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U.S. DEPARTMENT of STATE

Bureau of East Asian and Pacific Affairs
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Background Note: Indonesia



PROFILE

Official Name:
[Republic of Indonesia](#)
Geography

Area: 2 million sq. km. (736,000 sq. mi.), about three times the size of Texas; maritime area: 7,900,000 sq. km.

Cities: *Capital*--Jakarta (est. 8.8 million). *Other cities*--Surabaya 3.0 million, Medan 2.5 million, Bandung 2.5 million.

Terrain: More than 17,500 islands; 6,000 are inhabited; 1,000 of which are permanently settled. Large islands consist of coastal plains with mountainous interiors.

Climate: Equatorial but cooler in the highlands.

People

Nationality: *Noun and adjective*--Indonesian(s).

Population (July 2008 est.): 237.5 million.

Annual population growth rate (2008 est.): 1.175%.

Ethnic groups (2000 census): Javanese 40.6%,

Sundanese 15%, Madurese 3.3%, Minangkabau 2.7%, others 38.4%.

Religions (2000 census): Muslim 86.1%, Protestant 5.7%, Catholic 3%, Hindu 1.8%, others 3.4%.

Languages: Indonesian (official), local languages, the most prevalent of which is Javanese.

Education: *Years compulsory*--9. *Enrollment*--94% of eligible primary school-age children. *Literacy*--90.4% (2007).

Health: *Infant mortality rate*--31.04/1,000 (2008 est.). *Life expectancy at birth*--70.46 years (2008 est.).

Work force: 111.5 million (2008). *Agriculture*--42%, *industry*--12%, *services*--44%.

Government

Type: Independent republic.

Independence: August 17, 1945 proclaimed.

Constitution: 1945. Embodies five principles of the state philosophy, called Pancasila, namely monotheism, humanitarianism, national unity, representative democracy by consensus, and social justice.

Branches: *Executive*--president (head of government and chief of state) elected by direct popular vote.

Legislative--The People's Consultative Assembly (MPR), which includes the 550-member House of Representatives (DPR) and the 128-member Council of Regional Representatives (DPD), both elected to five-year terms. *Judicial*--Supreme Court.

Suffrage: 17 years of age universal and married persons regardless of age.

Economy


Mount Merapi spews volcanic smoke as seen from an observation post in Babadan, Indonesia, April 20, 2006. [© AP Images]



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GDP (2007): \$433 billion; (2008 est.): \$500 billion.

Annual growth rate (2007): 6.3%; (2008 est.): 6.1%.

Inflation (2007): 6.6%; (2008 est.): 11.5-12.5% (end-period).

Per capita income (2007): \$3,700 (est., PPP).

Natural resources (11.1% of GDP): Oil and gas, bauxite, silver, tin, copper, gold, coal.

Agriculture (13.8% of GDP): *Products*--timber, rubber, rice, palm oil, coffee. *Land*--17% cultivated.

Manufacturing (27% of GDP): Garments, footwear, electronic goods, furniture, paper products.

Trade: *Exports* (2007)--\$118.1 billion including oil, natural gas, appliances, textiles. *Major exporters*--Japan, U.S., Singapore, Republic of Korea, China. *Imports* (2007)--\$84 billion including food, chemicals, capital goods, consumer goods. *Major importers*--Singapore, Japan, China.

PEOPLE

Indonesia's approximately 237.5 million people make it the world's fourth-most populous nation. The island of Java, roughly the size of New York State, is the most populous island in the world (124 million, 2005 est.) and one of the most densely populated areas in the world. Indonesia includes numerous related but distinct cultural and linguistic groups, many of which are ethnically Malay. Since independence, Bahasa Indonesia (the national language, a form of Malay) has spread throughout the archipelago and has become the language of most written communication, education, government, business, and media. Local languages are still important in many areas, however. English is the most widely spoken foreign language. Education is compulsory for children through grade 9. In primary school, 94% of eligible children are enrolled whereas 57% of eligible children are enrolled in secondary school.

Constitutional guarantees of religious freedom apply to the six religions recognized by the state, namely Islam (86.1%), Protestantism (5.7%), Catholicism (3%), Hinduism (1.8%), Buddhism (about 1%), and Confucianism (less than 1%). On the resort island of Bali, over 90% of the population practices Hinduism. In some remote areas, animism is still practiced.

HISTORY

By the time of the Renaissance, the islands of Java and Sumatra had already enjoyed a 1,000-year heritage of advanced civilization spanning two major empires. During the 7th-14th centuries, the Buddhist kingdom of Srivijaya flourished on Sumatra. At its peak, the Srivijaya Empire reached as far as West Java and the Malay Peninsula. Also by the 14th century, the Hindu Kingdom of Majapahit had risen in eastern Java. Gajah Mada, the empire's chief minister from 1331 to 1364, succeeded in gaining allegiance from most of what is now modern Indonesia and much of the Malay archipelago as well. Legacies from Gajah Mada's time include a codification of law and an epic poem. Islam arrived in Indonesia sometime during the 12th century and, through assimilation, supplanted Hinduism by the end of the 16th century in Java and Sumatra. Bali, however, remains overwhelmingly Hindu. In the eastern archipelago, both Christian and Islamic proselytizing took place in the 16th and 17th centuries, and, currently, there are large communities of both religions on these islands.

Beginning in 1602, the Dutch slowly established themselves as rulers of Indonesia, exploiting the weakness of the small kingdoms that had replaced that of Majapahit. The only exception was East Timor, which remained under Portugal's control until 1975. During 300 years of rule, the Dutch developed the Netherlands East Indies into one of the world's richest colonial possessions.

During the first decade of the 20th century, an Indonesian independence movement began and expanded rapidly, particularly between the two World Wars. Its leaders came from a small group of young professionals and students, some of whom had been educated in the Netherlands. Many, including Indonesia's first president, Soekarno (1945-67), were imprisoned for political activities.

The Japanese occupied Indonesia for three years during World War II (1942-1945). On August 17, 1945, three days after the Japanese surrender to the Allies, a small group of Indonesians, led by Soekarno and Mohammad Hatta, proclaimed independence and established the Republic of Indonesia. They set up a provisional government and adopted a constitution to govern the republic until elections could be held and a new constitution written. Dutch efforts to reestablish complete control met strong resistance. After four years of warfare and negotiations, the Dutch transferred sovereignty to a federal Indonesian Government. In 1950, Indonesia became the 60th member of the United Nations.

Shortly after hostilities with the Dutch ended in 1949, Indonesia adopted a new constitution, providing for a parliamentary system of government in which the executive was chosen by and accountable to parliament. Parliament was divided among many political parties before and after the country's first nationwide election in 1955, and stable governmental coalitions were difficult to achieve. The role of Islam in Indonesia became a divisive issue. Soekarno defended a secular state based on Pancasila, five principles of the state philosophy--monotheism, humanitarianism, national unity, representative democracy by consensus, and social justice--

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codified in the 1945 constitution, while some Muslim groups preferred either an Islamic state or a constitution that included a preambular provision requiring adherents of Islam to be subject to Islamic law. At the time of independence, the Dutch retained control over the western half of New Guinea (known as Irian Jaya in the Soekarno and Soeharto eras and as Papua since 2000) and permitted steps toward self-government and independence.

Negotiations with the Dutch on the incorporation of Irian Jaya into Indonesia failed, and armed clashes broke out between Indonesian and Dutch troops in 1961. In August 1962, the two sides reached an agreement, and Indonesia assumed administrative responsibility for Irian Jaya on May 1, 1963. The Indonesian Government conducted an "Act of Free Choice" in Irian Jaya under UN supervision in 1969 in which 1,025 Papuan representatives of local councils agreed by consensus to remain a part of Indonesia. A subsequent UN General Assembly resolution confirmed the transfer of sovereignty to Indonesia. Opposition to Indonesian administration of Papua gave rise to small-scale guerrilla activity in the years following Jakarta's assumption of control. In the more open atmosphere since 1998, there have been more explicit expressions within Papua calling for independence from Indonesia.

Unsuccessful rebellions on Sumatra, Sulawesi, West Java, and other islands beginning in 1958, plus a failure by the constituent assembly to develop a new constitution, weakened the parliamentary system. Consequently, in 1959, when President Soekarno unilaterally revived the provisional 1945 constitution that provided for broad presidential powers, he met little resistance. From 1959 to 1965, President Soekarno imposed an authoritarian regime under the label of "Guided Democracy." He also moved Indonesia's foreign policy toward nonalignment, a foreign policy stance supported by other prominent leaders of former colonies who rejected formal alliances with either the West or Soviet bloc. Under Soekarno's auspices, these leaders gathered in Bandung, West Java, in 1955 to lay the groundwork for what became known as the Non-Aligned Movement. In the late 1950s and early 1960s, President Soekarno moved closer to Asian communist states and toward the Indonesian Communist Party (PKI) in domestic affairs. Though the PKI represented the largest communist party outside the Soviet Union and China, its mass support base never demonstrated an ideological adherence typical of communist parties in other countries.

By 1965, the PKI controlled many of the mass civic and cultural organizations that Soekarno had established to mobilize support for his regime and, with Soekarno's acquiescence, embarked on a campaign to establish a "Fifth Column" by arming its supporters. Army leaders resisted this campaign. Under circumstances that have never been fully explained, on October 1, 1965, PKI sympathizers within the military, including elements from Soekarno's palace guard, occupied key locations in Jakarta and kidnapped and murdered six senior generals. Major General Soeharto, the commander of the Army Strategic Reserve, rallied army troops opposed to the PKI to reestablish control over the city. Violence swept throughout Indonesia in the aftermath of the October 1 events, and unsettled conditions persisted through 1966. Right-wing gangs killed tens of thousands of alleged communists in rural areas. Estimates of the number of deaths range between 160,000 and 500,000. The violence was especially brutal in Java and Bali. During this period, PKI members by the tens of thousands turned in their membership cards. The emotions and fears of instability created by this crisis persisted for many years as the communist party remains banned from Indonesia.

Throughout the 1965-66 period, President Soekarno vainly attempted to restore his political stature and shift the country back to its pre-October 1965 position. Although he remained President, in March 1966, Soekarno transferred key political and military powers to General Soeharto, who by that time had become head of the armed forces. In March 1967, the Provisional People's Consultative Assembly (MPRS) named General Soeharto acting President. Soekarno ceased to be a political force and lived under virtual house arrest until his death in 1970.

President Soeharto proclaimed a "New Order" in Indonesian politics and dramatically shifted foreign and domestic policies away from the course set in Soekarno's final years. The New Order established economic rehabilitation and development as its primary goals and pursued its policies through an administrative structure dominated by the military but with advice from Western-educated economic experts. In 1968, the People's Consultative Assembly (MPR) formally selected Soeharto to a full five-year term as President, and he was reelected to successive five-year terms in 1973, 1978, 1983, 1988, 1993, and 1998. In mid-1997, Indonesia suffered from the Asian financial and economic crisis, accompanied by the worst drought in 50 years and falling prices for oil, gas, and other commodity exports. As the exchange rate changed from a fixed to a managed float to fully floating, the rupiah depreciated in value, inflation increased significantly, and capital flight accelerated. Demonstrators, initially led by students, called for Soeharto's resignation. Amid widespread civil unrest, Soeharto resigned on May 21, 1998, three months after the MPR had selected him for a seventh term. Soeharto's hand-picked Vice President, B.J. Habibie, became Indonesia's third President. President Habibie reestablished International Monetary Fund (IMF) and donor community support for an economic stabilization program. He released several prominent political and labor prisoners, initiated investigations into the unrest, and lifted controls on the press, political parties, and labor unions.

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In January 1999, Habibie and the Indonesian Government agreed to a process, with UN involvement, under which the people of East Timor would be allowed to choose between autonomy and independence through a direct ballot held on August 30, 1999. Some 98% of registered voters cast their ballots, and 78.5% of the voters chose independence over continued integration with Indonesia. Many people were killed by Indonesian military forces and military-backed militias in a wave of violence and destruction after the announcement of the pro-independence vote.

Indonesia's first elections in the post-Soeharto period were held for the national, provincial, and sub-provincial parliaments on June 7, 1999. Forty-eight political parties participated in the elections. For the national parliament, Partai Demokrasi Indonesia Perjuangan (PDI-P, Indonesian Democratic Party of Struggle, led by Megawati Soekarnoputri) won 34% of the vote; Golkar ("Functional Groups" party) 22%; Partai Kebangkitan Bangsa (PKB, National Awakening Party, linked to the conservative Islamic organization Nadhlatul Ulama headed by former President Abdurrahman Wahid) 13%; and Partai Persatuan Pembangunan (PPP, United Development Party, led by Hamzah Haz) 11%. The MPR selected Abdurrahman Wahid as Indonesia's fourth President in November 1999 and replaced him with Megawati Soekarnoputri in July 2001.

The constitution, as amended in the post-Soeharto era, provides for the direct election by popular vote of the president and vice president. Under the 2004 amendment, only parties or coalitions of parties that gained at least 3% of the House of Representatives (DPR) seats or 5% of the vote in national legislative elections were eligible to nominate a presidential and vice presidential ticket, though that threshold is undergoing revision in advance of the 2009 election. The 2004 legislative elections took place on April 5 and were considered to be generally free and fair. PDI-P lost its plurality in the House of Representatives, dropping to under 19% of the total vote, while Golkar remained near 1999 levels with 21% of the vote. Five other parties won between 6 and 11% of the national vote. Of the 18 other parties that participated, nine won small numbers of seats in the DPR. The first direct presidential election was held on July 5, 2004, contested by five tickets. As no candidate won at least 50% of the vote, a runoff election was held on September 20, 2004, between the top two candidates, President Megawati Sukarnoputri and retired General Susilo Bambang Yudhoyono. In this final round, Yudhoyono won 60.6% of the vote. Approximately 76.6% of the eligible voters participated, a total of roughly 117 million people, making Indonesia's presidential election the largest single-day election in the world. The Carter Center, which sent a delegation of election observers, issued a statement congratulating "the people and leaders of Indonesia for the successful conduct of the presidential election and the peaceful atmosphere that has prevailed throughout the ongoing democratic transition."

Natural disasters have devastated many parts of Indonesia over the past few years. On December 26, 2004, a 9.1 to 9.3 magnitude earthquake took place in the Indian Ocean, and the resulting tsunami killed over 130,000 people in Aceh and left more than 500,000 homeless. On March 26, 2005, an 8.7 magnitude earthquake struck between Aceh and northern Sumatra, killing 905 people and displacing tens of thousands. After much media attention on the seismic activity on Mt. Merapi in April and May 2006, a 6.2 magnitude earthquake occurred 30 miles to the southwest. It killed more than 5,000 people and left an estimated 200,000 people homeless in the Yogyakarta region.

GOVERNMENT AND POLITICAL CONDITIONS

Indonesia is a republic based on the 1945 constitution providing for a separation of executive, legislative, and judicial power. Substantial restructuring has occurred since President Soeharto's resignation in 1998 and the short, transitional Habibie administration in 1998 and 1999. The Habibie government established political reform legislation that formally set up new rules for the electoral system, the House of Representatives (DPR), the People's Consultative Assembly (MPR), and political parties without changing the 1945 Indonesian constitution. After these reforms, the constitution now limits the president to two terms in office.

The president, elected for a five-year term, is the top government and political figure. The president and the vice president were elected by popular vote for the first time on September 20, 2004. Previously, the MPR selected Indonesia's president. In 1999, the MPR selected Abdurrahman Wahid, also known as Gus Dur, as the fourth President. The MPR removed Gus Dur in July 2001, immediately appointing then-Vice President Megawati Soekarnoputri as the fifth President. Megawati brought a certain amount of stability to Indonesia, yet there were concerns over progress on combating corruption and encouraging economic growth. In 2004, Susilo Bambang Yudhoyono was elected to succeed Megawati. National legislative and presidential elections will be held in 2009.

The president, assisted by an appointed cabinet, has the authority to conduct the administration of the government. President Yudhoyono's Democratic Party (PD) holds 55 of the 550 seats in the House of Representatives (DPR), making it the fourth-largest political party represented in the legislature as of 2008. Yudhoyono, however, also had the support of other political parties that combined to hold a majority of the seats in the DPR. The People's Consultative Assembly (MPR) has 678 members, consisting of the 550

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members of the DPR and the 128 representatives of the Council of Regional Representatives (DPD), which includes four members from 32 of Indonesia's 33 provinces. Since 2004, all seats in the DPR and DPD have been held by legislators elected by the citizenry. Previously, some seats had been reserved for representatives of the armed forces. The military has been a significant political force throughout Indonesian history, though it had ceded its formal political role by 2004.

The armed forces shaped the political environment and provided leadership for Soeharto's New Order from the time it came to power in the wake of the abortive 1965 uprising. Military officers, especially from the army, were key advisers to Soeharto and Habibie and had considerable influence on policy. Under the dual function concept ("dwifungsi"), the military asserted a continuing role in socio-political affairs. This concept was used to justify placement of officers in the civilian bureaucracy at all government levels and in regional and national legislatures. Although the military retains influence and is one of the only truly national institutions, the wide-ranging democratic reforms instituted since 1999 abolished "dwifungsi" and ended the armed forces' formal involvement in government administration. The police have been separated from the military, further reducing the military's direct role in governmental matters. Control of the military by the democratically elected government has been strengthened.

As a reaction to Soeharto's centralization of power and reflecting historically independent sentiment, Hasan di Tiro established the Free Aceh Movement (Gerakan Aceh Merdeka, GAM) in December 1976 to seek independence for Aceh. Some 15,000 died in military conflict in Aceh over the following three decades. Through peace talks led by former Finnish president Martti Ahtisaari, a peace agreement between GAM and the Indonesian Government that provided wide-ranging autonomy for Aceh was signed on August 15, 2005. By December 2005, GAM declared that it had disbanded the military wing of its organization, and the Indonesian Government had withdrawn the bulk of its security forces down to agreed levels. On December 11, 2006, Aceh held gubernatorial and district administrative elections, the first democratic elections in over half a century in Aceh, resulting in the election of a former separatist leader as governor.

Principal Government Officials

President--Susilo Bambang Yudhoyono

Vice President--Jusuf Kalla

Minister of Foreign Affairs--Noer Hassan Wirajuda

Ambassador to the United States--Sudjandnan Parnohadiningrat

Ambassador to the United Nations--Marty Natalegawa

The [Embassy](#) of Indonesia is at 2020 Massachusetts Avenue NW, Washington, DC 20036 (tel. 202-775-5200-5207; fax: 202-775-5365). Consulates General are in New York (5 East 68th Street, New York, NY 10021, tel. 212-879-0600/0615; fax: 212-570-6206); Los Angeles (3457 Wilshire Blvd., Los Angeles, CA 90010; tel. 213-383-5126; fax: 213-487-3971); Houston (10900 Richmond Ave., Houston, TX 77042; tel. 713-785-1691; fax: 713-780-9644). Consulates are in San Francisco (1111 Columbus Avenue, San Francisco, CA 94133; tel. 415-474-9571; fax: 415-441-4320); and Chicago (2 Illinois Center, Suite 1422233 N. Michigan Avenue, Chicago, IL 60601; tel. 312-938-0101/4; 312-938-0311/0312; fax: 312-938-3148).

ECONOMY

Indonesia has a market-based economy in which the government plays a significant role. There are 158 state-owned enterprises, and the government administers prices on several basic goods, including fuel, rice, and electricity.

In the mid-1980s, the government began eliminating regulatory obstacles to economic activity. The steps were aimed primarily at the external and financial sectors and were designed to stimulate employment and growth in the non-oil export sector. Annual real gross domestic product (GDP) growth averaged nearly 7% from 1987-97 and most analysts recognized Indonesia as a newly industrializing economy and emerging major market. The Asian financial crisis of 1997 altered the region's economic landscape. With the depreciation of the Thai currency, the foreign investment community quickly reevaluated its investments in Asia. Foreign investors dumped assets and investments in Asia, leaving Indonesia the most affected in the region. In 1998, Indonesia experienced a negative GDP growth of 13.1% and unemployment rose to 15-20%. In the aftermath of the 1997-98 financial crisis, the government took custody of a significant portion of private sector assets via debt restructuring, but subsequently sold most of these assets, averaging a 29% return. Indonesia has since recovered, albeit slower than some of its neighbors, by recapitalizing its banking sector, improving oversight of capital markets, and taking steps to stimulate growth and investment, particularly in infrastructure. GDP growth has steadily risen this decade, achieving real growth of 6.3% in 2007 and projected to exceed 6.0% growth in 2008.

Economic Policy: After he took office on October 20, 2004, President Yudhoyono moved quickly to implement

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a "pro-growth, pro-poor, pro-employment" economic program. He appointed a respected group of economic ministers who announced a "100-Day Agenda" of short-term policy actions designed to energize the bureaucracy. President Yudhoyono also announced an ambitious anti-corruption plan in December 2004. The State Ministry of National Development Planning (BAPPENAS) released in early 2005 a Medium Term Plan focusing on four broad objectives: creating a safe and peaceful Indonesia; creating a just and democratic Indonesia; creating a prosperous Indonesia; and establishing a stable macroeconomic framework for development. President Yudhoyono reshuffled his cabinet in December 2005, appointing former Finance Minister Boediono as Coordinating Minister for Economic Affairs and moving Sri Mulyani Indrawati from the National Development Planning Agency to the Finance Ministry. In May 2008, President Yudhoyono appointed Boediono as Governor of Bank Indonesia, the central bank. In June 2008, President Yudhoyono appointed Finance Minister Sri Mulyani Indrawati to also serve as Coordinating Minister for Economic Affairs.

The Yudhoyono administration targeted average growth of 6.6% from 2004-2009 to reduce unemployment and poverty significantly. Indonesia's overall macroeconomic picture is stable and improving. By 2004, real GDP per capita returned to pre-financial crisis levels. In 2007, domestic consumption continued to account for the largest portion of GDP, at 63%, followed by investment at 24.8%, government consumption at 8.3%, and net exports at 4%. By all measures, investment realization has climbed in each of the past several years.

Following a significant run-up in global energy prices in 2007/2008, the Indonesian Government raised fuel prices by an average of 29% on May 24, 2008 in an effort to reduce its fuel subsidy burden. Fuel subsidies had been projected to reach Rp 265 trillion (\$29.4 billion) in 2008, or 5.9% of GDP. The fuel price hikes, along with rising food prices, led to consumer price inflation of 11.9% in July 2008. To help its citizens cope with higher fuel and food prices, the Indonesian Government implemented a direct cash compensation package for low-income families and an extra range of benefits including an expanded subsidized rice program and additional subsidies aimed at increasing food production.

Banking Sector: Indonesia currently has 128 commercial banks, of which 11 are majority foreign-owned and 17 are foreign joint venture banks. The top 15 banks control about 70% of assets in the sector. Four state-owned banks (Bank Mandiri, BNI, BRI, BTN) control about 37.4% of assets. The Indonesian central bank, Bank Indonesia (BI), announced plans in January 2005 to strengthen the banking sector by encouraging consolidation and improving prudential banking and supervision. BI hopes to encourage small banks with less than Rp 100 billion (about U.S. \$11 million) in capital to either raise more capital or merge with healthier "anchor banks" before end-2010, announcing the criteria for anchor banks in July 2005. In October 2006, BI announced a single presence policy to further prompt consolidation. The policy stipulates that a single party can own a controlling interest in only one banking organization. Controlling interest is defined as 25% or more of total outstanding shares or having direct or indirect control of the institution. BI plans to adopt Basel II standards beginning in 2009 and to improve operations of its credit bureau to centralize data on borrowers. Another important banking sector reform was the decision to eliminate the blanket guarantee on bank third-party liabilities. BI and the Indonesian Government completed the process of replacing the blanket guarantee with a deposit insurance scheme run by the independent Indonesian Deposit Insurance Agency (also known by its Indonesian acronym, LPS) in March 2007. The removal of the blanket guarantee did not produce significant deposit outflows from or among Indonesian banks. Sharia banking has grown considerably in Indonesia in recent years, representing 2.15% of the banking sector, about \$4.78 billion in assets as of July 2008.

Exports and Trade: Indonesia's exports grew to a record \$118 billion in 2007, an increase of 14% from 2006. The largest export commodities for 2007 were oil and gas (19.4%), minerals (18.8%), electrical appliances (13.27%), rubber products (6.8%), and textiles (3.6%). The top four destinations for exports for 2007 were Japan (14.2%), the U.S. (12.3%), Singapore (9.7%), and China (7.3%). Meanwhile, total imports rose 15% to \$84 billion in 2007. The U.S. trade deficit with Indonesia increased 1.9% in 2007 to \$10.1 billion (\$4.2 billion in exports versus \$14.3 billion in imports).

Oil and Minerals Sector: Indonesia announced that it would leave the Organization of Petroleum Exporting Countries (OPEC) in 2008, as it had been a net petroleum importer since 2004. Crude and condensate output averaged 954,000 barrels per day (bpd) in 2007. In 2006, the oil and gas sector contributed \$11.9 billion of government revenues, or 15.5% of the total. U.S. companies have invested heavily in the petroleum sector. Indonesia ranked tenth in world gas production. In early 2007, Qatar passed Indonesia as the world's number one exporter of liquefied natural gas (LNG). Despite the declining trends, Indonesia's oil and gas trade balance remained positive at \$2.3 billion for 2006 and \$156 million in 2007, according to unofficial statistics.

Although minerals production traditionally centered on bauxite, silver, and tin, Indonesia is expanding its copper, nickel, gold, and coal output for export markets. In mid-1993, the Energy Ministry reopened the coal sector to foreign investment. Total coal production reached 179 million metric tons in 2007, including exports of 139.9 million tons. Two U.S. firms operate two copper/gold mines in Indonesia, with a Canadian and U.K. firm

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holding significant investments in nickel and gold, respectively. In 2007 Indonesia ranked fifth among the world's top gold concentrate producers. Indonesian gold production in 2006 was 171 tons. Indonesia achieved its peak output in 2001 with 180 tons. Production mainly came from Freeport's Grasberg mine, the world's biggest gold-producing mine. Indonesia's share of global hard rock mining exploration spending has dropped from 3% to 1%. Since 1998, only three new gold mines have opened. This decline does not reflect Indonesia's mineral prospects, which are high; rather, the decline reflects uncertainty over mining laws and regulations, low competitiveness in the tax and royalty system, and investor concerns over divestment policies and the sanctity of contracts.

Investment: Since the late 1980s, Indonesia has made significant changes to its regulatory framework to encourage investment and economic growth. This growth was financed largely from private investment, both foreign and domestic. U.S. investors provided a majority of the investment in the oil and gas sector and undertook some of Indonesia's largest mining projects. In addition, the presence of U.S. banks, manufacturers, and service providers expanded, especially after the industrial and financial sector reforms of the 1980s. While many petroleum and mining investors remained after the 1997 financial crisis, the number of U.S. investors in other sectors declined. Other major foreign investors include Japan, the United Kingdom, Singapore, the Netherlands, Hong Kong, Taiwan, and South Korea. Infrastructure investment declined steadily after the financial crisis and has not yet recovered. In November 2006, however, the Indonesian Government announced that it was opening up 110 infrastructure projects valued at \$16.5 billion and was working on 120 regulations to encourage infrastructure investment.

President Yudhoyono and his economic ministers have stated repeatedly their intention to improve the climate for private sector investment to raise the level of GDP growth and reduce unemployment. In addition to general corruption and legal uncertainty, businesses have cited a number of specific factors that have reduced the competitiveness of Indonesia's investment climate, including: corrupt and inefficient customs services; non-transparent and arbitrary tax administration; inflexible labor markets that have reduced Indonesia's advantage in labor-intensive manufacturing; increasing infrastructure bottlenecks; and uncompetitive investment laws and regulations. In each of the past three years, the Government of Indonesia has announced a series of economic policy packages aimed at stimulating investment and infrastructure improvements and implementing regulatory reform. A new investment law was enacted in 2007, which contains provisions to restrict the share of foreign ownership in a range of industries. The government is considering a review of Indonesia's negative list, but no changes or revisions had been announced as of September 2008.

On September 2, 2008, the DPR passed long-awaited tax reform legislation. The legislation, which awaits presidential signature, will reduce corporate and personal income tax rates as of January 1, 2009. Corporate income tax rates will fall from 30% to 28% in 2009 and 25% in 2010, with additional reductions for small and medium enterprises and publicly listed companies. The legislation raises the taxable income threshold for individuals, cuts the maximum personal income tax from 35% to 30%, and provides lower marginal personal income tax rates across four income categories. Taxes on dividends will also fall from a maximum of 20% to a maximum of 10%. Long-planned labor reforms have been delayed.

The passage of a new copyright law in July 2002 and accompanying optical disc regulations in 2004 greatly strengthened Indonesia's intellectual property rights (IPR) regime. Despite the government's significantly expanded efforts to improve enforcement, IPR piracy remains a major concern to U.S. intellectual property holders and foreign investors, particularly in the high-technology sector. In March 2006, President Yudhoyono issued a decree establishing a National Task Force for IPR Violation Prevention. The IPR Task Force was intended to formulate national policy to prevent IPR violations and determine additional resources needed for prevention, as well as to help educate the public through various activities and improve bilateral, regional, and multilateral cooperation to prevent IPR violations. It has yet to fully realize these aims. In 2007, Indonesia was removed from the U.S. Trade Representative's "Priority Watch" list and placed on the "Watch" list.

Environment: President Yudhoyono's administration has significantly increased Indonesia's global profile on environmental issues, and U.S.-Indonesia cooperation on the environment has grown substantially. Indonesia is particularly vulnerable to the effects of climate change, which include rising sea levels and erosion of coastal areas, increased frequency and intensity of extreme weather events, species extinction, and the spread of vector-borne diseases. At the same time, Indonesia faces challenges in addressing the causes of climate change. Indonesia has the world's second-largest tropical forest and the fastest deforestation rate, making it the third-largest contributor of greenhouse gas emissions, behind the U.S. and China. In December 2007, Indonesia hosted the 13th Conference of the Parties of the United Nations Framework Convention on Climate Change (UNFCCC), and led efforts to highlight the importance of forests and deforestation in the climate debate.

In 2004, President Yudhoyono initiated a multi-agency drive against illegal logging that has significantly

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decreased illegal logging through stronger enforcement activities. The State Department and the U.S. Trade Representative have negotiated with the Indonesian Ministries of Trade and Forestry the U.S. Government's first *Memorandum of Understanding on Combating Illegal Logging and Associated Trade*. Presidents George W. Bush and Yudhoyono announced the MOU during President Bush's November 2006 visit to Indonesia. Implementation of the MOU includes collaboration on sustainable forest management, improved law enforcement, and improved markets for legally harvested timber products. This effort will strengthen the enabling conditions for avoiding deforestation, specifically addressing the trade issues that are involved.

The U.S. Government contributed to the start of the Heart of Borneo conservation initiative to conserve a high-biodiversity, transboundary area that includes parts of Indonesia, Malaysia, and Brunei. The three countries launched the Heart of Borneo initiative in February 2007. The Governments of Indonesia and the U.S. are currently negotiating a Tropical Forest Conservation Act (TFCA) program. Under the program, a portion of the Government of Indonesia's debt to the U.S. Government may be reduced and redirected toward tropical forest conservation in Indonesia.

Indonesia is also home to the greatest marine biodiversity on the planet. President Yudhoyono called for a Coral Triangle Initiative (CTI) in August 2007. The Coral Triangle Initiative is a regional plan of action to enhance coral conservation, promote sustainable fisheries, and ensure food security in the face of climate change. In December 2007, the U.S. Government announced its support for the six CTI nations (Indonesia, Malaysia, Philippines, Timor-Leste, Papua New Guinea, and Solomon Islands). Since then, the United States has provided \$8.4 million to this initiative. With projected funding of \$32 million over five years, the U.S. is the largest bilateral donor to CTI, and President Bush endorsed the CTI proposal formally at the 2007 Asia-Pacific Economic Cooperation (APEC) Summit.

Indonesia will host the first-ever World Oceans Conference in Manado, North Sulawesi, May 11-15, 2009. The World Oceans Conference is also the launch venue for the Coral Triangle Initiative. Top government officials and other leaders will discuss the scientific interplay between ocean degradation, climate and weather patterns, and fishing stocks.

NATIONAL SECURITY

Indonesia's armed forces (Tentara Nasional Indonesia, or TNI) total approximately 350,000 members, including the army, navy, marines, and air force. The army is the largest branch with about 280,000 active-duty personnel. Defense spending in the national budget accounts for 1.8% of GDP, but is supplemented by revenue from many military businesses and foundations.

The Indonesian National Police were a branch of the armed forces for many years. The police were formally separated from the military in April 1999, a process that was completed in July 2000. With 250,000 personnel, the police represent a much smaller portion of the population than in most nations.

Indonesia has peaceful relations with its neighbors. Without a credible external threat in the region, the military historically viewed its prime mission as assuring internal security. Military leaders have said that they wish to transform the military to a professional, external security force, providing domestic support to civilian security forces as necessary.

Throughout Indonesian history, the military maintained a prominent role in the nation's political and social affairs. A significant number of cabinet members have had military backgrounds, while active duty and retired military personnel occupied a large number of seats in the parliament. Commanders of the various territorial commands played influential roles in the affairs of their respective regions. With the inauguration of the newly-elected national parliament in October 2004, the military no longer has a formal political role, although it retains important political influence.

FOREIGN RELATIONS

Since independence in 1945, Indonesia has espoused a "free and active" foreign policy, seeking to play a role in regional affairs commensurate with its size and location but avoiding involvement in conflicts among major powers. Indonesian foreign policy under the "New Order" government of President Soeharto moved away from the stridently anti-Western, anti-American posturing that characterized the latter part of the Soekarno era. Following Soeharto's ouster in 1998, Indonesia's Presidents have preserved the broad outlines of Soeharto's independent, moderate foreign policy. The traumatic separation of East Timor from Indonesia after an August 1999 East Timor referendum, and subsequent events in East and West Timor, strained Indonesia's relations with the international community.

A cornerstone of Indonesia's contemporary foreign policy is its participation in the Association of Southeast

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Asian Nations (ASEAN), of which it was a founding member in 1967 with Thailand, Malaysia, Singapore, and the Philippines. Since then, Brunei, Vietnam, Laos, Burma, and Cambodia also have joined ASEAN. While organized to promote common economic, social, and cultural goals, ASEAN acquired a security dimension after Vietnam's invasion of Cambodia in 1979. The security policy aspect of ASEAN expanded with the establishment of the ASEAN Regional Forum in 1994, in which 22 countries participate, including the United States. At ASEAN's Singapore Summit in November 2007, the organization's members signed a new charter, a small step toward the agreed goal of creating an ASEAN Community to propel greater integration in the areas of political and security affairs, economics, and socio-cultural affairs. Indonesia was a strong proponent of further integration. Indonesia also was one of the founders of the Non-Aligned Movement (NAM) and has taken moderate positions in its councils. As NAM Chairman in 1992-95, Indonesia led NAM positions away from the rhetoric of North-South confrontation, advocating instead the broadening of North-South cooperation in the area of development. Indonesia continues to be a prominent leader of the Non-Aligned Movement.

Indonesia often supports NAM and Group of 77 (G-77) foreign policy views, taking positions regarding human rights contrary to the United States. In May 2005, the Yudhoyono administration, in a major effort to reinvigorate its leadership of the NAM and reset the movement's future course, hosted an Asia-Africa Summit to commemorate the founding of the NAM in Bandung, Indonesia in 1955.

A secular state, Indonesia has the world's largest Muslim population and is a member of the Organization of the Islamic Conference (OIC). It carefully considers the interests of Islamic solidarity in its foreign policy decisions while providing a moderating influence in the OIC. President Wahid, for example, pursued better relations with Israel; Foreign Minister Wirajuda participated in the November 2007 Middle East peace conference in Annapolis.

After 1966, Indonesia welcomed and maintained close relations with the donor community, particularly the United States, Western Europe, Australia, and Japan, through the Intergovernmental Group on Indonesia (IGGI) and its successor, the Consultative Group on Indonesia (CGI), which have provided substantial foreign economic assistance. Donors in recent years have expanded assistance to Indonesia, due to its rapid democratic consolidation.

Indonesia has been a strong supporter of the Asia-Pacific Economic Cooperation (APEC) forum. Largely through the efforts of President Soeharto at the 1994 meeting in Bogor, Indonesia, APEC members agreed to implement free trade in the region by 2010 for industrialized economies and 2020 for developing economies.

In 2008, Indonesia finalized its Economic Partnership Agreement (EPA) with Japan, a significant trade partner and Indonesia's biggest foreign investor. The agreement is Indonesia's first bilateral free trade deal and exempts Indonesia from 90% of Japanese import duties.

President Yudhoyono has sought a higher international profile for Indonesia. In March 2006, Yudhoyono traveled to Burma to discuss democratic reform and visited several Middle Eastern countries in April and May 2006. Yudhoyono delivered a major speech in Saudi Arabia, encouraging the Muslim world to embrace globalization and technology for greater social and economic progress. In November 2006, Indonesia sent about 1,000 peacekeeping troops to southern Lebanon to be part of the UN Interim Force in Lebanon (UNIFIL) and replaced those troops with a second contingent a year later. In 2007 and 2008, Indonesia holds a non-permanent seat on the UN Security Council.

U.S.-INDONESIAN RELATIONS

The United States has important economic, commercial, and security interests in Indonesia. It remains a linchpin of regional security due to its strategic location astride a number of key international maritime straits, particularly the Malacca Strait. Relations between Indonesia and the U.S. are positive and have advanced since the election of President Yudhoyono in October 2004. The U.S. played a role in Indonesian independence in the late 1940s and appreciated Indonesia's role as an anti-communist bulwark during the Cold War. Cooperative relations are maintained today, although no formal security treaties bind the two countries. The United States and Indonesia share the common goal of maintaining peace, security, and stability in the region and engaging in a dialogue on threats to regional security. Cooperation between the U.S. and Indonesia on counter-terrorism has increased steadily since 2002, as terrorist attacks in Bali (October 2002 and October 2005), Jakarta (August 2003 and September 2004), and other regional locations demonstrated the presence of terrorist organizations, principally Jemaah Islamiyah, in Indonesia. The United States has welcomed Indonesia's contributions to regional security, especially its leading role in helping restore democracy in Cambodia and in mediating territorial disputes in the South China Sea.

The U.S. is committed to consolidating Indonesia's democratic transition and supports the territorial integrity of

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the country. Nonetheless, there are friction points in the bilateral political relationship. These conflicts have centered primarily on human rights, as well as on differences in foreign policy. The U.S. Congress cut off grant military training assistance through International Military Education and Training (IMET) to Indonesia in 1992 in response to a November 12, 1991, incident in East Timor when Indonesian security forces shot and killed East Timorese demonstrators. This restriction was partially lifted in 1995. Military assistance programs were again suspended, however, in the aftermath of the violence and destruction in East Timor following the August 30, 1999, referendum favoring independence.

Separately, the U.S. had urged the Indonesian Government to identify and bring to justice the perpetrators of the August 2002 ambush murders of two U.S. teachers near Timika in Papua province. In 2005, the Secretary of State certified that Indonesian cooperation in the murder investigation had met the conditions set by Congress, enabling the resumption of full IMET. Eight suspects were arrested in January 2006, and in November 2006 seven were convicted.

In November 2005, the Under Secretary of State for Political Affairs, under authority delegated by the Secretary of State, exercised a National Security Waiver provision provided in the FY 2006 Foreign Operations Appropriations Act (FOAA) to remove congressional restrictions on Foreign Military Financing (FMF) and lethal defense articles. These actions represented a reestablishment of normalized military relations, allowing the U.S. to provide greater support for Indonesian efforts to reform the military, increase its ability to respond to disasters and participate in global peacekeeping operations, and promote regional stability.

Under the terms of the FY 2008 FOAA, signed into law in December 2007, Congress did not reimpose restrictions. However, it prevented a portion of U.S. security assistance from being released before the Secretary of State reported on the status of certain measures of military reform, of accountability for past human rights abuses, of public access to Papua, and of the investigation into the 2004 murder of a prominent human rights activist.

Regarding worker rights, Indonesia was the target of several petitions filed under the Generalized System of Preferences (GSP) legislation arguing that Indonesia did not meet internationally recognized labor standards. A formal GSP review was suspended in February 1994 without terminating GSP benefits for Indonesia. Since 1998, Indonesia has ratified all eight International Labor Organization core conventions on protecting internationally recognized worker rights and allowed trade unions to organize. However, enforcement of labor laws and protection of workers' rights remain inconsistent and weak in some areas. Indonesia's slow economic recovery has pushed more workers into the informal sector, which reduces legal protection and could create conditions for increases in child labor.

Development Assistance from the United States to Indonesia

The U.S. Agency for International Development (USAID) and its predecessors have provided development assistance to Indonesia since 1950. Initial assistance focused on the most urgent needs, including food aid, infrastructure rehabilitation, health care, and training. Throughout the 1970s and 1980s, a time of great economic growth in Indonesia, USAID played a major role in helping the country achieve self-sufficiency in rice production and in reducing the birthrate. Today, USAID assistance programs focus on basic education, democratic and decentralized governance, economic growth, education, health, water, sanitation, and the environment. The United States was one of the lead donors in the reconstruction efforts in the tsunami-hit area of Aceh. Most of the U.S. tsunami relief program is complete, although our efforts toward the construction of the Aceh west coast highway continues, and the U.S. remains actively engaged in conflict prevention and resolution efforts in Aceh.

Improving the Quality of Decentralized Education: In October 2003, President Bush announced a \$157 million Indonesian Education Initiative for 2004-2009 to improve the quality of education in Indonesia. This initiative is a cornerstone of the U.S. Government assistance program in Indonesia, directly responding to Indonesia's priorities and reflecting a joint Indonesia-U.S. commitment to revitalize education for the next generation of Indonesia's leaders. Since the initiative began, more than 1,476 primary and junior secondary schools--secular and religious, public and private--in eight provinces, have participated. About 23,612 educators have been trained to improve the quality of teaching and learning, and more than 345,983 students are reaping the benefits. The program serves as a model for introducing useful pedagogical and capacity-building techniques that facilitate the smooth transition of the sector-based management of basic education in a decentralized environment. By 2010, the program will promote ownership of a robust and replicable model and ensure the sustainability of a very promising innovation to Indonesia's education system.

Decentralized Basic Education (DBE): The Indonesia Education Initiative will increase the quality of basic education in primary and junior secondary schools, both public and private, and focus on three results: (DBE1) Local governments and communities more effectively manage education services; (DBE2) Enhance the quality

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of teaching and learning to improve student performance in key subjects such as math, science, and reading; and (DBE3) Youth gain more relevant skills needed for life, work, and participation in the global community to better compete for jobs in the future.

Opportunities for Vulnerable Children: This program promotes inclusive education in Indonesia. Children with special needs--including visual and hearing impairments, learning disabilities, autism, and multiple disabilities--are provided the opportunity to be educated in public schools. Replicable models are being developed to expand the reach of the program.

Sesame Street Indonesia: An Indonesian co-production of the award-winning television show targeting young children was developed and produced by the Sesame Workshop in New York with local Indonesian partners and USAID funding. The program went on the air in 2007 and more than 1.8 million Indonesian children have viewed the program.

Effective Democracy and Decentralized Governance: This objective aims to support democratic reforms by supporting effective and accountable local governance, addressing conflict and encouraging pluralism, and consolidating national-level democratic reforms.

Mitigation of Conflict and Support for Peace: USAID remains a key donor working to mitigate conflict and build peace in post-conflict areas, such as Aceh, Papua, Central Sulawesi, and Maluku. Assistance activities focus on: conflict resolution/mitigation; civilian-military affairs; livelihoods development in conflict areas; drafting and monitoring of relevant legislation; and emergency and post-conflict transitional assistance to conflict-affected persons.

Anti-Trafficking In Persons: USAID's anti-trafficking programs work closely with the Ministry of Women's Empowerment and civil society groups in policy making, program development, victim support, and dissemination of information, which will contribute to reducing the trafficking of women and children in Indonesia.

Justice Sector Reforms: Through the Democratic Reform Support Program and Justice Sector Reform Program, USAID's current Justice Sector programs provide technical assistance and training to judges, prosecutors, and staff members at the Supreme Court, the Constitutional Court, and the Attorney General's Office. The program also focuses on bureaucratic reform within the Attorney General's Office.

Legislative Strengthening: Technical assistance and training are provided to strengthen the legislative and legal drafting skills of parliamentarians as well as provide institutional support to the National House of Representatives, National Regional Representative Council, and over 60 district-level legislative councils. Activities include promoting constituency and media outreach; developing the capacity to draft and analyze legislation and operational budgets; creating inter-party coalitions; and encouraging legislative commissions to carry out their functions and perform strategic planning.

The Local Governance Support Program: Currently assisting more than 60 local governments, this program works to increase governmental accountability and transparency, strengthen the local legislative process, promote citizen engagement and civil service reform, and improve the delivery of basic services.

Promoting Democratic Culture: USAID works with civil society organizations and government institutions to strengthen democratic civic culture, focusing on respect for pluralism, religious diversity, and the rights of women and minority groups. Activities under this program include civic education, advocacy, engaging traditional leaders, building networks to support tolerance and pluralism, and assisting the government in reviewing policies that conflict with the constitution and human rights standards.

Tsunami Reconstruction: The U.S. Government was one of the first donors to respond to the disaster. Through numerous grants to non-governmental organizations (NGOs), international organizations, and UN agencies, USAID has helped stabilize the humanitarian situation in Aceh, avert a public health crisis, and provide relief services to survivors. **Rebuilding Shelter and Key Infrastructure:** USAID is assisting communities by providing much needed shelter, working with the Indonesian Government to rebuild key infrastructure and ensuring proper mapping and planning is considered through local cooperation.

Restoring Livelihoods: USAID enables communities to direct capacity building to benefit people at the local level. USAID's Community Based Recovery Initiative is working with 59 villages to organize local capacity-building initiatives.

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Strengthening Capacity and Governance: USAID is providing assistance to restore local government services in Aceh, working to increase governmental accountability and transparency, strengthen the local legislative process, promote citizen engagement and civil service reform, and improve the delivery of basic services.

Economic Growth Strengthened and Employment Created: Assistance to the Indonesian Government and private sector focuses on sustaining growth and creating jobs by improving the trade and investment climate, increasing competitiveness in key agribusiness and industry sectors, and enhancing the safety and soundness of the financial system. USAID is working with Indonesians to ensure that future generations enjoy an increasingly prosperous, democratic, and stable country.

Trade and Investment Climate: Efforts to promote a transparent and predictable legal and regulatory business climate aim to reduce the hidden costs of doing business, increase certainty, promote good governance, enhance trade and investment, and create jobs.

Agribusiness and Industry Competitiveness: Assistance to leading agribusiness and industry sub-sectors fuels growth, exports, jobs, and prosperity. These efforts also drive increased productivity and national competitiveness by forging stronger public and private sector partnerships.

Financial Sector Safety and Soundness: Assistance to key financial and non-bank financial institutions helps build a sound financial infrastructure through improved oversight, transparency, and governance.

Improving the Quality of Basic Human Services: The USAID Basic Human Services Office provides assistance to Indonesia through an integrated strategy that aims to improve the health of local communities through support for maternal and child health, disease surveillance and control, food and nutrition, and access to safe drinking water through better watershed management and water treatment.

Environmental Services: This program supports better health through improved water resources management and expanded access to clean water and sanitation services. With a ridge to reef approach, partners improve water resource management from watershed sources, along rivers, through cities, and to coastal reefs. In the upper watershed, the program promotes forest management, biodiversity conservation, and land use planning to protect a steady, year-round source of clean water. Further downstream, the program strengthens municipal water utilities to improve and expand piped water and sanitation services to communities. Stakeholder forums link upstream and downstream communities to build consensus on water and waste management issues. Marginalized urban communities also benefit from the introduction of safe drinking water through *Air Rahmat*, a home chlorination product being introduced to the market through a public-private partnership.

Health Services: Women, newborns, and children are the principal beneficiaries of this integrated public health program. Working with the government, NGOs, and other partners, USAID focuses on maternal, neonatal, and child health; reproductive health; nutrition; HIV/AIDS, tuberculosis, malaria; and decentralization of the health sector. Improved health-seeking behaviors within communities link key hygiene promotion interventions, such as hand-washing with soap to reduce diarrheal disease, a major cause of childhood death. USAID's avian influenza (AI) program includes integrated public and private sector AI surveillance and response for both animal and human outbreaks and behavior change communications to minimize behaviors that facilitate the transmission of AI to both poultry and people.

Food and Nutrition: Improving the nutritional status of Indonesians, USAID food assistance targets poor communities. These activities directly affect women and children through targeted supplemental feeding and nutritional education activities. The food assistance program works with villages to construct public latrines, washing facilities, and protected water stations and to organize solid waste disposal efforts to better protect community health. Over one million people will be direct recipients of USAID food assistance under this program.

Principal U.S. Embassy Officials

Ambassador--[Cameron R. Hume](#)

Deputy Chief of Mission--John A. Heffern

Political Counselor--Joseph L. Novak

Economic Counselor--Peter D. Haas

Management Counselor--Michael C. Mullins

USAID Director--Walter E. North

Defense Attache--COL Kevin E. Richards

Consul General--William M. Howe

Public Affairs Officer--Michael H. Anderson

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Commercial Counselor--Joseph B. Kaesshaefer
Department of Agriculture Office--Dennis Voboril
Regional Security Officer--Jeffrey D. Lischke
Office of Defense Cooperation--LTC James O. Robinson
Legal Attache--(Acting) David C. Smith
Department of Justice Office--Gerald H. Heuett Jr.

The [U.S. Embassy](#) in Indonesia is located at Jalan Medan Merdeka Selatan 3-5, Jakarta (tel. (62-021) 3435-9000). U.S. mail to the Embassy may be addressed to FPO AP 96520.

The U.S. Consulate General in Surabaya is located at Jalan Dr. Sutomo 33, Surabaya, East Java (tel. (62-31) 568-2287).
Principal Officer--Caryn R. McClelland

The U.S. Consulate in Medan is located at Jl. Walikota no. 13, Medan, North Sumatra (tel. (62-61) 415-2200).
Principal Officer--Sean Stein

The U.S. Consular Agency in Bali is located at Jalan Hayam Wuruk 188, Bali (tel. (62-361) 233-605).

The State Department lifted its travel warning for Indonesia in May 2008 due to objective improvements in the security situation in the country.

For information on economic trends, commercial development, production, trade regulations, and tariff rates, contact the [International Trade Administration](#), U.S. Department of Commerce, Washington, DC 20230.

TRAVEL AND BUSINESS INFORMATION

The U.S. Department of State's Consular Information Program advises Americans traveling and residing abroad through Country Specific Information, Travel Alerts, and Travel Warnings. **Country Specific Information** exists for all countries and includes information on entry and exit requirements, currency regulations, health conditions, safety and security, crime, political disturbances, and the addresses of the U.S. embassies and consulates abroad. **Travel Alerts** are issued to disseminate information quickly about terrorist threats and other relatively short-term conditions overseas that pose significant risks to the security of American travelers. **Travel Warnings** are issued when the State Department recommends that Americans avoid travel to a certain country because the situation is dangerous or unstable.

For the latest security information, Americans living and traveling abroad should regularly monitor the Department's Bureau of Consular Affairs Internet web site at <http://www.travel.state.gov>, where the current [Worldwide Caution](#), [Travel Alerts](#), and [Travel Warnings](#) can be found. [Consular Affairs Publications](#), which contain information on obtaining passports and planning a safe trip abroad, are also available at <http://www.travel.state.gov>. For additional information on international travel, see <http://www.usa.gov/Citizen/Topics/Travel/International.shtml>.

The Department of State encourages all U.S. citizens traveling or residing abroad to register via the [State Department's travel registration](#) website or at the nearest U.S. embassy or consulate abroad. Registration will make your presence and whereabouts known in case it is necessary to contact you in an emergency and will enable you to receive up-to-date information on security conditions.

Emergency information concerning Americans traveling abroad may be obtained by calling 1-888-407-4747 toll free in the U.S. and Canada or the regular toll line 1-202-501-4444 for callers outside the U.S. and Canada.

The [National Passport Information Center](#) (NPIC) is the U.S. Department of State's single, centralized public contact center for U.S. passport information. Telephone: 1-877-4-USA-PPT (1-877-487-2778); TDD/TTY: 1-888-874-7793. Passport information is available 24 hours, 7 days a week. You may speak with a representative Monday-Friday, 8 a.m. to 10 p.m., Eastern Time, excluding federal holidays.

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Travelers can check the latest health information with the U.S. Centers for Disease Control and Prevention in Atlanta, Georgia. A hotline at 800-CDC-INFO (800-232-4636) and a web site at <http://www.cdc.gov/travel/default.aspx> give the most recent health advisories, immunization recommendations or requirements, and advice on food and drinking water safety for regions and countries. The CDC publication "Health Information for International Travel" can be found at <http://www.cdc.gov/travel/contentYellowBook.aspx>.

Further Electronic Information

Department of State Web Site. Available on the Internet at <http://www.state.gov>, the Department of State web site provides timely, global access to official U.S. foreign policy information, including [Background Notes](#) and [daily press briefings](#) along with the directory of [key officers](#) of Foreign Service posts and more. The Overseas Security Advisory Council (OSAC) provides security information and regional news that impact U.S. companies working abroad through its website <http://www.osac.gov>

[Export.gov](#) provides a portal to all export-related assistance and market information offered by the federal government and provides trade leads, free export counseling, help with the export process, and more.

[STAT-USA/Internet](#), a service of the U.S. Department of Commerce, provides authoritative economic, business, and international trade information from the Federal government. The site includes current and historical trade-related releases, international market research, trade opportunities, and country analysis and provides access to the [National Trade Data Bank](#).



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