

INDONESIA

Strategic, progressive and innovative

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With the rise of a new kind of leadership under the 'common-man' president elect, Joko Widodo, the archipelago nation and world's third-largest democracy enters a new era filled with optimism

When Indonesians elected Joko Widodo to the highest office in the land, they were casting their votes for change from politics-as-usual. Jokowi, as most Indonesians refer to their president-elect, is the first modern Indonesian leader without roots in the country's well-entrenched political, business and military circles, or ties to the previous authoritarian regime of Suharto, which ruled Indonesia from 1967-1998.

Unlike his predecessors, Jokowi is known as a man of the people who seeks out their advice and understands their problems, often because he has been through the same issues himself. And he has shown that he has what it takes to transform Indonesia from a country often characterized as corrupt and poor, into one of transparency, equality and progress.

Born in a slum in Surakarta, East Java, Jokowi studied forestry at university and eventually built up a successful furniture manufacturing company. As mayor of Surakarta from 2005-2012 he revamped parks, built markets, introduced a healthcare program for residents, made education more accessible, and, possibly most importantly in a country where cronyism and corruption have long been the order of the day, barred members of his family from bidding for key projects in the city.

In seven years, Jokowi turned Surakarta, also commonly known as Solo, around from a city known for violence, poor governance, high unemployment, and slack economic growth into a recognized cultural and tourism center. Jokowi eased traffic congestion, cut the red tape businesspeople have to deal with, and improved living conditions in Surakarta's slums.

After seven years at the helm in the city, Jokowi was elected governor of Jakarta, and began working his magic there. The capital has been prone to traffic jams and floods for decades but Jakarta has nonetheless had a string of governors who failed to adequately address these issues. That changed with Jokowi's governorship.

He regularly visited poor parts of the city, where he talked with ordinary residents about issues that matter to them, including food prices, housing, flooding and transport. He instituted a merit-based hiring system for civil servants, published his salary and launched reforms in the education and finance sectors. And the universal healthcare system he introduced for residents of the sprawling city proved to be so popular that the plan almost backfired



Joko Widodo, Indonesia's president-elect, will take oath of office on October 20, 2014

as hospital and other facilities struggled to cope with the sharp uptick in patient numbers.

Jokowi was nominated in March to be the Indonesian Democratic Party of Struggle (PDI-P) candidate for the presidency, and after winning 53% of the vote in July, will take the oath of office on October 20.

The election of the common-man candidate to the highest office is considered a breakthrough in Indonesia's still young democracy.

Jokowi's focus on ordinary Indonesians and his "can-do style of leadership" will come as "a breath of fresh air from stifling bureaucratic ineptness in many state institutions," Brookings Institution senior fellows Joseph Chinyong Liow and Lex Rieffel wrote in a recent analysis.

In foreign policy, Jokowi wants to use Indonesia's

That is because Jokowi's opponents in parliament vastly outnumber his supporters, and are expected to place hurdles in the way of any reforms the new president might want to introduce.

A key reform is the reduction of fuel subsidies and, more broadly, making the country more energy efficient. Introduced in the final years of Indonesia's first president, Sukarno, fuel subsidies were intended to protect citizens from the impacts of inflation, which at times was running in the triple digits.

Today they eat a large chunk out of the state's revenues - \$20 billion a year, by some accounts. The subsidies have pushed Indonesia's current account deficit to above 2% of gross national product in the first quarter of 2014, and some Indonesia-watchers predict the deficit could be as high as 3% at year's end if the subsidies remain in place.

The fuel subsidies mean Indonesians pay some of the lowest prices in Southeast Asia for gasoline - a gallon currently goes for the equivalent of around \$2.11. This makes the subsidies very popular with the people, and politicians are keenly aware of the fate of those who have gone before them who tried to cut the fuel subsidies. The end of Suharto's 32-year presidency in 1998 was heralded by protests after he tried cutting the fuel subsidies and raised prices.

Fuel prices were last raised in Indonesia in June 2013. During his campaign, Jokowi said he would gradually cut fuel subsidies over the next few years. A member of Jokowi's economic team, Arif Budimanta, told *The Jakarta Globe* that the price of fuel could go up as early as October. The Deputy Governor of the Central Bank, Mirza Adityaswara, said the price of gasoline has to go up by around 50% for the subsidy cuts to have a positive impact on the current account deficit.

Nevertheless, Jokowi's administration has stated that it would find ways to prevent higher fuel costs from resulting in sharp rises in food prices and from impacting public transportation, and would also develop plans to allocate cash for poor people.

As Jokowi and his "crowdsourced" cabinet (Indonesians were given the opportunity to cast their votes online) turn a new leaf in Indonesia, optimism is high that a new era of growth and social inclusiveness has begun.

I WARMLY CONGRATULATE INDONESIA'S PRESIDENT-ELECT JOKO WIDODO. THE PEOPLE OF INDONESIA UNITED ONCE AGAIN TO SHOW THEIR COMMITMENT TO DEMOCRACY THROUGH FREE AND FAIR ELECTIONS...

THE UNITED STATES LOOKS FORWARD TO WORKING WITH PRESIDENT-ELECT WIDODO AS WE DEEPEN OUR PARTNERSHIP, PROMOTE OUR SHARED OBJECTIVES GLOBALLY, AND EXPAND PEOPLE-TO-PEOPLE TIES BETWEEN OUR NATIONS"

JOHN KERRY, U.S. Secretary of State

unique position as a maritime axis to spur development that benefits the people, Rizal Sukma, head of the defense and foreign affairs working group on Jokowi's transition team, told *The Jakarta Post* newspaper.

At home, a \$7.7 million order for 72 new Mercedes-Benz sedans for government ministers was cancelled this month after Jokowi said he would prefer that officials stick with the cars they already have.

But Jokowi faces numerous challenges as president, the greatest being "to assemble a working majority of political allies while maintaining his own agenda," Liow and Rieffel wrote.

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The region's largest economy moves forward



"IMAGINE AROUND 135 MILLION INDONESIANS JOINING THE MIDDLE CLASS... THE IMPACT ON THE ECONOMY WILL BE SIGNIFICANT"

MULIAMAN D. HADAD,
Chairman of the Financial Services Authority (OJK)



Indonesia has the 'demographic bonus' of having a young population - over half of the population is between 15 and 30 years of age



"THE U.S. IS STEADILY RECOVERING, SO IT IS TIME TO REFOCUS ON THE UNITED STATES AS AN EXPORT DESTINATION"

MIRZA ADITYASWARA,
Senior Deputy Governor at the Bank of Indonesia

Consistent growth of 5 to 6% per year and a strong financial system generate strong economic expansion in Indonesia, the world's 16th largest economy

Commodities have long been the backbone of Indonesia's economy, accounting for more than 50% of exports from the 16th largest economy in the world. But, warns the World Bank, "Indonesia's commodity exports are facing significant headwinds", the strongest being falling global commodity prices.

There is a silver lining, though. Lower commodity prices should help to make Indonesian manufacturing more attractive, the World Bank says.

And there's room for manufacturing to grow. The sec-

tor currently contributes just 24% of Indonesia's GDP, and, as of 2011, employed 14.4 million Indonesians, around 6% of the population of 248 million. International manufacturing giants, including General Electric, Korea's LG and Samsung, and Japan's Toyota, are already knocking on the archipelago nation's door, drawn by low wages, abundant resources, and a banking and political system that have remained stable, even as political and economic ructions have rocked other nations in the region.

Up to now, growth in the manufacturing sector has been fuelled largely by domestic demand for goods. Indonesia is the fourth most populous country in the world, after China, India and the United States, and has a growing middle class. In fact, global information and measurement company Nielsen expects Indonesia's middle class to double by 2020, and

says it's time for the rest of the world to pay attention to Indonesian shoppers.

Mirza Adityaswara, the Senior Deputy Governor at the Bank of Indonesia, says that to realize the full potential of the manufacturing sector, Indonesia should look beyond the domestic market, increase exports of manufactured goods, and "diversify our export destinations".

"The U.S. is steadily recovering, so it is time to refocus on the United States as an export destination," he adds.

Meanwhile, Muli Aman D. Hadad, Chairman of Indonesia's Financial Services Authority (OJK), says the middle class will have a key role to play in growing the economy, beyond purchasing made-in-Indonesia goods.

"Imagine around 135 million Indonesians joining the middle class... the impact on the economy will be significant," he explains.

As more Indonesians move

into the middle class, more of them will be paying more tax, which will also help to boost the economy - but only if the government does a better job collecting those taxes, officials say.

Only around 0.33% of Indonesia's 1,000 trillion rupiah

FALLING COMMODITY PRICES COULD HELP TO MAKE INDONESIAN MANUFACTURING MORE ATTRACTIVE, ACCORDING TO THE WORLD BANK

in tax revenues comes from personal tax, Deputy Finance Minister Bambang Brodjonegoro says. The overwhelming portion is from corporate and value added tax.

"We need to tackle this disparity, especially as Indonesia has been growing from a low-income country into a low-middle income country," he adds.

There are other issues to be addressed to drive Indonesia's economy forward, the most sensitive of which are fuel subsidies.

Some say the subsidies put a \$20 billion a year hole in the nation's economy, and Indonesia-watchers are warning that if nothing is done about the subsidies soon, the current account deficit could climb above 3% by year's end.

Yet removing the subsidies is unpopular with the public because it will bump up gas prices and increase inflationary pressure. Hardest hit would be the large portion of Indonesians who live just above the poverty line. Nonetheless, president-elect Joko Widodo is reportedly mulling a 14% hike in the price of a liter of gasoline before the year is out. To soften the blow on the poor, he would also widen the country's social safety net, improving access to healthcare, transportation and education for the poor.



"THERE'S A BIG GAP IN RISK PROTECTION THAT NEEDS TO BE BORNE BY STATE BUDGETS"

DR. FRANS Y. SAHUSILAWANE,
President Director of MAIPARK

Managing disaster risk in the ring of fire

Maipark Reinsurance (PT Reasuransi MAIPARK Indonesia) mitigates the effects of natural disasters in one of the most disaster-prone countries in the world

Indonesia is a country that does not shy away from the fact it sits in one of the most disaster-prone locations in the world. Volcanic eruptions and earthquakes have had a devastating effect on the Asian nation in the past, but now it is taking the initiative by accepting these disasters occur and preparing for them to ensure the impacts on its economy and

people are not as severe as they once were.

The Indian Ocean Earthquake of December 2004 provided a stark reminder of the unpredictable nature of Mother Nature but the effects are now being mitigated by adequate insurance protection such as that offered by forward-thinking Maipark Reinsurance, an award-winning reinsurance

company which faced that disaster in its first operational year.

The Jakarta-based reinsurer was shocked at the way disaster insurance was being addressed and has worked to provide an engine for economic recovery if and when disasters hit in the future.

"Our message is that we have to realize that we are living in a catastrophe-prone area and we need to embrace that fact and adapt ourselves," says Dr. Frans Y. Sahusilawane, President Director of Maipark.

Dr. Sahusilawane was shocked at the insurance set-up to deal with disasters and the lack of "proper premiums" to help fund recovery. Learning from Japan, which has a similar history of natural disasters, Maipark has set up its own catastrophe modeling and is working on implanting other models, including one to deal with floods in Jakarta.

Maipark is also involved in other activities to minimize the impact of natural disasters. Research and



Indonesia is home to some 130 active volcanoes

educating the public is also high up on its list, while the company provides natural disaster prevention and mitigation measures free of charge to small communities. Tsunami early warning towers with loudspeakers have been built to aid communication.

"We want to educate people and help protect them from the impacts of earth-

quakes," says Dr. Sahusilawane. "We take fellow insurers to important geological sites and teach them about risk and the importance of the environment. We are working to elevate Indonesia's overall knowledge of earthquake risks."

Indonesia cannot escape natural disasters but it is working hard to reduce the impact.



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Indonesia is the world's third-largest producer of geothermal energy and 24th largest producer of crude oil



Proven oil reserves are diminishing at the same time the economy is growing, so Indonesia is turning to renewable sources, especially geothermal, to diversify its energy mix

The history of Indonesia as a globally important energy supplier dates back nearly 130 years, when oil was first discovered in northern Sumatra. Since that time, it has risen to become a world leader in the production and export of various energy products, even as its domestic market grew in size to become the largest in Southeast Asia.

Today, Indonesia continues to forge ahead, with a deeper commitment to infrastructure investments and public-private partnerships, as it works to expand and diversify its overall energy mix to meet the demands of a rapidly developing economy.

Despite its oil production having declined from more than 1.5 million barrels per day (bpd) in the 1990s, to 834,000 bpd last year, Indonesia has continued to play a vital role in regional and global energy markets. It exports more coal than any country in the world, and is also the world's fourth-largest exporter of liquid natural gas, its third-largest producer of geothermal energy, and 24th largest producer of crude oil.

Indonesia's sizeable and geographically diverse territory

The challenge to meet Indonesia's energy needs

holds significant renewable energy resources, such as hydroelectricity, solar and biomass – assets that it will need to capitalize on in order to meet power demand that is forecast to grow at more than 7% annually in the near-term.

"Indonesia depends too much on fossil fuels," explains Prof. Subroto, the founder and Chairman of Bimasena, The Mines and Energy Society, who once served as Indonesia's Energy Minister and also led OPEC from 1988 to 1994. "We only have 4 billion barrels of proven oil reserves. So if we

INDONESIA'S TOTAL ECONOMIC ACTIVITY IS EXPECTED TO GROW FROM \$800 BILLION THIS YEAR TO \$4 TRILLION BY 2025. THIS GROWTH WILL, OF COURSE, CAUSE ENERGY DEMANDS TO MULTIPLY

do not find new reserves in 10-12 years we will run out of oil entirely."

Indonesia will only see its energy needs multiply in the years to come, Prof. Subroto points out, as total economic activity expands from \$800 billion this year to \$4 trillion in little over a decade.

"This is a fourfold expansion of GDP," he emphasizes. As per capita income more than triples over the same time period, even as the overall population approaches 255 million, Indonesia will need multiple streams of energy. "At the moment 10% of our energy is from renewable sources," he says. "By 2025, it needs to more than double, to 26%."

To meet this challenge, policymakers and business leaders will look to the country's abundant geothermal resources, the world's largest, with a total generating capacity of 29GW annually. In June, workers there broke ground on the construc-

tion of what will be the world's largest geothermal power plant, a \$1.6 billion initiative known as the Sarulla Geothermal Power Project.

"When the Sarulla geothermal plant, with a capacity of 330MW, is up and running, it can meet today's current demand," affirms Surya Darma, Vice Chairman of the Indonesian Renewable Energy Society (METI). As head of METI, Mr. Darma has argued for increased regulatory certainty to help the country secure financing for large-scale renewable energy projects.

Rida Mulyana, Director General for New and Renewable Energy and Energy Conservation, points out that Indonesia has new legislation regarding geothermal invest-

ment. "We developed this law in consultation with investors and bankers, so return on investment is emphasized in the new regulations," he says.

The Sarulla project counts on Nevada-based Ormat Technologies among its backers. Ormat will supply more than \$250 million of equipment, and hold a 13% stake in the finished power plant.

"Geothermal energy is necessary," says Darmoyo Doyoatmojo, Chairman of Sarulla Operations Ltd., and a commissioner of PT Medco Power Indonesia, the majority partner and operator of the Sarulla Geothermal Power Project. "With this project, we are developing a brand new billion-dollar asset. We have government arrangements and partnerships that put us in a different league. In Indonesia, we are the premier geothermal player and we can develop our potential further. Energy needs to evolve with economic growth."

Mr. Mulyana adds that Indonesia needs "greater technological and financial cooperation, as well as better developed human resources to ensure we become more sustainable" and that the country needs "to change the energy mix in favor of renewable energy."



"INCREASING EXPLORATION ACTIVITIES IS EXPENSIVE AND THERE ARE GREATER CHALLENGES IN FINDING AND UTILIZING OIL FIELDS, AS THEY ARE OFTEN DEEP-SEA OR IN FORESTED TERRAIN"

PROF. SUBROTO, Founder and Chairman of The Mines and Energy Society (Bimasena) and former Minister of Energy



"INDONESIA NEEDS U.S. SUPPORT AND TRANSFER OF KNOWLEDGE FROM THE TECHNOLOGY SIDE, KNOW-HOW, THEIR EXPERIENCE, ETC., IN RENEWABLES"

SURYA DARMA, Vice Chairman of the Indonesian Renewable Energy Society (METI)



"IF YOU CONSIDER THAT ENERGY REQUIREMENTS IN 2025 WILL BE DOUBLE WHAT THEY ARE NOW, WE HAVE TO DEVELOP EVERY OPTION WE CAN. THE POTENTIAL OF GEOTHERMAL IS CLOSE TO 30,000MW"

DARMOYO DOYOATMOJO, Chairman of Sarulla Operations Ltd.



"GEOTHERMAL IS ONE OF THE BEST RENEWABLE ENERGY SOURCES BECAUSE IT CAN SUPPLY A CONSTANT BASE LOAD"

RUDY SUPARMAN, President Director of Star Energy

Geothermal, a powerful new hope

As Indonesia works to complement its hydrocarbons base with a mix of renewable sources, innovative companies like Star Energy have risen to the occasion

Created in 2003, Star Energy has achieved sustained growth by combining the best practices of major international energy companies, including technical excellence, financial prudence, risk management and good governance, while avoiding high overheads, sprawling organizational structures and bureaucratic inefficiencies.

Star Energy boasts a unique portfolio of hydrocarbon and renewable assets that spans the Indonesian archipelago and represents a sampling of some of the country's most promising resources. This includes natural gas fields in the Natuna Sea, home to a massive deposit considered to be the largest untapped natural gas field in Asia, with over 46 trillion cubic feet of reserves. Onshore, Star Energy has several sites in development, having secured production sharing contracts in the Tarakan and South Sumatra basins.

"With oil and gas prices as they are, we are very committed to expansion," says Rudy Suparman, Star Energy's President Director.

"We have excellent opportunities in our exploration blocks and we are preparing to drill two infill wells this year. In 2016 we will drill three or four wells



Star Energy currently has two units producing a total of 227MW of geothermal power

for exploration, to prove our additional reserves. Our aim is to confirm an additional 127 million barrels in reserves by 2016. This sounds ambitious, but we believe that we have significant existing potential that, when utilized, will meet this target."

In addition to these exploration and production prospects, Star Energy has successfully branched out into geothermal power. In line with its long-term strategy of creating value for all

its stakeholders, the company moved into the sector with the acquisition of its first facility in 2004.

A Joint Operation Contract (JOC) with the national oil and gas company, Pertamina, gives Star Energy the right to develop up to 400MW of electricity in power hungry West Java. "Star Energy took over the Wayang Windu project in West Java to operate geothermal assets," Mr. Suparman explains. "We have since worked to develop

this site and in February 2009, we had a major breakthrough when we built our own additional geothermal power unit. As a result, since this time we are operating two units at Wayang Windu, supplying Indonesia with more electricity generated through clean, green renewable means."

Although the regulatory environment in Indonesia has created some uncertainty, thanks to its foresight, Star Energy has positioned itself for long-term growth.

"The good thing is we have some of the best-proven reserves in Indonesia and when conditions improve we will be ready to expand our operations," Mr. Suparman affirms. "Currently we have Unit 1 producing 110MW, Unit 2 producing 117MW and we are planning to build Unit 3 which will generate 60MW. We anticipate that a fourth unit could be developed for a further 60MW."

As Indonesia looks forward to a new era of political leadership, Star Energy has engaged with policymakers to continue developing the country's energy assets.

"More than anything we want consistency from government," Mr. Suparman emphasizes. "Every new piece of legislation comes with positives and negatives. The implementation will be the real test, but we are happy so far because there has been good consultation with all the stakeholders. Geothermal energy is logical for Indonesia because in the future we cannot afford to rely on fossil fuels."

"But to get the investment levels required to promote change to renewable energies, there needs to be strong political will."

Linking the archipelago nation by land and by sea



"OUR INTENTION IS TO ENHANCE THE LOGISTICS PERFORMANCE INDEX OF INDONESIA BY IMPROVING SERVICE LEVELS IN THE PORT INDUSTRY"

DJARWO SURJANTO
Managing Director of Pelindo III

From Sabang in the north-west to Jayapura on the island of Papua, Indonesia aims to boost connectivity across its expansive territory of over 17,000 islands

Connecting Indonesia's 17,000 islands poses a unique challenge but one that the government of the archipelago nation is taking seriously to help continue its economic growth.

Well-developed transport infrastructure plays a key role in growth and Indonesia's geographic location means an inter-modal transport infrastructure is essential, especially through land and sea. The government's National Connectivity Framework aims to improve intra-island and inter-island transport links and turn the nation into a gateway to South East Asia and the Pacific.

The government has acted to accelerate the island nation's transport system by bringing in new laws to facilitate investment while also investing over \$35 billion in projects over the next three years.

"Transport plays an essential role in supporting economic growth," says Evert Ernest Mangindaan, Minister of Transportation. "The availability and efficiency of transportation services are vital in supporting the production and distribution imperative for economic growth."

One of the steps taken to strengthen economic growth is the creation, through the state's Master Plan for Acceleration and Expansion of Indonesia's Economic Development (MP3EI), of six 'economic corridors' - in Sumatera, Java, Kalimantan, Sulawesi, Bali-Nusa Tenggara, and Papua-Maluku - that Mr. Mangindaan says will "alleviate various issues with territorial expansion."

According to Luky Eko Wuryanto, Deputy Minister for Infrastructure and Regional Development Coordination, the MP3EI is "designed to shift the focus towards the regional areas and create new economic centers based on their potential and unique competitive advantages."

"This is how we identified the six economic corridors to expand and modernize economic centers outside of Java," he comments.

"This intra- and inter-island connectivity is intended to improve regional and global connectivity. Additionally, these economic corridors are expected to connect Indonesia with re-



More than \$3 billion has been allocated in 2014 to improving the nation's road capacity

gional economic centers within the Asean region and the world, in an effort to improve national competitiveness," adds Transportation Minister Mr. Mangindaan, with Mr. Wuryanto pointing out: "We must be mindful of our archipelago-wide perspective."

Given Indonesia's island nature, sea transport and improvement of the country's ports are key to driving the economy through imports and exports. A National Ports Master Plan,

outlining the planned development of ports by 2030, includes focus on attracting investment, improving competition and developing human resources. The new port at Tanjung Priok, improvements at the Port of Belawan, and the construction of Makassar New Port, are signs of early success but fresh investment is being sought to continue strides forward.

This year, the Ministry of Public Works has allocated

ONE OF THE STEPS TAKEN TO STRENGTHEN ECONOMIC GROWTH IS THE CREATION OF SIX ECONOMIC CORRIDORS IN SUMATERA, JAVA, KALIMANTAN, SULAWESI, BALI-NUTRIA, AND PAPUA-MALUKU

more than \$3 billion to improve Indonesia's road capacity. Projects such as the Jakarta MRT, Monorail and the Transjakarta Busway have also been implemented to improve transport infrastructure and alleviate congestion in key areas.

The ambitious volume of both land and sea transport and infrastructure projects means there are a number of opportunities for foreign investors to become involved.



"IN THE LAST FIVE YEARS WE HAVE ONLY HAD ONE FOCUS: TO IMPROVE OUR CONTAINER TERMINAL OPERATIONS"

BAMBANG E. CAHYANA
President Director of Pelindo I

Rapid transit to move Jakarta more smoothly and quickly

The construction of the capital's mass rapid transport system will revolutionize life in Jakarta

As a bustling, energetic and thriving capital that is fast approaching a population of 10 million people, Jakarta is a city that will benefit greatly from the construction of its new underground transport network. The Jakarta Mass Rapid Transit (MRT) project, which will cost in excess of \$3 billion and be fully completed by 2030, aims to reduce congestion, improve quality of life and boost economic growth not only in Jakarta but also across Indonesia.

The influxes of people from other provinces into the country's capital bring with them an increase in car and motorbike use and a decrease in the quality and efficiency of its current public transport system.

"The MRT project is necessary," says Dono Boestami,

President Director of PT MRT Jakarta. "We cannot increase the size of the city and we cannot widen the roads. Even huge inter-city toll roads will not be enough to accommodate the growing number of cars and motorbikes in Jakarta. The Mass Rapid Transit system will not solve all Jakarta's traffic problems, but it is the first step in the creation of an efficient commuter network."

The progress so far has been impressive, especially considering the project is the first of its type in Indonesia in terms of size and overall importance to its economy. It is so huge that MRT Jakarta is expected to be a case study in Indonesian infrastructure project management.

The complete MRT Jakarta project will stretch more than 69 miles and consist of two main lines: a north-south line and an east-west line. Phase one of the north-south line is already under construction and is expected to be operational by 2018. Meanwhile, phase two of the construction is expected to start just before the completion of phase one and is targeted for completion by 2020. The feasibility study for the east-west line is in progress, with construction expected to take place between 2024 and 2027 at the latest.

"Our main objective is to complete the South-North corridor by 2020 and by the first semester of 2018 we would like to have testing completed on the first phase of South-North Line (9.8 miles and 13 stations) and make it enter into commercial operation," says Mr. Boestami. "Our next priority is the East-West line."

Like all huge projects there



Dono Boestami, President Director of PT Mass Rapid Transit Jakarta

are challenges, but those challenges are being met. Land acquisition is the responsibility of the city and Jakarta officials understand the urgency of the project and are aiding its progress. Japanese technology is also being used owing to a large proportion of investment coming from Japan; the integration of Indonesian workers alongside experienced Japanese technology, however, is so far seamless.

Natural disasters have also been taken into consideration, with station entrances being elevated, airtight station designs integrated into development plans and a number of water pumps which will be installed to alleviate risks posed by flooding. Nothing has been left to chance. "The project is proof that Indonesia can manage a large-scale infrastructure project prudently," says Mr. Boestami. "Our management of MRT should give investors confidence in the future of in-

rastructure projects in Indonesia."

The construction of the MRT system will provide the residents of Jakarta with a faster, safer, reliable and convenient mode of mass transportation, while at the same time encouraging new economic opportunities in and around MRT stations and along the MRT corridors.

This environmentally-friendly mode of transportation will also help reduce air pollution and traffic jams. Furthermore, its presence will encourage better spatial planning, as it encourages transit-urban integration.

In Jakarta, the construction of the MRT will create thousands of new jobs, with this number increasing once the system is operational. At the national level, it will also encourage infrastructure development across the archipelago.



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