Telecommunications

Telecommunications services are another area of key Canadian interest. Canadian officials continue to press Indonesia to liberalize its telecommunications regime.

Banking and Insurance

During the WTO negotiations on financial services, Indonesia made some important improvements to its financial services offer. Improvements included the binding of joint-venture financial institutions as per existing joint-venture agreements, and prevailing laws and regulations, allowing a majority foreign ownership of publicly listed non-banking institution and the removal of discriminatory capital requirements. Because of the crisis in the Indonesian financial sector, Indonesia has liberalized both the banking and insurance sectors further. Canada will seek to have Indonesia fully bind these improvements during future WTO negotiations on financial services.

INVESTMENT

Significant barriers exist for Canadian investors in Indonesia. The current Indonesian policy regime requires that all proposed investments, other than foreign investment in the oil and gas, and many mineral sectors, must receive approval from Indonesia's investment-approval body, BKPM.

Despite improvements in BKPM's procedure in recent years, arrangements for obtaining licences that are needed to implement approved investments can be time-consuming and costly. For example, Canadian investors may be required to obtain a location licence, a building permit, a Nuisance Act Licence, a limited importer certification card, a tax registration, a manpower permit, a master list for importation of capital goods and raw materials, a land title/utilization permit and an operating licence. Each of these requirements causes delay and raises costs for Canadian investors.As mentioned above, Canadian participation in the oil and gas sector, and in most of the mining sector, falls outside BKPM rules. Foreign investment in these sectors is governed by specific sectoral laws and regulations that are administered by the Department of Mines and Energy. The complex regulatory regime, together with time-consuming and costly licensing and approval procedures, serve as impediments to Canadian investment and, in turn, hampers exports of goods and services in support of Canadian investment. Nevertheless, given actual and potential Canadian investment, Indonesia remains a priority country for FIPA negotiations.