

VAN ZORGE REPORT

ON INDONESIA

Behind the Headlines

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FROM THE EDITOR

Paid to protest

INTELLIGENCE

Media baron may head Pertamina

IN BRIEF

From the periphery

Old and new laws threaten to erode civil liberties

Syariah banking remains underdeveloped, but new regulation will help

PRESENTATIONS

Climate change post-Copenhagen Accord

China-ASSEAN Free Trade Agreement

VZ UPFRONT

FROM THE EDITOR 4

- **Paid to protest**

President Yudhoyono has asked his ministers for suggestions on how to make street protests more civil. The real problem is not that street protests are uncivil but that they are being funded and mobilized by self-serving elites; and that the government is proposing restrictions on demonstrations. President Yudhoyono should worry less about the civility of demonstrations and more about preserving the people's right and ability to demonstrate.

INTELLIGENCE 6

- **Media baron may head Pertamina**

Sources tell the *Report* that President Yudhoyono will offer media baron Surya Paloh the position of president of board of the commissaries at Pertamina—a position left vacant by Gita Wirjawan. Such an appointment would be seen as an act of gratitude for Paloh's help in countering political moves by Aburizal Bakrie, and for continued favourable treatment of the president by Paloh's Media Group.

IN BRIEF 7

- **From the periphery**

This issue's topics include transportation infrastructure development in Aceh and Papua, rebuilding in West Sumatra, and a geothermal project in Banten.

- **Old and new laws threaten to erode civil liberties**

Old laws on defamation and regulations permitting book banning are being used to circumscribe civil rights. New laws to be debated this year, such as the Draft Law on Cybercrime and the Media Convergence law—threaten to bring those policies into the 21st century. These laws do not directly restrict or control the free flow of information. However, taken as a whole they give powerful ways to penalize those who express those rights, especially by stipulating harsher penalties.

- **Syariah banking remains underdeveloped, but new regulation will help**

Indonesia currently has five Syariah banks and 25 of its 130 conventional lenders have Syariah units. Six of those lenders, including Bank Negara Indonesia (BNI) and Indonesia's No. 3, Bank Central Asia (BCA), will develop independent Syariah banks this year. Analysts expect more spin-offs after April, when a new regulation takes effect that will reduce the double tax imposed on Syariah transactions.

PRESENTATIONS 17

- **Climate change post-Copenhagen Accord**

The Executive Network (TEN) brought together a panel of distinguished guests to discuss climate change and carbon emissions strategies following the Copenhagen Accord. Included here are excerpts from the remarks of Emil Salim, and Frances Seymour, director general of CIFOR. The two argue that carbon reduction must be a priority of all ministries as deforestation and degradation are the result of not only logging, but agricultural expansion, mining, and energy exploration.

- **China-ASEAN Free Trade Agreement**

The Executive Network (TEN) invited two prominent voices on trade to clarify the history, the opposition, and the opportunities of CAFTA. John Prasetyo, Deputy Chairman of KADIN, laid out three opinions held by the Indonesian business community on CAFTA. He argues that the government may renegotiate some of the tariff lines, but it must face integration into the global economy if it wants to be competitive. Mahendra Siregar, Deputy Minister of Trade, noted that from 2009 to 2010, there was actually a less than 1 percent reduction in tariffs. Nevertheless, the government will be renegotiating 228 tariff lines, or 3 percent of the total CAFTA tariffs. Out of this 228, 120+ are for steel, and 50 are for textiles.



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