

# Indonesia News & Views

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Bi -Weekly Bulletin  
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## Top quotes inside this issue:

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- ◆ "Indonesia ranked as the second most confident country in the world in terms of economic growth..." (page 2)
- ◆ "Indonesia is a growing economic power in the region and one of a number of countries that is likely to become increasingly important in the future."(page 9)
- ◆ "Bali has been named one of the best regions in the world to visit."(page 10)

## EAST JAVA

East Java is one of Indonesia provinces that located on the eastern part of Java Island and also includes Madura and Bawean islands. It has a variety of attractions, from temple sites to scenic beaches, a sand-sea, highland-lakes, volcanoes, marine gardens and wildlife reserves. The province claim to fame in modern history is its vanguard role in the struggle for independence of Indonesia against colonial forces in 1945.

source: [www.my-indonesia.info](http://www.my-indonesia.info) , [www.indonesia-tourism.com](http://www.indonesia-tourism.com)

*"Indonesia's commitment to the carbon-trading scheme known as Reducing Emissions from Deforestation and Degradation would not be affected if an agreement on emissions cuts were not reached at the Copenhagen summit.." (page 14)*

## RI and EU Sign Partnership and Cooperation Agreement

Jakarta - Minister of Foreign Affairs, Marty Natalegawa signed a Cooperation and Partnership Agreement (PCA) with the European Union in Jakarta

Monday (9/11/2009) to improve the bilateral relations between Indonesia and the European Union. According to Marty Natalegawa, the PCA was

signed after the two sides discussed many important regional and global issues.

Signing for Indonesia was Foreign Minister Marty Natalegawa and acting for Sweden was his counterpart Carl Bildt, who was also acting director of ...  
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## Useful links of Indonesia:

Government  
[www.indonesia.go.id](http://www.indonesia.go.id)

Department of Foreign Affairs  
[www.deplu.go.id](http://www.deplu.go.id)

Ministry of Cultural and Tourism  
[www.budpar.go.id](http://www.budpar.go.id) ,  
[www.my-indonesia.info](http://www.my-indonesia.info)

National Agency for Export  
Development  
[www.nafed.go.id](http://www.nafed.go.id)

Investment Coordinating Board  
[www.bkpm.go.id](http://www.bkpm.go.id)

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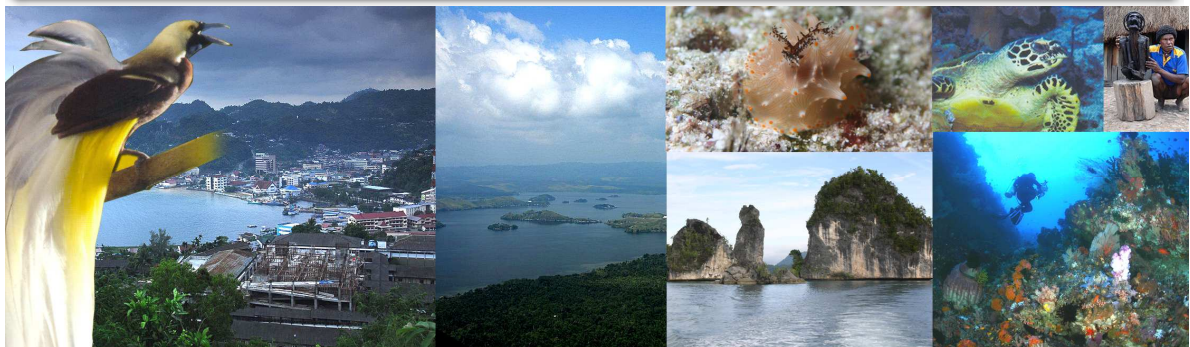
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# INDONESIA

## *ULTIMATE IN DIVERSITY*



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## DOMESTIC ISSUES

### Political Issues

#### **President Yudhoyono Vows to Eradicate Indonesia's 'Judicial Mafia' in 100 Days**

President Susilo Bambang Yudhoyono on Thursday (5/11/2009) named the eradication of the country's "judicial mafia" as his government's top priority during its first 100 days, shifting the focus away from the ambitious and extensive economic goals outlined just last week.

"This will be our priority in the first 100 days," Yudhoyono said, following a cabinet meeting. "We will take real action to eradicate the judicial mafia."

Yudhoyono said the judicial mafia included those involved in bribery, blackmail, the fixing of lawsuits and the intimidation of witnesses.

"The judicial mafia could be anywhere — in the National Police, the Attorney General's Office, judicial agencies and the Corruption Eradication Commission ..." he said.

He acknowledged that it would be difficult to wipe out such an entrenched culture of corruption. He also revealed a new address — PO Box 9948, Jakarta 1000 — where people could mail complaints about irregularities in the judicial system.

Yudhoyono's shift in focus followed the public broadcasting this week of wiretapped telephone conversations that revealed an apparent plot involving members of the National Police and the Attorney General's Office to attack the Corruption Eradication Commission (KPK) by framing two of its deputy chairmen with allegations of corruption.

Just last week at the National Summit, the government had outlined an ambitious list of programs related primarily to economic development.

At the summit, organized by the Indonesian Chamber of Commerce and Industry (Kadin),

Coordinating Minister for the Economy Hatta Rajasa had said the government's priorities included achieving quality growth, reducing poverty, creating jobs, improving infrastructure and focusing on the development of agriculture and industry.

The government outlined 45 programs intended to address the country's most pressing needs during its first 100 days. Among them, 15 were named top priorities.

Among other things, Yudhoyono had stressed the need to increase the country's capacity to generate electricity.

"Power supply can become an obstacle to economic growth, business and investment," he said.

He said the government would focus on clean energy, including geothermal power and hydropower, after completion of the first phase of the "fast track" electricity generating program, which involves creating 10,000 megawatts of capacity with coal-fired plants. State utility PT Perusahaan Listrik Negara has struggled to meet soaring demand for electricity, resulting in frequent rolling blackouts.

Yudhoyono also vowed to spend more money to develop the country's ailing infrastructure. He said the central government would work with regional administrations and public-private partnerships to develop power projects, roads, airports and seaports.

The government also vowed to disburse Rp 2 trillion (\$210 million) in business loans and Rp 20 trillion a year in capital loans to encourage entrepreneurship and indirectly fight graft and poverty.

"We've only passed 30 percent of the first hundred days, we have another 70 percent," Yudhoyono said. "But without a plan, we are almost certain to be doomed to failure."

Key 100-Day priorities are Eradicate 'judicial mafia', Revitalize defense industry, Eradicate terrorism, Electricity generation and Food production and security. (the Jakarta Globe)

## Economic Issues

### Indonesia Ranked As the Second Most Confident Country

Indonesia ranked as the second most confident country in the world in terms of economic growth in the third quarter, a survey showed on Monday (2/11/2009). The AC Nielsen Company Indonesia, a leading survey company, said that **Indonesia** ranked second after **India** in the survey conducted on Sept. 28 to Oct. 16, followed by **Norway** in the third place while the lowest position was occupied by **Latvia** and **Japan**. The Nielsen's Global Consumer Index examined consumer's confidence, main concern and spending by more than 30,500 Internet users in 54 countries.

"Meanwhile, consumer's confidence in Indonesia heavily depends on inflation. When we have high inflation, consumers tend to react by showing decreasing level of consumer's confidence," said Catherine Eddy, the company's executive director for consumer research.

On the contrary, with significantly recovered inflation pressure this year, consumer's confidence among Indonesians has increased, she said. "2009 is a good year for consumers in the point of view of price, especially if it compared to 2008 when households were really in the hard times with two digits increase in many fields," she said.

According to Catherine, September's index was bigger than June's, so this is good news that market is still optimistic about the future. She added that there was another factor contributing to the high consumer's confidence. "Indonesians believe in political and economic stability in the country," she said. "The company's data showed that Indonesia's consumer's confidence index was at 115 in the second half from 104 in the previous period, or an increase of 11 percent. The survey also showed that even though Indonesians had high optimism of economy, half of them retained spending and saved their money. It showed that half of the

respondents took precaution against the worst scenario.

According to Catherine Eddy, the increase of 9 points to 86 in October from 77 in April in global consumer's confidence showed that in the last six months most consumers got more optimistic. The survey also showed that **Hong Kong** increased its consumer's confidence by 14 points to 93 from 79, the biggest increase in the world, followed by **South Korea** (+13 points) and **Brazil** (+12 points).

[Source: Nielsen Survey: Indonesia ranks 2nd most confident country in Q3](#)

### While Global Recovery Sputters, Indonesia Strong, IMF Says

Indonesia's strong domestic fundamentals should allow its economy to remain strong despite the prospects for a more sluggish global recovery than had recently been predicted, the International Monetary Fund said on Monday (2/11/2009).

Milan Zavadjil, the IMF's chief representative in Jakarta, forecast that the country's economy would grow by 4.8 percent in 2010, just below the government's target of at least 5 percent.

"We expect the Indonesian economy to grow by 4 percent in 2009 and 4.8 percent in 2010," Zavadjil said. "We know it is below the consensus, but we still see the potential upside."

Zavadjil said the relatively conservative expectation was not because the country's economy was weaker than thought, but because the global economy was.

He said most of the positive signs of recovery in the global and Asian economies were fueled by massive stimulus packages and extraordinarily loose monetary policies issued by many countries in reaction to the economic crisis.

However, some indicators had raised doubt over the health of any broader recovery, he said. These included persistently high unemployment rates and weak retail demand.

Zavadjil said most Asian countries were in a precarious position because of their reliance on exports to support their economies, meaning stimulus was needed to maintain stable growth.

UBS global economist Paul Donovan had voiced similar estimates on Thursday, saying the shape of the global recovery would likely resemble a “Nike swoosh” rather than a classic “V.”

However, both economists agreed that the slower global recovery would have only a minor impact on Indonesia’s economy.

“The recovery in Indonesia is self-sustaining ... due to strong domestic demand,” Zavadzil said, adding that the 4.8 percent growth would be achieved mainly through that domestic demand.

Edward Teather, a senior economist at UBS, said Indonesia had advantages that would allow it to grow faster than its neighbors.

“Compared to Malaysia and Thailand, Indonesia has huge room for domestic spending, given the high rate of the savings and investment compared to GDP, the highest in Asia outside China and India,” he said.

UBS sees the country growing by up to 5.3 percent in 2010. It said the government’s target of 7 percent growth by 2014 was reachable if appropriate measures were taken.

“The key to higher growth is increasing productivity per capita, and infrastructure development would do this. With strong domestic demand, I also believe foreign investors will remain confident in putting their investments here,” Teather said.

President Susilo Bambang Yudhoyono has said the country needed Rp 2,100 trillion (\$220 billion) of investment per year for the next five years to be able to reach the 7 percent target.

Fauzi Ichsan, a local economist from Standard Chartered Bank, said the IMF’s lower forecast might be caused by expectations of a slower global economic recovery, which “still has an effect on exports and commodity prices.”

“However, we also see that the potential upside is bigger than the downside risk. The potential upside would depend on how fast the government could roll out planned infrastructure projects,” he said. (Jakarta Globe)

## **VW to Make RI Southeast Asian Production Base**

Jakarta - German car maker Volkswagen (VW) intends to make Indonesia its production base in Southeast Asia, a spokesman said.

"VW regards Indonesia as a priority in Southeast Asia," PT Garuda Mataram Motor Chief Executive Officer Andrew Nasuri said on Thursday (5/11/2009).

PT Garuda Mataram Motor is VW’s sole agent in Indonesia.

He said VW itself had succeeded in expanding its market in China and India by making huge investment in the two countries.

To expand its market in Indonesia, VW would increase the types of products, intensify marketing promotion and build more assembling plants (completely knocked down car factories), he said.

VW would go ahead with its plan to invest in Indonesia. The German car maker was likely to set up a joint venture company with local partners, he said.(ANTARA)

## **Sanyo and Hino May Invest \$100m Early in 2010 for Expansion**

Early next year the country may see two separate investments worth US\$100 million in total from two Japanese companies, Hino and Sanyo, Industry Minister M.S. Hidayat said Monday (2/11/2009).

“At the beginning of next January, I will inaugurate new investment in two industrial sectors, electronics and trucks, both from Japan,” he said at the State Palace after reporting the results of the 2009 National Summit held last week.

“The two investments will together total \$100 million.”

He said the two companies have agreed to invest in market expansion because of the largely “conducive” business climate here. Hidayat added he would go to Japan early next year as part of the investment planning process.

These statements confirm previous reports saying that PT Hino Indonesia Manufacturing plans to spend \$17 million in investment to

triple its truck production capacity from 10,000 units to 30,000 units per year by expanding its existing factory in Purwakarta, West Java.

“This investment will materialize as soon as this year’s end, if not in 2010,” the Industry Ministry’s director for land and military transportation industries Panggah Susanto said previously.

He said Hino planned initially to realize its plan in 2008 but had to delay it because of the negative impacts of the global economic downturn, which previously held back the real sector.

“They delayed their investment implementation until now because they wanted to see out the crisis situation first,” he said.

Panggah said the government would push Hino, which would expand not only its truck production but also the production of its supporting components, to use more local content components.

Hino produces dump trucks and head trucks, among other types.

Established in 1982, Hino is controlled by its parent company Hino Motors Ltd with 40 percent, local automaker and distributor of imported cars PT Indomobil Sukses International with 40 percent and Sumitomo Corporation with 20 percent.

There are no details as yet as to Sanyo’s planned investment.

In September, a large delegation of Japanese investors came to Indonesia to meet then industry minister Fahmi Idris.

During the meeting, the delegation said Japanese investors who already have established in Indonesia planned to boost their investment by up to \$1 billion here over the next five years to strengthen their market positioning in the country.

According to latest Indonesian government record, there are 875 Japanese companies currently operating in Indonesia, with a total

investment of \$11 billion, employing more than 282,000 workers.(the Jakarta Post)

### **PT Mandiri Focus on European Investor**

Jakarta - PT Mandiri Manajemen Investasi to cooperate with PT Julius Baer Advisors Indonesia to focus on European investors. The investors will be drawn to invest in Indonesia in the form of shares in rupiah.

As stated by Chief Director of PT Mandiri Manajemen Investasi Abiprayadi Riyanto through cooperation with PT Julius Baer Advisors Indonesia in Jakarta, on Wednesday (4 / 11).

According to Abiprayadi, Indonesia has potential for large investments. "Indonesia is one of countries that continue to be monitored by foreign investors, as well as other Asian countries, namely China, Brazil, and India," he said.

Indonesia's economic growth in 2009, which surplus of 4 percent amid a worsening economy global after financial crisis, shows Indonesia's macroeconomic conditions are good.

"This good condition is not only in the capital market. Demand for government securities and stocks also rose. Besides of the economic prospects for 2010 and 2011 are also projected to remain good," he said.

Despite good economic growth, still few foreign investors, mainly from European countries, who know about this potential.

PT Mandiri Manajemen Investasi focus to attract European investors due to Indonesia’s economic conditions is better than the United States. Meanwhile Asian investors, such as Hong Kong and Singapore, already familiar with and know very well how to invest in Indonesia.

Related to targeted shares, Riyanto has not decided yet. According to him, it needs extended examination.

Director of PT Julius Baer Advisors Indonesia, Salina Nordin said, it will inform foreign

investors about potential investment in Indonesia.

Up to November 2, 2009, PT Mandiri Manajemen Investasi has amounted to Rp 13.5 trillion funds to manage. "The competition is tighter. Therefore, fund managers must be more creative in developing an attractive product for investors and we are committed to do that," said Abiprayadi. (*unofficial translation*, Kompas)

### **Minister of Industry Promises to Simplify Investing for Japan**

Minister of Industry Muhammad Suleman Hidayat promised to ease investment for Japanese businessmen. However, they require detailed explanation about the prospects of cooperation between Japan and Indonesia. "I'll speed up, facilitate, and not long-winded," Hidayat said after seeing a number Japanese businessmen joined in the Kansai Economic Federation (Kankeiren), the Department of Industry, Jakarta, on Monday (9/11/2009).

Indonesian government prioritizes on food industry, food and beverage, agriculture-based processing, electronics, textile industry and infrastructure, including power plants (power plant). "They just ask to simplify the cooperation," he said.

Director General of Metal, Machinery Textile and Multifarious of the Ministry Ansari Bukhari said, they talked about the infrastructure within the one-hour meeting. "Especially electricity", said Ansari. In addition, they also discussed about the harbor, transport, and human resource development in the environment.

During the meeting, according to Ansari, Minister Hidayat offers four industry sectors to Japanese investors. All four are agri-business industry, transportation industry, and technology industry telecommunication, and basic processing industries. (*unofficial translation*, TEMPO Interactive)

### **Rubber Exports May Achieve 5 Billion U.S. Dollars in 2010**

Jakarta – The condition of economy global began to recover and shows positive growth of

international trade moving again. National natural rubber producers set target to exports natural rubber in 2010 could reach 5 billion U.S. dollars as global economy improved.

Chairman of the Indonesian Rubber Companies Association (Gapkindo) Asril Sultan Amir expressed this in Jakarta, Thursday (5/11/2009). Indonesia is the second largest natural rubber producer in the world with production of 2.3 million to 2.5 million tons per year from 3.2 million hectares area of rubber trees.

Indonesia, Thailand, as the biggest natural rubber producers, and Malaysia work together since 2001 to manage global supply of rubber under a memorandum of understanding of *Bali Concorde*. The deal was able to stop the declining prices of natural rubber when it touched 0.54 U.S. dollars per kilogram since November 2001 to reach U.S. \$ 2.3 per kilogram in October 2009.

This year natural rubber exports of Indonesia is estimated at 2.5 billion U.S. dollars. Thanks to relatively good weather factor that made Indonesia rubber production could reach 2.5 million tons.

"The remarkable economic growth in Asia next year will create high demand for natural rubber. If its price can be maintained at 2 U.S. dollars per kilogram, we will be able to attract foreign exchange 5 billion dollars in 2010," said Asril said.

The price of oil 80 U.S. dollars per barrel is the main factor of increasing demand for natural rubber. The price of synthetic rubber automatically surged following the increasing price of oil. As result, many industries will use natural rubber again.

The positive economy growth of China, India, and Asia Pacific would be the dominating factor triggers the request of natural rubber. According to Asril, this condition is reasonable because China, India, and Indonesia are the three countries that still have positive growth, while other countries are still in crisis.

Domestic consumption of natural rubber was expected to increase in 2010. According to

Asril, the domestic industry will increase consumption of natural rubber. (*unofficial translation*, Kompas)

### **Prime Pineapple Exports to Iran Start 2010**

Jakarta - Next year, Indonesia will start to export fresh pineapple fruit commodities to Iran. This is revealed by Mohamad Sulaiman Hidayat, Minister of Industry of Indonesia, after accepting the Iranian Ambassador to Indonesia, Behrooz Kamalvandi, in his office, on Friday (6/11/2009).

"They are interested in importing pineapples from Indonesia. Pineapples have very high demand in market there," he said. During the meeting, Hidayat said Iran also discussed cooperation in the field of horticulture.

Hidayat was response enthusiastically to Iran's plan disbursed investment in food and beverage industry. "They intend to join (cooperation) with us".

Hidayat said Iran has guaranteed the food and beverage industrial products will be marketed in Europe and Iran.

Hidayat will ask his staff member to follow-up the plan. "I will send 20 delegates to the Iranian businessmen," he added responding to these opportunities. (*unofficial translation*, Republika)

### **Indonesian Maritimes Ministry May Seek to Triple Aquaculture Production**

Minister for Maritime Affairs and Fisheries Fadel Muhammad said Tuesday that his ministry would set the ambitious goal of tripling aquaculture production next year if its proposed 50 percent budget increase is approved by the Finance Ministry and the House of Representatives.

Increased production of seaweed, and Nile and silver catfish will be targeted to meet the goal.

Fadel said aquaculture output had increased by an average of 20 percent a year over the past five years. Based on the ministry's data, the output of aquaculture fisheries in 2008 was 3.5 million tons, up 25 percent from the previous year, with silver

catfish, seaweed, shrimp and gourami the main contributors.

Output could be boosted further by providing enough funds to buy high-quality seedlings and improve infrastructure, Fadel said.

To encourage production, the government was also proposing to create an agency to buy fish at guaranteed stable prices, he said. "The new agency would function like Bulog [the State Logistics Agency] for the fishery sector," he said. Bulog sets the farmgate price for rice.

To achieve the goal, the ministry has asked for an extra Rp 1.6 trillion (\$170 million) in next year's budget, on top of the Rp 3.2 trillion it received this year.

To reach the target, the government and industry players would need to work hard because the aquaculture industry still faced many problems, said the Maritime Affairs and Fisheries Ministry's director general of aquaculture, Made L Nurdjana.

He said aquaculture had not reached its potential because of a lack of investment and research. Made said he was optimistic the goal was achievable if the House approved the extra money.

Arif Satria, a fisheries expert from the Bogor Institute of Agriculture, said the goal would be very difficult to reach in just one year.

However, he said the target could be reached in five years if the ministry was determined.

"We need lots of breakthroughs to improve the domestic aquaculture sector," Arif said.

Additional capital, technology, infrastructure and landscape management was needed, he said. Setting guaranteed minimum prices for seafood products was a good idea, Arif said.

The country has yet to realize its full potential in aquaculture. There are 500,000 to 600,000 hectares of fish farms, out of a total potential area of 1.25 million hectares. (Jakarta Globe)

### **Indonesian Economic Growth Ticks Up As Confidence Increases**

After three consecutive quarters of slowing growth, Indonesia's economy started

to improve in the third quarter, growing 4.21 percent compared with the same period last year.

However, with the agriculture and manufacturing sectors still growing more slowly than other sectors, the outlook for the employment market remained gloomy, the Central Statistics Agency (BPS) said on Tuesday (10/11/2009).

The economy expanded 3.87 percent in the third quarter from the previous three months to June 30.

The year-on-year GDP growth was in line with economists' predictions and the government's projection for the quarter of 4.1 percent to 4.3 percent.

The economy started to slow in the fourth quarter of last year because of the impact of the global financial crisis, after enjoying steady growth of more than 6 percent throughout 2008.

It continued to slow to 4.45 percent in first quarter of 2009 and to 4.05 percent in the second quarter of this year.

"In the third quarter, our economy has started to pick up. This is a sign of recovery from the global financial crisis," said BPS deputy chairman Slamet Sutomo.

He said the upward trend was in line with improving business confidence.

"Businesses experienced an increase in their revenues in the third quarter, while consumers have experienced rising incomes and lower inflation, which boosted their consumption," Slamet said.

Enrico Tanuwidjaja, an economist from the OCBC Bank in Singapore, said Indonesia was helped by its high level of domestic demand, and to some extent, the government's fiscal stimulus package.

"The recent fiscal stimulus package seemed to have had a significant impact on consumption. While the outlook for the manufacturing sector and exports still hinge significantly on a global recovery, the local economy remains strong on the back of steady private consumption and a broad domestic market."

BPS reported that government spending rose by 10.2 percent year on year in the third quarter of 2009, household consumption was up by 4.7 percent, and investment spending by 4 percent.

Slamet said private consumption contributed 63 percent of the nation's gross domestic product in the third quarter.

"In the third quarter there are school vacations, the start of new academic year, Ramadan and Idul Fitri, which contributed greatly to private consumption," he said.

The non-tradable, or services sector, continued to outperform more traditional sectors such as agriculture, mining and manufacturing, Slamet said.

"We would prefer the tradable sector to grow faster than the non-tradable one, since it has traditionally provided more jobs. But since early 2000, the services sector, especially communications, has been outpacing it," he said.

Ikhsan Modjo, director of the Institute for Development of Economics and Finance, said the service sector's contribution to the global economy was increasing.

"This is not unique to Indonesia. However, this means job creation in the future could be harder," he said.

"Job creation would also be crucial in the coming few months, to ensure that some momentum would be sustained in domestic demand," said Gundy Cahyadi, an economist from IDEAGlobal in Singapore.

According to the latest BPS employment figures, issued in August, Indonesia has 9 million people unemployed out of a total of 113 million workers, or an unemployment rate of 8.14 percent.

However, if the numbers of only partially employed people are also taken into account, the figure could double, according to analysts.

Seven percent annual national growth has been cited as the figure the nation needs to reach to soak up all the new workers entering the economy every year.

Looking forward, Enrico said Indonesia's economy would continue to grow this year.

"Going forward, the better than expected Q3 GDP growth figure is likely to ascertain the solid fundamentals of the country in weathering the current financial storm," he said.

He added that he expected 4.5 percent GDP growth in the fourth quarter. (Jakarta Globe)

### **Government Pitches in Support for Micro Financing and Sets Aside Guarantee Funds**

Aiming to accelerate the development of micro, small and medium enterprises (MSMEs), the government will allocate Rp 2 trillion (US\$202 million) each year over the next five years as a guarantee for them to secure bank loans.

Access to financing has been one of the major obstacles for the industry to grow, and this is what this fund — which could guarantee lending of up to Rp 20 trillion a year — is expected to change, President Susilo Bambang Yudhoyono said Thursday.

“Every year, there will be Rp 20 trillion in funding [for MSMEs], with Rp 2 trillion to be set aside from the state budget as a guarantee,” he said at the opening of the 2009 National Economic Summit.

“In five years, there will be Rp 100 trillion in funding in a scheme to help provide micro and small enterprises with working capital.”

Yudhoyono, however, also underlined that prospective borrowers should be creative and have a sense of entrepreneurship, calling for a reform in the national educational system to help students develop their entrepreneurial skills.

In the future, he said, students who had undergone 12 years of schooling were expected to become not so much “job seekers” as “job creators”.

He lamented the low number of entrepreneurs in Indonesia, less than 1 percent of total population, compared to the United States and Singapore with 15 percent and 7 percent.

MSMEs are one of six economic topics being discussed at the two-day summit being held at the Ritz-Carlton Pacific Place.

The summit is being jointly hosted by the government and the Indonesian Chamber of Commerce and Industry (Kadin) to hear suggestions from all stakeholders in the economy to help shape the country’s next five-year economic plan.

Sandiago Uno, Kadin’s deputy chairman for micro, small and medium enterprises and cooperatives, said the chamber expected the government to establish a micro financing institution to make it easier for micro borrowers to access loans.

So far, micro borrowers have received Rp 14 trillion under the government’s micro loan program (KUR) this year, out of a total Rp 20 trillion earmarked in the 2009 state budget, Sandiago said.

The government disbursed Rp 12.5 trillion in KUR loans last year, out of Rp 14 trillion allocated in the 2008 state budget.

KUR loans are channeled through BNI, Bank Mandiri, BRI, BPD, Bank Syariah Mandiri and Bank Bukopin.(the Jakarta Post)

### **President Targets Economy to Grow 7 Percent in 2014**

President Susilo Bambang Yudhoyono has targeted the domestic economy to grow by seven percent at the end of his second five-year term in office.

“In the next five years we certainly want to increase our economic growth. For example, we want to achieve an economic growth of 7 percent or more in 2014 on assumption that the current global volatility will not recur,” he said at a cabinet meeting here on Friday.

If the global financial crisis which started in 2007 did not occur the domestic economy might grow 7 percent, he said.

But because of the global economic meltdown the government had revised downward its economic growth target, he said.

“Because of the global economic crisis we have suffered a setback. In the next five years we want our economy to return to its right track, to grow 7 percent or more to promote the people’s living standards,” he said.

The president went on to say that in the next five years he also would encourage the creation of good governance by continuing bureaucratic reforms.

He also paid attention to evenly distribution of development gains by emphasizing that all parties and regions had equal rights to development programs.

He underscored the need for regional governments, particularly governors, regents and mayors to cooperate with the central government in implementing development programs.

To that end, the home affairs minister should intensify communication between the central government and regional administrations, he said.(ANTARA)

### **Development of Nuclear Power Plants Built Next Year and Operate Year 2016**

Jakarta – Based on the path of nuclear energy industry development in Indonesia, the construction of two nuclear power plants will begin next year. Thus, in the year 2016 it is estimated to have started operating nuclear power plants.

However, until now there have been no established party contractors to perform construction. This is expressed by Adi Wardoyo, Deputy Head of the National Nuclear Energy Agency of Development and Nuclear Technology.

Blueprint for national energy management, said members of the House of Representatives Commission VII, Mohammed Najib, will set a road map (roadmap) development of nuclear energy industry until the year 2025. These maps are based on management decision-making long-term nuclear energy in 2005-2010.

Route maps that set the development of nuclear power plants 1 and 2 will begin in 2010 to 2011 and the nuclear power plants would be year 2016-2017. Two years later (2018-2019) carried out the construction of nuclear power plants 3 and 4. Operation in 2023-2024.

"Targeted nuclear energy supplies 4-5 percent electricity of Java-Madura and Bali in 2025," said Mohammed Najib.

According to him, the target energy (primary) mix in 2025, as stipulated in Presidential Regulation No. 1 of 2006 on National Energy Policy noted, nuclear utilization is only about 1 percent of the group of new and renewable energy, the total target of 5 percent.

In a coordination meeting with the Minister of State for Research and Technology, he added, the House Commission VII asking BATAN to make strategic efforts to accelerate the utilization of nuclear energy for energy reactors. In addition, studies need to be comprehensive on utilization of natural uranium Indonesia and nuclear waste research. It needs a reliable technology selection and competitive.

The Commission VII requested the preparation of human resources who are competent and experienced for the operation of nuclear power plants and increase socialization. In other hand, human resource capabilities are not only seen from technical aspect, but also cultural. The Commission's Parliament also stressed attention to the operating system security, peace, safety, and health and community workers and environmental protection.

"People should have information, both positive and negative sides, related to nuclear power plant," he said.

In preparation for the construction of nuclear power plants, BATAN will focus on the development of nuclear infrastructure and the preparation of the necessary human resources to support the national nuclear program. "We have implemented the basic infrastructure support self-evaluation program," said Adi. (*unofficial translation*, Kompas)

### **UK Trade Minister Praises Indonesia**

UK Trade Minister Lord Davies of Abersoch is to visit Indonesia on 3-4 November 2009 to encourage the Indonesian government to resist the temptation of protectionism. Lord Davies of Abersoch, Minister for Trade, Investment and Small Business will be the first UK government minister to hold talks with the new Indonesian administration since recent elections were held.

His trip is the second leg of a visit that also saw him visit Malaysia. He will meet the Minister for Finance and the Minister for Trade to support the government in their efforts to maintain open markets. He will also

meet the Minister for Energy to show support for UK companies in Indonesia.

Lord Davies said: "Indonesia is a growing economic power in the region and one of a number of countries that is likely to become increasingly important in the future. We have identified this country as a high-growth market and one that has great potential for UK exporters. Indonesian companies can also benefit from trading and doing business in the UK. Keeping borders open is the only way to increase prosperity. I want to express my support for the Indonesian Government and also hear from British companies what more we can do to support them. I am equally keen that Indonesian companies should see the UK as the business partner of choice."

Last year Indonesian GDP grew by 6.1 per cent. The economy has been helped in part by a \$5billion stimulus package. The country has a growing and affluent middle class of some 20 million people that has considerable buying power. British retailers are well represented in the country.(Republika)

### Socio-Cultural Issues

#### **Bali Named World's No. 2 Region for Travelers by Lonely Planet**

Bali has been named one of the best regions in the world to visit in a new Lonely Planet travel guide.

The famed Island of the Gods came in second behind Alsace in France, and ahead of Fernando de Noronha in Brazil. Lake Baikal in Russia was the other Asian region to make the top 10 list.

The top three countries were El Salvador, Germany and Greece, while the top three cities were Abu Dhabi in the United Arab Emirates, Charleston in the United States and Cork in Ireland.

The book "Best in Travel 2010," released on Monday (2/11/2009), is the travel company's fifth annual collection of the best places to go and best things to do in the year ahead.

"This is a collection of destinations and experiences that we rate as the stuff people really should consider for next year," Asia-

Pacific communications manager Adam Bennett said. "Whatever your own style dictates, you should be able to find inspiration in these destinations." (Jakarta Globe)

#### **Air France to Open Denpasar-Amsterdam Route Soon**

Denpasar - Air France, in cooperation with KLM (Royal Dutch Airlines) of the Netherlands, will begin a direct Denpasar-Amsterdam service via Singapore next Dec 7, a spokesman said.

Air France - KLM Country Manager Axel Colen made the statement after a meeting with Denpasar Mayor IB Rai Darmawijaya Mantra here on Tuesday (10/11/2009).

Colen said Air France would make its maiden flight to Denpasar on December 7, 2009 because European tourists, especially from the Netherlands, were keenly interested in visiting the Indonesian resort island of Bali.

"Air France's direct flights from Amsterdam to Denpasar will make it easier for European tourists to visit Bali rather than having to make a transit in Jakarta," Colen said.

He said Air France Airbus A300 jetliners with a capacity of 425 seats would serve the Amsterdam-Denpasar route three times a week, namely every Monday, Wednesday, and Saturday.

Denpasar Mayor Rai Mantra in the company of local tourism office chief Putu Budiassa said he welcomed Air France's plan to conduct direct flights from Amsterdam to Denpasar.

With the direct flights of Air France from Amsterdam to Denpasar, Rai Mantra said, there was hope that the number of European tourists visiting Bali would increase.

"The direct flights will certainly have a positive impact on tourism in Bali in the international community's eyes, because Air France is a famous airline that will increase the interest of European tourists to visit Bali," Rai Mantra said.

Meanwhile, Putu Budiassa said the number of European tourists visiting Bali was continuing to increase year after year.

"In terms of countries of origin, tourists from France are the highest in number, followed by those from the Netherlands, Germany, and Britain," Budiassa said.

Data from the Bali tourism office indicated that of a total of 1,464,739 tourists who visited

Bali from January to August this year, 26 percent or 383,863 people were from Europe. (ANTARA)

### **Indonesia's Government Urges Support of Komodo for World Wonder Online Campaign**

With the Komodo National Park a finalist to become one of the new seven wonders of nature, the government is urging the country to support its bid before voting closes in 2011.

"We've reached the final stage now, although on the list we're in fifth place, sometimes sixth," said Masyhud, a spokesman from the Ministry of Forestry, on Tuesday. "But it can change anytime until 2011, so it is a very dynamic vote."

Organized by the Swiss-based New7Wonders Foundation to help preserve the world's heritage sites, the Komodo National Park has been nominated to become a natural wonder alongside 27 other places around the world, including the Amazon rainforest, Great Barrier Reef and Grand Canyon.

People can vote for the seven final wonders on the campaign's Web site at [www.vote7.com/n7w](http://www.vote7.com/n7w) or by telephone. The winners will be announced in 2011.

Other wonders nominated include Mount Kilimanjaro in Tanzania, Halong Bay in Vietnam, the Black Forest in Germany and Ecuador's Galapagos Islands.

On July 7, 77 nominees were selected in the preliminary stage from a popular vote by people from around the world.

Twenty-eight finalists were then selected by an expert team led by a former director general of the United Nation's culture and heritage agency, Unesco.

The Komodo National Park managed to secure a place among the 28 finalists and is now eligible to be voted for in the final seven natural wonders of the world.

"In order to win this, we want people to vote Komodo as the first option and the latter options should be finalists with slim chances of winning," Masyhud said, adding that Lake Toba in North Sumatra had also made it into the nominee stage of the competition but missed out on the final round of 28 sites.

Masyhud said Indonesia's biggest rivals would be the Amazon rainforest, Germany's Black Forest, the El Yungue National Forest in Puerto Rico, the Puerto Princesa Underground River in the Philippines and the Sunderbans Delta, the world's largest mangrove forest at the mouth of the Ganges River, which is spread across India and Bangladesh.

In a 2007 contest by the New7Wonders Foundation to decide the seven man-made wonders of the world, the Buddhist Borobudur temple in Yogyakarta was passed over due to a lack of votes.

The Komodo National Park, which is located in East Nusa Tenggara and encompasses the three main islands of Komodo, Rinca and Padar, was established in 1980 to protect and preserve the population and habitat of the unique Komodo dragons native to the area.

There are currently about 2,500 Komodo dragons on Komodo and Rinca islands between Sumbawa and Flores. (Jakarta Globe)

### **Finland Explores Tourism Cooperation with Surabaya**

Surabaya - Finnish tourism managers explored tourism cooperation with Surabaya through "Surabaya Tourism Promotion Board (STPB)" following their visit several resorts in the city last Friday.

"During their two-day stay in Surabaya, the Finnish tourism managers visited House of Sampoerna (HOS) Museum, Sunan Ampel religious tourist site, and Surabaya Old City," STPB Executive Director Yusak Anshori said here on Monday (2/11/2009).

Anshori said the visit by Finnish tourism managers was a follow up of an approach between Finland and Indonesia two years ago.

After the visit, they would also approach the tourists from Scandinavia, Sweden, and Norway to promote the tourism in Surabaya.

"We have been visited by ten representatives of Finnish travel bureaus, Finnish ambassador to Indonesia, and a number of journalists from the country," Anshori said.

He said the reason the Finnish tourism managers chose Surabaya as their destination was because as one of the gateways into

Indonesia, the city was easily accessible from Finland.

According to Anshori, the tourists from Finland were easier to get seats for Surabaya than for other areas in Indonesia, especially during "peak season."

"If the tourists come to Indonesia through Surabaya and then go to Bali, they will have much to see," Anshori said, expressing optimism that the number of Finnish tourists visiting Surabaya in the years to come would increase significantly.

Bu he said the number of Finnish tourists visiting Surabaya was one percent of the total 8,385 tourists from Europe since January to July this year.(ANTARA)

### **RI Visited by Over 4.6 Million Tourists Until September**

Jakarta - More than 4.61 million foreign tourists visited Indonesia in the first nine months of 2009, up 1.07 percent from the same period last year, a Tourism and Culture Ministry official said.

"In September 2009 alone, the number of tourist arrivals was 493,799," head of the ministry's data processing and network system center Ir. Wibowo said here on Monday (2/11/2009).

Compared to the same period last year, the number of tourist arrivals in September 2009 slightly fell 1.44 percent, he said.

He said seven entry points including Ngurah Rai, Polonia and Sam Ratulangi Airports saw an increase in the number of tourist arrivals in September 2009.

A total of 218,245 foreign tourists visited Indonesia via Ngurah Rai Airport in September 2009, a 15.32 percent increase compared to the same period last year, he said.

Meanwhile, the number of tourist arrivals through Polonia Airport in Medan and Sam Ratulangi Airport in Manado respectively rose 20.96 percent to 9,702 and 24.85 percent to 2,633 from a year earlier, he said.

He said eight other main entry points including Soekarno-Hatta and Juanda Airports recorded a decline in the number of tourist arrivals in September 2009.

The number of tourist arrivals through Soekarno-Hatta Airport in September 2009 fell 10.96 percent to 87,047 compared to the same period last year, he said.

Indonesia has set the target of tourist arrivals this year at 6.5 million. The figure is projected to increase to 7 million next year.(ANTARA)

### **Foreign Tourists Can Ask for VAT and PPnBM Reimbursement**

Jakarta - Foreign tourists can ask for a refund of their value added tax (VAT) and sales tax on luxury goods (PPnBM) which has been paid when they are leaving Indonesia.

This is arranged by Article 16E of Law No.42 of 2009 on the Third Amendment of Law No. 8 of 1983 on VAT and PPnBM, which will apply as from April 1, 2010.

Law No. 42 of 2009 mentioned that the VAT and PPnBM are already paid for the purchase of taxable goods.

The requirements needed to ask for reimbursement VAT and PPnBM is that the VAT must be at least Rp500 thousand which can be adjusted by a Government Regulation. Besides, the taxable purchases were made within one month before departure. (ANTARA)

### **Indonesia by province: East Java**



East Java is one of Indonesia provinces that located on the eastern part of Java Island and also includes Madura and Bawean islands. It has a variety of attractions, from temple sites to scenic beaches, a sand-sea, highland-lakes, volcanoes, marine gardens and wildlife reserves. The province claim to fame in modern history is its vanguard role in the struggle for independence of Indonesia against colonial forces in 1945.

The administrative center of the province is located in Surabaya, the second largest city in Indonesia and a major industrial center and port in the nation, after Jakarta. Its economy is

based on agriculture, fishery, oil industries, coffee, mangoes and apples.

#### **Tourist Office**

Jl. Wisata Menanggal, Surabaya 60241  
Phone. (031) 853114-6, 8531820-1  
Fax. (031) 8531822  
Website: <http://www.eastjava.com>  
Email : [eastjava@indosat.net.id](mailto:eastjava@indosat.net.id).

#### **Getting there**

The province is efficiently connected to the rest of Java by good roads, regular trains, and air services between Surabaya and other major cities in the country including Denpasar in Bali, which is only half an hour's flight away.

#### **Tourism Events**

- Reog Ponorogo is a unique and daring performance that dancers carry a very heavy headdress of tiger head ornamented with peacock feathers. The dance depicts a fight between a tiger and two noblemen on horseback. The Reog Festival held every August 17 in Ponorogo, 200 km southwest of Surabaya.
- Karapan Sapi (Bull Races) in Bangkalan Madura, about two hour by speedboat from Surabaya, is a very popular sport among locals. It is an annual championship event and held every September and October after harvests.

#### **Places of Interest**

##### Trowulan - Pandaan - Tretes

Trowulan village and its surrounding areas are believed to be site of the ancient capital of Majapahit kingdoms. Archaeological excavations in the area have recovered many terracotta ornaments, statues, pottery and stone carvings which are displayed at the Trowulan Museum. After the museum is Candra Wilwatika, an open-air theatre in Pandaan, located 45 km south of Surabaya presents classical East Javanese ballet performances on each full moon night from June to November. The performances are based either on the Ramayana stories or East Java's legends and folklore. The backdrop of Mt. Panangungan makes the performances an enchanting experience. About 10 km from Chandra

Wilwatika is Tretes, one of the most beautiful mountain resorts of East Java.

##### Mount Kawi Fortune Hunting

This sage's grave on Mt. Kawi is a famous pilgrimage site for those who seek to increase their worldly blessings. Possessing an intensely Javanese atmosphere, with frequent wayang and gamelan performances, the grave itself is built on a hilltop. On both sides of the long stairway leading to the top is an assortment of sacred springs, Chinese houses of worship, flower and souvenir stalls and other interesting sights.

##### Surabaya

Surabaya is the capital city of province that offers many good hotels, shopping centers and variety places for entertainment. Its well stocked zoological garden includes several species of Indonesia fauna such as orang utans, komodo dragons and a collection of nocturnal animals.

##### Mount Bromo

Many local and foreign travelers make the trek for the mystical experience of watching the sun rise from the crest of the Bromo volcano. A pony ride from the village of Ngadisari takes you over a sea of sand to the foot of the volcano. Ascend the 50 steps to reach the rim. On the vast expanse of sand, formerly a caldera, there are two volcanoes: the extinct Batok which is the perfect cone and Bromo. Volcanic sulphur fumes and smoke still emanate from the depths, and when the God of Bromo begins to rumble, the surrounding population quickly brings their offerings. The annual offering ceremony of Kasada is held on the 14th day of Kasada, the 20th month in Tenggerese local people calendar year. It is a dazzling event when villagers from the surrounding areas bring their humble offering to holy volcano.

##### Alas Purwo National Park/Wildlife Reserve

It is located on the tip of East Java, just off the Surabaya-Banyuwangi mainroad, is dry country side of open savannah, forests and scrubland, bordered by marshes, swampy groves and white sand beaches. About 81 km to the south of Banyuwangi, this park is a home to 700 wild buffaloes and many other species of world animals which can be

observed from viewing tower. A land rover or jeep is needed to traverse these rugged, grassy plains. In the nearby there is G (Grajagan) Land which the waves is famous for foreign surfers.

#### Kaliklatak

A commodities plantation 450-750 m above sea level on the slopes of Mt. Merapi, Kaliklatak covers 2.500 acres of land producing coffee, rubber, cocoa and spices where visitors can join a tour to the plantation to see the entire process, from cultivation to harvest and processing for export.

#### Sukamade Turtle Beach

The beach is about 78 km south of Banyuwangi, and known for its deep turquoise waters and 250 kg sea turtles which come to lay their eggs here.

#### Meru Betiri Reserve

Here at the southeastern tip of province, the last of Javanese tigers sought for refuge. A hundred and fifty years ago the Javanese tiger inhabited most of Java and was even considered a nuisance in some populated areas. Wildlife of all kinds thrives here, like black panthers, leopards and sea turtles.

#### Malang

Malang is located around 90 km south of Surabaya, one of the most attractive hill towns on Java. A strong sense of civic pride is evident from the well-maintained and elaborately painted becaks (traditional transportation), the groomed Main Square, and clean buildings and streets. The cool climate is a welcome respite from Surabaya. 20 km from Malang on the southern flank of Mt. Arjuna, are Selecta and Songgoriti, popular hill resorts with hot springs. Nearby is Batu, famous for its apples gardens.

#### Temples

Between Surabaya and Malang, there is a town of Singosari, where remnants of the 13th century Singosari Kingdom include a temple and two gigantic guardian statues, the main gateway to the capital of the kingdom. Jago temples dates back to 1268, and is one of the most enchanting temples in East Java. Scenes from folktales and the Mahabarata epic decorate the side panels. Kidal temple was

completed in 1260 to honor one of the kings, and is a gem of Singosari temple art. Next to Malang, around 120 km southwest and 11 km north of Blitar is well-preserved Penataran temple in the Singosari-Majapahit temple complex, dating from the fourteenth century. The temple terraces are decorated with Ramayana bas reliefs.

#### Bull Races (Karapan Sapi)

Madura Island, famous for its bull races (Karapan Sapi), is part of the province of East Java, though it has its own traditions and language. Madura can be reached within half an hour by ferry from Surabaya.

#### Kawah Ijen (Ijen Crater)

The volcanic cone of Ijen dominates the landscape at the eastern end of Java. Crater of Ijen is filled by a spectacular turquoise blue lake, its surface streaked in wind-blown patterns of yellow sulphur. Kawah Ijen is the world's largest highly acidic lake and is the site of a labor-intensive sulfur mining operation in which sulfur-laden baskets are hand-carried from the crater floor. Many other post-caldera cones and craters are located within the caldera or long its rim. The largest concentration of post-caldera cones forms an E-W-treading zone across the southern site of the draw to its waterfalls, hot springs, and dramatic volcanic scenery. It is located at Licin sub district, 45 km from the city of Banyuwangi.

Source: [www.my-indonesia.info](http://www.my-indonesia.info) ,  
<http://www.indonesia-tourism.com/>

## ENVIRONMENT ISSUES

### **Indonesia Readies Climate Compromise**

The potential for deadlock at the upcoming United Nations climate change summit in Copenhagen has led Indonesia to prepare a “worst-case scenario” proposal, Rachmat Witoelar, executive chairman of the National Council on Climate Change, said on Wednesday (11/11/2009).

The Copenhagen summit, to be held Dec. 7 to 18, aims to produce binding targets for

emissions cuts deeper than the 5 percent mandated by the 1997 Kyoto Protocol. But the final negotiations before Copenhagen, held last week in Barcelona, Spain, did little to inspire confidence that the December summit will result in a consensus on emissions reductions.

The biggest sticking point, Rachmat said, has been the refusal of developed countries to commit to deeper cuts in carbon emissions. Rachmat said the toughest part of the talks was getting developed countries to agree to cut emissions by 15 percent to 40 percent from 1990 levels by 2020, commensurate with the Bali Road Map.

“We have already decided on our proposal, which takes into account the worst-case scenario,” Rachmat said. “It means that if there are deadlocks, we will be proposing a middle ground to bridge the debate.”

If the countries cannot agree to the Bali Road map cuts, he said, Indonesia would propose that they commit to non-legally binding reductions and a six-month delay before the agreements made at Copenhagen are enshrined into law. This would essentially buy time to negotiate more substantial cuts, he said.

To highlight the challenges, Rachmat pointed to the United States, where legislation must be passed by a Congress not necessarily amenable to heavy-handed cuts in emissions.

He added that Indonesia’s commitment to the carbon-trading scheme known as Reducing Emissions from Deforestation and Degradation would not be affected if an agreement on emissions cuts were not reached at the Copenhagen summit.

“We’ve heard all the speculation that the Copenhagen summit will not be successful. However, we’re very determined that it will not completely fail,” said Agung Laksono, the minister of people’s welfare who is also the vice chairman of the National Council on Climate Change.

Meanwhile, State Minister of the Environment Gusti Muhammad Hatta said that with or without the new treaty, Indonesia would keep its commitment to reduce emissions by 26

percent from 2005 levels by 2020.

“As for the negotiations, we have been approaching European countries and also lobbying China,” he said. (the Jakarta Globe)

### **Experts Reject RI’s Carbon Emission Status**

Environmental experts say the country is not a carbon emitter, countering a report sponsored by the World Bank and Britain’s development arm that ranked the country the world’s third-largest emitter after the US and China.

The report, which was released in 2007, said that Indonesia’s total annual emissions of carbon dioxide reached 3 billion tons after the US, the world’s top emitter with 6 billion tons, followed by China with 5 billion tons.

Nani Hendiarti, a marine researcher from the National Assessment and Application of Technology Agency (BPPT), said Tuesday (10/11/2009) that Indonesian waters absorbed more carbon than they released. Nani said the conclusion was based on her study that analyzed data of sea temperatures from the last 24 years.

Her simulation showed that the country’s waters with cool average temperatures were larger than areas with average warm temperatures.

Cool seawater absorbs carbon, while warm seawater releases it.

“I have estimated that the average temperature of our cool waters is minus 0.18 degree Celcius, while our warm areas have an average temperature of 0.08 degree Celcius,” she said during a press conference held by the Association of the Indonesian Scholars of Oceanography in Jakarta.

The research result shows the average temperature of cool waters is twice as large as the temperature of warmer seawater,” she said. She added that over the last 24 years, Indonesian waters were characterized by cooler temperatures. She acknowledged that Indonesia released huge amounts of carbon, but said the amount released was smaller than that absorbed.

“We have phytoplankton beneath our waters that absorbs carbon,” she said.

Phytoplankton obtains energy through the process of photo-synthesis.

“Photosynthesis is responsible for much of the oxygen present in the earth’s atmosphere. Therefore, it absorbs a lot of carbon to release oxygen.”

She estimated the number of Phytoplankton could reach a million cells per liter of water.

Edvin Aldrian, chairman of the Center of Air Quality and Climate Change at the Meteorology, Climatology and Geophysics Agency (BMKG), told the conference that sea temperatures had a more significant impact on the amount of carbon released into the atmosphere than illegal logging. (the Jakarta Post)

### **RI Trying That Agreement is Reached in Copenhagen**

Jakarta - Indonesia will make efforts so that the participants of the 15th conference of parties (COP) of the Climate Change World Conference to be held in Copenhagen, Denmark, in December 2009 would reached agreement.

"Indonesia as initiator of the Bali Action Plan two years ago will constantly try that agreement would be reached in Copenhagen," executive chairman of the Climate Change National Council (DNPI), Rachmat Witoelar said in Jakarta Tuesday (3/11/2009).

Rachmat is also Indonesian chief delegate to the United Nations Climate Change Negotiations in Barcelona, Spain, on November 2-6, 2009.

The negotiations are the last of the series of talks prior to the 15th COP in Copenhagen next month.

"There is not much time left. Without a serious commitment of the United States and the other industrialized nations in efforts at reducing their green house gas emissions, the conference in Copenhagen would fail in saving the planet," Rachmat Witoelar said.

Racmat said the Indonesian delegation will continue to try bridging the differences

between the parties involved in reaching the global aim.

Danish Minister of Climate and Energy Affairs as president of the 15th COP, Connie Hedegaard, reintegrated that the Copenhagen meeting must reach an ambitious agreement in line with the Bali Mandate.

In the Climate Change Talks in last October in Bangkok, the UNFCCC still failed to reach a short and long term agreement on the global target of lowering global greenhouse gas emissions.

In the meantime, the talks on the continuation of the Kyoto Protocol is also still facing a dead end, due to the reluctance of the industrialized countries to talk about their target in the second-haze commitment for 2012.(Media Indonesia)

### **REGIONAL/INTERNATIONAL ISSUES**

### **UN Lauds RI Military Contingent in Congo for High Dedication**

Jakarta -The United Nations Department of Peace Keeping Operation (UNPKO) Chief Le Roy has lauded the Indonesian military contingent in the Democratic Republic of Congo for its high motivation, dedication and loyalty.

Roy expressed the appreciation while inspecting the UN peacekeeping force at Dungu in Congo recently, spokesman for the Indonesian contingent in Congo Captain Agus Hermansyah said in an e-mailed statement on Friday (6/11/2009).

The UN was very thankful to the Indonesian military contingent for its high motivation, dedication and loyalty while joining the UN peace keeping force in the Congo, he said.

He said the UNPKO chief asked the Indonesian military contingent to do its utmost while performing its duties.

In response, commander of the Indonesian military contingent Lt. Col. Arnold said his side was ready to perform humanitarian tasks in the Congo and cooperate with military contingents from other countries.

UN officials including Le Roy, Special Envoy of UN Secretary General Allan Doss, and UN Mission in the Democratic Republic of Congo (Monuc) Lt. Gen. Babacar Gaye visited

Dungu to inspect UN peacekeeping forces and other UN bodies such as UNICEF, UNHCR, OCHA, WFP, UNHR, COOPI, MSF, ICCR, FICDAN, and ORGAN.

The visit is a manifestation of the UN's seriousness to peacefully resolve the prolonged conflict in the Congo. The UN is also serious in helping the local people who have fallen victim to the conflict which has engulfed the country since 1952.

Monuc Commander Lt. Gen. Babacar Gaye said the Indonesian military contingent had so far contributed a lot to the peace process in the Congo. (ANTARA)

### **Indonesia A Linchpin for the ASEAN Wheel**

These are challenging times for the global economy and for the Association of Southeast Asian Nations (ASEAN), which met over the weekend in Thailand. Forged during the turbulent 1960s, ASEAN has evolved from a group that sought to restore political stability in the region to an economic bloc, and now into a major player on the global geopolitical stage. The organization has also grown from the original six members to 10, with the inclusion of the three Indochina countries and Burma.

More important, ASEAN now has as dialogue partners all the major economies in the East Asia region plus India. This is a powerful grouping representing half the world's population and some of the world's fastest growing economies. Indonesia has long been seen as the natural leader of ASEAN, given its size and central position in Southeast Asia. When Indonesia has been strong and economically robust, ASEAN has been strong and forceful. Conversely, when Indonesia struggled to overcome its internal problems following the 1997 financial crisis, ASEAN too suffered. Under President Susilo Bambang Yudhoyono, Indonesia is once again asserting its leadership within ASEAN and, as a member of the Group of 20, on the broader global stage.

It comes as no surprise that Yudhoyono's address at the summit touched on Asia's role in overcoming the global financial crisis and a new proposal for the foreign ministers of the

16 East Asian countries to meet ahead of the G-20 summit. Yudhoyono's ability to crystallize the issues illustrates his statesmanship and leadership qualities.

He has elevated Indonesia onto the global stage and, under his presidency, Indonesia is displaying the hallmarks of a country that not only has the largest and fastest-growing economy in the region, but of a nation that has the capacity to set agendas that will take the association forward. On his first overseas trip after being inaugurated to a second five-year term, the president called on all East Asian countries to maintain real growth and to push ahead with resolving the deadlock in World Trade Organization talks.

As the only ASEAN member to be part of the G-20, Indonesia has both a duty and a responsibility to represent the organization there, at what is viewed as the most influential global grouping, even ahead of the Group of Seven industrialized nations. But as Indonesia rises, so does ASEAN.

The new emerging world order is still being defined, but ASEAN's role will remain central in shaping this order. As Indonesia's new foreign minister, Marty Natalegawa, noted, it's difficult to imagine how Indonesia can influence the G-20 if it does not play an influential role within ASEAN. (the Jakarta Globe)

### **RI and EU Sign Partnership and Cooperation Agreement**

Jakarta - Minister of Foreign Affairs, Marty Natalegawa signed a Cooperation and Partnership Agreement (PCA) with the European Union in Jakarta Monday (9/11/2009) to improve the bilateral relations between Indonesia and the European Union.

According to Marty Natalegawa, the PCA was signed after the two sides discussed many important regional and global issues.

Signing for Indonesia was Foreign Minister Marty Natalegawa and acting for Sweden was his counterpart Carl Bildt, who was also acting director of the European Union Council, the EU Troika represented by Karel Kovanda and Helga Schimid, policy director of the EU Council Secretariat, said in Jakarta, Monday.

In addition, the foreign minister hoped that the agreement will build a stronger relationship between Indonesia and the European Union.

Marty also asserted that discussed in this opportunity also was how to implement the ideas and thoughts of the two delegates to improve the relationships that have been established.

The purpose of the PAC is to build bilateral relations and cooperation in the international area, expand trade and investment between the two parties for mutual benefit, and develop cooperation in all relevant sectors of trade and investment and removing all barriers.

In addition, the agreement was also aimed at establishing cooperation in various fields including commerce, cooperation in migration issues, including legal and illegal migration and human trafficking, building cooperation in resolving human rights issues and laws, and combating transnational crimes like terrorism, and the proliferation of weapons of mass destruction.

"This is the first time for the European Union signed a PAC with a country, especially one of the ASEAN countries, to show the seriousness in the implementation of expanded cooperation with Indonesia," Carl said, adding that the European Union has become Indonesia's biggest market.

RI and the EU have identified several priority issues in 2010, such as trade and investment issues, environment, education, human rights and democracy.

In trade and investment, Indonesia and the European Union established business relationship valued at 20 billion Euros which had increased by six percent every year.

As many as 750 European firms have invested in Indonesia, and Indonesian companies have started investing in the European Union.

In the environmental sector, both sides discussed climate change which has swept the world, improved cooperation in matters relating to the environment such as fisheries and forestry, the mitigation and reduction of emissions in accordance with the high-level environment conference to be held in Copenhagen in December.

In the education sector, Indonesia and the EU will enhance cooperation such as under the "Erasmus Mudus" scholarship program for

Indonesian students in the European Union as well as in education, and research. (ANTARA)

### **News Focus: Nobel Peace Prize Winners Expected in Ambon**

Jakarta- Nobel Peace Prize winners Nelson Mandela of South Africa and Muhammad Yunus of Bangladesh have been invited to attend the 29th World Peace Day commemoration ceremony in the scenic eastern Indonesian city of Ambon this month.

World Peace Day committee chairman Djuyoto Suntani said in Semarang, Central Java, on Monday (2/11/2009) that Mandela, the former South African president, had been invited to attend the event in Ambon.

Djuyoto was in Semarang to check the finishing stage of the making of a world peace gong by a Central Java craftsman in Jepara district.

He said President Susilo Bambang Yudhoyono was scheduled to strike the gong to mark the opening of the World Peace Day commemoration ceremony in Ambon in the middle of this month.

Commenting on Mandela's expected presence in Ambon, Djuyoto said there was as yet no official confirmation whether the Nobel Peace Prize winner would come or not.

The former South African leader now 91 years old, has received more than one hundred awards over four decades for his efforts and services not only to his nation but also to people across the world.

The most prestigious among all the awards he received was the Nobel Peace Prize which was presented to him in 1993.

Nelson Mandela not only received countless awards and honors from his own country but has been bestowed with numerous foreign and international awards too.

He shared the Nobel Peace Prize in 1993 with Frederik Willem de Klerk.

Born on July 18, 1918 in Transkei, South Africa, Mandela was the first to be elected as president in a fully representative democratic election to hold office from 1994 to 1999.

Before he became president, Mandela was an anti-apartheid activist, and the leader of the African National Congress's armed wing.

"We are still waiting for confirmation of Mandela's presence in Ambon because it depends on his state of health," Djuyoto said,

adding that other international figure such as Bangladeshi Nobel Peace Prize winner Muhammad Yunus, founder of Grameen Bank, was also invited for the event.

In 1998 Yunus was awarded the Concorde Prince of Asturias award, and in 2006, Yunus and the bank were jointly awarded the Nobel Peace Prize, "for their efforts to create economic and social development from below."

"We are looking forward to the presence of Mandela and Yunus in the eastern Indonesian city of Ambon," Djuyoto said adding that the ambassadors of friendly countries in Jakarta were also invited to attend the international event.

Meanwhile, World Peace Day local committee chairman Cak Saimima said recently the exact date for the observance of the 29th World Peace Day in Ambon was for President Susilo Bambang Yudhoyono to fix.

"It is up to President Yudhoyono to set the date of the occasion because he will have to strike the world peace gong which is now still being made by a craftsman in Jepara, Central Java," Cak Saimima said.

Saimima said Coordinating Minister for People's Welfare Agung Laksono would facilitate a meeting between a Maluku delegation led by Governor Karel Albert Ralalahu and the president to discuss and fix the date.

"The commemoration of the 29th World Peace Day was originally scheduled on November 10, 2009 but it will be observed in conjunction with National Heroes' Day, and therefore had been postponed until November 15, but the final decision on the date is for the president to make," Saimima said.

He said Governor Ralalahu declared the commemoration of World Peace Day on the final day of the Ambon Jazz Plus Festival on October 11, 2009.

On the occasion, Governor Ralalahu urged the Maluku people to be grateful because their region had been chosen to host various cultural activities at national and international level.

He also expressed his gratitude to all artists and musicians who had come to participate in the Ambon Jazz Plus Festival (AJPF) as a form of support for World Peace Day in Ambon.

The observance of World Peace Day was followed by a Maluku Cultural Seminar on October 19, Cultural Carnival on October 27,

and a Swimming Competition in Teluk Dalam on October 29.

The governor said the commemoration of World Peace Day in Ambon would be a great honor for the provincial government.

"Therefore the government and the people of Maluku should maintain the security and stability in Ambon to make the international event a great success," the governor said.

Ambon island is an integrated part of the whole Maluku archipelagic province of Indonesia where the capital of the province and the city of Ambon is located.

After a three-year communal conflict in Maluku from 1999-2001, Ambon island today is becoming more attractive tourist destination.

With its rugged mountains along the interior parts of the island, Ambon is a beauty by its own where visitors can find a lot of tourist attractions, natural as well as cultural and historical, like white sandy beaches, sea gardens, clove and nutmeg plantations, ancient fortresses, museum, old churches and mosques, friendly people, musical society, and many others with about 12 selected diving spots around the island.

The city of Ambon was founded in the late 1500s or early 1600s after the Nossa Senhora da Annunciada fortress was erected by the Portuguese Conquistadores.

The Dutch took it over in 1602 and renamed the fortress "Kasteel Victoria." It was later renovated and enlarged, and again given a new name, "Kasteel Nieuw Victoria," which has survived up to the present.(ANTARA)

## **RI to Maintain IMO Executive Board Membership**

Jakarta - Indonesia intends to maintain its membership in the International Maritime Organization (IMO)'s executive board at the organization's 26th meeting in London on November 23-December 4, a minister said.

Transportation Minister Freddy Numberi said here on Thursday (5/11/2009) "We will mobilize support from a number of countries ahead of the meeting. This is important because it has to do with the issue of the Indonesian region and aspects of shipping safety in the country," he told newsmen.

Freddy said his side was ready to maintain the country's membership in IMO's executive

board but it would also take account of the situation at the meeting.

The initial target right now is maintaining the country's membership in Category C which groups 20 countries that hold special rights in shipping and navigation and reflect geographically fair representation. "That is the target for the time being," he said.

The director general of sea transportation, Sunaryo, meanwhile said on a separate occasion that his side would closely monitor the convention that would bind the shipping world.

In view of that, he said, the government must be careful when it would make ratifications at the convention.

"When making ratifications they must not only think of their right but also their obligation. In essence there must be a balance between right and obligation," he said.

He also said that to ratify was a must but selection must be done regarding what had to be ratified.

Regarding targets Sunaryo said it would depend upon the situation at the meeting in London later.

"Efforts have been made and so we just have to wait for the results," he said without elaborating.

According to the provisions, in order to be able to become an IMO board member a country has to get support from half plus one of the number of IMO membership or minimally 84 of 167 members of IMO.

In the election of the IMO board membership of Category C for the 2007-2009 period Indonesia ran and won the post collecting 114 votes from 145 countries.(ANTARA)