A Study on Industrial Sub-Sector Development in the Republic of Indonesia    Part II    Aug. 1990    Japa...



# A Study on
# Industrial Sub-Sector
# Development
# in the Republic of Indonesia

## Part II

Aug. 1990

Japan International Cooperation Agency

# A STUDY ON
# INDUSTRIAL SUB-SECTOR DEVELOPMENT
# IN THE REPUBLIC OF INDONESIA

## Part II
## Handicraft Industry

## FIRST YEAR FINAL REPORT



AUGUST 1990

JAPAN INTERNATIONAL COOPERATION AGENCY

## Part II. HANDICRAFT INDUSTRY

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## 2.1 Method of Survey

### (1) Method of Survey

According to materials of the Ministry of Industry, number of the business establishments in handicrafts and general industry located in the Sentra amounts to 117,019. Suppose a confidential level at 95 percent with a plus or minus margin of 3 percent, assuming a retrieval rate of 20 percent, the number of samples would be 680 and with a 40 percent rate, 1015. (Note)

However, the survey period was from late August to early October 1989, about eight weeks, and there were manpower limitations as well. Further, the handicraft industry is an indigenous industry. Therefore, as mentioned in the proposal, the survey was conducted based on the regional areas, covering the main production areas. The companies surveyed were selected after deliberation with the Ministry of Industry.

The proposal envisioned two teams, but the period for the field survey by the fashion accessory experts was a short 20 days and the survey ended up being conducted by one team with the exception of the 8 days when there was an overlap with the field survey of the two production technology experts. The team was comprised of four members with one officer of the Handicraft Bureau of the Ministry of Industry added for each of the regions visited (a total of six).

By the request of the Ministry of Industry, South Sulawesi and the Bandung environs were added to the regions surveyed.

As a result, 131 companies in six main production areas were visited and 184 questionnaires retrieved. A breakdown by region gives the following:

| | Companies visited (including public facilities) | No. of questionnaires retrieved |
|---|---|---|
| Jakarta | 11 | 17 |
| Bali | 44 | 42 |
| Yogyakarta | 26 | 39 |
| North Sumatra | 23 | 30 |
| South Sulawesi | 10 | 28 |
| Bandung | 17 | 28 |
| Total | 131 | 184 |

The places visited and the companies surveyed were selected after deliberation with the offices of the Ministry of Industry in the regions (Kanwil and Kandep) with consideration given to the number of days in the regions and the distances to the companies.

The questionnaire had as its object the surveying of the general situation of the companies, problems, and requests to the government. The majority of the handicraft companies were located far away from the cities, so time was taken for traveling and the time available for visiting each company was limited. Therefore, in the interviews, the focus was placed on problems being faced. Further, experts in production technology surveyed factories and products in the field. For the questionnaire, two methods were used during visits depending on circumstances: (1) the method where the staff of the Ministry of Industry would ask the questions and fill out the questionnaires and (2) the method where the company managers were asked to fill in the questionnaires for later retrieval.

For example, in Sengkang (South Sulawesi), the production area for hand woven products of silk, there are 9047 business establishments (Unit Usaha) according to the local office of the Ministry of Industry. On the other hand, there were only five days for the survey in South Sulawesi and time was taken for travel (nine hours taken by car between Ujung Pandang and Toraja, about six hours by car between Toraja and Sengkang, and about four hours between Sengkang and Ujung Pandang), so the actual time for the survey in Sengkang was about seven hours and only three companies could be visited. In such a case, an effort was made to visit the leading companies of the groups (Kelompok) and to learn from them the situation in the industry of the producing areas and the common problems therein.

### (2) Survey in Japan

The survey regarding the evaluation of Indonesian handicrafts in Japan was performed in November and December 1989 covering businesses handling handicrafts in Japan. The companies surveyed were selected with the cooperation of handicraft experts from members of industrial organizations and purchasing missions in Indonesia. 270 companies were selected and telephone checks made to decide on 209 companies. Questionnaires were sent to these 209 companies and responses were obtained from 90.

### (3) Third Country Surveys

For the survey of the competitors, Thailand and the Philippines were covered, while for the survey of importing countries, the U.K. and U.S. were selected. The countries were selected based on the OECD statistics, statistics on imports of the U.S. and Japan, and statistics of exports of Indonesia.

Except for the U.S., the surveys were commissioned to research companies in those countries.

In the U.S., it was not possible to have a research company do the survey, so analysis was performed after collecting related data.

(Note) The number of samples was determined using the following formula:

$$n = \frac{N}{\left(\frac{\varepsilon}{K(\alpha)}\right)^2 \frac{N-1}{P(1-P)} + 1}$$

$\alpha$ = Probability showing estimate of characteristic value of population
100 - $\alpha$ = Confidence level
K ($\alpha$) = 1.96
N = Magnitude of population
n = Number of samples considered necessary
P = Retrieval rate
$\varepsilon$ = Plus-minus range of sample characteristic value in interval estimation

## 2.2 Position and Evaluation of Indonesian Handicrafts As Seen From Abroad

In this section, an overview will be given of the position Indonesian handicrafts occupy in the global handicraft trade and a discussion made of the evaluation of the consumer nations of Indonesian handicrafts. Further, this will be summarized and future trends in demand analyzed.

In (1), use is made of OECD trade statistics to look at the flow of the handicraft trade on the global level and look at the countries from which the major consumer nations are importing from and the export destinations of competing countries. In (2), an overview will be made of the trends in Japanese imports of handicrafts using customs clearance statistics and clarification made of the evaluation of Indonesian handicrafts revealed by a survey in Japan, problems in the handicrafts, and problems and possible countermeasures to be taken in increasing imports by Japan. In (3), the results of a survey of consumer nations conducted in the U.S. and the U.K. will be used to explain the evaluation of Indonesian handicrafts in those countries and problems relating to the same. In (4), an analysis will be made of trends in demand for handicrafts based on the analyses from (1) to (3).

### (1) World Handicraft Trade and Position of Indonesia in Same

Here, use is made of the trade statistics of the OECD to review the flow of trade in handicrafts on the global scale and trends in the same. The OECD statistics were used since the trade of the OECD nations accounts for about 80 percent of world trade, the share of such trade in the exports of Indonesia has reached about 80 percent as well, and OECD statistics, it is believed, would enable a grasp of both the movements in global trade and the position of Indonesia in the same. Note that the statistics of international organizations suffer from the problem of a time delay in the release of statistics of some countries, so the analysis was performed using the statistics for 1987 and using the figures of 1980 for comparison.

There are no product codes in trade statistics for the commodity classification known as "handicrafts", so the following seven items were selected for study:

<Personal Use Accessories>

[1] Imitation jewelry
[2] Jewelry of gold, silver, and platinum group metals and goldware

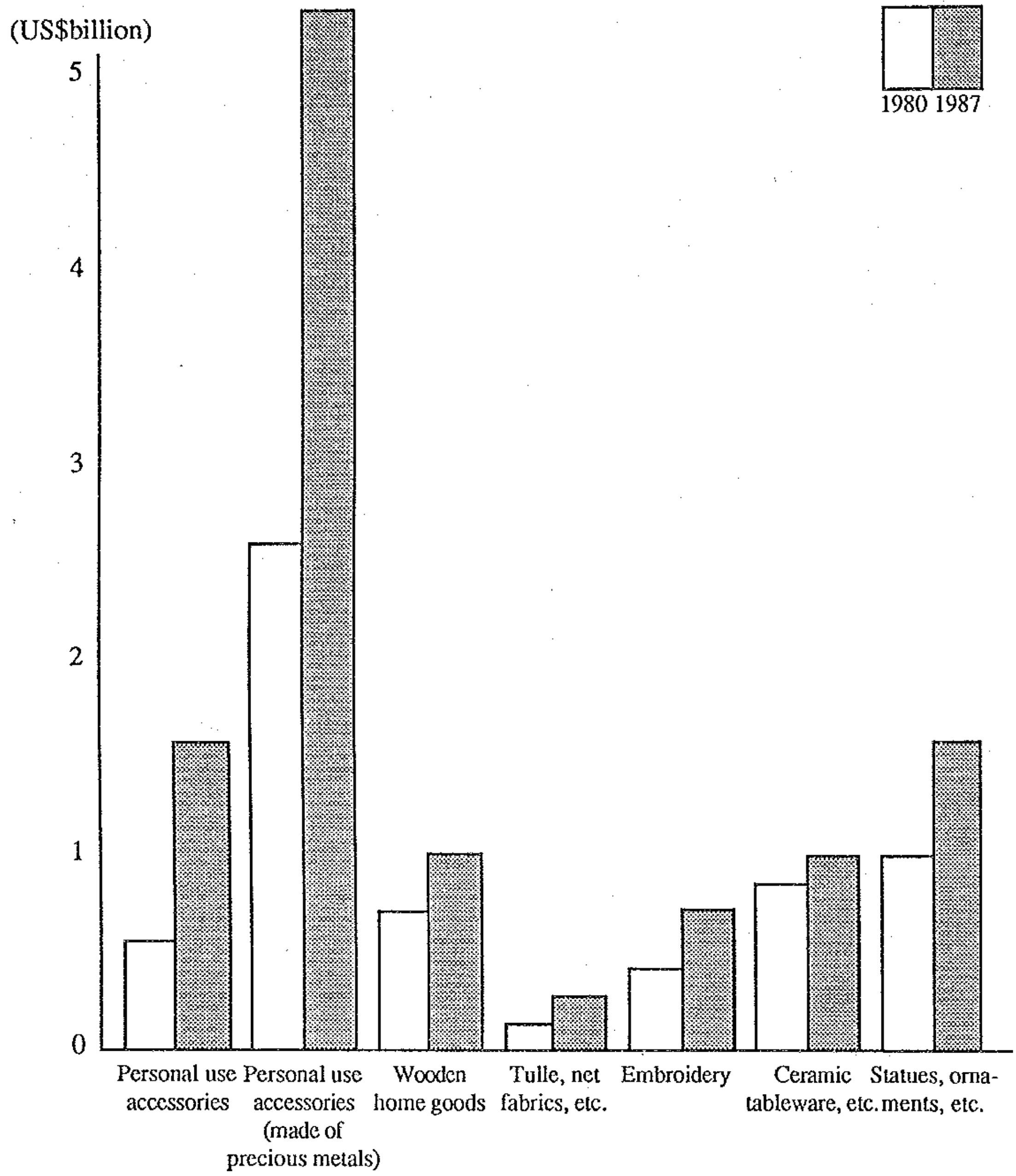
<Wooden Products>

[3] Manufactures of wood for domestic and decorative use

<Textile handicrafts>

[4] Tulle and other net fabrics, figured hand and mechanically made lace
[5] Embroidery in strips and motifs

Fig. 2-2-1: Handicraft Imports of OECD Nations — Comparison of 1980 and 1987




Source: OECD Foreign Trade Statistics (same below)

**Fig. 2-2-2: Share of Main Importers of Personal Accessories**

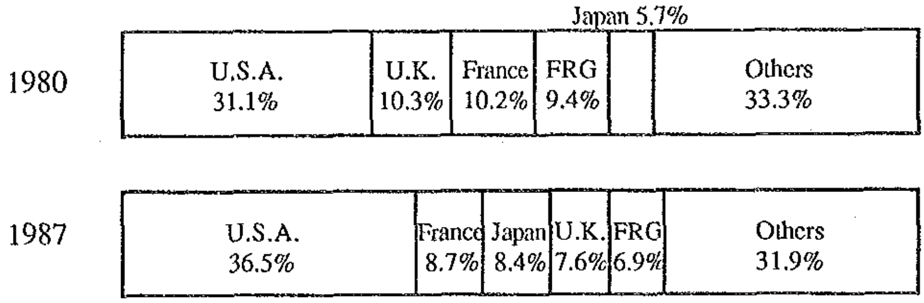



**Fig. 2-2-3: Share of Main Exporters of Personal Accessories**

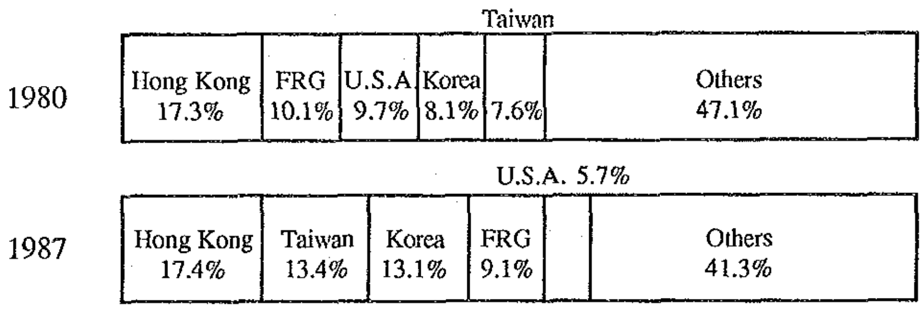
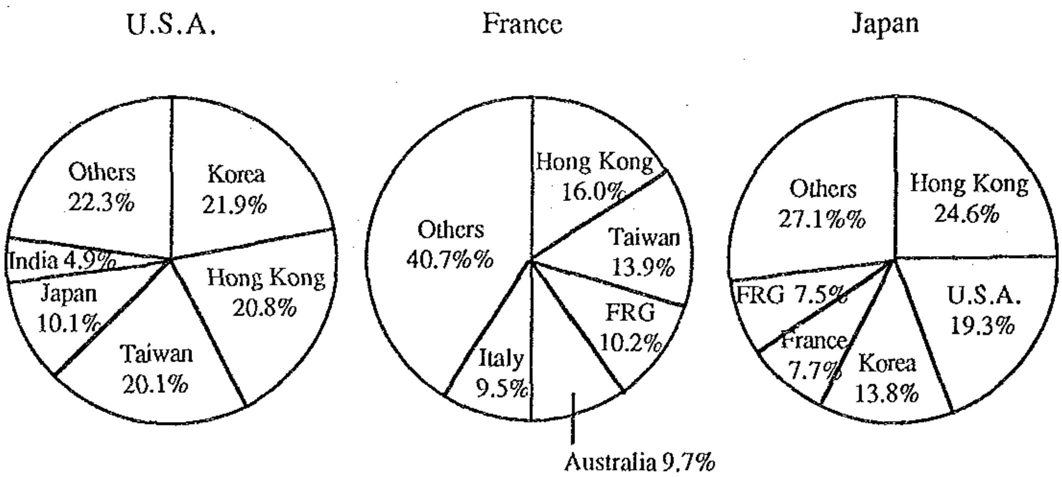



**Fig. 2-2-4: Countries of Origin of Main Countries Importing Personal Accessories (1987)**



<Ceramics>

[6] Tableware and other articles ,used for domestic and toilet use, of others (ceramics)

<Statuettes and Other Ornaments>

[7] Statuettes and other ornaments and articles of personal adornment

Note that the competing countries below refer to neighboring countries, primarily the ASEAN countries

[1] Imitation jewelry

(a) Importers

Imports of all OECD countries importing imitation jewelry rose from US$587.74 million in 1980 to US$1,445.98 million in 1987 for an average annual growth of 13.7 percent (Fig. 2-2-1.)

The biggest importing country was the U.S. in both 1980 and 1987, with its share in total imports of the OECD rising from 31.1 percent in 1980 to 36.5 percent in 1987. Other major importers in 1980 were the U.K., France, and West Germany. Japan ranked at fifth place with a 5.7 percent share. In 1987, France held second place while Japan had risen to third place with an 8.4 percent share, followed by the U.K. and West Germany.

A look at the areas supplying the major importers in 1987 shows that, for the U.S., the largest was South Korea, accounting for 21.9 percent, followed by Hong Kong and Taiwan. The three NIEs accounted for substantially equal shares. For France, Hong Kong held the largest share, 16.0 percent, followed by Taiwan and then by West Germany and other neighboring OECD nations.

For Japan, the largest supplier was Hong Kong, accounting for 24.6 percent, followed by the U.S. and South Korea. (See Fig. 2-2-2 and Fig. 2-2-4.)

(b) Exporters

The biggest exporter in both 1980 and 1987 was Hong Kong. In 1980, Hong Kong accounted for 17.3 percent of all exports, followed by West Germany, the U.S., and Taiwan. In 1987, the Asian NIEs began to rise. Hong Kong took the lead with 17.4 percent, followed by Taiwan, South Korea, West Germany, and the U.S., in that order. (See Fig. 2-2-3.)

A look at the competitors of Indonesia shows, for 1980, the Philippines first at US$18.44 million, India at US$5.5 million, and Thailand at US$3.04 million. Indonesia accounted for US$26,000 of the exports, no more than 0.004 percent of the total. In 1987, India accounted for US$45.68 million, the Philippines US$26.32 million, and Thailand US$78.57 million, with each country considerably increasing their exports. Indonesia increased its expots over 10 fold to US$2.81 million and its share to 0.2 percent.

**Fig. 2-2-5: Competitors of Indonesia in Personal Accessories**

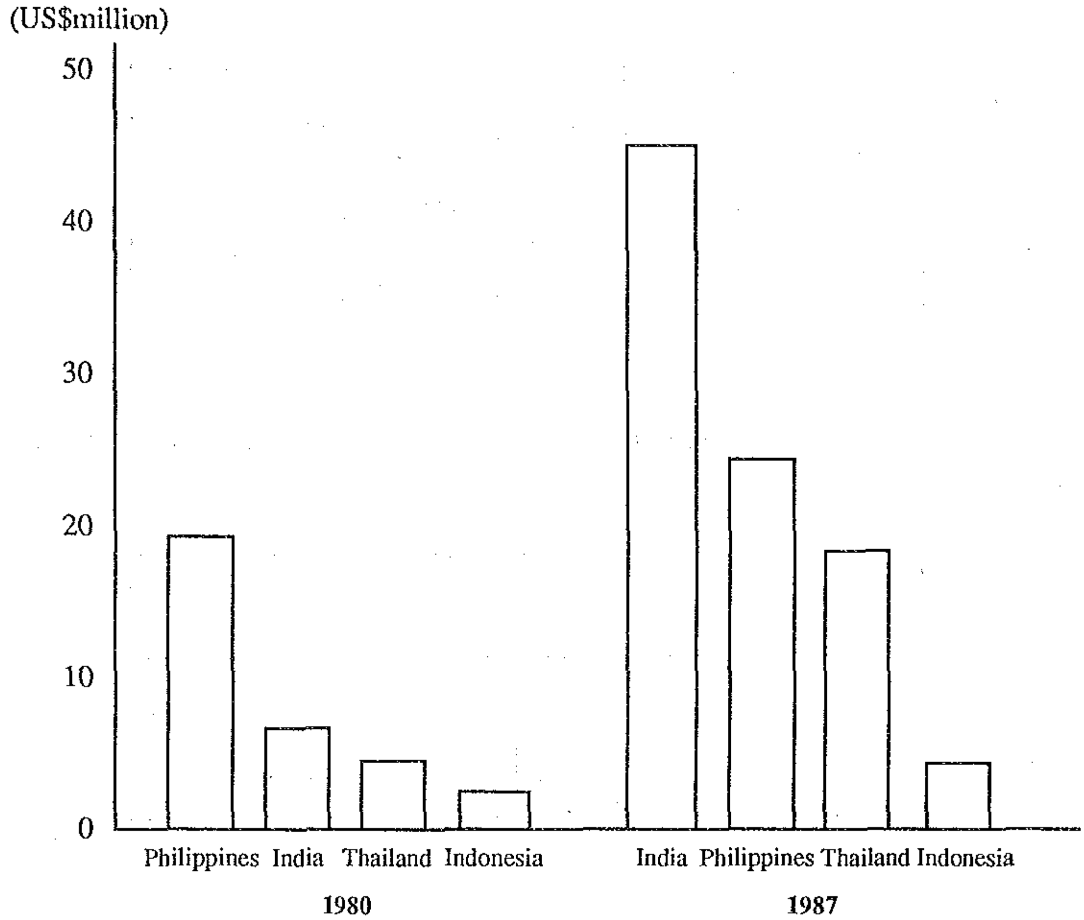



**Fig. 2-2-6: Share of Export Destinations of Competitors in Personal Accessories (1987)**

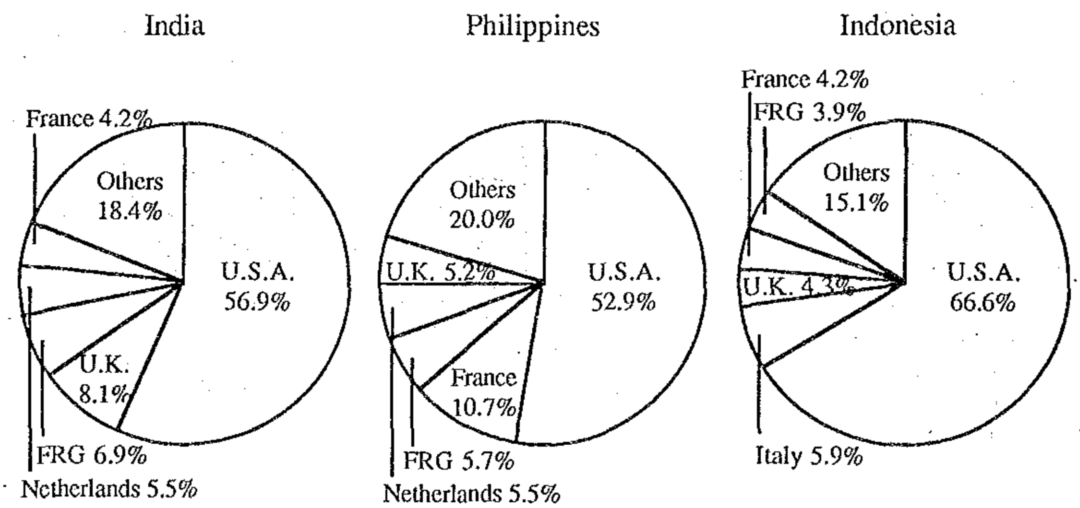


**Fig. 2-2-7: Share of Major Jewelry Importers in Personal Accessories (Made of Precious Metals)**

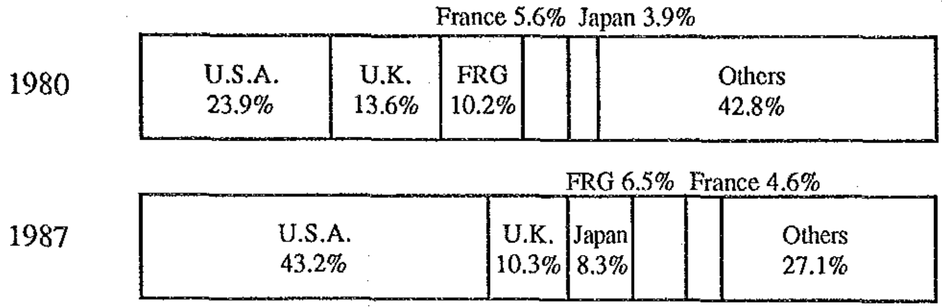



**Fig. 2-2-8: Share of Major Jewelry Exporters in Personal Accessories (Made of Precious Metals)**

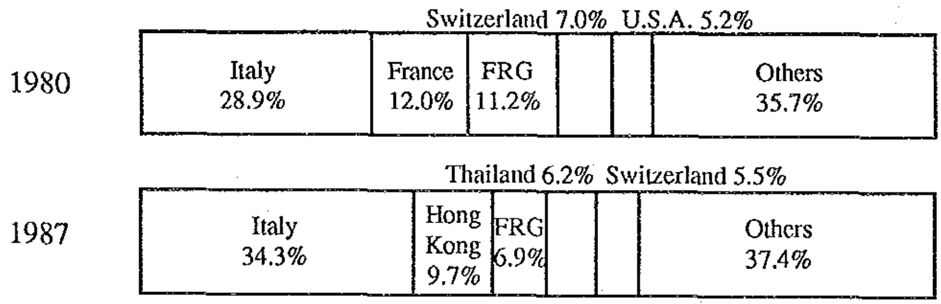
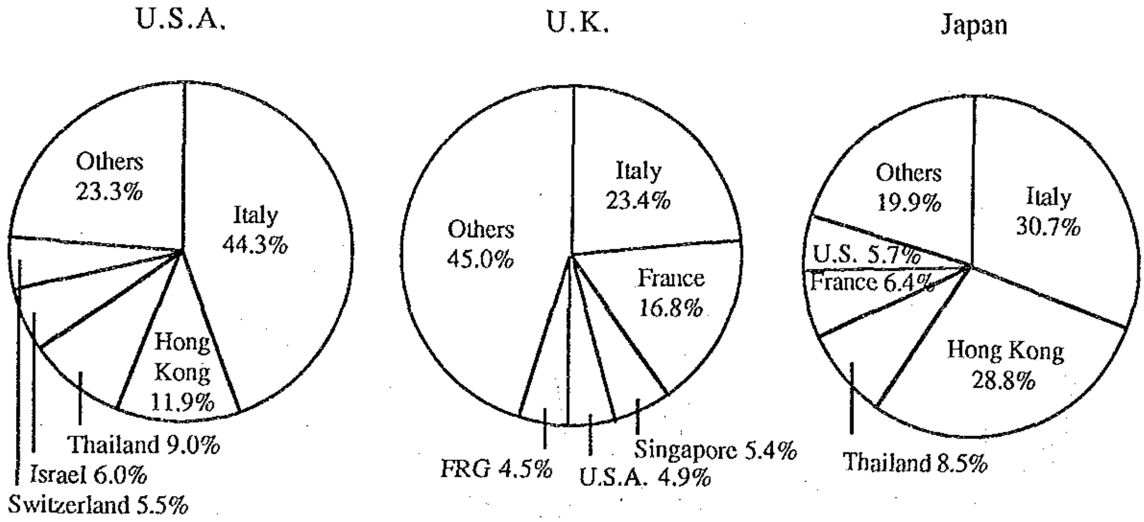



**Fig. 2-2-9: Suppliers of Major Countries in Personal Accessories (Made of Precious Metals)**



The biggest export destination of both the competing countries and Indonesia in 1987 was the U.S., accounting for an over 50 percent share. For India, the U.S. was the biggest export destination, accounting for a 56.9 percent share, followed by the U.K., West Germany, etc. For the Philippines, the U.S. accounted for a 52.9 percent share, followed by France, West Germany, etc. For Indonesia, the U.S. accounted for a 66.6 percent share, about two-thirds of exports, followed by Italy, the U.K., etc. (See Fig. 2-2-6.)

[2] Jewelry of gold, silver, and platinum group metals and goldware

(a) Importers

The imports of the OECD countries as a whole rose from US$2,544.15 million in 1980 to US$5,338.19 million in 1987 - increasing by 11.2 percent a year. (See Fig. 2-2-1.)

The biggest importer was the U.S., increasing its share from 23.9 percent in 1980 to 43.2 percent in 1987. At second place in both 1980 and 1987 was the U.K. At third place was France (5.6 percent) in 1980 and Japan (8.3 percent) in 1987. (See Fig. 2-2-7.)

A look at the suppliers of the major importing countries in 1987 shows Italy at the top in all cases. For the U.S., Italy accounted for a 44.3 percent share, followed by Hong Kong, Thailand, etc. For the U.K., Italy stood at first place with a 23.4 percent share, followed by France and Singapore. For Japan, Italy accounted for a 30.7 percent share and Hong Kong for a 28.8 percent share. Thailand came in third place. (See Fig. 2-2-9.)

(b) Exporters

The biggest exporter in both 1980 and 1987 was Italy. In 1980, Italy accounted for a 28.9 percent share, followed by France, West Germany, Switzerland, and the U.S., with the advanced industrialized nations monopolizing the top positions. In 1987, Hong Kong had risen to second place and Thailand to fourth. Italy, on the other hand, had increased its share to 34.3 percent. (See Fig. 2-2-8.)

Among the competitors of Indonesia, Thailand showed remarkable growth. Thailand increased its exports from US$43.37 million in 1980 to US$328.36 million in 1987, about an eight-fold rise. Indonesia increased its exports from US$560,000 in 1980 (0.02 percent share) to US$4.72 million in 1987 (0.08 percent share), a small value but still a steady increase. (See Fig. 2-2-10.)

**Fig. 2-2-10: Competitors of Indonesia in Personal Accessories (Made of Precious Metals)**

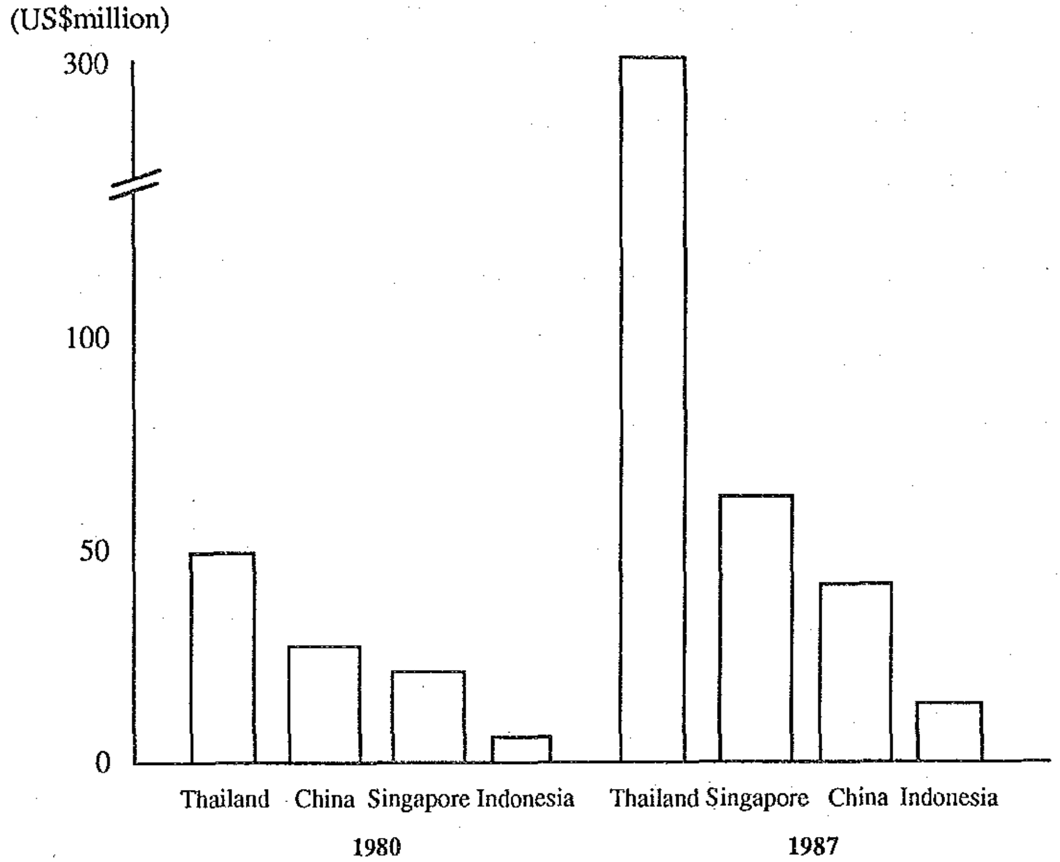



**Fig. 2-2-11: Export Destinations of Competitors in Personal Accessories (Made of Precious Metals)**

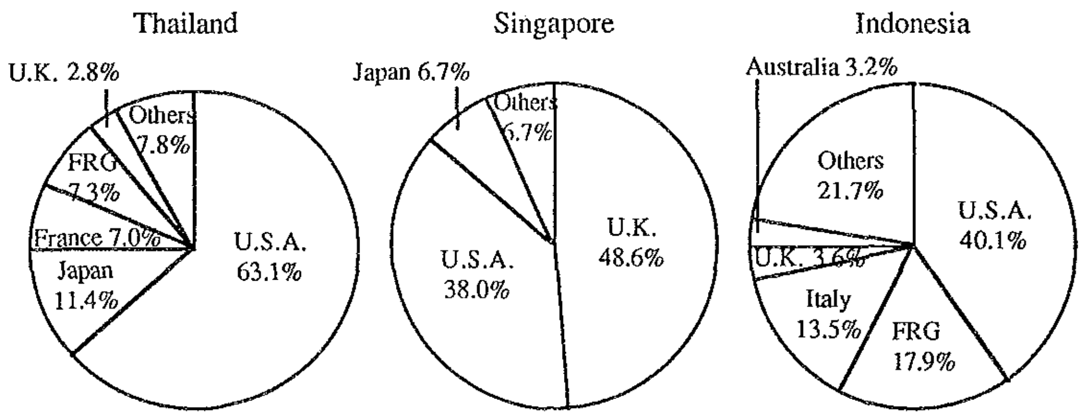


**Fig. 2-2-12: Share of Major Importers of Wooden Household Utensils**

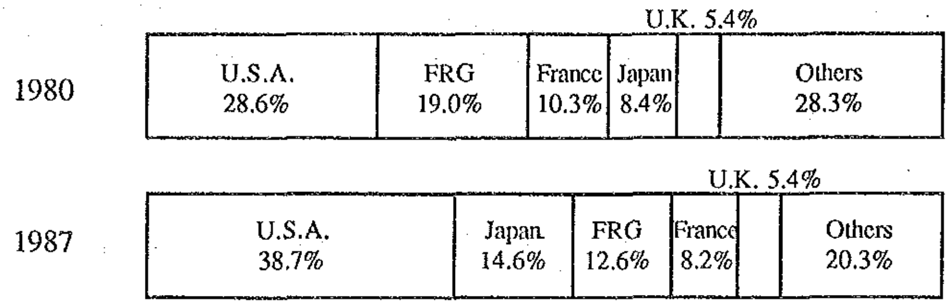



**Fig. 2-2-13: Share of Major Exporters of Wooden Household Utensils**

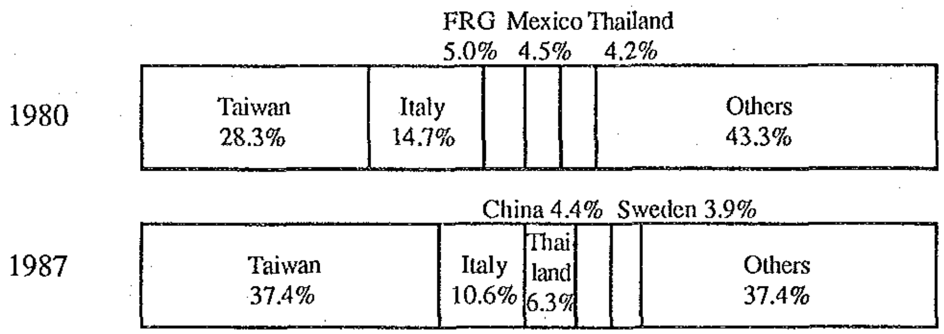
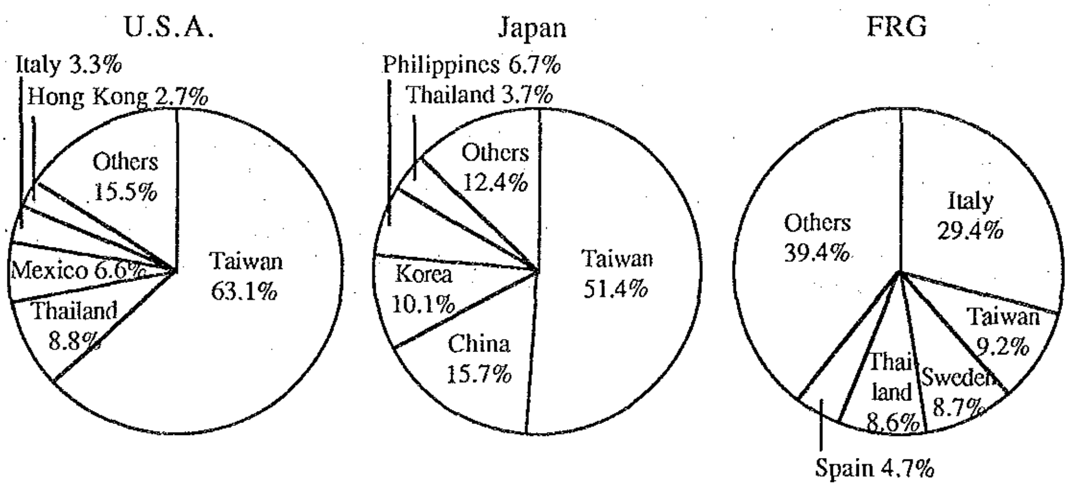



**Fig. 2-2-14: Suppliers of Major Countries in Wooden Household Utensils**



Looking at the export destinations of Indonesia's competitors, for Thailand the biggest destination was the U.S., accounting for an overwhelmingly large 63.1 percent share, followed by Japan and France. For Singapore, the U.K. was the largest, at 48.6 percent, with the U.S. also large at 38.6 percent, followed by Japan in third place. For Indonesia, the U.S. was the largest destination, at 40.1 percent, followed by West Germany at 17.9 percent and the U.K. at 3.6 percent. (See Fig. 2-2-11.)

[3] Manufactures of wood for domestic and decorative use

(a) Importers

Imports rose from US$613.98 million in 1980 to US$888.9 million in 1987, for a growth rate of a small annual 5.4 percent. (See Fig. 2-2-1.)

The biggest importer was the U.S., though Japan has been increasing its share. In 1980, the U.S. accounted for the largest share, 28.6 percent, followed by West Germany, France, Japan, and the U.K. In 1987, the U.S.'s share grew to 38.7 percent and Japan's rose to 14.6 percent, placing it second. After these followed West Germany, France, and the U.K. (See Fig. 2-2-12.)

A look at the suppliers of the major countries shows, for the U.S., Taiwan holding an overwhelmingly large 63.1 percent share, followed by Thailand and Mexico. Taiwan also accounted for about 50 percent of the imports of Japan, followed by China and South Korea and, after them the rising ASEAN nations of the Philippines and Thailand. For West Germany, Italy was in first place with a 29.4 percent share, followed by Taiwan in second place and then Sweden and Thailand. (See Fig. 2-2-14.)

(b) Exporters

The biggest exporter was Taiwan, which has increased its share from 1980 to 1987. In 1980, Taiwan accounted for 28.3 percent of exports, followed by Italy, West Germany, Mexico, and Thailand, in that order. In 1987, Thailand rose to third place and China also came into the picture. Taiwan increased its share to 37.4 percent, while Italy, Thailand, China, and Sweden were other major players. (See Fig. 2-2-13.)

Among Indonesia's competitors, Thailand and China showed remarkable growth. Thailand increased exports from US$25.85 million in 1980 to US$44.69 million in 1987, for a more than two-fold rise. China increased its exports from US$11.41 million to US$39.41 million, a close to four-fold rise. The Philippines fell in share from 3.1 percent in 1980 to 2.7 percent in 1987. Indonesia increased exports from US$3.43 million in 1980 to US$11.2 million in 1987 and its share from 0.6 percent to 1.2 percent. (See Fig. 2-2-14.)

A look at the export destinations shows the U.S. being the biggest market for Thailand and Japan the largest for the Philippines and Indonesia. For Thailland, the U.S. stood in first place with 54.6 percent followed by West Germany and Japan. For the Philippines, Japan was the largest market, accounting for a 37.9 percent share, followed by the U.S. at 34.1 percent. For Indonesia, Japan accounted for about a 50 percent share, followed by the U.S. and France. (See Fig. 2-2-16.)

**Fig. 2-2-15: Competitors of Indonesia in Wooden Household Utensils**

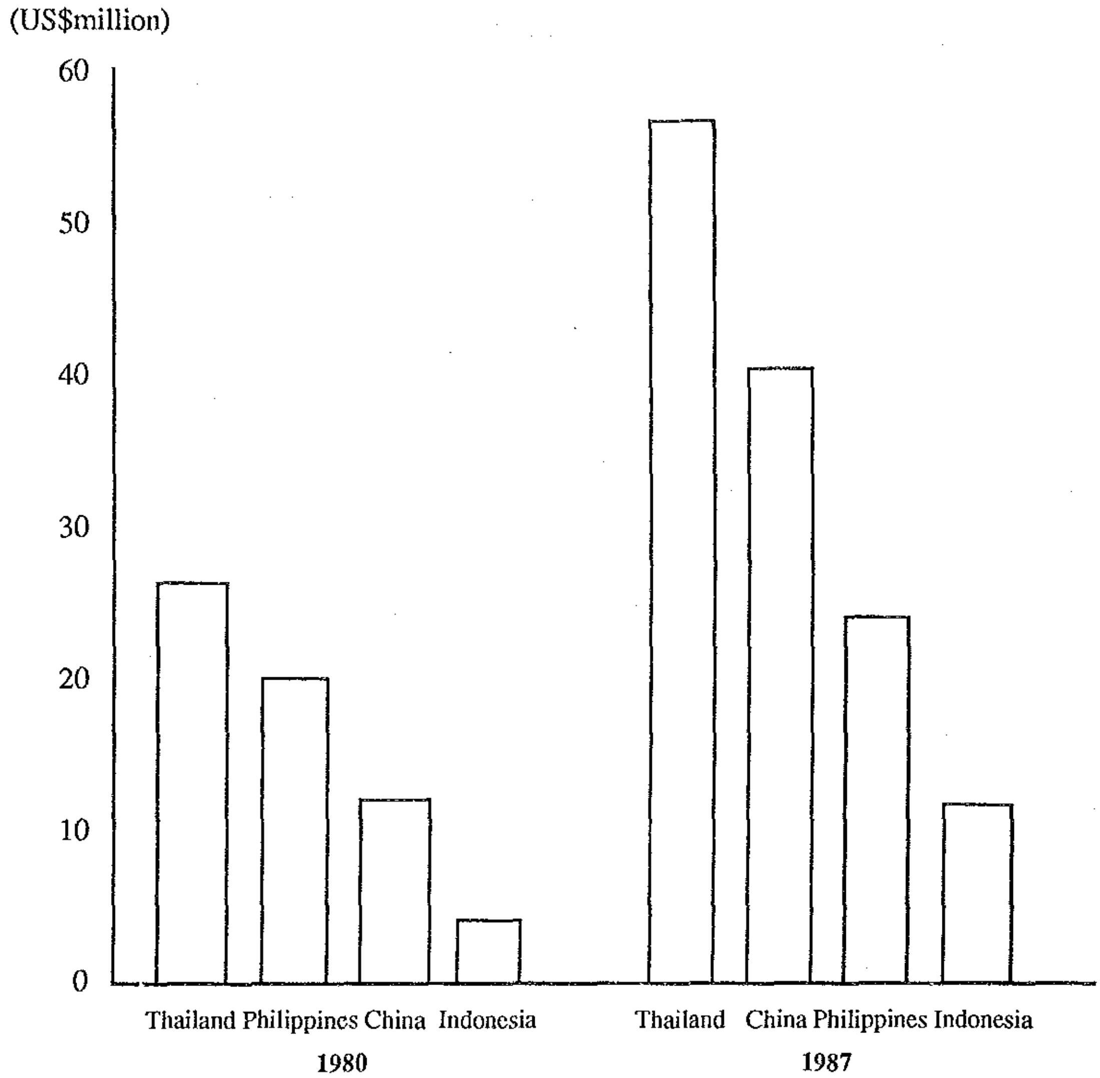



**Fig. 2-2-16: Export Destinations of Competitors in Wooden Household Utensils**

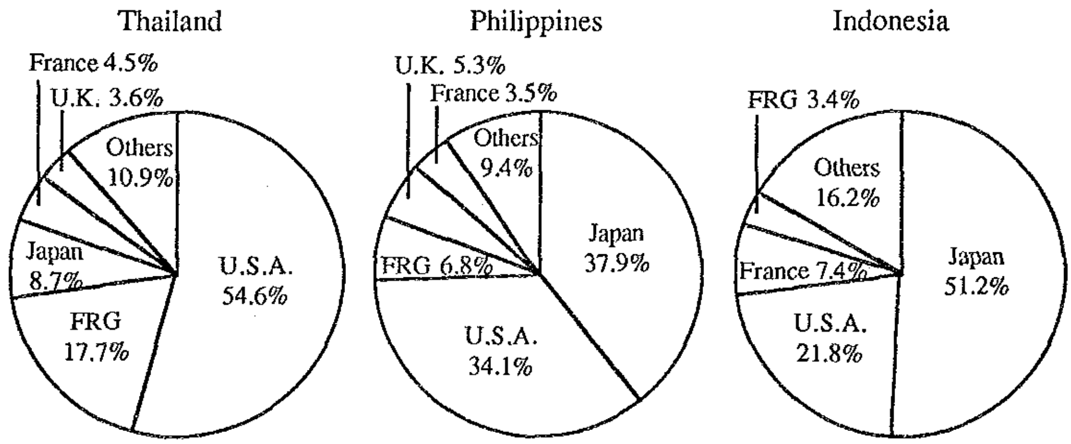


**Fig. 2-2-17: Trends in Major Importers of Tulle, Net Fabrics, Etc.**

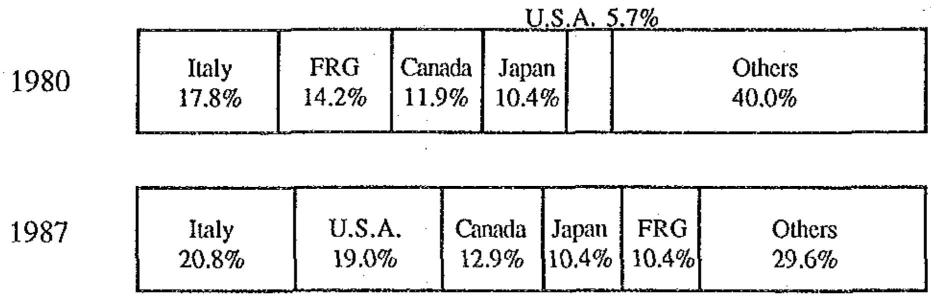



**Fig. 2-2-18: Trends in Major Exporters of Tulle, Nets Fabrics, Etc.**

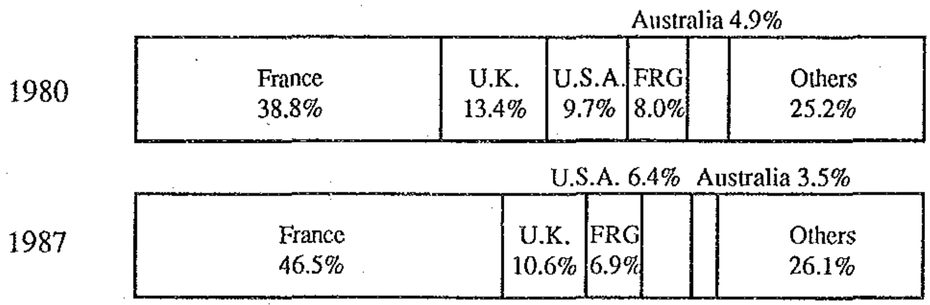



**Fig. 2-2-19: Major Suppliers of Tulle, Net Fabrics, Etc.**

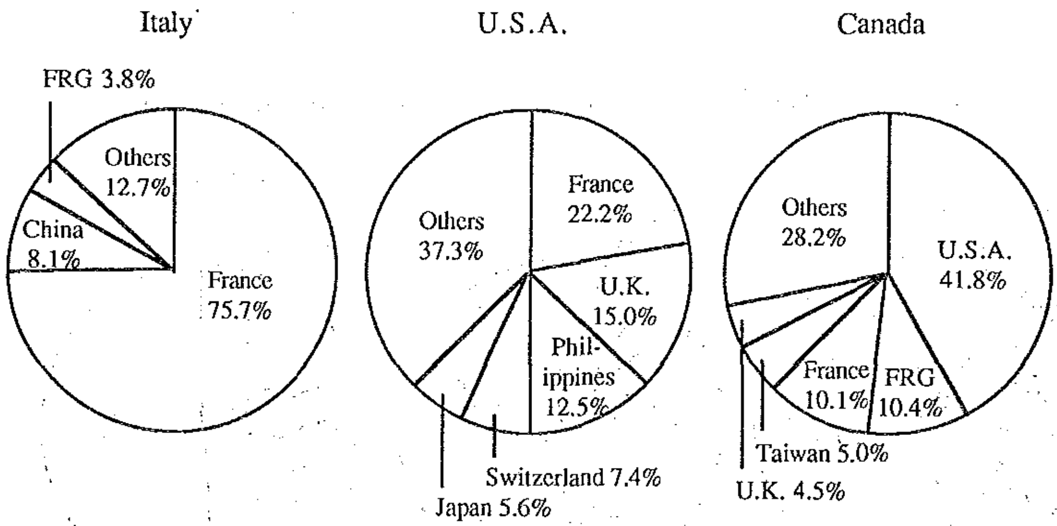


**Fig. 2-2-20: Competitors of Indonesia in Tulle, Net Fabrics, Etc.**

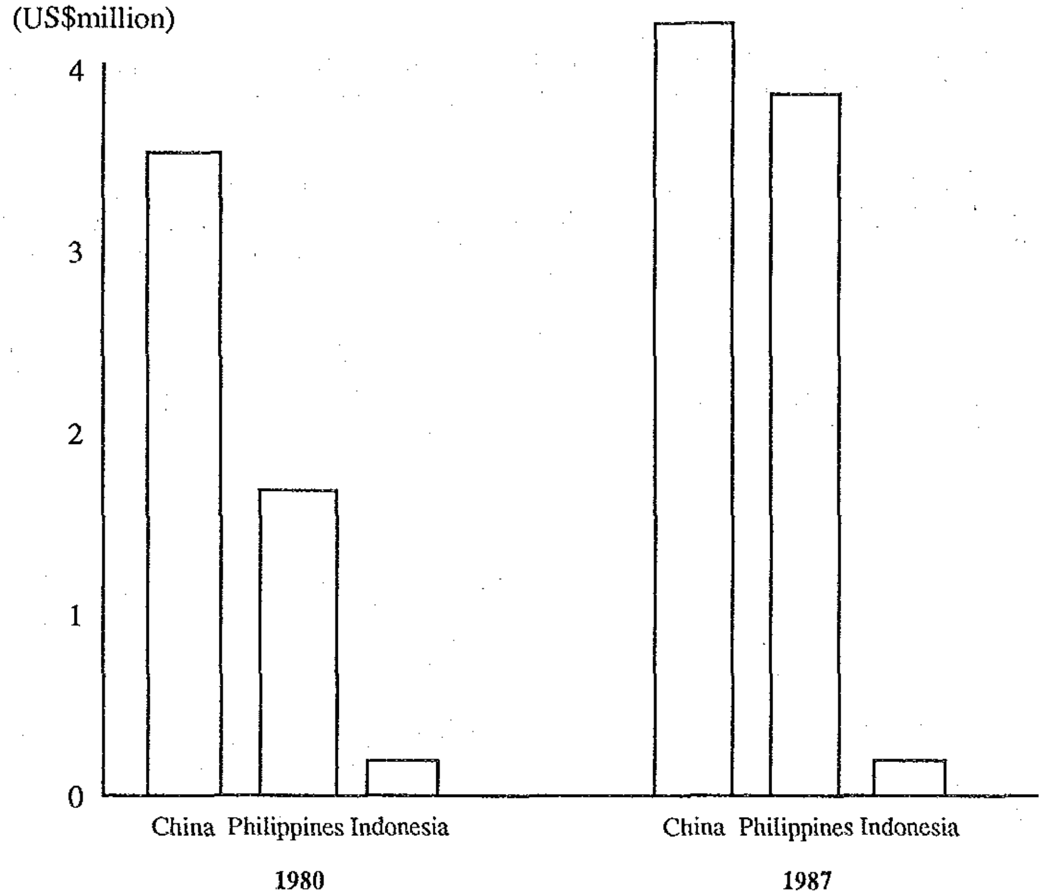
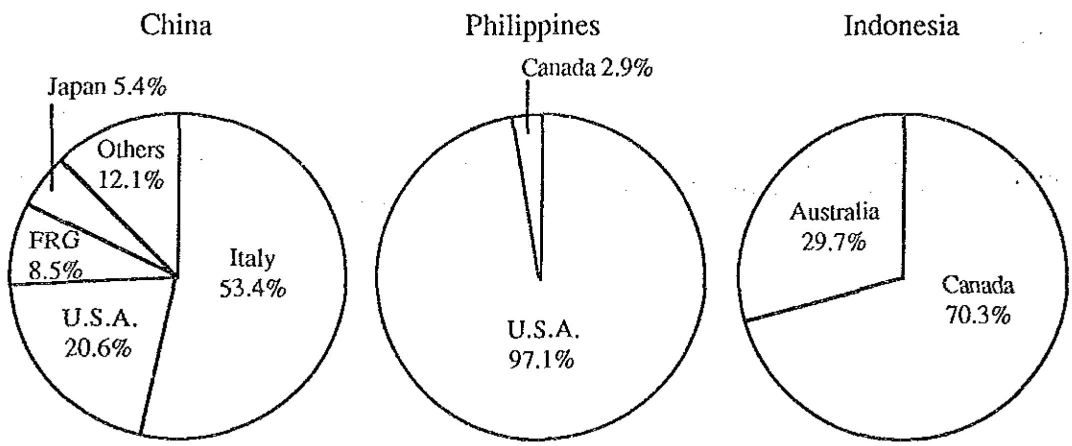



**Fig. 2-2-21: Export Destinations of Competitors in Tulle, Net Fabrics, Etc. (1987)**



[4] Tulle and other net fabrics, figured hand and mechanically made lace

(a) Importers

Imports of the OECD nations as a whole rose from US$93.87 million in 1980 to US$156.05 million in 1987, for an average annual growth of 7.5 percent. (See Fig. 2-1-1.)

The major importers were, in 1980, Italy, accounting for a 17.8 percent share, followed by West Germany, Canada, Japan, and the U.S. In 1987, the U.S. displayed tremendous gains and came close to the lead country of Italy. At third place was Canada, followed by Japan and West Germany. (See Fig. 2-2-18.)

The suppliers of the major importers were diverse and no clear trends appeared. Italy supplies three-quarters of the demand of France, followed by China and West Germany. For the U.S., France is the biggest supplier, at 22.2 percent, followed by the U.K. and the Philippines. For Canada, the U.S. is in first place, followed by West Germany and France. (See Fig. 2-2-19.)

(b) Exporters

The biggest exporter was France. In 1980, France stood at first place with a 38.8 percent share, followed by the U.K. and the U.S. In 1987, France had further increased its share to 46.5 percent and was followed by the U.K. and West Germany, with the OECD nations monopolizing the top positions. (See Fig. 2-2-18.)

Among Indonesia's competitors, the Philippines displayed remarkable growth. In 1980, China exported US$3.37 million worth of goods and the Philippines US$1.38 million, but in 1987 China exported US$4.89 million and the Philippines US$3.93 million. Indonesia exported US$64,000 in 1987, for a small 0.04 percent share. (See Fig. 2-2-20.)

The export destinations differed by county. The largest customer for China was Italy, with a 53.4 percent share, followed by the U.S. The Philippines completely depended on the U.S. (97.1 percent share). Indonesia exported to Canada (70.3 percent) and to Australia (29.3 percent). (See Fig. 2-2-21.)

[5] Embroidery in strips and motifs

(a) Importers

Imports increased from US$273.46 million in 1980 to US$433.25 million in 1987, for an annual growth of 6.8 percent. (See Fig. 2-2-1.)

Fig. 2-2-22: Share of Major Importers of Embroidery

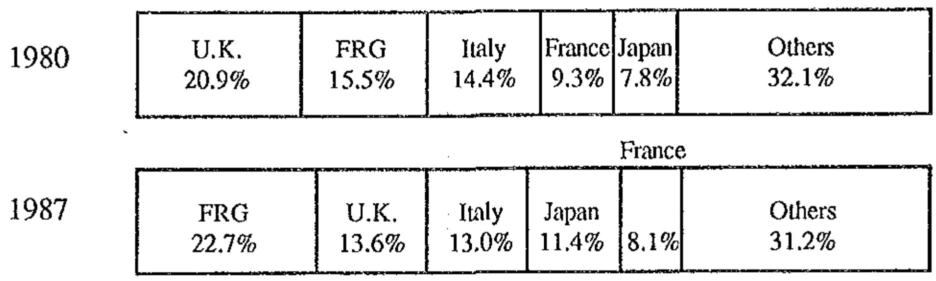



Fig. 2-2-23: Share of Major Exporters of Embroidery

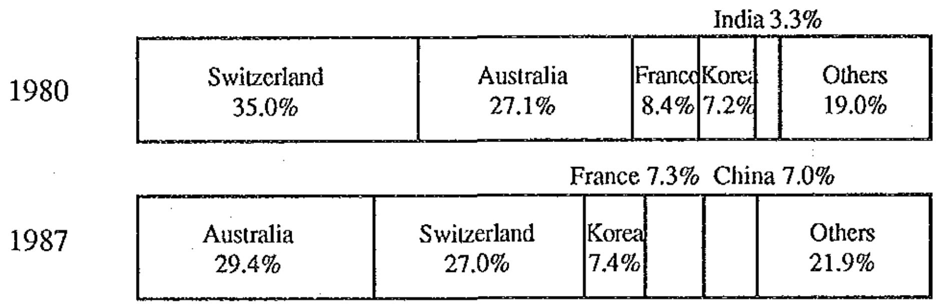



Fig. 2-2-24: Suppliers of Major Countries in Embroidery

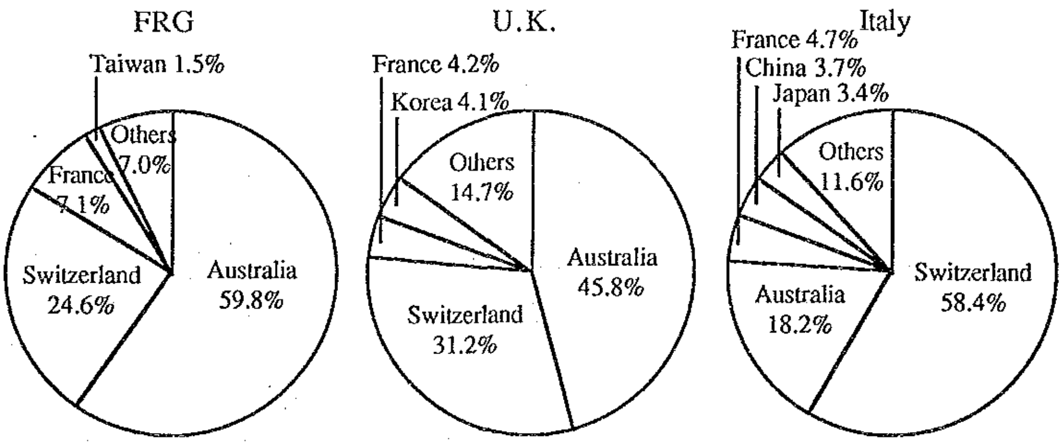


Fig. 2-2-25: Competitors of Indonesia in Embroidery

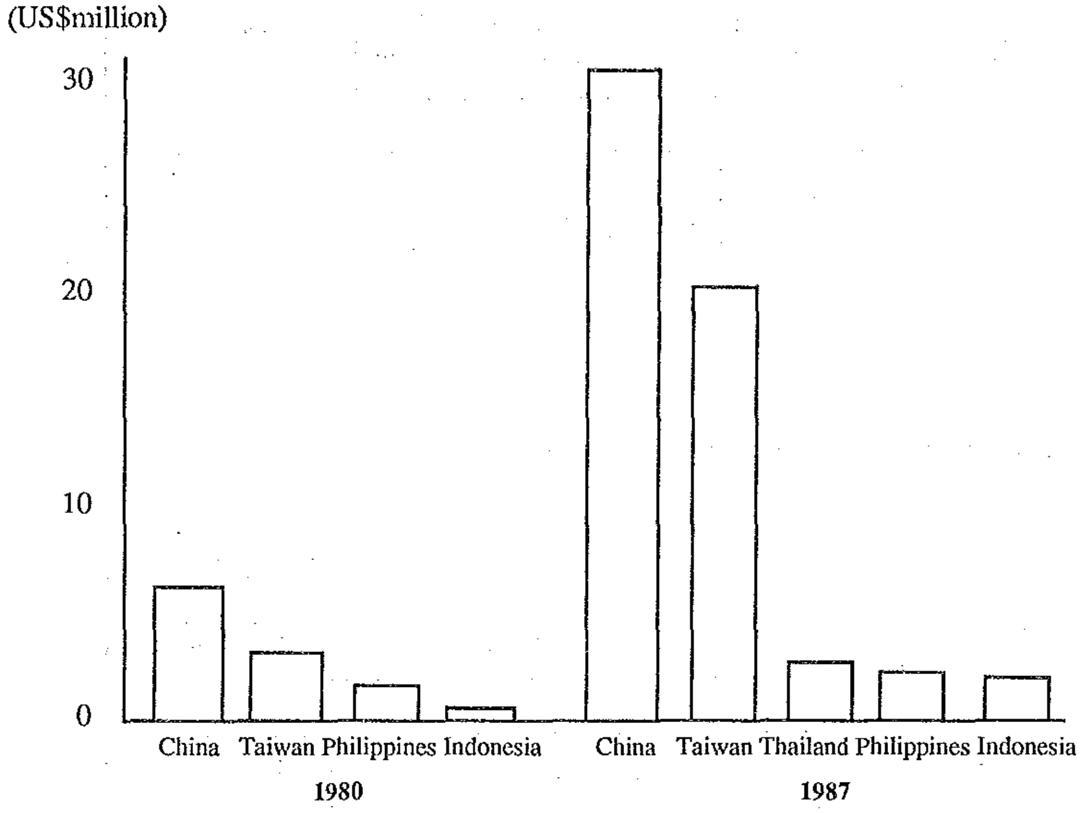
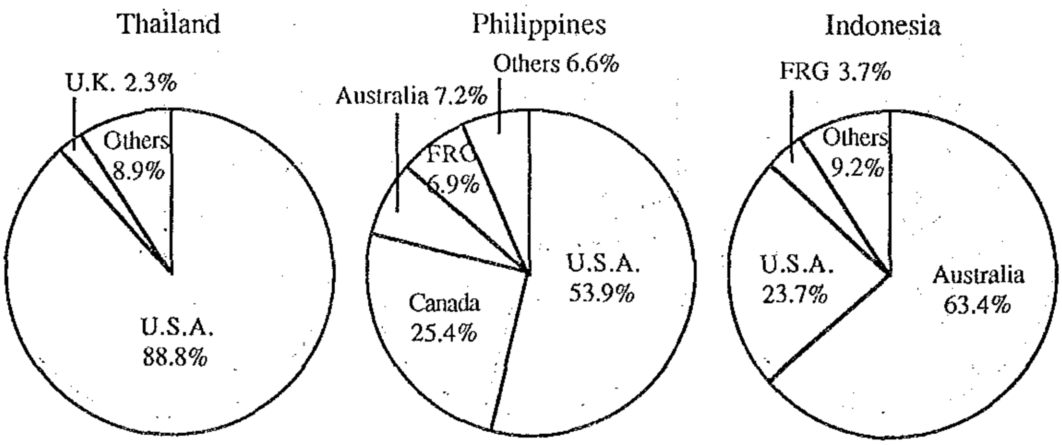



Fig. 2-2-26: Export Destinations of Competitors in Embroidery



Among the major importers, the largest in 1980 was the U.K., accounting for a 20.9 percent share, followed by West Germany, Italy, the Philippines, and Japan. In 1987, West Germany rose in share to 22.7 percent, while the U.K. fell in share. Trailing these were Italy, Japan, and France. (See Fig. 2-2-23.)

Among the suppliers of the major nations, the largest in share were the neighboring OECD countries. For West Germany, the biggest supplier was Austria with a 59.8 percent, followed by Switzerland and France. For the U.K. too, Austria was the largest supplier, at 45.8 percent, followed by Switzerland and France. For Italy, Switzerland was the largest supplier, with a 58.4 percent share, followed by Austria and France. For the Asian nations, Taiwan was in fourth place for the FRG, South Korea in fourth place for the U.K., and China in fourth place for Italy. (See Fig. 2-2-24.)

(b) Exporters

Austria and Switzerland were the two largest exporters, but South Korea has been rising remarkably in importance. In 1980, Switzerland held top position with a 35.0 percent share, followed by Austria, France, and South Korea. In 1987, Austria had the largest share, 29.4 percent, followed by Switzerland and South Korea. (See Fig. 2-2-23.)

All of Indonesia's competitors displayed remarkable growth. In particular, China increased its exports from US$4.02 million in 1980 to US$30.41 million in 1987 - an eight-fold increase. Further, Thailand had no exports in 1980, but exported US$2.35 million in 1987. Indonesia grew remarkably from US$20,000 in 1980 to US$2.13 million in 1987, clinching a 0.5 percent share. (See Fig. 2-2-25.)

A look at the export destinations of the competitors shows Thailand exporting 88.8 percent of its production to the U.S., making it dependent on that country. The Philippines exported 53.9 percent to the U.S., also placing it in first position, though Canada and Australia between them accounted for another 30 percent. For Indonesia, the major market was Australia, accounting for 63.4 percent, followed by the U.S. and West Germany. (See Fig. 2-2-26.)

[6] Tableware and other articles, used for domestic and toilet use, of others (ceramics)

(a) Importers

Imports of the OECD countries as a whole rose from US$675.41 million in 1980 to US$902.81 million in 1987, for an annual increase of 4.2 percent. (See Fig. 2-2-1.)

The largest importer was the U.S., increasing its share from 30.9 percent in 1980 to 47.0 percent in 1987. In 1980, the major importers were the U.S., West Germany, France, and Canada, in that order. In 1987, the U.S. accounted for close to a 50 percent share, while the other countries fell in share. (See Fig. 2-2-27.)

**Fig. 2-2-27: Share of Major Importers of Ceramic Tableware Etc.**

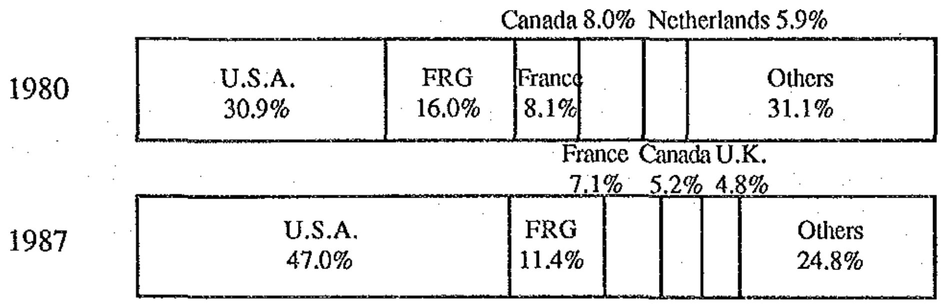



**Fig. 2-2-28: Share of Major Exporters of Ceramic Tableware Etc.**

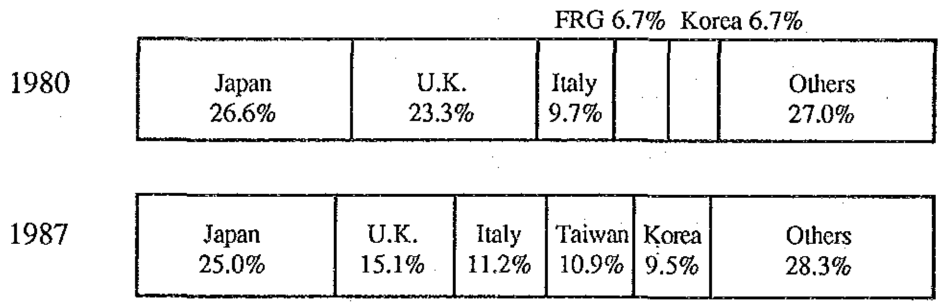



**Fig. 2-2-29: Suppliers of Major Importers of Ceramic Tableware Etc.**

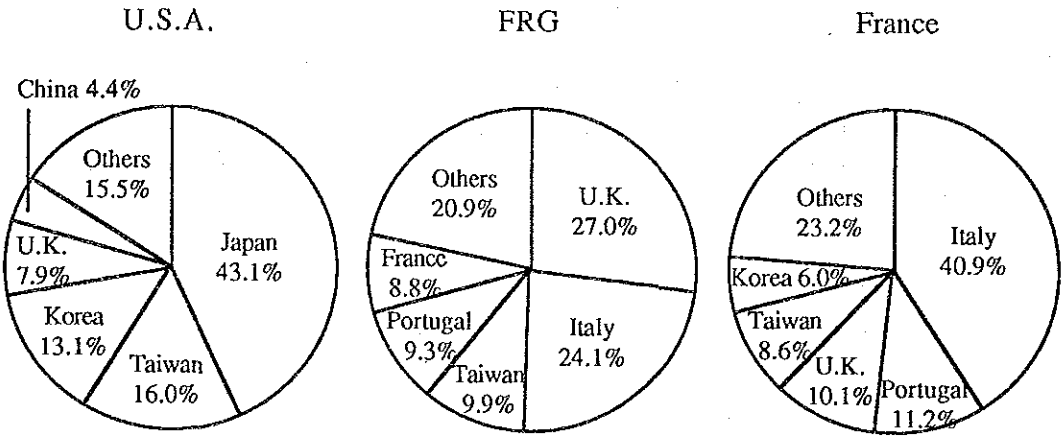


**Fig. 2-2-30: Competitors of Indonesia in Ceramic Tableware Etc.**

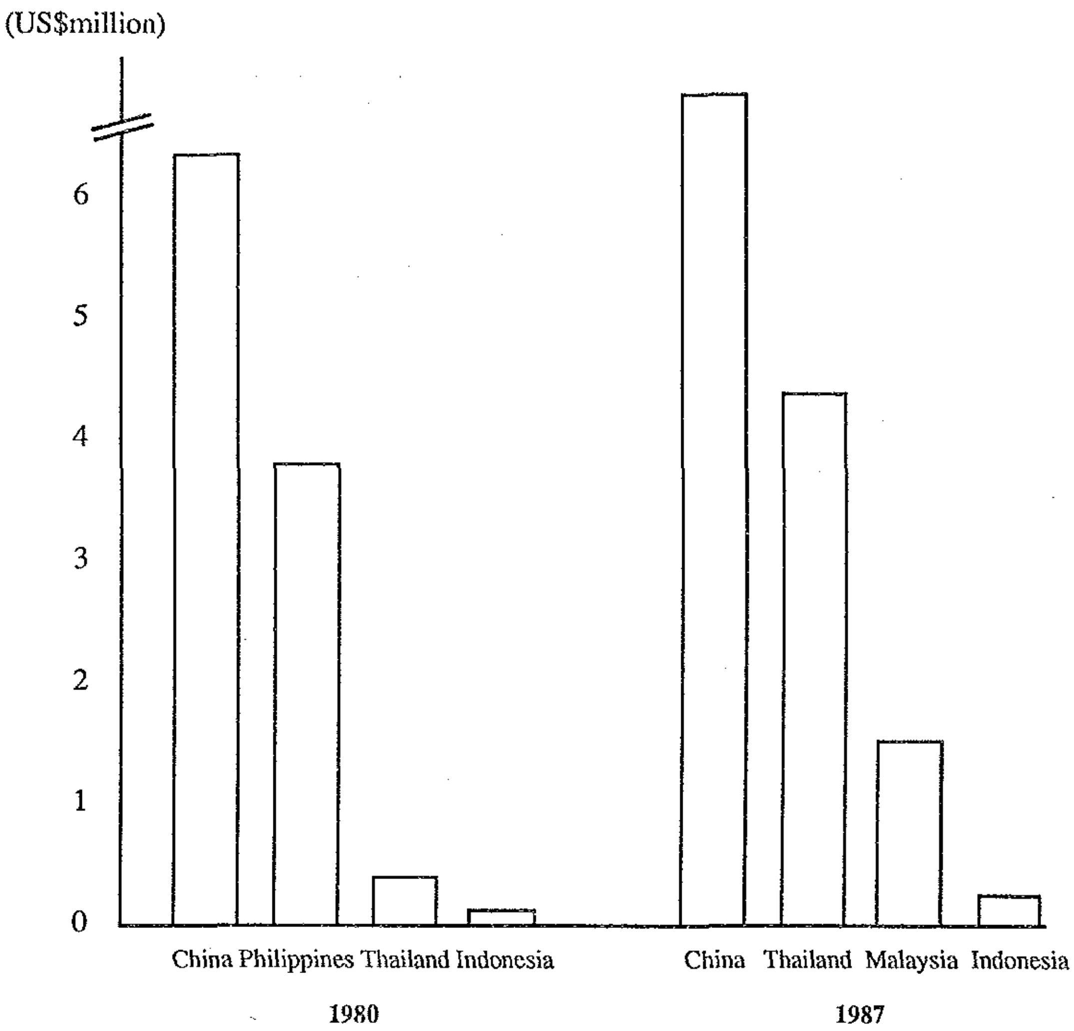



**Fig. 2-2-31: Export Destinations of Competitors in Ceramic Tableware Etc.**

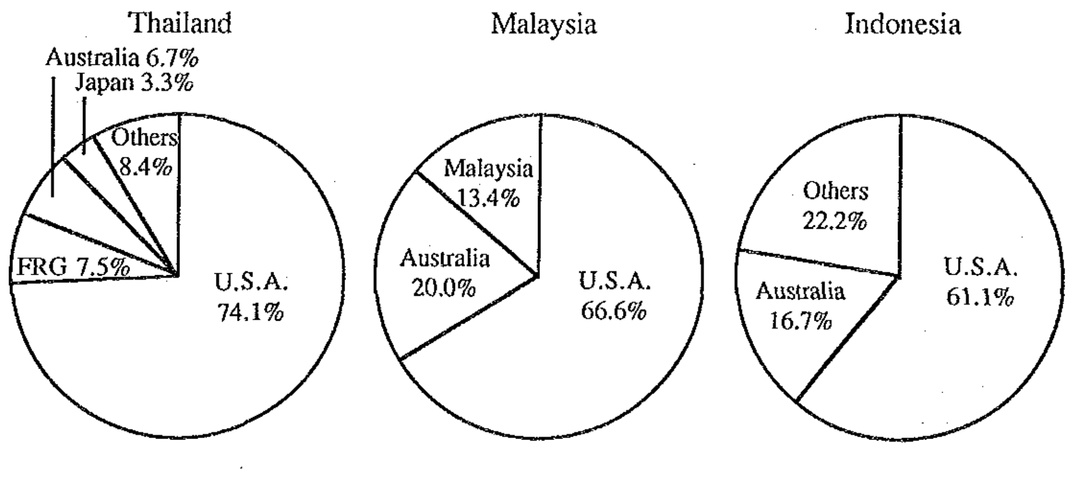


Fig. 2-2-32: Share of Importers in Statuettes, Ornaments, Etc.

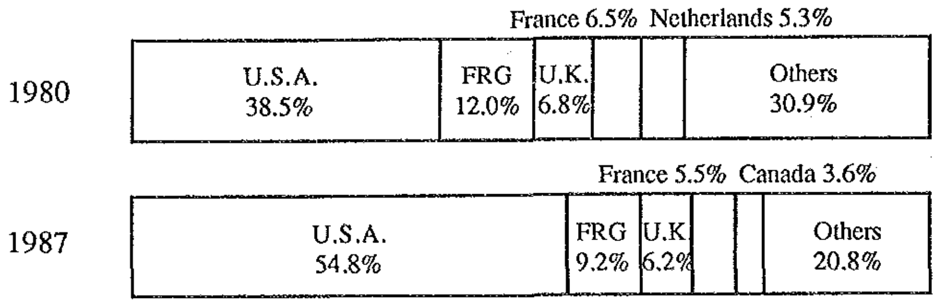



Fig. 2-2-33: Share of Exporters in Statuettes, Ornaments, Etc.

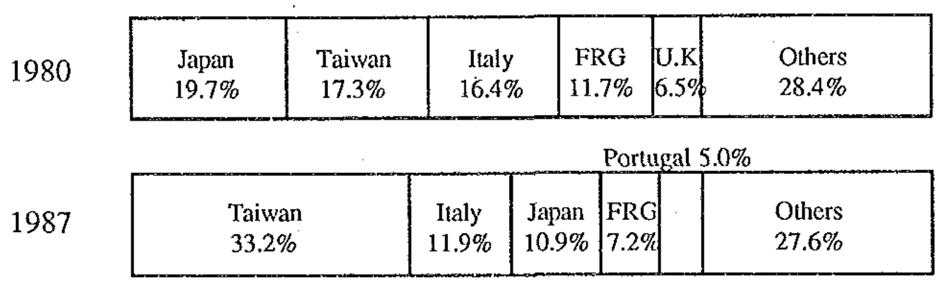



Fig. 2-2-34: Suppliers of Major Importers in Statuettes, Ornaments, Etc.

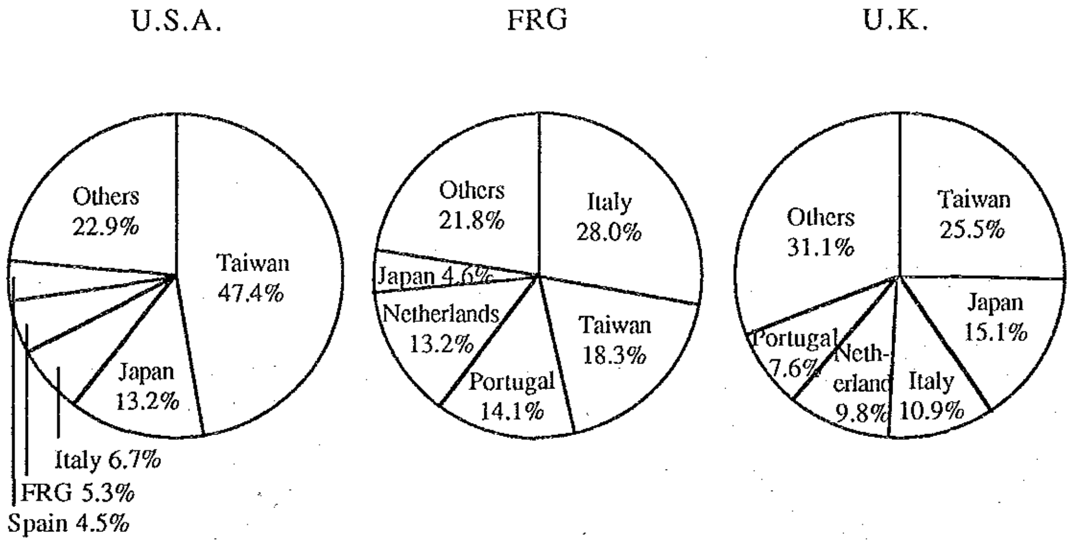


**Fig. 2-2-35: Competitors of Indonesia in Statuettes, Ornaments, Etc.**

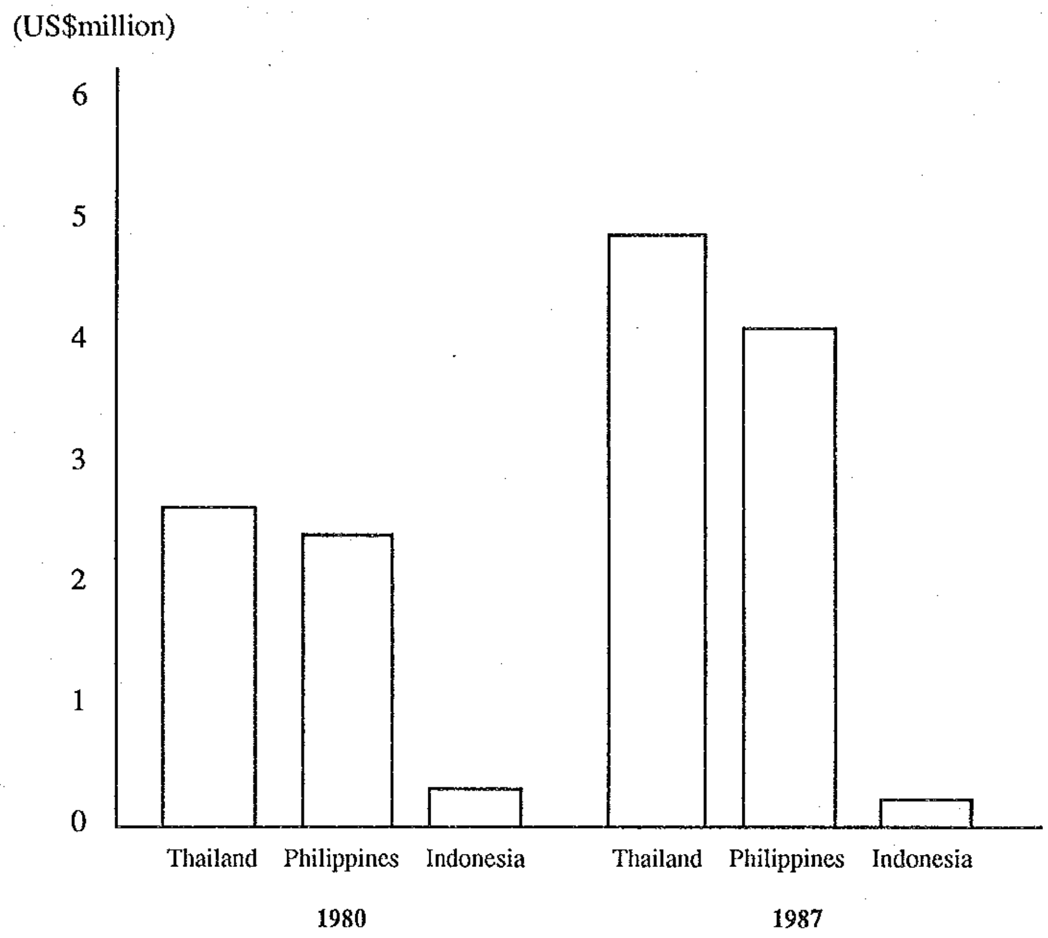
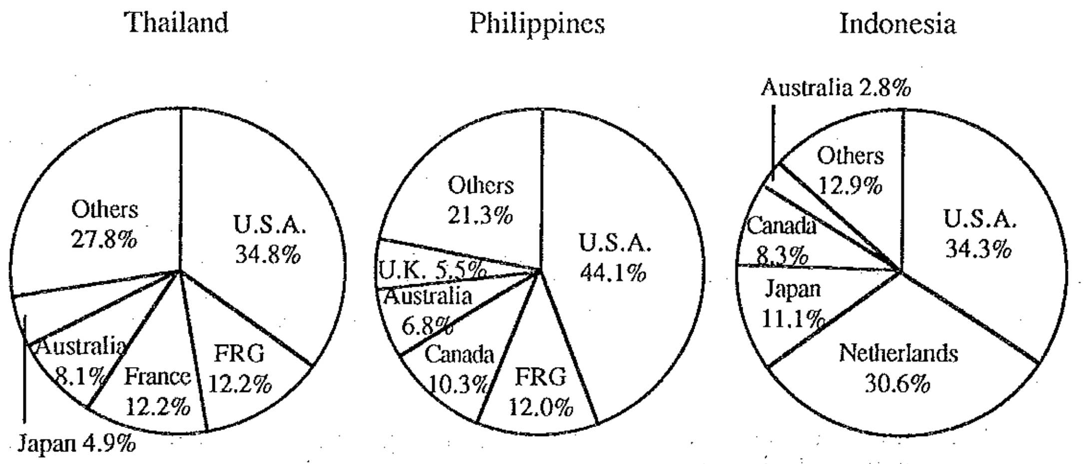



**Fig. 2-2-36: Export Destinations of Competitors in Statuettes, Ornaments, Etc.**



The suppliers of the major importers are diverse. For the U.S., Japan was the largest with a 43.1 percent share. Together with Taiwan and South Korea, these three regions accounted for over 70 percent of the U.S.'s supply. For West Germany, the U.K. was the biggest supplier with a 27.0 percent share, followed by Italy and Taiwan. For France, Italy was the largest at 40.9 percent, followed by Portugal and the U.K. (See Fig. 2-2-29.)

(b) Exporters

The three largest exporters are Japan, the U.K., and Italy, but Taiwan and South Korea have been growing fast. In 1980, Japan held the lead with a 26.6 percent share, followed by the U.K., Italy, West Germany, and South Korea. In 1987, Japan and the U.K. fell in share and Italy, Taiwan, and South Korea rose. (See Fig. 2-2-28.)

Among the competitors, China displayed remarkable growth. The Philippines, on the other hand, fell in export value. Indonesia exported US$18,000 worth of goods for a miniscule 0.002 percent share. Among the export destinations, the largest share is held by the U.S., but Australia is also important. (See Fig. 2-2-30.)

[7] Statues and other ornaments and articles of personal adornment

(a) Importers

Imports of the OECD countries rose from US$911.73 million in 1980 to US$1,453.32 million in 1987, for an average annual growth of 6.9 percent. (See Fig. 2-2-1.)

The largest importer was the U.S., which accounted for over a 50 percent share of imports in 1987. In 1980, the U.S. accounted for a 38.5 percent share, followed by West Germany, the U.K., France, and the Netherlands. In 1987, the U.S. increased its share to 54.8 percent, while the shares of West Germany, the U.K., and France fell. (See Fig. 2-2-32.)

As to the suppliers of the major importers, for the U.S., Taiwan was the largest, accounting for close to a 50 percent share, followed by Japan and Italy. For West Germany, Italy was in the lead, followed by Taiwan at second and then Portugal and the Netherlands. For the U.K., Taiwan, Japan, and Italy were the largest suppliers. (See Fig. 2-2-34.)

(b) Exporters

In 1980, the biggest exporter was Japan, but in 1987 Taiwan accounted for over 30 percent of exports and snatched first place. In 1980, Japan accounted for 19.7 percent of exports, Taiwan for 17.3 percent, and Italy for 16.4 percent. In 1987, Taiwan accounted for 33.2 percent followed by Italy and Japan. (See Fig. 2-2-33.)

Among the competitors, both Thailand and the Philippines doubled their exports from 1980 to 1987, but the exports of Indonesia fell from the US$120,000 of 1980 to US$110,000 in 1987. (See Fig. 2-2-35.) Among the export destinations, the U.S. was the largest for all, accounting for 30 to 40 percent of exports. (See Fig. 2-2-36.)

[8] Summary

The following trends may be discerned, though there are some differences according to the individual products:

<Importers>

- The U.S. is the largest market for handicrafts.
- Japan has risen in position from 1980 to 1987.
- The EC nations largely import from neighboring countries in the community.

<Exporters>

- Among the Asian NIEs and the ASEAN nations, Thailand is rising in importance.
- For some products, traditional exporters hold strong positions.
- Indonesia's share is small compared even with the ASEAN nations, but its exports were increasing in both value and share from 1980 to 1987.

## (2) Position of Indonesian Handicrafts in Japanese Imports and Evaluation of Indonesian Handicrafts As Seen by Japanese Survey

### 1) Position of Indonesia in imports of Japan

Here, an overview will be made of the trends in imports of handicrafts by Japan, the trends in the suppliers, and the position of Indonesia using customs clearance statistics from 1984 to 1989. Note that the commodity classification was changed to the HS system in 1988. The new and old product codes were correlated in accordance with the system of the Japan Tariff Association. For some products, however, the breakdown was checked and a comparison made to ensure the products matched.

1) Wooden picture frames and mirror frames
2) Wooden household utensils
3) Bamboo basketwork
4) Other basketwork
5) Shell products
6) Ceramic handicrafts
7) Silverware etc.
8) Cotton products etc.
9) Silk fabrics

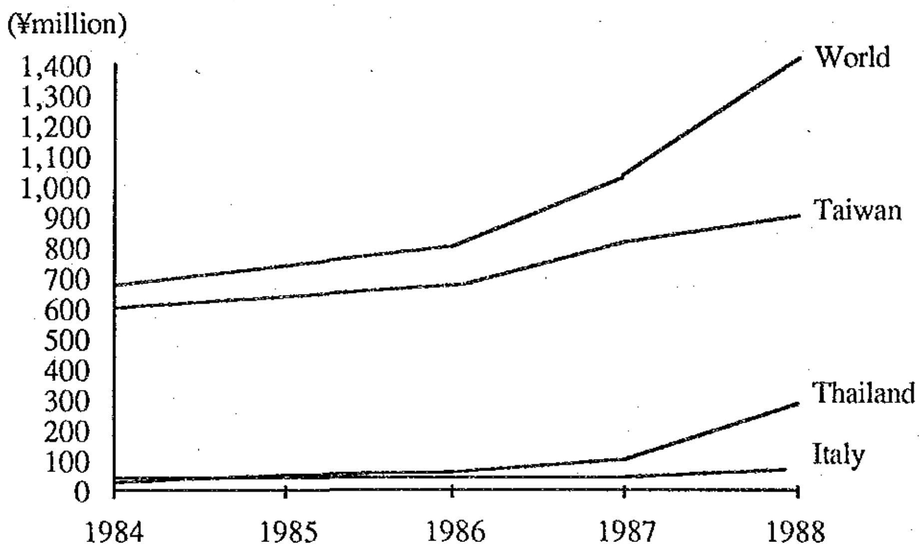
1) Wooden picture frames and mirror frames

These fell under CCCN No. 44.20-000 (Wooden Picture Frames, Photograph Frames, Mirror Frames) up to 1987, but changed to HS No. 4414.00-000 in 1988. Imports rose steadily from the 667.35 million yen in 1984 to 1,850.15 million yen in 1989. In particular, large growths were recorded in 1988, 35.6 percent, and in 1989, 38.4 percent. (See Fig. 2-2-37.)

Among the exporters, Taiwan holds an overwhelmingly large share. Its share itself has been falling every year from the 87.9 percent of 1984, however, and stood at 63.1 percent in 1988. Showing remarkable gains was Thailand, from which Japan imported 6.97 million yen worth of frames in 1987, a mere 1.0 percent share, but 305.9 million yen in 1989, for a 16.5 percent share or an approximately 44 fold increase. (See Fig. 2-2-38.)

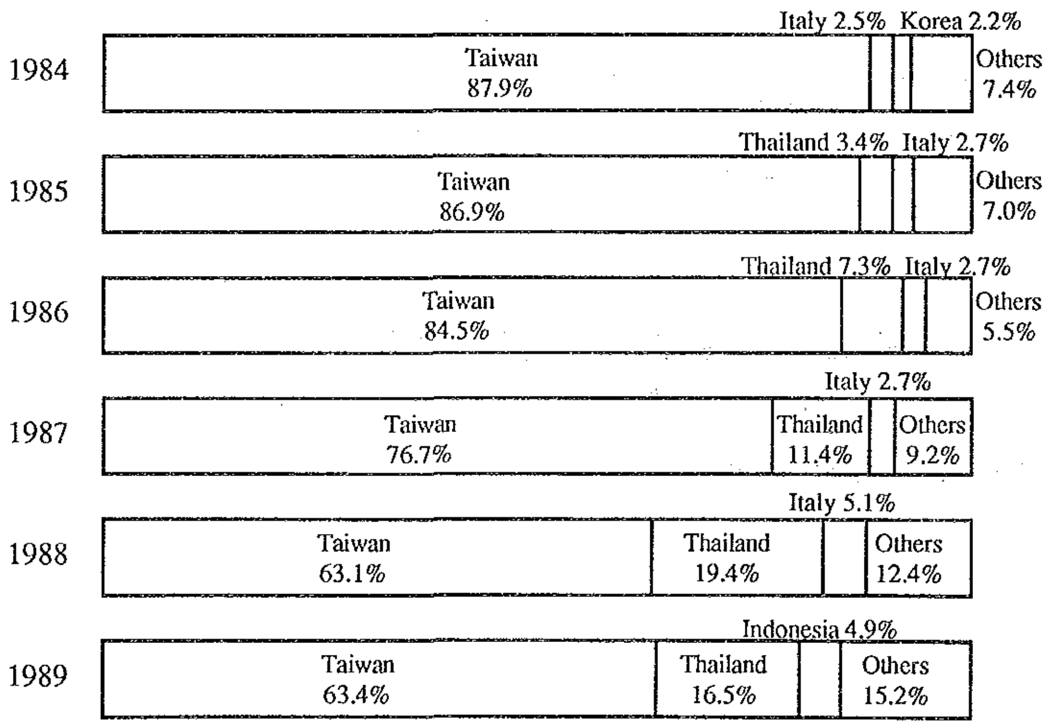
Holding the largest shares among the exporters in 1989 were Taiwan (63.4 percent), Thailand (16.5 percent), Indonesia (4.9 percent), Italy (3.2 percent), and France (2.9 percent). (See Fig. 2-2-38.)

**Fig. 2-2-37: Trends in Imports of Wooden Picture Frames, Mirror Frames, Etc.**




Source: Japan Exports & Imports

**Fig. 2-2-38: Share of Exporters in Wooden Picture Frames, Mirror Frames, Etc.**



Imports from Indonesia increased 27 fold in 1987 and rose in share from the 0.06 percent of 1986 to 0.6 percent. The growth continued in 1988, with imports rising 2.7 fold to 17.14 million yen and the share rising 1.3 fold, placing Indonesia in sixth place among Japan's suppliers. In 1989, imports rose a further 5.3 fold to 91.19 million yen and the share to 4.9 percent, raising Indonesia in position to third place among the exporters.

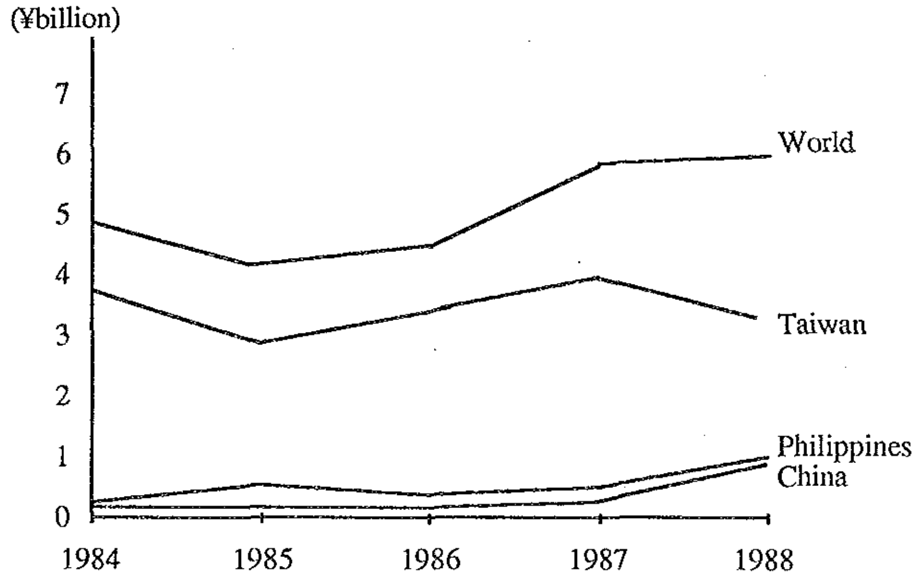
2) Wooden household utensils

These fell under CCCN No. 44.24-090 (Household Utensils of Wood) and were changed to HS No. 4419.00-020 (Tableware and Kitchenware of Wood).

Imports rose from 4,626.72 million yen in 1984 to 7,558.49 million yen in 1989, for an annual increase of 10.3 percent, but fell 8.9 percent in 1985, but once again rose, 27.1 percent, in 1986. The fluctuations have therefore been large. (See Fig. 2-2-39.)

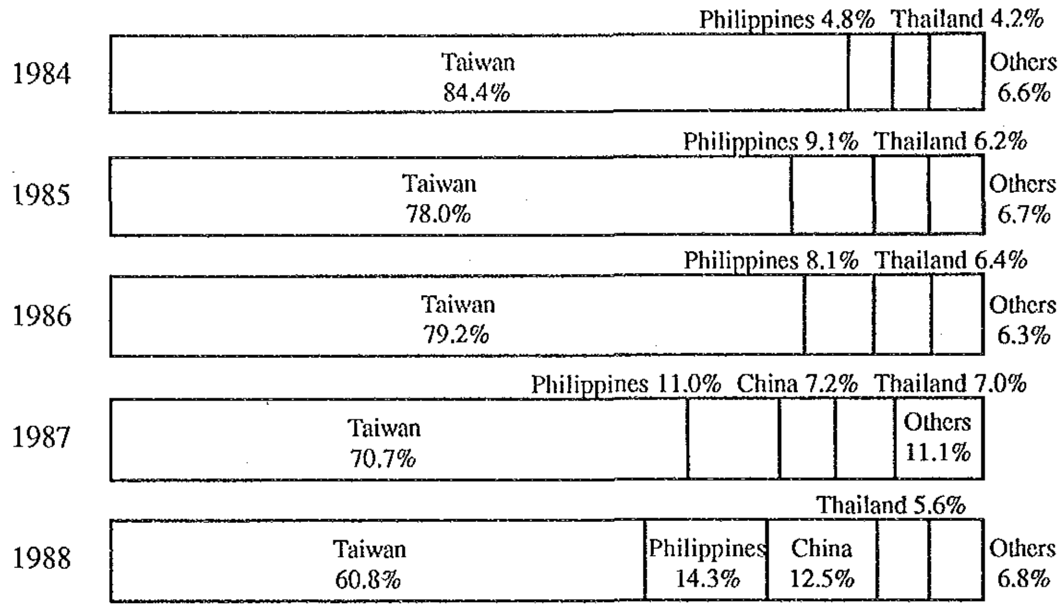
Among the exporters, Taiwan was the most important, but its share has fallen from the 84.4 percent of 1984 to 51.9 percent in 1989. The second and third placed Philippines and China have been steadily increasing their shares.

**Fig. 2-2-39: Imports of Wooden Household Utensils**




Source: Japan Exports & Imports

Fig. 2-2-40: Share of Suppliers in Wooden Household Utensils




Holding the largest shares among the main exporters in 1989 were Taiwan (51.9 percent), China (19.3 percent), the Philippines (17.4 percent), Thailand (4.1 percent), and Italy (2.5 percent). (See Fig. 2-2-40.)

Imports from Indonesia increased from the 8.24 million yen and 0.2 percent share of 1984 to 80.86 million yen and a 1.0 percent share in 1989. In particular, there was an approximately 2.6 fold increase in 1989.

3) Bamboo basketwork

This fell under CCCN No. 46.03-221 (Basketwork, Wickerwork, and Other Articles of Plaiting Materials of Bamboo) and was changed to HS No. 4602.10-023.

Imports rose from the 945.19 million yen of 1984 to 1,682.24 million yen in 1989, for a 12.2 percent annual rise. In particular, imports increased by a lage 36.1 percent in 1987 and by 9.7 percent in 1988. (See Fig. 2-2-41.)

**Fig. 2-2-41: Trends in Imports of Basketwork, Wickerwork, and Other Articles of Plaiting Materials of Bamboo**

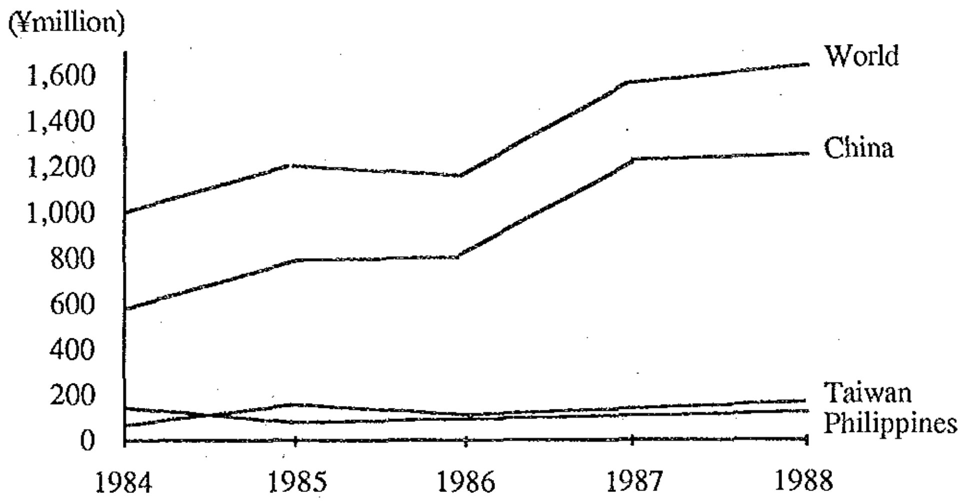
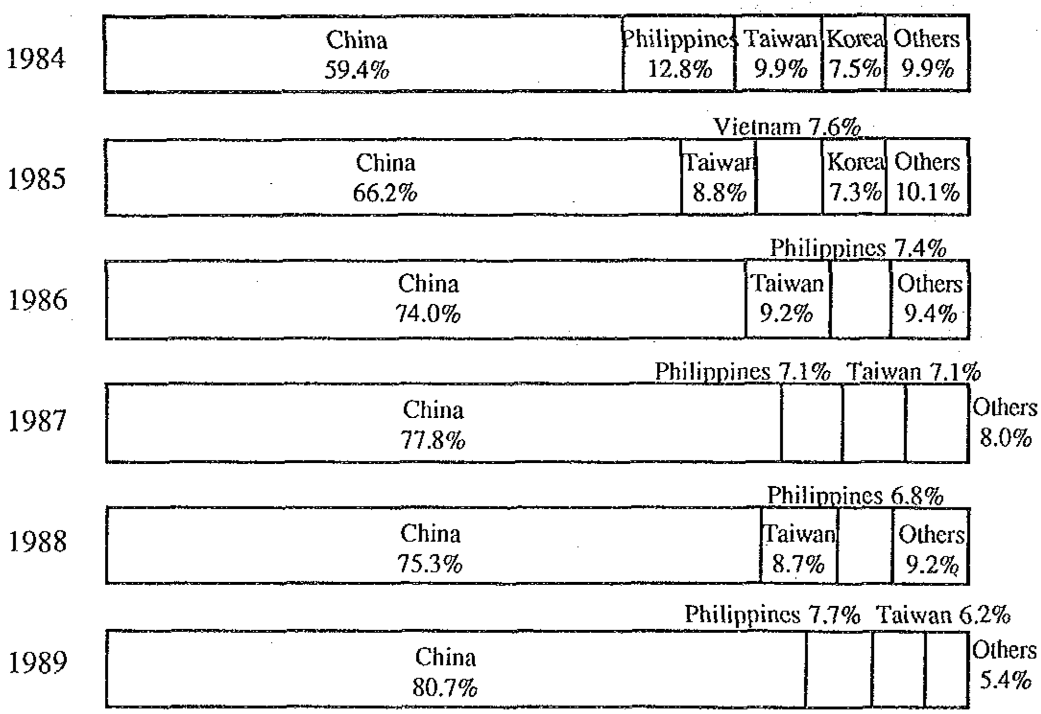



**Fig. 2-2-42: Share of Basketwork, Wickerwork, and Other Articles of Plaiting Materials of Bamboo**



Among the major exporters, China accounted for a 59.4 percent share in 1984 and has been pushing it up ever since, reaching 75.3 percent in 1988. Holding the largest shares of the major exporters in 1988 were China (75.3 percent), Taiwan (8.7 percent), the Philippines (6.8 percent), South Korea (3.8 percent), Hong Kong (2.0 percent), and Thailand (1.5 percent). (See Fig. 2-2-42.)

4) Other basketwork

This fell under CCCN No. 46.03-229 (Basketwork, Wickerwork, and Other Articles of Plaiting Materials nes and Articles of Loaf) and was changed to HS No. 4602.10-029.

Imports rose from 8,756.96 million yen in 1984, reached 9,596.29 million yen in 1985, then fell to 6,312.92 million yen in 1989. (See Fig. 2-2-43.)

**Fig. 2-2-43: Trends in Imports of Basketwork, Wickerwork, and Other Articles of Plaiting Materials nes and Articles of Loaf**

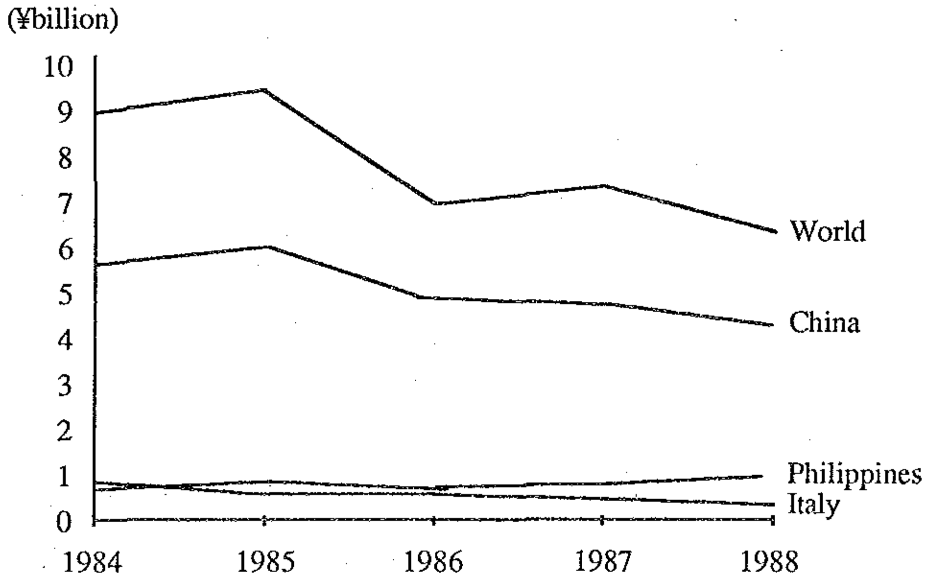
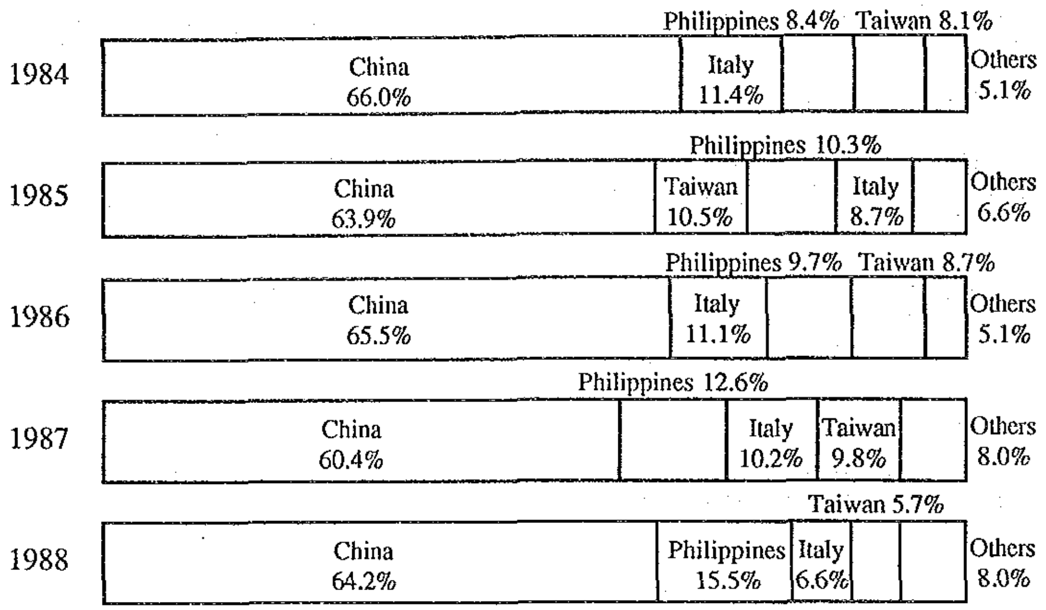


**Fig. 2-2-44: Share of Suppliers of Basketwork, Wickerwork, and Other Articles of Plaiting Materials nes and Articles of Loaf**




The largest exporter was China, from which imports have been falling but which still accounts for a 60 percent or more share. Imports have been increasing from the Philippines, which rose in share from the 8.4 percent of 1984 to 15.5 percent in 1988. Holding the largest shares in the exporters in 1988 were China (64.2 percent), the Philippines (15.5 percent), and Taiwan (5.7 percent). (See Fig. 2-2-44.)

Imports from Indonesia rose from the 39.45 million yen of 1984 and increased 2.1 fold in 1988. In 1989, they soared to 471.13 million yen, with the share rising to 7.5 percent, making Indonesia the third largest exporter to Japan.

5) Shell products

This fell under CCCN No. 9505-229 (Worked Mother of Pearl and Articles Thereof nes. Since 1988, it falls under HS4202.99-010, HS7117.90-022, HS9601.90-310, and HS9615.90-020. Since products other than shells are included, however, any comparison with figures of 1987 or earlier would be inappropriate.

Imports declined from the 601.61 million yen of 1984 to 314.08 million yen in 1987, with the value falling particularly much in 1986, 43.1 percent, but rose 15.3 percent in 1987. In 1988, imports totaled 914.38 million yen and in 1989 781.44 million yen. (See Fig. 2-2-45.)

The biggest exporter was the Philippines, but its share fell from 77.0 percent in 1984 to 67.0 percent in 1987. Major exporters in 1987 were the Philippines (77.0 percent), South Korea (13.7 percent), Taiwan (11.9 percent), China (2.3 percent), and Italy (1.8 percent). (See Fig. 2-2-46.)

Imports from Indonesia rose from the 690,000 yen of 1984 to 3.31 million yen in 1987, with the share increasing to 0.1 percent.

6) Ceramic handicrafts

This falls under CCCN No. 69.11-000 (Tableware and Other Articles of a Kind Commonly Used for Domestic or Toilet Purpose, of Porcelain or China) and was changed to HS No. 6911.10-000 and 6911.90-000.

Imports rose from 3,282.93 million yen to 10,054.35 million yen in 1989. In particular, there was a 58.9 percent increase in 1988. (See Fig. 2-2-47 )

The largest exporter was the U.K., which had held around a 40 percent share, but this share fell to 31.3 percent in 1989.

Major exporters were the U.K. (41.8 percent), Denmark (11.7 percent), West Germany (9.7 percent), France (8.5 percent), and Italy 5.2 percent). Indonesia has not been a supplier. (See Fig. 2-2-48.)

7) Silverware etc.

This fell under CCCN No. 7113-030 (Articles of Goldsmiths or Silversmiths, Wares and Parts Thereof or Combined with Silver or Platinum Group Metals) and was changed to HS No. 7113.11-000 (Articles of Jewelry of Silver). The products falling under the CCCN No. and HS No. do not precisely match, so the import figures since 1988 should be considered merely as reference information.

**Fig. 2-2-45: Trends in Imports of Processed Articles and Products of Shells Having a Pearl Luster**

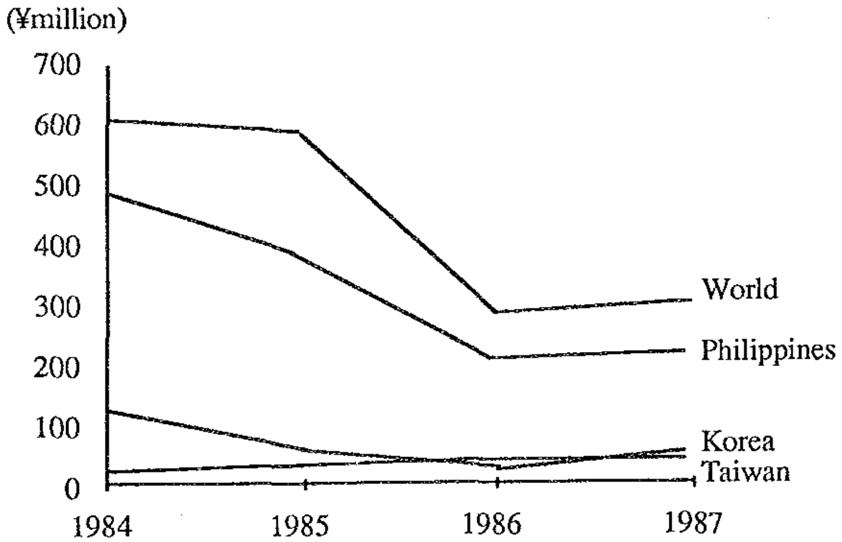


Fig. 2-2-46: Share of Main Suppliers of Processed Shell Articles Having Pearl Luster

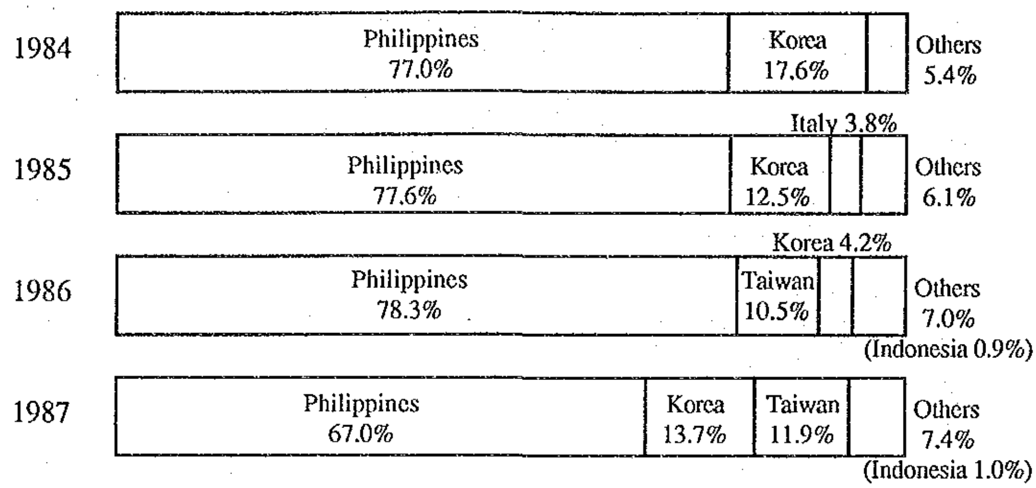



Fig. 2-2-47: Trends in Imports of Ceramic Handicrafts

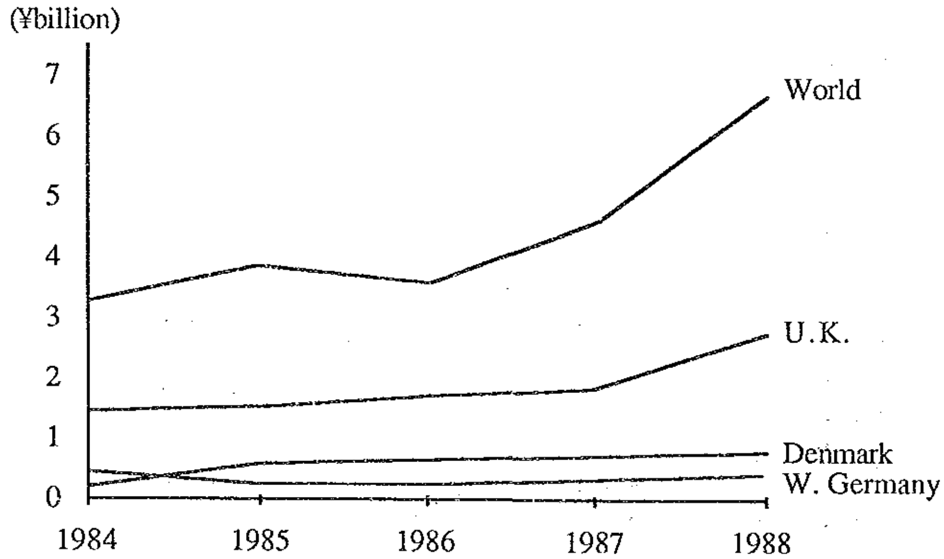
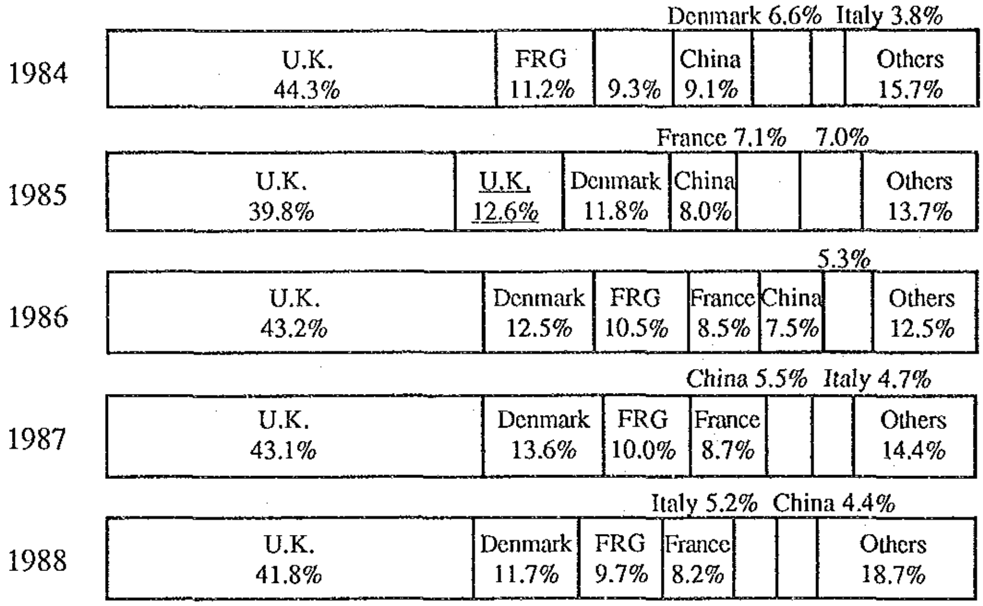


**Fig. 2-2-48: Share of Suppliers of Ceramic Handicrafts**




From 1984 to 1987, imports rose steadily from the level of 243.18 million yen. In 1987, imports rose 87.5 percent to 737.15 million. (See Fig. 2-2-49.)

Among the exporters, in 1986 Italy took over first place from the U.S. and clinched a 32.5 percent share in 1987. A look at the shares in 1987 shows that Italy was followed by the U.K. (16.5 percent), West Germany (8.4 percent), Singapore (8.3 percent), the U.S. (7.4 percent), and France (5.5 percent). (See Fig. 2-2-50.)

In 1988, these items were classified as "silverware". Imports totaled 2,443.28 million yen. In 1989, imports rose to 4,457.11 million yen. The biggest exporter was the U.S., with a 44.8 percent share, followed by Taiwan at 10.8 percent and Spain at 8.6 percent. (See Fig. 2-2-50.)

Imports from Indonesia totaled 13.91 million yen in 1989, for a small 0.3 percent share.

**Fig. 2-2-49: Trends in Imports of Silver or Platinum Work and Parts Thereof**

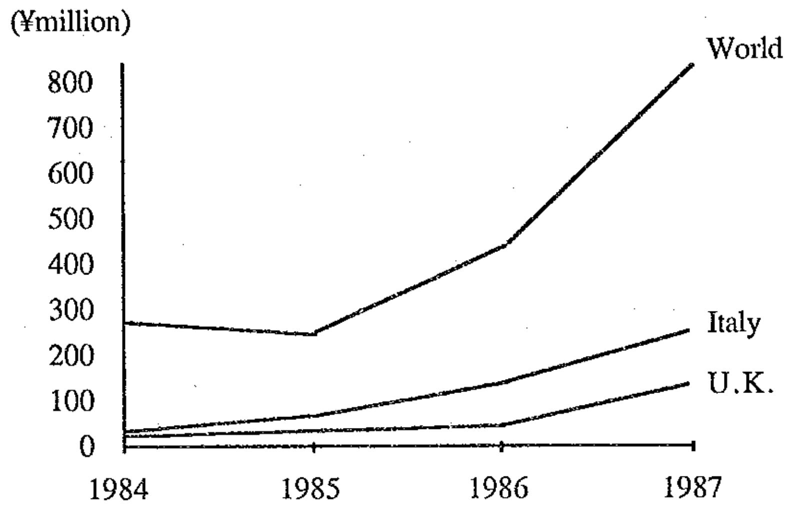
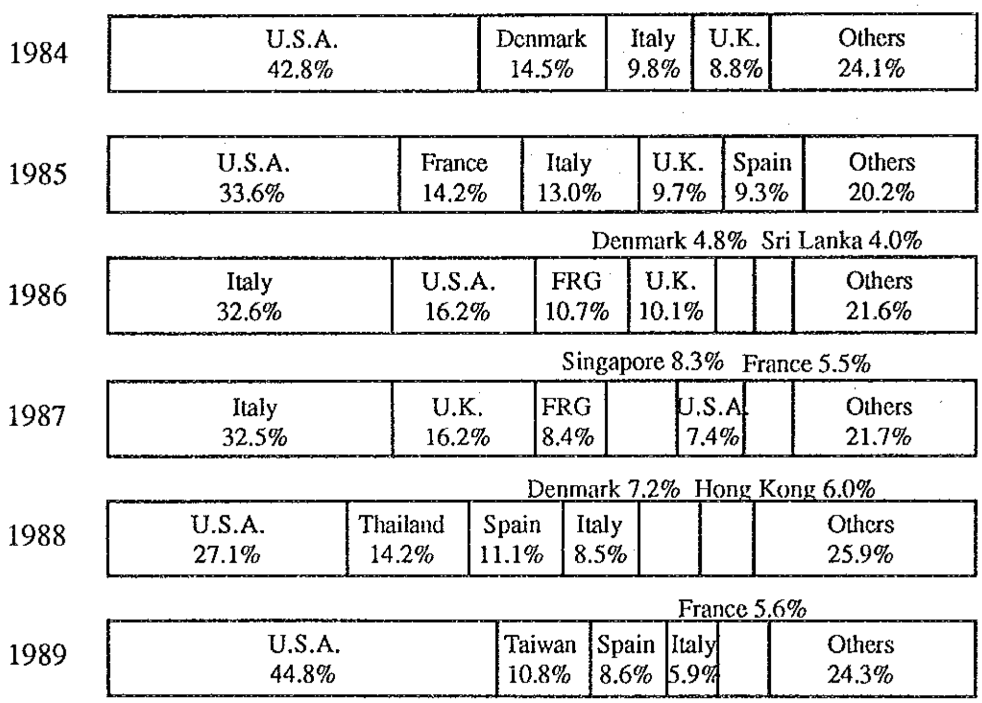



**Fig. 2-2-50: Shares of Suppliers of Silver and Platinum Work and Parts Thereof**



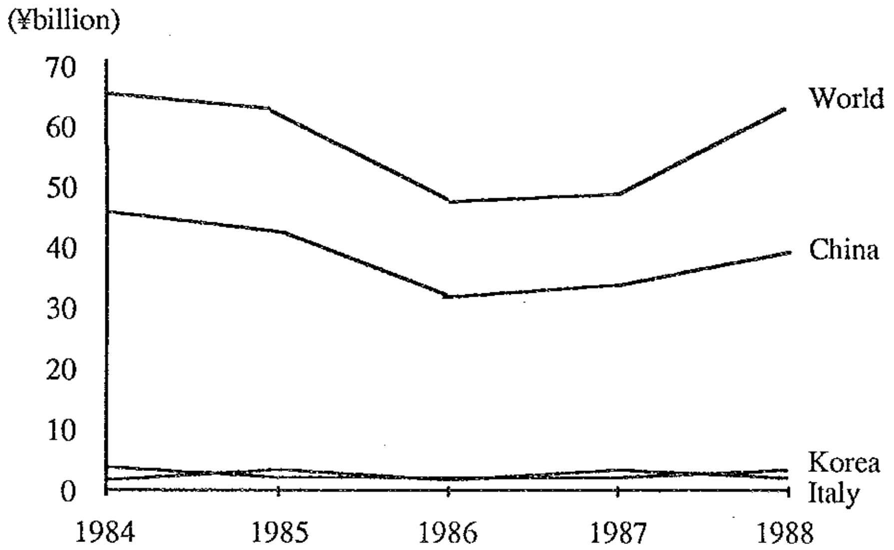
8) Cotton fabrics

The classification of cotton products is very detailed and numerous products are included. It is impossible to pick out only handicrafts from among them. Therefore, here, use is made of the Textile Import Statistics Monthly, published by the Japan Textiles Importers Association, so as to obtain an overview of the trends in imports of cotton fabrics and silk fabrics.

Imports of cotton fabrics were sluggish in 1986 and 1987, but began to recover in 1988. The value of imports, however, was still 63.4 billion yen in 1988, less than the 66.5 billion yen of 1984. (See Fig. 2-2-51.)

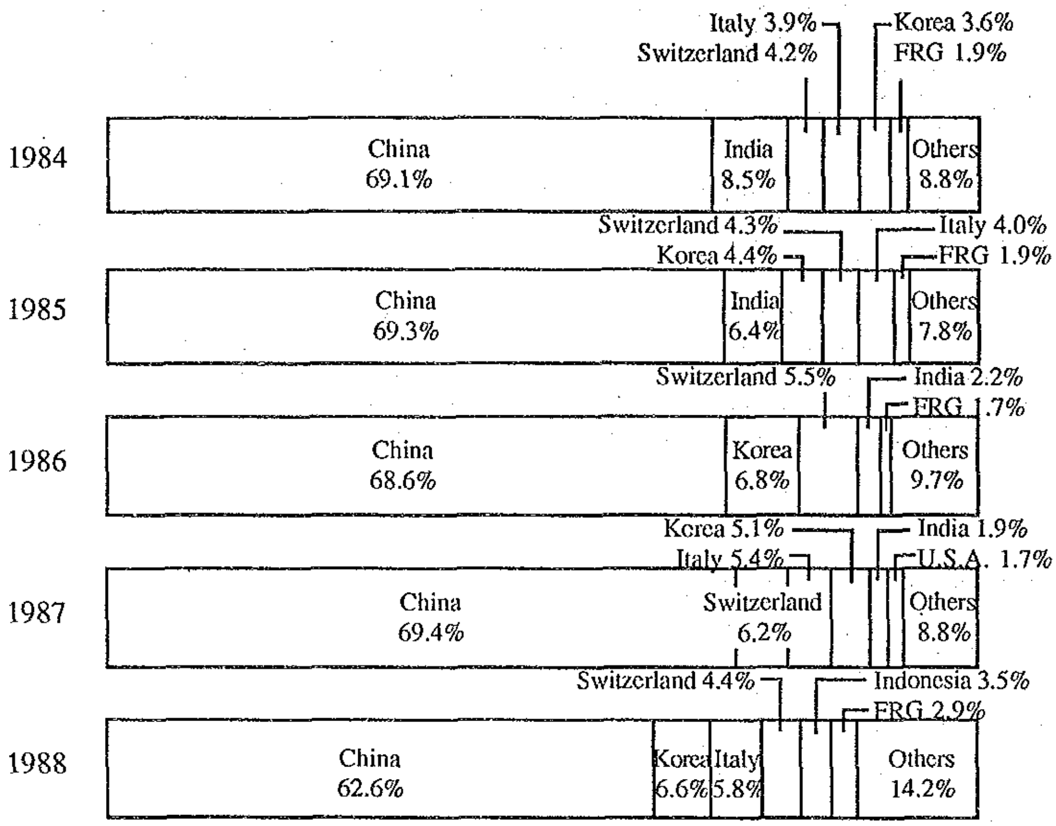
Among the major exporters, China fell rapidly in share from its peak of 69.1 percent in 1984 and held a 62.6 percent share in 1988. Also falling remarkably in share was India, which dropped from 8.5 percent in 1984 to 1.5 percent in 1987. Major exporters in 1988 were China (62.6 percent), South Korea (6.6 percent), Italy (5.8 percent), Switzerland (4.4 percent), and Indonesia (3.5 percent). (See Fig. 2-2-52.)

**Fig. 2-2-51: Trends in Japan's Imports of Cotton Fabrics**




Source: Japan Textiles Importers Association, Textile Import Monthly, December issue of each year

**Fig. 2-2-52: Shares of Suppliers of Cotton Fabrics**




Imports from Indonesia totaled 734 million yen in 1987, for a 1.5 percent share, and increased 214.4 percent to 2,243 million yen in 1988.

9) Silk fabrics

Imports of silk fabrics also were sluggish in 1986 and 1987, but turned to the better in 1988. Imports in 1988 totaled 39,685 million yen, however, not yet recovered to the 40,609 million yen level of 1984. (See Fig. 2-2-53 ).

The largest exporter was South Korea, which has held a 40 percentile range share. A look at the shares in 1988 shows that after South Korea were Italy (19.9 percent), China (15.5 percent), and Taiwan (7.0 percent). Imports from Indonesia totaled 6 million yen in 1988, no more than a 0.02 percent share.

10) General trends

While there are differences depending on the products, the following general trends may be discerned. The products can be divided into growing ones (wooden handicrafts, bamboo basketwork, and ceramics), once sluggish, but now recovering products (textiles), and declining products (other basketwork).

- In most products, a single specific country held a large share
- Among the ASEAN nations, the Philippines and Thailand were frequently included as suppliers.

- The value and share of imports from Indonesia are small, but imports are newly beginning or else are growing.

**Fig. 2-2-53: Silk Fabrics**

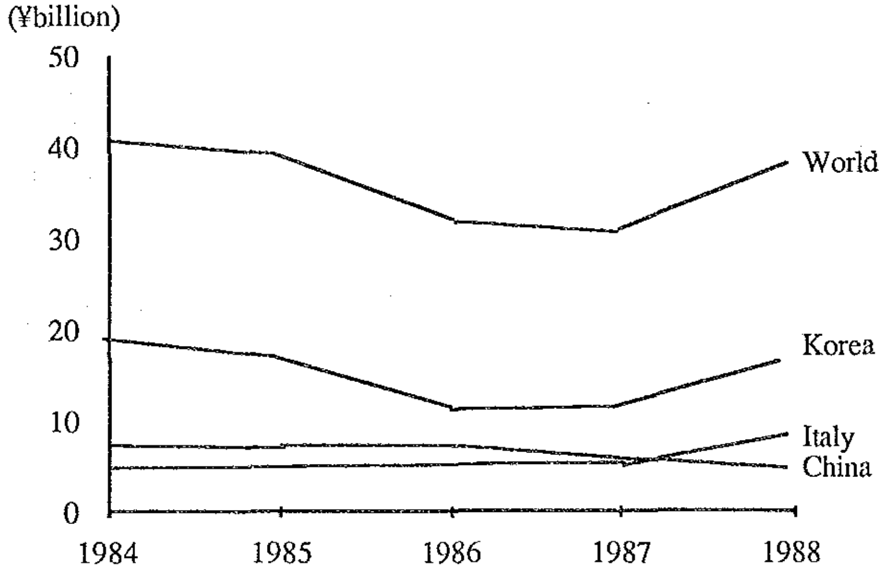



**Fig. 2-2-54: Main Suppliers of Silk Fabrics**

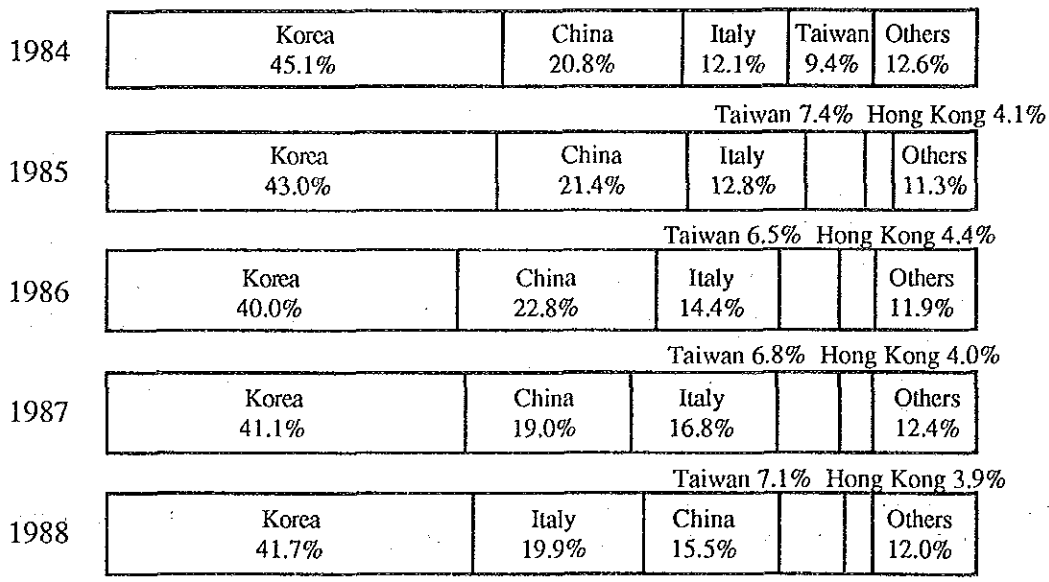
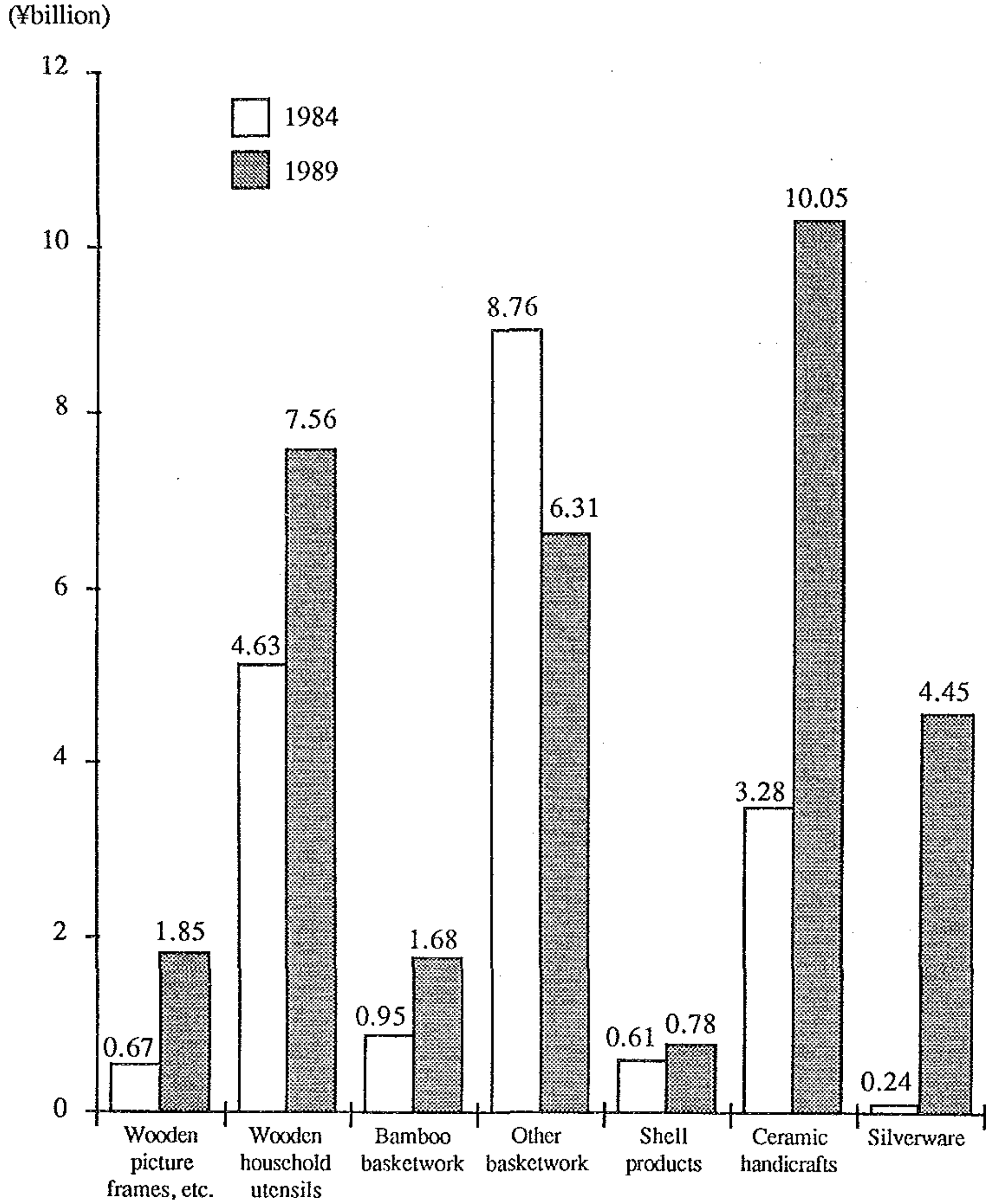


**Fig. 2-2-55: Trends in Imports of Handicrafts**




Note: No comparison is possible for shell products and silverware etc. since the content of the product classifications differ between 1984 and 1989.

## 2) Evaluation of Indonesian handicrafts as seen from results of Japanese survey

a. Summary of Survey

i. Object of survey

A survey was made covering companies engaged in the import and sale of handicrafts in Japan to determine the degree of knowledge of Indonesian handicrafts, the evaluation of the same, and problems thereof and to find points for improvement to assist an increase in imports.

ii. Companies surveyed

Cooperation was obtained from experts and 270 companies handling handicrafts were selected from among the members of the Japan Department Stores Association, the Japan Chain Stores Association, and an import promotion mission dispatched by JETRO to Indonesia. Further, telephones were used to confirm the persons in charge. The survey was made on the 209 companies for which confirmation could be obtained.

iii. Method of survey

The survey was conducted by a questionnaire sent by mail with followup by telephone.

iv. Term of survey

November and December 1989

v. Survey forms

The survey forms are included in this report as appendixes.

b. State of recovery

The state of recovery was as follows:

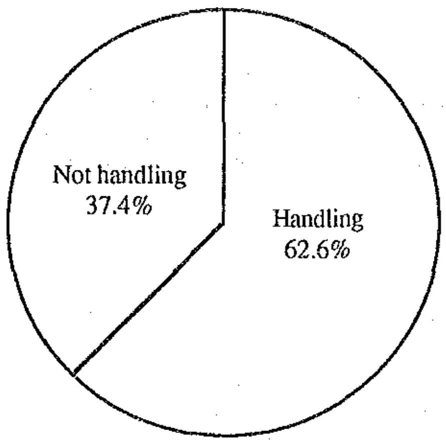
| | |
|---|---|
| • Number of companies questionnaires sent to | 209 |
| • Number of companies responding they could not respond after mailing of questionnaire | 113 |
| • Number from which questionnaires were scheduled to be recovered but could not due to special circumstances (mailing errors etc.) | 6 |
| • Number of replies to questionnaire | 90 |
| • Number of effective replies | 74 |

c. Results of survey

i. State of handling of handicrafts

As shown in Fig. 2-2-56, there were 46 companies which replied that they were handling handicrafts, 62.6 percent of the effective replies.

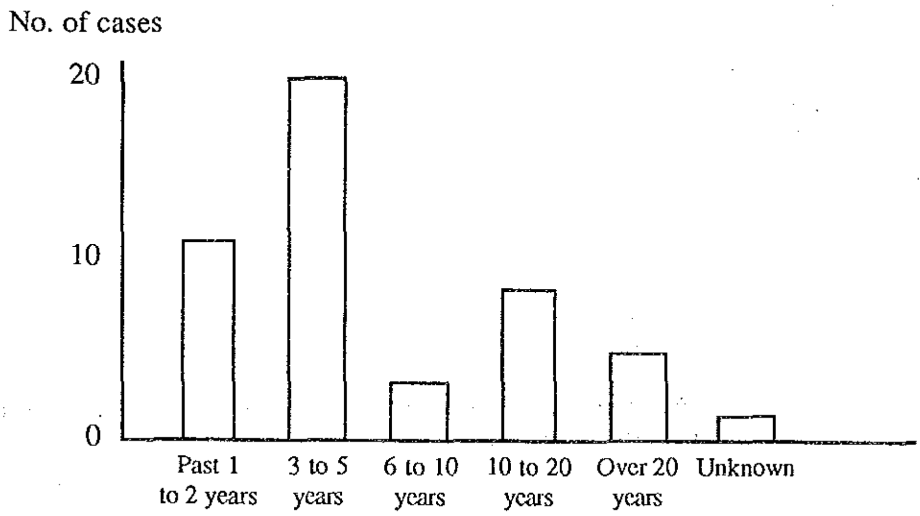
**Fig. 2-2-56: State of Handling of Handicrafts**




Source: Questionnaire survey in Japan

A look at the periods for which companies responding they handled handicrafts were handling them shows the majority of the firms, 20, having handled them for three to five years and 11 for one to two years. Together, these 31 companies accounted for 67.4 percent of the firms, i.e., two-thirds of the companies began handling handicrafts after the start of the yen appreciation in September 1985.

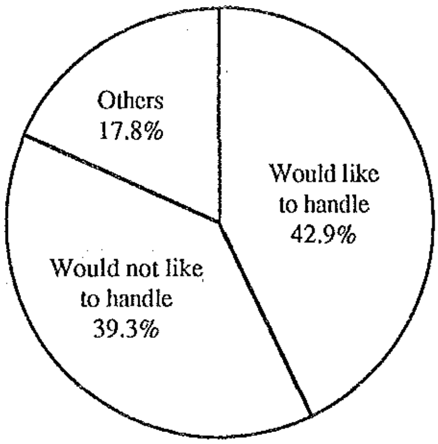
**Fig. 2-2-57: Term of Handling Handicrafts**




Source: Questionnaire survey in Japan

The 28 companies responding that they were not handling handicrafts were asked as to their intention of handling them in the fugure. Twelve companies, or 42.9 percent, answered that they would like to handle them, while 11, or 39.3 percent, responded that they did not think they would like to do so. Answers were not forthcoming from five companies. In other words, about 40 percent of the companies indicated interest in handicrafts.

**Fig. 2-2-58: Future Intentions of Companies Not Handling Handicrafts**

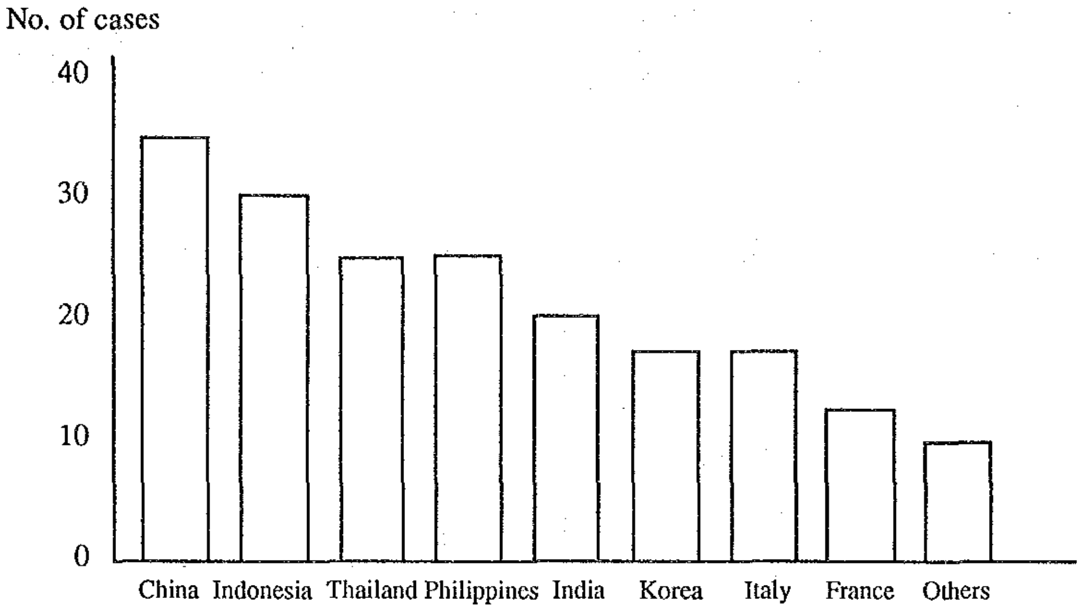



Source: Questionnaire survey in Japan

ii. Suppliers of Imported Handicrafts

The suppliers of the imported handicrafts were surveyed by the replies of the respondants. The largest was China, in 36 cases, followed by Indonesia in 31, followed by Thailand and the Philippines in 25 cases and India in 18. This shows that Indonesian handicrafts have penetrated the Japanese market to a considerable degree.

**Fig. 2-2-59: Suppliers of Imported Handicrafts**

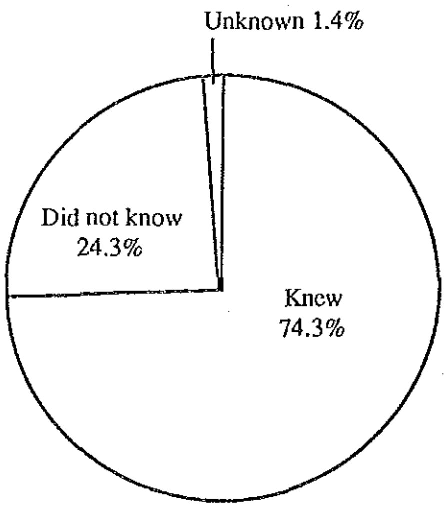



Source: Questionnaire survey in Japan

iii. Degree of knowledge of Indonesia as handicraft producer

A question was raised as to if the companies knew that Indonesia is referred to as the world's treasurehouse of handicrafts. Fifty-five companies, or 74.3 percent, responded that they knew this. This shows the high degree of knowledge of Indonesia as a producer of handicrafts.

**Fig. 2-2-60: Degree of Knowledge of Indonesia as Handicraft Producer**




Source: Questionnaire survey in Japan

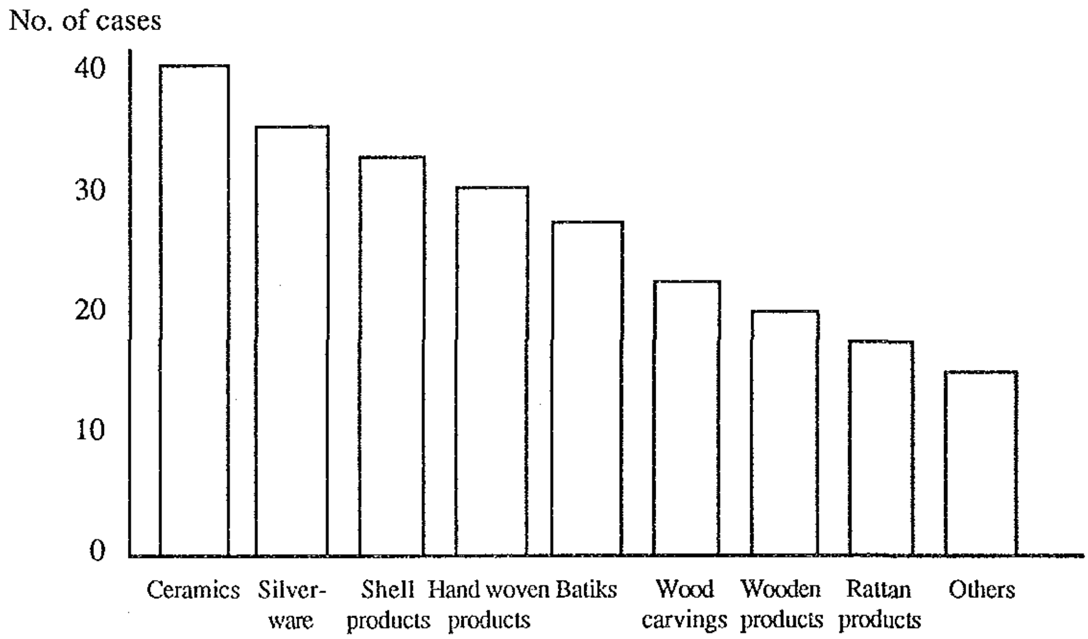
iv. State of handling of Indonesian handicrafts

A question was raised as to the state of handling of batiks, hand woven products, wood carvings, wooden products, silverware, rattan products, ceramics, shell products, and the like.

• Products never handled

Ceramics were mentioned as never being handled in 38 cases, the largest number, followed by silverware in 34 cases, shell products in 32, hand woven products in 30, and batiks in 28. These products may be said to be insufficiently introduced into the Japanese market or else insufficiently penetrating the same. It was surprising, however, that batiks, which are very well known, were not handled in 28 cases. (See Fig. 2-2-61.)

**Fig. 2-2-61: Products Never Handled**

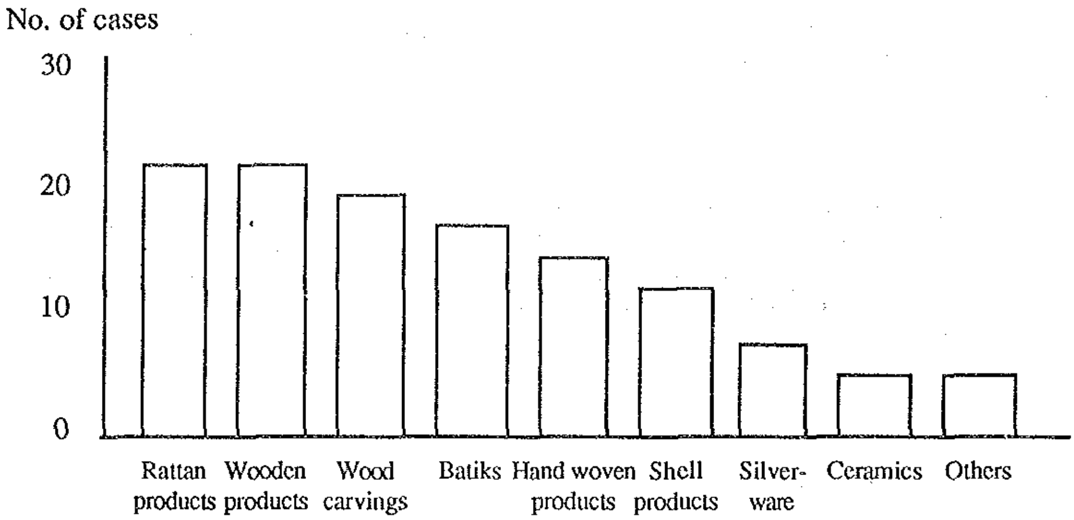



Source: Questionnaire survey in Japan

• Products once handled

In contrast to the results of the previous item, rattan products and wooden products were mentioned most often, in 22 cases, followed by wood carvings in 20 cases and batiks in 19 cases. Looking at those products not mentioned often, ceramics were mentioned in four cases, "other products" in four cases, and silverware in eight. Shell products were mentioned surprisingly often, 13 cases, and hand woven products in 17 cases.

**Fig. 2-2-62: Products Once Handled**

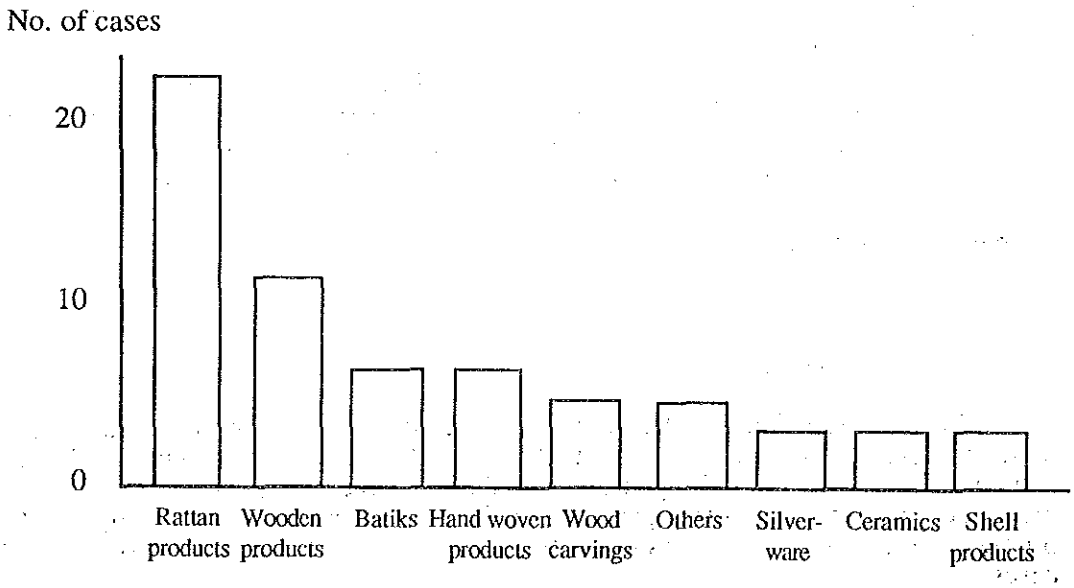



Source: Questionnaire survey in Japan

- Products currently being handled

Rattan products were mentioned much more frequently than other products, in 25 cases, followed by wooden products in 12 cases, batiks in six cases, and hand woven products in six cases.

**Fig. 2-2-63: Products Current Being Handled**




Source: Questionnaire survey in Japan

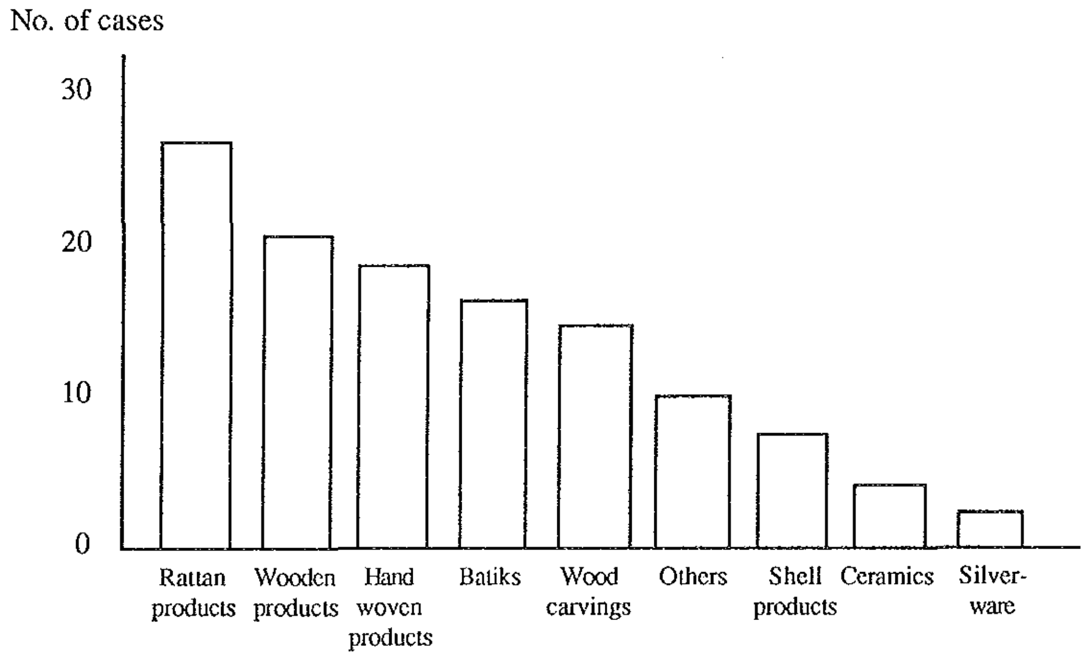
• Products desired to be handled in future and products to be stressed in future

Rattan products were mentioned most often, in 14 cases, as products companies desired to handle in the future, followed by wooden products in 10 cases, batiks in six cases, hand woven products in six cases, and wood carvings in five cases.

On the other hand, rattan products were mentioned most often, in 11 cases, as products companies wanted to stress in the future, followed by hand woven products in 10 cases, wooden products in nine cases, batiks in seven cases, and wood carvings in six cases.

In the case of hand woven products and batiks, the number of companies desiring to stress them in the future exceeded those desiring to handle them in the future because there were companies not handling them now which responded they would like to work on them in the future.

**Fig. 2-2-64: Products Desired to be Handled in Future and Products to be Stressed in Future**




Note: Graph shows total of cases for products desired to be handled in future and products to be stressed in future.
Source: Questionnaire survey in Japan

Among the products which companies had previously handled or were currently handling and which those companies desired to handle in the future as well, the most frequently mentioned was rattan products followed by wooden products. Note should be taken of hand woven products, which many companies responded they had never handled before and yet many companies answered they desired to handle them in the future or wanted to stress them in the future. These are products in which considerable interest is being shown.

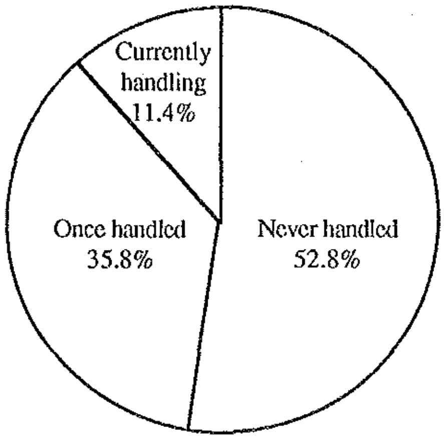
Products which are not handled much and for which interest in the future is low are silverware, ceramics, and shell products.

Figure 2-2-65 to Fig. 2-2-80 show the state of current handling and desire for future handling of individual products. The state of handling shows the percentage of responses of "once handled", "currently handling", and "never handled" in the total of the three responses.

The "future handling" figures indicates the percentage of the total of responses of "once handled" and "currently handling" and the total of responses of "want to handle in the future" and "want to stress in the future".

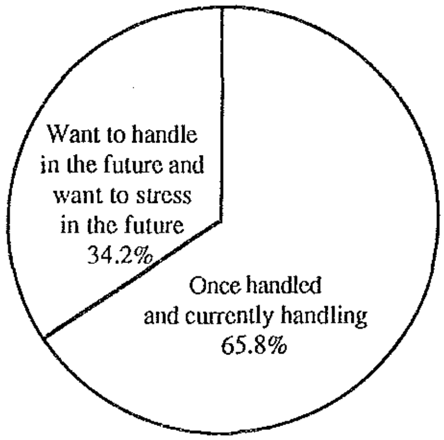
The percentage of "currently handling" was highest for wooden products and rattan products and that of "want to handle in the future" was high for hand woven products and rattan products.

**Fig. 2-2-65: State of Handling of Batiks**



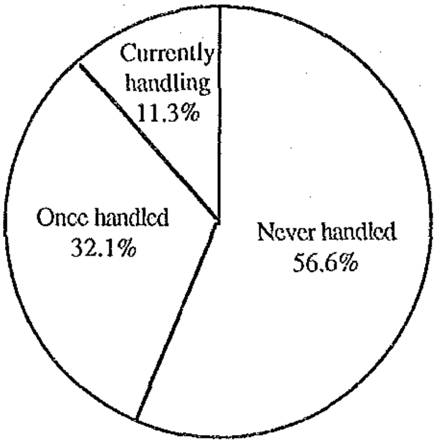

Source: Questionnaire survey in Japan

**Fig. 2-2-66: Future Handling of Batiks**



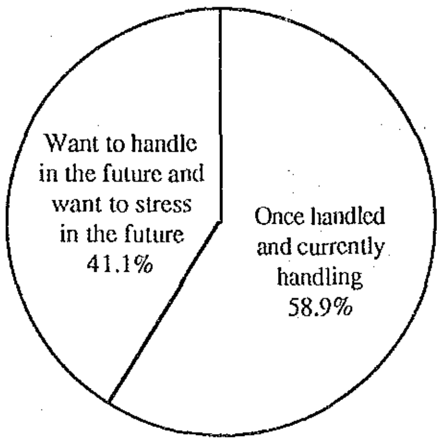

Source: Questionnaire survey in Japan

**Fig. 2-2-67: State of Handling of Hand Woven Products**



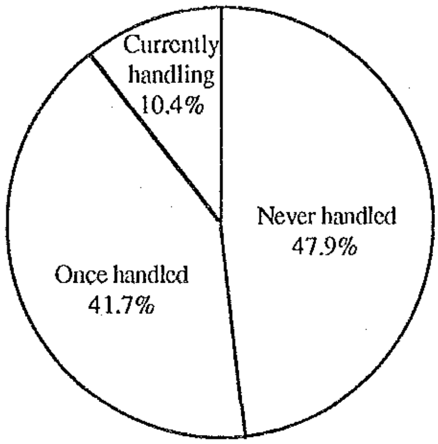

Source: Questionnaire survey in Japan

**Fig. 2-2-68: Future Handling of Batiks**



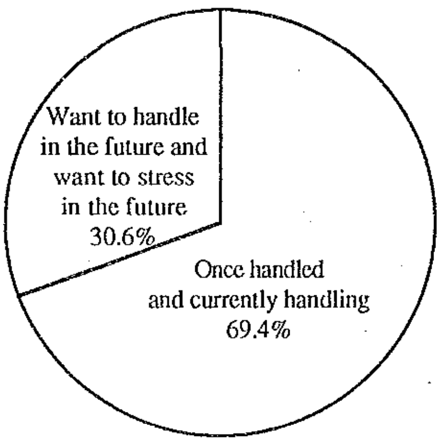

Source: Questionnaire survey in Japan

**Fig. 2-2-69: State of Handling of Wood Carvings**



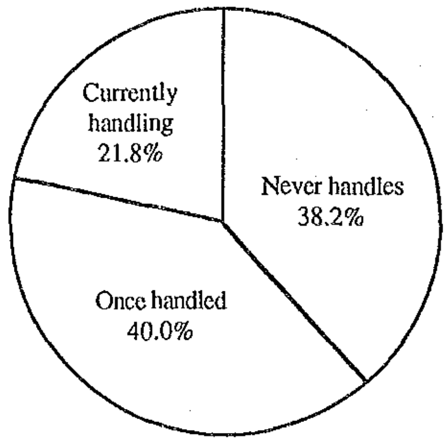

Source: Questionnaire survey in Japan

**Fig. 2-2-70: Future Handling of Batiks**



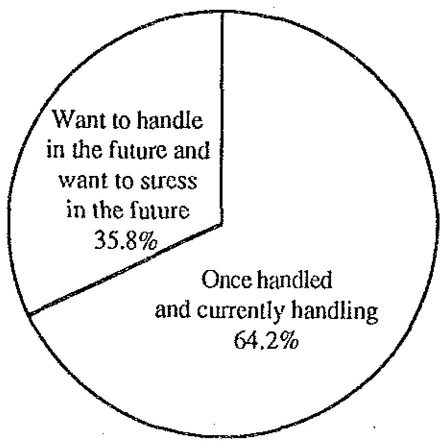

Source: Questionnaire survey in Japan

**Fig. 2-2-71: State of Handling of Wooden Products**



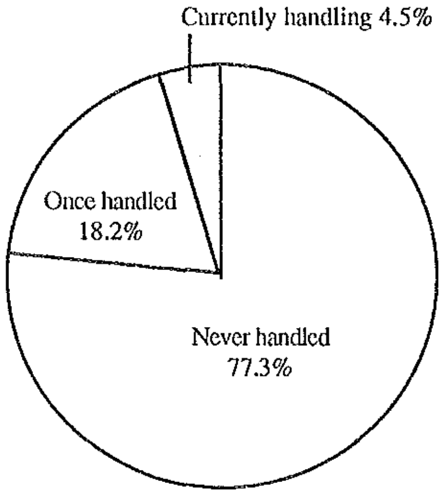

Source: Questionnaire survey in Japan

**Fig. 2-2-72: Future Handling of Wooden Products**



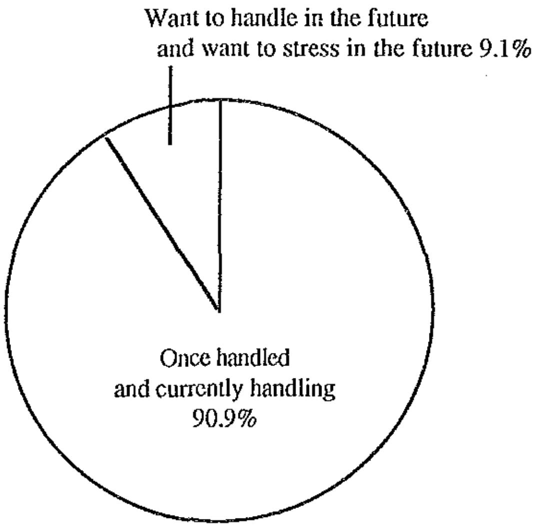

Source: Questionnaire survey in Japan

**Fig. 2-2-73: State of Handling of Silverware**



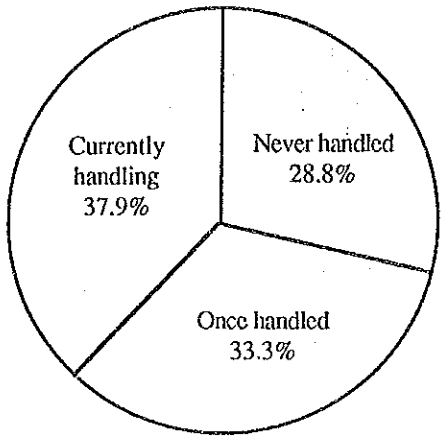

Source: Questionnaire survey in Japan

**Fig. 2-2-74: Future Handling of Silverware**



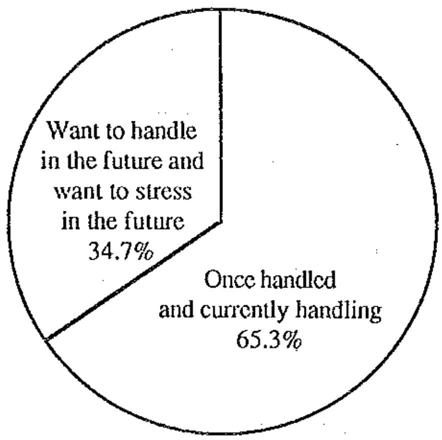

Source: Questionnaire survey in Japan

**Fig. 2-2-75: State of Handling of Rattan Products**



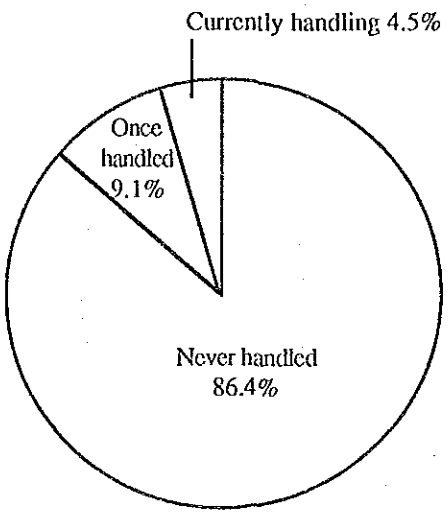

Source: Questionnaire survey in Japan

**Fig. 2-2-76: Future Handling of Rattan Products**



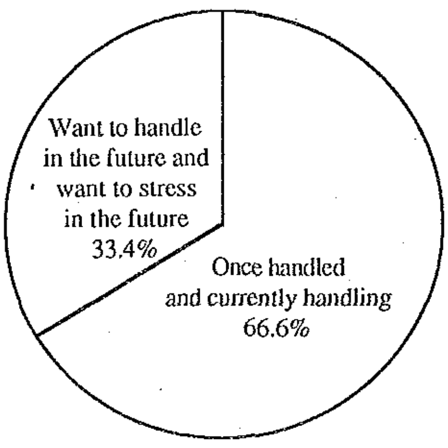

Source: Questionnaire survey in Japan

**Fig. 2-2-77: State of Handling of Ceramics**



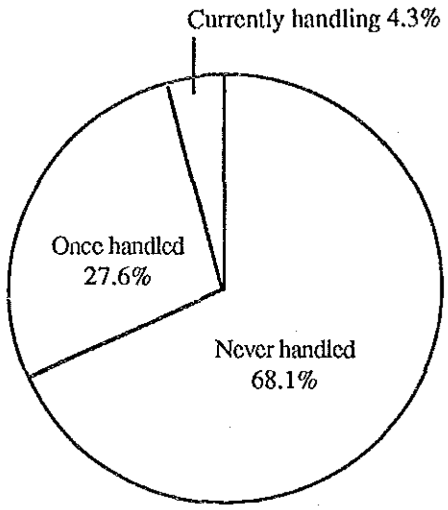

Source: Questionnaire survey in Japan

**Fig. 2-2-78: Future Handling of Ceramics**



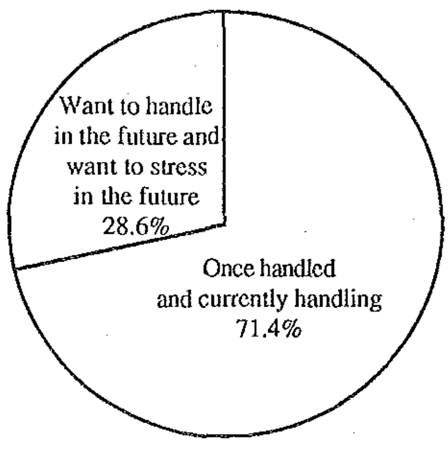

Source: Questionnaire survey in Japan

**Fig. 2-2-79: State of Handling of Shell Products**



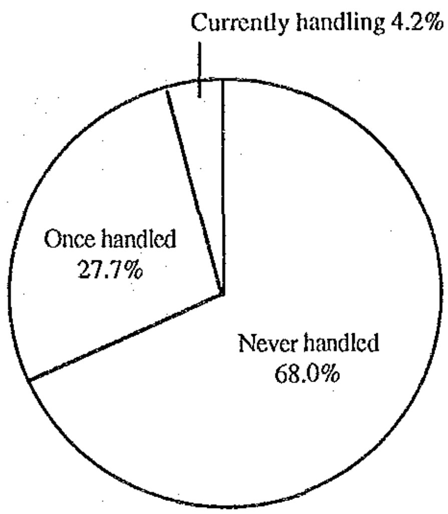

Source: Questionnaire survey in Japan

**Fig. 2-2-80: Future Handling of Shell Products**



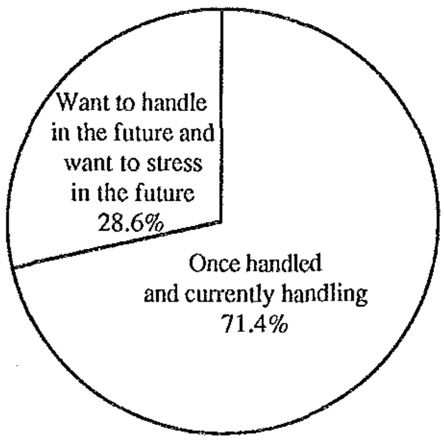

Source: Questionnaire survey in Japan

**Fig. 2-2-81: State of Handling of Other Handicrafts**




Source: Questionnaire survey in Japan

**Fig. 2-2-82: Future Handling of Other Handicrafts**




Source: Questionnaire survey in Japan

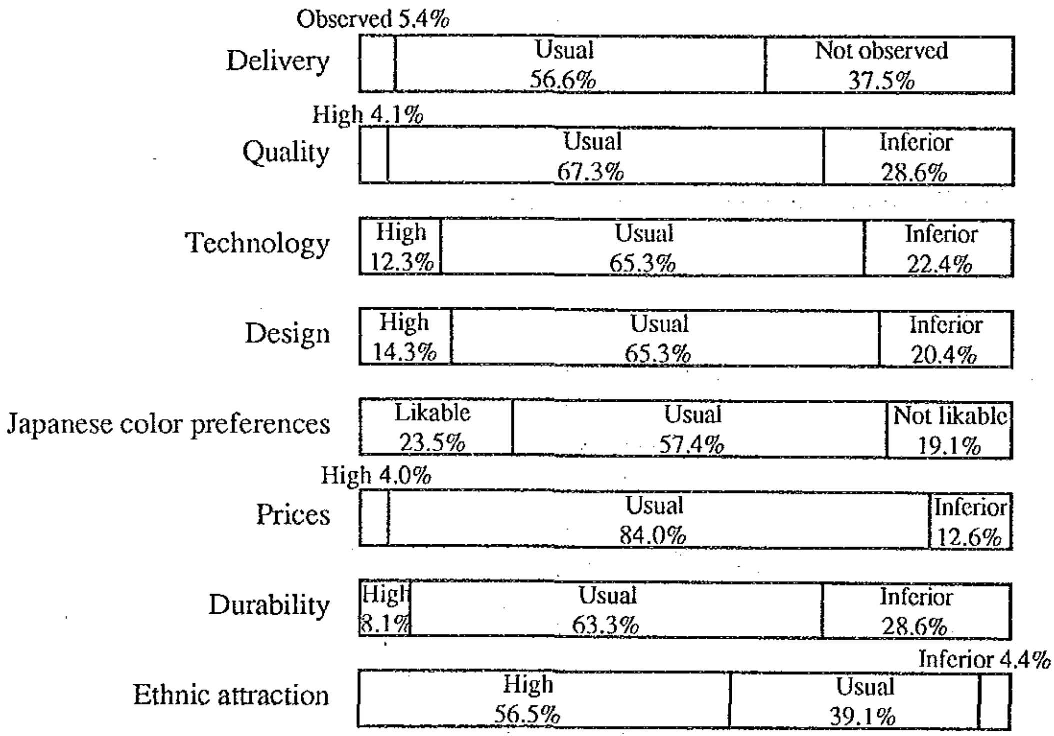
v. Evaluation of Indonesian Handicrafts Compared with Handicrafts of Other Countries

The evaluation of Indonesia handicrafts compared with the handicrafts of other countries (superior, usual, inferior - three stages) was as shown in Fig. 2-2-81.

Indonesian handicrafts were ranked low as to delivery, quality, and durability. In 37.8 percent of the cases, they were evaluated as not being delivered on time. Only 5.4 percent of the respondants indicated delivery commitments were honored. Their quality was ranked as "inferior" in 28.6 percent of the responses and "high" in 8.1 percent.

Earning high marks was the ethnic attractiveness, ranked "high" in 56.6 percent of the cases. The colors were judged likable by the Japanese in 23.5 percent of the responses. In all other areas, there were more "inferior" judgements than "superior" ones, but relatively "superior" ratings were given to the design (14.3 percent) and technology (12.3 percent).

**Fig. 2-2-83: Evaluation of Indonesian Handicrafts Compared with Other Countries' Makes**

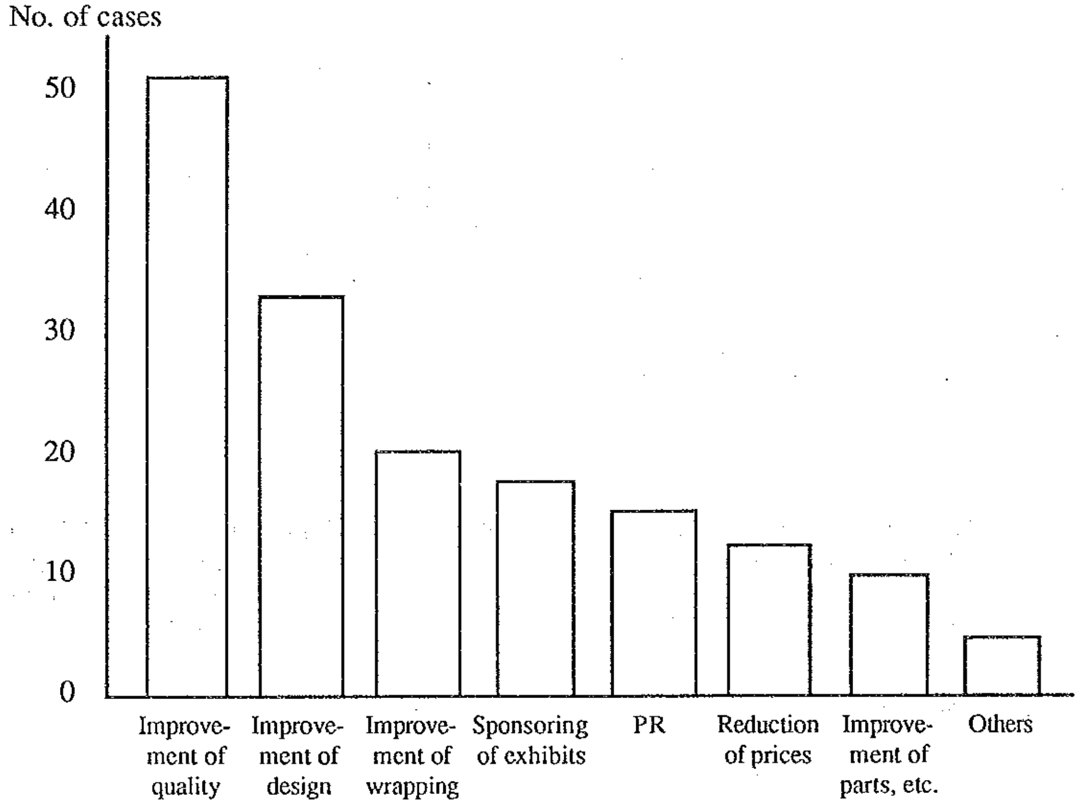



Source: Questionnaire survey in Japan

vi. What is necessary for imports of Indonesian handicrafts

The companies were asked to select three items they considered necessary for promoting imports of Indonesian handicrafts. The most frequently mentioned item was improvement of quality (47 cases) followed by improvement of design (32 cases), improvement of wrapping (19 cases), and sponsoring of exhibits (18 cases).

**Fig. 2-2-84: What is Necessary for Imports of Indonesian Handicrafts**

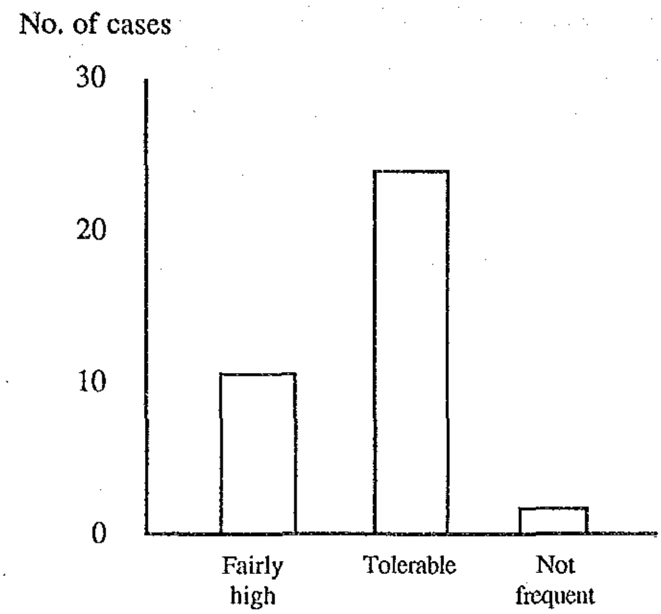



Source: Questionnaire survey in Japan

vii. Problems in transactions

• The amount of defective items was given as fairly high in 10 cases, within tolerance in 25 cases, and not frequent in one case. This shows that there are large amounts of defective items.

**Fig. 2-2-85: Amount of Defective Items**

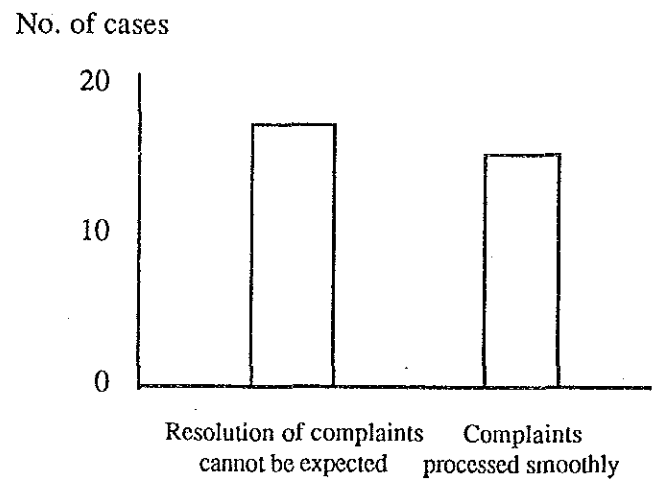



Note: Excluding cases where no answers were given.
Source: Questionnaire survey in Japan

• Measures against defects

Companies indicated that they could not expect resolution of their complaints by the exporters in 18 cases and that they had their claims processed smoothly in over 16 cases. This shows that to ensure continuation of imports, it is important to deal with complaints as they occur and that proper claim processing is still a problem.

**Fig. 2-2-86: Measures Against Defects**

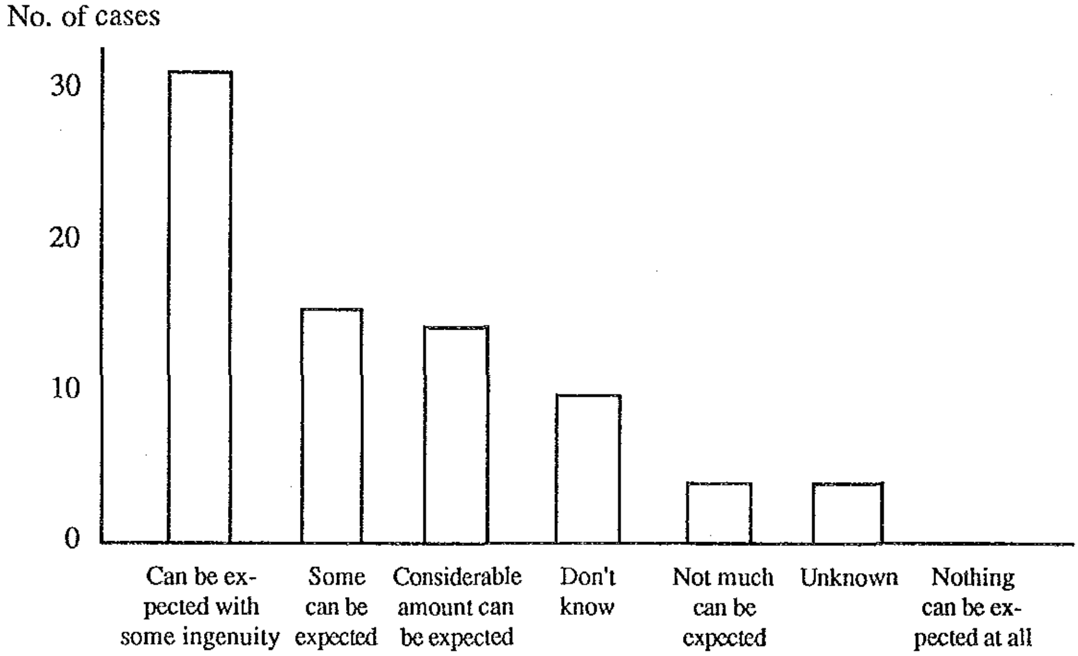



Source: Questionnaire survey in Japan

viii. Future demand for ethnic handicrafts

, Regarding the future demand for ethnic handicrafts, which includes Indonesian products, as shown in Fig. 2-2-85, the companies indicated that much demand could be expected in a total of 59 cases. The most frequent response was that "demand could be expected with some ingenuity", 31 cases, showing the need for promotion measures. There were no responses that "no demand can be expected at all" and four that "not that much can be expected", but the overwhelming opinion was that demand for handicrafts would increase in the future.

**Fig. 2-2-87: Future Demand for Ethnic Handicrafts**




Source: Questionnaire survey in Japan

ix. Problems in imports of ethnic handicrafts (free answers)

The companies were asked to freely indicate problems they saw in transactions, sales, fashion, type, etc. The main matters indicated and the countermeasures envisioned for the same are as follows:

**Table 2-2-1: Main Matters Indicated by Respondents and Countermeasures Envisioned**

| Matters indicated | Countermeasures envisioned |
|---|---|
| (Sales and transactions) | |
| Observance of delivery commitments | Training in trade practise |
| *Expansion of sales outlets, agents, etc.* | *Representative services by Handicraft* Development and Promotion Center (HDPC) Establishment of MA companies |
| Claim processing | Introductions by HDPC |
| Development of non-souvenier products or development of interior good | R&D by HDPC and product development by MA companies |
| Development of products for Japanese market and arrangements for same | Cooperative programs among Trade Information Center, MA companies. |
| Product composition and lack of product strategies | R&D in HDPC and MA companies |
| Need for packaging for Japanese market | R&D in HDPC |
| Unfamiliarity with export procedures and customs | Training in HDPC |
| Preparation of catalogs | Collection of samples and preparation of catalogs in HDPC |
| Sponsoring of exhibitions | Cooperative programs between National Agency for Export Development (BPEN) and International Cooperation Organization (Agency) |
| Sales promotion through live demonstrations and other PR | |
| Provision of information on Japanese market (production technology) | Cooperative programs between HDPC and cooperative programs with International Cooperation Organization (Agency) |
| Need for technical guidance | Dispatch of experts to MA companies and cooperative programs with International Cooperation Organization (Agency) |
| Establishment of inspection system | Guidance in quality control and strengthening of functions of PPMB |
| Research into possibility of combination of materials | Research into materials at BBKB |
| Development of undeveloped materials | Training at Trade Training Center, BBKB, and HDPC |
| Lack of packaging materials | |
| (Others) | |
| Establishment of communications and information means | Establishment of infrastructure |
| High freight costs | |
| Poor transportation situation | |

d. Summary

The results of the survey in Japan may be summarized as follows:

• Trends in demand

The amount of handicrafts handled has been increasing in these past five years, the same period when the yen has been appreciating. The majority opinion is that demand can be expected to grow in the future as well, but it is considered that some ingenuity will be required.

• Degree of knowledge of Indonesia and competitors

Indonesia is fairly well known as a producer of handicrafts. Its competitors are China, Thailand, the Philippines, India, etc.

• Promising products

The products handled most at the present are rattan products and wooden products. Products which can be expected to be handled more in the future are rattan products, wooden products, hand woven products, and batiks. Rattan products are proving very popular.

• *Evaluation of Indonesia handicrafts*

The ethnic appeal is highly evaluated and good marks are given to the color, design, etc. as well. Giving low ratings were the delivery, durability, and quality. Improvement is required.

• Matters needed for increase of imports

Improvement of quality was mentioned most often by far and mention was made also of improvement of design, improvement of packaging, and sponsoring of exhibits.

• Amount of defective products and complaint processing

There are a considerable number of defective products mixed in and complaints cannot be expected to be dealt with, the prevalent opinion went.

• Problems

In terms of transactions, mention was made most of lack of observance of delivery commitments. Indonesian handicrafts are seasonal products and delays in delivery lead to lost business opportunities - something which importers hate the most. Also pointed to were defects in marketing such as product development, product composition, and product strategies. Preparation of catalogs, exhibitions, live demonstrations, and other PR were also called for. In terms of production technology, mention was made of a need for technical guidance, inspections, and development of materials. In addition, establishment of the infrastructure necessary for smooth business, such as transportation and communications, was called for.

### (3) Evaluation of and Problems in Indonesian Handicrafts As Seen From Third Country Surveys

Third country surveys aimed at the importing countries were conducted in the U.K. and the U.S. The object of the surveys was to obtain a grasp of the handicraft markets there and to determine the evaluation of the handicrafts of Indonesia and competitors in the import markets. Note that details of the survey items are attached in the appendix.

#### 1) The U.K. Market

[1] Import trends

The trends in imports of individual handicraft products in the four years from 1985 to 1988 were as follows, based on Overseas Trade Statistics.

a. Wooden picture frames etc.

Imports rose from the 37.7 million pounds of 1985 to 70.3 million pounds in 1988, for an average annual growth of 23.1 percent, though falling 4.4 percent in 1987. The main exporters were Italy and Taiwan, with the two countries accounting for a 70.3 percent share between them (1988).

b. Wooden household utensils

Imports rose from the 9.01 million pounds of 1985 to 13.5 million pounds in 1988, for an average annual growth of 14.9 percent. The major exporters were the Netherlands and Portugal, but Thailand and Taiwan have been remarkably increasing their shares. Thailand increased its exports from 5 billion pounds in 1985 to 11.5 billion pounds in 1988, for an average annual growth of 32.0 percent, while Taiwan increased exports from 7.7 million pounds to 16.2 million pounds, for an average annual growth of 28.1 percent.

c. Silk fabrics

Imports rose in 1987. Imports rose from the 243.3 million pounds of 1985 to 329.6 million pounds in 1988, for an average annual growth of 10.7 percent. The major exporters were Italy and India, with Italy's share in 1987 being 33.4 percent and India's 28.4 percent.

d. Ceramic tableware

Imports rose from the 144.9 million pounds of 1985 to 166.5 million pounds in 1987, for an average annual growth of 4.7 percent. The major exporters were Italy, Portugal, South Korea, and Japan, the shares of which changed with each year. In 1987, South Korea held the biggest share, 23.3 percent, followed by Italy at 15.0 percent.

e. China Ornaments, Furniture, and other Ceramics

Imports rose from the 335.0 million pounds of 1985 to 541.2 million pounds in 1987, for an average annual growth of 17.3 percent Among the exporters, Taiwan showed the most growth rising from 49.4 million pounds in 1985 to 137.7 million pounds in 1988, for an average annual growth of 40.7 percent, making it the largest exporter to the U.K. In addition, Japan, Italy, and the Netherlands were key exporters.

f. Imitation jewelry

Imports rose from the 499.3 million pounds of 1985 to 668.1 million pounds in 1987, but fell 3.6 percent in 1988 to 641.6 million pounds.

The main exporters were Hong Kong, Ireland, Taiwan, and South Korea, with Taiwan and South Korea showing remarkable growth.

g. Accessories of gold, silver, and platinum

Imports rose from 2,479.5 million pounds in 1985 to 4,288.0 million pounds in 1988, for an average annual growth of 20 percent. A breakdown of the exporters is not available except in the EC.

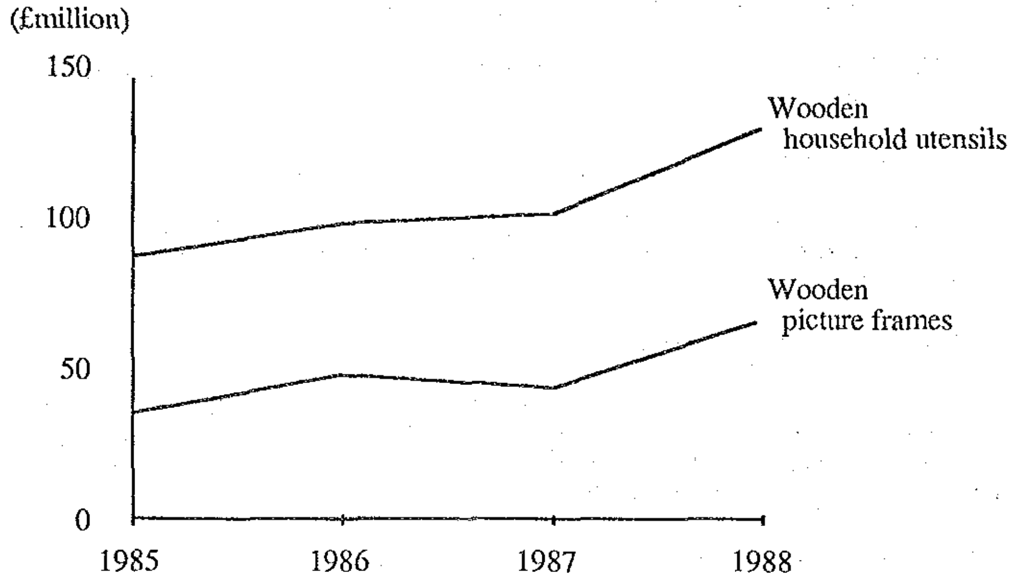
h. Basketwork and plaiting work

Imports rose from the 136.6 million pounds of 1985 to 202.9 millionpounds in 1988, for an average annual rise of 14.1 percent. China was the largest exporter, holding a 36.6 percent share in 1988, followed by Hong Kong and the Philippines at 15.3 percent and 14.3 percent, respectively.

i. Shell products and tortoise shell

Imports totaled 23.0 million pounds in 1985, but fell to 17.8 billion pounds in 1988. The biggest exporter was the Philippines.

**Fig. 2-2-88: Trends in Imports of Wooden Handicrafts**




Source: Overseas Trade Statistics of the United Kingdom

**Fig. 2-2-89: Share of Main Exporters of Wooden Handicrafts (1988)**

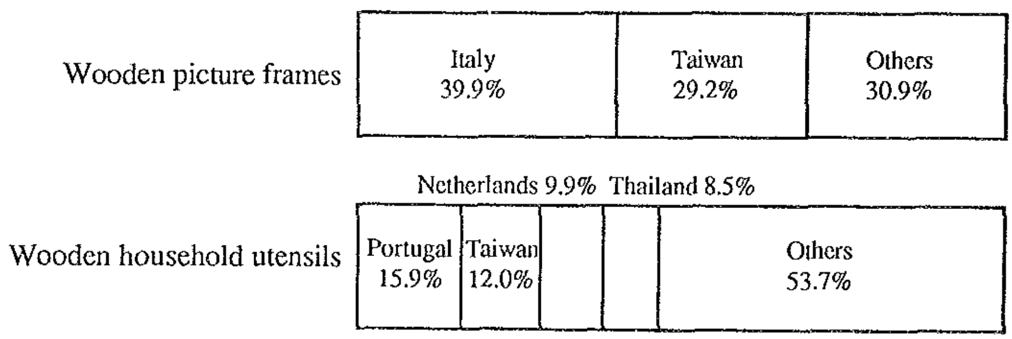
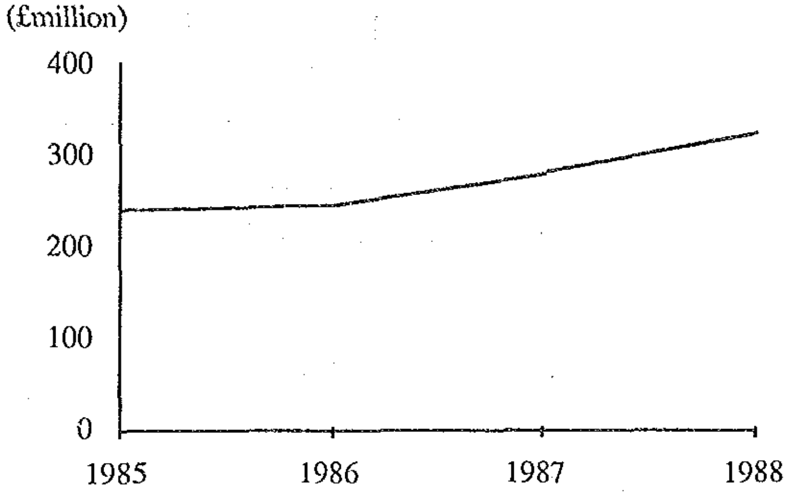
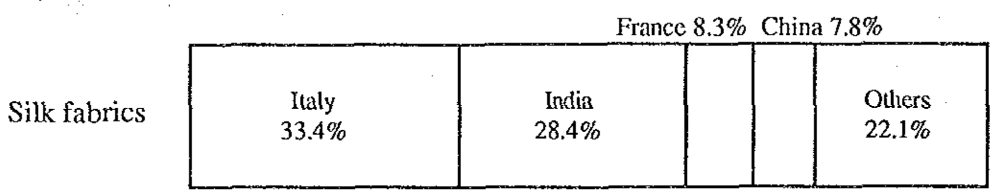


**Fig. 2-2-90: Trends in Imports of Silk Fabrics**



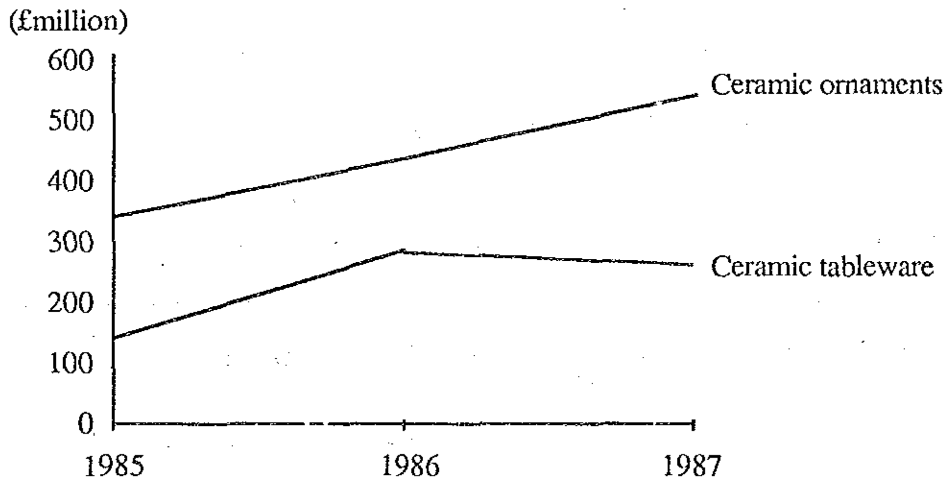

Source: Overseas Trade Statistics of the United Kingdom

**Fig. 2-2-91: Share of Main Exporters of Silk Fabrics**




Source: Overseas Trade Statistics of the United Kingdom

**Fig. 2-2-92. Trends in Imports of Ceramic Handicrafts**



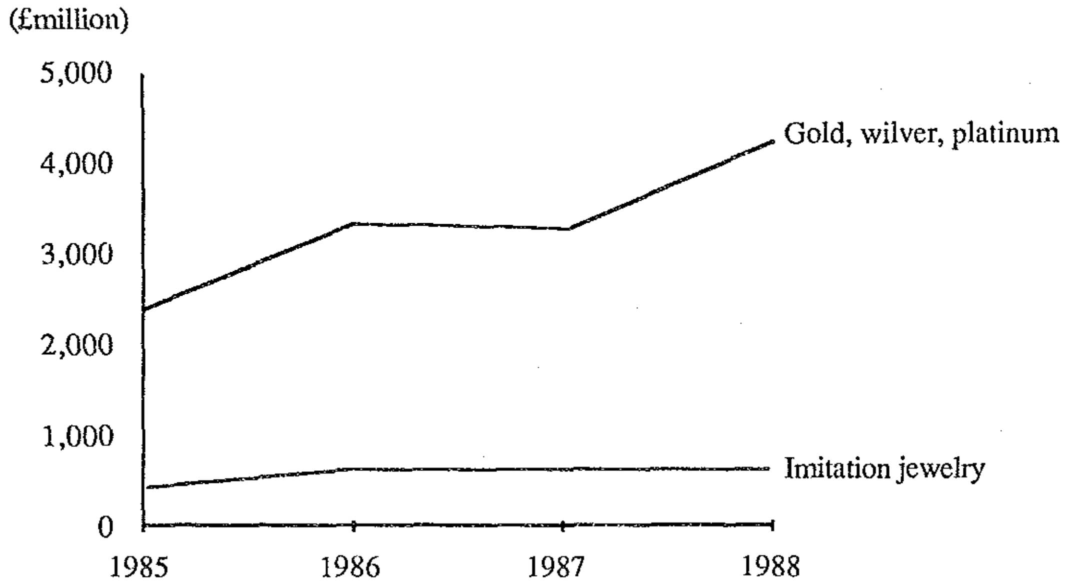

Source: Overseas Trade Statistics of the United Kingdom

**Fig. 2-2-93: Share of Main Exporters of Ceramic Handicrafts (1988)**

| | | | | | |
|---|---|---|---|---|---|
| Ceramic tableware | Korea 23.3% | Italy 15.0% | Japan 14.6% | Pur-tugal 11.9% | Others 35.2% |
| China ornaments | Taiwan 25.4% | Japan 15.2% | Italy 11.0% | Nether-lands 9.8% | Others 38.6% |

Source: Overseas Trade Statistics of the United Kingdom

**Fig. 2-2-94: Imports of Personal Accessories**



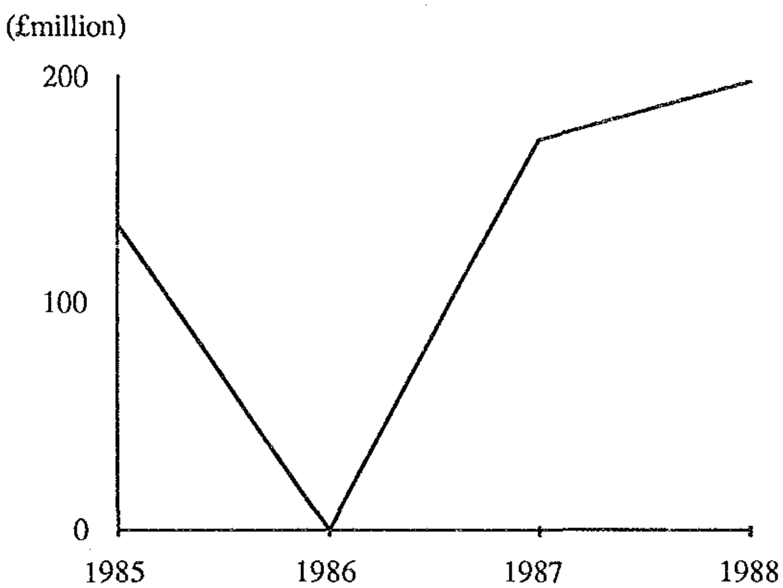

Source: Overseas Trade Statistics of the United Kingdom

**Fig. 2-2-95: Share of Main Exporters of Personal Accessories (1987)**

| | | | | | |
|---|---|---|---|---|---|
| Imitation jewelry | Hong Kong 16.8% | Ireland 14.5% | Taiwan 13.0% | Korea 12.1% | Others 43.6% |

Source: Overseas Trade Statistics of the United Kingdom

**Fig. 2-2-96: Imports of Basketwork**



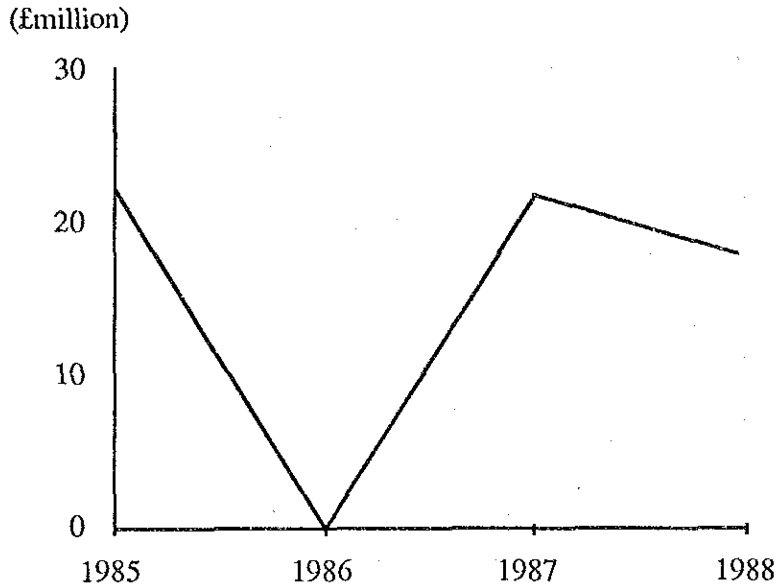

Source: Overseas Trade Statistics of the United Kingdom

**Fig. 2-2-97: Share of Main Exporters**

| | | | | | |
|---|---|---|---|---|---|
| Basketwork | China 36.6% | Hong Kong 15.3% | Phil-ppines 14.3% | Por-tugal 10.6% | Others 23.2% |

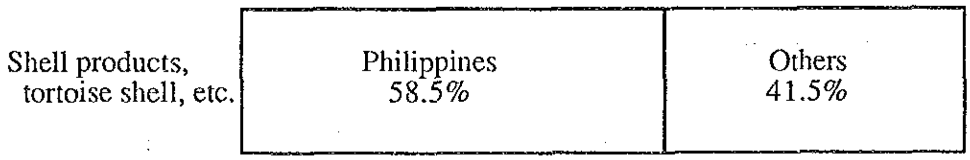
Source: Overseas Trade Statistics of the United Kingdom

**Fig. 2-2-98: Imports of Shell Products and Tortoise Shell**




Source: Overseas Trade Statistics of the United Kingdom

**Fig. 2-2-99: Share of Main Exporters (1988)**




Source: Overseas Trade Statistics of the United Kingdom

j. Summary

a. Imports of handicrafts by the U.K. have increased as a general trend, viewing the trends from 1985 to 1988, with the exception of shell products and tortoise shell and the exception of some products which recorded falls in 1987.

b. The largest imports, in value, were jewelry of gold, silver, and platinum, traditionally large handicraft imports, followed by ceramics, imitation jewelry, etc. at the 500 billion pound level. The value of imports of shell products, tortoise shell, etc. and wooden handicrafts was still small.

c. The main exporters were Italy, Portugal, the Netherlands, and other nearby European countries, which together account for a large share, but in some products, Hong Kong, South Korea, Taiwan, an other Asian NIEs have been increasing their exports and becoming important suppliers.

d. Among the ASEAN nations, the Philippines is the largest exporter of shell products and stands at top position in basketwork.

e. Indonesia is classified under "other countries" in the statistics for all products. The share of Indonesian handicrafts in the U.K.'s imports may therefore be said to be small.

[2] Demand trends

Representatives of public organizations and importers interviewed were in general rather optimistic about future demand, but believed it difficult to make any demand projections. The reason, taking rattan products as an example, is that the demand depends to a relatively large degree on fashion trends, which change in short time periods.

Further, many related parties emphasized, handicrafts are limited consumer goods whose market shrinks when economic conditions deteriorate and which draw more attention when conditions improve.

The market, in addition, is a seasonal one. The spring and summer of 1989 were hot and this had a good effect on sales of rattan furniture. Also, costume jewelry is worn by young girls when going out, so more exotic types are being purchased.

China and India are considered important as suppliers, with these two countries supplying the U.K. with large amounts of goods. Thailand is successfully entering the U.K. market, but Indonesia is not considered as an important supplier at the present time. Importers consider Indonesian handicrafts to have possibilities in terms of diversity and beauty, but point to the high percentage of defective products, packaging, an inefficient transportation as problems.

Compared with Thai handicrafts, the handicrafts of Indonesia and the Philippines are not considered western. Indian importers in the U.K. stress that westernization is essential for large sales. Further, consumers who are well traveled and are interested in considerable luxurious or ethnic items would purcahse truly ethnic handicrafts.

On the other hand, according to the most important dealer in high class handicrafts, Liberty, the South American countries are the main suppliers of handicrafts. This shows the changes in fashions and the changes in the price advantage over the long term.

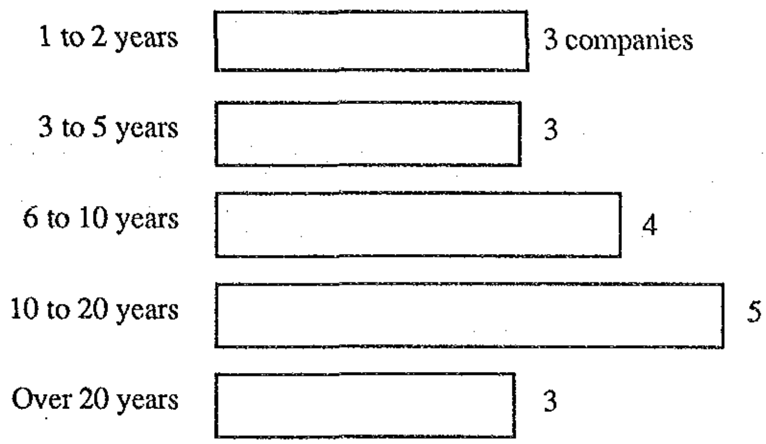
[3] Opinions of importers on handicrafts, including those of Indonesia

Interviews were conducted with 18 importers using a question form substantially the same as used for the questionnaire survey in Japan. The results are summarized below:

a. State of handling of handicrafts

All of the 18 companies were handling handicrafts. Five of the companies have been handling them for 10 to 20 years and three for over 20 years, with a high proportion of the businesses thus dealing in handicrafts for long periods. This presents a contrast to Japan, where most of the businesses began handling handicrafts in the past five years.

**Fig. 2-2-100: Period of Handling Handicrafts**



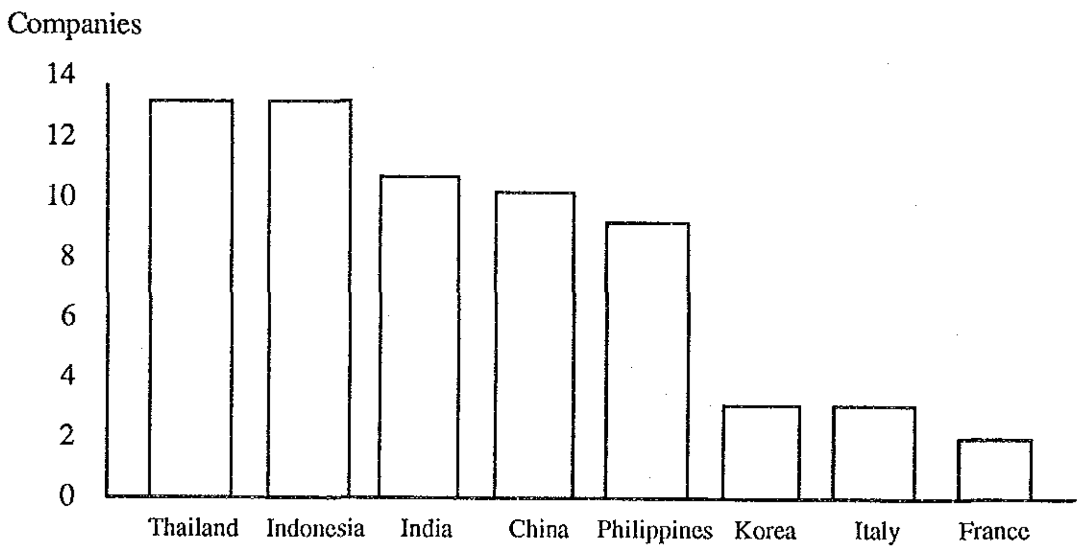

Source: Third country survey

b. Suppliers

The 18 companies were asked about their suppliers, with multiple replies solicited. Thailand and Indonesia were mentioned most often, by 13 companies, with mention also being made of India, China, and the Philippiness, with these constituting the top five countries. This differs from the results of analysis of import statistics, but this is because the number of samples is small and it is not possible to obtain a grasp of the amounts handled and the value of the same.

Other countries mentioned were Mexico, Japan, Pakistan, Egypt, Sri Lanka, and Afghanistan.

**Fig. 2-2-101: Suppliers of Handicrafts**



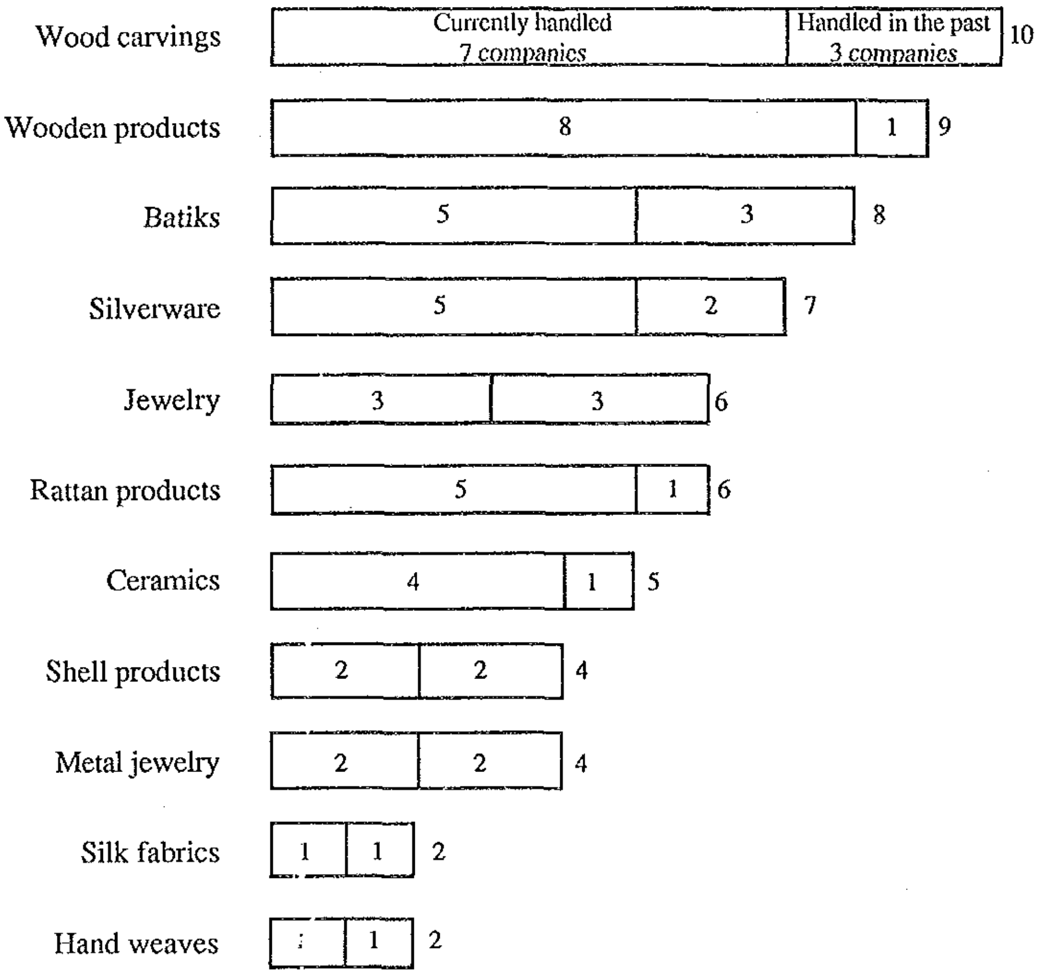

Source: Third country survey

c. Degree of knowledge of Indonesia

The worldwide fame of Indonesia as a producer of handicrafts was known by 16 of the 18 companies.

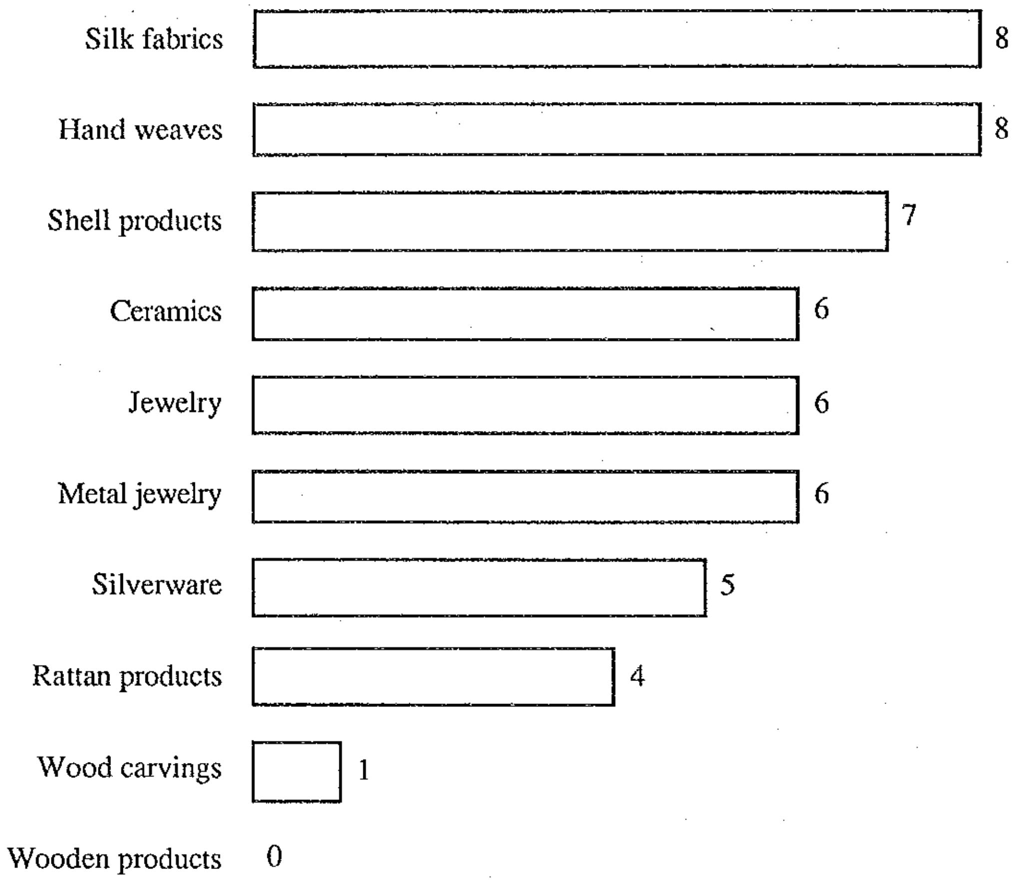
d. State of handling of handicrafts by product

**Fig. 2-2-102: Products Handled Most**




Source: Third country survey

**Fig. 2-2-103: Products Never Handled**

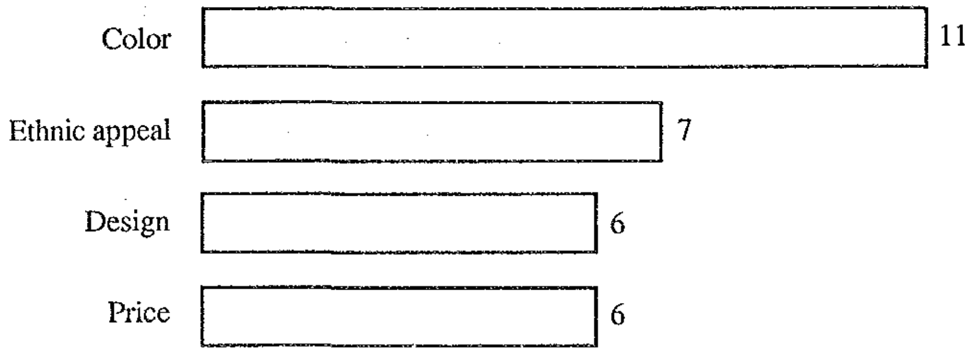



Source: Third country survey

Wood carvings, wooden products, and other wooden handicrafts were handled the most and silk fabrics, hand weaves, and other textile handicrafts were handled almost not at all. The products handled the most, in addition to wooden products, were silverware, batiks, jewelry, and rattan products, a different picture from Japan, which concentrates on rattan products.

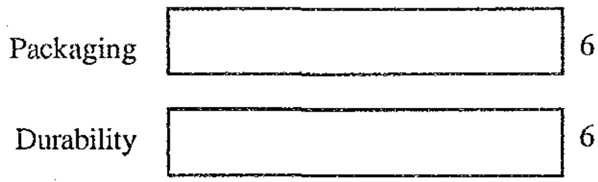
e. Evaluation of Indonesian handicrafts

**Fig. 2-2-104: Items High Evaluated**




Source: Third country survey

**Fig. 2-2-105: Items Not Well Evaluated**




Source: Third country survey

The companies gave high marks to the color, ethnic appeal, design, and price. In particular, the color sense was highly evaluated by 11 of the 12 companies giving effective answers. However, in the interviews, the opinion was voiced that the colors of Indonesian handicrafts were too bright for western tastes. The high marks given to ethnic appeal were the same as in Japan.

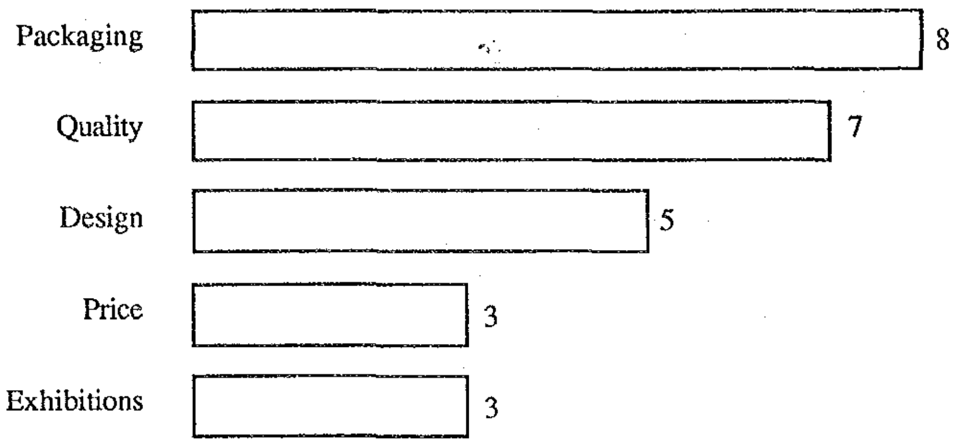
The companies gave low marks to the packaging and durability. Durability and packaging were also problems pointed out by Japan.

In addition, the following became clear from the interviews:

- The quality was evaluated as "usual" and "good" in the majority of cases, but problems were pointed to in relation to the humidity occurring during transport of wooden products.
- The prevalent evaluation was that there are problems in delivery in the case of imports from both India and Indonesia.
- There is no problem with prices. This differs from the opinion in Japan.

f. Points requiring improvement for expansion of imports

**Fig. 2-2-106: Points Requiring Improvement for Expansion of Imports**




Source: Third country survey

The improvement of packaging was mentioned most often, with improvement of quality and design also mentioned often. In addition, mention was made of observance of delivery schedules.

g. Defective products

The amount of defective products was reported as fairly high by eight companies, tolerable by six companies, and almost nonexistent by just two. There may be said to be a problem here. The method given for dealing with this, by the majority of the companies interviewed, was to cover the loss through price revisions.

h. Future demand

Six companies indicated some demand could be expected, two companies that demand could be expected with some ingenuity on the sales side, and one that considerable demand could be expected, with most companies of the opinion therefore that future demand may be expected. None of the companies responded that no demand could be expected, though five companies did not give answers.

[4] Export efforts of organizations of competitors

Interviews were conducted with the commercial officers or related parties in the chambers of commerce and industry of Thailand, Malaysia, Sri Lanka, India, the Philippines, and Bangladesh in addition to Indonesia.

What became clear overall was that these official organizations were not so active in the promotion of exports of handicrafts to the U.K. market and were instead passive. Almost none participated in the major exhibitions such as at Birmingham almost nothing was budgeted for PR. The conclusion is that exporters rely to a large degree on cooperation from private importers and wholesalers in the U.K.

Note that the activities of the different countries may be summarized as follows:

- Thailand: Establishment of Thai Trade Promotion Center in Manchester. Participation in International Handicrafts Fair held in Olympia.

- Malaysia: Publicitization of Malaysian Tourist Year 1990 through TV and other media and distribution of Malaysian trade news.

- Sri Lanka: Recently, has not participated in trade fairs held in the U.K. due to budgetary reasons, but is scheduled to display basketwork, ceramics, and fashion accessories at the 1990 Top Drawer Summer Gift Fair.

- India: Insufficient support is provided by government organizations to exports of handicrafts.

- Philippines: Participation in 1990 Birmingham International Spring Fair.

- Bangladesh: Considering participation in international trade fairs.

[5] Summary

a. Import trends

- U.K. imports of handicrafts increased as a general trend from 1985 to 1988, with the exception of some products.
- The main exporters were neighboring European countries, but the Asian NIEs have been noticeably increasing their exports. Among the ASEAN nations, the Philippines and Thailand are in top position in some products.
- Indonesia is classified under "other countries" and has only a small position in the U.K. market.

b. Demand projections

- The importers are optimistic regarding future demand for handicrafts.
- However, handicrafts are limited consumer goods and are largely affected by fashion trends, so an accurate forecast would be difficult.

c. Evaluation of importers

- The degree of knowledge of Indonesia being a producer of handicrafts is high.
- Among Indonesian handicrafts, wooden handicrafts are handled the most and textile handicrafts are handled extremely rarely.
- Indonesian handicrafts are highly regarded as to their color and ethnic appeal, but are considered problematical when it comes to packaging and delivery. The quality was also a problem in wooden products etc.
- *There is a considerable amount of defective products included.*

d. Export promotion activities of competitors

All the countries were passive, not active, when it came to promotion of exports of handicrafts to the U.K. Exports to the U.K. are large dependent on private importers and wholesalers in the U.K.

## 2) The U.S.A. Market

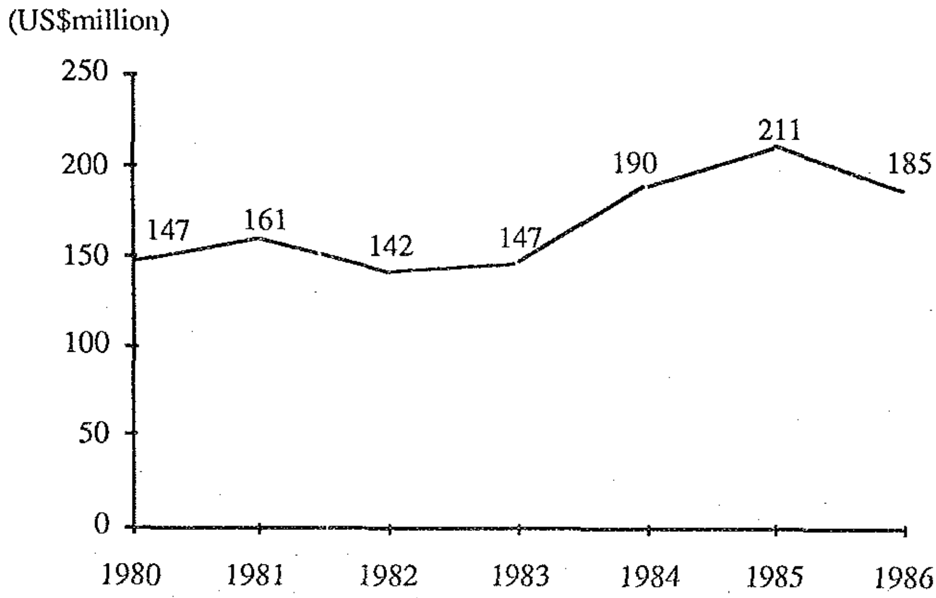
• Giftware

Giftware is a vague product category and includes household durable goods, accessories, tableware, and ornaments. Comprehensive statistics and data on giftware could not be obtained from the U.S. Commerce Department, so the survey was made with an emphasis on silverware and wooden products, for which data could be readily obtained.

• Silverware

Silverware is roughly classified into flatware such as knives and hollow ware such as dinner sets, trays, etc. Domestic shipments of silverware in 1986 totaled US$492 million, a 2.8 percent rise from the previous year. Domestic production has been affected by the imports of Japanese, South Korean, and Taiwanese products, but due to the depreciation of the U.S. dollar since 1985, the prices of imports from Japan etc. have risen and the value of shipments of domestic products and exports of U.S. goods have increased.

**Fig. 2-2-107: Imports of Silverware**




Source: International Trade Administration 1987, U.S. Industrial Outlook
Note: 1985 and 1986 are estimates.

• Future projections

Giftware are not necessities and a good economic environment is essential for increased demand for giftware. After the October 1987 stock market crash, retailers were worried about detrimental effects on Christmas sales, but sales were poor for only some high class items and were good overall. Most of the persons interviewed were optimistic about the future.

• Evaluation of Indonesia giftware

According to the importers, the prices of products of South Korea, Taiwan, Hong Kong, and other NIEs are rising, but products of Indonesia, Thailand, and the Philippines are maintaining their competitiveness. Further, there has been a noticeable recovery in U.S. products.

Most of the imports are of high class items from Europe. Some competitiveness has been lost due to currency adjustments, but these imports are supported by their excellent design and the preference of American consumers for European products and are continuing to sell well.

Indonesian giftware is not that well known among American importers. The importers recommend participation in giftware shows in New York, Dallas, Los Angeles, and San Francisco.

On the other hand, the rich culture of Indonesia is known. It is considered necessary to introduce Indonesian culture when selling giftware. Bali is famous in the U.S., but other regions are not that well known.

At the present time, the U.S. market is polarizing between products offering good quality and uniqueness and cheap products. Demand for products positioned between these two extremes is shrinking. Cheap products are an area of fierce competition with not only Thai and Philippine products, but Chinese products as well. Further, the product cycle is becoming shorter, so many stores are trying to keep their inventories at a minimum. Therefore, delivery has become important. Cooperative relations with some U.S. importer would therefore be important. Further, to obtain a grasp of trends in the market, participation in gift shows is necessary. Indonesian giftware has potential in the U.S. market, but requires strong and sustained promotion.

• Personal accessories

Shipments of precious metal accessories, according to the International Trade Administration, rose 4.0 percent in 1986 to US$3,405 million, while costume jewelry rose 5.2 percent to US$1,310 million.

Demand for personal accessories is cyclic and is largely influenced by changes in disposable income and consumer tastes. Expenditures for jewelry depend on the purchasing power remaining after higher priority expenditures such as housing and food. Therefore, strong, sustained economic growth is an essential condition for an increase in demand for personal accessories. According to the National Census Bureau, a comparison of the shipment values of personal accessoriesin 1977 and 1982 shows that, as seen in Table 2-2-2, large growth was exhibited by wedding rings, women and children's accessories, and college and summer jewelry. On the other hand, there was a decline in imitation pearls, plastic accessories, etc.

**Table 2-2-2: Comparison of Shipments of Personal Accessories in 1977 and 1982**

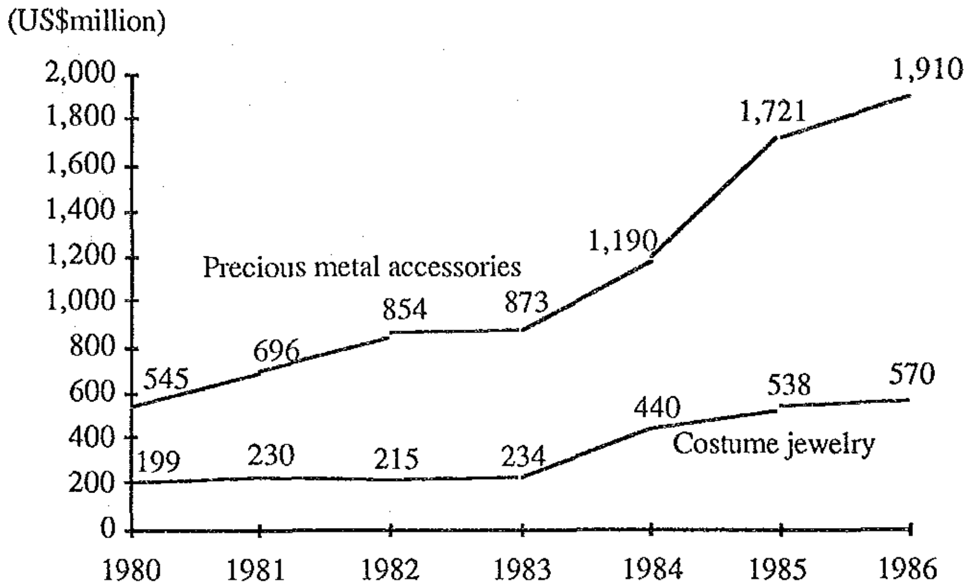
(US$million)

| | 1977 | 1982 | Growth rate (%) |
|---|---|---|---|
| Precious metal jewelry, total | 1,907.7 | 2,823.2 | 48.0 |
| Jewelry made of platinum & karat gold | 1,125,1 | 2,076.5 | 84.6 |
| Fraternal, college & school rings | 172.1 | 253.1 | 47.1 |
| Wedding rings | 133.2 | 294.2 | 120.9 |
| Other rings | 312.6 | 436.4 | 39.6 |
| Ring mountings for separate sale | 69.3 | 115.2 | 66.2 |
| Women's & children's jewelry | | | |
| Jewelry of precious metal excluding platinum or karat gold, total | 353.0 | 411.0 | 16.4 |
| Women's & children's jewelry | 284.3 | 328.7 | 18.7 |
| Other jewelry of precious metal | 303.1 | 335.7 | 18.7 |
| Costume jewelry, total | 781.8 | 944.9 | 20.9 |
| Base metal: | | | |
| Rings & ring mountings | 43.3 | 129.1 | 198.2 |
| Women's & children's jewelry & costume novelties | 402.3 | 429.2 | 6.7 |

Source: U.S. Bureau of the Census, 1982 Census of Manufacturers.

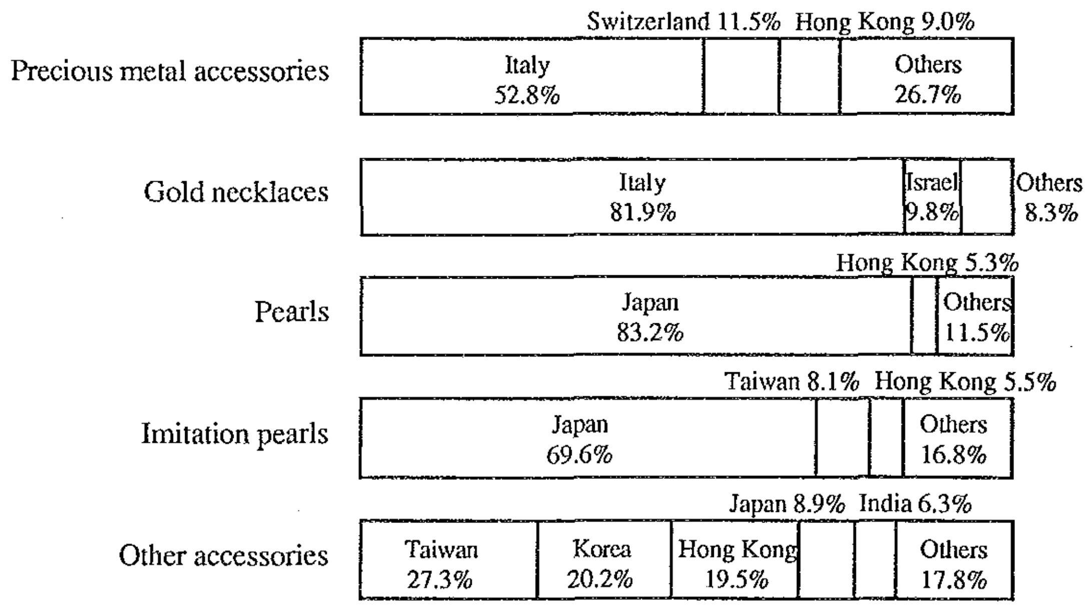
The share of imports in the U.S. market rose from the 4.2 percent of 1972 to 33.5 percent in 1986 for precious metal accessories and from 10.4 percent to 31.3 percent for costume jewelry. The main exporters were Italy, Hong Kong, Israel, and Switzerland for precious metal accessories and Taiwan, Hong Kong, Japan, and South Korea for costume jewelry.

**Fig. 2-2-108: Imports of Personal Accessories**




Source: International Trade Administration, 1987 U.S. Industrial Outlook
Note: 1986 figures are estimates.

**Fig. 2-2-109: Shares of Main Exporters (1986)**




Source: U.S. Imports for Consumption and General Import 1986

Among the ASEAN nations, Thailand holds a 0.3 percent share of gold necklaces, while the Philippines hold a 2.76 percent share of other accessories.

The International Trade Administration projects that demand for precious metal accessories will increase by 1.5 percent a year for the next five years and that demand for costume jewelry will increase 1.0 percent a year. The "baby boomers" are reaching their 40s and joining the high income group, so the prospects for demand for accessories may be said to be bright.

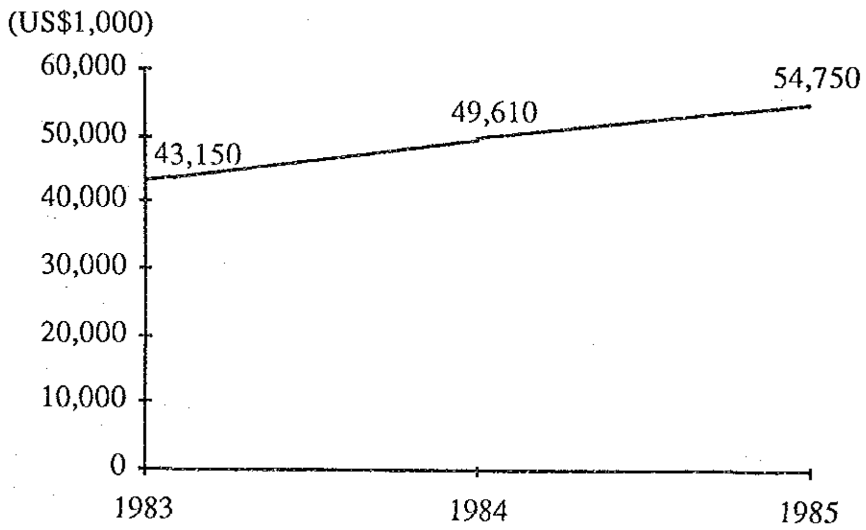
Indonesian accessories are not well known at the retail level. The only comment of a retailer was that the American consumer likes 14 to 18K gold, but that Indonesian gold was 20K. To determine the fashions and trends in the U.S., it is important for Indonesian exporters to participate in trade fairs held in the U.S.

• Wooden picture frames etc.

According to a census of the manufacturing sector conducted by the Commerce Department, there were 110 manufacturers of wooden picture frames etc. in 1977, which shipped out US$166 million worth of goods. In 1982, this had risen to 128 companies shipping out US$311 million worth of goods.

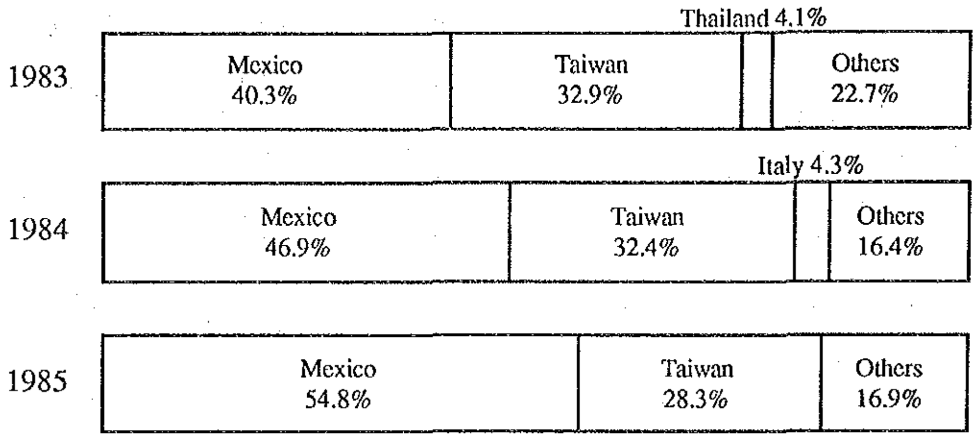
Imports rose from the US$43.14 million of 1983 to US$54.75 million in 1985. The main exporter was Mexico, but its share has fallen from the 54.8 percent of 1983 to 40.3 percent in 1985. Taiwan and Thailand have been increasing their shares.

**Fig. 2-2-110: Imports of Wooden Picture Frames**




Source: U.S. Department of Commerce

**Fig. 2-2-111: Share of Main Exporters**




Source: U.S. Department of Commerce

Among the ASEAN countries, Thailand increased exports from the US$1.08 million of 1983 and the 2.5 percent share to US$2.25 million and a 4.1 percent share in 1985, placing it in third position as an exporter. Indonesia exported US$60,000, for a 0.1 percent share, in 1983, but only US$1,400 in 1984 and US$3,000 in 1985.

U.S. importers had the following evaluation of Indonesian products, in particular wooden products as a whole, not including plywood.

First, Indonesia has not established a position for itself as an exporter of wood products. Indonesia has the ability to supply large quantities, but competes with Taiwan in price. Taiwan is disadvantageous when it comes to labor costs, but makes up for this with technology, productivity, and mechanization.

• Hand woven products

Hand woven products are used for the following categories of goods: (1) apparel, (2) table covers, napkins, etc., (3) bed linen products, (4) cushion covers, furniture covers, (5) wall hangings, (6) carpets and rugs, (7) belts, handbags, wallets, etc. The materials used are cotton, wool, silk, and other natural fibers.

Among these products, data could be obtained for home textiles. Production in that industry increased overall in 1987 compared with 1986, with the exception of wallpaper.

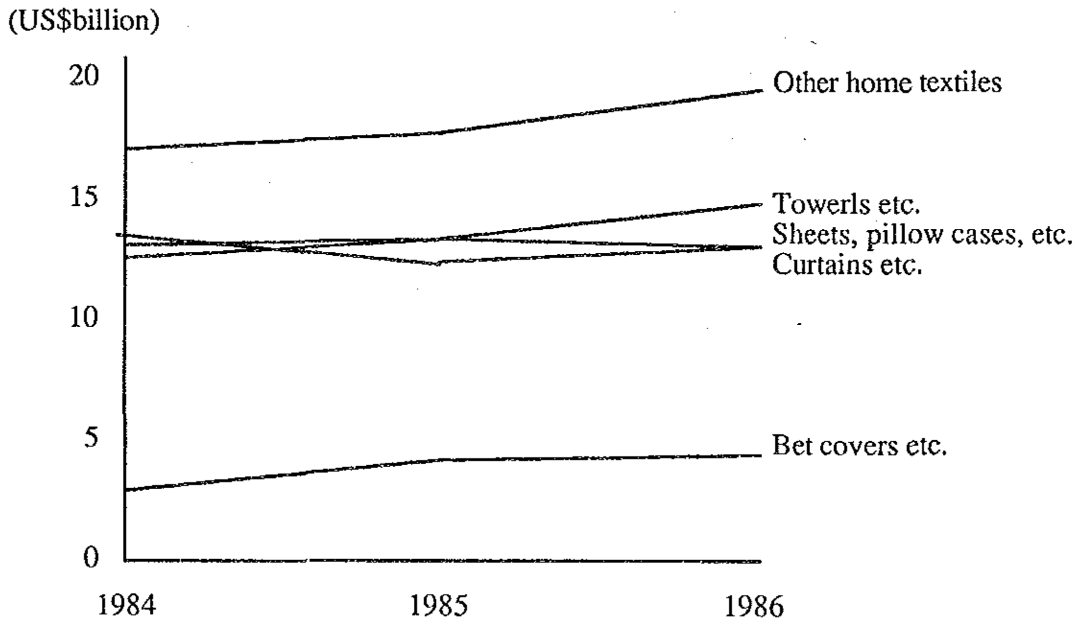
**Table 2-2-3: State of Production of Home Textile Industry**

| | 1987 | 1986 | Growth rate (%) |
|---|---|---|---|
| Curtains (million sets) | 128.3 | 119.1 | 7.7 |
| Wallpaper (million square yards) | 170.0 | 171.7 | -1.0 |
| Furniture covers (1,000 pieces) | 4,973 | 4,875 | 2.0 |
| Mattresses and quilts (million pieces) | 21.6 | 19.6 | 10.0 |
| Bed covers (million pieces) | 27.8 | 26.8 | 4.0 |
| Pillows and cushions (million pieces) | 46.3 | 43.9 | 5.5 |
| Table clothes etc. (million square yards) | 131.4 | 127.3 | 3.2 |
| Bathmats etc. (million square yards) | 65.8 | 64.5 | 2.0 |
| Blankets (million pieces) | 91.9 | 88.4 | 3.0 |

The amount of textile materials used by the home textile industry, according to the Textile Economic Bureau, rose 3 percent in 1986 to reach 1,915 million pounds. A look at the amount of raw materials used in 1986 by product shows that cotton was the most prevalent at 53 percent followed by artificial fibers at 46.4 percent.

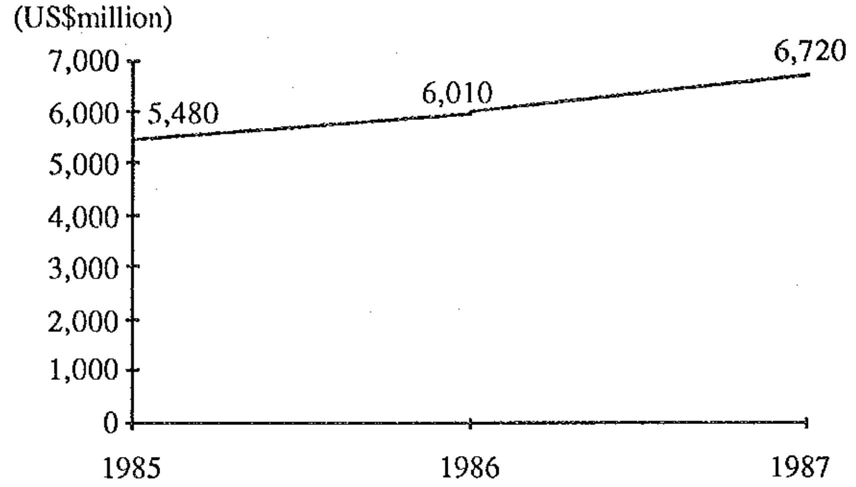
Shipments have been increasing as an overall trend. There were large shipments in 1986 in blankets, table covers, and other home textiles, reaching US$2,043 million, followed by curtains at US$1,427 million, towels at US$1,229 million, and sheets and pillow cases at US$1,181 million.

**Fig. 2-2-112: Shipments of Main Home Textile Industries**




Source: U.S. Bureau of Census: Annual Survey of Manufacturers.

**Fig. 2-2-113: Imports of Home Textiles**




Source: U.S. International Trade Commission

Imports of home textiles grew steadily from the US$548 million of 1985 to US$610 million of 1986 and US$672 million in 1987. The main exporter was China, which was in the number one position as a supplier of curtains, table cloths, towels, etc. and number two position as a supplier of sheets, pillow cases, blankets, etc.

Demand for home textiles is influenced by the increase in the number of households, that is, the number of new households formed.

According to the Census Bureau, there were 80 million households in the U.S. in 1980, 85.2 million in 1984, and 89.5 million in 1987. From 1980 to 1987, 11 percent of the new households formed were by persons of age 25 to 34 and 34 percent by persons age 35 to 44, with the weight of the "baby boomer" generation rising. By the year 2000, it is projected that there will be 106 million households.

According to the Labor Statistics Bureau, in 1986 the consumer spend an average US$83.5 on purchases of home textiles for his own home. The total expenditure was US$7.8 billion. Looking at the shares of the individual products, curtains accounted for the largest share with 36.7 percent, followed by bedroom linen with 30.1 percent.

Importers and retailers all agreed that Indonesian hand woven products offered good possibilities for business. In particular, they were appealling for their ethnic feel and color, but the general opinion was that the supply was not stable.

On the other hand, in some cases the consumer, or even the retailer and importer, did not know that hand woven products are produced in Indonesia. This is due to a lack of promotion and knowledge on the part of the consumer. Such promotion will be necessary to promote exports.

The importers stated that there was insufficient promotion by Indonesia compared with other Asian nations. As one example, the importers mentioned that there were no Indonesian made gifts on exhibit at the gift fair held in San Francisco in February. Further, even at the company level, Indonesian exporters do not approach the importers on their own, so the practice is for foreign buyers to visit Indonesian companies to place their orders.

Entry into the U.S. market requires acquisition of information on consumer tastes and trends in the U.S. market, adaptation of products according to the same, and positive promotion.

From the nature of hand woven products, the targeted market should be the high class product market. Therefore, a high class quality, individuality, and creativeness are required. Further, note should be taken that machines should absolutely not be used. Products made using machines would end up lowering the price and high class image of hand woven products.

### (4) Trends in Demand for Handicrafts

Any projection of the demand trends for handicrafts should take into consideration the following features of handicrafts:

[1] Handicrafts include a wide variety of products which often do not match with the industrial classification used in statistics.
[2] There are no indicators showing a clear correlative relationship as with rubber and the automobile industry.
[3] Handicraft products are not daily necessities in the importing countries, but are marginal consumer goods.
[4] Fashion trends, consumer tastes, and the like are major factors.

Due to these characteristics, handicrafts are (1) difficult to make quantitative projections for and (2) are largely susceptible to business trends in the advanced industrialized nations.

On the other hand, seen historically, in Japan, after the first oil crisis, the country reflected on the wisdom of mass consumption and reevaluated traditional products and handmade products as compared with standardized industrial products.

Due to this rising reevaluation of "handmade" things and the long term trend of expansion in the advanced economies, demand for handicrafts is expected to increase. Analysis of OECD statistics and the import statistics of Japan, the U.S., and the U.K. also shows that, with the exception of some products, imports of handicrafts are increasing, backing up the above assumption.

Regarding a projection on future handicraft demand, a consumer market survey showed that Japanese, British, and U.S. importers and others handling such products estimated that demand for handicrafts would rise in the future. For example, regarding gifts, one of the main applications of handicrafts, it is projected that yearly consumption per child (3 to 15 years) will rise an annual 7.3 percent from 1987 to 1995 (Note: Nomura Research Institute (1990), NRI Projection Materials 1990. P59).

Regarding business conditions in the advanced industrialized nations, the growth rates have fallen somewhat, but it is projected that their imports will continue to rise stably. Therefore, it may be expected that demand for handicrafts will rise.

The problem is the demand for Indonesian handicrafts.

As seen from the consumer country surveys, the share of Indonesian handicrafts in their imports is still small. It is known that Indonesia has a rich culture, primarily around Bali, and that Indonesia is a producer of handicrafts, but Indonesian handicrafts still hold a low position in the main importing countries. The reason is considered to be insufficient promotion and a lack of positiveness on the part of the exporters.

Next, a point to watch is "mass production through mechanization to deal with the increased demand." For example, in Japan in the 1980s, "hand woven fabrics" became popular due to the orientation toward "genuine" products and demand soared. As a result, imports soared and the manufacturers of the exporting countries introduced machine looms to try to increase the supply. As a result, the market quickly collapsed. This is related to the "use of machines" and "selection of sales channels". It is necessary to obtain guidance from the administrative side in the exporting countries.

Summarizing the above, sustained stable growth in the economies of the advanced nations should enable an increase in demand for handicrafts. Some promotion measures would be required to increase exports of Indonesian products.

(Note) The OECD projects that the real GNP growth rate of the OECD countries will be 2.9 percent in 1990 and 2.9 percent in 1991. (OECD, OECD ECONOMIC OUTLOOK June 1990)
Further, the U.S. think tank DRI/McGraw-Hill projects continued growth of about 3 percent in the advanced industrialized countries from 1990 to 1995. (DRI/McGraw-Hill, Asian Review Fourth Quarter 1989)

## 2.3 Current State and Problems of Indonesian Handicrafts As Seen From Field Survey

### (1) Current State and Problems of Handicraft Industry

#### 1) Products covered

Classification of Indonesian handicrafts by the materials used for the same would give eight groups: a. textile handicrafts, b. wooden handicrafts, c. bamboo, rattan, and pandang, mendong, and other vegetable fiber handicrafts, d. shell handicrafts, e. silver, brass, and other metal handicrafts, f. ceramic handicrafts, g. precious stone and semiprecious stone handicrafts, and h. stone handicrafts.

The present survey covers a. traditional handicrafts and b. fashion accessories. Specifically, the following products are included in these:

a. Traditional handicrafts: hand woven products, wood carvings, wooden household utensils, plaiting, and ceramics
b. Fashion accessories: silverware, precious stone and other accessories, shell products

Note that batiks and furniture are excluded from the scope of the current survey.

#### 2) Current state of handicraft industry as seen from economic census and materials of Ministry of Industry

[1] An overview will be made here of the state of the handicraft industry using the results of an economic census run in 1986. The handicraft industry includes numerous products, as mentioned earlier, so in many cases the industrial classification codes and products do not match. Here, the industrial classification of the industrial statistics were followed to select the following industries. Use was made of the statistics for large and medium scale industries (1986 edition) and the statistics for small scale industries (1986 edition), but statistics for cottage industries were not available, so these could not be included in the analysis.

| | |
|---|---|
| • Textile handicrafts: | Industrial classification code 32113 Finishing Yarn |
| • Rattan and bamboo plaiting: | Industrial classification code 33130 Rattan and Bamboo Plaiting Manufacturing |
| • Wood carvings: | Industrial classification code 33140 Wood Carving Manufacturing |
| • Wood, bamboo, and other kitchenware: | Industrial classification code 33220 Manufacture of Kitchenware of Wood, Bamboo, Rattan |
| • Ceramics: | Industrial classification code 36110 Porcelain Manufacturing |

Note that the definitions used for large, medium, small, and cottage industries were the following ones of the Central Bureau of Statistics (BPS):

Number of employees

| | |
|---|---|
| 4 or less | Cottage industry |
| 5 to 19 | Small scale industry |
| 20 to 99 | Medium scale industry |
| 100 or more | Large scale industry |

Table 2-3-1 and Table 2-3-2 show the number of companies, number of employees, production value, and added value of the above five industries classified as to large and medium scale industries and small scale industries.

Regarding textiles and ceramics, most of the companies and employees belonged to large and medium scale industries. For textiles, there is no industrial classification code for textile handicrafts. This is believed to because of the preponderance of the large and medium scale industries.

In rattan and bamboo plaiting and wood carvings, the small scale industries account for an overwhelmingly large number of the companies. There are no large or medium scale industry companies dealing in wood, bamboo, and other household utensils.

Large scale industry accounts for most of the employees in plaiting as well. Small scale industry accounts for the most employees only in wood carvings. A comparison of the total production shows that small scale industry is greatest only in wood carving, falling far behind in other industries. Further, a comparison of the per capita production shows that there is a large difference between the large and medium scale industries and small scale industry everywhere but in wood carvings. In wood carvings, the large and medium industries had a production of 1.91 million rupiah and the small scale industry 1.58 million rupiah, relatively close, but in other industries, for example, plaiting, the small scale industry accounted for only 830,000 rupiah compared with the 8.79 million rupiah of the large and medium scale industries.

The large and medium scale industries were far greater in added value in all industries except, again, for wood carving. A look at the added value per capita employee shows that the difference between large and medium scale industries and small scale industry has been shrinking. For example, in wood carving, small scale industry accounts for 1.06 million rupiah, compared with 1.27 million rupiah for large and medium scale industries. The input/output ratio was smaller for small scale industry in all industries. This is believed to be due to the low wages, the large number of family workers, and the low level of introduction of machinery in the case of small scale industry.

Of great contrast among the five industries were plaiting and wood carving. In plaiting, small scale industry accounted for the greatest number of companies and employees, but there were extremely large differences compared with the large scale industry in the same field. Further, productivity was lower even compared with other small scale industries. On the other hand, in wood carving, there was an extremely small difference among sizes of companies. Also, this industry featured the highest productivity for small scale industries. For example, in Bali, the costs of raw materials is not that low due to the insufficient supply of wood, but the input/output ratio is also small. The difference between plaiting and wood carvings is believed to be due to the difference in the prices of the finished products.

**Table 2-3-1: Current State of Handicraft Industry (Large and Medium Scale Industries)**

| Industral classification | Nol of business establishments | No. of employees | Total production (Million Rp) | Production per capita employee (Million Rp) | Added value (Million Rp) | Added value per capita employee (Million Rp) | Input /output ratio |
|---|---|---|---|---|---|---|---|
| 32113 | 58 | 6,080 | 73,616.0 | 12.11 | 25,762.9 | 4.23 | 0.64 |
| 33130 | 198 | 24,009 | 211,103.6 | 8.79 | 74,619.2 | 3.10 | 0.62 |
| 33140 | 32 | 1,895 | 3,638.5 | 1.91 | 2,422.1 | 1.27 | 0.32 |
| 33220 | 0 | — | — | — | — | — | — |
| 36110 | 42 | 11,883 | 73,305.3 | 6.17 | 31,576.4 | 2.65 | 0.53 |

Source: Central Statistical Bureau 1988, Industrial Statistics (Large and Medium Scale Industries) 1986

**Table 2-3-2: Current State of Handicraft Industry (Small Scale Industry)**

| Industral classification | Nol of business establishments | No. of employees | Total production (Million Rp) | Production per capita employee (Million Rp) | Added value (Million Rp) | Added value per capita employee (Million Rp) | Input /output ratio |
|---|---|---|---|---|---|---|---|
| 32113 | 21 | 233 | 625.6 | 2.68 | 198.2 | 0.85 | 0.57 |
| 33130 | 2,488 | 15,227 | 12,698.8 | 0.83 | 6,611.2 | 0.43 | 0.48 |
| 33140 | 604 | 4,649 | 7,354.4 | 1.58 | 4,942.5 | 1.06 | 0.32 |
| 33220 | 284 | 2,020 | 1,336.8 | 0.66 | 553.8 | 0.27 | 0.58 |
| 36110 | 14 | 132 | 189.6 | 1.43 | 98.9 | 0.74 | 0.48 |

Source: Central Statistical Bureau 1989, Statistical Census 1986, Small Scale Industry Statistics

**Table 2-3-3. Current State of Sentra in Handicrafts and General Industries**

| No. of Sentra | No. of business establishments | No. of employees | Production (Million Rp) | Added value (Million Rp) | Added value per capita employee (Million Rp) |
|---|---|---|---|---|---|
| 1. D. I. Aceh | 748 | 1,826 | 1,023.4 | 428.4 | 0.23 |
| 2. Sumatera Utara | 5,255 | 10,188 | 6,800.8 | 4,036.4 | 0.39 |
| 3. Sumatera Barat | 4,414 | 11,646 | 5,013.5 | 1,927.0 | 0.17 |
| 4. Riau | 315 | 498 | 316.0 | 202.5 | 0.41 |
| 5. Jambi | 527 | 980 | 227.9 | 129.7 | 0.13 |
| 6. Bengkulu | 117 | 275 | 44.5 | 19.8 | 0.07 |
| 7. Sumatera Selatan | 1,643 | 4,024 | 908.1 | 377.3 | 0.09 |
| 8. Lampung | 504 | 1,690 | 129.4 | 81.0 | 0.05 |
| 9. D. K. I. Jakarta | 894 | 4,915 | 9,592.3 | 352.9 | 0.07 |
| 10. Jawa Barat | 27,599 | 72,977 | 124,165.1 | 61,524.0 | 0.84 |
| 11. Jawa Tengah | 25,309 | 60,109 | 24,789.2 | 4,916.4 | 0.08 |
| 12. D. I. Yogyakarta | 2,745 | 8,037 | 4,398.3 | 1,412.1 | 0.18 |
| 13. Jawa Timur | 16,341 | 7,397 | 1,953.1 | 373.3 | 0.05 |
| 14. Kalimantan Selatan | 2,831 | 7,397 | 1,953.1 | 373.3 | 0.05 |
| 15. Kalimantan Barat | 653 | 1,743 | 783.8 | 557.8 | 0.32 |
| 16. Kalimantan Tengah | 854 | 2,184 | 1,796.5 | 943.6 | 0.43 |
| 17. Kalimantan Timur | 370 | 882 | 19,727.7 | 3,392.7 | 3.84 |
| 18. Bali | 11,920 | 28,961 | 15,278.0 | 5,284.3 | 0.18 |
| 19. Nusa Tenggara Barat | 7,996 | 13,763 | 1,991.6 | 1,099.1 | 0.07 |
| 20. Nusa Tenggara Timur | 462 | 654 | 113.0 | 87.5 | 0.13 |
| 21. Timor Timur | 156 | 324 | 87.9 | 11.5 | 0.03 |
| 22. Sulawesi Selatan | 2,828 | 7,866 | 889.7 | 441.5 | 0.06 |
| 23. Sulawesi Utara | 1,513 | 2,155 | 1,637.0 | 1,066.3 | 0.49 |
| 24. Sulawesi Tenggara | 171 | 738 | 211.1 | 0.1 | 0.001 |
| 25. Sulawesi Tengah | 307 | 755 | 37,057.6 | 35,985.3 | 47.66 |
| 26. Maluku | 309 | 596 | | 27.6 | 0.05 |
| 27. Irian Jaya | 238 | 839 | | 133.9 | 0.15 |
| Total | 117,019 | 280,578 | 275,900.4 | 125,231.1 | 0.44 |

Source: Materials of Ministry of Industry

[2] Current state of Sentra according to data of Ministry of Industry

The Ministry of Industry's program for promotion of small scale industries has as its basic strategy the promotion of Sentra and development of the same into Kopinkra.

An overview will be given here of the current state of the Sentra in the nation and in the main states using the data on Sentra of handicrafts and general industry acquired from the Ministry of Industry. (See Table 2-3-3.) Note that the Ministry of Industry classifies small scale industries under four groupings: (1) food industry, (2) apparel and leather industries, (3) chemical and building material industries, and (4) handicraft and general industries.

On the national level, there were 117,019 business establishments employing 280,578 workers, for an average number of workers per place of business of 2.4 persons, and producing a total of 275.9 billion rupiah worth of goods, for a per capita worker production of 980,000 rupiah, and a total added value of 125.2 billion rupiah, for a per capita worker added value of 440,000 rupiah.

The business establishments are spread out over the 27 provinces and special regions. The most are located in West Java, 27,599, followed by Central Java, 25,309. If one adds Yogyakarta to Central Java, the number rises to 28,054. East Java has 16,341 business establishments. Java, plus Jakarta, therefore accounts for 72,888 business establishments, or 62.3 percent of the total. Bali has 11,920 establishments, placing it in fourth position, followed by West Nusa Tenggara with 13,763. South Sulawesi had 9,868 establishments.

In production, West Java led with 124.1 billion rupiah, 45 percent of the national total. Next largest was Central Sulawesi accounted for 37.1 billion rupiah, followed by Central Java with 24.8 billion rupiah, East Kalimantan with 19.7 billion rupiah, East Java with 16.6 billion rupiah, and Bali with 15.3 billion rupiah. South Sulawesi accounted for 889.7 million rupiah.

In added value, West Java was the largest, accounting for 61.5 billion rupiah or 49.1 percent of the total for the nation. After this came Central Sulawesi with 36.0 billion rupiah, Bali with 5.3 billion rupiah, Central Java with 4.9 billion rupiah, North Sumatra with 4.0 billion rupiah, and East Kalimantan with 3.4 billion rupiah.

The per capita added value differed considerably according to the state, with the highest being 47.66 million rupiah in Central Sulawesi - far higher than other states. At second place was East Kalimantan with 3.84 million rupiah and at third place was West Java at 840,000 rupiah. North Sulawesi had a value of 490,000 rupiah. These four states were all above the national average. Among the other regions visited by the survey team, the per capita added value was 70,000 rupiah in Jakarta, 390,000 rupiah in North Sumatra, 180,000 rupiah in Jogjakarta, 180,000 rupiah in Bali, and 60,000 rupiah in South Sulawesi.

[3] Exports of handicrafts

(a) Export trends

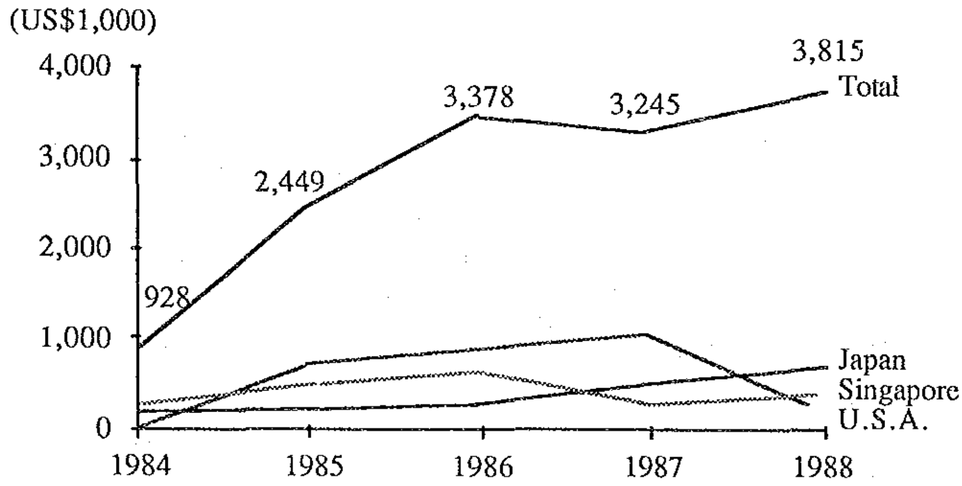
An overview will be given here of the trends in exports of handicrafts up to 1988 using data of the NAFED and the Central Statistical Bureau. Detailed statistics for 1989 have not yet been released. The quick reports carried in the Ringkas Buletin, issued by the Central Statistical Bureau, cover three digit SITC codes and it was impossible to pick out products falling under the handicraft industry from these.

The National Agency for Export Development (BPEN) reclassifies non-oil export products based on the trade statistics issued by the Central Bureau of Statistics. It divides handicrafts into craft textile products, wood carvings, plaiting, and other products and announces export values for each group.

According to the data, Indonesia increased exports of handicrafts from the 92.8 million rupiah of 1983 to 381.5 million rupiah in 1988, for an average annual rise of 32.7 percent. (See Fig. 2-3-1.) The share in non-oil exports also rose from the 1.58 percent of 1984 to 3.31 percent in 1988, placing handicrafts at ninth place in export value (1988) among non-oil exports.

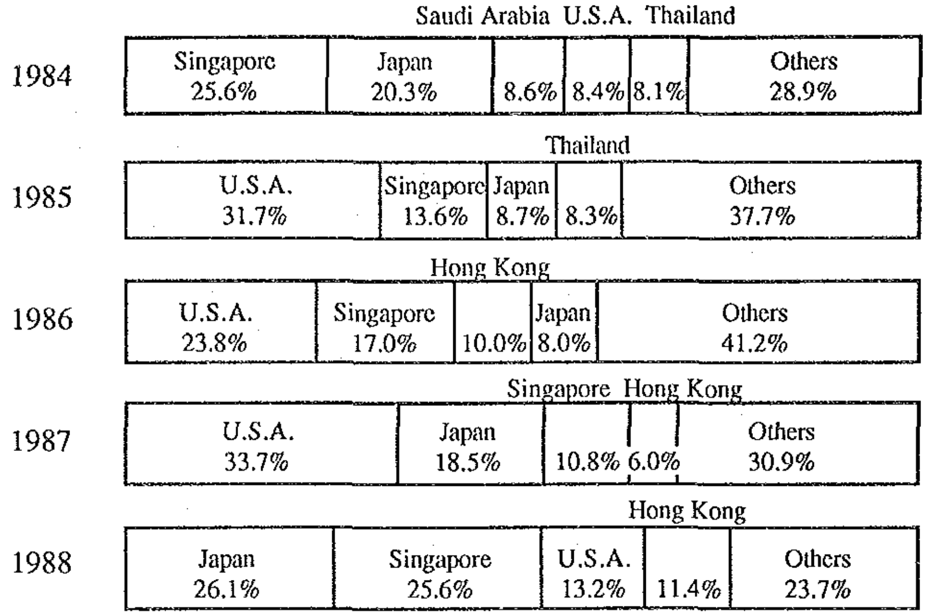
The main export destinations are Japan, the U.S., and Singapore. From 1985 to 1987, the U.S. was number one, but Japan took over this position in 1988. (See Fig. 2-3-2.) In 1988, Indonesia exported US$99.94 million worth of handicrafts to Japan, US$97.88 million to Singapoer, and US$50.42 million to the U.S. Up to 1986, Thailand was among the top five export destinatiosn, but exports to that nation have fallen dramatically since 1987.

**Fig. 2-3-1: Trends in Exports of Handicrafts**




Source: National Agency for Export Development (BPEN), 1989, Indonesian Export 1988

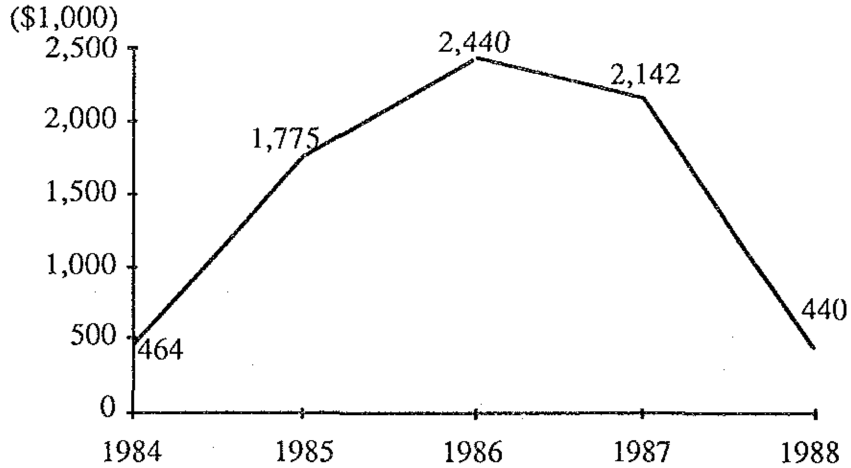
**Fig. 2-3-2: Share of Main Export Destinations**




Source: BPEN, 1989, Indonesian Export 1988

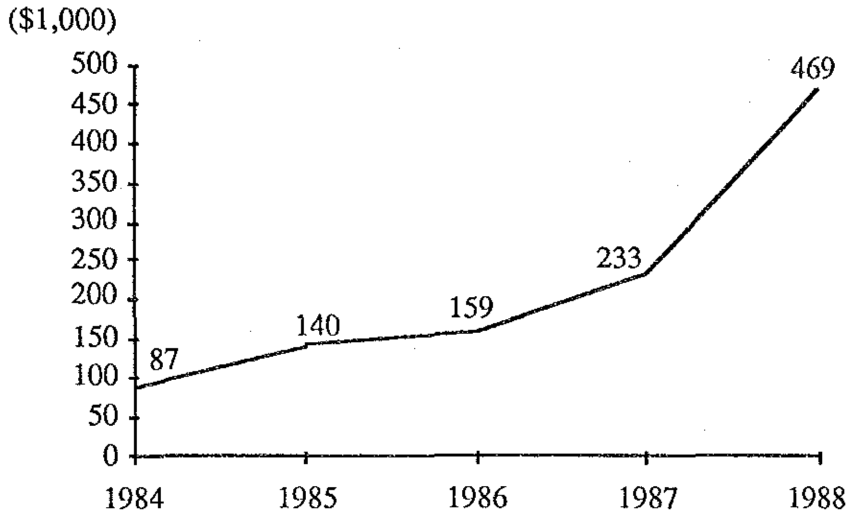
Next, a look at the trends in individual products shows remarkable growth in exports of plaiting. (See Fig. 2-3-5.) In particular, in 1988, exports grew close to four-fold, reaching US$172.3 million. After plaiting came other handicrafts, which increased about three-fold in 1988 to reach US$118.3 million. (See Fig. 2-3-6.) Exports of wood carvings in 1988 reached US$46.9 million, increasing from the US$8.7 million of 1984 at an average annual growth of 40.1 percent. (See Fig. 2-3-3.) On the other hand, exports of craft textile products reached US$245 million in 1986, then fell continuously for two years. In 1988, they fell 79.5 percent to US$44 million.

**Fig. 2-3-3: Exports of Craft Textile Products**



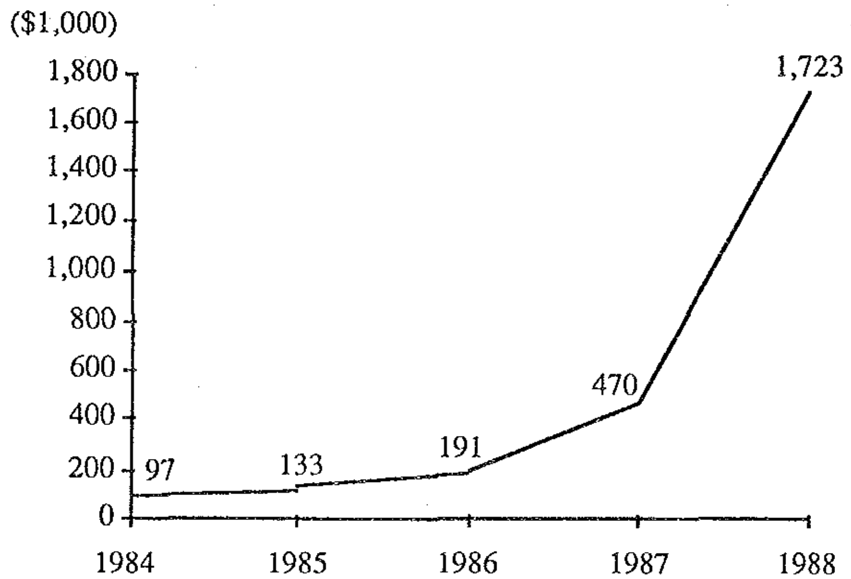

Source: BPEN, 1989, Indonesian Export 1988

**Fig. 2-3-4: Exports of Wood Carvings**



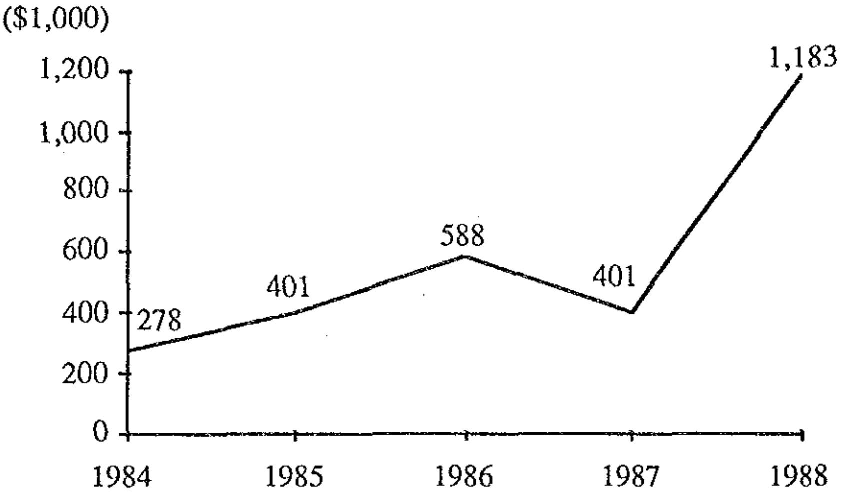

Source: BPEN, 1989, Indonesian Export 1988

**Fig. 2-3-5: Exports of Plaiting**




Source: BPEN, 1989, Indonesian Export 1988

**Fig. 2-3-6: Trends in Exports of Other Handicrafts**




Source: BPEN, 1989, Indonesian Export 1988

In this way, while overall exports of handicrafts have been increasing, there are large differences among the various products.

Next, an overview will be given of the trends in more detailed product classes using customs clearance statistics.

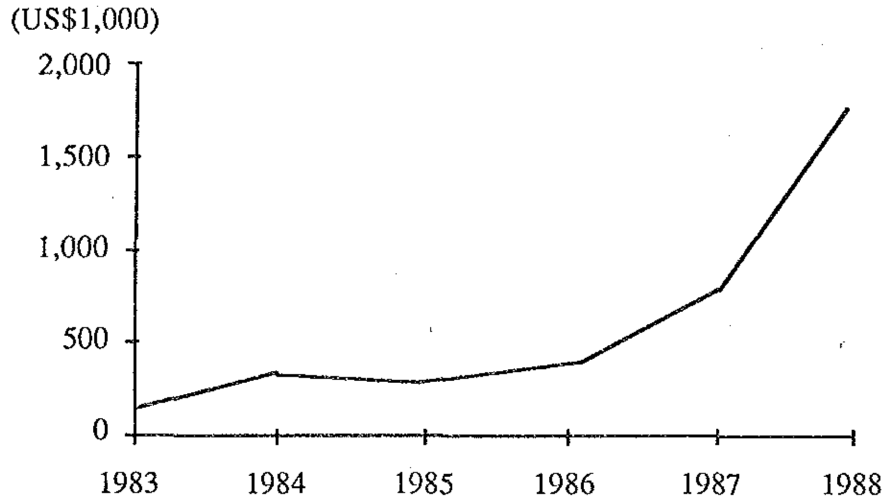
<Wooden Handicrafts>

- Wooden picture frames etc. (Wooden Picture Frames, Photograph Frames, Mirror Frames of CCCN4420-000)

Exports rose from the US$191,000 of 1983 to US$1.735 million in 1988, for an average annual growth of 55.5 percent, though falling once in 1985. In particular, exports rose about two-fold in 1988. (See Fig. 2-3-7.)

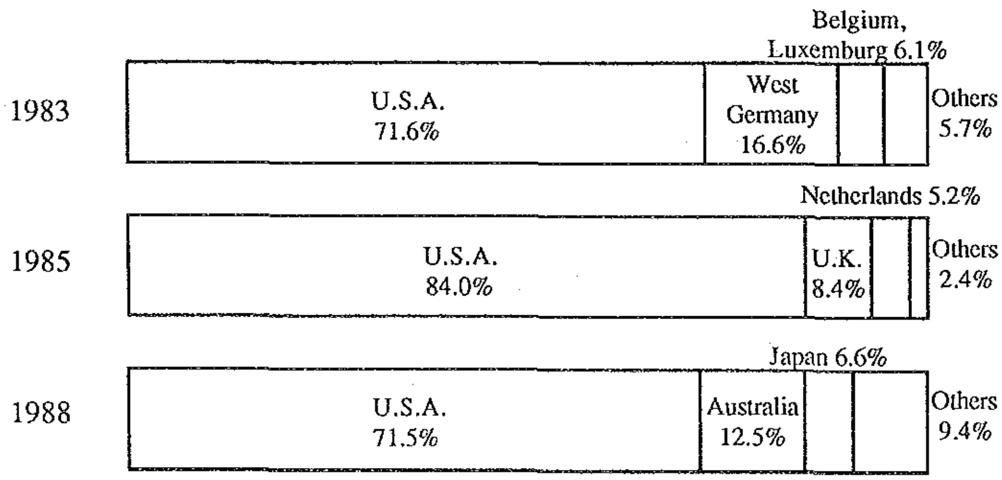
Among the main export destinations, the U.S. accounted for a 70 to 80 percent share each year. Indonesia exported US$4,800 worth of frames to Japan in 1988 and since then has increased its exports - to US$28,300 in 1987 and US$115,000 in 1988. The main export destinations in 1988 were, in addition to Japan, the U.S. at US$1.241 million and Australia at US$218,000.

**Fig. 2-3-7: Exports of Picture Frames Etc.**




Source: Central Bureau of Statistics (BPS), export statistics for each year

**Fig. 2-3-8: Shares of Main Export Destinations**




Source: BPS, export statistics for each year

- Wooden household utensils (Other Household Utensils of Wood CCCN No. 4424-900)

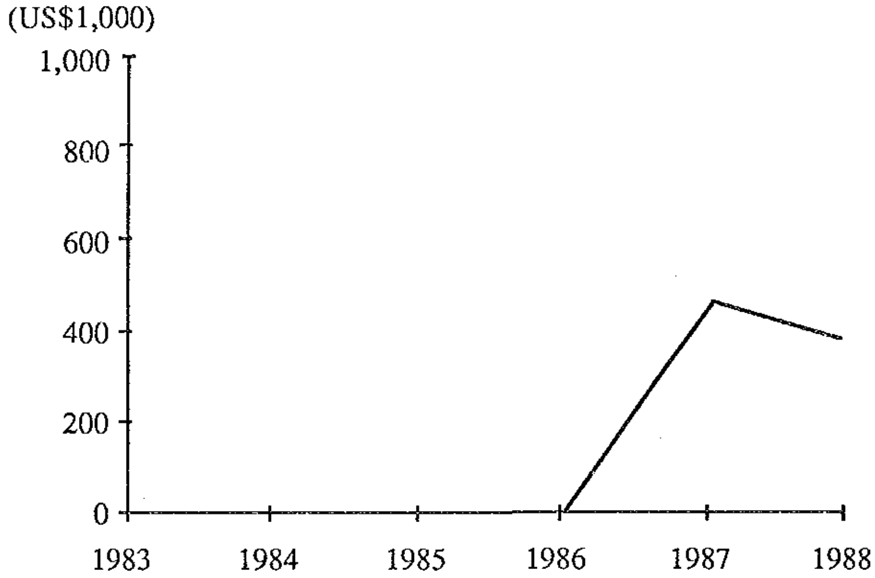
Exports have been recorded since 1987, when Indonesia exported US$479,000 worth of utensils. In 1988, however, exports fell 16.1 percent to US$402,000. (See Fig. 2-3-9.) The main export destination was Japan, but the share of that country fell from 68.9 percent in 1987 to 43.1 percent in 1988. (See Fig. 2-3-10.)

<Plaiting>

- Other plaiting (Other Plaits and Similar Products of Plaiting Materials CCCN No. 4602-900)

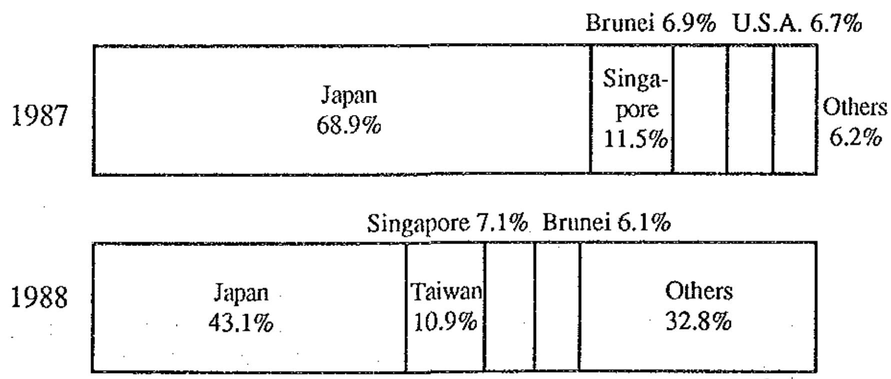
Exports increased from the US$28,000 of 1983 about nine-fold to US$254,000 in 1984, then hovered at the US$200,000 to 250,000 level. In 1988, exports rose 50.6 percent from the previous year, but they had fallen to US$164,000 in that year, so the exports for 1988 totaled only US$247,000, less than the level of 1984. (See Fig. 2-3-11.) The main export destinations have changed considerably, but include the U.S., Italy, Taiwan, and Japan. In 1988, Taiwan accounted for 31.0 percent, the U.S. for 14.8 percent, and West Germany for 12.3 percent. (See Fig. 2-3-12.) Japan was the largest export destination in 1987 at US$42,000, but fell in 1988 to US$5,600.

**Fig. 2-3-9: Trends in Exports of Wooden Household Utensils**



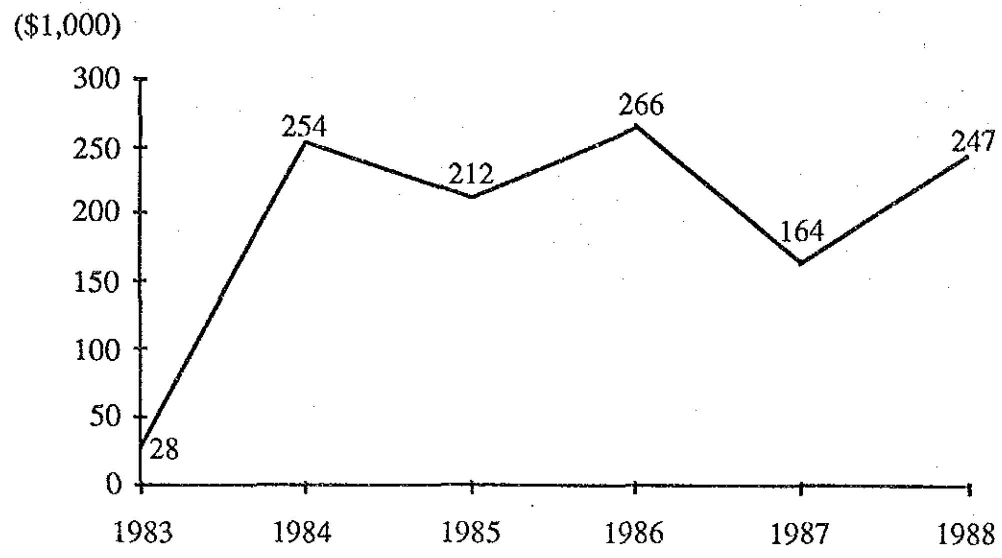

Source: BPS, export statistics for each year

**Fig. 2-3-10: Share of Main Export Destinations of Wooden Household Utensils**



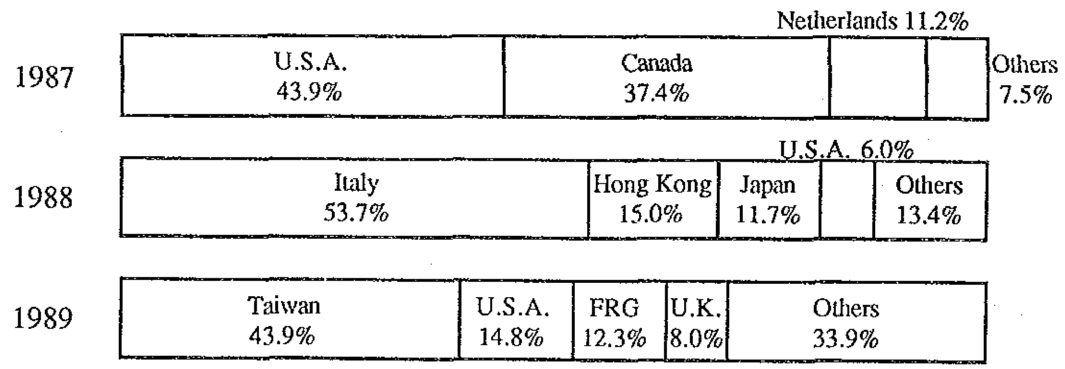

Source: BPS, export statistics for each year

**Fig. 2-3-11: Share of Other Plaiting Etc.**




Source: BPS, export statistics for each year

**Fig. 2-3-12: Share of Main Export Destinations**



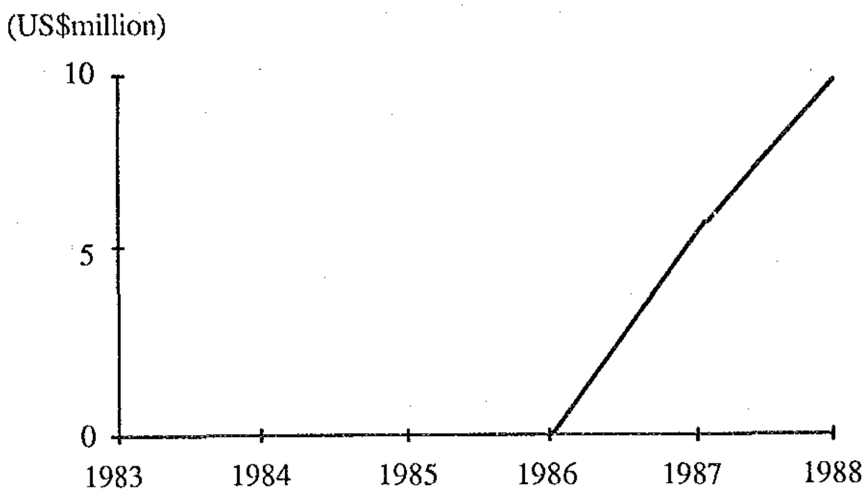

Source: BPS, export statistics for each year

- Rattan basketwork (Basketwork and the Like of Rattan CCCN No. 4603-200)

Exports of US$358,000 were recorded in 1986, rose about 16-fold to US$5.935 million in 1987, and doubled to US$10.232 million in 1988. (See Fig. 2-3-13.)

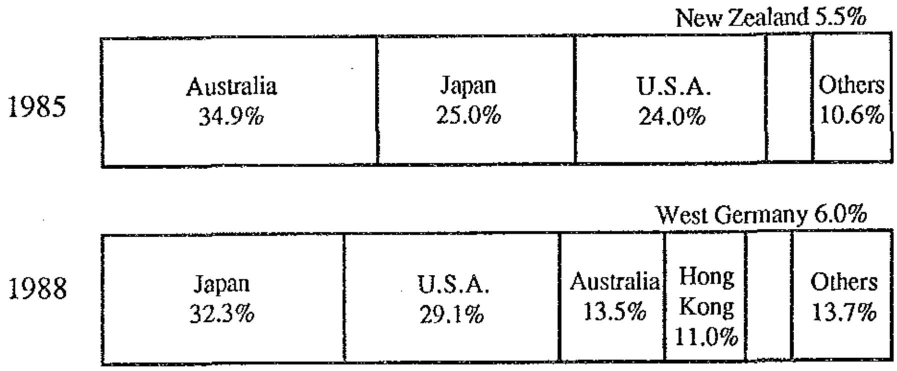
The main export destinations were Japan, the U.S., and Australia. In 1988, Japan accounted for US$3.304 million of the exports, or a 32.3 percent share, the U.S. for US$2.474 million or a 24.1 percent share, and Australia for US$1.282 million for a 13.5 percent share. (See Fig. 2-3-14.)

**Fig. 2-3-13: Exports of Rattan Basketwork Etc.**




Source: BPS, export statistics for each year

**Fig. 2-3-14: Shares of Main Export Destinations for Rattan Basketwork Etc.**




Source: BPS, export statistics for each year, Indonesian Export 1988

<Ceramics>

- Ceramic statuettes and other ornaments (Statuettes and Other Ornaments of Porcelain CCCN No. 6913-100)

Indonesia exported US$1,300 worth of these goods in 1987 and increased them to US$17,000 in 1988. (See Fig. 2-3-15.) The main export destinations have changed tremendously. In 1988, Singapore was the largest, accounting for 90.1 percent . (See Fig. 2-3-16.)

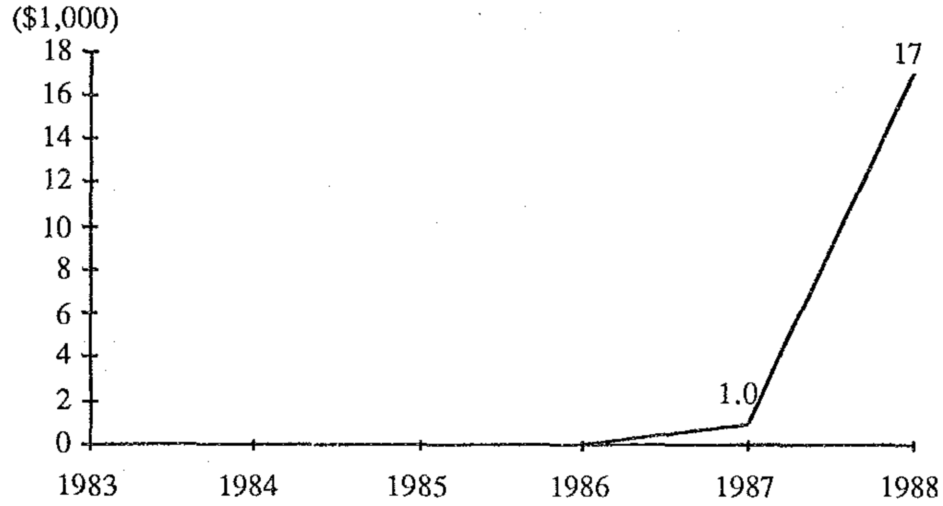
<Silverware Etc.>

- Silver handicrafts (Silver Handicrafts CCCN No. 7113-910)

Indonesia increased exports close to a hundred-fold in five years, from the US$15,900 of 1983 to US$1.482 million in 1988. (See Fig. 2-3-17.)

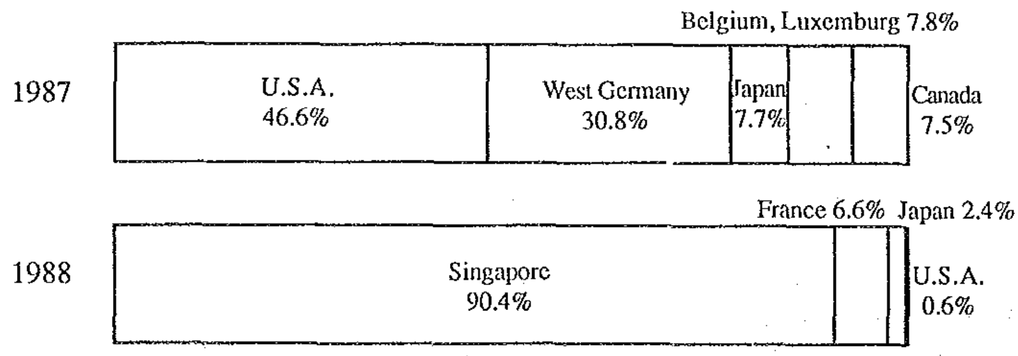
The main export destinations were the U.S., Italy, and West Germany. In the 1988 exports, the U.S. accounted for US$484,000 for a 32.6 percent share, Italy for US$271,000 for an 18.2 percent share, and West Germany for US$229,000 for a 15.5 percent share. Exports to Japan have been increasing steadily, but still stood at only US$35,000 in 1988, for a small 2.3 percent share. (See Fig. 2-3-18.)

**Fig. 2-3-15: Exports of Ceramic Statuettes and Other Ornaments**



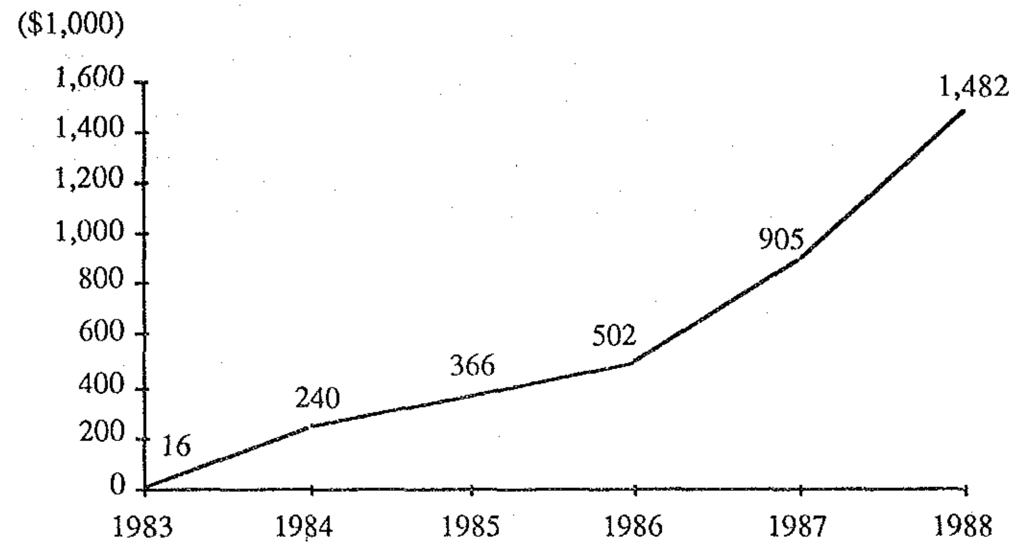

Source: BPS, export statistics for each year

**Fig. 2-3-16: Shares of Main Export Destinations**



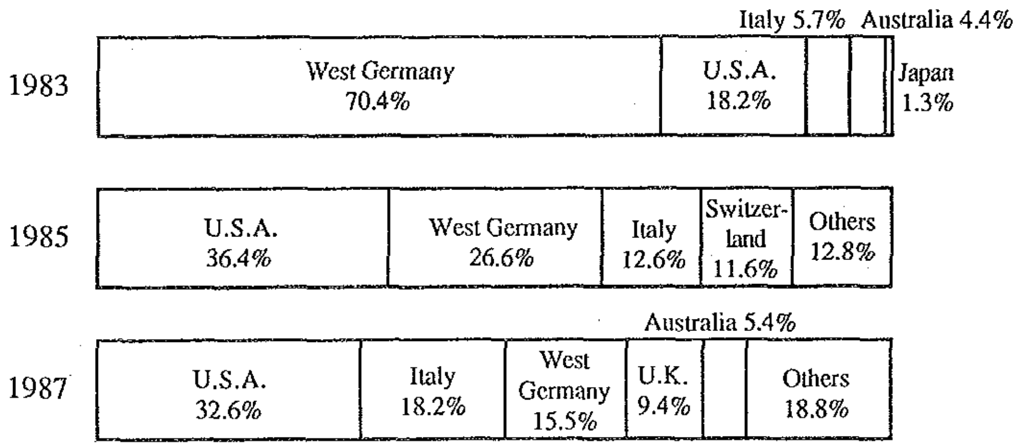

Source: BPS, export statistics for each year

**Fig. 2-3-17: Exports of Silverware**




Source: BPS, export statistics for each year

**Fig. 2-3-18: Shares of Main Export Destinations of Silverware**




Source: BPS, export statistics for each year

- Personal accessories (Imitation Jewelry Plated with Other Metal CCCN No. 7116-900)

Exports rose from the US$28,000 of 1983 to US$1.8 million in 1986, but subsequently fell and hit US$443,000 in 1988. (See Fig. 2-3-19.) The biggest export destination from 1984 to 1987 was the U.S., but the position was taken over in 1988 by Hong Kong, which clinched a 47.2 percent share. The fluctuations of exports are largely due to changes in exports to the U.S. (See Fig. 2-3-20.) Indonesia exported US$15,000 worth of accessories to Japan in 1986, but this fell to US$100 in 1987, then increased to US$23,000 in 1987.