

# VAN ZORGE REPORT

ON INDONESIA

*Behind the Headlines*

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## FROM THE EDITOR

Switching parties, empty promises

## INTELLIGENCE

Political tension heightens, horse trading continues  
Yudhoyono caught between Megawati and Taufik Kiemas

## IN BRIEF

From the periphery  
International investors fall victim to Bank Century  
All the President's men

## SPECIAL FEATURE

Rascal Rotation Round II: Despite competitive local elections,  
the composition of sub-national political leaders remains  
largely unchanged

## INTERVIEW

Prof. Rachmat Witoelar, Executive Director  
for the National Council on Climate Change

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• <b>Political tension heightens, horse trading continues</b>	
Sri Mulyani may find her way to Bank Indonesia if she is forced out of the Finance Ministry, and Hatta Radjasa may settle into a new role as ‘vice president de facto.’	
• <b>Yudhoyono caught between Megawati and Taufik Kiemas</b>	
President Yudhoyono continues to offer top positions to members of PDI-P in an attempt to gain their support and reduce pressure from House members. Taufik Kiemas is in favour of a closer alliance between Yudhoyono and PDI-P, but no alliance will happen as long as PDI-P Chairwoman Megawati is in power.	
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• <b>From the periphery</b>	
This issue’s <i>From the periphery</i> includes news stories on infrastructure in East Kalimantan, international investment in Aceh, and corruption in Papua.	
• <b>International investors fall victim to Bank Century</b>	
The public has heard much about the Bank Century scandal including its many victims among local account holders. Less well known is that the scandal also claimed international victims: two investment companies, one American and one British, invested roughly US\$ 40 million in what turned out to be a fraudulent deal. The funds were then deposited in Bank Century, and have not been seen since.	
• <b>All the President’s men</b>	
A look at the Yudhoyono administration in its entirety, pending any reshuffles.	
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• <b>Rascal Rotation Round II: Despite competitive local elections, the composition of sub-national political leaders remains largely unchanged</b>	
On the surface, the rate of 40 percent incumbency turnover in local elections seems to be quite high, suggesting that electoral competition has been real. However, with the majority of candidates deeply entrenched in their respective constituencies and closely affiliated with New Order networks, the politicians voted out of office have been largely replaced by representatives of the same old elite. The political choices available for ordinary Indonesians remain severely limited.	
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• <b>Prof. Rachmat Witoelar, Executive Director for the National Council on Climate Change</b>	
Prof. Witoelar explains who is responsible for the carbon emission reductions targets announced by President Yudhoyono, why there won’t be a moratorium on peat land conversion, and when being a facilitator gets difficult.	

## VZ DATEBOOK



THE EXECUTIVE NETWORK  
*Business Solutions for Business Leaders*

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