DOCUMENTATION

Indonesia: Draft State Budget (1984/85)

Jakarta, 9 January (ANTARA): President Soeharto on Monday presented the Government's Financial Note and the 1984/85 Draft State Budget at an open plenary House session. The budget totals Rp20,560.4 billion (US$1 = Rp1,000) — up by 24.1 per cent against the 1983/84 budget of Rp16,565.4 billion.

The 1984/85 draft state budget calls for a 15 per cent increase in the net salary of civil servants. Subsidy for food is abolished.

Domestic revenues stand at Rp16,149.4 billion (up by 16.8 per cent against that of the last fiscal year) and development revenues at Rp4,411.0 billion (up by 60.9 per cent).

Routine expenditures stand at Rp10,101.1 billion (up by 38.8 per cent) and development expenditures at Rp10,458.3 billion (up 12.6 per cent).

The President said four sectors each enjoyed a budget of more than Rp1 trillion.

The sector of education, younger generation, national culture and the belief in God Almighty enjoys a budget of Rp1,501.9 billion.

The sector of agriculture and irrigation has a budget of Rp1,401.7 billion.

The sector of communications and tourism gets Rp1,392 billion.

The sector of mines and energy gets Rp1,300.9 billion.

President Soeharto said that expenses for civil servants would come to Rp3.1 trillion, up by 23 per cent against that in the 1983/84 budget.

This is because the government plans to increase the salary and retirement funds of civil servants and armed forces men in a bid to promote their welfare and arrive at a clean and authoritative state apparatus.

Civil servants and retired government workers and armed forces men have had no salary and pension fund increase for the last two years apart from a thirteenth month salary, the Head of State said.

1983/84 STATE BUDGET AND
1984/85 DRAFT STATE BUDGET
(In billion rupiahs)

Revenues	*1983/84 State Budget*	*1984/85 Draft State Budget*	*+ / – %*
A. Domestic Revenues	13,823.6	16,149.4	16.8
I. Natural Oil and gas revenues	8,869.1	10,366.6	16.9
— Crude	(7,902.6)	(8,895.1)	(12.6)
— LNG	(966.5)	(1,471.5)	(52.3)
II. Non-oil revenues	4,954.5	5,782.8	16.7

Revenues		1983/84 State Budget	1984/85 Draft State Budget	+/- %
1. Income Tax	)Income			
2. Corporate Tax	)	2,018.8	2,451.1	21.4
3. MPO	)Tax			
4. Tax on Interest, Dividend, Royalty	)			
5. Sales Tax	)Added Value			
6. Import Sales Tax	)Tax on Goods			
	)and Services	786.0	958.2	21.9
	)and Sales Tax on			
	)Luxury Goods			
7. Import Duty		678.0	681.4	0.5
8. Excise		687.9	727.5	5.8
9. Export Tax		88.1	123.6	40.3
10. Other Taxes		63.4	75.4	18.9
11. IPEDA (regional development contribution)		130.3	150.6	15.6
12. Non-Tax Revenue		502.0	615.0	22.5
B. Development Revenues		2,741.8	4,411.0	60.9
I. Programme Aid		5.0	39.5	690.0
II. Project Aid		2,736.8	4,371.5	59.7
Total		16,565.4	20,560.4	24.1

Government Savings: 1983/84 State Budget Rp6,548.5 billion
1984/85 Draft State Budget Rp6,048.3 billion.

1983/84 STATE BUDGET AND
1984/85 DRAFT STATE BUDGET
(In billion rupiahs)

Expenditures	1983/84 State Budget	1984/85 Draft State Budget	+/- %
A. Routine	7,275.1	10,101.1	38.8
I. Personnel	2,597.5	3,189.5	22.8
1. Rice Allowance	344.0	415.7	20.8
2. Salary/Wages/Retirement Fund	1,834.5	2,307.9	25.8
3. Meal Allowance	271.3	286.6	5.6
4. Expenses, Domestic Personnel	93.4	99.9	7.0

Expenditures	*1983/84 State Budget*	*1984/85 Draft State Budget*	+ / – %
5. Expenses, Foreign Personnel	54.3	79.4	46.2
II. Goods	1,148.9	1,263.9	10.0
1. Domestic Goods	1,098.8	1,207.8	9.9
2. Foreign Goods	50.1	56.1	12.0
III. Autonomous Region Subsidy	1,388.4	1,784.6	28.5
1. Irian Jaya	43.2	48.2	11.6
2. Other Regions	1,345.2	1,736.4	29.1
IV. Interest/Debt Instalment	1,416.8	2,636.1	89.6
1. Domestic Debts	30.0	30.0	–
2. Foreign Debts	1,386.8	2,656.1	91.5
V. Other Routine Expenditures	723.5	1,177.0	62.7
1. BBM (fuel oil) Subsidy	698.5	1,147.0	64.2
2. Others	25.0	30.0	20.0
B. Development	9,290.3	10,459.3	12.6
I. Rupiah Financing	6,553.5	6,087.8	- 7.1
1. Ministries/Institutions	3,293.6	3,129.8	- 6.0
2. Security and Defence	401.2	380.2	- 6.2
3. IPEDA (regional development contribution	130.3	150.6	16.6
4. INPRES projects	1,407.4	1,357.4	- 3.6
5. East Timor	8.5	8.5	–
6. Fertilizer Subsidy	457.5	458.7	0.3
7. PMP (Pancasila Moral Education)	498.0	359.6	-27.8
8. Others	357.0	243.0	-31.9
II. Project Aid	2,736.8	4,371.5	59.7
Total	16,565.4	20,560.4	24.1

MORE TEACHERS

The President said that the subsidy for autonomous regions in 1984/85 would amount to Rp1.7 trillion. This calls for an increase in the number of INPRES primary school teachers, paramedics and regional administration officials.

Similarly, the salary and retirement funds of civil servants and armed forces men in autonomous regions can be raised, according to the Head of State.

In fiscal 1984/85 government food subsidy is abolished because Indonesians are deemed strong enough to meet the demands for food themselves.

The President said that subsidy for BBM (fuel oil) would come to Rp1,147 billion — up by 64.2 per cent against that in 1983/84 which stood at Rp698.5 billion.

This is not enough to meet the cost for the nation's fuel oil production, so that the price of BBM will have to be re-adjusted. If not, the subsidy will soar to Rp2.7 trillion.

If the BBM subsidy is not reduced, government savings will go down sharply and development expenditures will come to only around Rp8.8 trillion instead of the projected Rp10.4 trillion. This cannot be because the total of development expenditures in the 1983/84 budget stood at Rp9.2 trillion.

If development expenditures go down, new projects cannot materialize and many now under construction will have to be delayed.

As some development projects now being implemented are partly funded by foreign loans, Indonesia may find it difficult to get funds from abroad in the future if the projects were to be rephased.

The government, as such, is determined to carry on development by way of reducing routine expenditures to the maximum, the President said.

ECONOMIC GROWTH

The President said that Indonesia's economic growth during Repelita IV, which begins on 1 April 1985, was set at an average of five per cent per annum. This calls for concerted efforts on the part of all Indonesians.

With an average five per cent growth per annum Indonesia's economic structure at the end of Pelita IV (March 1989) is expected to be more balanced. For this reason, growth in the industrial sector should reach an average of 9.5 per cent a year. This means that industrial growth proceeds at a faster pace than that of the economy which goes at an average three per cent a year.

The sector of services, such as construction, transportation, communications is expected to grow at an average five per cent a year while the sector of mining, at an average of about 2.4 per cent a year.

If the population growth rate could be made to an average of two per cent a year, per capita national production in real terms will go up by an average three per cent a year. "This means that by the end of Pelita IV Indonesia's national capacity will have been boosted", the President said.

In an effort to enhance the prosperity of the people, the government will continue reducing the current birth rate and mortality rate. Life expectancy can consequently be prolonged.

EDUCATION OPPORTUNITIES

In Pelita IV the government expects 26 million school age children between the ages of seven and twelve to be enrolled.

The government hopes that 78 per cent, or 2.7 million of 3.5 million children, having graduated from primary schools can further their studies at junior high schools.

More than 84 per cent of those having graduated from junior high schools are expected to be able to continue their studies at senior high schools.

Commenting on the work-force, the Head of State said that in 1983 there were 63.5 million of them. Part of the number were jobless. In Pelita IV the total labour force will increase by more than nine million people.

If the economic growth in Pelita IV could proceed at an average of five per cent a year and investment could cover labour-intensive projects, an additional nine million people could expect to get employment.

It is imperative, therefore, that investments in Pelita IV could be put to use to increase the number of employment opportunities.

All this, the President said, calls for the increased use of home products and services. The government and all companies — state or private — must bear this in mind, he added.

MORE SCHOOLS

In the first year of Pelita IV there is need for only an additional 2,200 primary school buildings, particularly in isolated areas.

The government plans to add the number of classrooms by 12,500 and to repair 28,500 primary school buildings.

The government will build 60,000 houses for school principals and teachers, particularly in out-of-the-way areas.

In the sector of agriculture, 7.7 million hectares of fields of various crops will be subjected to intensification. New rice fields will embrace a plot of 75,000 hectares.

The budget for agriculture and irrigation is also to promote the quality and increase the production of estate commodities, animal husbandry, fishery and second crop products.

The President reminded Indonesians that the current world economic recession was still present. There are signs of recovery in a number of industrial countries but complete recovery will take some time.

"We must follow the latest developments in the world economy with the utmost care, notably since the world economic structure has not yet improved", he said.

He called on Indonesians to co-operate with the government to increase non-oil revenues.

By stepping up national productivity and discipline, Indonesia expects to increase domestic revenues from 79 per cent at the beginning of Pelita IV to 82 per cent of the total state revenues in the last year of Pelita IV.

The President in his address did not touch on international as well as regional questions but concentrated on problems related to the implementation of Pelita IV.

INVESTMENT AIMED AT ENHANCING NATIONAL PRODUCTION CAPACITY

President Soeharto has pointed out that capital investment, domestic as well as foreign, is aimed at enhancing and extending the national production capacity as well as at creating equity, improving foreign exchange earnings and work opportunities.

This was stated by President Soeharto in the Financial Note when he submitted the 1984/85 Draft State Budget to the plenary session of Parliament at Senayan on Monday.

These capital investment activities should in the first place utilize the available domestic sources to the maximum. For activities in certain sectors given priority by the government, foreign sources could be utilized to achieve the best possible results in the national development.

The policy which had been taken by the government in advancing capital investment activities consisted, among other things, of the setting up and perfecting of the DSPs (Priority Scale Lists) which were always adjusted to the development stages, in harmony with regional development and potentials.

In addition, rephasing had been carried out of projects which were of strategic and decisive importance for the success of certain development programmes.

Capital investment promotion activities were enhanced and aimed directly at domestic as well as foreign would-be investors.

In this connection, the BKPM (Capital Investment Co-ordinating Board) had opened three representative offices in New York, Paris and Frankfurt to facilitate capital investment information in the United States and Europe.

In the framework of import substitution and the enhancement of agricultural commodity export, investment in the agro-industrial sector will be further developed.

This will be continued because the agro-industry has very high strategical value, among other things, through employment of sufficient numbers of workers.

''Agricultural commodities with great potential are, among others, sugar, palm-oil, hybrid coconut, rubber, cotton, cassava, rice, maize, peanut and soy-bean'', President Soeharto said.

Favourable Investment Climate

Domestic investment activities have shown a satisfactory development. Until July 1983 the government had given many permits for new investment projects as well as project extensions, as a sign of the existence of a favourable and beneficial investment climate.

In addition, many foreign investment projects had changed into domestic ones, which in general was due to improving capabilities of the Indonesian side in the capital, management and technological fields.

Development until July 1983 showed that the projected capital investment had reached Rp14,436,200 million, covering 3,944 projects spread in various regions, while the realization until March 1983 had reached Rp5,025,800 million, or 34.8 per cent of the projected investment.

The industrial sector which from year to year was the most attractive for investors, took until July 1983 still the number one position.

The projected value in the industrial sector was Rp9,268,400 million covering 2,779 projects, while Rp3,285,500 million had been realized, or 35 per cent of the projected investment.

The greatest activities in the industrial sector in 1983 were in the chemical industry, mineral, non-metal, and metal goods industries.

In the framework of speeding up development, foreign capital investment is a replenishment in capital investment activities. ''Foreign investment should be directed to fill investment fields which could still not be carried out by the national private sector'', President Soeharto said.

Until 1983, the government had given permits to 788 foreign investment projects with an investment value of US$13,276.5 million, spread throughout various regions.

In the foreign investment sector, the industrial sector was also the main target of foreign investment activities.

Japan took first place as investor in Indonesia. Foreign investment from Japan until July 1983, which had been agreed by the government, covered 209 projects with a value of US$4,401 million.

Hongkong followed in second place with 125 projects worth US$1,221.2 million, Belgium with 16 projects worth US$926.5 million, the United States with 67 projects worth US$917.1 million, and the Netherlands with 41 projects worth US$509.4 million.

CIVIL SERVANTS' NEW SALARY WILL BE PAID NEXT APRIL

Finance Minister Radius Prawiro has disclosed that the 15 per cent raise in the civil servants' salary will take effect next April.

The Finance Minister made this statement to reporters after attending Parliament's plenary session to hear the government's statement on the 1984/85 Draft State Budget by President Soeharto at Parliament building at Senayan here on Monday.

The Minister pointed out that the 15 per cent raise was not from the basic salary, but from the next monthly income/"take home" pay.

The 15 per cent raise which will take effect next April, is for all civil servants. "If differences are made in the percentage of the raise, it will jeopardize the salary system", Minister Radius Prawiro said. And the 15 per cent raise of the nett income is more favourable for all parties concerned, he added.

On the possibility of price increase due to the civil servants' salary raise, the Minister said that based on last December's consumer price index, the index quotations, it was below one per cent.

On the possibility of fuel-oil price adjustments, the Minister said that previous years' experiences had shown that fuel-oil price increases had no big influence on commodity prices due to the stable economic situation.

GOVERNMENT POLICY ON SEA COMMUNICATIONS IN PELITA IV

President Soeharto has said that in the first year of the Pelita IV development period, the government policy on sea communications will be directed to increasing such facilities while maintaining co-operatives and promoting smallholders' shipping.

The Pelita IV development programme will be started as of April this year.

The pioneer shippings will be handled by the government while transmigrational transportation will be conducted by both the government and private circles.

This was stated by President Soeharto when conveying the 1984/85 Financial Note and Draft State Budget before the Parliament (DPR) here on Monday.

President Soeharto pointed out that in the outgoing Pelita III, the sea communications development showed promising results in the form of the increasing number of fleets, ports, navigational safety facilities and submarine works.

The Head of State also said the rejuvenation and development of inter-insular fleets had also been conducted in an effort to meet the nation's increasing demand for shipping facilities.

In the 1981/82 period, there were a total of 6.7 million ton cargoes carried by 361 units of inter-insular fleets with the capacity of 425,428 DWT, President Soeharto said.

In 1982/83, the cargoes increased to 7.4 million tons which were carried by a total of 391 ships with the capacity of 503,375 DWT which meant a respective increase of 9 and 18 per cent in the unit total and capacity of the inter-insular fleets as compared to that of the previous year.

Referring to the ocean-going shipping, in 1981/82 Indonesia still had only 61 ships with the capacity of 801 DWT to carry a total of 5.3 million tons of national and 12.3 million tons of foreign cargoes.

Air Communications

Speaking about the air communications, President Soeharto said the government policy in the Pelita IV would be geared to promoting an attractive tariff system and increasing the pioneer flights to remote areas.

Other programmes to be carried out by the government will be the procurement of facilities for the traffic of passengers, goods, cattle, plants, and air mail.

Efforts will be made to enable people to buy only a single ticket for a certain place of destination although they have to make several transits, President Soeharto said.

In the Pelita III, there were 19 airports which already had their master plans, seven of which had already their detailed technical plans.

The ports which have their own master plans are Medan, Pekanbaru, Batam Island, Semarang, Surabaya, Yogyakarta, Denpasar, Banjarmasin, Balikpapan, Ujungpandang, Manado, Ambon, Sorong, Biak, Jayapura, Pontianak, Padang and Jakarta.

The airports which already have their own detailed technical plans are Medan, Palembang, Pontianak, Balikpapan, Jayapura, Batam Island and Jakarta.

Land Communications

Elaborating about the land communications, President Soeharto said the land communications development in 1982 was marked by the increase in the number of land communications fleets from 1.3 million units to 1.5 million units in 1981 to 1.5 points of vehicles in 1982.

In the same period, results of the ferry vehicle development recorded an increase of 0.9 per cent while the private and commercial vehicles made an increase of 6.1 per cent.

The development of railway communications in the same period recorded an increase of 3.4 per cent for the passengers whereas the cargoes recorded a decrease of one per cent when compared to that of 1981.

In a bid to cope with the city transportation problem, the government in 1982 distributed buses and double deckers to some cities throughout the country.

The cities of Surabaya received 30 double-deckers and 178 buses, Medan 25 double-deckers and 71 buses, Semarang 10 double-deckers and 118 buses, Solo 10 double-deckers, Tanjung Karang 24 buses, Bandung 128 buses, and Ujungpandang 10 double-deckers, President Soeharto said.

INDONESIA'S 1984/85 BALANCE OF PAYMENT PREDICTED TO HAVE SURPLUS

Indonesia's 1984/85 balance of payment was predicted to reach a surplus of US$193 million, a drop compared with the 1983/84 fiscal year, thought to have a surplus of US$1,711 million.

The Government's Financial Note and the 1984/85 Draft State Budget presented by President Soeharto before an open plenary House session on Monday said the 1984/85 balance of payment surplus would be obtained because exports had been estimated to reach US$19,525 million and imports US$19,172 million.

While the surplus was estimated to stand at US$353 million, on account of the spending for the payment of oil and non-oil services which reached US$5,289 million, Indonesia's

1984/85 current transactions suffered a deficit of US$4,936 million.

Thanks to government capital income amounting to US$5,626 million both in the form of programme aid and project aid as well as other such assistance, in addition to other capital income amounting to US$800 million, the country's balance of payment reached a surplus of US$193 million.

It was stated that the 1984/85 non-oil exports might reach US$4,750 million.

The increase in value of non-oil exports was caused among other things by the improvement in the world economic conditions, so that demand for Indonesia's export commodities was estimated to go up, coupled with an increase in the prices of the export commodities concerned.

The increase was also the result of the further development of the markets of non-oil export commodities in the Middle East, Europe and Africa, and the more effective handling of export activities by the government starting from production right up to overseas marketing.

Furthermore, the increase was the result of the successful efforts at improving the quality and standards of non-oil export commodities.

On the other hand, it was also predicted that Indonesia's 1984/85 oil exports would drop slightly to US$13,825 million, as against US$14,322 million in 1983/84.

In this way, the state's income from the non-oil and LNG sector in 1984/85 would also drop to US$6,754 million as against US$7,005 million of the previous fiscal year.

Non-oil Imports

In the non-oil import sector, the foreign currency to be used in the 1984/85 fiscal year was predicted to increase from US$266 million to US$14,666 million, as against US$14,400 million in the previous budget year.

The increase of the value of imports was particularly due to the policy on foreign exchange rates which preserved the country's foreign trade balance, and the fact that the import of raw materials and capital goods was still needed for maintaining stable prices of daily necessities and for meeting domestic industrial requirements.

The increase was also the result of the more efficient use of foreign currency by giving priority to domestic products, and the maintenance of imports within the framework of project and programme aid.

For boosting exports, especially non-oil commodity exports, the government had issued two export-boosting guidelines, covering improvement of export procedures, payment system in international trade, and reduction in export credit interest rate, and the counter-purchase system.

As follow-up, the government has taken improvement measures such as increasing the competitiveness of various agricultural produce on the international market by their inclusion in the list of perishable export items, in this way enjoying some relief in export credit.

In addition, the government has reduced the export tax on a number of agricultural export commodities, while the government retained the export certificate facility for industrial products now covering 1,700 different items.

Under this facility, an industrial enterprise that had exported its products may retrieve part of the import duties it had paid for the raw materials.

The government had also abolished the industrial development costs as from 1

August 1983, for the export of industrial finished goods.

Under the counter-purchase system, the contracts that had been concluded with 18 countries up to and including November 1983 reached US$741.8 million, covering US$224.8 million worth of Indonesia's export goods.

The items exported under the counter-purchase arrangement included plywood, garments, fresh shrimp, natural rubber, coffee, rice bran, black pepper, nickel ore, and tin.

The government had also drawn up various strategies for the marketing of exported goods through a commodity and business unit approach.

The strategy was aimed at the long-term boosting of non-oil exports.

This facility was introduced by the granting of facilities to the exporter or for the export commodity concerned provided it had a potential and was included in the priority list, namely those which may earn foreign exchange revenues over US$10 million.

Besides, the commodity concerned must have a growth rate of four per cent per annum, was not subjected to restrictions abroad and did not cause a decrease in supply for domestic consumption.

These included natural rubber, timber, palm oil, copra, tea, plywood and sawn timber. With a view to boosting trade among ASEAN member countries, there are 30,906 different commodities enjoying special tariffs, including 19,083 kinds from Indonesia.

REDUCTION OF PETROLEUM FUEL PRICE SUBSIDIES ONLY CHOICE TO ENABLE CONTINUATION OF DEVELOPMENT — PRESIDENT

Under Indonesia's state budget for 1984/85 the government will set aside a total sum of Rp1.14 trillion (about US$1.4 billion) for domestic petroleum fuel subsidies, President Soeharto announced in Parliament on Monday.

The figure represents an increase of 64.2 per cent over the amount of subsidies appropriated under the current state budget (1983/84), namely, Rp698.5 billion.

But the President also said if no "adjustments" were made in the domestic sales price of petroleum fuels, the amount of subsidies the government would have to provide in the 1984/85 budget year would swell to Rp2.7 trillion (US$2.7 billion).

In the past, domestic petroleum fuel price "adjustments" usually meant a hike in the prices charged to consumers.

Presenting a Government Statement on the Draft State Budget for 1984/85 in the House on Monday morning, the President said the costs of providing petroleum fuels for domestic consumption during the coming budget year would undergo "substantial" increase compared with the current budget year (1983/84). This would be caused by a sharply reduced availability of "pro-rata" crude oil as a consequence of the recent change from "contract of work" to "production-sharing" terms of the activities of Caltex which account for 600,000 to 700,000 barrels of Indonesia's total crude production of 1.3 million barrels per day. (Pro-rata crude is that portion of the crude output of foreign oil contractors operating in Indonesia which, under the relevant contracts, has to be sold to Pertamina at a very concessional price for processing into fuels for domestic consumption).

The change in Caltex's contract terms would cut the volume of pro-rata crude accruing to Pertamina from 52.8 million barrels in 1983/84 to only 25.1 million barrels in 1984/85, the President reported.

The sharp reduction would lead to a proportionate increase in Indonesia's need for "in-kind" crude (crude available at free market prices), namely from 130 million barrels in the current budget year to 164.1 million barrels in 1984/85, the President said.

Only Choice Left

In a statement which generally stressed a need for continued observance of economization and belt-tightening in state expenditures, the President said that reducing subsidies for domestic petroleum fuel prices was "the only choice we have if we wish to continue development".

Other routine expenditures such as civil servants' salaries and pensions, purchases of goods, subsidies to autonomous administrative regions, foreign debt-servicing had already been cut to their barest minimum, he said.

If government subsidies to petroleum fuels were allowed to reach Rp2.7 trillion, government savings would be drastically cut and development expenditures would have to be scaled down to Rp8.8 trillion (from Rp10.4 trillion actually proposed in the 1984/85 Draft State Budget). Such a reduction in development expenditures would have "very far-reaching consequences, such as inability to undertake new projects and stagnation of many ongoing projects, shortage of rupiah funds to complement foreign-assisted projects, and difficulty in obtaining foreign funds in the future, President Soeharto said.

Referring to the domestic petroleum fuel need in 1984/85, the President said that total demand was estimated to reach 27 billion litres or 8.5 per cent higher than the current budget year's figure.

To meet the next budget year's demand, some 222.8 million barrels of crude oil would be needed and of this volume 189.2 million barrels would be crude produced in Indonesia itself, and nearly 33.6 million barrels would have to be imported. The imported crude was needed to feed the old Cilacap refinery.

Effect of Change in Caltex Contract

Explaining the effect of the change in pro-rate oil availability, the President said that under contract of work terms, 25 per cent of the entire crude production had to be made available as pro-rata oil for processing into petroleum fuels for domestic consumption. But under a production-sharing contract, the pro-rata portion was 25 per cent of the foreign contractor's share in the entire production which, except in Caltex's case, is 15 per cent. Under a recently concluded production-sharing contract with Caltex which replaced a contract-of-work on oil development, it was fixed at 12 per cent. This meant the pro-rata portion to be set aside for domestic consumption from the contract with Caltex would be 25 per cent of 12 per cent or just 3 per cent of the Riau contract area's total output.

Since Caltex is the biggest individual producer among all oil companies active in Indonesia, the sharp reduction in the pro-rata oil to be available from Caltex would likewise have a great effect on the total volume of pro-rata crude available.

SOURCE: Extracted from *Financial and Economic News* of ANTARA News Agency, 10 January 1984 (courtesy of the Information, Press and Cultural Section, Embassy of the Republic of Indonesia, Singapore).