.....	Israile Mekraj (subject to alteration)
May 31.....	Anniversary of the Royal Brunei Armed
.....	Forces (subject to alteration)
.....	First day of Fasting Month (subject to alteration)
June 16.....	Anniversary of the Revelation of the Koran
(subject to alteration)	
June 30/July 2.....	Hari Raya Puasa and the following day
(subject to alteration)	
July 16.....	The Birthday of the Sultan and Yang
.....	Dipertaun Brunei Darussalam
September 6.....	Hari Raya Haji (subject to alteration)
September 27.....	First or Hijarah 1405 (subject to
Alteration	
December 6.....	Hari Maulud (subject to alteration)
December 25.....	Christmas Day

Logistics

ENTRY REQUIREMENTS

A valid passport and a through or roundtrip ticket is required of all visitors. Those staying longer than two weeks must obtain a visa. All non-citizens planning to work in Brunei must also obtain a work permit and identity card. No inoculations

or vaccinations are required unless a stop in an infected area has been made prior to arrival.

TRAVEL AND HOTEL ACCOMMODATIONS

Brunei is over 12,000 miles from the United States and travelers will have to combat a 12-hour time difference. The most well-known hotel is the Sheraton Utamo. Brunei is serviced by a number of airlines including British Airways, Royal Brunei Airlines, Malaysian Airline System, Singapore Airlines, KLM, and Philippine Airlines.

WEATHER

The climate is equatorial with high temperatures, humidity and rainfall. There is little seasonal variation in temperature except during the Monsoon period (Nov.-Jan.) when temperatures are cooler and rain is heavier. The average humidity is 82 percent.

ELECTRICAL CURRENT

Electric current is 230 volt, 50 cycles.

APPENDIX

U.S. GOVERNMENT REPRESENTATION IN BRUNEI DARUSSALAM

U.S. Embassy
P.O. Box 2991
Bandar Seri Begawan, Brunei Darussalam
Tel. 29670

BRUNEI GOVERNMENT REPRESENTATION IN THE UNITED STATES

Brunei Embassy
1 Washington Circle Hotel
1 Washington Circle
Washington, D.C. 20037
Tel. (202) 872-1680

BUSINESS REPRESENTATION IN BRUNEI

Economic Development Board (EBD)
State Secretariat Bldg.
Salan Elizabeth II
Bandar Seri Begawan
Brunei

The Brunei Darussalam State Chamber of Commerce
C/O Bank of America
P.O. Box 2280
Bandar Seri Begawan, Brunei Darussalam
Tel. 26780

INDONESIA

MARKET CHARACTERISTICS

Exports to the World

Indonesia's 1983 exports of \$20 billion consisted of petroleum, liquified natural gas, timber, rubber, coffee, tin, copper, and fish. Major exports to the United States were petroleum, rubber, coffee, and tin.

Imports

Indonesia's 1983 imports were about \$17 billion. The United States was the second largest supplier in 1983 with a market share of 14 percent. Japan, with 23 percent of the market, was Indonesia's leading supplier. Major imports were machinery and transport equipment, petroleum, rice and chemicals. Major imports from the United States were machinery and transport equipment, agricultural commodities (e.g., cotton, rice, wheat), chemicals, and iron and steel products.

Trade and Investment Policy

Indonesia has a number of restrictions affecting imports, some of which are informal and not easily identified. No licenses are required for imports, but many types must be handled through licensed Indonesian importers. Sight bank letters of credit are required for most imports.

In addition, some 30 items are prohibited from import to promote domestic industry and encourage local assembly operations. There are fairly high tariffs on items deemed least essential. In its trade policy, Indonesia gives priority to export expansion, especially to exports that can have value added by processing.

Prospects for Trade

In the short and medium term, oil prices are expected to remain a constraint on imports. A major long-term objective is to increase non-oil exports to offset the projected loss of oil revenue.

PLANS FOR ECONOMIC DEVELOPMENT

Development Plan.—Indonesia's fourth five-year development plan, Repelita IV (April 1, 1984-March 31, 1989) has some fundamental objectives: raise the living standards of the people, serve as an effective basis for future development, give priority to economic development, and continue to be based on the Development Trilogy of equity, a high growth rate, and sound national stability.

Industry, transportation, communications, and construction are expected to be the fastest growing sectors. The largest sector of the economy, agriculture, will grow more slowly and is likely to contribute only 26 percent to gross domestic product (GDP) by 1988/89, compared with 29 percent in 1983/84.

Investment to develop the economy during Repelita IV is estimated at about \$145 billion, of which 79 percent will be provided domestically and 21 percent will take the form of foreign capital inflows. Central government investment, through the development budget, is expected to amount to \$79 billion or 54 percent. Funds will be allocated primarily to the following major economic sectors: communications and tourism; agriculture and irrigation; mining and energy; education; and manpower training and transmigration.

Major Projects.—The government is limiting the number of major projects to avoid inflation, excessive deficits and foreign exchange outflows. In 1983, the government scaled down or shelved over 40 projects with import-financing requirements worth over \$21 billion.

Infrastructure and resource projects are expected to predominate under the current plan. The number of projects could increase if justified by improvements in the balance of payments. World Bank and Asian Development Bank projects will continue to be of considerable interest to American business. Combined World Bank and ADB loan commitments were over \$1.7 billion in 1984.

Information on major projects is available from the U.S. Department of Commerce and the U.S. Embassy in Jakarta.

THE SEVEN TOP CATEGORIES FOR U.S. EXPORTS

Industry: Aircraft and Parts—Parallel with its efforts to develop land and sea transportation the Indonesian Government is ambitiously expanding and improving its air transportation systems. The number of flights connecting Jakarta and major cities throughout the country has increased gradually during the last ten years. P.N. Garuda, the state-owned airline plays a major role in Indonesian airways operations. This company has modernized its large fleet during the last few years, and may have plans to continue to expand by purchasing more airplanes. There is already keen competition between Boeing and Airbus in particular for the next generation passenger planes. Presently, for domestic operations the company uses U.S. McDonnell-Douglas DC-9's, Fokker 27's and 28's from the Netherlands, and British-French Airbus-300's. For international operations Garuda uses DC-10's and Boeing 747's. Garuda flies to West Europe, Japan and Australia.

Indonesia usually purchases a great deal of aircraft engines and other related parts every year, totals of which fluctuate from one year to another. For example, total imports in 1981 were only \$99.3 million, which rose to \$257.9 million in 1982, an increase of almost 160 percent. However, we believe that an average growth rate of 10-15 percent increase for imports from 1983 through 1986 seems reasonable.

Indonesia, however, already produces aircraft under license from foreign manufacturers. Models include the two-engine L9-passenger STOL Airplane under license from the Spanish firm CASA; H80-105 helicopter under license from Messerschmitt-Bolkow-Blohm of West Germany; Bell Textron-415 Helicopter of United States, and the 24-passenger Super Puma Helicopter of France. Most parts and subassemblies are still imported. These products enjoy import protection from similar types of aircraft.

Industry: Avionics and Ground Support—The Indonesian territory spreads over 3,300 miles from east to west and 1,300 miles from north to south, consisting of 12,567 islands. Civil air navigation is vital for connecting the population. The Government is presently very active in modernizing and building new airports throughout the country, most of which badly need it. For instance, the