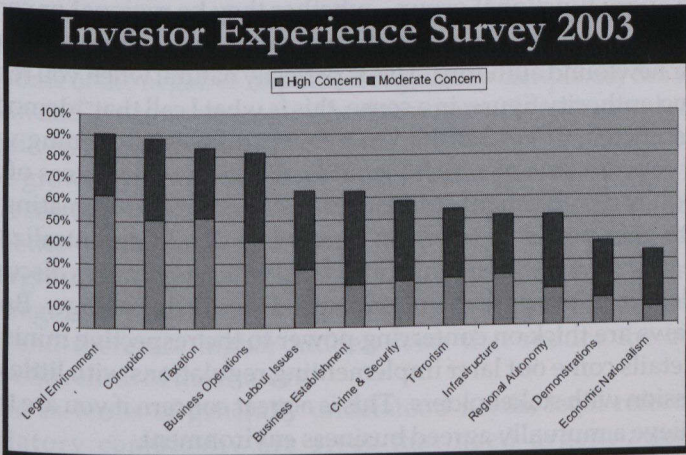


corruption as a serious concern. Taxation and tax administration - not the rates but the way it is applied - is a serious concern. Business operations, the cost of doing business, the permitting, the regulations, the payments, the fees, those are also significant concerns of foreign investors. And down the list, labour issues also rated highly. The cost of setting up business in the first place, compared to the equivalent costs in developed countries or in neighbouring countries is considered to be high. What is interesting is that things such as crime and security, terrorism, and demonstrations are much lower down on the list in terms of concerns for existing investors. They don't see the problem unless they have actually been impacted directly, whereas people who have not yet invested in Indonesia tend to see those as the greater concerns. One of the conclusions that we drew from the survey was that the existing investors are more concerned about the legal environment, corruption, bad tax administration (that is, having to negotiate your taxes), and business operations complexity, as this was based on their experiences in country. Perspective investors were more concerned about the crime, security and terrorism they that were seeing on CNN. That was based on their perceptions of what Indonesia is like. We have a disconnect or disparity between the experiences of existing investors and perceptions of potential investors.



The consequence of this is that Indonesia is hit negatively in two ways. The negative perceptions are keeping away badly needed new