

Indonesia News & Views

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Bi -Weekly Bulletin
Issue 17

September 1, 2009



Consist of two big islands, the Bangka Island and the Belitung Island, as well as 254 islets surrounding them with the coastal length around 1,200 km sq, and divided in 7 sub-provinces, Bangka Belitung Island is a province with archipelago nomenclature.

With excellence of comparability and supported by regional ecosystem of archipelago, coastal area and the island with the other, Bangka Belitung present marine tourism (diving, scuba, snorkeling, fishing and sailing). There are approximately 55 Chinese or Buddhist temples on Bangka alone which are still in use.

source: www.my-indonesia.info , denieksukarya.com

Top quotes inside this issue:

- ◆ "Many also find Indonesia as an 'emerging economy' and a 'model democracy.'"(page 1)
- ◆ "The Jakarta Composite Index's 67 percent gain this year makes the Indonesia Stock Exchange, the third best-performing bourse in Asia "(page 5)
- ◆ "We (India) will be assembling in Indonesia after our sales had reached 300 million US dollars "(page 6)
- ◆ "The contingent of Indonesian students grabbed 13 gold medals, 22 silver medals, and 38 bronze medals in the fifth International Mathematics Contest." (page 11)
- ◆ "Indonesia will prove that oil palms also have the potential to change climate changes "(page 16)

RI Emerging As Model Democracy: President

President Susilo Bambang Yudhoyono said Indonesia had now become more solid and emerged as a new economy and a model democracy after 10 years of the most severe monetary

crisis in Asia. "We have reawakened and now stand strong not only in terms of the economy, but in the social and political sectors too," the President said in his state-of-the nation address at

a special plenary session of the Regional Representatives Council (DPD) here on Wednesday (19/8/2009). He said nine years ago, there was an international ... (continue to page 1)

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September 2009

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Location: Jakarta, Indonesia

Issued and published by:
Information, Socio - Cultural Affairs

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INDONESIA

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DOMESTIC ISSUES

Political Issues

President: Reintegration Process in Aceh Needs Sincerity

Banda Aceh - The post-conflict reintegration process in Aceh province needs a total sincerity to overcome misunderstanding among the once-conflicting parties.

President Susilo Bambang Yudhoyono made the statement at a function to dedicate Sultan Iskandar Muda International Airport in Aceh province on Thursday (6/8/2009).

On the occasion the head of state said the settlement of reintegration process after the Helsinki peace agreement between the government and the Free Aceh Movement (GAM) was one of several aspects in the development in Aceh.

"Peace has prevailed since the past four years in Aceh after the 30-year conflict, and therefore the reintegration process in the province should not be hampered," the president said.

He added that inconvenience was something normal, but the sense of mutual understanding, concern, and trust would annul it all.

"What we need is a total sincerity to become unite again. We have to be rational and mature, but not be emotional over a trivial thing, because it is our common responsibility to make Aceh more progress, peaceful, and prosperous," the president said.

According to the head of state, the infrastructure projects, especially Sultan Iskandar Muda Airport, were expected to facilitate the region's economic development.

"These projects are specifically intended to spur Aceh's economic development and help improve the local people's welfare. Therefore, when I opened the Aceh Cultural Week (PKA) yesterday, I said development in Aceh should be improved to make the province more safe, peaceful, just, and prosperous," the president said.

He said with the existence of better transportation facilities, the province would have a brighter and more promising future because the facilities would help to increase economic growth and income per capita.

In addition to Sultan Iskandar Muda Airport, the president also dedicated a number of infrastructure projects among others the Redelong and Labuhan Haji Barat drinking water project in Aceh Selatan district, Pasantren T Chik Oemar Dian drinking water facility, the 20-km Tutut-Meulaboh road, the 26-km Sabang-Iboh road, and Kampung Jawa trash dumping site project.

After dedicating the Iskandar Muda Airport, the president left Aceh at 11:50 for Jakarta.

On the occasion the president was accompanied by Transportation Minister Jusman Syafii Djamal, Home Affairs Minister Mardiyanto, Public Works Minister Djoko Kirmanto, State Intelligence Agency chief Syamsir Siregar, National Defense Forces (TNI) chief Gen Djoko Santoso, State Secretary Sudi Silahi, and Aceh Governor Irwandi Yusuf.(ANTARA)

Vice President Hands Helsinki Accord Documents to State Secretary

Jakarta - Vice President Jusuf Kalla has handed documents on the peace process in Aceh and the 1955 Helsinki agreement between the Free Aceh Movement (GAM) and the government to Minister/State Secretary Hatta Rajasa.

"There are three documents, one is kept by GAM, one by me and the third has been handed to the minister/state secretary for safekeeping," the vice president said after presenting the historic documents to the minister at his office here Tuesday (4/8/2009).

Kalla said that although one of the documents was a photocopy, it had been legalized and thus was as valid as the original.

The vice president said he had handed the Helsinki documents to the State Secretariat because he did not want them to meet the same fate as the "Supersemar" (March 11, 1966 Order from President Soekarno to General Soeharto), an important historic document whose original has remained missing until today.

"The Helsinki documents are part of our national history and therefore they have to be well kept," the vice president said.

Meanwhile, Hatta Rajasa said he had received the documents from the vice president in his official capacity as minister/state secretary.

According to Hatta Rajasa, the document he had received was the Memorandum of Understanding (MoU) signed by the government and the Free Aceh Movement in Helsinki, Finland, on August 15, 2005.

"The document is the basis of the law on Aceh government and thus it should be kept at the National Archives," Hatta Rajasa said.

On August 15, 2005, in Helsinki, Finland, representatives of the Indonesian government and the Free Aceh Movement signed a Memorandum of Understanding (MoU) to end the conflict in Aceh, the site of an armed insurgency that has operated at varying levels of intensity since 1976.

The immediate background to the peace talks when they began in January 2005, did not seem propitious. There had already been two failed peace accords in recent years.

In 2000, a "Humanitarian Pause" had generated only a temporary halt to the violence, while a December 2002 "Cessation of Hostilities Agreement" (COHA) ended when the Indonesian government declared a "military emergency" in Aceh in May 2003.

The next two years, however, saw important changes on both sides that paved the way for a return to talks.

Meanwhile, a presidential election in late 2004 handed control of the Indonesian government to President Susilo Bambang Yudhoyono and Vice President Jusuf Kalla, who were personally committed to negotiations as a means of ending the conflict in Aceh. (ANTARA)

`Terrorism an Issue, but not crippling'

The immediate reaction of the majority of Indonesians, when they found out another terror attack had again hit Jakarta, was probably the fear it would taint the nation's security image and damage its thriving economy.

But Belgian Ambassador to Indonesia Marc Trenteseau, who just completed his diplomatic tenure, told The Jakarta Post at his office recently the main deterrent to foreign

investment was a weak judiciary, not terrorism.

"Terrorism is an issue," the ambassador said, "but, in my view, it is not a crucial one. *The terrorists* only represent a very tiny minority of Indonesian people... The police and the government have also taken measures to avoid the repetition of the *terror* strikes."

"I don't think it has eroded people's confidence in Indonesia, a country that has successfully proven itself and the world to be a stable and thriving democracy, able to withstand that threat of misled fanatics."

Trenteseau, who took up the Belgium ambassadorship to Indonesia in 2006, lauded Indonesia for having successfully carried prudent and coordinated macroeconomic policies, which not only boosted foreign investors' confidence in the country, but also helped the nation weather the global downturn. He believed Indonesia was no longer a nation in waiting, a phrase coined by Adam Schwarz to describe the political condition of the nation with the biggest Muslim population a few years after the downfall of Soeharto. It is now, he said, a country in transition and is set to make its way to the developed world.

"Indonesia enjoys the privilege of having had a serious economic policy in the last five years, which has put the foundation of renewed growth."

But to get there, he said, the country needed to seriously address two major impediments: a weak judiciary and shoddy infrastructure.

"The judiciary should really be improved," he said. "It's a problem for everybody; a problem for the Indonesian society because they are not sure of the quality of the justice they will get, and also a problem for investors because the main elements for foreign investors to come to a country is for that country to have a proper judiciary."

On infrastructure, he said: "There's an urgent need for big investment in the transportation system...You need to build more highways, railways and harbors. If this is being done, the *economic* growth and the betterment of living standard *of Indonesians* can be tremendous."

Belgium, whose companies have been operating in Indonesia for about 100 years, is looking forward to enhancing trade relations with Indonesia in the next few years when the country has reaped the benefits of reforms it is now implementing.

Indonesian-Belgium trade reached US\$1.9 billion last year, with Indonesian exports reaching \$1.3 billion. Belgium, which exports machines, chemicals, heavy equipment, chocolates, chemicals and high-tech products, was also among one of the important foreign investors in Indonesia.

For its part, Southeast Asia's largest economy mainly exports its traditional products like wood and furniture, textiles and garments, shoes and plastic to Belgium, the country hosting the NATO and European Union headquarters.

"We have different companies that have been here, are very active and keep on investing," he said.

Indonesia and Belgium have maintained a good bilateral relationship. In February, Vice President Jusuf Kalla went to Brussels where he was awarded the *Commandeur de l'Ordre de Léopold* (Commander of the Order of Leopold) medal for his role in boosting trade relations between the two countries.

In 2008, Belgian crown prince Philippe, Duke of Brabant, led a 80-strong trade and investment delegation to Indonesia and met a number of high-ranking officials, including Kalla.

In the global arena, the two countries do not have contentious issues. "Indonesia is a country that always tries to let its moderate voice be heard in the international community and is always supportive of multilateralism, like the UN and other international institutions. Belgium shares the same values."

"We had a very good cooperation and exchange of information during our common tenure of a non permanent seat with the UN Security Council *2007/2008*. Quite often, we shared the same views regarding specific issues like peace building in central Africa or the support to the road map in the Middle East Peace process. It's been a very good relationship."

Ambassador Trenteseau left Jakarta for Brussels on Thursday (6/8/2009). His successor will arrive in Jakarta early September.

He said there were no specific places he liked best or hated most in Jakarta.

"What I will miss is not any specific part of Jakarta, but its people. They are nice people. It is a huge city in many ways. It's crowded; it has too many cars and too many ojek*s motorcycle taxi*. But still, it's a place where

you can live because people are friendly, and for that reason, this city remains very welcoming and a good place to live." (the Jakarta Post)

Economic Issues

India Will Strengthen Presence in Indonesia

Indonesia may see more trades and investments from India, one of Asia's emerging giants, in particular in sectors such as textile and electricity, says the Confederation of Indian Industry (CII) business group.

"People are coming ... for example, Lakshmi Machine Works [Limited]. They are the largest in the world today," CII chairman and electronics device manufacturer NICCO Corporation Ltd representative, Rajive Kaul, said Thursday (6/8/2009), after meeting Indonesian Industry Ministry officials at the ministry.

Lakshmi is a leading textile machinery manufacturer in India and one of the three firms in the world producing the entire range of spinning machinery.

Kaul said that so far, investments in Indonesia from India had amounted to well over US\$2 billion, with the two-way trade balance between the two Asian countries exceeding over \$10 billion.

India, according to Kaul, expects to double its import-export relationship with Indonesia —currently at \$10.06 billion — in the next five years. That's why new investment is important to accelerate trade between the two countries.

Industry Minister Fahmi Idris said the ministry had invited the Indian delegation to bolster economic relations, including in textile sector where the Indonesian government was putting in place measures to help the industry's machinery revitalization program. "We invited them [Indian companies] to enter into joint ventures [with local companies] here to manufacture textile machines."

There would soon be a "technical" meeting between the ministry's director general for metal, machinery, textile and miscellaneous industries, Ansari Bukhari, and officials of prospective Indian companies, to discuss a plan to produce spinning, waving and

dying machines, Fahmi said, to follow up Thursday's meeting.

Also, Fahmi said the government invited Indian firms to help develop its power sector, as the government's ongoing efforts — the so-called first and second power plant programs, each designed to produce 10,000 megawatt (MW) — would no longer suffice to meet domestic demand.

"The first phase is to generate 10,000 MW, and so is the second phase. By 2015, that won't be enough anymore. We expect a third phase in 2015 where we will generate another 10,000 MW," Fahmi said. (the Jakarta Post)

Seven Firms Invest in West Nusa Tenggara

Mataram, W Nusa Tenggara - Seven companies invested in West Nusa Tenggara province in the first seven months of this year, an official said.

The investors were engaged in tourism, mining, fishery and plantation sectors, Head of the West Nusa Tenggara Provincial Investment Coordinating Board Yakub Abidin said here on Sunday (9/8/2009).

Until 2008 the number of companies investing in the province reached 332 consisting of 103 domestic investment companies and 229 foreign investment companies, he said.

"The domestic and foreign investments were valued at Rp4.19 trillion and US\$5.71 billion respectively," he said. (ANTARA)

Foreign Investors Start to Look at ORI

Foreign investors began to save money in state bonds or retail – so called ORI - starting from the financial products issued with this series ORI001 to ORI005. Currently, foreign funds that are placed on the ORI of Rp 1.28 trillion, or 4 percent of the total ORI that is published, which is Rp 32 trillion.

"Foreigners have started entering. The amount is still limited because of the value associated with the daily trading range to reach Rp 200 billion," said Director of National Debt Security, the Ministry of Finance Bhimantara Widjajala in Jakarta on Monday (10/8/2009). Ministry of Finance announced the total bond order of the state retail ORI006 series of Rp 8.537 trillion. The government will take all the orders that the state bond issuance target of Rp 119.367 billion or 82.58 per cent against the

target set in 2009 State Budget Changes, to Rp 144.5 trillion.

"Thus, until the end of the year 2009, we still have to issue a bond of Rp 25.17 trillion, up to the end of the year," said Director General of Ministry of Finance Debt Management Rahmat Waluyanto.

With rising ORI006, the number of individuals who purchase ORI has reached 100,913 people. The calculation is important because the basis for the distribution of bonds means that the state continues to escalate. "There are 93 investors who continue to buy ORI since ORI001 to ORI006. We plan to give the award on their loyalty," said Rahmat. (unofficial translation, KOMPAS)

Foreign Investors Back to Rule the Stock Market

The latest data from the Indonesian Central Securities Depository (KSEI) shows that foreign investors controlled 66.1 percent of assets in the local stock market, signaling a return of foreign investor confidence.

As of Aug. 6, figures from the KSEI stated foreign investors held Rp 715.97 trillion (US\$72.31 billion) worth of assets - shares and bonds - while local investors only owned Rp 368.27 trillion worth of assets.

The KSEI data also included paperless trading at the Indonesia Stock Exchange (IDX), which accounts for about 60 percent of total trading.

KSEI director Trisnaldi Yulrisman said foreign investors' total asset value and ownership of securities in Indonesia had grown steadily in the past five months, as they expected the global economy crisis would bottom out this year, thus increasing their appetite for assets in emerging markets like Indonesia. "We hope this trend will continue until the end of year," he said.

KSEI data indicates the market has returned to its pre-crisis level. Total asset value in July stood at Rp 1,171 trillion – close to last year's total asset value of Rp 1,202 trillion – mostly as a result of foreign investors owning more shares in that period compared to last year.

The total value of shares recorded this July was Rp 1,057 trillion, compared to last July's Rp 1,089 trillion.

July and August 2009 KSEI data showed that foreign investors owned beyond

60 percent of total assets, higher than the 59 percent of total assets they owned in the same period this year. The KSEI data therefore demonstrates foreign investors have returned to the Indonesian market, after fleeing it last year when the Jakarta Composite Index plunged by more than 10 percent. After the crash, the value of total assets recorded by the KSEI dropped to Rp 726 trillion, with the total value of shares at Rp 632 trillion.

With the Indonesian economy remaining solid and continuing to grow this year, many analysts believe investors will still be confident enough to invest here.

The better-than-expected earning results of companies in the first half of this year have also injected a more positive sentiment into the market, encouraging investors to re-enter the local market.

The latest data from the IDX shows foreign investors bought more shares than they sold in between July 27 and July 30, with share purchases reaching Rp 8.3 trillion, compared to Rp 4.4 trillion in sales of shares.

The Jakarta Composite Index has risen more than 70 percent since the beginning of this year, making the IDX the second best performing bourse in Asia.(the Jakarta Post)

Fluctuation Stock Price Index Tends to Strengthen

JAKARTA - a combination of stock price index (IHSG) in trading Friday (7/8/2009) is estimated to continue the rebound that occurred yesterday. Movement index is supported by strong economic fundamentals in the country.

"Fundamental economic decline following a strong enough reference interest rate Bank Indonesia (BI Rate) to the 6.5 percent level," said Ketut Securites analyst Bali Tri Bayuna, in Jakarta. Ketut explains the decline in BI Rate is expected to encourage banks to lower interest rates for credit so that the real sector is able to drive.

Level of public purchasing power also increases. "In addition, there is usually a feast so that consumption levels are expected to trigger economic growth," augment him. Regardless these factors, Ketut explains technically IHSG still rising after corrected

enough in trading on Wednesday 5 August. However, movement of the index today is still fluctuation (volatile).

"So the increase is offset the decline of the previous trade. This is back to the starting point," he said. Ketut predict, today's move in a range of IHSG 2250-2400. He recommends investors to buy shares, commodity stocks such as PT Bumi Resources Tbk (BUMI), PT Aneka Tambang Tbk (ANTM), PT Adaro Energy Tbk (ADRO), and a number of shares in Bakrie group included PT Bakrie & Brothres Tbk (BNBR), PT Energi Mega Persada Tbk (ENRG), and PT Bakrie Telecom Tbk (BTEL).

According to BNI Securities analyst's research Maxi Liesyaputra, the increase triggered IHSG regional exchanges. "Hang Seng Index, Nikkei, and the Strait Times strengthen significant," he said.

In addition, the index is also not separated from the price of various commodities, the metal world, especially the price of nickel and tin metal which is the mainstay export Indonesia. On trade in the Indonesia Stock Exchange (BEI), IHSG closed rose 42.914 points (1.85 percent) to the level of 2359.977. LQ-45 index also successfully rebound 9.644 points (2.13 percent) to a level of 463.280. Value of trade reached Rp8 bounced back, 2 trillion, the result of 158,034 transactions with a volume of 15.188 billion shares. Total 126 shares rose, stocks down 63, and 74 shares stagnant.(unofficial translation, Koran Sindo)

President: RI's Economic Position Better Than Other Countries

Jakarta - Although Indonesia could not disengage itself from the impact of global economic downturn, its economic position was far better than that of other countries.

President Susilo Bambang Yudhoyono made the statement in his state-of-the-nation address to introduce the bill on the 2010 State Budget and the Financial Note at an extraordinary plenary session of the House of Representatives (DPR) here on Monday (3/8/2009).

"In fact, among the major countries in the world, Indonesia's economic growth at present is the third highest in the world after China and India," the president said.

He said it was a sharp contrast to the country's economic condition during the economic crisis in 1998.

"At the time our country was the hardest hit compared to other countries. This means that after 11 years of 'reformasi,' we have succeeded to build our domestic economy stronger and more self-reliant," the president said.

With Indonesia's membership in the G-20, the head of state the country was currently at the forefront in the effort to find a global solution to the current world economic crisis.

But in his address, Yudhoyono admitted that the pressure on the financial and banking sectors during the latter period of 2008 until early 2009 was extremely severe.

"This is the reason why Indonesia must continue to remain vigilant because it has drawn a lesson from the experience of the financial and banking crisis eleven years ago that has crippled the national economy," the president said.

"Thank God, this time around we are more than ready to anticipate it and can adopt the necessary policies to deal with it," the head of state added.(ANTARA)

News Focus: Bizmen Project Economic Growth of 7 Pct Next Year

Jakarta - Economists and businessmen are optimistic Indonesia's economic growth will reach seven percent next year, much higher than the government's projection of 4 percent - 4.5 percent.

"Driven by the global economic recovery which is expected to take place in the middle of next year, the Indonesian economy may grow 6 percent - 7 percent in 2010," economist Dr Rizal Ramli said.

According to Rizal Ramli, it would be too easy for the government to achieve its economic target of five percent. "It is too easy to achieve the economic growth target of 5 percent and the government does not need to work hard," he said.

However, it would be able to achieve the economic growth rate of 6 percent - 7 percent next year if it made bold breakthroughs and worked hard.

At the same time, it should make a bold breakthrough or otherwise the Indonesian economy would not grow significantly and Indonesia would lag behind other Asian countries, he said.

Optimism about Indonesia's ability to achieve a seven percent economic growth rate

next year was also expressed by vice presidential candidate Boediono. Boediono based his optimism on the easing of the global economic crisis in 2010.

"I am convinced the national economic growth will reach seven percent in 2010," Boediono said.

In order to boost economic growth to the seven percent level, the Yudhoyono-Boediono ticket has promised to take initial steps in developing infrastructures and other facilities such as roads.

Boediono said that the construction of roads would contribute greatly to the opening of the people's economic access and would invite foreign investment.

"Roads will boost economic growth," Boediono said. Boediono who was running as the vice presidential candidate of incumbent president Yudhoyono in the recent presidential race, said that the next government would also promote development of health and educational infrastructures.

Development of health and education infrastructures was very important for the development of the country's human resources for raising its human development index, he said.

"I think development of these types of infrastructure will boost the people's economy," Boediono said.

The vice presidential candidate said that at present foreign and domestic investment had begun to grow due to the fact that the global economic crisis was now in the process of receding, and this would generate national economic growth.

Besides, the government would also carry out seven priority development programs. "I am optimistic that economic growth will reach seven percent in 2010," he said.

In the meantime, the Indonesian Chamber of Commerce and Industry (Kadin) said the government's national economic growth target of 5 percent should be increased to 6 percent.

"The global economy, particularly the US economy, is expected to recover next year. This will have a positive impact on the national economy," Kadin chairman MS Hidayat said.

He criticized the government's 4 percent - 4.5 percent growth target, saying it would make it difficult for the real sector to develop.

"Five percent is less effective. It should be at least six percent," Hidayat said.

"I think, the draft 2010 state budget is less expansive in the eyes of the business community," the Kadin chairman said, adding that the five percent economic growth target set by the government was ineffective.

Hidayat said if the domestic real sector grew well and was balanced with bureaucratic improvements, economic growth in 2010 could be stepped up to six percent.

In the draft 2010 state budget, the government has set the economic growth rate target for 2010 at 4 percent - 4.5 percent.

Referring to the government's economic growth target as unveiled by President Yudhoyono recently, Rizal Ramli said he was surprised. "The Indonesian economy may grow by 6 percent - 7 percent in 2010 because if we look at the current trends, the world economy will begin to recover in the middle of next year," Rizal said.

He said the government-set economic growth target of 5 percent implied that it had not prepared new breakthroughs to boost economic growth next year.

Economist Sri Adiningsih of Yogyakarta-based Gadjah Mada University (UGM) said the country's economic growth might exceed 5 percent thanks to the expected global economic recovery next year.

She said the global economy had yet to fully recover from the crisis as reflected by negative growth in a number of countries.

But this was not the case with the Indonesian economy which was projected to grow 4.5 percent in 2009, she said.

She said the global economic recovery would have the potential of increasing the prices of primary products, particularly natural resources-based commodities, such as palm oil, minerals, oil and gas. (ANTARA)

RI's 2010 Economic Growth Expected to Exceed 5 Pct

By Eliswan Azly

Jakarta - Indonesia's economic growth in 2010 is expected to exceed the government-set target of 5 percent on the back of a likely global economic recovery next year, economists say.

The projection was made by the economist in comments on the government's financial note and the 2010 Draft State Budget as presented to the House of Representatives (DPR) by President Susilo Bambang

Yudhoyono in his state-of-the-nation address on Monday (3/8/2009).

"The recovery of the US economy which is expected to happen next year is likely to have a positive impact on the national economy," Sri Adiningsih of the Yogyakarta-based Gadjah Mada University (UGM) said here on Monday.

Adiningsih said the global economy had yet to fully recover from the crisis as reflected by negative growth in a number of countries.

But this was not the case with the Indonesian economy which was projected to grow 4.5 percent in 2009, she said.

She said the global economic recovery would have the potential to increase the prices of primary products, particularly natural resources-based commodities, such as palm oil, minerals, oil and gas.

In the short run, Indonesia must focus on the implementation of the Asia Free Trade Agreement (AFTA) which would begin next year, she said.

The challenge would become greater as foreign products would easily enter the domestic market following the implementation of AFTA, she said.

"If our products cannot compete with foreign products and if the government cannot deal with illegally-imported goods, it will not be impossible the chances we will gain may destroy domestic industries," she said.

Despite the global crisis, the domestic market remained unaffected thanks to the country's large population and productive labor force, she said.

After all, she said the global economic recovery might also increase the country's inflation rate.

In the 2010 Draft State Budget the government had set the year-on-year inflation rate at 5 percent compared to 6 percent projected in the 2009 Draft State Budget.

"I think it is difficult to reach an inflation rate target of 5 percent. It is possible inflation may exceed 7 percent," she said.

Meanwhile, BII commissioner Mayban earlier said Indonesia's economic growth in 2010 might increase to 6 percent, compared to last year's 4.5 percent.

"The increase in economic growth in Indonesia was triggered by the declining inflation rate from 8 percent in 2008 to 3.6 percent in 2009, and the appreciation of the rupiah against the US dollar in line with the increase in stock market index, he said.

According to him, the prospect of the Indonesian economy would be better in 2010 as economic growth reached 6 percent, public consumption 5 percent, government spendings 15 percent, investment 5 percent, exports 8 percent, and imports 9 percent.

Then agriculture increased 3.5 percent, mining 2.5 percent, industry 4 percent, water, electricity and gas 10 percent, construction 7 percent, trade 6 percent, transportation and communications 10 percent, finance 6 percent, services 6 percent, and the GDP 6 percent.

"In the current global economic crisis Indonesia's economic prospects are good compared to those of Malaysia, Thailand, and Singapore. Indonesia is at the same footing as China, India, and the Philippines in the economy," he said.

In addition, the country's debt ratio against its gross domestic product was predicted to decline to 30 percent at the end of 2010 will further strengthen the fiscal resilience.

President Yudhoyono in his state-of-the-nation address on the 2010 Draft State Budget and Financial Note before the extraordinary plenary session of the House of Representatives (DPR) on Monday (3/8/2009) said that the policy of budget financing of 2010 was not only aimed at reinforcing the level of self-reliance and reducing the dependence on foreign financing sources but also at encouraging a prudent, planned, transparent, and accountable debt management, he said.

The head of state said that in line with the financing needs, both from domestic and foreign sources, the government debt ratio vis-à-vis GDP at the end of 2010 was predicted to go down from around 57 percent in 2004 to approximately 30 percent in 2010.

"We should be relieved that this is the lowest debt ratio figure since the reform era," Yudhoyono said.

He said that decline of the debt ratio demonstrated the government's firm determination to build Indonesia to the maximum degree possible by using its own resources.

"Thus, one day, we will be able to say with pride to the successive generations, our children and grandchildren that we bequeath a nation endowed with a growing wealth, a more equitable prosperity and a smaller or, in fact, no debt at all," the president said.

In addition, President Susilo Bambang Yudhoyono proposed a deficit of 98 trillion rupiah (9.98 billion dollars), or 1.6 percent of gross domestic product (GDP), compared to the 2.5 per cent of GDP target for 2009.

Yudhoyono said the government would spend an additional 61.2 trillion rupiah to boost the economy next year, slightly less than the 70 trillion allocated for extraordinary stimulus measures this year.

Further stimulus spending would help achieve 5 percent growth in 2010, which is at the lower end of previous government forecasts.

Yudhoyono, who was re-elected to a second five-year term last month on the back of sound economic management and an anti-corruption drive, said Indonesia was in good shape to weather the global economic storm.

"As a country with an open economy, Indonesia certainly cannot disengage itself from the impact of the downturn of global economic activities," the liberal ex-general said.

"Nevertheless, due to the rapid, appropriate and measured action, Indonesia's position was relatively speaking far better off than other countries."

The government has predicted economic growth of 4.0-4.5 per cent this year, third only to China and India in the G20 club of rich and developing countries. The economy grew 6.1 per cent in 2008.

Inflation would remain low at about 5 per cent in 2010 and the rupiah would stay steady around 10,000 to the dollar, according to the draft budget.

Strong domestic demand in the country of 234 million people, as well as its relatively low exposure to export markets hit hard by the global recession, have distanced Indonesia from the global crisis.(ANTARA)

President Prepares Seven Priority Policies

Jakarta - President Susilo Bambang Yudhoyono prepared seven priority policies for implementation by his government in 2010.

Firstly, the real sector will be constantly carried out, following the issuance of various policies including fiscal incentives to encourage the real sector to grow faster.

Secondly, the prevention of dismissals while constantly lowering the unemployment rate. In facing the current crisis Indonesia is

also preventing unjustifiable and unfair dismissals. Under various programs of minimizing the impact of the global financial crisis and maintaining the number of unemployment people at less than 60,000, far less than the originally estimated 1.5 million.

Thirdly, maintaining price stability, especially the prices of the people's daily staples. The government will also try to maintain the inflation rate at a relatively low level. Up to July 2009, the year on year inflation rate reached only 2.71 percent, which was a record low since 2000.

Fourthly, maintaining and promoting the purchasing power of the people, in this case lowering tax on personal income, and increasing tax on non-taxable income. Lowering of fuel oil prices, increasing salaries --- for civil servants, the Armed Forces, the National Police, and pensioners as well as teachers/university lecturers --- and giving cash assistance during most difficult times for poor families. These measures are necessary because public consumption constituted a dominant contributor to the total national economic growth.

Fifthly, protecting the poor or near poor people. One of the tasks of a state is protection and providing a social safety net to lower income people. For that purpose various pro people programs like BOS, Jamkesmas, PKH, Beras Bersubsidi, conditional BLT, and others, will be continued.

Sixthly, maintaining food and energy security. Food prices must be constantly affordable in adequate quantities.

"We also have anticipated the arrival of the El-Nino in some parts of Indonesia which may cause drought by the end of 2009, and early in 2010," he said. To prevent disrupted food security, measures in anticipation and overcoming the impact of El-Nino have been taken and will be constantly carried out such as by maintaining adequate rice stocks through the National Logistics Agency (Bulog) of at least 1.5 million tons.

The government will also continue with its subsidized rice program for 17.5 million targeted households with 15 kg per home for 12 months. The government will continue maintaining food price stability, especially rice, by providing emergency funds in anticipation of such situation, amounting to Rp 1 trillion in 2010.

Besides the government will see that dams function well and properly. In anticipating droughts which may cause forest fires, the President ordered the regional administrations to anticipate and prevent the spread of the fires.

In the fields of energy security, production will be boosted and diversified, and distribution will be improved to secure energy supplies. The management of demand for energy also needs to be constantly improved. (ANTARA)

Government to Provide Rp144.4 Trillion in Subsidies in 2010

Jakarta - President Susilo Bambang Yudhoyono said the government will provide a subsidy in the 2010 state budget amounting to Rp144.4 trillion or 14.3 percent of the total.

"We need this subsidy because the state is obliged to protect the lowest segment of the society so as to alleviate their burden," the President said in his state-of-the-nation address on the 2010 Draft State Budget and Financial Note before an extraordinary plenary session of the House of Representatives (DPR) here on Monday (3/8/2009).

He said the subsidy was allocated especially in the face of the present global economic crisis.

"We must put in order the basic subsidy policies with the purpose of ensuring the target and direction-oriented allocation in conformity with the situation of our nation," the president said.

The president said that in 2010 the government would still plan to allocate a budget for subsidy for fertilizer, seedlings and food.

With the subsidy, the government would distribute quality fertilizers and seedlings with affordable prices so that farmers would become more productive and their well-being improved, the head of state said.

He said the government would also provide low-price rice for under privileged people.

Yudhoyono said to support the empowerment of micro, small and medium enterprises as well cooperatives, the budget allocated for the subsidy for the interest of the program credit would be raised, whether the small-holder Business Credits (KUR) to assist micro, small and medium enterprises or

subsidy for the of modest and healthy housing credit.

Besides putting into order the subsidy policy in general, the government will also make an initial design for a medium-term policy comprising (first) gradual transfer of price subsidy (fuel oil, electricity and food), (second) limiting subsidy recipients only to targeted households, priority sectors and public service and (third) improving the targeted household database, particularly farmers, craftsmen and fishermen to prevent overlapping subsidy recipients. (ANTARA)

RI's Debt Ratio to Drop 30 Pct in 2010: President

Jakarta - President Susilo Bambang Yudhoyono said Indonesia's debt ratio against its gross domestic product was predicted to decline to 30 percent at the end of 2010, which would be the lowest debt ratio figure since the reform era.

"The decline in the government debt service ratio will further strengthen the fiscal resilience structure in line with the purpose of reaching sustainable fiscal resilience."

The president said that in the current global crisis, the government was fully determined not to use IMF funding assistance, like what it had done back in the 1998 crisis. It had endeavored to establish a standby loan arrangement, which was more dignified and yet ensures the national economic sovereignty.

He said that the policy of budget financing of 2010 was not only aimed at reinforcing the level of self-reliance and reducing the dependence on foreign financing sources but also at encouraging a prudent, planned, transparent, and accountable debt management.

In line with the financing needs, both from domestic and foreign sources, the government debt ratio vis-a-vis GDP at the end of 2010 was predicted to go down from around 57 percent in 2004 to approximately 30 percent in 2010.

"We should be relieved that this is the lowest debt ratio figure since the reform era," Yudhoyono said. To decline the debt ratio demonstrated the government's firm determination to build Indonesia to the maximum degree possible by using its own resources.

"Thus, one day, we will be able to say with pride to the successive generations, our children and grandchildren that we bequeath a nation endowed with a growing wealth, a more equitable prosperity and a smaller or, in fact, no debt at all," the president said. (ANTARA)

Socio-Cultural Issues

EC to Host Seminar on Fighting HIV/AIDS in RI

The Delegation of the European Commission (EC) to Indonesia will host a seminar on the fight against HIV/AIDS in Indonesia on Wednesday (5/8/2009) in Jakarta. There are some 120,000 Indonesians living with HIV/AIDS.

The similarly themed seminar comes just four days before the 9th International Congress on AIDS in Asia and the Pacific, which Indonesia is hosting in Bali from Aug. 9-13. It aims to provide insight into the Commission's "activities and actions in addressing HIV/AIDS worldwide as well as in Indonesia."

The seminar will focus on two EC-funded projects in Indonesia and their strategies and achievements in fighting the spread of HIV/AIDS and other infectious diseases.

The one-day event will be opened by the Head of the European Commission's Delegation to Indonesia, Ambassador Julian Wilson. National AIDS Commission executive secretary Nafsiah Mboi, Padjajaran University senior lecturer Bacht Alisyahbana and Medecins du Monde program coordinator Amelie Courcaud will speak at the seminar.

To combat poverty-related diseases, Indonesia has drawn heavily from the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), a fund to which the EC and EU remain major contributors. (The Jakarta Post)

BPS: Tourist Arrivals in June Up 4.07 Pct

Jakarta - The Central Bureau of Statistics (BPS) reported the number of foreign tourist arrivals in Indonesia in June 2009 reached around 550,600, up 4.07 percent from 529,100 in June 2008, or 5.53 percent from that in May 2009.

The number of foreign tourist arrivals through the country's 11 main entry gates in June 2009 went up 4.95 percent from 444,900 people in June 2008, to 466,900 foreign tourists, Rusman Heriawan, the BPS chairman, said in a press conference here on Monday (3/8/2009).

Compared to the figure in May 2009, the number of foreign tourists visiting Indonesia through the 11 main entry gates rose 5.51 percent, he said.

During January-June 2009, the number of tourist arrivals in Indonesia reached 2.97 million, or up 2.17 percent from 2.90 million in the same period the previous year.

Bali was visited by a total of about 200,500 foreign tourists arriving at Ngurah Rai Airport in June 2009, or up 12.48 percent from that in June last year, and up by 5.14 percent from around 190,700 in May 2009.

The hotel room occupancy in 14 provinces in June 2009 reached an average of 52.65 percent, or an increase of 4.84 points from the occupancy rate of 47.81 percent in May 2009.

The hotel room occupancy rate in Bali in June 2009 rose 2.51 points from 60.26 percent to 62.77 percent in May 2009.

The average duration of foreign tourists' stay at five-star hotels in 14 provinces during June 2009 was 2.01 days, down 0.13 points from that in May 2009.

The number of train passengers in June 2009 in Indonesia reached 18.1 million people, up 1.80 percent from that in May 2009.

The number of ship passengers in June 2009 was recorded at 482,300 people, up 9.69 percent from that in May 2009.

The number of passengers of domestic flights reached around three million people in June 2009, up 4.76 percent from that in the previous month. For international flights, the number of the passengers was 702,900 people, an increase of 11.72 percent.

During January-June 2009, the number of domestic flights' passengers were 16.5 million people, or up 3.27 percent, and international flights' passengers reached 3.6 million people, up 5.29 percent from that in the same period in the previous year. (ANTARA)

29 Foreign Warships to Join Indonesian Fleet Review

Jakarta - Around 29 warships from 14 countries have been confirmed to join in the

Indonesian Fleet Review (IFR) 2009 which is part of the Sail Bunaken event in Manado, North Sulawesi, on August 19.

Indonesian Navy spokesman Commodore Iskandar Sitompul said to ANTARA here on Tuesday (4/7/2009) two tall ships namely `Tunas Samudra` from Malaysia and `Nadezdha` from Russia would also highlight the event.

The 14 countries that would send their ships to Indonesia are the US, Australia, India, Britain, Japan, Malaysia, Pakistan, China, Russia, New Zealand, Singapore, Thailand, France, the Philippines and South Korea.

He said the US would send five warships including aircraft carrier USS George Washington. The other four are destroyers from the Seventh Fleet Command.

Australia meanwhile will send three warships namely a ship `HMAS Leewuin`. Britain in the event that will be attended by around 8,000 participants will send one ship namely reconnaissance ship "HMS Echo".

China that has made fast progress in the last decade in the economic and defense sectors will send two destroyers to that event.

"Compared to that in similar events staged in South Korea in 2007 and in China in 2008 the number of participants in the IFR 2009 is bigger. It gives us a sense of pride," he said.

Indonesia in the event will send ten warships, one F-16 Fighting Falcon, a squadron of 212-Cassas, a squadron of Nomads, 13 government boats, 30 traditional boats and 163 yachts, he said. (ANTARA)

Jambi to Hold World Conference of Historical Objects

Jambi - The Jambi provincial administration in 2010 planned to hold a world conference on historical objects at the Muarojambi temples, Muarojambi regency.

"The Jambi provincial administration is right now coordinating things with the Ministry of Culture and Tourism to discuss the holding of the conference," Assistant I of the Jambi provincial administration Fachrur Rozi said here Monday when receiving visiting members of Commission VI of the House of Representatives.

The event is expected to increase the number of local and foreign tourists to Jambi, and at the same time developing Jambi into one of the world's places of historical objects.

The Muarojambi temples were chosen because they are located along the banks of Batanghari river in Muarojambi regency, Jambi province as a cultural reserve with a long history of the Sriwijaya Kingdom.

Jambi is also trying to prove that it has a river tourism potential to attract tourists.

Jambi province is now still relying on Kerinci regency west of it, as a main destination of tourists.

Many foreign tourists are coming to Kerinci, because there lies the Kerinci volcano, lakes and some other interesting tourists spots. (ANTARA)

Indonesia by Province: Lampung

Ancient Chinese travel chronicles refer to a place in the most southerly part of Sumatra called “Lampung” or “place of southerly winds”. The province is generally flat with the highest mountains of Gunung Pesagi, Tanggamas, Seminiung, Sekincau and Raya all being dormant volcanoes. Bandar Lampung, the Provincial capital, was formerly two separate towns, Tanjungkarang and the port of Teluk Betung, which after the infamous eruption of Krakatau were both completely covered in volcanic ash. In the course of development, however this town have merged together to become one single city.



Tourism Board:

Jl. Ahmad Dahlan No. 79, Gunung Mas,
Bandar Lampung 35211
Phone +62 721 263401, 361430
Fax. +62 721 266184

Getting there:

Domestic airlines have daily flight from Jakarta. Rajabasa bus terminal is one of the

busiest in Sumatra, with a constant flow of departures. The trip from Jakarta takes eight hours which include crossing Sunda strait between Merak in Java and Bakaheuni Lampung by ferry. Three trains a day run from Palembang.

Tourism Events:

Krakatau Festival. This annual event is held at the end of August 25-30 2008 the festival commemorate Krakatau’s eruption in the late 19th century. The volcano is located in the Sunda Strait, South of Lampung, in the southern tip of Sumatra.

Places of Interest:

- ✓ Bandar Lampung has a Museum and a Monument of Krakatau Eruption.
- ✓ Krakatau Island
Krakatau is an inhabited island and located on the southern part of the Bay of Lampung. Krakatau is reachable in three hours by boat from Canti, a fishing village near Kalianda, South Lampung. Anak Krakatau (Child of Krakatau) is still growing, first emerging from the sea in early 1928, 45 years after the legendary eruption in 1883.

Krakatau Island is currently among three destination in Indonesia that has been qualified in the New 7 Wonders of Nature campaign held by the New 7 Wonders Foundation (two other candidates is Lake Toba and Komodo National Park). You could support Krakatau Island to become the New 7 Wonders of Nature by voting through the following the URL:<http://www.new7wonders.com/nature/en/liveranking/>

- ✓ Pugung Archaeological
Pugung Archaeological Site in Pugung Raharjo village, 40 kms northeast of Bandar Lampung is a site of megalith and prehistoric relics, as well those of the classical Hindu-Buddhist period.
- ✓ Merak Belantung Beach
Merak Belantung Beach is 40 km south of Bandar Lampung, on the way

to the seaport of Bakauheni, the beach is ideal for swimming and wind surfing. Cottages are available.

[Source: www.my-indonesia.info]

ENVIRONMENT ISSUES

Mangrove Forests Play Vital Role in RI's Integrity: Expert

Bogor, W Java - Indonesia's mangrove forests play a vital role in the context of national defense and integrity, an expert said.

"The mangrove ecosystem has a very great impact on the effort to keep the Unitary Republic of Indonesia intact. The extinction of mangroves may cause a catastrophe for national sovereignty," Prof Dr Ir Cecep Kusmana MS of the School of Forestry at the Bogor Institute of Agriculture (IPB) said here.

Damage to the mangrove ecosystem would no doubt have the potential to bring about an adverse impact on the country's sovereignty, he said.

Hence, the country's sustained sovereignty would very much depend on the extent to which the nation would treat mangroves, he said.

He said Indonesia had a total of 28 islands and 17,475 islets, making it the world's largest archipelagic state. The country's coastline covered 95,181 km. Indonesia had an area of about 9 million sq km consisting of 2 million sq km of land and 7 million sq km of waters, he said. The country had broad and diverse coastal ecosystem stretching 5,000 km from the east to the west and 2,500 km from the north to the south.

Indonesia now had a total of 92 outlying islands which share sea borders with Malaysia, Singapore, Australia, Timor Leste, the Philippines, Thailand, Vietnam, India, Papua New Guinea and Palao, he said.

"If we want to keep the Unitary Republic of Indonesia intact, we must protect the mangrove ecosystem. Don't let the mangrove become extinct," he said.

Indonesia's mangrove covered an estimated 9.6 million hectares consisting of 3.8 million hectares in forested land and 5.8 million hectares outside forested land, he said.

About 1.6 million hectares or 42 percent of mangrove in forested land and 3.7 million

hectares or 77 percent of mangrove outside forested land were damaged because of overexploitation, pollution and natural disasters, he said.

"Damage to the mangrove ecosystem in many islands, outlying islets in particular will cause the islets to disappear, thereby reducing the area of the country's land territory," he said. (ANTARA)

Energy Department Launches New Naval Geology Ship

The Energy Department launched on Wednesday (5/8/2009) the latest geological and oil reserve survey tool, the Geomarin III which would improve the country's ability to detect oil reserves in the deep sea.

Minister Purnomo Yusgiantoro said on Wednesday during the launching ceremony at Geomarine III is the third geological survey ship to support the first two ships with ability of detecting reserves in shallow waters, "while 76 percent (of the sea area) are deep seas, which could not be mapped due to limited ability of the survey equipments".

Tertiary oil and gas reserves according to Purnomo have proven to be found in deep seas over 200 meters deep which store abundant oil and gas reserves.

The ship was built by the PT PAL in Surabaya which cost around Rp89 billion, plus Rp9 billion for equipments. And to be operated by the Naval Geology Research and Development Center.(TEMPO Interactive)

REGIONAL/INTERNATIONAL ISSUES

Asia-Pacific Housing Ministers to Meet in Jakarta

Housing ministers from seven countries will convene in Jakarta for two days to discuss regional housing issues at the fourth meeting of the bureau of the second Asia Pacific Ministerial Conference on Housing and Urban Development (APMCHUD).

Ministers from Armenia, Iran, China, India, Indonesia, Pakistan, and Qatar will be participating in the meeting, which will be held

in Jakarta from Thursday to Friday (August 6 – 7, 2009), according to the Indonesian Public Housing Ministry.

The Pakistani federal minister for housing and works, Rehmatullah Kakar, arrived in Jakarta on Wednesday, the Pakistani Embassy said in a statement. “Pakistan intended to benefit from the experience of other countries in the field of housing by participating in the meeting,” it said.

Thousands of people in Pakistan have been displaced due to the massive military operation conducted by its government against the Taliban. The country has also hosted Afghan refugees for decades. Kakar was quoted as saying the displaced people in the war-torn Swat Valley had found their way back home as the situation had returned to normal.

The Indian Embassy said Indian housing, urban & poverty alleviation and tourism Minister, Kumari Selja, would attend the meeting.

“Our Minister [Kumari Selja] arrived in Jakarta on Wednesday,” Indian Embassy’s political counselor Muktesh Pardeshi told The Jakarta Post on Wednesday.

The APMCHUD, which is currently headed by Iran, aims at addressing the challenges of urbanization, housing and habitat management, MDGs, urban poverty and slum development. It also aims to develop strategies and policies for habitat development in which land and housing are considered key components.

“It is apprehended that while the population living in slums around the world may reach 1.4 billion by 2020, one out of two slum dwellers in the world will be from Asia,” the organization’s website stated.

Indonesia will host the third ministerial conference in Solo, Central Java, in 2010. The seven ministers will also discuss preparations for the conference during the two-day meeting in Jakarta. (the Jakarta Post)

RI to Host APA Executive Board Meeting

Jakarta - The House of Representatives (DPR) will host an Asian Parliamentary

Assembly (APA) executive board meeting here from August 11 to 12, 2009.

The meeting would discuss draft resolutions which had been deliberated on in several sub-commissions in a number of APA member countries, Abdillah Toha, chairman of the Inter-Parliamentary Cooperation Body (BKSAP), said here on Monday (10/8/2009).

Issues to be discussed would include an integration of Asia’s energy market, corruption and poverty eradication in Asia, environmental issues, globalization, health, culture, and efforts to strengthen cooperation among APA members, he said.

Indonesia is currently president of 39-member APA, until 2010.

“The APA session will also push a commitment of the APA member countries to the implementation of Friendship Pact in Asia aimed at strengthening the Asian power to balance the Western domination in the international arena,” Toha said.

The draft resolutions would be recommended to be adopted in APA General Assembly scheduled to be held in Bandung, West Java, in November or December 2009.

APA was initially known as the Association of Asian Parliamentary for Peace (AAPP) which was established in 1999. In 2006, AAPP was transformed into APA with broader scopes of cooperation among Asian parliaments. (ANTARA)

Door Open for US to Join East Asia Summit

The United States has signed the ASEAN Treaty of Amity and Cooperation (TAC), paving the way for the world’s last remaining superpower to take part in the East Asia Summit (EAS) and flex its strategic muscle in the world’s most dynamic region.

The bloc, which initiated the EAS, has included the signing of the TAC among the three conditions for countries to take part in EAS meetings. The other prerequisites are to be a dialogue partner of ASEAN and to have substantial ties with the region.

“Russia requested to become a member, but its proposal was rejected because it has no significant trade relations with the region,” Dewi Fortuna Anwar, a researcher from Indonesian Institute of Science (LIPI), said Friday (7/7/2009).

“The US has not made an official request, but the signing of the TAC could be

seen as an indication it has an interest in joining the forum.”

The EAS consists of the 10 ASEAN nations and China, Japan, South Korea, New Zealand, India and Australia. The group, which is scheduled to hold its fourth meeting in Phuket in October, decided in 2006 to freeze membership for at least two years to consolidate.

The United States was considered to have downplayed its presence in East Asia in past years, with former president George W. Bush, troubled by wars in Iraq and Afghanistan, sending only low-level diplomats to ASEAN meetings. The American absence gave China more room to launch its charm offensive, further sidelining the US in the region, Dewi said.

Indonesia welcomed Washington’s return to Asia by signing the landmark friendship treaty with ASEAN, which will provide assurances the superpower will not unilaterally conduct aggressions in the region.

“It’s a milestone in the relationship between ASEAN and the US, because it shows there is an intention from the US to abide by the norms in Southeast Asia as reflected in the TAC,” said Indonesian Foreign Ministry spokesman Teuku Faizasyah.

While acknowledging the widely held perception the renewed US attention in Southeast Asia is to counter China’s growing influence, Faizasyah said the Indonesian government did not see it that way, adding, “We don’t want our region to become a competition field ... The TAC is a mechanism to enhance cooperation.”

Dewi said China was the only country with potential, in the long term, to compete with the US politically and economically, but quickly added relations between the two had improved. “They’ve been working together on many strategic issues,” she said.

The China-US rivalry will not sideline ASEAN countries in the region, Dewi said, as Southeast Asians had dealt with major nations for centuries and therefore would not easily be trapped in the scuffle between two great powers.

“After all, we’ve all seen the rivalry between China and Japan,” she said.

Analysts have already warned of a possible rivalry between China and India, which may weaken the region should ASEAN fail to engage with the two regional powers as

a group. Many analysts are also pessimistic the bloc is capable of resolving regional disputes within the near future.

The US signing of the TAC enhances ASEAN’s credibility as an institution, Dewi said, adding Indonesia, despite failing to push its neighbors into accepting a powerful human rights body at the recent meeting in Phuket, should keep playing its leadership role in the region.

“Playing a leadership role doesn’t mean Indonesia is exerting a regional hegemony or has become a bully,” she said. (the Jakarta Post)

Switzerland Launches New Cooperation Program with RI

Switzerland has recently launched a new cooperation program with Indonesia to usher the two countries relationship into a new era, Swiss Ambassador Bernardino Regazzoni says.

“Just two months ago, Switzerland once again became a cooperation partner of Indonesia. This cooperation program, which comes after the 30 years of successful cooperation programs in the last century, will be established on a new basis and with a new emphasis,” the Ambassador told The Jakarta Post in recent interview ahead of Switzerland’s National Day, which falls

on Aug. 1.

The cooperation program will be for a period of four years. The Swiss government will provide some 10 to 15 million Swiss francs (US\$9 to \$14 million per year) every year for this new program.

“Now we are in the process of designing action plans along with Bappenas [the National Development Planning Agency],” Regazzoni said.

The program will focus on three main areas. “The cooperation program will be focusing on public finance management, environment and enhancing Indonesia’s competitiveness,” Regazzoni said.

In the case of public finance management, Regazzoni said the Swiss government will work with the World Bank. Switzerland and Indonesia have agreed to cooperate in the environmental sector.

“We have already submitted a draft agreement to the Indonesian government on providing clean technology to the private

sector and to have a policy dialogue,” Regazzoni said.

It seems President Susilo Bambang Yudhoyono has a special interest in enhancing Indonesia’s competitiveness.

“When our [former] President [Micheline Calmy-Rey] visited Indonesia in 2007, President Yudhoyono expressed an interest in knowing more about Swiss competitiveness. In fact, Indonesia had sent a high ranking mission to Switzerland to study Swiss competitiveness,” Regazzoni said.

Switzerland, Regazzoni said, will exchange its experience in enhancing competitiveness, which can be in part attributed to transparency, market access and clear regulations, with Indonesia.

Switzerland, according to Regazzoni, considers Indonesia to be one of the most important strategic countries in Southeast Asia and says this is why bilateral contacts are constantly developing.

“In order to enhance our bilateral relationship further, both countries have already agreed to establish a Joint Economic and Trade Commission. We will soon formally sign a Memorandum of Understanding in this regard and we will hold the commission’s first meeting some time this year,” Regazzoni said.

In the economic field, bilateral trade has been growing rapidly. Last year, the value of two-way trade almost touched the \$1 billion mark for the first time (see graphic). In fact, the amount of bilateral trade has more than doubled over the last four years.

In 2008, the total value of trade between the two countries jumped to \$983.86 million, a huge increase from \$403 million in 2004.

Switzerland, Regazzoni said, mainly exports machinery, instruments, chemicals, electronics and raw materials for the pharmaceutical industry to Indonesia. From Indonesia, Switzerland imports textiles, garments, footwear, agricultural products, chemicals, electronic equipment and home appliances. According to Regazzoni, the amount of trade will be doubled or tripled again once Indonesia signs the much awaited European Free Trade Association agreement (EFTA). The EFTA is trade-bloc formed by Switzerland, Norway, Iceland and Leichtenstein.

Switzerland is an important foreign investor in Indonesia.

“We have some 70 Swiss companies in Indonesia. They have so far cumulatively invested more than \$1 billion in Indonesia. These companies also provide employment to some 60,000 Indonesian workers,” Regazzoni said.

The Swiss ambassador said the global financial crisis might impact bilateral trade.

“It’s true we are facing global financial crisis. It may affect our trade temporarily but I am confident our relationship will grow further in the future. Indonesia’s fundamentals are strong. We are looking to the future,” Regazzoni said. (the Jakarta Post)

President Yudhoyono Sends Condolences on Aquino's Demise

Jakarta, - President Susilo Bambang Yudhoyono on Saturday extended condolences on the demise of former Philippine president Corazon C. Aquino.

President Yudhoyono on behalf of the Indonesian government and people conveyed deep condolences to the bereaved over the death of Aquino, presidential spokesman Dino Patti Djalal said in a press statement.

An expression of sympathy also went to the Philippine government and people who had lost one of their best figures, he said.

Dino said the Indonesian people will always remember Aquino as a heroic figure who had the courage to struggle for democracy and justice in the Philippines.

"Corazon C. Aquino was a firm but low-profile and compassionate leader. She always tried to do her best in leading her country during a tough period in the Philippines' history," he said.

Whether as president or ordinary citizen, Aquino's personality always was marked by dignity and integrity, he said.

"Corazon C. Aquino was also much admired by the Indonesian people and therefore, they also feel the Philippine people's sorrow," the presidential spokesman said.

Aquino became president of a transitional government in 1986 after a bloodless "People Power" revolt which toppled dictator Ferdinand Marcos's 20-year regime.

She died early Saturday after a battle with colon cancer. (ANTARA)