

## DISCUSSION

Q: I have two questions. One has to do with the problem of capital flight. Both of you refer to this without mentioning any orders of magnitude. So do you have orders of magnitude of the stock of flight capital and the annual flow of flight capital for the past few years, and whether there is anything that the SBY government can do about it to stem the flight of capital. My second question has to do with trade. As you know, the multi-fiber agreement is being phased out next year, and the consequences of this are going to be quite serious for a lot of garment and textile manufacturers throughout the world, except for perhaps China. So the question is: what is Indonesia going to do to prepare itself for the post-MFA regime to protect its textile industry, and what do you see as the prognosis with respect to this?

Juoro: Regarding capital flight, this is a very controversial issue. Some say Indonesia lost \$10 billion to \$18 billion during the crisis. Many people suspect that these flows were associated with the Indonesian-Chinese business conglomerates, but when I ask them, they also do not know where these estimates come from. But it is very clear, when you see about the capital market you can see the flight of capital during the crisis of 1998. That was quite a significant flight. In my view it is more important to create a conducive environment for investment than to try to find the numbers regarding capital flight that actually happened during the crisis, because that is quite a difficult subject. It is very clear when you see the data published by the World Bank and others that up to 2002/2003, there was still a net capital outflow in the country. So that is not related to the crisis, but rather that they see that for the medium and long term investment Indonesia is still not a good place to be. So I think what is really important here is for the new government to create a better environment for investment to come to Indonesia, especially foreign direct investment, because there is no problem anymore with portfolio or strategic investors, in the sense of foreign investors buying Indonesian companies.

On the second question on trade, this is a very serious issue. Most of the bank allocate credit to the textile and garment industries. Up to 2001/2002, we still considered textiles,