

# The Way of Indonesia to Attract and Protect Foreign Investment

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*Dalam hubungan ekonomi dunia, sebuah bangsa bisa menarik investasi asing hanya jika dia mempunyai prasyarat yang dibutuhkan, di antaranya dalam hal bagaimana mekanisme pasar berjalan (antara lain dalam perbankan, ketenagakerjaan serta penyelesaian konflik). Juga, faktor lain semacam kepastian dalam aspek hukum, politik dan keamanan. Berkenaan dengan kondisi Indonesia saat ini khususnya dengan adanya pemilihan umum yang berarti juga pergantian kekuasaan, para investor masih wait and see, apakah situasi politik menunjukkan tanda-tanda baik ataupun buruk, apakah pemilihan umum akan bisa memberikan bangsa ini seorang pemimpin baru dengan semangat baru dan daya tarik baru, sehingga bangsa ini bisa mengatasi berbagai problem seperti terorisme, ketidakpastian hukum, kerusakan moral—khususnya dalam perbankan—yang telah menyisakan kesan buruk bagi tercapainya kesempatan yang lebih baik dan upaya penciptaan iklim internasional yang lebih baik tanpa harus kehilangan kedaulatan sebagai sebuah bangsa.*

As the largest archipelagic country in the world, Indonesia is located on the cross of two great continents (Asia and Australia) and two Oceans (Indian and Pacific). Beside this strategic place, Indonesia also offers some comparative advantages to investors who invest their funds in this country.

The total of Indonesia area is 1,919,440 sq km consisting water area around 93,000 sq km and 1,826,440 sq km of land. Its territory is divided into 30 provinces and 416 cities/districts. Most of people live in Java Island and 45% of total population in 1998 is Javanese, Sundanese 14%, Maduranese 7,5%, Coastal Malays 7,5%, and others 26%. Moreover 88% of total population are Muslims, Protestant 5%, Roman Catholic 3%, Hindu 2%, Buddhist 1%, and others 1%. Beside the huge diversified ethnic group and

religion, Indonesia also has many differences in cultures, native languages, and dialects.

The country also has the huge and diversified natural resources, such as forestry, fisheries, agricultures, plantations, mining, oil and gas. Indonesia with an estimated population of 212 millions in 2002, is the fourth most populous country in the world, and also provides a huge potential market as well as the competitive work force.

This paper introduces the highlights of current Indonesia Economy focusing in foreign investment, in the other part of this paper we would like to also giving the perspective of macro and micro economic. We also discuss the facts that most of Indonesian Muslims are moderate rather than the negative unproved common perspective of Indonesian Muslims environment and situa-

tion, especially post the Bali and Marriotts blasts.

### Macroeconomic Indicators

The Indonesia macroeconomic indicators have made substantial progress since the crisis. Table 1 presents the selected macroeconomic indicators during 1998-2002. The economy created positive growths of real GDP during 1999-2002. However, the economic growth was only 3.7% in 2002 and it had unbalanced structure. The economic growths particularly depended upon consumption since the financial crisis of 1997, while the investments and exports (which initially predicted to improve in 2002) actually contracted in the same period. The contracted investments had significantly implication on reduced imports, especially imports of raw materials and capital goods. On the labor front, the moderate economic growth of 3.7% is estimated to absorb only 0.8 million workers, out of 1.7 million new entrants into the labor force last year. Consequently, open unemployment reached 9.1 million, representing an (open) unemployment rate of 9.1%.

On the output side, all economic sectors expanded in 2002 with transportation and communication as well as electricity, gas and clean water recording the highest growth of 7.8% and 6.2% respectively. Despite making the largest contribution to overall growth, manufacturing's pace of expansion virtually unchanged in 2002 to 4.0% from 4.1% in 2001. The continuing financial, ownership, and business services strengthened sectors also contributed to economic growth by 5.6% of increases.

On the expenditure side, consumption grew appreciably, despite its earlier prediction to slowdown over the 2001. Private consumption grew by 4.7% during 2002, while

government consumption grew by 12.8%. Investment, which had been predicted to improve in the second half of 2002, turned out to be unfavorable. For the year as a whole, it contracted by 0.2%, much lower than in 2001 (7.7%) and in 2000 (13.8%). Lower investment was consistent with weaker construction activity and lower imports of capital goods (such as machinery and equipment). On the external side, exports dropped by 1.2%, much lower than the growth of 1.9% in the previous year, while imports also declined, by 8.3%.

Low investment and exports are inherent in the high investment risk and deteriorating competitiveness of Indonesian economy due to the structural problems. In addition, investment and exports were hurt by the weak global economy, more intense global and regional competition and on going protectionism in several countries.

On the fiscal side, implementation of the government budget during 2002 reflected financial consolidation to ensure medium-term fiscal sustainability. However, the deficit narrowed much more than expected, mainly due to very low realizations of development spending. The fiscal deficit for 2002 is estimated at 1.7% of GDP, lower than the budget target of 2.5%. On the revenue side, the tax ratio reached only 12.7% of GDP.

On the external side, Indonesia's overall balance of payments (BOP) improved, due to a wider current account surplus and a narrower capital account deficit. The current account surplus reached US\$ 7,262 billion or 3,9% of GDP while the capital account deficit was around US\$-3,592 billion or 1,9% of GDP. The improved current account was mainly due to better export performance; in the case of the capital account, it was mainly due to successful foreign debt restructuring.

In monetary side, the exchange rate strengthened significantly with relatively little volatility while base money was under control and below its indicative target, and money supply (M2) increased, albeit at a slower pace than in 2001. The inflation rate and interest rates dropped significantly from crisis level, from 77,6% in 1998 became 10,0% in 2002. Hence, money market and deposit rates also declined to be 13.5% and 15.5%, respectively.

However, crisis still leaved behind its bad effects to Indonesian economy, especially for unemployment and fiscal conditions. After little declining to be 6.1% in 2000, open unemployment rate increased again in 2001 and 2002, or 8.1% and 9.1%, respectively. To finance the recapitulation of banks, the Indonesia's government had to create domestic debt via issuing obligations as well as external debt. The total outstanding external debt in the end of period 2002 was US\$ 131,343 million. The 54.3% of the total debt was public debt and 45,7% remainder to private. Moreover, The crisis also caused sharp increases in the severity of poverty. One estimate shows that 1996 and 1999 the number of people falling below 65% of the poverty line increased by 73% and 63% in urban and rural areas respectively (Indonesia Human Development Report, 2001).

In general, the good performances are quite favorably as indicated by more stable macroeconomic conditions. Consistent monetary, fiscal, and real sector policies, supported by progress in several aspects of economic restructuring, helped to achieve economic and monetary stability throughout 2002. Stable monetary conditions in 2002 strengthened the economic climate as reflected in improved expectations of the business community towards economic recovery.

## Foreign Investment Environment

Table 2 presents the trend of domestic and foreign investment approvals in Indonesia during 1967-June 2003. The total projects of foreign investment approvals 1967-2003 were 12,534 projects with the investment value of US\$. 262,875 million. The significant increased foreign investment approvals were happed in 1994. In this year the total approved projects itself were 782 with the investment value of US\$.39,891.6 million. However, the foreign investment approval declined slightly in value after the crisis although the number of projects increases.

In recently, the total projects of foreign investment approvals during January-June 2003 were 497 projects with the value of US\$. 4,373.1 million. There were also 139 approvals for extension of existing foreign companies with the investment value of US\$. 584.8 million, (see Table 3 and 4). These data figure-out that in spite of the foreign investors enter the green fields' activities (new investment), most importantly the existing companies still have the opportunities to develop and expand their business activities in Indonesia.

However, the diversification seemed be happen from secondary to tertiary sector. During the period of January-June 2003 the popular sector where investors interested in, were Trading & Repair (192 projects), Other Services (73 Projects), Metal, Machinery & Electronic Industry (50 projects), and Hotel and Restaurant (31 projects).

The diversification was not only in sector but also in location. Table 5 presents the foreign investment approvals by location. Java Island was still the favor place of foreign investment during 1998-2002 with Jakarta as the leading place. But it seemed that there was anew trend of diversification of places to Kalimantan and Sumatra Is-

lands. In Sumatra, Riau pervaded about 78% of total projects in the Island with the investment value around US\$. 1,153 million while in Kalimantan, East Kalimantan absorbed about 86% of total projects with the value around US\$. 2,192.7 million.

Asian investors, especially from Japan, South Korea, and other ASEAN countries still dominated the investment projects in Indonesia as explained in Table 6. Even though, the potential investors also came from Europe, America, and Africa. Investors from Mauritius of Africa for example, approved investment values bigger than Japanese investor during January-June 2003.

During 1990-2001, there was 1,893 billion value of foreign direct investment (FDI) from Japanese investors to Indonesia. It was 16.4% of total Japanese FDI to Asia or 2.9% of total Japanese FDI around the world. The FDI was allocated 52.1% to manufacturing sectors and 47.3% to non manufacturing sectors.

From the survey of Japan Bank for International Cooperation to Japanese investors in 2002, Indonesia was still included in Ten Most Promising Economies of Japanese FDI in 1995-2001 for medium term (3 years) as well as long-term (10 years). It means that Indonesia was still an attracted host country for Japanese foreign direct investment even the economy was crisis during 1997-1998. The main reason for this, comparing to other Asia countries was because of relatively lower business cost.

### **The Problem and Challenges of Foreign Investment**

According to Bank Indonesia views, Indonesia's economy in general and especially foreign investment prospects for years ahead will be strongly affected by a number of risks and uncertainties, both domestic

and foreign (Bank Indonesia, 2003). The main factors in this regard can be explained as follows.

1. The external side, although the overall world economy is forecast to improve, there is also greater uncertainty. World economic growth in years ahead is largely contributed from within the Asian region. At the same time, growth in most industrialized countries (such as the US and Japan) is forecast to be moderate. Prolonged political tension in the Middle East will deteriorate global economic growth and have a large impact on world trade. This in turn will affect global investment climate and also worsen investors' perception on Indonesia's economic prospect.
2. The side of investor and foreign trade partners, negative perceptions of the Indonesian economy could intensify. This is based on various socio-political and security issues which deteriorated following the Bali and Marriotts incidents. Also, international confidence will require a "war premium" on Indonesian trading activities. The premium will raise transaction costs of foreign trading partners and deepen the concern about investing in Indonesia.
3. On the internal side, political and security conditions will be especially important in advance of the 2004 General Election. Despite continued improvements, developments in this regard contain uncertainties that could raise political instability. If these rise excessively, in the short-term it will weaken key variables, such as the exchange rate and demand for currency. This will also harm the real sector because of weakening consumer confidence and further deterioration in the investment climate.

4. On-going labor conflicts (characterized by strikes) could disrupt social harmony and raise business uncertainty. This issue has the potential to significantly raise the number of layoffs, and further reduce the interest of foreign parties in trading and investing in Indonesia. Furthermore, higher wages as a solution to labor conflicts will lower the competitiveness of Indonesia products, if they are not accompanied by higher productivity.
5. Various unsatisfactory processes and settlements of several large legal cases have hurt public perceptions of the supremacy of law in Indonesia. These cases damage global business confidence in the domestic investment climate, further reducing investor interest in Indonesia. Also, this reduces the government's credibility in its commitment to implementing good governance.
6. Bank intermediation is proceeding more slowly than expected. Although credit expansion did improve in 2002, growth was still far below the needs of the real sector. The banks are reluctant to extend credit as reflected in the rigidity of credit rates in the face of lower SBI rates, and limited long-term financing is a barrier to investment as a source of growth.
7. In line with ending the IMF program at the end of 2003, an exit strategy should be carefully considered. On the one hand, a successful exit from the IMF program could maintain international confidence and re-establish independence in economic policy-making. On the other hand, failure to maintain discipline in fiscal and balance of payments issues without the IMF will worsen prospects for the Indonesian economy.

8. The problems also rise from decentralization processes. The problems are commonly the increasing legislations unpredictable and many of them precisely impede investment progress. Hence, decentralization processes also hamper the progress of privatization of state owned enterprises.

Political and social instability were the most important problem to be faced by Indonesia on foreign investors' view, especially Japanese investors (see Table 9). However, it needs to stress that foreign investor should realize that the crisis might be the main cause of social uncertainty in 1997-1998. Moreover, Indonesia is doing the processes of reformation in political, economic, and social sectors and social uncertainty is the cost of it. However, the Indonesian political and social instabilities seem be temporary situation.

In reviewing social conflicts in Indonesia during 1990-2001, Tadjoeeddin (2002) has presented informative classification of social conflicts by the area of conflicts (see Table 11). The high conflicts were happened only in 3 provinces (Maluku, central Kalimantan, and N. Aceh Darussalam) of the total 30 provinces in Indonesia and the communal high conflicts were happened only in 8 cities/districts, compared to 294 cities/districts of total in Indonesia. In present day, only Aceh is still in conflicts because of separatism while the other provinces have been recovered.

What the message in here is that the potential investors from overseas should change their perspective of social instability from national to local point of view. Indonesia is a large country and more than 17.000 islands. The major islands are Sumatra, Java, Kalimantan, Sulawesi, and Papua. Every social conflicts is happened in one cities or districts, it is hard to spread to other

location because of long distance (consider Figure 1 to see the locations of conflicts) and effectiveness of sterilized acts or at least localization of the conflict by the police/security departments.

In political sector review, the uncertainty was grown up from during the campaign processes in General Election 1999. It also rose from amendment of Constitution debates and during the processing of Abdurrahman Wahid (former president) impeachment. The political uncertainty in year to go will be also conducting to General Election of Representative and president. However, the uncertainty will increase if and only there will be weak law enforcement in the future. Moreover, the uncertainty also became from the weakness of law enforcement and security problems, especially bombing incidents.

### **The Key of Attractiveness and Protection of Foreign Investment**

To avoid or reduce the effected problems to investment environment in Indonesia, there are several ways to attract and protect foreign investment. They can be explained as follows.

1. The initiatives directly to investment environment can be seen in Indonesia Investment Board website at [www.bkpm.go.id](http://www.bkpm.go.id). The initiatives included legal aspects, taxation and losses, incentives, bonded zones, land and building, relevance international agreements (include: Investment Guarantee and Protection Agreement, Intellectual Property Rights/ Patent, trademark, and copyright), immigration condition, environment protection, business entrance.

In line of such environments, it can be summarized as follows.

- A huge potential of natural resources and market size;
- Relatively less cost of investing projects comparing to other countries regionally;
- More liberalized economy due to free and fair competition with good climate of taxation, and incentives;
- High care of protection to foreign investment. In most cases, these guarantees cover compensation in case of nationalization or expropriation, damages or losses caused by incidents of war, revolution or insurrection and payments for any approved remittance pursuant to the investment in case of non-convertibility of currency of the host country. To provide security for foreign investment, the Government of Indonesia concludes Investment Guarantee Agreement (IGA) with ASEAN governments. Beside, Indonesia signed bilaterally the Investment Promotion and Protection Agreements with 55 countries and Avoiding Double Taxation Agreements with 50 countries (see Table 12).
- To create a favorable international investment climate, Indonesia has also signed multilateral agreements thereby promoting foreign direct investment in Indonesia. Indonesia is now a member of the Multilateral Investment Guarantee Agency (MIGA), which will protect investment against various political risks. To deal with foreign investment disputes, Indonesia has become a signatory member of the International Center on Settle-

ment of Investment Disputes (ICSID).

2. Approve Macroeconomic Stabilization
  - a. More stabilized banking system. The stabilization in banking system was the priority of government since the crisis. The policies for this sector were purposed to make stronger banking system and to avoid bank run (rust) as well as bank panic. Continuing the banking policy pursued last year, in 2002 Bank Indonesia focused on three programs, namely bank rehabilitation, banking resilience, and bank intermediation. On the banking front, policies will be aimed at rebuilding the banking system and strengthening banks' resilience by emphasizing risk-based supervision. To strengthen the Indonesian banking system, Bank Indonesia is developing the Architecture of the Indonesian Banking System, which will be completed in 2003. To enhance the role of Bank Indonesia in maintaining financial system stability, Bank Indonesia is preparing a Blue Print for Financial System Stability Covering: surveillance and monitoring of financial system stability; crisis resolution; and the organizational framework. In addition, Bank Indonesia continues to promote the recovery of bank intermediation (Bank Indonesia, 2003).
  - b. Monetary policy will be aimed at absorbing banks' excess liquidity and lowering interest rates to send conducive signals and improve the supply side of the real sector. Operationally, the strategy

of monetary policy was to optimize the available monetary instruments; open market operations (OMO) and foreign exchange intervention/ sterilization were used to absorb excess liquidity in the context of a declining trend in SBI rates. This strategy was undertaken as long as it did not induce inflationary pressures that might eventually cause inflation to exceed Bank Indonesia's target.

- c. Fiscal policy will be aimed at stimulating the real sector to improve economic activity, especially in small-medium enterprises. Hence, the fiscal policy will also continue to reduce budget deficit. The management of public debts, domestic as well as external debts also include in consideration.
3. Reformation of laws as well as the staffs is aimed at guarantying the law enforcement. The significant issued-law recently is The Law of Anti Terrorism. The People Representative Board or Dewan Perwakilan Rakyat (DPR) also is processing to build the Constitution Court and elect the Constitution Judges.

### **Is it Necessary Afraid of Indonesian Muslims ?**

Recently, it is necessary to determine whether the Muslims in Indonesia are fundamentalists or not. Moreover, if there are fundamentalists in Indonesia, do they tend to be destructors or terrorists? indeed, there is no easy way of defining Indonesian Muslim. However, it still can divide the Muslims by his/her perspectives about Western ideas particularly about democracy, liberalism,

human rights, equality, rule of law, free markets, and separation between religion and state. As a common perspective (indeed in western), the Muslim who support these ideas, in some how could be called as moderates and other side, which reject would be called fundamentalists.

However, the most westerners, with shallow or high knowledge of Islam as religion believe that Islam in term of religion cannot be suitable to those ideas. One was that of Harvard political scientist and U.S. State Department adviser Samuel Huntington. In 1993 Huntington presented a *deeply relativistic* reassessment of democracy's future. We are mistaken to assume that all societies can develop democratic institutions, Huntington argued, because the principles of democracy are incompatible with the cultures of many. The list of alleged incompatibilities underscored the enormity of the problem. "Western ideas have little resonance in Islamic, Confucian, Japanese, Hindu, Buddhist, or Orthodox culture." Although Huntington conceded that a few civilizations might yet be won to the democratic cause, most, he implied, would not (Hefner, 2000).

In global Islamic populous perspectives, it's interesting to consider the pew Global Attitudes Project Survey in December 2002 and May 2003. The survey in December 2002 undertook 38,000 people in 44 nations covering attitudes on globalization, democratization, and the role of Islam in governance and society while the second survey of 16,000 people in 20 countries and the Palestinian Authority was undertaken after second Gulf/Iraq War.

The first survey showed that people in Muslim countries placed a high value on freedom of expression, freedom of the press, multi-party systems, and equal treatment under the law. This included people living in

kingdoms such as Jordan and Kuwait, as well as those in authoritarian states like Uzbekistan and Pakistan. In fact, many of the Muslim publics polled expressed a stronger desire for democratic freedoms than the publics in some nations of eastern Europe, notably Russia and Bulgaria.

The second survey, postwar update found that in most Muslim populations, large majorities continue to believe that Western-style democracy could work in their countries. This was not only in the case of predominantly Muslim countries like Kuwait (83%) and Bangladesh (57%), but also in religiously diverse countries like Nigeria (75%). There were no substantive differences between Muslims and non-Muslims in Nigeria on this point. Only in Indonesia (53%) and Turkey (37%) did substantial percentages say democracy was a Western way of doing things that would not work in their countries (Kohut, 2003).

Moreover, the surveys concluded that after Iraq war, the negative views of the United States among Muslims, which had been largely limited to countries in the middle East, had spread to Muslim populations in Indonesia and Nigeria. Since last summer, favorable ratings for the United States had fallen from 61 (%) to 15 (%) in Indonesia and from 71(%) to 38 (%) among Muslims in Nigeria. In the wake of the war, a growing percentage of Muslims saw serious threats to Islam. Specifically, majorities in seven of eight Muslim populations surveyed expressed worries that the United States might become a military threat to their countries. Even in Kuwait, where people had a generally favorable view of the United States, 53 (%) voice at least some concerned that the United States could someday pose a threat.

For the specific case to Indonesian Muslims, Center for the Study of Islam and society (PPIM), State Islamic University



(SIU) Syarif Hidayatullah Jakarta had done a national wide survey to Understand the current religious phenomena in Indonesia. The survey was included 16 provinces was done in 2001. The survey confirmed the strengthening attachment of Indonesian Muslims to Islam. While the execution of santri (devout Muslim) religious rituals (such as fasting during Ramadhan, praying five times a day and pray before starting working) increased, the abangan (nominal Muslim) practices (such as giving ritual offering, burning incense and asking suggestion from a shaman) decreased. Among other things, the findings drew some light on the raise of Islamic political parties during the 1999 general election and the long debates, which followed the election, on the implementation of the shari'ah law in Indonesia and on whether or not to reinstate the Jakarta Charter in the UUD 45.

In year 2002, PPIM did another research with bigger sample, which all provinces were included. The survey showed that the strengthening of religious attachment coincides with the increasing tendency of fundamentalism. More people agreed with the application of Islamic government. While the majority of Indonesian Muslims were still moderate and tolerant, thanks to the important role played by mass Muslims organization especially Nahdatul Ulama (NU) and Muhammadiyah, the increasing tendency toward fundamentalism begs an explanation. After the collapse of the New Order, Fundamentalism found its way gradually into the public sphere. It seemed that the suppression of any social and political, as well as ideological, movements detrimental to the New Order establishment had created a time bomb (Jumhari, 2003).

Comparing the findings of PPIM research in 2001 and 2002, one cannot underestimate the power of moderate groups

in Indonesia. In 2001 about 45% of the respondent (or 42% in 2002) Indonesian Muslim feel that they are part of NU community, while 11% (or 12% in 2002) that of Muhammadiyah. The further interpretation of the relevant data from the questioner reveal that there is a close relationship between the attachment of the people to the Muslim mass organization and their agreement to civility and democracy. The more they attach to these organization the more they agree to civic democratic values. The acknowledging moderate Muslims in Indonesia is not only based on such as surveys, even Paul Wolvowitz, Deputy Secretary of Defense of United States of America admits and welcomes the prospect of moderate Muslim regime in Indonesia. The Interview was in Singapore with Stave Gugkin from Associate Press, and Richard Hubbard from Reuters, on June 1, 2002.

Moreover, considering the Bali blasting trial, the suspects claimed that they were only alien haters (particularly American, Israeli, Australian, and Englishman) rather than the Islamic strugglers. Their action was not based on the regional motives, but was based on hate for certain western policies in the world, particularly in Middle East and the civilians from that countries were only the victims. According to the global survey that have presented above, it is not surprisingly. However, killing the civilians is strongly prohibited in every religion, particularly in Islam. For them who have killed uninnocent civilians, the equal punishments are reasonable.

## Conclusion

In conclusion, it should be noted that problems of recovering foreign investment in Indonesia needed good cooperation and coordination among macroeconomic, monetary, and fiscal policies, supported by

progress in the area of political and social restructuring. In the future, such coordination needs to be promoted, especially under the anticipated circumstances of greater challenges and uncertainties. However, the investment safety is the main key to recover the foreign investment in Indonesia. It was really realized that the worries of foreign investor to Indonesia seemed make sense. However, from the discussion above, investing in Indonesia is relatively save. Lastly, it is not reasonable afraid of Indonesian Muslims. ●

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Table 1. Indonesia's Macroeconomic Indicators

Sector	1998	1999	2000	2001	2002
<b>Output and Growth (constant 1993 prices, %) <sup>a</sup></b>					
Gross Domestic Product (GDP) Growth	-13.1	0.9	4.8	3.3	3.7
Manufacturing Industry	-11.4	3.8	6.2	4.1	4.0
Electricity, Gas, and Clean Water	3.0	8.3	7.6	7.7	6.2
Transportation and Communication	-18.2	-0.8	8.6	7.3	7.8
Financial, Ownership, and Business Services	-26.6	-7.2	4.6	3.4	5.6
<b>Growth by Expenditure (constant 1993 prices) <sup>a</sup></b>					
Private Consumption	-6.2	4.6	1.6	4.4	4.7
Government Consumption	-15.4	0.7	6.5	9.0	12.8
Investment	-33.0	-18.2	16.7	7.7	-0.2
Saving	-28.1	-10.3	15.7	-1.1	-2.8
Export	11.2	-31.8	26.5	1.9	-1.2
Imports	-5.3	-40.7	25.9	8.1	-8.3
<b>Government Finance (end of period) <sup>d</sup></b>					
Revenue and Grants (Rp trillion)	120.0	152.4	204.9	299.7	300.2
Expenditure	129.1	185.9	220.9	334.0	327.9
Overall Fiscal Surplus/Deficit	-9.0	-33.5	-16.0	-34.3	-27.7
Overall Fiscal Surplus/Deficit (% of GDP)	-0.9	-3.0	-1.3	-2.4	-1.7
<b>Balance of Payments <sup>b</sup></b>					
Current Account Balance (% of GDP)	4.2	4.1	3.4	4.7	3.9
Capital Account Balance (% of GDP)	-4.0	-3.2	-2.9	-6.1	-1.9
<b>Money, inflation, and Interest Rates <sup>b, c</sup></b>					
Money Supply (M2, annual % change)	62.3	11.9	15.6	13.0	4.7
Consumer Price Index (end of period, annual % change)	77.6	1.9	9.3	12.5	10.0
Money Market Rate (%)	62.8	23.6	10.3	15.0	13.5
Deposit Rate: 6 months (end of period, %)	39.1	25.7	12.5	15.5	15.5
<b>Population and Labor Force <sup>a</sup></b>					
Population (million)	199	200	206	209	212
Annual Population Growth (%)	1.80	0.92	2.75	1.49	1.48
Labor Force (million)	92.7	94.8	95.7	98.8	100.5
Open Unemployment Rate (%)	5.5	6.4	6.1	8.1	9.1
Labor Force Participation Rate (%)	66.9	67.2	67.8	68.6	67.8
<b>External Debt Outstanding (end of period) <sup>b</sup></b>					
Total (US\$ million)	150,886	148,098	141,693	133,074	131,343
Public	67,329	75,862	74,916	71,378	71,378
Private	83,557	72,236	66,777	61,696	59,965
<b>External Payments Indicators <sup>b</sup></b>					
Gross Official Reserves (US\$ billion)	23.8	27.1	29.4	29.0	31.6
Average Exchange Rate (Rp/US\$)	7,590	9,595	9,350	10,288	9,316
GDP (current prices, Rp trillion)	955.8	1,099.7	1,264.9	1,449.4	1,610.0
Per capita GDP (current prices, US\$)	491.1	696.5	732.1	677.7	810.8

Source:

a. Center Bureau of Statistics;

b. Bank of Indonesia;

c. International Financial Statistics;

d. Ministry of Finance.

Table 2. Trend of Investment Approvals 1967-2003

Year	Domestic Investment		Foreign Investment	
	Number of	Value	Number of	Value
	Projects (P)	(Rp. Billion) (I)	Projects (P)	(US\$. Million) (I)
1967-1990	7,067	133,656.0	1,824	34,723
1991	808	41,210.8	390	9,030.2
1992	422	29,395.9	304	10,466.1
1993	547	39,715.9	330	8,153.8
1994	825	53,598.3	444	27,046.4
1995	793	69,844.7	782	39,891.6
1996	807	97,401.1	947	29,941.0
1997	723	119,877.2	781	33,788.8
1998	327	57,973.6	1,034	13,649.8
1999	237	53,540.7	1,177	10,884.5
2000	392	93,897.1	1,541	16,075.9
2001	264	58,816.0	1,333	15,055.9
2002	185	25,172.3	1,150	9,795.3
2003	95	8,171.2	497	4,373.1
<b>Total</b>	<b>13,492</b>	<b>882,271</b>	<b>12,534</b>	<b>262,875</b>

Source: Indonesia Investment Board (2003).

Note:

1. Excluding of Oil & Gas, Banking, Non Bank Financial Institution, Insurance and Leasing;
2. P = Number of Projects = New Project + Change of Status;
3. I = Investment Value = New Project + Expansion + Change of Status;
4. Tentative data, including approvals issued by regions received by BKPM until June 30, 2003.

Table 3. Trend of Foreign Investment Approvals by Sector, 1998 – 2002

NO	Sector	1998		1999		2000		2001		2002	
		P	I	P	I	P	I	P	I	P	I
I	Primary Sector	150	1,013.7	55	654.0	74	594.8	55	511.7	41	508.2
II	Secondary Sector	407	8,529.4	441	6,907.6	499	10,760.1	425	5,148.3	335	3,258.2
III	Tertiary Sector	477	4,106.7	681	3,322.9	968	4,721.0	853	9,395.9	774	6,028.9
IV	<b>Total</b>	<b>1,034</b>	<b>13,649.8</b>	<b>1,177</b>	<b>10,884.5</b>	<b>1,541</b>	<b>16,075.9</b>	<b>1,333</b>	<b>15,055.9</b>	<b>1,150</b>	<b>9,795.3</b>

Source and Note: see Table 2.

**Table 4. Trend of Foreign Investment New Approvals, Expansion & Change of Status by Sector, 2003**

NO	Sector	2003					
		New		Expansion		Change of Status	
		P	I	P	I	P	I
I	<b>Primary Sector</b>	15	74.2	4	6.1	3	17.5
1	Food Crops & Plantation	2	1.7	-	-	1	14.0
2	Livestock	2	4.5	3	5.8	-	-
3	Forestry	1	31.4	-	-	-	-
4	Fishing	5	25.2	1	0.3	1	0.4
5	Mining	5	11.4	-	-	1	3.1
II	<b>Secondary Sector</b>	125	712.6	84	325.3	16	216.6
6	Food Industry	9	51.4	7	23.3	1	13.6
7	Textile Industry	11	9.8	9	36.2	-5	57.9
8	Leather Goods & Footwear Industry	3	2.7	1	2.6	2	21.5
9	Wood Industry	3	22.5	5	13.1	1	16.1
10	Paper and Printing Industry	5	3.6	3	4.8	-	-
11	Chemical and Pharmaceutical Industry	12	34.6	13	80.1	3	81.7
12	Rubber and Plastic Industry	13	30.3	5	30.2	-	-
13	Non Metallic Mineral Industry	2	480.2	1	2.0	3	24.6
14	Metal, Machinery & Electronic Industry	49	63.5	28	70.6	1	1.2
15	Medical Preci. & Optical Instru, Watches & Clock	3	2.4	-	-	-	-
16	Motor Vehicles & Other Transport Equip. Ind.	7	9.6	9	61.0	-	-
17	Other Industry	8	2.0	3	1.4	-	-
III	<b>Tertiary Sector</b>	300	597.9	51	253.4	38	2,169.5
18	Electricity, Gas & Water Supply	1	226.1	1	76.6	-	-
19	Construction	9	28.6	6	18.5	4	109.2
20	Trade & Repair	178	63.9	23	89.3	14	33.9
21	Hotel & Restaurant	23	37.1	2	28.9	8	226.1
22	Transport, Storage & Communication	20	185.5	7	31.4	7	1,745.4
23	Real Estate, Ind. Estate & Business Activities	1	0.2	2	2.5	-	-
24	Other Services	68	56.5	10	6.2	5	54.9
IV	<b>Total</b>	440	1,384.7	139	584.8	57	2,403.6

Source and Note: see Table 2.

Table 5. Trend of Foreign Investment Approvals by Location, 1998 - 2002

NO	Location	1998		1999		2000		2001		2002	
		P	I	P	I	P	I	P	I	P	I
I	Sumatra	150	1,408.6	134	7,640.4	161	3,072.1	143	2,358.7	106	2,070.3
1	N. Aceh Darussalam	8	6.2	4	51.8	3	1,811.1	2	6.0	-	-
2	North Sumatra	21	209.5	27	102.7	25	160.2	28	106.5	4	44.4
3	West Sumatra	8	175.8	7	342.8	4	19.0	6	38.2	-	10.0
4	Riau	85	548.2	80	6,946.5	98	374.5	87	2,095.5	83	1,153.0
5	Jambi	5	201.9	4	41.9	11	360.9	6	10.2	6	21.6
6	South Sumatra	8	123.0	3	35.6	5	96.0	6	42.3	3	724.4
7	Bengkulu	5	37.7	2	18.4	1	0.6	1	1.9	-	-
8	Lampung	8	98.1	6	96.2	10	97.4	5	53.8	4	85.7
9	Bangka Belitung	2	6.2	1	4.5	4	152.4	2	2.3	6	31.2
II	Java	884	10,881.4	855	2,651.4	1,195	11,053.6	995	5,741.8	896	4,799.4
10	Jakarta C. T	330	1,724.9	435	786.2	737	3,257.1	605	1,154.5	588	3,378.6
11	West Java	159	1,568.8	174	1,244.0	210	1,770.4	201	1,190.9	164	897.6
12	Central Java	39	3,074.3	58	68.1	38	3,085.4	43	117.1	11	71.6
13	S. R. of Yogyakarta	10	5.9	11	10.8	20	504.3	10	10.2	9	19.9
14	East Java	67	580.7	67	283.5	61	1,135.3	23	1,680.6	22	271.1
15	Banten	79	3,926.8	110	258.8	129	1,301.1	113	1,588.5	82	160.6
III	Bali & Nusa Tenggara	92	364.9	147	199.1	136	1,614.4	129	524.9	97	208.7
16	Bali	73	307.7	127	183.9	126	201.5	116	518.9	82	86.5
17	West Nusa Tenggara	14	19.3	19	13.6	8	1,407.9	12	4.8	13	119.7
18	East Nusa Tenggara	5	37.9	1	1.4	2	5.0	1	1.2	2	2.5
IV	Kalimantan	62	722.7	11	226.8	22	208.8	43	246.6	29	2,237.0
19	West Kalimantan	17	251.2	6	102.0	2	2.9	6	21.8	1	1.4
20	Central Kalimantan	17	0.4	2	50.3	5	74.7	3	11.9	2	8.9
21	South Kalimantan	8	73.4	1	30.3	2	3.1	6	9.7	1	34.0
22	East Kalimantan	20	397.7	2	44.2	13	128.1	28	203.2	25	2,192.7
V	Sulawesi	28	257.8	25	141.8	23	74.4	16	81.1	16	420.2
23	North Sulawesi	10	158.1	14	25.1	10	25.5	2	1.2	4	41.2
24	Central Sulawesi	5	71.2	2	1.7	1	1.5	4	0.5	2	0.3
25	South Sulawesi	10	27.8	3	12.5	8	39.2	9	78.9	9	373.7
26	South East Sulawesi	1	0.6	6	102.5	3	8.0	1	0.5	1	5.0
27	Gorontalo	2	0.1	-	-	1	0.2	-	-	-	-
VI	Maluku	8	5.2	3	1.8	-	0.1	3	9.3	-	-
28	Maluku	5	5.2	1	0.9	-	0.1	1	0.6	-	-
29	North Maluku	3	-	2	0.9	-	-	2	8.7	-	-
VII	Papua	10	11.2	2	23.2	4	52.5	4	8,095.5	6	59.7
30	Papua	10	11.2	2	23.2	4	52.5	4	8,095.5	6	59.7
VIII	Total	1,034	13,849.8	1,177	10,884.5	1,541	16,075.9	1,333	15,055.9	1,150	9,795.3

Source and Note: see Table 2.

Table 6. Trend of Foreign Investment Approvals by Country of Origin, 1997 - June 30, 2003

NO.	COUNTRY	1997		1998		1999		2000		2001		2002		2003	
		P	I	P	I	P	I	P	I	P	I	P	I	P	I
1.	AMERICA	43	1,024	88	576	49	140	67	248	42	81	41	475	12	93
1	United States of America	32	1,018	46	568	46	137	54	243	37	73	37	468	11	93
2	Canada	11	6	50	8	3	3	13	2	5	8	4	7	1	0
II.	EUROPE	85	10,766	141	5,256	207	671	203	5,873	182	892	145	1,274	67	541
4	Belgium	2	17	10	12	10	10	1	6	1	0	3	7	5	6
5	Denmark	1	1	2	5	4	1	6	37	3	1	2	1	1	0
6	France	11	457	8	8	22	23	27	65	21	14	17	263	5	4
7	Italy	4	24	8	7	11	3	16	8	13	3	4	2	6	1
8	Netherlands	18	320	33	406	48	50	43	1,159	36	89	26	244	9	52
9	Norway	3	8	3	3	1	0	2	2	3	2	2	2	-	0
10	Germany	15	4,468	28	71	39	87	29	989	32	43	15	36	8	12
11	United Kingdom	31	5,474	49	4,745	72	498	79	3,637	73	723	76	720	33	465
III.	AFRICA	-	-	2	52	10	65	13	100	18	524	20	844	7	1,748
13	Mauritius	-	-	2	52	10	65	13	100	18	524	20	844	7	1,748
IV.	ASIA	485	15,114	524	4,710	620	6,475	856	3,906	795	12,205	665	4,117	279	1,540
15	Japan	92	5,395	78	1,331	71	640	93	1,955	98	772	60	511	36	942
16	South Korea	66	1,409	112	202	204	239	287	690	285	369	228	370	91	81
17	Hong Kong (SAR)	17	251	18	549	14	77	13	106	15	40	12	1,712	9	101
18	Taiwan	101	3,419	91	165	22	1,490	74	126	63	74	35	54	20	65
19	Singapore	117	2,289	127	1,308	147	757	221	604	157	1,143	160	3,329	67	227
20	Malaysia	59	2,289	64	1,125	50	185	78	203	106	2,241	67	72	23	77
21	Thailand	2	19	4	3	2	8	6	7	4	3	6	5	1	4
22	India	4	6	20	15	20	13	31	59	28	7	34	5	9	2
23	People's Rep. of China	6	24	6	8	15	58	43	154	24	6,055	41	59	22	42
24	Arab Saudi	1	14	4	4	5	3,007	10	2	5	1,502	2	0	1	0
V.	AUSTRALIA	38	188	71	84	62	2,459	74	62	48	256	44	233	15	43
26	Australia	37	187	68	83	61	2,459	71	50	48	255	40	232	14	43
27	New Zealand	1	0	3	1	1	0	3	12	-	-	4	1	1	0
VI.	OTHER COUNTRIES	150	6,697	200	2,973	229	1,075	328	5,889	248	1,099	235	853	117	408
VII.	TOTAL	781	33,759	1,074	13,850	1,177	10,985	1,541	16,076	1,333	15,056	1,150	9,795	497	4,373

Source and Note: see Table 2.

Table 7. Japanese FDI in ASEAN4 and China by Sectors: 1990-2001 Cumulative Value (billion yen, %)

Sector	Value (billion yen)										Sectoral Composition (%)				
	Indonesia	Malaysia	Philippines	Thailand	China	Asia	Total	Indonesia	Malaysia	Philippines	Thailand	China	Asia	Total	
Manufacturing	987	659	463	1,012	1,634	6,507	23,789	52.1	74.6	72.6	67.7	74.3	56.5	36.1	
Food	18	23	75	44	92	305	2,696	0.9	2.7	11.7	2.9	4.2	2.7	4.1	
Textiles	92	12	3	53	199	435	791	4.9	1.3	0.5	3.6	9	3.8	1.2	
Wood and pulp	45	26	3	10	26	120	555	2.4	2.9	0.5	0.7	1.2	1	0.8	
Chemicals	388	87	28	105	117	1,032	2,975	20.5	9.8	4.5	7	5.3	9	4.5	
Metal products	112	84	42	174	141	735	1,656	5.9	9.5	6.7	11.6	6.4	6.4	2.5	
General machinery	19	48	34	79	201	530	1,860	1	5.4	5.3	5.3	9.1	4.6	2.8	
Electric machinery	112	218	172	255	445	1,708	7,103	5.9	24.7	27	17.1	20.2	14.8	10.8	
Transport machinery	126	19	74	190	180	750	3,640	6.6	2.1	11.6	12.7	8.2	6.5	5.5	
Other manufacturing	75	142	32	102	233	892	2,515	4	16.1	5	6.8	10.6	7.8	3.8	
<b>Non-manufacturing</b>	<b>896</b>	<b>222</b>	<b>167</b>	<b>383</b>	<b>512</b>	<b>4,555</b>	<b>41,374</b>	<b>47.3</b>	<b>25.1</b>	<b>26.2</b>	<b>25.6</b>	<b>23.3</b>	<b>40.4</b>	<b>62.8</b>	
Agriculture	1	1	2	7	4	22	160	0.1	0.1	0.3	0.5	0.2	0.2	0.2	
Fishery	14	15	2	0	6	61	112	0.8	1.7	0.3	0	0.3	0.5	0.2	
Mining	382	16	10	1	5	423	1,609	20.2	1.8	1.6	0.1	0.2	3.7	2.4	
Construction	11	8	6	41	43	164	447	0.6	0.9	0.9	2.7	1.9	1.4	0.7	
Commerce	13	19	7	105	108	1,161	6,347	0.7	2.2	1.1	7	4.9	10.1	9.6	
Finance and insurance	221	55	40	68	14	1,016	12,217	11.7	6.2	6.2	4.5	0.6	8.8	18.5	
Services	120	62	34	45	214	852	7,809	6.3	7.1	5.3	3	9.7	7.4	11.9	
Transportation	22	6	46	65	22	345	5,250	1.2	0.7	7.3	4.4	1	3	8	
Real estate	105	39	20	51	98	600	7,408	5.5	4.4	3.1	3.4	4.4	5.2	11.2	
Other non-manufacturing	6	1	1	0	0	9	16	0.3	0.1	0.1	0	0	0	0	
Branches	10	3	8	99	54	349	708	0.5	0.3	1.2	6.6	2.5	3	1.1	
<b>Total</b>	<b>1,893</b>	<b>884</b>	<b>638</b>	<b>1,494</b>	<b>2,200</b>	<b>11,510</b>	<b>65,871</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	

Sources: Urata (2002).



Table 8. Ten Most Promising Economies to Japanese FDI (% Ratio of Response)

Medium-term (next 3 years)														
No	2001	%	2000	%	1999	%	1998	%	1997	%	1996	%	1995	%
1	China	82	China	65	China	55	China	55	China	64	China	68	China	74
2	U.S.A.	32	U.S.A.	41	U.S.A.	39	U.S.A.	41	U.S.A.	36	Thailand	36	Thailand	36
3	Thailand	25	Thailand	24	Thailand	27	Thailand	23	Indonesia	28	Indonesia	34	Indonesia	33
4	Indonesia	14	Indonesia	15	India	15	Indonesia	16	Thailand	25	U.S.A.	32	U.S.A.	32
5	India	13	Malaysia	12	Indonesia	15	India	15	India	23	Vietnam	27	Vietnam	28
6	Vietnam	12	Taiwan	11	Vietnam	11	Philippines	14	Vietnam	19	Malaysia	20	Malaysia	22
7	Taiwan	11	India	10	Malaysia	9	Malaysia	14	Philippines	14	India	18	India	17
8	Korea	8	Vietnam	9	Philippines	9	Vietnam	14	Malaysia	13	Philippines	13	Philippines	15
9	Malaysia	8	Korea	9	U.K.	9	Brazil	11	Brazil	8	Singapore	10	Singapore	10
10	Singapore	6	Philippines	8	Brazil	8	U.K.	10	Taiwan	8	U.K. and Taiwan	7 <sup>a</sup>	U.K.	7
Long-term (next 10 years)														
No	2001	%	2000	%	1999	%	1998	%	1997	%	1996	%	1995	%
1	China	86	China	70	China	66	China	64	China	73	China	74	China	78
2	India	28	U.S.A.	38	U.S.A.	30	U.S.	34	India	36	India	39	Vietnam	41
3	U.S.A.	25	India	22	India	27	India	25	U.S.	31	Vietnam	33	India	36
4	Thailand	19	Thailand	21	Thailand	24	Indonesia	20	Vietnam	24	U.S.A.	31	U.S.A.	30
5	Vietnam	14	Indonesia	14	Vietnam	18	Thailand	19	Indonesia	21	Indonesia	24	Indonesia	24
6	Indonesia	14	Vietnam	14	Indonesia	18	Vietnam	18	Thailand	16	Thailand	24	Thailand	24
7	Brazil	8	Malaysia	10	Brazil	14	Brazil	14	Brazil	11	Malaysia	12	Myanmar	15
8	Taiwan	7	Brazil	9	Malaysia	8	Philippines	13	Philippines	11	Myanmar	11	Malaysia	13
9	Malaysia	6	U.K.	9	Philippines	8	Malaysia	7	Malaysia	9	Philippines	11	Philippines	11
10	Korea and Philippines	5 <sup>a</sup>	Taiwan	8	Mexico	7	U.K.	6	Myanmar	5	Mexico	6	U.K.	6

Source: Japan Bank for International Cooperation (2002) and Urata (2002).

Note: a. % for each country.

Table 9. The Problems Faced by Japanese Firms (%)

Problems	Thailand	Indonesia	Malaysia	Vietnam	China
Under developed infrastructure	14.9	24.1	14.3	38.6	27.3
Legal system (underdevelopment)	17.2	25.9	7.1	36.4	43.8
Legal system (lack of transparency)	14.9	16.7	7.1	20.5	53.3
Legal system (instability)	5.7	16.7	3.6	15.9	52.1
Tax system (complicated system)	4.6	7.4	3.6	2.3	16.8
Tax system (lack of transparency)	13.8	7.4	7.1	11.4	36.5
Tax system (instability)	2.3	7.4	3.6	11.4	42.2
Tax system (high tariff rates)	10.3	5.6	0	9.1	17.5
Restriction on equity participation	10.3	7.4	32.1	11.4	20.3
Complicated administrative procedure	5.7	3.7	17.9	15.9	34.9
Political and social instability	11.5	94.4	32.1	25	34
Unstable exchange rates	48.3	57.4	32.1	22.7	15.2
Difficulty in procuring local parts	19.5	11.1	17.9	34.1	20.6
Underdevelopment of supporting industry	10.3	13	0	22.7	10.2
Difficulty in obtaining finance	11.5	11.1	17.9	9.1	16.2
Tough competition	29.9	20.4	21.4	13.6	23.8
Difficulty in recruiting managers	23	11.1	28.6	20.5	19.7
Difficulty in recruiting workers	13.8	11.1	14.3	9.1	10.5
Increase in wages	20.7	11.1	21.4	6.8	14
Labor disputes	9.2	11.1	3.6	2.3	12.7
Short age of information on the host country	4.6	5.6	0	18.2	9.5
Others	0	0	3.6	0	0.3
<b>The number of respondents</b>	<b>87</b>	<b>54</b>	<b>28</b>	<b>44</b>	<b>315</b>

Source: Japan Bank for International Cooperation (2002) and Urata (2002).

**Table 10. Classification of Conflict Area in Indonesia, 1990-2001**

Provinces	Number of Incidents		Number of Deaths		The Most dominant category of social violence (based on the biggest number of deaths)
	Total	With minimum one death	Total	Per 100 thousand population <sup>a</sup>	
(1)	(2)	(3)	(4)	(5)	(6)
<b>High Conflict Area <sup>b</sup></b>					
Maluku	165	138	1,949	93.4	Communal (100%)
N. Aceh Darussalam	464	341	1,238	32.2	Separatism (100%)
Central Kalimantan	16	13	440	27.0	Communal (100%)
<b>Medium Conflict Area <sup>b</sup></b>					
Central Sulawesi	15	10	334	17.2	Communal (100%)
Jakarta C. T	55	16	1,230	13.5	Communal (98%)
West Kalimantan	17	9	442	12.2	Communal (100%)
Papua	41	29	136	7.0	Separatism (97%)
South Kalimantan	1	1	124	4.3	Communal (100%)
East Nusatenggara	14	8	55	1.5	Communal (96%)
Riau	17	4	26	0.7	Communal (96%)
West Nusatenggara	12	6	24	0.7	Communal (88%)
<b>Low Conflict Area <sup>b</sup></b>					
Bali	9	5	14	0.5	Communal (100%)
North Sulawesi	3	1	9	0.3	Communal (100%)
South Sulawesi	14	3	20	0.3	Communal (100%)
West Java	88	28	71	0.2	Communal (87%)
Lampung	20	5	11	0.2	-
Central Java	52	17	42	0.1	Communal (90%)
North Sumatra	24	7	11	0.1	Communal (45%)
East Java	32	10	29	0.1	Communal (78%)
S. R. Yogyakarta	9	2	2	0.1	-
West Sumatra	6	1	1	0.0	-
Jambi	7	-	-	-	-
South Sumatra	7	-	-	-	-
East Kalimantan	4	-	-	-	-
Southeast Sulawesi	1	-	-	-	-
Bengkulu	1	-	-	-	-
<b>Total</b>	<b>1,093</b>	<b>654</b>	<b>6,208</b>	<b>3.2</b>	<b>-</b>

Source: Tadjoeuddin (2002)

Notes: a) Weighted by the number of population based on SUPAS 1995

b) Classifying provinces into high, medium, and low conflict areas based on the data range of conflict severity, i.e. death intensity (column 5). Statistically the data do not spread normally, so the average is not good indicator used as the measure of data concentration. Therefore, to classify the provinces according to the severity of violence, the median (the value is 0.7) and standard deviation (the value is 21.3) approach is used (see footnote 47 for the explanation of this approach). The classification is as follows: - High conflict area: Death per 100 thousand population  $\geq 22$  - Medium conflict area:  $0.7 \leq$  death per 100 thousand population  $< 22$  - Low conflict area: Death per 100 thousand population  $< 0.7$

**Table 11. Area Classification of Communal Violence, 1990-2001**

Area Classification	Number of deaths	% to total death	% pop (to total Indonesia) <sup>a</sup>	Number of city/district	% to total ci./district	% to all city/district
Extreme Violence (death per 100 thousand pop. = 39.7)	3,088	64.72	1.94	8 <sup>b</sup>	12	4.12
Medium Violence (0.54 = death per 100 thousand pop. < 39.7)	1,594	33.41	1.00	27	41	13.91
Low Violence (death per 100 thousand pop. < 0.54)	89	1.87	0.06	31	47	15.98
<b>Total</b>	<b>4,771</b>	<b>100.00</b>	<b>3.00</b>	<b>66</b>	<b>100 <sup>c</sup></b>	<b>34.01</b>

Source: Tadjoeiddin (2002).

Note:

a. Based on Inter Census Population Survey (SUPAS) 1995.

b. Extreme violence areas consist of 8 districts/cities, i.e. all (5) districts in Maluku, plus Poso, Sambas and Kotawaringin Timur (Samtit).

c. Total cities/districts based in 1999 = 294. In 2003 had expanded to be 416 (Central Bureau of Statistics).

**Table 12. Bilateral Relevance Agreements to Investment**

Avoidance of Double Taxation Agreements		Bilaterally the Investment Promotion and Protection Agreements	
Australia	Seychelles	Argentina	Mozambique
Austria	Singapore	Alger	The Netherlands
Belgium	Slovak	Australia	Norway
Bulgaria	South Africa	Bangladesh	Pakistan
Canada	South Korea	Belgium/Luxembourg	The Philippines
Czech	Spain	Cambodia	Poland
Denmark	Sri Lanka	Chile	Qatar
Finland	Sudan	People Rep. of China	Romania
France	Sweden	Cuba	Singapore
Germany	Switzerland	Czech Republic	Slovak Republic
Hungary	Syria	Denmark	Spain
India	Taiwan	Egypt	Sri Lanka
Italy	Thailand	Finland	Sudan
Japan	Tunisia	France	Suriname
Jordan	Turkey	Germany	Sweden
Kuwait	Ukraine	Hungary	Switzerland
Luxembourg	Uni Arab Emirates	India	Syria
Malaysia	United Kingdom	Italy	Thailand
Mauritius	USA	Jamaica	Tunisia
Mongolia	Uzbekistan	Jordan	Turkmenistan
Netherlands	Venezuela	North Korea	Turkey
New Zealand	Vietnam	South Korea	Ukraine
Norway		Kyrgyzstan	United Kingdom
Pakistan		Laos	Uzbekistan
Philippines		Malaysia	Vietnam
Poland		Morocco	Yemen
Romania		Mauritius	Zimbabwe
Saudi Arabia		Mongolia	

Source: see Table 2.

