

GENERAL AGREEMENT ON

RESTRICTED

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TARIFFS AND TRADE

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Notifications Pursuant to Article XVI:1

INDONESIA

The following notification updates the information appearing in L/6111/Add.25.

PROGRAMME OF ELIMINATION OF EXPORT CREDIT FACILITY

1. Under the Decision No. 22/9/Kep/Dir issued by the Board of the Directors of the Bank of Indonesia, the level of subsidy under the programme of Export Credit Facility was reduced by raising as of 2 May 1989 the interest rates applicable to the export of primary goods as well as to non-primary goods from 9 per cent to 14 per cent and from 11.5 per cent to 14.5 per cent respectively.

By the time this decision was enacted the average of interest rates for three months commercial deposit in the government banks is 15 per cent per annum.

2. In light of this decision the Indonesian Government has thereby adjusted the cumulative reduction of subsidy applicable to export credit to 90 per cent.

This decision is in conformity with Indonesia's commitment to the gradual elimination of export subsidy elements of short-term export financing which, according to the time-table set out in the commitment, should have reached a cumulative reduction of 90 per cent by April 1989.

GOVERNMENT ASSISTANCE FOR RICE PRODUCTION

1. During the fiscal year 1989 the Indonesian Government has announced consecutive measures to reduce the amount of fertilizer subsidies applicable to the rice production programmes.

2. With the exception of subsidies applicable to TSP that have been raised to about 15 per cent, commencing 1 April 1989 the amount of government subsidization given to other fertilizers has been reduced as

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follows: urea by 16 per cent, ZA by 6.5 per cent and MOP by 14.5 per cent in comparison with that accorded during the previous six months.

3. As of 1 October 1989 further reductions have been applied to subsidization of: urea by 37 per cent, TSP by 14 per cent, ZA by 16.5 per cent, MOP by 31 per cent and SOP by 14 per cent.

Table 1

<u>Fertilizer</u>	<u>Amount of Subsidization</u>		
	<u>October 1988</u>	<u>April 1989</u>	<u>October 1989</u>
Urea	Rp 59.60	Rp 49.80	Rp 31.30
TSP	Rp 235.60	Rp 272.40*	Rp 233.90
ZA	Rp 126.10	Rp 117.80	Rp 99.40
MOP	Rp 144.00	Rp 140.10	Rp 96.30
Calcium Nitrate	Rp 353.40	--	-- **
SOP	--	Rp 274.00	Rp 234.30

Note: * = increased 15 per cent

** = not imported.