



REPUBLIK INDONESIA

MENTERI KEUANGAN

DJAKARTA, May 26 th, 1967.

No. D.15.1.2.43.

Lampiran :

Perihal :

KEPADA

Mr. Georges D. Woods, President  
International Bank for  
Reconstruction & Development  
1818 H. Street, N.W.  
Washington D.C. 20433  
U.S.A.

Dear Mr. Woods:

It is a source of considerable gratification to my Government that the formalities relating to the renewal of Indonesia's membership in the IBRD have now been completed. We are looking forward to receive the guidance and cooperation of the IBRD in our program for the rehabilitation of the Indonesian economy.

We already have reason to be grateful to your organization for sending last fall the mission headed by Mr. McIvor, to examine the urgent import requirements of the economy. We are appreciative also of the highly constructive participation of Mr. Cargill and Mr. McIvor in the meeting at Amsterdam in February last. As you are well aware from the discussions at that meeting, our current efforts, of which our renewal of membership in the IBRD is one facet, are centered on a stabilization and rehabilitation program designed to overcome the economic deterioration which the country is now facing. This program includes the introduction of a more realistic trade and exchange system, the achievement of fiscal balance, strict credit control, the elimination of direct controls and of subsidies responsible for price distortion, and reliance upon the market mechanism.

There are recent encouraging indications of success of the stabilization measures, which are and must continue to be the first priority for restoring financial order and establishing confidence in the currency and in the prospects

of ...



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Lembaran Sambungan


of the economy. On the other hand, we must at the same time turn our attention increasingly to the rehabilitation of productive capacity and infrastructural conditions, on which the revival and expansion of economic activity ultimately depend. It is our hope that the IBRD will assist us in this task.

In the short run, we have assumed that as a prerequisite to the consideration of any IBRD assistance you may wish to send a mission to study our economic performance and prospects. We would of course welcome such a mission as soon as it could be despatched. From our side, the report of such a mission, if it could be available well before the end of the year, would be invaluable to us in preparing our 1968 budget and deciding the allocation of resources among and within sectors.


In that connection, and with reference also to the longer run task of drawing up the rehabilitation requirements of the economy, we would like to discuss with you the possibility that any IBRD economic mission might include some sector specialists who would be able to identify and make recommendations on sectors, programs and projects requiring further studies for proper determination of our needs. Such specialists would be most welcome to stay longer than the typical economic mission, so as to give some guidance to Ministries and agencies; we would be receptive also to their suggestions regarding economic policies both overall and in various fields. It is, indeed, our ultimate hope that the IBRD would consider assisting us in coordinating the provision of urgently needed technical assistance from various sources, including members of the Inter-Governmental Group; and also assisting us in drawing up as soon as possible a thorough-going rehabilitation program for the Indonesian economy.

We look forward to hearing from you.

Sincerely yours,



Frans Seda  
Finance Minister





ROUTING SLIP

Date

June 7, 1967

OFFICE OF THE PRESIDENT

Name

Room No.

1. Mr. Knapp - Information

2. Mr. Cargill

600

*Files - follow of reply  
sent separately*

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

Remarks

Mr. Cargill:

Please handle - and let me have a reply to  
send to the Minister.

*Hand delivered by Tazi.*

*[Signature]*

From

G. D. Woods