

2004 INVESTMENT CLIMATE STATEMENT APPENDIX

Introduction

1. The administration of President Megawati Soekarnoputri now in its third year in office claims success countering terrorism and improving security, repairing relations with the international community, restoring macroeconomic stability and ending programs and institutions created to restore economic health after the 1997 Asian Financial Crisis. Indonesia marked its recovery in 2004 by successfully issuing in March USD 1 billion in sovereign bonds, terminating a five-year IMF macroeconomic recovery program and concluding the operations of the Indonesian Bank Restructuring Agency (IBRA) that had assumed control over bad corporate debts and insolvent banks in 1998. Improved political and economic stability encouraged confidence in the economy and boosted economic growth to 4.5 percent in the first quarter of 2004, in comparison with 3.2 percent growth in 2001.

2. Economic Reform: The September 2003 post-IMF Economic Plan or "White Paper" recommitted the government to maintaining macroeconomic stability, reforming the financial sector and improving the investment climate. Macroeconomic stability continues to be President Megawati's main achievement. In 2004 budget deficits fell to just over one percent of GDP, down from 5 percent of GDP in 2000. By the end of 2003, a conservative fiscal policy had reduced the ratio of government debt to GDP to 59 percent, 9 percentage points below the prior year's ratio.

3. Despite these successes, macroeconomic stability eroded due to political and economic uncertainties brought on by the national elections, changing international economic conditions, and lackluster GDP growth. Indonesia has 2.5 million new job seekers annually and studies show that 1 percent GDP growth creates only 400,000 jobs, thereby requiring 6 to 7 percent growth rates to keep unemployment at bay. In 2003, unemployment rose to 9.5 percent from 9.1 percent in 2002 and reached 28 percent among youths aged 15 to 24. Job creation has mostly occurred in the informal sector and is not in high-skill or high-paying positions. Inflation in 2004 is 6 - 7 percent, down from 10 percent in 2002 but up from 2003's low of 5.1 percent. Foreign investors express concern over fluctuation in the rupiah's value, which has lost 12 percent of its value since March 2004, falling to 9300/one U.S. Dollar (USD) from highs of 8300/USD in January 2004. At President Megawati's inauguration in July 2001, the rupiah traded at Rp 11,440/USD. Previously, the rupiah was very volatile ranging from Rp 2,500/USD prior to the 1997 Asian Financial Crisis to a low of Rp 17,000/USD in January 1998.

4. The Indonesian Parliament has passed several important economic reforms since mid-2003 including: the Industrial Relations and Industrial Dispute Laws - creating a set of labor conditions and practices; the State Finance Law - setting up a performance based budgeting process; the amendment to the Central Bank law, establishing a supervisory body within the Central Bank to oversee the bank's budget, investments and assets; the Treasury Law - formulating the roles of the Ministry of Finance and the central bank, Bank Indonesia (BI). President Megawati also issued two important decrees: one on public procurement to increase competition and transparency in state purchases, and one to reorganize the Ministry of Finance to further the establishment of a modern treasury.

5. Critics of the government say macroeconomic stability alone is insufficient and that much remains to be done to reform the financial sector and improve the investment environment. The World Bank recently reported Indonesia's ratio of investment to GDP to be roughly 17 percent, the lowest since the early 1970s and far below the 1997 ratio of 30 percent of GDP. Investors cite a number of concerns with respect to Indonesia's investment climate: security, a lack of legal certainty, red tape, confusion over regional autonomy policies and fiscal decentralization, poor enforcement of Intellectual Property Rights, and tax and labor issues. Many important bills remain to be passed by the parliament including the Deposit Insurance Law, the Financial Authority Law, Investment Law, as well as amendments to the Bankruptcy, Regional Autonomy, and Tax laws. Passage of the first two laws would improve efficiency of and bolster confidence in the banking system, which has not recovered from the 1997 Asian Financial Crisis. Banks remain reluctant to lend and loan-to-deposit ratios average 40 percent, well below the 72 percent pre-crisis level. Lending activity has primarily been for consumption rather than for working capital or investment purposes and therefore has limited long-term economic benefits.

6. Security: Security remains a major concern for investors almost one year after the terrorist bombings of the Marriott Hotel in August 2003. Memories also remain strong of the bombing at nightclubs in Bali in October 2002. Although the Megawati administration has prosecuted those responsible for the bombings, the investigation revealed a significant presence of al-Qaeda-linked terrorists capable of carrying out further attacks. Separatism and communal violence continue to challenge national unity in Aceh, Papua, Maluku and Sulawesi. Investors in plantation and extractive industries, particularly on the islands of Sumatra and Kalimantan, continue to be troubled by looters, squatters, protection rackets and illegal miners. These events reflect opportunism by local interests as well as ineffective law enforcement. A perceived breakdown in law and order undermines the government's guarantees regarding the security of foreign and domestic investments.

7. Legal Certainty: Slow progress is occurring with judicial reform and anti-corruption efforts, but foreign investors are increasingly troubled by judicial corruption and abuses of the legal process that result in a lack of legal certainty, difficulties negotiating and enforcing contracts, unequal treatment and a disregard for arbitration and award judgments. We have received numerous reports of Indonesian firms taking commercial disputes with foreign companies to the criminal courts and of Indonesian firms petitioning the courts to invalidate legal contracts entered into with foreign parties. Indonesian courts have repeatedly issued rulings ignoring binding arbitration clauses in contracts. In response, the Supreme Court has established a judiciary commission to provide oversight on judicial decisions, and in collaboration with civil society organizations, created a blueprint for judicial reform, but there have been few concrete results.

8. In December 2003, the government appointed the executive board members for the Commission for Eradication of Corruption (KPK), tasked with preventing, investigating and prosecuting corruption. The Commission's work has been hampered by insufficient funding and personnel, and requires additional Presidential decrees and government regulations before becoming fully operational perhaps by 2006. The creation of the Commission is mandated by the November 2001 amendment to the 1999 Law on the Eradication of Corruption. Both foreign and domestic creditors are disappointed with Indonesia's Bankruptcy Law, amended in 1998 to

establish a separate Commercial Court. In several serious abuses of the bankruptcy law in 2002 and 2004, the Commercial Court declared bankrupt the local subsidiaries of the Canadian insurance firm Manulife Financial and the British insurance firm Prudential, even though the Ministry of Finance declared both firms solvent. Both insurance firms successfully appealed to the Supreme Court; however, these rulings do not preclude similar cases from occurring in the future.

9. Decentralization: The government in 2004 proposes to amend Regional Autonomy laws 22 and 25, to limit the authority of local governments that Parliament granted when it passed the two laws on 1 January 2001. The laws aimed to enhance national unity by enabling self-government at provincial, district, and city levels of government. Local authorities cite these laws as giving them foreign investment approval authority. Many critics of Regional Autonomy consider amending the two laws desirable as many local governments have abused their authority to impose new financial regulations, including fees and duties targeting investors and impeding commerce. Foreign companies, particularly in lesser-developed areas, frequently come under pressure to provide facilities and services that were previously provided by the central government. Local communities often seek additional gains, to the detriment of investors, by promoting extra-contractual concessions and monopoly arrangements between foreign and local firms. The Ministry of Home Affairs (MOHA), as of March 2004, has reviewed 3000 local regulations for compliance with national laws and regulations and cancelled 161 regulations. MOHA has ordered regional governments to revoke another 284 regulations that are deemed to conflict with national laws. Opponents of the proposed amendments say the changes are not well written and would jeopardize existing financial support to local governments, while not resolving the key issue of the roles and responsibilities of different levels of government.

10. Tax Issues: Parliament is debating a new law to broaden the authority of the tax office to collect taxes, simplify payment procedures, investigate offenses, seize assets and bank accounts of uncooperative debtors. The government aims to expand its tax base and cut tax arrears that have been roughly steady for the last two years at USD 2 billion. Investors want the new tax law to balance tax enforcement authority with transparency and accountability, specifically simplifying refund procedures, producing more efficient audits, improving tax court processes, increasing the review of tax administrators, limiting prison terms during tax disputes.

11. Labor Issues: The general state of the labor situation remains uneasy, despite a fifty percent reduction in the number of hours lost to strikes between 2001 and 2003. Labor reform has accelerated in the last two years, following Parliament's passage of two laws outlining basic labor rights and procedures. Nonetheless, employers struggle with the uncertainty of legal interpretation, the need to improve productivity practices, the lack of good industrial relations and or practitioners, weak institutions to engage in negotiation, and concerns over competitiveness. In 2004 Parliament passed the Industrial Dispute Law establishing by 2005 an Industrial Relations Court under the control of the Supreme Court to adjudicate industrial disputes. The court will hear cases brought by both labor and employers when bipartite negotiations or arbitration fails to resolve disputes. Parliament's passage of the Manpower Law in 2003 scaled back some of labor's benefits, such as severance packages, but over half of the 45 implementing regulations remain to be issued including: outsourcing, overtime, salary structures, standard competences for workers.

Note:

This appendix serves as an update to the 2003 Investment Climate Statement for Indonesia. It has been provided to assist investors in the interim period resulting from the U.S. Government's decision to begin publishing the Country Commercial Guide (of which the Investment Climate Statement is a chapter) on a calendar year basis, in January instead of August.

The United States Government has reviewed the 2003 Investment Climate Statement for Indonesia, and has noted the following changes that have occurred since its publication. In most circumstances, if a portion of the 2003 Investment Climate Statement has not been modified in this appendix it is because the U.S. Government is satisfied that it continues to accurately reflect the state of affairs in Indonesia as of July 2004.

The government set the target value for the rupiah (Rp) in the FY 2004 budget between Rp 8,500 to Rp 9500/USD.

Due to the fluctuating value of the rupiah, it is not always possible to know the precise exchange rate. In some places in this report the exchange rate will reflect a government-calculated rate, while in others a Rp 9,300/USD rate will be used--the prevailing rate for June 2004.

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Openness to Foreign Investment

12. Indonesia maintains a relatively open foreign investment regime, encouraging private sector-led growth and foreign investment. However, official appeals for investment have not been matched by action on serious issues facing investors such as judicial reform, rampant corruption, security, and taxation and labor issues. Although the government formed a National Team for Investment and Export Promotion in September 2003 to address problems faced by investors, foreign investors credit the Team with only limited success to date. The Team is headed by the President with participation from most key Ministers.

13. In April 2004, the President issued a decree endorsing the Capital Investment Coordinating Board's (BKPM) "One-Roof" policy, which streamlined investment procedures under BKPM and designated BKPM as the primary authority for investment approvals. As of June 2004, only the Ministry of Foreign Affairs appeared willing to comply with the Presidential decree. The Ministry of Industry and Trade, and relevant technical government departments responsible for oil and gas, banking, and insurance industries continued to provide investment approvals. Local governments also indicated their intention to continue making investment approvals, citing statutes in the Law on Regional Autonomy which appears to grant them approval authority and is of higher legal standing than a presidential decree. Critics claim the decree's inexact language fails to simplify the approval process and is a poor substitute for the Investment Law, which remains stuck in parliament.

Asset Sales and Privatization

14. The government has targeted 28 firms for privatization in 2004, including state-owned airline Garuda and several banks. In 2003, the government successfully privatized only 4 of 30 companies. The Indonesian Bank Restructuring Agency (IBRA) ceased its operations in February 2004. The government established IBRA in the aftermath of the Asian financial crisis in early 1998, and IBRA assumed control over bad corporate debts and insolvent banks estimated at USD 76 billion. By the time of its closure, IBRA raised roughly USD 20 billion through the sale of assets. In the first quarter of 2004, the Ministry of Finance created a new entity to liquidate remaining IBRA assets.

Coal

15. Under Indonesia's Coal Contracts of Work (CCOW) foreign shareholders are required to divest up to 51 percent under a fixed timetable. The regulations, however, lack specific guidance on share transfer. This spurred a major conflict between provincial authorities, the central government, and two Western mining companies over the value of and the divestment of shares in the companies' major mining operation in East Kalimantan. After prolonged negotiations and threats of legal action, the Western companies sold their co-ownership in the mining operation to a local Indonesian company in October 2003.

Petroleum

16. In 2003 Indonesia became a net oil importer, but the petroleum sector remained critical to the nation's economic well being, generating revenues of USD 6.5 billion or 23 percent of total export revenues in 2003. Crude oil production steadily declined over the last 10 years as new production failed to offset declining output from aging fields. Indonesia production now averages about 1 million barrels of oil per day. Investment for exploration and development

has declined to an average of USD 1.2 billion/year in 2001 and 2002, down from a high of USD 2.1 billion in 1998. Natural gas production grew a modest four percent in 2003, but was less than half of the government's projected domestic gas demand growth of 9 to 11 percent.

17. Although the government took some positive steps to reforming the industry, the general oil and gas investment climate remained weak, due to problems with contract sanctity, regulatory issues, tax policies, and uncompetitive terms and conditions. The industry continues to wait for new implementing regulations--mandated by the 2001 Oil and Gas Law--that were supposed to be enacted by the end of 2003. The private sector, which has provided inputs to the government during the regulation drafting process, is concerned about unclear language regarding protection of existing Production Sharing Contracts (PSCs). Other concerns held by investors include: the government's plan to have PSCs obligate 25 percent of output for the domestic market, and a potential new requirement for PSCs to first offer sale or transfer of participating interest ("farm outs") to a national company.

18. As required under Oil and Gas Law 22/2001, the Indonesian government created two new bodies to take over state oil and gas company Pertamina's upstream and downstream regulatory functions. In July 2002, the government formed the Implementing Body for Oil and Gas Upstream Activities (BPMIGAS). This nominally independent body reports directly to the President and is principally responsible for managing the PSCs. The government established the downstream regulatory authority, BPHMIGAS, in December 2002. Like its upstream counterpart, BPHMIGAS is also an independent body responsible for regulating the supply and distribution of oil fuel and natural gas, as well as setting tariffs for natural gas pipelines. According to the law, both authorities are termed "state legal entities" and therefore not government bodies.

19. In May 2004, Pertamina announced that it would begin privatizing its upstream unit during 2005 by selling shares to public or strategic investors. Pertamina aims to complete the privatization process by 2006. This process is required by the presidential decree issued in June 2003, changing Pertamina into a limited liability company. Pertamina's monopoly over the downstream sector will end in November 2005, creating new refining, distribution and retail opportunities for private investors. Already a number of private companies (including ChevronTexaco, BP, Total, Shell and Petronas) have expressed a desire to participate in the downstream sector after 2005.

20. The petroleum industry gives mixed reviews of the new entities' implementation of Pertamina's former regulatory functions. On the positive side, holders of PSCs laud BPMIGAS's success in streamlining the natural gas marketing mechanism, which has helped increase the number of gas sales agreements over the last two years. But other companies are concerned over the lack of coordinated LNG marketing mechanism, following the transfer of that responsibility from Pertamina to BPMIGAS in 2002. Critics cite the loss of the large Chinese Fujian LNG contract in August 2002 and the difficulty finding LNG buyers for the prospective Tangguh LNG project in Papua as evidence that the private sector should play a greater role in marketing the country's LNG. New downstream regulator BPHMIGAS has only begun its activities. Its chairman announced in May 2004 that it had issued interim permits to nine companies to distribute natural gas to industrial consumers in West Java.

Conversion and Transfer Policies

21. No significant changes since 2003.

Expropriation and Compensation

22. No significant changes since 2003.

Dispute Settlement

23. No significant changes since 2003.

Performance Requirements and Incentives

24. No significant changes since 2003.

Right to Private Ownership and Establishment

25. No significant changes since 2003.

Protection of Property Rights

26. The U.S. Government again placed Indonesia on the Special 301 Priority Watch List for inadequate protection of Intellectual Property Rights (IPR) in May 2004. The Indonesian government has steadily improved the regulatory and legal framework for the protection of IPR. Enforcement, however, continues to fall short. U.S. businesses reported that Indonesia ranks as the third largest producer of pirated products. The industry maintains that 90 percent of all CDs (audio, video, and software) sold in Indonesia is pirated. The Business Software Association in 2003 ranked Indonesia's piracy rate as the fourth highest in the world with USD 138 million in software losses, an increase of 73 percent from prior year. Pharmaceutical companies claim imports of counterfeit and grey market drugs control 30 percent of the local market.

27. In an effort to improve enforcement the Ministry of Justice proposed the national police take the leadership role for IPR. The IPR task force was formed in 2003 and is made up of representative from the national police, customs, attorney general, judiciary, and members of the computer software and entertainment industries. Indonesia's new copyright law (Law 19/2002) took effect on July 29, 2003. The law increased fines up to Rp 500 million (USD 62,000) and provided for prison terms of up to five years for dealers of pirated materials. The law requires the commercial courts to try cases of alleged copyright violations and render judgments within 90 days. As part of the law's implementation, the Ministry of Industry and Trade has drafted optical disc regulations (ODR) that are undergoing final review before receiving presidential approval. The ODR would enhance the government's ability to identify and prosecute producers of pirated products.

Transparency of the Regulatory System

28. No significant changes since 2003.

Efficient Capital Markets and Portfolio Investment

29. No significant changes since 2003.

Political Violence

30. No significant changes since 2003.

Corruption

31. In March 2004 Indonesia was ranked by a Hong Kong based risk consultancy as Asia's most corrupt country for the third consecutive year. The ranking was based on a survey of 1,000 expatriate businessmen in 12 Asian countries. Since the fall of Soeharto in 1998, Indonesians have supported the idea of eliminating government corruption and collusive business practices. However, Indonesia's judiciary is underfunded and experienced court observers report that all participants in the justice system from police to Supreme Court Judges augment their incomes through bribes, fees, or other unofficial means. Decentralization also in the short term increased the number of politicians and officials with significant discretionary power and therefore corruption opportunities. A free press provides extensive coverage of past and current corruption investigations. Successful prosecutions are rare, however, because corruption prosecutions of high profile figures frequently involve a political dimension that obscures the true motivation.

Bilateral Investment Agreements

32. Indonesia has signed investment protection agreements with 57 countries, but an Agreement with the United States was still in draft form as of June 2004. Government bilateral investment agreements exist for Algeria, Argentina, Australia, Bangladesh, Belgium, Cambodia, Chile, Croatia, Cuba, Czech Republic, Denmark, Egypt, Finland, France, Germany, Hungary, India, Italy, Jamaica, Jordan, Kyrgyzstan, Laos, Malaysia, Mauritius, Mongolia, Morocco, Mozambique, North Korea, Norway, Pakistan, People's Republic of China, Philippines, Poland, Qatar, Romania, Saudi Arabia, Singapore, Slovak Republic, South Korea, Spain, Sri Lanka, Sudan, Suriname, Syria, Sweden, Switzerland, Thailand, The Netherlands, Tunisia, Turkey, Turkmenistan, Ukraine, United Kingdom, Uzbekistan, Vietnam, Yemen, and Zimbabwe.

OPIC and Other Investment Insurance Programs

33. No significant changes since 2003.

Foreign Trade Zones/Free Ports

34. No significant changes since 2003.

Foreign Direct Investment Statistics

35. For the first five months of 2004 BKPM reported the overall value of investment approvals fell 41 percent to USD 2.5 billion from USD 4.2 billion over the same period in 2003. Project totals for the first five months of 2004 fell 7 percent to 405 projects from 437 projects for the same period in 2003. Foreign investment approvals in 2003 increased to USD 13.6 billion from USD 9.8 billion in 2002, but remained below totals of USD 15 billion and USD 16 billion for 2001 and 2000, respectively. Declining sales of state-owned assets and a dearth of new investment in 2004 are responsible for the decline in investment approvals.

36. Indonesia tracks only investment approvals, which, if they happen at all, may require years to realize. Indonesia counts three categories for investment - new investment, expansions, and changes in status. The "changes in status" category serves to inflate actual investment figures.

This category covers ownership changes, primarily the result of privatization of state-owned firms, or of the sale of corporations taken over by IBRA, whereby foreign firms have assumed some new degree of ownership. Even a one –percent purchase of an Indonesian firm by foreign investors results in the entire Indonesian firm's equity being counted in the FDI totals. National account statistics continue to show declining levels of investment in the last few years, despite sporadic increases in investment approvals.

37. Except as noted, BKPM is the central processing point for most investment applications, and is the source for the data below. The data does not include investments in the following sectors: oil and gas, finance, banking, non-bank finance, insurance, and leasing. BKPM approval reports should be treated with caution, because the agency performs little monitoring of investment project implementation. Some investors may inflate the value of their investments to maximize government incentives. For example, the mid-1990's approvals were inflated for several years by a surge of interest in oil product refineries, most of which were never constructed. In addition, year-on-year comparisons of domestic approvals after the rupiah began to decline in mid-1997 are difficult because of the currency's fluctuating value.

Table 1. Foreign Investment Approvals By Category, January-April 2001-2004

Category	Total Projects	FDI Approvals (USD Millions)
2004		
New Projects	262	666
Expansions	83	876
Change of Status	46	759
Total	391	2,300
2003		
New Projects	308	775
Expansions	99	384
Change of Status	39	2,157
Total	444	3,316
2002		
New Projects	288	1,225
Expansions	80	561
Change of Status	27	74
Total	395	1,860
2001		
New Projects	403	2,531
Expansions	124	650
Change of Status	43	261
Total	570	3,442

Table 2. Cumulative Foreign Investment Approvals By Leading Countries, 1997-2003

Rank	Country	Total Numbers of Projects	Total Investment Amount (USD Millions)
1	United Kingdom	455	16,763
2	Japan	575	11,857
3	Singapore	1083	10,120
4	China (incl. HK)	298	9,513
5	Malaysia	495	6,366
6	Germany	174	5,834
7	Taiwan	493	5,466
8	South Korea	1357	3,405
9	Australia	359	3,392
10	USA	278	2,679
11	Netherlands	230	2,366

Table 3. Annual Foreign Investment Approvals By Leading Countries, 1998-2003

Country	Number of Projects	Total Value (USD Million)
2003		
1. Mauritius	13	4,456
2. Japan	64	1,254
3. United Kingdom	75	967
4. Singapore	154	692
5. China (incl. HK)	64	254
6. Malaysia	71	250
7. U.S.A.	26	173
8. Germany	16	171
9. Taiwan	37	137
10. Australia	33	125
2002		
1. Singapore	160	3,329
2. Hong Kong	12	1,712
3. Mauritius	20	844
4. UK	76	720
5. Japan	79	511
6. U.S.A.	37	468
7. South Korea	228	370
8. France	17	263
9. Netherlands	26	244
10. Australia	40	232

2001		
1. Malaysia	104	2,240
2. Saudi Arabia	5	1,502
3. Singapore	154	1,139
4. Japan	99	762
5. UK	72	723
6. Mauritius	18	524
7. South Korea	283	369
8. Australia	48	256
9. Netherlands	35	88
10. U.S.	36	73
2000		
1. UK	79	3,645
2. Japan	93	1,954
3. Netherlands	43	1,159
4. Germany	28	960
5. South Korea	284	688
6. Singapore	218	536
7. Somalia	1	260
8. U.S.	51	241
9. Malaysia	74	168
10. China	43	160
1999		
1. Saudi Arabia	5	3,007
2. Australia	61	2,458
3. Taiwan	91	1,489
4. Singapore	147	731
5. Japan	70	644
6. UK	72	507
7. South Korea	201	263
8. Malaysia	50	186
9. U.S.	46	136
10. Germany	38	87
1998		
1. UK	49	4,745
2. Japan	78	1,331
3. Singapore	126	1,268
4. Malaysia	63	1,060
5. U.S.	46	568
6. Hong Kong	18	549
7. Netherlands	33	412
8. South Korea	112	202

9. Taiwan	91	165
10. Australia	69	85

Table 4. Foreign Investment Approvals of Top Ten Sectors By Value Per Year, 1998-2003

Sector	Projects	Total Value (USD Millions)
2003		
1. Transportation/Telecom	50	4,340
2. Chemicals & Pharmaceuticals	23	3,035
3. Paper & Printing	11	1,300
4. Construction	39	858
5. Non-Metallic Minerals	8	712
6. Food Industry	28	507
7. Hotel & Restaurant	58	502
8. Trade & Repair	401	464
9. Electricity/Gas/Water	2	363
10. Basic Metal & Electronics	82	323
Sub-totals (as % of total of all sectors)	702 (67)	12,404 (91)
2002		
1. Transport/Telecom	66	3,713
2. Chemicals	29	1,872
3. Trade & Repair	446	876
4. Other services	166	805
5. Food Crops & Plantation	14	424
6. Basic Metal & Electronics	92	349
7. Rubber & Plastics	31	283
8. Construction	40	282
9. Food Industry	24	267
10. Motor Vehicles	40	266
Sub-totals (as % of total of all sectors)	948 (82)	9,137 (93)
2001		
1. Chemicals	33	2,310
2. Other services	213	1,521
3. Hotel/Restaurant	48	892
4. Paper & Printing	13	742
5. Basic Metal	103	652
6. Transportation/Telecom	85	373
7. Motor Vehicles	43	355
8. Trade	447	340
9. Textiles	58	328
10. Food Industry	27	279

Sub-totals (as % of total of all sectors)	1,070 (80)	7,792 (52)
2000		
1.Chemicals	89	7,448
2.Trade	499	1,411
3.Transportation/Telecom	61	1,218
4.Metal Goods	132	1,005
5.Basic Metal	8	824
6.Food Industry	39	701
7.Textiles	107	401
8.Food Crops	17	311
9.Real Estate	21	302
10. Hotel/Restaurant	48	260
Sub-totals (as % of total of all sectors)	1,021 (66)	13,881 (86)
1999		
1. Chemicals	75	3,266
2. Electricity/Gas/Water	2	2,310
3. Paper	15	1,412
4. Food Industry	48	681
5. Metal Goods	85	593
6. Basic Metals	9	501
7. Plantations	17	284
8. Trade	348	279
9. Textiles	121	240
10. Food Crops	10	224
Sub-totals (as % of total of all sectors)	730 (62)	9,790 (90)
1998		
1. Chemicals	73	6,173
2. Electricity	6	1,795
3. Real Estate	19	1,271
4. Metal Goods	119	891
5. Plantations	22	725
6. Hotel/Restaurants	56	451
7. Basic Metals	13	394
8. Food Industry	32	342
9. Non-Metal Minerals	15	237
10. Food Crops	10	224
Sub-totals (as % of total of all sectors)	365 (35)	12,503 (92)

Table 5. Foreign Investment Approvals by Region 1998-2003

Year	Region	Total Investment Change (USD Million)	% Year-on- Year
2003	Java	7,439	55
	Sumatra	1,541	(25)
	Kalimantan	980	(56)
	Sulawesi	392	(6)
	Maluku/Irian	224	273
	Bali	203	133
	Nusa Tenggara	2,806	2290
	TOTAL	13,585	39
2002	Java	4,800	(16)
	Sumatra	2,070	(12)
	Kalimantan	2,237	805
	Sulawesi	420	418
	Maluku/Irian	60	(43)
	Bali	87	(83)
	Nusa Tenggara	122	1933
	TOTAL	9,796	8
2001	Java	5,742	(48)
	Sumatra	2,357	(23)
	Kalimantan	247	18
	Sulawesi	81	8
	Maluku/Irian	105	98
	Bali	519	157
	Nusa Tenggara	6	(99)
	TOTAL	9,057	(44)
2000	Java	11,053	317
	Sumatra	3,072	(59)
	Kalimantan	209	(8)
	Sulawesi	75	(47)
	Maluku/Irian	53	112
	Bali	202	10
	Nusa Tenggara	1,412	9313
	TOTAL	16,076	47
1999	Java	2,651	(75)
	Sumatra	7,641	443
	Kalimantan	227	(68)
	Sulawesi	142	(45)
	Maluku/Irian	25	56
	Bali	184	(40)

	Nusa Tenggara	15	(74)
	TOTAL	10,885	(20)
1998	Java	10,881	(47)
	Sumatra	1,407	(87)
	Kalimantan	723	(31)
	Sulawesi	258	(39)
	Maluku/Irian	16	(97)
	Bali	308	170
	Nusa Tenggara	57	280
	TOTAL	13,650	(60)
