

**Joint Announcement of
the Japan-Indonesia Strategic Investment Action Plan (SIAP)**

1. On June 2, 2005, H. E. Junichiro Koizumi, Prime Minister of Japan, and H. E. Susilo Bambang Yudhoyono, President of the Republic of Indonesia, announced the Japan-Indonesia Strategic Investment Action Plan (SIAP) as a new initiative for promoting foreign investment, especially from Japan, in Indonesia with the shared understanding that higher and sustainable economic growth through a substantial increase in investment is essential for Indonesia to alleviate poverty and generate jobs.

The SIAP was prepared by the High Level Public/Private Sector Joint Forum on Investment launched on December 16, 2004, in Jakarta, following two leaders' agreement on the principle of its establishment in November 2004 in Santiago, Chile.

2. The two leaders, acknowledging the Indonesian objective of doubling the volume of foreign investment to Indonesia from each investing country, including that from Japan, over the next five years, decided to cooperate under the SIAP to achieve its objective by improving investment climate in Indonesia with the President's strong leadership.
3. The SIAP is composed of concrete actions, the list of which is attached. These actions are subdivided into the following four areas, tax/customs, labor, infrastructure and industrial competitiveness/small and medium-sized enterprises.

The two leaders, recognising some of the progress achieved by the series of investment-related initiatives introduced by the President since last October, stressed the importance and urgency for Indonesia to take actions especially in these four areas.

Although the majority of the actions in the SIAP are to be implemented by the Indonesian government, cooperation from the Japanese side could facilitate those actions. To this end, the government

of Japan is ready to strengthen cooperation, if necessary, through Japan International Cooperation Agency (JICA), Japan Bank for International Cooperation (JBIC) and Japan External Trade Organization (JETRO). NIPPON KEIDANREN is encouraged to actively promote Japanese companies to substantially increase investment in Indonesia.

4. President Yudhoyono explained the priorities for Indonesian sectoral developments and its investment targets including infrastructure in the next 5 years. President Yudhoyono therefore invited Japanese corporations to substantially increase their investment mainly in supporting industries. Prime Minister Koizumi proposed that the industrial strategy of Indonesia be further discussed under the framework of the SIAP and expressed his willingness to promote bilateral economic relations.
5. As for the future work of the Joint Forum, the two leaders assigned the Planning and Coordination Committee of the Joint Forum the task of monitoring the implementation of the SIAP and discussing other important issues such as judicial reform and capacity building. To enrich the dialogue of the Joint Forum, an advisory team composed of experts from both countries will be established within the Planning and Coordination Committee to conduct policy dialogues.
6. The two leaders stressed that the progress in the SIAP, together with a prospective bilateral Economic Partnership Agreement to be negotiated between the two countries, would further promote our bilateral relations which have been developed for many years as longstanding close partners in investment and trade.