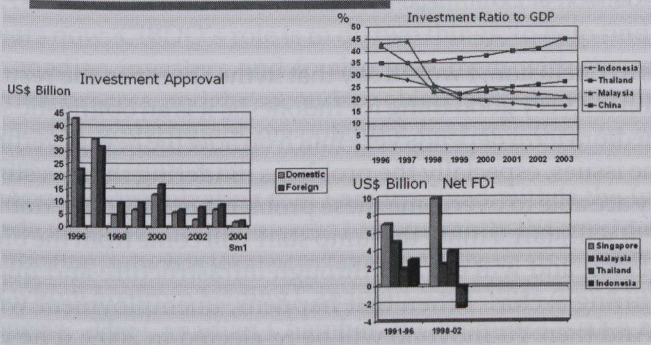


capital markets, as seen by the rise in the Jakarta Stock Exchange index. But things can change, depending upon the economic team that the new president puts together. If he retains Budiono as Finance Minister, as a conservative who would like to drive down the budget deficit, this would be contrary to the approach of new Vice President Jusuf Kalla, who would like to stimulate the economy, with less regard for the deficit. So that's one thing that has to be resolved. There is a possibility for tensions between a conservative economist and the other advisors, especially those from the Bogor Institute of Agriculture, where SBY received his degree. They would like more interventions with a stronger government role in the economy. And the other challenge is in how the SBY government will deal with the Parliament, because basically the most important economic policies - for instance with regard to privatizations - not to mention budgets, will need approval from the Parliament. So the overall economic implications for the SBY government are positive, but with some worries.

## Investment is declining



In my final comments, I would like to turn to the topic of investment. Unfortunately as we can see from this data, investment as a proportion of GDP is declining, by about 18 - 20% compared to China. Even in Thailand, this ratio has been on the increase. The other chart shows net foreign investments up to 2002, we still have a negative level of approved investment. So this is a challenge. Once foreign investment starts to grow again, it will be good for the Indonesian economy. Investments in mining and oil have also been declining. This is very unfortunate as the prices are currently high.