

UNOFFICIAL TRANSLATION

I. IMPROVING THE INVESTMENT CLIMATE

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
I. INSTITUTIONS						
A. Strengthen Investment Service Institutions.	1. Arrange regulations related to investment.	a. Arrange Investment Procedures and One Door Integrated Service	Presidential Regulation (Perpres).	June 2007	a. Investment Procedures that are clear and simple for investors	Minister of Trade
		b. Establish criteria and conditions for closed business activities and business activities open with conditions as the basis for compiling the list of business activities closed and open with conditions.	Presidential Regulation (Perpres).	June 2007	b. Guarantee legal certainty and transparency in compiling the investment Negative List	Minister of Trade
		c. Compile the list of business activities that are closed and business activities that are open with conditions (negative list) for investment.	Presidential Regulation (Perpres).	June 2007	c. Clear and transparent list of business activities that are closed and business activities that are open with conditions.	

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
		d. Formulate a clear division of authority between the Central Government and Regional Governments with respect to investment as a clarification of Law Number 32/2004 on Regional Government and Law Number 25/2007 on Investment.	Revise Government Regulation Number 25/2000 on the authority of the Government and the authority of the Provinces as Autonomous Regions.	June 2007	Orderly and non-overlapping division of authority between the Central Government and Regional Governments	Minister of Home of Affairs
		e. Prepare National Industrial Strategy	National Industrial Strategy	October 2007	Clear direction and development of national industry	Minister of Industry

e. Prepare ...

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
		f. Prepare general policies for investment	General Policy for Investment	November 2007	General Plan for Investment that is clear and simple	Coordinating Minister for Economic Affairs
		g. Formulate the granting of fiscal facilities, in the form of a reduction of certain taxes and tariffs, to investors who meet certain criteria,	Minister of Finance Regulation	December 2007	Fiscal facilities for investors in the form of reduced taxes and tariffs.	Minister of Finance

B. Formulate ...

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
		h. Formulate investment policies in Special Economic Zones	Submission to Parliament of a draft law on Special Economic Zones	November 2007	Clear regulations concerning investment policies in Special Economic Zones	Minister of Trade and Chairman of BKPM
		i. Revise PP Number 16/1997 on Franchising	Revised PP Number 16/1997	July 2007	Control over franchise business conduct	Minister of Trade
	3. Accelerate company establishment and business licensing	Accelerate the process of establishing a company and business licensing through the following steps, among others: <ul style="list-style-type: none"> ▪ Simplify procedures ▪ Switch from sequential to parallel processing ▪ Set maximum time limits for each procedure 	Improved regulations relating to the process of establishing a company, obtaining business licenses, the Business Registration Certificate (IDP), the Business Trading License (SIUP), and Manpower and Social Security registration.	July 2007	Cut the time to establish a company and obtain business licenses to a maximum of 25 days	Minister of State Apparatus Empowerment

B. Increase ...

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
	3. Increase exports and investment	Establish working groups as implementation of Presidential Decree Number 3/2006 on the National Team to Increase Exports and Investment (Timnas PEPI)	Decree of the Coordinating Minister for Economic Affairs as Executive Chairman of Timnas PEPI	June 2007	Performance of Timnas PEPI becomes effective	Coordinating Minister for Economic Affairs
	4. Improve the provision of information and investment licensing <i>on-line</i>	a. Establish a team for the development of an <i>on-line</i> information delivery and investment licensing system.	Decree of the Coordinating Minister for Economic Affairs	August 2007	Team established to develop an <i>on-line</i> information delivery and investment licensing system	Coordinating Minister for Economic Affairs
		b. Develop an application program for an on-line information delivery and investment licensing system	Application Program	November 2007	On-line information delivery and investment licensing system available	

c. Operate ...

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
		c. Operate a pilot project for establishing an <i>on-line</i> information delivery and investment licensing system in Batam	Decree of the Chairman of BKPM concerning operation of a pilot project in Batam	December 2007	Pilot project for an on-line information delivery and investment licensing system.	Chairman of BKPM
		d. Socialize an on-line information delivery and investment licensing system.	Press Release, Seminars, Workshops, etc.	November 2007 continuing	Businesses aware of an on-line information delivery and investment licensing system.	Chairman of BKPM
		e. Operate an on-line information delivery and investment licensing system nationwide.	Decree of the Chairman of BKPM concerning operation of an on-line information delivery and investment licensing system nationwide	June 2008	Improved information delivery and investment licensing	Chairman of BKPM

B. Synchronize ...

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
B. Synchronize central and regional regulations (Perda)	Review regional regulations that hinder investment.	a. Establish a joint team to oversee the development of draft regional regulations, to evaluate regional regulations and to monitor the cancellation of regional regulations that hinder investment.	Joint Team established on the basis of a joint decree of the Minister of Home Affairs and Minister of Finance	June 2007	Reduction in the number of regional regulations that hinder investment.	Minister of Home Affairs and Minister of Finance
		b. Improve the functioning of the joint team including: 1) Mechanism to collect regional regulations and draft regional regulations. 2) Evaluation, revision and cancellation of regional regulations. 3) Monitoring of cancelled regional regulations 4) Public announcement of the cancellation of regional regulations in the mass media and websites every 3 months.	1. Standard Operating Procedures produced by the Head of the Joint Team 2. Socialization of the cancellation of regional regulations that hinder investment	June 2007 and continuing	1. Joint Team that works efficiently and effectively 2. Cancellation of regional regulations announced to the public	Minister of Home Affairs and Minister of Finance

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
II. MOVEMENT OF GOODS AND CUSTOMS						
A. Smooth flow of exports and imports	1. Improved cargo service in Tanjung Priok port	Rearranging the spatial planning of of Tanjung Priok port	Decree of the Minister of Transportation concerning a Spatial Planning Master Plan in Tanjung Priok port	October 2007	Comprehensive manual for rearranging spatial planning in Tanjung Priok port	Minister of Transportation
	2. Organize the spatial planning and port activities in accordance with the ISPS Code in Tanjung Priok port	Monitoring and evaluation of the implementation of the ISPS Code in Tanjung Priok port	Decree of the Coordinating Minister for Economic Affairs in the framework of Presidential Decree Team 54 (Tim Keppres 54) concerning the establishment of an <i>Oversight Committee</i>	August 2007	Organized spatial planning and port activities in accordance with ISPS Code	Coordinating Minister for Economic Affairs

3. Arrange ...

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
	3. Arrange port spatial planning and activities that are open for exports and imports	Arrange general policies on port spatial planning and activities that are open for export and import	Road map for port spatial planning and activities that is open for export and import	December 2007	General policy on the port spatial planning and activities that are open for exports and imports	Minister of Transportation
B. Accelerate Customs Service.	Accelerate customs clearance process for imports and exports	a. Improve customs clearance procedures	Improve regulations related to customs clearance procedures in the form of Minister of Finance regulations and Director General of Customs and Excise regulations covering: 1) Customs Administration for Imports 2) Physical inspection 3) Temporary Holding Facilities (TPS) 4) Customs Brokerage Companies (PPJK)	Oct 2007 July 2007 July 2007 July 2007	1. Simplified customs clearance procedures so that goods can be released through the green lane in 30 minutes and through the red lane in 3 days. 2. Profiling system for PPJK dan TPS.	Minister of Finance

c. Mengembangkan ...

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
		b. Develop Priority Lane facilities	Decree of the Director General of Customs and Excise regarding <i>Mandatory Paperless</i> for Priority Lane importers	October 2007	1.Faster and simpler customs release process for the priority lane. 2.Increased interest in the Priority Lane	Minister of Finance
		c. Improve risk management at customs	Improve regulations related to: 1) Establishment of a Profiling Committee 2) Profiles of importers, PPJK, TPS, Commodity and Country of Origin for determining the lane during the import process 3) Blocking service users in relation to customs 4) Customs registration valuation standards	June 2007 October 2007 August 2007 Sept 2007	Rapid and correct determination of the lane and increased effectiveness of customs service and control.	Minister of Finance

d. Improve ...

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
		d. Improve customs valuation methods for calculating import duty	Decree of the Director General of Customs and Excise concerning Implementation Guidelines for Customs Valuation in the Calculation of Import Duty in connection with importer profiles.	June 2007	<ol style="list-style-type: none"> 1. More effective and efficient customs values 2. Optimum use of Price Data Base 3. Application of risk management to customs valuation. 	Minister of Finance
		e. Automation of service application system (SAP) for customs form BC 2.3 (customs declaration document for entrance to Bonded Holding Zones)	Decree of the Director General of Customs and Excise concerning improvement of the system and procedures for BC 2.3 with EDI (<i>Electronic Data Interchange</i>)	December 2007	Simpler and faster procedures for inflow and outflow of goods from Bonded Holding Zones (TPB)	Minister of Finance

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
		f. Create an <i>Indonesia National Single Window</i> (INSW) for customs and cargo clearance through: <ol style="list-style-type: none"> 1) Development of a blueprint for the <i>Indonesia National Single Window</i> (INSW) 2) Socialization of measures to prepare implementation of the INSW 3) Carry out a pilot project for a NSW in Tanjung Priok 4) Prepare nationwide operation of the INSW 	<ul style="list-style-type: none"> ▪ Blueprint for the <i>Indonesia National Single Window</i> (INSW) ▪ Socialization activities to prepare implementation of the INSW ▪ Decree of the Minister of Finance concerning the NSW pilot project in Tanjung Priok port ▪ Operating manual for the INSW nationwide 	<p>July 2007</p> <p>May-December 2007</p> <p>December 2007</p> <p>Dec 2007-Dec 2008</p>	Indonesia National Single Window integrated with ASEAN Single Window	Minister of Finance (Head of National Single Window Team)
C. Development of customs facilities	Improve decrees relating to bonded zones (TPB)	Prepare regulations on bonded zones (TPB) to accommodate an increase in the types of bonded zones.	Regulations on bonded zones as implementation of Law Number 10/1995 on Customs as already revised with Law Number 17/2006	October 2007	Increased usage of and investment in bonded zones.	Minister of Finance

D. Control ...

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
D. Customs Control	1. Optimization of customs audits	<p>a. Prepare regulation on audit program and standards</p> <p>b. Prepare regulation for audit evaluation program</p>	<ul style="list-style-type: none"> ▪ Regulation of the Director General of Customs and Excise on audit program and standards ▪ Regulation of the Director General of Customs and Excise on audit evaluation program 	<p>September 2007</p> <p>September 2007</p>	Structured and effective implementation of audits.	Minister of Finance
	2. Optimization of Customs Intelligence activities	Improve regulations on procedures for issuing, reporting and administering Intelligence Notes covering improvement of the Application Program for Intelligence Notes and the Application Program for Intelligence Data and Documentation of Violations of Customs Regulations	Revise Decree of the Director General of Customs and Excise Number: KEP-13/BC/2003 in Intelligence Notes	September 2007	Improved performance in the implementation of intelligence notes supported by automated systems and technology that can reduce violations of customs regulations	Minister of Finance

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
III. TAXATION						
A. Improve tax service	1. Accelerate the process for handling and settling VAT refund requests .	Accelerate auditing methods for handling and settling VAT refund requests	Director General of Tax decree	July 2007	1.VAT refund requests submitted by taxpayers before August 2006 settled by July 2007 at the latest. 2. Time to settle refund requests for compliant (“Golden”) taxpayers cut from 1 month to 7 days. 3. Time to settle refund requests for low risk exporters cut from 12 months to 2 months.	Minister of Finance

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
					4. Time to settle refund requests for medium risk exporters cut from 12 months to 4 months.	
	2. Provide premium service for taxpayers at small taxpayer offices with consulting services	a. Establish small taxpayer offices that use modern administrative systems and have: <ol style="list-style-type: none"> 1. <i>Account representatives and help desks</i> 2. Service for all types of tax b. Establish 43 small taxpayer offices in Jakarta c. Establish 112 small taxpayer offices in Banten, West Java, Central Java, East Java and Bali	<ul style="list-style-type: none"> ▪ Minister of Finance decree ▪ 43 small taxpayer offices in Jakarta ▪ 112 small taxpayer offices in Java and Bali 	August 2007 August 2007 December 2007	1. Better service for all taxpayers. 2. Time to obtain a tax registration number for limited companies becomes 2 days	Minister of Finance

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
	3. Enhance Built-in Control Systems	<p>a. Establish automated administrative systems at tax offices with case management and workflow systems.</p> <p>b. Establish automated administrative systems at small taxpayer offices in Jakarta</p> <p>c. Establish automated administrative systems at small taxpayer offices in Banten, West Java, Central Java, East Java and Bali.</p>	<ul style="list-style-type: none"> ▪ Decree of Director General of Taxation ▪ Automated system implemented in Jakarta ▪ Automated system implemented in Java dan Bali 	<p>August 2007</p> <p>August 2007</p> <p>December 2007</p>	Automatic control system for settlement of taxpayer applications	Minister of Finance
B. Enhance Good Governance	Develop internal control systems	a. Establish a Complaint Management System.	Minister of Finance decree	August 2007	Internal control unit functioning properly.	Minister of Finance
		b. Develop a system to guarantee implementation of tasks in accordance with established working procedures (<i>Quality Assurance</i>).	Decree of Director General of Taxation	July 2007	Standard Operating Procedures for employees of the Director General of Taxation to achieve Quality Assurance	Minister of Finance

POLICY	PROGRAM	ACTION	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
C. Protect taxpayer rights.	Establish a code of ethics for tax officials.	Enhance <i>Good Governance</i> , mainly in connection with audits, objections, and the correct application of tax regulations.	Code of ethics for officials in all tax offices.	October 2007	Steady decrease in violations of the code of ethics by tax officials in dealings with taxpayers	Minister of Finance