Economic Recovery in Indonesia:

The Challenge of Combining FDI and Regional Development*

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Summary. - Indonesia has been severely hurt by the recent economic crisis, which has been accompanied by social tensions. For a sustainable long-term recovery, it is essential that Indonesia attracts FDI inflows, and manages to achieve a reasonably equal spatial development. FDI is important since other capital funds are scarce and an equal spatial development is important to avoid social tensions. However, there is a possible contradiction between FDI and even regional development since FDI tends to locate in clusters. This paper discusses FDI and an even spatial development in Indonesia, and offers some policy suggestions for a sustainable long-term recovery.

Keywords: Asia; Indonesia; FDI; Sustainable Development; Income Distribution; Decentralization

1. INTRODUCTION

During the last years, Indonesia has witnessed an economic crisis without parallel in over 30 years. After the outbreak of the crisis in September, 1997, Indonesia's GDP fell by roughly 15%; the number of people living under the poverty line increased substantially; unemployment rates got high and business foreclosure were common.

Moreover, grave tensions have plagued various parts of Indonesia; riots are frequent and there have been demands for independence in various provinces. There are several explanations for the tensions such as ethnic and religious factors. In addition, economic factors are important for two reasons. Firstly, the ethnic and religious tensions seems related to increased unemployment and lowered incomes. Secondly, there has been widespread accusations from the periphery - the outer islands - that they are not receiving a fair share of the national income, the bulk of which, they argue, is appropriated by the center - Java.

Still, there are signs of a possible recovery; or at least, the crisis may have bottomed out.[1] Moreover, the transition to democracy has been smoother than many expected, although some political turbulence continues. Hence, the foundation for an economic recovery seems to be in place, but it will by no means come automatically. Indeed, economic policies need to take into account the new economic and political conditions now prevailing, in comparison to the pre *reformasi* period. The purpose of this paper is to discuss requirements for a sustainable economic recovery of Indonesia. The main argument put forward, is that any such recovery will have to rely on two crucial factors: an even spatial growth and an increased inflow of foreign direct investment (FDI). Economic growth that benefits the whole country is required for political reasons; it is likely that tensions within and between different parts of the country will increase if some areas are excluded from a recovery. In addition, social and ethnic tensions will make an economic recovery more difficult through the negative impact on investments and production. Historically, Indonesia has managed to achieve a reasonably even spatial development through large inter-regional transfers of resources, which was possible because of the high degree of centralization. However, the political system is presently being decentralized. As a consequence, the central government's revenues are falling which will make extensive inter-regional transfers difficult to pursue.

FDI is important since the crisis has wiped out a large part of the domestic financial capital. Preferably, new FDI would be evenly geographically distributed to facilitate an even spatial development of Indonesia. However, FDI tends to cluster in certain geographical

[1] For a discussion of positive signs in the Indonesian economy see Pardede (1999).

regions. Hence, there is a risk of growing regional inequalities in Indonesia, which may heighten tensions.

This paper analyzes the issue described above. We will emphasize the contradiction between relying on FDI and achieving a spatial equality, and we will also suggest some policy measures to overcome this conflict. We choose to focus on the manufacturing sector in our discussion on FDI and regional development since other sectors seems too plagued by the crisis or too small to be engines of future growth. Still, our arguments would be valid for most sectors of the Indonesian economy.[2]

The rest of the paper is organized as follows. Section two includes a brief description of the Indonesian financial crisis with special emphasis on the consequence of low FDI inflows. Section three discusses possible location patterns for new FDI and section four discusses policy measures for decreased concentration. Some concluding remarks and policy recommendations follow.

2. THE INDONESIAN CRISIS AND THE ROLE OF FDI

The root of the crisis in Indonesia was complex and included a host of interacting factors.[3] Some factors were endogenous, such as a weak financial sector and poorly developed economic and political institutions. Other factors were exogenous in character, such as the drought from El Ninõ and the recession in Japan. In addition, the size of the current account deficit and its financing contributed to the crisis. The Indonesian deficit was substantially smaller than the deficit in Thailand and also smaller than the one in Malaysia. However, most

[2] For instance, we will discuss regional pattern of manufacturing production, which seems to be highly correlated with other regional figures such as GDP and social indicators (Hill, 1997).

[3] For a discussion of several important factors behind the Indonesian crisis see Hill (2000).

of, for instance, Malaysia's deficit was financed through capital inflows in terms of FDI, whereas Indonesia financed its deficit through external borrowing. As a comparison, Malaysia's FDI inflow in 1996 was around 8 per cent of GDP and 19 per cent of gross domestic fixed capital formation. The corresponding figures for Indonesia were 2.8 per cent and 9 per cent respectively (Hill and Athukorala, 1998 p. 25). The different financing of the current account deficits led to different outcomes of the crisis. In Malaysia, foreign firms generally stayed on; the value of their assets depreciated but there was in most cases no compelling economic reason for closing down existing factories. In Indonesia, the depreciation of the Ruphia led to increased foreign debt; the initial crisis changed to a debt crisis when a US$ 80 billion debt tripled in local currency.

There are several reasons why Indonesia chose external borrowing rather than FDI. One crucial factor is the widespread suspicion in Indonesia of foreign involvement in general and FDI in particular. FDI has historically been treated unfavorably unless economic recessions have forced the country to change policy (Winters, 1996). For instance, after a decade of widespread regulations of the FDI regime, falling oil prices in the early 1980s resulted in a liberalization phase. The liberalization was accelerated in the 1990s, this time because of the emergence of China as a strong competitor for FDI. However, despite 15 years of liberalization, it seems that suspicion of foreign firms is still prevalent and widespread.

Indonesia is likely to be more dependent on FDI in the future; a large part of the domestic capital has been lost in the financial crisis, and foreign banks will not be willing to expose themselves to new risks by lending out the amount of capital that they facilitated before the crisis. Hence, there are few alternatives to an increased dependence on FDI if Indonesia shall be able to attract enough capital needed for the economic recovery. However, foreign interest to invest in Indonesia has decreased. For instance, the amount of capital in approved FDI projects decreased by 64 per cent between 1997 and 1998 (BPS 1999, p. 459).

Political stability is the most important factor for attracting foreign investors. Foreign investment in Indonesia will be negligible until clashes end between, for instance, student groups and the military, Christians and Muslims, Dayaks and Madurese, *pribumis* and ethnic Chinese. Having said that, political stability is a necessary but not sufficient requirement for increased FDI. What was enough for attracting FDI before 1996 will not be enough when the turmoil has blown over and changed the economic landscape of East and South East Asia. Most countries in the region have already liberalized FDI regimes and economies at large, during the last years. Hence, the competition for FDI has increased. The situation is aggravated by structural changes or economic recessions in some of the larger home countries of FDI, notably Japan, Korea and Hong-Kong. Economic turmoil in these countries has decreased the supply of FDI in South East Asia. It should be emphasized, however, that it still seems possible to attract large amounts of FDI if appropriate policy measures are implemented. For instance, Thailand's FDI inflow during the two years 1997-98 is as large as the aggregate inflows between 1991-96 (Brimble, Sherman, Brimble & Rachatatanun, 1999).

A favorable investment climate includes a host of factors ranging from a well-trained labor force to good legal institutions. Another important measure is to create a level playing field between domestic and foreign firms. It may be necessary to phase out a range of regulations, including non-tariff barriers, cartels, local content conditions, and ownership regulations. However, liberalization initiatives introduced after the crisis might have come to a halt. For instance, it is reported that some monopolies and cartels have not yet been dismantled, and still represent an obstacle to increased FDI.[4] Moreover, foreign investors are concerned that the government may launch new regulations aimed at raising support from nationalistic elements in society.[5]

[4] Far Eastern Economic Review (1999a).

[5] Far Eastern Economic Review (1999b).

3. HOW CAN AN EVEN SPATIAL DEVELOPMENT BE ACHIEVED?

The last few years have been characterized by social tensions unseen in Indonesia since 1965-66. The violence has come in two different shapes. Firstly, there have been claims for independence in Aceh, East Timor, and Papua. The result for the two former provinces has been widespread clashes between Indonesian military or militias and independence movements. Whereas East Timor has received independence, the situation in Aceh is still unstable and unclear.

The second type of tension is between different ethnic or religious groups. This type of conflict seems to be fueled by increased poverty, although other factors such as the transmigration program have aggravated it. When poverty increases it is common to blame the hardship on groups of people located in the vicinity but that can be separated from the own group by, for instance, religion or ethnicity (Olzak, 1998). Moreover, heterogeneous states run the largest risk of poverty driven ethnic conflicts (Gurr, 1994). In a country like Indonesia, with several hundred ethnic communities and several large religious groupings, it is easy to find scapegoats for deteriorating economic conditions. This is what has happened to, for instance, the ethnic Chinese, and the Madurese on Kalimantan who have all been recent targets of ethnic violence.

All Indonesian governments since independence have realized the need for an even spatial development to avoid social tensions. As a result, an ambitious program for inter-regional transfer of resources exists and the regional policy framework in Indonesia is the most developed in the region (Hill, 1997 p. 291). The foundation of the extensive redistribution program is the central governments large control of tax collection and mining revenues. The resources are distributed throughout the country via the *Inpres* program and through other direct grants to the provinces.[6] One requirement of such program is a large degree of centralization and Indonesia is one of the most centralized countries in the world. For instance, the central government collects roughly 93 per cent of total fiscal revenues and accounts for more than 90 per cent of public spending (Buentjen, 1998). The redistribution program seems to have been successful in achieving an even spatial development. Regional income inequality as measured by income or household expenditures has decreased in Indonesia since the mid 1980s, in contrast to, for instance, Thailand and the Phillipines (Hill, 1997, pp. 282-86). Although there may be different factors behind this development, it seems reasonable to expect the government's redistribution program to have played an important role.

However, Indonesia is presently being decentralized. Two laws have been launched during 1999 to increase the political and fiscal autonomy of provinces and districts.[7] Implementation of the new decentralized structure is scheduled to 2001. As a result, districts will keep 90 per cent of building tax, 80 per cent of land tax, 80 per cent of forest and fishery revenues, 15 per cent of oil and 20 per cent of gas revenues (Antlöv, 1999). Moreover, districts and provinces are given responsibilities for public infrastructure, natural resources, health care, education and natural resource management. The reform will clearly benefit a few resource rich provinces, mainly East Kalimantan, Papua, Aceh, and Riau. Accordingly, Java is likely to benefit since tax revenues are concentrated to Java in general (85 per cent of total tax revenues) and Jakarta in particular (65 per cent).[8] On the other hand, most provinces and districts will face diminished incomes and severe difficulties in meeting the new functions that have been delegated to them (Brown, 1999).

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[6] *Inpres* - Instruksi Presiden (Presidential Instruction).

[7] Law no. 22/99 on local government, and law no. 25/99 on fiscal relations between the center and regions.

[8] See Brodjonegoro and Asanuma (2000).

Clearly, there are reasonable political arguments for decentralization. For instance, it will presumably soften demands for total independence in provinces such as Aceh and Papua. Moreover, it may be necessary for a deepening of the democracy that more decisions are made close to the people that are affected by them. However, one drawback with decentralization is the difficulties entailed in continuing inter-regional transfers of resources. If the center receives substantially fewer resources, there will be limits on transfers to relatively poor regions. The situation is aggravated in the short and medium term by the financial crisis. For instance, the bank reconstruction program is estimated to cost the state between 60 to 100 per cent of GDP (spread out over several years), leaving few resources for inter-regional income transfers (Harianto, 2000). Finally, the remaining inter-regional transfers will be allocated without any explicit objective of reducing regional income inequalities (Brodjonegoro and Asanuma, 2000, p. 8).

Again, a sustainable economic recovery is likely to require an even spatial development. Moreover, any recovery is likely to involve a large degree of manufacturing, with increased production generated by larger inflows of FDI. Hence, dispersion of manufacturing and FDI in various parts of the country may balance any decrease in transfers from the center.

Table 1 shows the regional distribution of manufacturing and FDI in 1996, the last year before the crisis. About 60 per cent of the Indonesian population lives on Java, and about 20 per cent on Sumatra. Manufacturing is more concentrated, with about 80 per cent of employment and value added on Java. In particular Jakarta and West Java host proportionately large shares of manufacturing. Leaving aside Jakarta, West Java and East Java, there are only two provinces with a larger share of manufacturing than their share of population - Riau which is part of the Singapore-Johor growth triangle, and East Kalimantan which specialize in timber related products. FDI is even more concentrated than manufacturing in general. West Java hosts the bulk of foreign activity with about half of the foreign firms' employment and half of their value added. In addition to West Java, only Jakarta and Riau have proportionately large shares of FDI.

Table 1 about here.

Hence, manufacturing and foreign owned firms are primarily concentrated on West Java and Jakarta, with large parts of Indonesia lacking manufacturing in general and FDI in particular.[9] Figures on new FDI approvals suggest that the large geographical concentration will remain. The figures in table 2 are based on total FDI applications as separate figures on FDI applications in the manufacturing sector are unavailable. Java is the most popular destination, with almost 72 per cent of approved FDI projects and 66 per cent of capital flows. Large parts of Indonesia, including Sulawesi, Eastern Indonesia and parts of Kalimantan and Sumatra, receive very small amounts of FDI.

Table 2 about here.

There are economic reasons behind the concentration of FDI.[10] Foreign firms establish themselves in Indonesia for two reasons: to gain access to the domestic market and/or to access favorable production sites. FDI driven by market considerations are likely to locate as close to the center of the market as possible. In other words, FDI focused on supplying the Indonesian market with goods or services will minimize transport costs by being close to areas with large (and wealthy) populations. In the case of Indonesia this will be on West Java.

[9] Hill (1987) and Sjöholm (1999) find a similar concentration of the Indonesian manufacturing sector.

[10] For a discussion of possible localization patterns of FDI see e.g. Sjöberg and Josefson (1998).

The localization effect from the second reason to FDI, production advantages, is less obvious. Since wages are higher in urban areas, such as Jakarta, FDI may be expected to locate in the periphery of Indonesia. However, wages are only one part of production costs and other factors tend to favor West Java. For instance, agglomeration effects are likely to favor the center at the expense of the periphery; new FDI tends to locate where there is a pool of trained labor, and labor tends to migrate to locations with large numbers of firms. In addition, some foreign firms are part of large industry groups that cooperate not only in their home markets but also among their foreign affiliates. This type of network is particularly present among Japanese FDI, and will for logistic reasons favor a clustering of foreign firms. Moreover, there is a tendency for foreign firms to consider availability of international schools and other facilities for foreign staff and their families, which again favor the center. Finally, foreign firms will minimize political risks and uncertainties by avoiding provinces with social tensions or with strong demands for independence, which may favor Java at the expense of some of the outer islands.

4. WHAT CAN BE DONE TO DECREASE THE CONCENTRATION OF MANUFACTURING AND FDI?

Although there are several economic explanations for concentration of FDI and manufacturing, it might be possible to soften the concentration by adopting various policy measures. For instance, improved infrastructure is one policy measure that is often suggested as a mean of achieving economic development in the periphery. However, there are two conflicting forces at work and the outcome from improved infrastructure is not clear. Whereas FDI that locates in Indonesia to utilize cheap production possibilities may be more diffused over the country when the infrastructure is improved, FDI that aims at supplying the domestic market may be more concentrated. The reason for the latter effect is that poor infrastructure may force some foreign firms to be present in many parts of the country. When infrastructure is improved, the firms may be able to supply the whole market from one location. Hence, improved infrastructure enables firms to consider the whole of Indonesia as one market, when they previously dealt with, for instance, Sulawesi, Sumatra, and Java, as separate markets. Foreign owned firms in Indonesia have a significantly larger share of their production in exports in comparison to domestically owned firms (Ramstetter, 1999). A relatively large export share suggests that foreign firms are, in comparison to domestic firms, more focused on cheap production possibilities, which would have a positive effect on spatial diffusion when infrastructure is improved. Still, even among foreign owned firms is it only in a few manufacturing sectors that the bulk of the production is exported. Hence, it seems reasonable to expect that the effect from improved infrastructure will be ambiguous and not necessarily reduce concentration.

Elizondo and Krugman, (1996) argue that import substitution is a major force behind the concentration of industries in developing countries. The mechanism is forward and backward linkage effects between consumers, employees, and industries.[11] When most production is for a relatively small domestic market, the market access effect will dominate the choice of location and result in a concentrated industry. Firms locate where consumers are, and providers of inputs are attracted to areas were there is large demand for their services and goods. When foreign trade is liberalized, more domestic producers will have their main markets abroad and more of the required inputs will be imported, which reduces the centrifugal force. Furthermore, high wages and land costs in the industrialized center provide an incentive for firms to locate in the periphery.

[11] See also Hirschman (1958).

Indonesian trade policy has been substantially liberalized since the mid 1980s, but obstacles for international trade remains. It should be emphasized that not only tariffs and quotas but also various regulations and bureaucracy limit international trade. For instance, Anderson and Marcouiller (1999) find corruption and imperfect contract enforcement to constrain trade far more than tariffs. Indonesia still has large problems with nepotism, corruption, complicated regulations, and restrictions on trade licenses. Hence, a better institutional framework with more transparency and less regulations may enhance trade and thereby foster a more regionally diversified industry.

Although trade liberalization may increase spatial equality, it is unsure how large the effect will be. Agglomeration effects tend to favor regions that get a head start in industrialization or as a location for FDI. These effects will presumably continue to favor Java in the future, and to some extent balance cost disadvantages.[12] Moreover, any outlocalization of manufacturing and FDI is likely to be spread out over a long time period. In other words, it may take some years before, for instance, East Indonesia receives sufficient amounts of manufacturing and FDI. Hence, while trade liberalization may achieve a long-run sustainable situation, it is likely that additional measures are required in the short and medium term.

Some provinces may be forced to attract FDI through various policy changes when they face diminished support from the central government. If the provinces improve their economic policies, some additional ones could benefit from increased inflows of FDI. Presumably, provinces relatively close to the center of Indonesia or to neighboring countries are the ones most likely to be able to attract increased FDI inflows. However, while such strategy may be successful for some provinces, it is uncertain whether it would be possible for the whole periphery. It seems likely that agglomeration effects will continue to favor the

[12] In fact, Henderson and Kuncoro (1996) found an increased manufacturing concentration on Java after the liberalization in the mid 1980s.

center even if conditions in the periphery are improved: a large market, good infrastructure, and a large pool of suppliers and skilled labor are factors that are difficult to balance with favorable economic policy.

A related issue is whether decentralization may increase competition between provinces and thereby force through good economic policies in Indonesia. It has been argued that federalism (decentralization) may improve economic performance by, firstly, limit the discretion of the central government and, secondly, by fostering competition between provinces (Qian and Weingast, 1997). The amount of resources available to the central government for inter-regional transfer may not diminish if decentralization increases economic growth. The crucial question is whether increased economic efficiency can be expected from the current decentralization. The first limited evidence do not suggest that efficiency has increased. For instance, Antlöv (1999) argues that the reform has simply decentralized corruption, and strengthened the autonomous decision making of local power holders. Such development may be caused by inadequate institutional capacity at the local level (Brodjonegoro and Asanuma, 2000, p.11). However, it may be too early to evaluate the reform and there is some international experience of successful decentralization. For instance, China decentralized during the 1980s and 90s when provinces gained large authority in economic matters. The decentralization led to a competitive situation between provinces, resulting in the implementation of good economic policies. (Montinola, Qian & Weingast, 1995). Still, there are differences between Indonesia and China that has to be taken in to account. Whereas China is a relatively homogenous country, Indonesia is, again, a very heterogeneous country. Even spatial development is therefore of greater importance in Indonesia, and although China has experienced increased growth, it has been accompanied by increased regional inequalities (Wei, 1999, p. 53). Finally, there seems to be international examples of decentralization less encouraging than in the case of China. Decentralization in countries such as Russia, the Philippines, and Thailand led local governments to fall into the hands of vested interests, comprising of local business interests, bureaucrats, and even criminal gangs (Blanchard and Shleifer, 2000, Dick, 2000).

5. SUMMARY AND POLICY RECOMMENDATIONS

Indonesia's economic crisis may have bottomed out and the difficult transition to democracy is under way. However, there are great challenges ahead on the road to a complete economic recovery. We have argued in this paper that two crucial factors in a sustainable long-term recovery are the ability to attract FDI inflows, and to achieve an even spatial development. FDI is required since other capital funds may not be available and because of the bad historical experience of relying on foreign loans. Even spatial development is required for political reasons: if a recovery is not felt throughout the whole country, it is likely to result in social and regional tensions. However, we have seen that FDI tends to locate in clusters, which is likely to increase spatial inequality.

The concentration of FDI can be mitigated by policy measures, the most important of which is a continuation of trade liberalization. In addition, competition between provinces may foster good policies and increase growth. Still, it is uncertain how large effects these policy measures will have and it seems unlikely that they are enough to achieve an even spatial development. It is therefore difficult to see how Indonesia will manage without inter-regional transfers of resources. To combine such transfers with the present decentralization is the next major challenge for Indonesia.

The construction of a future political and economic structure is, admittedly, complex and involves a number of different considerations. On the one hand, a large degree of regional independence is anticipated among different parts of Indonesia and may be necessary for avoiding the country to dissolve. In addition, decentralization may promote democracy by reducing the distance between the population and the decision makers. On the other hand, it will be more difficult to pursue an active redistribution program if income sources for the central government are handed over to the provinces. Hence, although some provinces are likely to benefit from decentralization, others may find themselves worse off. Remaining poverty in some outer islands may lead to continued social and regional tensions.

It therefore seems warranted with some carefulness in the present decentralization. At least, one would prefer to see a long transition period with a gradual decentralization, together with a close monitoring of the effects on regional inequalities. The importance of own revenue in regions' incomes has slowly increased since the mid 1980s (Erawan, 1999). One possible development strategy would be to continue this trend without any abrupt policy changes. A gradual process would have the benefit of giving other policy measures time to affect the location of manufacturing and FDI to the outer provinces. As an additional advantage, it gives the government time to solve the financial crisis and release resources for future inter-regional transfers.

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Table 1. The Geographic distribution of the Indonesian manufacturing sector 1996 (All figures in per cent).

Province	Share of total population	Share of labor force	Share of value added	Share of foreign labor force	Share of foreign value added
Sumatra	**20.9**	**10.9**	**13.9**	**12.3**	**15.4**
Aceh	2.0	0.4	0.7	0.4	1.0
North Sumatra	5.7	4.3	4.9	2.2	4.9
West Sumatra	2.2	0.4	0.5	0.4	0.3
Riau	2.0	2.9	4.8	8.2	8.9
Jambi	1.2	0.7	0.5	0.1	0.0
South Sumatra	3.7	1.2	1.6	0.6	0.1
Bengkulu	0.7	0.1	0.0	0.0	0.0
Lampung	3.4	0.9	0.9	0.4	0.2
Java-Bali	**60.4**	**82.3**	**79.3**	**84.3**	**81.9**
Jakarta	4.7	10.6	16.7	13.7	18.7
West Java	20.1	36.3	40.2	51.4	49.8
Central Java	15.2	12.9	7.1	4.3	2.3
Yogyakarta	1.5	0.9	0.6	0.3	0.8
East Java	17.4	20.9	14.5	14.4	10.2
Bali	1.5	0.7	0.2	0.2	0.1
Kalimantan	**5.4**	**4.0**	**4.5**	**2.1**	**1.9**
West Kalimantan	1.9	1.0	1.3	0.3	0.2
Central Kalimantan	0.8	0.4	0.4	0.5	0.7
South Kalimantan	1.5	1.2	1.2	0.8	0.8
East Kalimantan	1.2	1.4	1.6	0.5	0.2
Sulawesi	**7.1**	**1.3**	**1.0**	**0.8**	**0.5**
North Sulawesi	1.4	0.3	0.2	0.2	0.0
Central Sulawesi	1.0	0.1	0.0	0.0	0.0
South Sulawesi	3.9	0.8	0.8	0.6	0.5
Southeast Sulawesi	0.8	0.1	0.0	0.0	0.0
Eastern Indonesia	**6.2**	**1.2**	**0.8**	**0.4**	**0.2**
West Nusa tengara	1.9	0.2	0.1	0.0	0.0
East Nusa tengara	1.8	0.0	0.0	0.0	0.0
East Timor	0.4	0.0	0.0	0.0	0.0
Moluccas	1.1	0.6	0.4	0.0	0.0
Papua	1.0	0.4	0.3	0.4	0.2

Source: Own calculations on data supplied by Biro Pusat Statistik.

Table 2. The geographical distribution of approved foreign investment projects 1997-98 (all figures in per cent of total).

Province	Projects	Capital
Sumatra	**13.6**	**26.5**
Aceh	0.6	1.6
North Sumatra	2.5	7.9
West Sumatra	0.6	0.4
Riau	7.8	15.4
Jambi	0.3	0.4
South Sumatra	0.8	0.4
Bengkulu	0.3	0.1
Lampung	0.7	0.3
Java-Bali	**76.9**	**67.0**
Jakarta	31.8	16.5
West Java	29.3	28.4
Central Java	3.1	11.1
Yogyakarta	0.8	0.0
East Java	6.8	10.1
Bali	5.1	0.9
Kalimantan	**4.9**	**3.8**
West Kalimantan	1.3	0.6
Central Kalimantan	1.8	2.1
South Kalimantan	1.0	0.0
East Kalimantan	0.8	1.1
Sulawesi	**2.3**	**1.3**
North Sulawesi	0.9	1.1
Central Sulawesi	0.3	0.0
South Sulawesi	0.2	0.0
Southeast Sulawesi	0.9	0.2
Eastern Indonesia	**2.4**	**1.3**
West Nusa Tengara	0.8	0.1
East Nusa Tengara	0.2	0.1
East Timor	0.1	0.0
Moluccas	0.5	0.0
Papua	0.8	1.1

Source: BPS (1999, p. 460).