

# VAN ZORGE REPORT

ON INDONESIA

*Behind the Headlines*

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## IN BRIEF

From the periphery

Gus Dur: Controversial NU kyai remains  
controversial even in death

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Feet of Clay: Curbing corruption in public procurement  
remains challenging despite legal improvements

## INTERVIEW

Dahlan Iskan, President Director of  
the State Electricity Company (PLN)

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Endang Rahayu Sedyaningsih, Minister of Health

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<ul style="list-style-type: none"> <li> <b>Crisis or opportunity? The success of CAFTA depends on the government</b>            Many in the business community have called on the Indonesian government to delay the Chinese-ASEAN Free Trade Agreement that entered into effect on 1 January. Despite being inadequately prepared, the government should not postpone the agreement. To do so would only delay a bigger problem, not solve the current one. To ready Indonesia for CAFTA and for future trade agreements, the government must act now with a strategic cross-ministerial trade policy.         </li> </ul>	
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<ul style="list-style-type: none"> <li> <b>From the periphery</b>            From the periphery is a summary of news items from across the archipelago that are not otherwise covered by English language news outlets. This issue's topics include a new tax policy, an outbreak of bird flu, two land use disputes, and an update on infrastructure projects in Aceh and East Kalimantan.         </li> <li> <b>Gus Dur: Controversial NU kyai remains controversial even in death</b>            Indonesia's fourth president, Abdurrahman Wahid, led Indonesia for a couple of unforgettable years. His unorthodox and impulsive style of leadership won him many friends, and not a few opponents. Accusations of corruption were leveraged to impeach Gus Dur, but there were undoubtedly many motives behind his impeachment, including some that were self-serving. Calls for him to be named a national hero have been widespread, but this will require a real accounting of his impeachment in order to clear his name.         </li> </ul>	
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<ul style="list-style-type: none"> <li> <b>Feet of Clay: Curbing corruption in public procurement remains challenging despite legal improvements</b>            The government of Indonesia has made significant progress in reforming the laws on government procurement and has established the National Public Procurement Agency. Despite the new laws and institution continued inconsistencies in law, poor auditing practices, and continued lack of competition allow for rampant corruption. Plans for an electronic procurement system may help combat corruption, but will not be panacea.         </li> </ul>	
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<ul style="list-style-type: none"> <li> <b>Dahlan Iskan, President Director of the State Electricity Company (PLN)</b>            The new president director of PLN recognizes the difficulties of his new job, but is making progress already. His main concern in his first three weeks has been twofold: how to secure enough natural gas to transition from diesel to natural gas power plants—and save trillions of Rupiah in the process—and how to procure a new transformer for Jakarta so that the city does not risk plunging into darkness.         </li> </ul>	
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<ul style="list-style-type: none"> <li> <b>Endang Rahayu Sedyaningsih, Minister of Health</b>            In front of a packed house at the Jakarta Foreign Correspondents Club, the new minister of health outlined her ambitious plans for a national health insurance plan, a new policy that limits the prescription of drugs to generics, the chances of getting the WHO Framework Convention on Tobacco Control ratified, and how she plans to uphold her predecessor's position on the virus-sharing mechanism: with responsibility should come reward.         </li> </ul>	



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