Abstract:
This paper examines the 2007 WTO review of Indonesian trade policy. Indonesia undertook a major policy liberalisation in the late 1960s. Serious protectionist pressures emerged in the 1970s but for most of this period, and especially since the mid-1980s, the economy has remained broadly open. We summarise the WTO report, update some of its analysis, highlight its key findings, and point to some trade policy issues that in our opinion warranted greater attention. The main theme of the paper is that Indonesia is a largely open economy, but that this openness on occasion remains precarious. There are both political economy, rent-seeking forces opposed to the current openness and, perhaps more importantly, much of the country's influential public opinion is sceptical of the merits of an open economy and deeper global commercial integration. Nor is there a deeply institutionalised support for openness in the country's bureaucracy and polity. Seen from this perspective, a key question to answer is why the country has remained open, particularly since the deep economic and political crises of 1997-98.

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