

A Strong Bilateral Partnership is in Place

As one of the region's most populous countries and fastest-growing economies, Indonesia is an important partner for Canada in Asia. Indonesia's growing influence in the region (and globally) and the moderating approach it has adopted as current chair of the Non-Aligned Movement have enhanced its importance.

Indonesia will host both the APEC Ministerial Meeting and the second informal meeting of APEC Heads of Government in November 1994, providing an excellent opportunity for

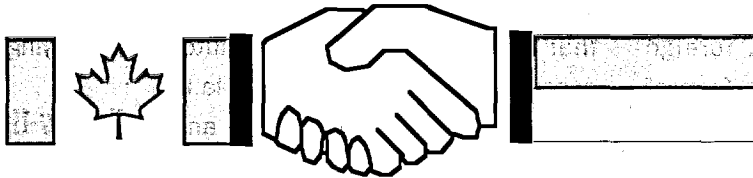
close cooperation in the further development of this important regional forum.

While Canadian concerns about Indonesia's human rights record — especially in East Timor — remain, Canada has responded to recent positive developments in Indo-

nesia by resuming the planning for new development projects.

Canadian assistance, total-

ling between \$36 million and \$39 million a year, is provided in four major areas: environment; women in development; human resources development; and community participation.



➔ PROCEDURES SIMPLIFIED, MARKET LIBERALIZED

The Indonesian government released, on October 23, 1993, a new individual deregulation package with the intention of improving the foreign investment environment. This will be done through simplification of export/import procedures, tariff and surcharge reductions, liberalization of import restrictions, simplified licensing and permit procedures, improved foreign ownership requirements, increased pharmaceutical product market access, and simplified requirements for environmental impact analysis.

Simplification of Export Import Procedures:

Customs procedures will be streamlined and import procedures will be simplified in order to facilitate the mobility of intermediate goods.

Tariffs, Surcharges and Import Liberalization:

Effective immediately, import tariffs on 198 products

have been lowered by 5 per cent to 15 per cent. Duty surcharges on goods under 92 codes have been lifted and those on 27 others have been lowered.

The reduction of tariffs and liberalization of import restrictions cover steel, copper, aluminum, electronic components, chemical products, agricultural products, pharmaceuticals, plastics, sanitary products and ceramics.

Improved Foreign Ownership Requirements:

Foreign investments located outside bonded zones with a minimum of U.S. \$50 million may now retain 100 per cent foreign ownership up to 10 years from the start of commercial production with divestiture of 51 per cent equity to an Indonesian partner to be accomplished within 20 years.

Contact the Canadian Embassy in Jakarta (see address P. VII) for other changes on how to set up your business.