



Submission No 122

Inquiry into Australia's Relations with Indonesia

Organisation: DFAT

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Joint Standing Committee on Foreign Affairs, Defence and Trade

ANSWERS TO QUESTIONS ON NOTICE

Department of Foreign Affairs and Trade

Inquiry into Australia's relations with Indonesia

Topic: Assistance to Bali after 12 October 2002

What are the full details of assistance provided to Bali after 12 October 2002.

Answer:

Immediate Assistance

In the immediate aftermath of the Bali bombings, the Minister for Foreign Affairs approved \$300,000 in emergency assistance to Bali, which was later supplemented by a further \$121,000 from the bilateral aid program to Indonesia.

This assistance was used to purchase emergency medical supplies for Sanglah Hospital (\$14,000); fund an Australian expert to assess needs for, and prepare an inventory of, donated medical supplies (\$22,000); support the Indonesia Red Cross's work in a range of areas (\$140,000); and provide psychosocial support for victims, their families and others involved in the tragedy (\$245,000).

Long Term Health Assistance

In February 2003, the Prime Minister announced a \$10.5 million package of assistance to the Bali health system.

The assistance comprises:

- An upgrade to Sanglah Hospital, focussing on a new intensive care centre comprising an intensive care unit, an intensive care coronary unit, and a burns unit, in conjunction with a program of emergency care capacity building, and the upgrading of the hospital's morgue, incinerator, and water supply (\$4.5 million);
- The construction of a community eye treatment centre to treat operable blindness and the provision of two mobile eye clinics (\$2.94 million); and
- The creation of an on-going Bali memorial medical and health scholarship program comprising both long-term study awards in Australia and short-term training (\$3 million over 5 years).

Economic Assistance

Through the Bali Rehabilitation Fund (BRF), Australia provided \$750,000 to assist communities in Bali and surrounding areas affected by the downturn in the tourist industry. The Fund acts as a small grants program primarily supporting new economic initiatives, opportunities for economic diversification, market development and skill training and development for Balinese and other Indonesians whose livelihoods were severely disrupted following the bombing and the resultant economic stress. Mr Downer announced a further

\$750,000 for the BRF on 12 October based on the success of the Fund to date and an assessment of unmet need.

Australia has also provided direct assistance to Balinese firms to assist them in increasing their exports. The Technical Assistance Management Facility (TAMF) assisted the National Agency for Export Development in a pilot program to determine the export readiness of a group of about 50 potential Balinese exporters. This activity, funded in July 2003, provided the opportunity for handicraft producers to better align their product designs to global customer preferences.

Australia is also contributing \$4 million to the Indonesian Enterprise Development Facility (IEDF), which aims to help develop the small and medium enterprise (SME) sector in Eastern Indonesia. The Bali arm of the IEDF, the Trade and Export Program (TEP), will work with producers in the furniture and handicraft sector.

The Australian Government's overall commitment to Bali, in response to the disaster, now stands at over \$12.45 million (exclusive of IEDF).

Topic: ASEAN

- (1) What were the other key outcomes of ASEAN?
- (2) Can the Department shed light on the accuracy of reports referring to ASEAN's decision to reject Australia's bid to be accepted as an ASEAN post-summit member?
- (3) Can the Department clarify whether Australia sought dialogue partner status or any such initiative for this Summit or in the past?

Answer:

- (1) Outcomes from ASEAN Summits, 7-8 October, Bali (including the ASEAN Summit, ASEAN+3 Summit, ASEAN-China Summit, ASEAN-Japan Summit, ASEAN-ROK Summit and ASEAN-India Summit) included:
 - . ASEAN Leaders adopted the Declaration of ASEAN Concord II (Bali Concord II)
 - . China and India acceded to the Treaty of Amity and Cooperation in South-East Asia
 - . ASEAN and China made a Joint Declaration on Strategic Partnership for Peace and Prosperity
 - . ASEAN and Japan signed a Framework for Comprehensive Economic Partnership
 - . ASEAN and India signed a Framework Agreement on Comprehensive Economic Cooperation
 - . ASEAN and India made a Joint Declaration for Cooperation to Combat International Terrorism
 - . Japan, China and the Republic of Korea made a Joint Declaration on the Promotion of Tripartite Cooperation

- (1) On October 9, the Prime Minister said the following in Parliament in response to a question from the Member for Pearce, Mrs Moylan:

“These media reports are of a piece with reports earlier this week that Australia had been rebuffed in our alleged efforts to have an ASEAN-Australia leaders' summit. The only problem is that we have not been doing any such lobbying. Indeed, we had advised our ASEAN friends that this was an issue for ASEAN to decide in its own time and in its own way. I put on record the fact that the claim that some attempt was made to snub me in relation to this gathering is plainly wrong.”

- (2) Australia has been ASEAN's dialogue partner since 1974.

Australia has made known to ASEAN that we would be pleased to attend a summit should ASEAN decide this, but that this is a matter for ASEAN alone, and that Australia is always ready to work with the countries of ASEAN to find practical ways to advance our mutual interests.

Written question

- (1) Do we have any economic and trade cooperation agreements in place with Indonesia?
- (2) Have free trade agreements or trade and economic frameworks been discussed with Indonesia and, if so, in what forum? Are there any developments concerning a free trade agreement or closer trade and economic framework with Indonesia?
- (3) What would be the likely benefits of a free trade agreement with Indonesia? Which sectors would be the most likely to benefit and the easiest to achieve agreement in? What would be the likely obstacles?

Answer:

- (1) Yes
- (2) Australia and Indonesia have discussed their respective experiences in negotiating trade arrangements in both the Australia-Indonesia Ministerial Forum and the annual Trade Ministers' Meeting. Australia and Indonesia have agreed to consider closer cooperation in sectors where trade can be facilitated.
- (3) No comprehensive study of the likely benefits of a free trade agreement with Indonesia has been undertaken.

Written question

- (1) Is the ASEAN FTA agreement binding on members?
- (2) What is the impact of the decision of ASEAN to form an AEC by 2020 and the various trade deals made with ASEAN's dialogue partners on the AFTA formed in 1992? What is the essential difference between the AFTA goals of free trade by 2020 and the vision of an ASEAN economic community recently announced?

Answer:

(1) Yes

(2) The trade arrangements ASEAN is negotiating with its various dialogue partners are at different stages, but none are complete. Their impact will depend upon the ability of ASEAN members to implement the vision and the difference between treatment within the group and that afforded to non-members. No hard deadlines have yet been set for tariff elimination. The ASEAN Economic Community (AEC) goes beyond AFTA by accelerating the liberalisation of trade in goods in selected sectors and by committing ASEAN to full liberalisation in the area of services and investment and progressive liberalisation in the area of capital movement.

Written question

What actions has Indonesia taken in regard to pursuing free trade agreements or closer economic frameworks at the bilateral level with countries other than Australia?

Answer:

Indonesia has announced discussions with Japan on an Economic Partnership Agreement and with the United States on a joint study on the benefits of a free trade agreement.

Written question

What progress has been made to achieving the Bogor Goals trade and investment goals of 1994. Are developments on track in terms of the time frames identified in 1994? What impediments may prevent APEC from achieving the trade and investment liberalisation Bogor Goals of 1994.

Answer:

- APEC economies have committed to the Bogor Goals of “free and open trade and investment” by 2010 for developed and 2020 for developing economies.
 - APEC has not defined “free and open trade investment” but the optimal outcome would be to eliminate all tariffs and other trade barriers.
- To ensure progress is taking place, APEC economies have committed to Peer Reviews of their Individual Action Plans (IAPs) for achieving the Bogor Goals.
 - Australia, Canada, Hong Kong, Japan, Korea, Mexico, New Zealand, and Thailand have already successfully completed their Peer Reviews;
 - Chile, China, Peru, Singapore, Chinese Taipei and the United States have undertaken to do so in 2004.
- Once all twenty-one Peer Reviews are completed in early 2005, APEC will undertake a mid-term stock take on progress towards meeting the Bogor Goals.
- APEC economies are generally on track to achieve the Bogor Goals.
- The fact that two-thirds of goods traded in the region are subject to tariffs of 5% or less demonstrates APEC’s trade liberalisation achievements.
- There are still 6-7 years from the 2010 deadline for developed countries.

- Before then the Doha Development Agenda and FTAs are expected to be completed which will advance compliance with the Bogor Goals.

Written question

- (1) Can you provide the most recent figures and data comparing the two way trade between Australia and Thailand, and Australia and Indonesia?
- (2) Would there be any greater obstacles to securing a FTA with Indonesia than with Thailand and, if so, what?

Answer:

See the tables below.

Australian Merchandise Trade with Indonesia					
	1998 - 99	1999 - 00	2000 - 01	2001 - 02	2002 - 03
Total exports	2,199,224	2,408,435	3,110,877	3,193,701	2,907,921
Total imports	3,274,725	2,700,703	3,315,090	4,010,214	4,600,378
Balance of merchandise trade	-1,075,501	-292,268	-204,213	-816,513	-1,692,457
Principal exports (a)					
001 Live animals	39,540	108,163	146,142	208,735	283,498
011 Bovine meat f.c.f.	18,503	46,329	41,703	57,153	67,270
012 Meat (excl. bovine) f.c.f.	6,111	10,263	13,150	17,668	16,681
022 Milk and cream	49,311	46,393	88,482	113,115	89,220
*02 Dairy products & eggs	13,988	18,583	24,882	36,862	22,152
046 Flour of wheat	12,366	20,923	20,812	32,029	34,800
057 Fruit and nuts, fresh or dried	9,622	14,749	25,129	27,960	32,363
081 Animal feed	9,711	15,910	38,406	34,706	24,153
*0 Food & live animals	23,703	29,833	40,273	49,383	55,137
*1 Beverages & tobacco	3,205	8,954	9,779	12,421	15,532
*24 Cork & wood	8,141	32,963	5,339	5,072	9,718
251 Pulp & waste paper	16,166	17,994	19,400	17,796	30,267
263 Cotton	524,080	390,065	548,886	457,445	373,091
282 Ferrous waste & scrap	11,179	14,732	6,343	11,286	21,992
*2 Crude materials (excl. food &	20,681	22,958	27,956	27,749	29,025
333 Crude petroleum	89,831	18,207	0	78,103	71,064
334 Refined petroleum	16,718	20,942	80,543	28,708	23,417
522 Inorganic chemical elements	20,220	13,766	22,541	19,431	18,003
533 Pigments, paints, varnishes	11,291	20,501	21,984	21,747	18,601
542 Medicaments (incl. veterinary)	5,037	6,140	9,234	9,839	14,909
*57 Plastics in primary forms	16,349	12,942	16,503	21,760	14,903
598 Miscellaneous chemical products	10,353	19,144	24,388	29,337	24,040
*59 Chemical materials & prod., nes	11,519	13,538	16,902	20,995	16,305
*5 Chemicals & related products	41,912	41,027	43,062	44,080	42,184
641 Paper & paperboard	6,907	9,684	13,391	13,846	16,738

*65 Textile yarn & fabrics	24,322	32,650	32,325	23,679	25,533
672 Ingots of iron or steel	27,594	4,429	8,399	1,071	2,859
*67 Iron & steel	31,491	43,842	47,028	37,636	30,466
682 Copper	17,895	23,080	26,775	31,533	43,587
684 Aluminium	117,111	170,996	188,856	177,803	164,370
686 Zinc	65,285	63,102	63,690	53,688	57,848
*68 Non-ferrous metals	23,947	18,979	13,828	11,577	13,846
699 Other manufactures of base metal	53,074	51,427	54,460	70,726	75,553
*69 Manufactures of metals, nes	10,303	13,781	20,185	26,528	23,158
*6 Manuf. classed by material	19,209	21,697	30,210	29,119	22,464
723 Civil engineering equipment	45,135	41,610	49,395	78,188	44,438
728 Specialised machinery	28,847	27,735	38,829	44,828	37,558
742 Pumps for liquids	5,970	10,559	13,363	13,199	18,138
744 Mechanical handling equipment	10,336	12,287	19,708	34,490	13,638
*74 General industrial machinery	24,152	27,931	37,185	44,030	38,534
*77 Electrical mach. & appliances	19,104	19,512	31,994	28,765	19,256
781 Passenger motor vehicles	7,274	65,378	64,455	74,410	47,445
782 Motor vehicles for trans. goods	18,296	26,006	18,412	12,864	6,205
784 Motor vehicle parts	12,159	27,383	35,660	36,784	30,517
793 Ships, boats & floating structures	939	9,675	6,994	15,774	14,685
*7 Machinery & transport equipment	37,288	74,170	107,649	87,128	51,640
*8 Miscellaneous manufactured	24,659	49,080	47,719	47,605	34,166
931 Special transactions	12,995	18,764	34,057	38,344	18,848
988 Confidential items	552,616	561,561	806,119	771,279	696,069
Other	12,780	18,098	8,350	5,427	12,039
Principal imports (a)					
072 Cocoa	20,313	12,715	13,558	19,836	34,119
*07 Coffee, tea, cocoa, & spices	34,849	21,852	26,793	22,439	23,831
*0 Food & live animals	47,063	53,935	68,851	64,318	72,171
248 Wood, simply worked	29,358	39,006	42,710	41,302	56,993
251 Pulp & waste paper	31,779	38,546	47,182	27,907	30,676
*2 Crude materials (excl. food &	40,511	36,790	49,863	37,424	53,235
333 Crude petroleum	1,245,406	907,084	1,222,856	1,707,827	1,659,932
334 Refined petroleum	20,820	37,007	73,859	145,744	22,955
*51 Organic chemicals	39,179	41,814	31,308	43,458	32,249
574 Polyacetals, primary	48,320	41,197	43,522	1,992	1,525
*5 Chemicals & related products	59,131	52,786	76,384	81,991	79,471
634 Veneers, plywood, particle board	26,002	29,891	22,071	23,780	25,903
635 Other wood manufactures	37,615	47,093	58,406	51,976	59,939
641 Paper & paperboard	118,479	105,850	90,502	97,809	172,935
642 Paper manufactures	99,970	110,296	86,626	48,613	32,661
651 Textile yarn	56,129	51,757	50,038	48,091	39,743
653 Woven synthetic fabrics	30,726	27,496	23,957	15,175	13,591
*65 Textile yarn & fabrics	45,393	45,281	34,688	34,158	40,740
662 Clay construction materials	18,504	28,129	22,364	30,984	34,470
664 Glass	22,808	30,659	24,510	26,166	31,112

*66 Non-metallic mineral	34,656	35,232	38,216	34,641	42,722
682 Copper	33	9,142	10,712	46,116	100,246
*6 Manuf. classed by material	72,233	67,763	71,909	96,613	79,989
752 Computers	27,538	36,260	59,050	44,544	52,454
762 Radio-broadcast receivers	20,287	16,311	22,672	30,990	35,103
763 Sound or video recorders	10,930	22,241	49,623	56,930	94,768
*76 TVs, VCRs radios & telecom	13,631	15,332	28,038	36,090	43,673
773 Equipment for distributing	30,978	32,649	48,731	43,658	3,479
778 Other electrical machinery	28,992	25,827	23,242	22,727	37,722
793 Ships, boats & floating structures	55	8,322	32,072	288	45,135
*7 Machinery & transport equipment	50,665	57,262	98,716	82,711	86,755
821 Furniture	81,361	81,503	79,427	85,579	100,750
*84 Clothing	53,727	47,601	48,848	50,743	51,964
851 Footwear	44,546	43,564	44,657	37,682	33,768
897 Jewellery	175,013	2,757	4,527	3,764	3,182
*89 Miscellaneous manuf. articles	64,385	76,505	61,824	60,709	61,354
971 Non-monetary gold	419,423	261,923	332,195	476,070	983,845
988 Confidential items	42,776	76,983	103,749	189,352	192,930
Other	31,140	24,340	46,835	40,013	32,289

Australian Merchandise Trade with Thailand					
	1998 - 99	1999 - 00	2000 - 01	2001 - 02	2002 - 03
A\$'000					
Total exports	1,305,972	1,703,312	2,222,209	2,295,746	2,479,121
Total imports	1,902,078	2,422,326	2,779,896	2,885,569	3,469,469
Balance of merchandise trade	-596,106	-719,014	-557,686	-589,823	-990,348
Principal exports (a)					
022 Milk and cream	105,539	100,934	110,645	118,357	80,917
023 Butter	22,921	27,257	19,785	23,020	13,203
048 Cereal preparations	20,154	24,721	33,625	36,894	34,153
*05 Vegetables & fruit	9,922	9,734	17,680	20,795	18,839
081 Animal feed	5,328	13,181	19,814	11,333	15,798
*0 Food & live animals	35,070	33,690	49,507	52,942	39,200
211 Hides, skins (excl furskins)	14,044	4,619	18,881	9,469	206
263 Cotton	186,874	188,187	271,323	190,330	167,773
268 Wool	46,860	65,324	73,342	75,323	99,512
282 Ferrous waste & scrap	3,359	11,372	6,165	4,309	30,557
287 Other ores	55,056	59,917	95,835	69,656	41,117
333 Crude petroleum	6,900	88,738	134,255	199,704	59,166
334 Refined petroleum	5,934	4,206	3,408	5,025	16,710
533 Pigments, paints, varnishes	20,135	29,544	37,962	44,645	39,110
542 Medicaments (incl. veterinary)	30,262	53,019	101,594	85,334	85,314
591 Insecticides, rodenticides,	659	811	2,022	9,799	16,964
*59 Chemical materials & prod., nes	9,912	13,978	19,298	16,654	13,156
*5 Chemicals & related products	41,148	43,477	59,925	55,894	50,481
611 Leather	15,605	34,636	18,182	18,985	12,143
672 Ingots of iron or steel	30,810	54,049	4,149	0	189
673 Uncoated flat-rolled steel	13,018	8,362	3,206	11,350	17,963
*67 Iron & steel	12,356	20,764	13,116	13,296	5,667
682 Copper	15,485	42,727	112,203	99,430	110,303
684 Aluminium	136,640	211,433	305,833	364,572	358,947
685 Lead	5,248	6,391	11,726	11,732	19,489
686 Zinc	4,349	7,607	12,051	20,408	22,537
*69 Manufactures of metals, nes	12,223	7,462	17,110	8,345	14,618
*6 Manuf. classed by material	26,855	31,423	47,147	36,527	28,843
*71 Power generating machinery	5,424	3,138	7,510	4,230	14,281
*72 Industry specific machinery	12,295	13,183	28,094	21,715	18,407
741 Heating & cooling equipment	8,448	10,157	7,097	10,650	16,247
743 Pumps for gas	3,836	1,942	2,405	4,231	15,277
*74 General industrial machinery	8,200	9,175	14,372	15,694	21,700
*75 Office machines & computers	10,362	9,614	13,143	7,367	12,640
764 Telecommunications equipment	6,660	24,708	48,323	20,102	10,144
*77 Electrical mach. & appliances	15,648	10,849	27,616	25,231	18,280
781 Passenger motor vehicles	7,229	41,519	31,061	9,061	249
784 Motor vehicle parts	7,126	8,711	12,156	10,661	16,267
882 Photographic supplies	20,706	21,580	5,962	6,179	14,152
894 Toys, games & sporting goods	1,216	1,848	29,771	14,110	30,447
*89 Miscellaneous manuf. articles	15,286	15,772	12,071	15,887	15,915

*8 Miscellaneous manufactured	10,908	12,930	13,563	19,017	17,095
931 Special transactions	10,820	25,763	13,462	95,982	111,365
971 Non-monetary gold	128,528	136,634	85,926	178,897	391,255
988 Confidential items	118,220	122,821	214,773	190,553	306,531
Other	22,394	35,405	35,115	32,050	35,996
Principal imports (a)					
036 Crustaceans	100,099	105,860	90,628	71,137	63,703
037 Prepared seafood	121,162	115,766	140,269	153,615	168,553
042 Rice	25,854	26,966	31,339	28,325	31,979
048 Cereal preparations	14,310	19,827	25,618	24,293	25,187
058 Preserved fruit and preparations	22,301	25,734	22,901	19,913	17,176
*05 Vegetables & fruit	17,500	16,319	19,660	19,162	25,947
081 Animal feed	35,710	30,710	35,401	38,323	39,576
098 Other food products	30,358	31,913	31,509	35,265	36,981
*0 Food & live animals	29,906	30,657	26,911	21,255	26,883
251 Pulp & waste paper	4,872	27,213	35,412	18,193	24,494
333 Crude petroleum	13,363	96,694	159,982	274,068	201,236
334 Refined petroleum	21,449	37	10,233	226	8,055
553 Perfumery & cosmetics	10,929	7,198	6,860	12,082	28,315
571 Polymers of ethylene, primary	5,430	14,373	12,022	13,500	37,862
575 Plastics, primary, nes	2,199	3,924	5,647	8,995	28,433
*57 Plastics in primary forms	17,368	28,873	32,570	29,690	17,616
*5 Chemicals & related products	41,204	49,983	53,473	56,938	59,993
625 Rubber tyres	21,641	23,243	30,017	38,890	52,811
641 Paper & paperboard	12,328	25,196	14,920	20,218	31,038
651 Textile yarn	26,957	24,994	19,725	14,615	16,337
*65 Textile yarn & fabrics	39,743	44,327	54,915	61,841	61,897
*66 Non-metallic mineral	48,322	59,799	56,076	60,848	65,495
676 Iron & steel bars, rods, shapes	4,188	10,292	14,237	14,131	31,672
*67 Iron & steel	22,642	39,969	36,483	35,809	44,648
699 Other manufactures of base metal	9,530	10,829	11,640	14,539	41,284
*69 Manufactures of metals, nes	20,393	22,002	27,985	30,312	36,937
*6 Manuf. classed by material	56,370	58,126	67,773	61,659	51,967
*71 Power generating machinery	1,293	5,632	19,392	18,583	32,830
741 Heating & cooling equipment	146,055	142,206	191,701	228,746	268,369
743 Pumps for gas	8,844	12,726	14,008	19,316	45,416
*74 General industrial machinery	9,965	15,337	16,277	18,377	26,554
752 Computers	112,317	104,834	90,788	90,442	129,511
*75 Office machines & computers	13,577	13,688	15,561	19,642	31,991
761 Televisions	95,682	99,334	73,456	45,191	41,959
764 Telecommunications equipment	42,701	47,815	63,036	59,955	108,665
*76 TVs, VCRs radios & telecom	14,312	13,100	20,480	21,826	25,045
775 Household type equipment	6,670	8,116	13,937	14,878	26,947
*77 Electrical mach. & appliances	37,107	42,835	52,866	39,828	56,425
781 Passenger motor vehicles	59,702	59,396	80,415	81,125	110,022
782 Motor vehicles for trans. goods	288,062	549,331	623,103	527,541	620,041
784 Motor vehicle parts	8,628	14,503	18,486	20,823	63,116
*7 Machinery & transport equipment	13,131	16,380	17,524	20,605	24,508

821 Furniture	20,970	58,939	69,309	69,781	67,236
*84 Clothing	34,977	38,360	43,532	53,215	58,582
893 Other articles of plastics	27,212	30,369	38,764	40,975	42,590
897 Jewellery	28,852	32,904	38,434	45,559	51,903
*89 Miscellaneous manuf. articles	32,101	34,610	38,593	41,787	47,667
*8 Miscellaneous manufactured	31,867	35,137	43,899	52,790	55,733
971 Non-monetary gold	0	0	0	48,395	149,256
988 Confidential items	69,756	72,585	91,651	104,053	69,001
Other	22,171	23,365	30,478	24,291	40,025
(a) Commodity groups do not include any item classified as confidential. * denotes "Remainder of category"					

2. As no comprehensive study of undertaking an FTA with Indonesia has been conducted, it is not possible to advise if a negotiation would be more or less difficult than the one conducted with Thailand.

Written question

DFAT said in its submission to the inquiry, 'Australia has encouraged sound Indonesian management of its debt and supported multilateral debt relief for Indonesia, including through the Paris Club. Australia agreed to significant rescheduling of Indonesia's sovereign debt in the first, second and third Paris Club debt re-schedulings. At the Paris Club 11 April 2002, Australia agreed to reschedule US\$220 million in Indonesian debt and was a strong advocate of a Paris Club outcome that met Indonesia's objectives. While Indonesia's debt situation presents a significant challenge, the IFIs and Paris Club creditors consider that it is manageable with appropriate debt relief and the implementation of economic reforms'.

Then at the public hearing on 13 October, DFAT commented as follows;

"So we are a very significant player but certainly not the biggest aid donor. In terms of our assistance on debt, as a member of the Paris Club, we have been providing debt rescheduling to the Indonesian government. Again, we are certainly not the country with the largest exposure of public debt to Indonesia but it is certainly a significant national interest of ours. Our policy is that any assistance on debt would come through the Paris Club rather than other bilateral arrangements. As the Indonesian government has decided not to renew its IMF program next year, that precludes them from receiving assistance from Paris Club countries."

- (1) What is the level of Indonesian debt to Australia? Is it all through the Paris Club?
- (2) Can the department provide more background to the comment that 'as the Indonesian government has decided not to renew its IMF program next year, that precludes them from receiving assistance from Paris Club Countries.'?

Answer:

- (1) The level of Indonesian sovereign debt to Australia as at 31 October 2003 was equivalent to AUD1,374.7 million (all loans are written in either US dollars or Euros). No, it is not all through the Paris Club.

- (2) Debt relief through the Paris Club is based on a number of principles including "conditionality" whereby debt treatments are only granted to countries with a genuine financing need and that are prepared to implement reforms aimed at resolving their payment difficulties. In practice, conditionality is provided by the existence of an appropriate programme supported by the IMF, which demonstrates the need for debt relief. As Indonesia has announced its intention to graduate from its IMF program at the end of 2003, it will no longer be eligible for further Paris Club debt treatments. Should Indonesia qualify for IMF assistance in future, it would again be eligible to approach Paris Club creditors for debt relief.