

# VAN ZORGE REPORT ON INDONESIA

COMMENTARY & ANALYSIS ON INDONESIAN POLITICS AND ECONOMICS

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## Van Zorge Report

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**In this issue...**

of the *Van Zorge Report on Indonesia*, our feature article examines one of Indonesia's longest running environmental disasters, the Sidoarjo mudflow. Almost a year after the grey tide first began to envelop the East Java town, neither the trigger of the deluge nor who will be ultimately liable for the cleanup has been decided. In the **Interview** section, we speak to three scientists with different theories on the reasons for the mudflow.

In the **From the Editor** section, we welcome in the new investment law, a landmark piece of legislation that could give Indonesia's faltering economy a much-needed shot in the arm. But a booster injection is not a cure for cancer. The outcome of the Newmont trial will tell whether Indonesia's legal system has gone into remission or remains in terminal decline.

**Intelligence** details bogus bank guarantees given to construction projects in Aceh, putting millions of dollars of donor money at risk. It also examines the conservative mindset behind the Ambalat block dispute and looks at alleged political interference in the National Commission for Human Rights.

This month sees the race for the Jakarta gubernatorial elections beginning to heat up. But with only two or three candidates in the running are the public being sold out? The **In Brief** section examines this issue along with the latest revelations of corruption in the notoriously graft-ridden State Logistics Agency. Finally, the *Report* tracks how Indonesia's bilateral relations with Timor Leste are being threatened by the ironically named Truth and Friendship Commission.

In **Parliament Watch**, our continuing series on the nation's House of Representatives, the *Report* looks at the proposed amendments to the 2003 Labour Law, currently stuck in legislative limbo. Can the government go under the unions' radar and push through some changes?

In the expanded **Industry Briefs** section we interview one of the chief architects of the investment law. We also detail trials and tribulations of software giant Microsoft's ongoing fight against piracy. Could it have lost the support of its most important ally?

We hope that you find this issue useful and of interest to yourself and your colleagues. Please feel free to contact us here at the *Report* if you have any comments or suggestions; we are genuinely grateful for your feedback.

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