



**Coordinating Ministry for Economic Affairs
Republic of Indonesia**

PRESS RELEASE

**THE GOVERNMENT ANNOUNCES POLICY PACKAGE FOR
IMPROVEMENT OF THE INVESTMENT CLIMATE**

With consistent implementation, the policy package is expected to promote investment and economic growth to more than 6% in 2006.

Jakarta, March 2, 2006 – The Coordinating Ministry for Economic Affairs has announced today a policy package to improve investment climate. Competition to attract investment among countries in Asia has become severe, and this package is expected to create an environment that will bring Indonesia back as an attractive investment destination for both domestic and foreign investors. It is issued as the Presidential Instruction (INPRES) number 3 of the year 2006 signed by President Susilo Bambang Yudhoyono on February 27, 2006.

Coordinating Minister for Economic Affairs Boediono states: *the policy package is the response of the government to the concerned raised by business communities of the urgent need for policies reform and public service improvement to produce better investment climate. This is critical for increasing investment activities to promote economic growth which will create employment opportunities, increasing public income, and reducing poverty”.*

Inpres No. 3/2006 contains programs and measures with the objective of improving investment climate in Indonesia. Such programs and measures are the results of a very intensive consultation between the government, business communities, and other stakeholders. With those inputs, government economic team identified policies necessary to overcome impediments in investment. The identified measures have been coordinated by the Minister for Economic Affairs with the related Ministers and Head of other government agencies to ensure their commitments to implement such measures within an explicit time frame. After getting their commitment, the Coordinating Minister proposed the package to the President and then it has been issued as Presidential Instruction number 3 dated February 27, 2006.

Identification, formulation and consultation process of Inpres 3/2006 required 2 months only.

The President instructed the Coordinating Minister for Economic Affairs to monitor and report periodically to him the implementation of the package by respective Ministers or Head of government agencies within the stated timeframe. The government will also make public report of the implementation of the package, so that the performance of each agency in implementing their respective tasks will be transparent which in turn enhances public accountability.

The package contains matrix of program, measures, outputs, timeframe, and responsible person in charge of each program. The package consists of policies designed to strengthen investment service institution, synchronize central and regional regulation (Perda), improve customs, excise, and taxes services, creating environment conducive for employment creation, and support for small & medium enterprises.

**NUMBER OF ACTIONS
POLICY PACKAGE FOR IMPROVEMENT OF THE INVESTMENT
CLIMATE**

No.	AREAS	POLICIES	Number of Actions
I	GENERAL	A. to Strengthen investment service institutions B. to Synchronise Central Regulations and Regional Regulations (PERDA) C. to Clarify regulations concerning the requirement for an Environmental Impact Assessment (<i>AMDAL</i>)	9 1 1
II	CUSTOMS AND EXCISES	A. Acceleration of the flow of goods B. Expansion of the role of Bonded Zones C. Eradication of Smuggling D. Debureaucratization in the Excises Sector	13 4 2 1
III	TAXES	A. Tax Incentives for investment B. Carrying out the "self-assessment" system consistently C. Revised Value Added Tax (VAT) to promote exports D. to Protect the rights of taxpayers E. to Promote transparency and <i>disclosure</i>	7 5 3 2 3
IV	MANPOWER	A. to Create an Industrial Relations climate that supports the expansion of employment B. The Protection and Placement of Indonesian Manpower (TKI) overseas C. The Settlement of various industrial relations disputes quickly, cheaply and fairly D. to Accelerate the process of issuing Manpower licenses6 E. Creation of a flexible and productive manpower market F. Breakthrough of transmigration development paradigms in the framework of expanding employment	13 1 2 6 1 1
V	SMALL AND MEDIUM ENTERPRISES AND COOPERATIVES	to Empower of Small and Medium Enterprises and Cooperatives / UKMK	10
		TOTAL	85