SINGAPORE: Indonesia is looking at ways to improve its economic competitiveness.

One way to achieve this is to triple the number of its taxpayers.

This, according to its Trade Minister Gita Wirjawan who spoke at the Lee Kuan Yew School of Public Policy's Annual Asia Competitiveness Conference.

Like the past few years, the value of investments realised in Indonesia rose to 24 per cent in the second quarter from the same period last year.

This is a firm testament that the business and investment climate has improved, said Indonesia's trade minister.

Going forward, tripling the number of taxpayers from 10 million individuals and corporates to 30 million could make the tax regime more competitive.

"Part of the reason why it's becoming more attractive is that public listed companies in Indonesia only have to pay 20 per cent tax rates. Given the fact that there will be more and more people paying taxes in Indonesia, given the large population, given the increase in fiscal space for the government, the government in the country can make the tax regime more competitive," said Trade Minister Gita Wirjawan.

An improved tax regime would mean a bigger government coffer.

And this could be used to help develop soft and hard infrastructures and to spend more on education.

Other officials said more manufacturing activity will be relocated from China to Indonesia because of rising cost. But they highlighted technology capability should be developed to advance Indonesia's manufacturing sector.

Indonesia's highly profitable banking sector can be another area of focus to raise competitiveness.

The focus of the central bank right now is to improve the efficiency of the banking system in Indonesia.

Umar Juoro, chairman, Supervisory Board, Bank of Indonesia, said: "The central bank would like to see the banks be competitive, so lending rates should be lower, by improving internal bank management - so that is their focus."

Despite the Muslim fasting month Ramadan, where inflation traditionally spikes, the government remains confident that the index will unlikely tip over 5 per cent in July and August.

- CNA/cc