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## NEWS & ISSUES

### **Government denies whitewashing poverty situation in speech**

Jakarta Post - August 23, 2006

Jakarta — The government is standing firm against allegations it attempted to whitewash the reality of poverty and unemployment in the country in President Susilo Bambang Yudhoyono's state-of-the-nation address last week.

With backing from the Central Statistics Agency (BPS), whose head was summoned to a Cabinet meeting here Tuesday, the government said the data presented in the Aug. 16 speech was the most recent published by the agency from September 2005.

"It was the latest data, and the President could not have any newer because the BPS will only release it next month," said Cabinet Secretary Yusril Ihza Mahendra.

BPS head Rusman Heriawan said Yudhoyono had since questioned him due to the clamor of allegations the almost year-old statistics were used to

present a disingenuously positive view of his administration's achievements.

Yudhoyono later instructed the agency to in the future release data months before the presentation of the draft state budget for the following year.

Yusril said the President would not present the data again Wednesday when delivering a state address before the Regional Representatives Council (DPD). The speech will instead focus on regional autonomy and development, the minister added.

Meanwhile, the House of Representatives plans to summon relevant ministers and Rusman for clarification about the data.

The chairman of House Commission VI on trade and industry, Didiek J. Rachbini, said Tuesday that government officials would be held accountable for withholding actual data in the 2007 state budget proposal made before the House plenary session.

"We will need them to clarify how old data could make its way into the President's state address." He also vowed that his commission would carefully scrutinize all government data in the future.

Critics charge that Yudhoyono was wrong when he said that the poverty rate dropped from 23.4 percent in 1999 to 16 percent in late 2005.

It was later found that the 16 percent figure was from late 2004. Analysts estimate that there was in fact an increase in the number of people living below the poverty line due to fuel price hikes in 2005. Conservative estimates put the poverty rate at 18.5 percent.

State Minister for National Development Planning Paskah Suzetta has argued there was no attempt by the government to manipulate data because it was the most recent from the BPS.

As for new data from the results of the nationwide social and economic survey (Susenas) for 2005, Paskah said it would only be available in September.

In the speech, Yudhoyono also claimed that his administration managed to reduce unemployment from 11.2 percent in November 2005 to 10.4 percent in

early 2006. Labor experts pointed out he referred only to “open” unemployment — those of working age actively seeking employment — without revealing the bleak overall situation of the huge number of underemployed in the 220 million population.

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### **Man killed in fight with police**

Jakarta Post - August 22, 2006

Ambon, Maluku — Angry residents attacked a police post in Nusaniwe, Ambon, with stones Saturday upon learning a man was killed in a fight with police.

The dead man, identified as Denny Leuwol, had been in Nusaniwe to join Independence Day celebrations. His friend, Oni Siwabessy, was seriously injured in the incident. A second group of residents protested at the provincial police headquarters.

"The three officers who were involved in the brutality have been detained. If they are found guilty, they will be punished in line with the prevailing laws," Maluku Police chief Brig. Gen. Guntur Gatot Setyawan said.

Guntur said the suspects had been on duty at the time of the incident and could be discharged.

The protesting residents said the fight started after Denny's motorbike crashed into the officers' car, while the officers said Denny had challenged them.

"The case demands serious attention. The police should not protect guilty officers," said Hans Manuhutu, who comes from Denny's village.

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### **Test case for TNI chief**

Jakarta Post - August 19, 2006

Soeryo Winoto, Jakarta — Many had doubted Air Chief Marshal Djoko Suyanto's capabilities of

overseeing all the armed forces, especially the Army, before he was appointed as Indonesian Military (TNI) commander early this year.

Skepticism was understandable, given the fact that Army soldiers make up the majority of TNI personnel and that the Army was dominant in Indonesian politics in the past.

While many people were still linking Suyanto's rise to the TNI's top post with the history of sharp rivalry between the Army and Air Force in the 1960s, the new military commander went through his early tests in office with optimism.

His initiative to invite his predecessors, including Gen. (ret) Wiranto, for a get-together, was a strategic approach that gave him access to senior Army officers. Gradually, skepticism over Suyanto's ability to build trust with the Army faded.

However, the people are again starting to doubt he is capable of overseeing the Army, following the finding of an arms stash at the house of deceased Army Brig. Gen. Koesmayadi in Jakarta on June 25. Koesmayadi, who had been the deputy to the assistant for logistics to the Army chief, was close to former Army chief Gen. Ryamizard Ryacudu, one of Suyanto's competitors for the TNI's top job.

Suyanto has not been convincing in certain statements made to the media explaining how and why Koesmayadi had been hoarding 185 arms, 43 of which were nonstandard issue. The TNI chief's cautiousness has put him in a difficult situation as many believe he knows the truth behind the situation. Therefore, the investigators' explanation that the arms were stashed at Koesmayadi's house just because he was an avid arms collector was met with questions and cynicism.

Strangely, the investigation revealed Koesmayadi had been obsessed with the idea of opening an arms museum.

Suyanto had earlier revealed that the probe into Koesmayadi's case had been completed after a total of 132 people, including a four-star general, were thoroughly questioned. He said the probes were not

supposed to find them guilty, but expected that legal proceedings had to go on.

Military Police chief Maj. Gen. Hendarji Supandji told a press briefing early this month that Koesmayadi and his son-in-law had failed to follow the standard procedures for possessing weapons.

According to Hendarji, Koesmayadi had illegally sourced some of the guns and stored them at one of his houses in Ancol, North Jakarta, while his son-in-law, an officer in the presidential details unit, was blamed for moving the arms from Koesmayadi's residence in South Jakarta.

Later the investigative team disclosed that Koesmayadi had ordered the purchase of 60 arms through six procurements from March to May 2006. The team also found 23 arms procurements from March to October 2004 in the supply of 623 rifles, 16 live grenades and more than 9,000 ammunitions. The most interesting part of this affair is that the TNI admitted to all the arms purchases.

The investigation also identified a ring of 11 people, including Koesmayadi and his son-in-law.

Army chief of staff Gen. Djoko Santoso has also disclosed that two Italians and a South African national were among the group suspected to have known about the affair.

Soon after the revelation of the arms stash at Koesmayadi's residence, speculation was rife among the people. Some said a coup attempt could be behind the arms stash. Others said it was solid evidence of illicit businesses involving the Army.

Those with common sense will ask if Koesmayadi really collected weapons for a hobby or dreamed of opening a museum? Is such an explanation acceptable and not an insult to the intelligence?

Would Koesmayadi's obsession with opening an arms museum have remained a secret had the Military Police not looked into the case? What would have happened if Koesmayadi had lived? Would the arms stash have remained undiscovered?

Common people view the Koesmayadi affair as a small part of a big scenario, which could be a lucrative business involving Army officers. And it

is TNI chief Suyanto who is responsible for shedding some light on the mystery. He must prove his capability by "breaking" the circle. The Koesmayadi affair is indeed a real test for Suyanto.

After the House approved his nomination as TNI chief early in February, Suyanto told The Jakarta Post: "There is the possibility that my knowledge of the Army or Navy is not that deep compared to theirs, because I am an Air Force man....."

It is time for Suyanto to prove that his knowledge and control of the Army is adequate, and to show he has the courage to bring clarity to the Koesmayadi affair — even though, which is most likely, he will have to rock the boat.

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## **Bombing season is back, warns expert**

Sydney Morning Herald - August 17, 2006

A terrorism researcher has warned of a new "bombing season" in Indonesia, as Islamic militants seek to repeat a pattern established since October 2002 of attacking Western targets between August and October.

The International Crisis Group's Sidney Jones, who is based in Jakarta, said she had initially dismissed speculation about a specific season for attacks against foreigners, preferring to think the attackers had simply "done it when they got around to it".

But documents seized after the second Bali bombing last October had confirmed that the terrorist network had sought to continue a pattern.

"It turns out in [one] document that they did actually plan a once-a-year spectacular operation," Ms Jones told the Australian Institute of International Affairs yesterday. "This means that even now, though they are under such extreme pressure... they may well try again simply because



it's so important to have one of these a year."

The apparent pattern has included the use of suicide backpack bombs against Western tourists at Bali's Jimbaran Bay in October last year, the bombing of the Australian embassy in Jakarta in September 2004, the attack against the JW Marriott Hotel in Jakarta in August 2003 and the first Bali bombing in October 2002.

Ms Jones said investigations since last year's backpack bomb attacks had revealed the planners had "more volunteers for suicide missions than they could use". Indonesian terrorist networks employed a "cynical selection process" in which they looked for "certain kinds of personality types and exploit them to bring people on board".

Ms Jones said that the efforts of Indonesian police, and the killing or capture of leaders from the organisation Jemaah Islamiyah in recent years, had weakened terrorism in Indonesia but not stopped it. Instead, splinter groups had formed and were increasingly likely to act on their own.

## ACEH

### **Sharia police raid UN diplomatic compound in Aceh**

Deutsche Presse Agentur - August 23, 2006

Jakarta — The United Nations has lodged a complaint after Muslim morality police in Indonesia's tsunami-ravaged Aceh province broke into a UN diplomatic compound and peered through windows at sleeping foreign diplomats, an official confirmed Wednesday.

The late-night raid, which violated international conventions on diplomatic privilege and immunity, was the latest incident involving Aceh's controversial "Sharia police," who have illegally detained women for not wearing headscarves and publicly flogged people for drinking alcohol.

The incident occurred at 11 p.m. last Thursday night when 30 men, both Sharia officers and regular city policemen, forced their way into the compound of the World Food Programme (WFP) in Banda Aceh, the provincial capital, despite protests from UN guards.

"It's a violation of diplomatic rules — a clear violation," Barry Cane, a WFP spokesman, told Deutsche Presse-Agentur dpa. Cane said the Sharia police, who are civil servants charged with enforcing a controversial Islamic law statute in Aceh, wandered around the compound, which contains both offices and residences for foreign UN workers.

He acknowledged that the policemen peered into the bedroom windows of UN diplomats while they were sleeping. "I don't even want to speculate" on their motives, Cane said, although another foreign aid worker familiar with the raid told dpa they were hoping to catch the Westerners drinking at their private bar.

"The matter was taken up with the provincial government, which apologized," Cane said, adding that a UN security official was in Aceh investigating the incident, and that the WFP filed a protest with the Aceh police department.

However, Cane said the WFP remained concerned that the Sharia police, who are apparently operating out of control of any authority in Aceh, would attempt to raid the compound again, even though they know it's a diplomatic mission protected by international convention.

The Indonesian parliament allowed Aceh to implement Sharia, or Islamic law, in 2003, despite the rest of the Muslim-majority nation being secular. Since then, the Sharia police have become a law unto themselves, dragging women off of motorcycles and out of hotel lobbies for not wearing headscarves, making lewd sexual references, and illegally detaining them.

The group's antics have infuriated both Acehnese citizens and foreign relief agencies, which are spending billions of dollars helping Aceh recover from the 2004 Asian tsunami as well as a recently-finished 29-year separatist war.

It remains unknown why the UN or Indonesia's Foreign Ministry did not publicly acknowledge the incident, which occurred on the country's August 17 Independence Day. "No one wants to make a big deal about it publicly at the moment," one UN official, speaking on background, told dpa. "It's a very sensitive issue, but there was no attempt

to cover it up."

Sharia police officials in Aceh could not be reached for comment.

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## **Four feted for Aceh peace role**

Jakarta Post - August 19, 2006

Tony Hotland, Jakarta — President Susilo Bambang Yudhoyono conferred honorary state medals Friday to former Finnish president Martti Ahtisaari and three other foreigners for their role in bringing peace to Aceh.

They were either involved in mediating the Memorandum of Understanding between the central government and the Free Aceh Movement (GAM), signed on Aug. 15 last year to end a decades-long armed conflict, or monitoring its implementation.

No GAM representatives were present at the ceremony at Merdeka Palace.

Yudhoyono conferred the country's most prestigious honor, the Bintang Republik Indonesia Utama, on Ahtisaari, the chairman of Helsinki-based Crisis Management Initiative (shown above). He was honored for facilitating the MOU and enhancing ties between Indonesia and his homeland.

The Bintang Jasa Utama honor was granted to Dutch diplomat Pieter Feith and Thailand's Lt. Gen. Nipat Thonglek (second and third from left in the line) for their role as the chief and deputy of the Aceh Monitoring Mission (AMM) respectively.

AMM consists of monitors from members of the Association of Southeast Asian Nations and the European Union who ensure the peace deal is carried out and also settle disputes.

The President also presented the Bintang Jasa Pratama medal to Juha Christensen (fourth in line), who brokered the peace talks and later became the special adviser to AMM.

"I hope you will accept this honorary medal as a symbol of friendship, respect and gratitude from

the people of Indonesia," Yudhoyono told Ahtisaari after expressing his gratitude to all the recipients.

Yudhoyono also praised the work of the AMM in ensuring that the details of the agreement were complied with.

Ahtisaari, speaking on behalf of the other recipients, said he believed nothing would have been accomplished without the commitment to peace from the former enemies. "And I will come back to see how things go. I feel like a godfather here, and a godfather has responsibilities," he said.

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### **Aceh's former rebels demand justice**

Courier Mail (Australia) - August 19, 2006

Marianne Kearney, Jakarta — Former Acehnese rebels are calling for rights abusers from the province's civil war to be put on trial.

They argue that the thousands of people who were tortured during the 29-year conflict are a ticking time bomb that could disrupt the peace deal signed a year ago.

The retired guerillas point out that the peace deal promised to bring perpetrators of the abuses to court. They say Jakarta's refusal to establish such a tribunal is a violation of the agreement.

"There should be some kind of justice for the perpetrators — it should apply to both sides because the peace accord promised peace for all with dignity," said Bakhtiar Abdullah, spokesman for the Free Aceh Movement (GAM).

Mr Abdullah says GAM will not take up arms again. But he fears now that Aceh is experiencing peace, thousands of traumatised people no longer intimidated by the military will demand justice.

"Abuses were carried out with impunity, there are around 20,000 to 50,000 people who suffered gross human rights abuses," he said. "We have documents to prove people were raped and abducted."

This week hundreds of people carrying placards saying "we have been tortured, we are traumatised and we can't stand any more" called on the Government to withdraw all soldiers from the province.

Teugku Ahmad Haikal, a rights activist, said frustration with the peace deal, particularly with the establishment of a new military command in Aceh, could become explosive.

Jakarta withdrew over 30,000 troops last year as part of the agreement but several thousand remain in the province.

## **WEST PAPUA**

### **Arrest warrant for Papua activist**

Jakarta Post - August 24, 2006

Jayapura — Police in Papua have issued an arrest warrant for Jefri Pagawak, a local activist wanted for allegedly masterminding violent demonstrations throughout the province.

The order came after Jefri eluded police who tried to arrest him in Timika on Tuesday night.

Papua police chief Insp. Gen. Tommy Jacobus said Jefri was wanted for organizing protests in the provincial capital Jayapura and Timika demanding the closure of mining giant PT Freeport Indonesia.

The most violent protest happened in Abepura, on the outskirts of Jayapura, on March 16, 2006, when four police officers and a soldier were killed.

Mimika police precinct chief Snr. Cmsr. Jimmy Tuilan said while Jefri managed to escape, the police arrested two of the suspect's accomplices.

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### **Rights violations getting worse in Papua: Observer**

Jakarta Post - August 23, 2006

Nethy Dharma Somba, Jayapura — The level of human rights violations in Papua has increased in recent

years, according to one observer, who asked the international community to do more for the province.

"Systematic human rights violations continue taking place in Papua every year," Rev. Dora Balubun said Monday during a discussion at the Jayapura Diocese office with Chris Sidoti, director of the Geneva-based International Human Rights Service.

Dora said the latest example occurred in Abepura in March, when security officers allegedly assaulted students. The incident he was referring to followed a clash between security officers and protesters demanding the closure of the PT Freeport Indonesia gold and copper mine. In that clash three policemen and a member of the Air Force were beaten to death.

Dora, who serves parishioners in conflict areas, attributed some of the alleged rights violations in Papua to the unclear political status of the province, and the manner in which Papua became part of Indonesia.

He said while the government insisted Papua was an integral part of the country, many Papuans felt their land had been hijacked by Indonesia through a legally flawed referendum.

"That's why many Papuans feel as if they are not part of Indonesia. And as long as the problem of the political status of Papua is not comprehensively settled, human rights violations will continue to take place," he said.

Each time Papuans demand their rights, Dora alleged, they are branded as separatists who must be eliminated.

"A number of human rights violations have started with (Papuans) demanding their rights, like the Wasior case where Papuans demanded their customary right to manage their natural resources," Dora said.

Instead of responding to the demand, paramilitary police officers silenced the people by accusing them of threatening the state's sovereignty, Dora said. He added that the incident in Abepura also began with a demand by Papuans for their rights.

The authorities' effort to silence any demand by the people for their rights constitutes an effort to kill the country's blossoming democracy, Dora claimed.

Meanwhile, Chris Sidoti said the issue of human rights violations in Papua earned little attention internationally because of the perception the violations were not on the same level as what was seen in Aceh for decades.

To force the international community to respond to events in Papua, he said, rights campaigners should incessantly and aggressively raise the issue.

However, Papua Police chief Insp. Gen. Tommy Yacobus denied Tuesday the human rights situation in the province was worsening. He said claims about an increase in the level of rights violations were the result of misunderstandings about what constituted a violation.

"Due to different perceptions, what is classified as a human rights violation here is not classified as one in the international world," Tommy said.

Citing an example, he said hitting someone was considered to be a human rights violation in Papua, but in reality it was a normal crime.

"How come human rights campaigners here classify the Abepura incident, in which four of my subordinates were killed, as a human rights violation?" he asked. The officer brushed off the critics and rights campaigners, saying they first had to understand what constituted a rights violation and what did not.

## **LAPINDO MUD DISASTER**

### **Hot mud gushes, runs rings around Sidoarjo**

Jakarta Post - August 24, 2006

The mudflow disaster in Porong, Sidoarjo, East Java, has implicated many parties, not only Lapindo and the Bakrie family, but also the country's largest Muslim organization Nahdlatul Ulama and some media companies. The Jakarta Post's Riyadi Suparno, assisted by our journalists in

East Java Indra Harsaputra and ID Nugroho, investigated the intricate relationship of those parties in the handling of the disaster. What follows are their reports.

The million dollar question is: which company has been the most talked about in East Java over the past two months?

The answer is Lapindo Brantas Inc., a company controlled by the Bakrie family. This oil and gas company became so popular — or unpopular — by triggering the uncontrolled gushing of hot mud in Porong, Sidoarjo, East Java.

The mudflow, which began slowly on May 29 — which is why the company initially played it down — is becoming bigger each day. It now spouts 50,000 cubic meters of hot mud a day, submerging rice fields and four villages, and making 10,000 villagers homeless.

The problem grew when the mud submerged the turnpike linking Surabaya and the eastern part of East Java. The closure of the turnpike caused massive traffic jams, delaying travel and deliveries.

When the turnpike was elevated, and protected with sand-and-stone walls, the mud breached the walls in other areas, flooding more villages, and even closing the Porong main road and railway link.

The villagers have nothing kind to say about Lapindo. They spell out their displeasure for everyone to see in the graffiti on their walls, through demonstrations and in some cases by forcefully breaching the walls holding back the mud.

They have also demonstrated on the main street of Porong, demanding that Lapindo's license be revoked and its executives prosecuted.

Initially, Lapindo claimed it was not responsible for the mudflow because the mud was not gushing out from its wells. However, Lapindo's partner in the Brantas block accused Lapindo of "gross negligence" for not setting casing on at the depth of 8,500 feet at Banjar Panji I well, where the mudflow originated.



Although the exact cause of the mudflow is not yet known, all parties are pointing the finger at Lapindo.

The police were quick to question those involved in the drilling activities that caused the uncontrolled mudflow, and named nine people suspects.

They include Imam Agustino, the president of Lapindo; Nur Rochmat Sawulo, drilling share service vice president of PT Energi Mega Persada, a shareholder in Lapindo; and Yenny Nawawi, the president of PT Medici Citra Nusa, a contractor of Lapindo. The other six are drilling executive staff. All suspects could face between five and 15 years' jail if found guilty. But the police stopped there. No progress has been reported.

In addition, a number of organizations have planned to launch a class action against Lapindo, on behalf of the victims. They include the country's largest Muslim organization, Nahdlatul Ulama (NU), and the East Java office of the Indonesian Forum for the Environment (Walhi). But the NU is not entirely sure it will go ahead with the class action because, according to an NU activist, NU leaders have received money from the Bakrie family, which essentially owns Lapindo.

"Just call it a bad day for us. This is indeed the risk that any drilling entails," Imam Agustino said recently, referring to the May 29 accident.

Lapindo itself has been trying hard to solve the multifaceted problems. The company has spent billions of rupiah on efforts to stop the mudflow, manage the growing amount of mud and to compensate the victims.

It established three teams to handle the problems. The first team, led by Lapindo itself, is trying to find ways to stop the mud gushing. Despite its efforts, however, it has not been able to stop the mudflow.

The second team, led by the State Ministry for the Environment, is dealing with the management of the hot mud, which keeps increasing every day. The team has decided to separate the water from the solid substances in the mud, treat the water and dump it in the sea. As for the solid substances,

no decision has been made.

The third team, led by the Sidoarjo administration, is addressing social problems, including providing shelter for the victims, distributing assistance and finding permanent solutions for the victims, either by relocating them to safer places or compensating them for their losses so they can rebuild their lives.

To contain the impacts of the disaster, Lapindo is spreading money among a number of institutions, including the local military to help build the embankment and evacuate the victims and the Sidoarjo administration which is trying to meet victims' immediate needs as well as financing needs of groups that are assisting the victims.

As things progress, however, the money has worked its way in to the pockets of some environmental activists and non-governmental organizations in the regency, so that they will be more cooperative and not so "vocal," according to one activist.

"They are operating so cleverly, leaving no stone unturned. Most parties will get assistance so that they will not be so vocal against Lapindo," said environmental activist Satrijo Wiweko.

He suspected that some media in East Java had also received "assistance" so that their reports would not be too hard on Lapindo and local administrations.

Lapindo's East Java general manager Rawindra denied the accusation, saying that it worked in cooperation with all parties, with the Sidoarjo administration as the central point of coordination. Rawindra refused to respond to the accusations, saying that the company would rather focus its attention on helping the victims.

To anticipate the coming of the fasting month, the company is helping the victims relocate from Porong market, where they have been living for the past two months, to rented houses. The company has given each family Rp 5 million for two years' rent and Rp 500,000 for moving costs, with a Rp 300,000 monthly food allowance per head per month for the next six months.

A number of villagers, however, describe the

compensation as inadequate. Mahmudah, Renokenongo's village chief, acknowledged that almost half of the mudflow victims in his area had refused the allowances.

"They have not yet accepted the money and I don't blame them because it's their right to decide," Mahmudah told The Jakarta Post. Some of those turning down the compensation have staged a protest at the Pasar Baru refugee camp and a demonstration on Porong's main road.

"Many things go beyond the value of money, such as the threat hanging over our heads that the hot mud could burst out anytime and flood our homes," said a refugee in a protest rally.

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### **Bakrie's conflict of interest**

Jakarta Post - August 24, 2006

There is plenty of mud to go around in Sidoarjo, but the one party that looks set to come out of this disaster looking the dirtiest is the powerful Bakrie family.

Much of the blame for the disaster has fallen on the family, with Vice President Jusuf Kalla going so far as publicly demanding the family bear all the costs arising from the mudflow.

To its credit, the family, through Aburizal Bakrie, the coordinating minister for the people's welfare, has promised to pay for the disaster, though it remains to be seen whether it will live up to this promise.

So, just how exactly are the Bakries connected to this muddy business in Sidoarjo?

According to media reports and information from Lapindo Brantas Inc., the company that drilled the gas well from which the mud is spewing, the Bakrie family's involvement in the Sidoarjo disaster is multipronged.

The family is involved through the owner of the project, Lapindo Brantas, Inc. and through the contractor for the project, Alton International

Indonesia.

Lapindo Brantas holds 50 percent ownership of the Brantas gas block in Sidoarjo, which it bought from Huffco of United States in 1996. Other shareholders are publicly listed local energy company PT Medco Energy (32 percent) and Santos Ltd of Australia (18 percent).

Lapindo itself is 100 percent owned by publicly listed oil and gas company PT Energy Mega Persada (EMP), which is 63.53 percent controlled by the Bakrie family, 3.11 percent by Rennier AR Latief, 2.18 percent by Julianto Benhayudi and 31.18 percent by the investing public.

According to Warta Ekonomi, Alton International Indonesia (AII), which won a US\$24 million contract from Lapindo, has a connection with Bakrie and Rennier, who is currently a commissioner at EMP. Before serving as a commissioner, Rennier was president of EMP and chief executive officer of Lapindo.

AII is owned by Alton International Singapore (AIS), based in Singapore, and PT Medici Citra Nusantara. AIS is controlled by Singapore-based Federal International Ltd., in which Syailendra Surmansyah Bakrie and Nancy Urania Rachman Latief are shareholders.

In February, both Syailendra and Nancy increased their stakes in Federal International to 12.33 percent and 12.29 percent, respectively. Who are Syailendra and Nancy? Syailendra is the son of Indra U. Bakrie, the younger brother of Aburizal Bakrie, and Nancy is the wife of Rennier Latief.

These conflicts of interest in the Lapindo project only surfaced after the sludge began spewing from Lapindo's gas well at the end of May. Otherwise, all these cozy business relationships would have gone unnoticed, like so much mud buried deep beneath the ground.

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## **Lapindo hires pros to clean up its image**

Jakarta Post - August 24, 2006

Lapindo Brantas Inc., a unit under the Bakrie family, has responded to the unprecedented ecological disaster originating from its gas well by going on a public relations charm offensive aimed at cleaning up its image.

For the most part, the company's efforts seem to have paid off. In the first month of the disaster in Sidoarjo, Lapindo was receiving most of the blame for the mudflow. Both the media and the public were accusing the company of bringing misery to thousands of people with its drilling activities. Seemingly sealing the company's fate, several of its executives were named as suspects by the police for negligence leading to the mudflow.

However, as the disaster entered its second month a different image of Lapindo was being projected, at least in the media. Now Lapindo was being painted as a responsible company that was taking care of the victims of the mudflow and providing them with compensation, all the while making every effort to stem the flow of mud.

This drastic change no doubt has much to do with the company's hiring of professional image builders and the strong political clout of its main shareholder, a company linked to the Bakrie family, including Coordinating Minister for the People's Welfare Aburizal Bakrie.

"If Lapindo had no political clout, it would have been finished in a matter of weeks because of this mudflow brouhaha," said Henry Subiyakto, a lecturer at Airlangga University in Surabaya and also head of the Surabaya Media Consumer Foundation.

Among the image specialists hired by Lapindo, or its shareholder, are several former journalists and media specialists. Henry says he was approached about joining the team responsible for improving Lapindo's image and that of the Bakrie family.

This team of professionals has made a concerted effort to polish Lapindo's image, lobbying owners of media companies in East Java and journalists covering the mudflow story, and also helping set up a media center in Sidoarjo town hall.

The media center provides daily updates about the handling of the mudflow and its victims. It must be said that the center is fairly objective, covering demonstrations by victims and their demands for compensation.

The center provides free Internet access, telephone use and printing and photocopying facilities for members of the media. Not only that, according to one source, the media center also provides a "supplemental income" for journalists.

Lapindo denied that it is financing the media center. But one source said that while the company did not finance the center directly, it channeled the money through the local government.

East Java Information and Communication Agency (Infokom) head Suwanto acknowledged the role of Lapindo in the establishment of the media center, but denied that the company provided any financial support for its operation.

"Lapindo only provides photocopy machines, paper and lunch. Everything else is financed by Infokom East Java," Suwanto told The Jakarta Post. He added that the center was established on a direct order from East Java Governor Imam Utomo.

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## **NU divided, dragged into the Lapindo dilemma**

Jakarta Post - August 24, 2006

Sidoarjo in East Java is the base for the country's largest Muslim organization, Nahdlatul Ulama (NU). It is therefore not surprising that the organization spearheaded a move to help people displaced by the mudflow launch a class action suit against Lapindo, the company whose mining activities triggered the mudflow.

However, there are indications that NU now wishes to bury the issue of the class action suit. This has angered NU youth activists who suspect that NU leaders dropped the plan after they received funding from the Bakrie family, the owners of Lapindo.

According to the chairman of the NU Human Resource Development and Study Institute in Sidoarjo, Ahmad Firdausi Ali, the Bakrie family extended Rp 1 billion to NU leaders during the NU national conference in Surabaya in June. The mudflow disaster began on May 29.

On top of that, he said, NU chairman Hasyim Muzadi also received money from Aburizal Bakrie, to help Lapindo victims, the amount of which was never disclosed.

But this claim was rejected by a spokesman for Aburizal Bakrie, who said that Aburizal might have extended financial help to NU for the conference in Surabaya, but that he never gave assistance to NU or NU leaders to help people affected by the mudflow in Sidoarjo.

However, indications that NU leaders were using Lapindo money to assist the mudflow victims were strong, according to Fatihul Faizun from the Nahdliyin Working Group in Sidoarjo.

Faizun suspected that as NU Sidoarjo refused to take any money from Lapindo, Hasyim channeled the money through former executives of NU Sidoarjo branch office, who then established an independent command post to help the victims.

This command post conducted various humanitarian activities, ranging from the distribution of food to the establishment of monitoring posts around the mud ponds, manned 24 hours a day.

NU Sidoarjo office itself established its own command post for the victims, with fewer activities, because of a lack of funding. "We have our own command post, and we are not connected with this independent command post," Gus Abdi Manaf, executive chairman of NU Sidoarjo, told The Jakarta Post.

Interestingly, when Hasyim first visited the mudflow victims, he stopped by the independent command post, and not the official NU command post. As a result, NU youth activists demonstrated against Hasyim's visit to the independent command post.

The people displaced by the mudflow, who were already mad at Lapindo, were angered by news that

NU took money from Lapindo, and some of them went to the independent command post and tore down a tent there.

Earlier this week, when the division within NU Sidoarjo was widening, Hasyim visited the NU command post. It is unclear where NU will stand in the future with regards to Lapindo.

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## **Victims can't afford to forget mud**

Jakarta Post - August 24, 2006

"The dam's breaking... it's collapsing..." a resident of Siring, Porong, Sidoarjo, shouted as he noticed hot mud flowing toward his house last week.

Hundreds of people living near the walls holding back the mudflow were sent scurrying in fear to Porong's main road, effectively blocking the road linking Surabaya and the eastern part of East Java.

Dressed in rags and mud stained, villagers of all ages raced to reach the road, seen as a safe mud-free place, clutching anything worth salvaging like important documents, school uniforms and kitchen utensils. Parents carried their children on their backs, willing them to stay calm.

The walls, which are holding back more than four million cubic meters of mud have been collapsing here and there as they are not strong enough to contain the increasing amount of mud, estimated at an additional 50,000 cu m per day. Damage to the walls has panicked the community living near the huge mud ponds, which now cover 180 hectares, and may soon double to 360 hectares.

Locals are worried about their safety and anxious over not only blistered skin due to the heat of the mud, which has reached 60 degrees centigrade, but also damaged property resulting from hot mud inundation.

"All we can do now is to save ourselves and our most prized belongings. We would have carried our



whole house had we been able to pull it up," said Suwarno, a Siring villager.

Though he originally refused to take refuge because he was confident in the capabilities of the joint team handling the mudflow, doubt began to set in when he saw the walls were higher than his house. Then the dam started cracking and hot mud flowed into Siring.

There was also an atmosphere of fear in the villages of Jatirejo, Ronokenongo and Kedungbendo as their dams developed fissures. In Jatirejo, the dark gray mud spread extensively over places previously unaffected. Locals were particularly worried when it crept over the railway tracks running through the village. "The mud could cause a train accident," Jatirejo villager Haryadi pointed out.

In Jatirejo, dozens of cows owned by the Agil Hasan Al Syadili Islamic boarding school had to be evacuated for fear that dehydration would kill them. "The cows, which were one of the school's main income sources can't be milked for the moment," school principal Gus Maksum Zubair told The Jakarta Post.

The school, which has about 200 students, also found its 2.5 hectares of paddy fields flooded by hot mud. "Our students have been sent home for a while. Some staff members have stayed behind to take care of the school," Gus Maksum said.

More than 9,000 displaced people from the four inundated villages are now being accommodated in Pasar Baru Porong, Sidoarjo, five kilometers from the hot mud source. The neatly arranged barracks, originally designed as a public market and terminal, are increasingly packed with the growing number of refugees moving in from mud covered areas.

The 9,000 refugees have to share 282 kiosks in Pasar Baru, each measuring four by six meters with five families and their possessions, separated from one another only by curtains. To shower, they have to wait their turn as there are only 109 bathrooms available.

This situation has gone from bad to worse as there is no certainty about the fate of the mudflow

victims, while the mud continues gushing, ruining all that it touches.

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## **Sidoarjo contains the mud to 'Bermuda Triangle'**

Jakarta Post - August 24, 2006

While no one knows when the hot mud in Sidoarjo regency will stop gushing from the bowels of the earth, efforts have to be made to handle the increasing volume of the sludge so that it does not endanger the lives of people living nearby or damage the environment.

The amount of mud keeps increasing every day, with an additional 50,000 cubic meters a day. With the increasing amount of sludge, the levees that were holding back the mud have collapsed in several places.

The mud has reached 4 million cubic meters, according to experts at the Surabaya Institute of Technology (ITS).

A joint team tasked with handling the mud plans to double the size of the existing ponds of some 180 hectares to around 360 hectares, and also build stronger levees around the ponds to accommodate the expanding mud, which has reached 7 million cubic meters, according to experts deployed at the scene.

The expansion of the ponds and the strengthening of the walls, according to Aris Setyadi from the Public Works Ministry, are precautionary measures ahead of the rainy season, which is expected to start in November.

Meanwhile, Sidoarjo Regent Win Hendrarso said the enlargement of the ponds would mean a total of seven villages in three districts, all in his regency, would have to be submerged. They are Jatirejo, Mindi and Renokenongo — all in Porong district — Besuki, Pejarakan and Kedung Cangkringin in Jabon district — and Kedung Bendo in Tanggulanin district.

"What can we do? Rather than allowing the mud to

spill over into more areas, we decided to submerge those villages. We hope this problem will not drag on too long," Win said. He explained that the ponds would form a triangle. "Just like the Bermuda Triangle," he said, jokingly.

With the increasing amount of sludge in the pond, the government has granted permission to Lapindo Brantas Inc., the company whose drilling activities caused the mudflow, to separate the water from the mud and dump the water into the sea — some 17 kilometers away — provided that the water is treated to remove any toxic substances.

According to experts, 70 percent of the mud is water, and therefore, separating the water from the solid substance and dumping the water into the sea would help reduce the danger of the mud to the people nearby.

However, several environmental activists as well as farmers in Sidoarjo, especially fishermen and shrimp farmers, have rejected the idea, arguing that it would destroy the sea ecosystem and would eventually affect the income of the fishermen and shrimp farmers.

Ali Subhan, an environmental activist and a shrimp farmer himself, argued that the news that Lapindo had polluted the area with the mudflow had prompted shrimp importers in Europe to stop buying shrimps from Sidoarjo, the only area in the country to obtain a certificate for organic shrimp farming.

"Moreover, if they learn of the plan to dump the mud water in the Porong river or in the sea, it could be the end of our shrimp business," he said.

Even if no one rejects Lapindo's planned disposal of the mud, the company faces the daunting task of treating the huge amount of mud by separating the water from the solid matter. It would require a lot of investment to build facilities to separate the water, to treat it and then pipe it into the sea.

The solid waste would pose another problem. Experts have been marshaled to research the possible use of the mud as a building material, and the results so far seem positive. However, the company is uncertain whether or not the solid mud

contains toxic substances.

"If it contains toxic substances, we have no idea as yet what to do with it. Hopefully, it will be safe enough for people to use it as a building material or other purposes," said Rawindra, Lapindo general manager for East Java.

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## **Children most disadvantaged**

Jakarta Post - August 24, 2006

"Dear Lapindo, I hope to go home soon I'm tired of living in the barracks. Will you be cleaning up the mud right away?"

Twelve-year-old refugee Macmudiono wrote this letter to Lapindo Brantas Inc, the company that brought mud and misery to Porong, Sidoarjo in East Java. He won first place in a recent contest held by Surabaya's Community Care Foundation for the best letter to Lapindo.

Macmudiono and the hundreds of other children displaced from their homes by the spreading hot mud just want things to return to normal, so they can play in their backyards, ride their bikes through the paddy fields and climb trees.

Since May 29, when hot mud abruptly gushed out of a plot of land owned by Probo Sutejo, a resident of Jatirejo village, Porong Sidoarjo, East Java, and began to flow over rural settlements, the life of the local children has changed.

Children unaccustomed to aggression have observed their communities change. Tolerance levels have dropped and tempers run high among the mudflow victims. Residents of neighboring villages have become protective of their property and suspicious of everyone.

"They carry not only sticks and stones but also sharp weapons. They fight against anyone who is perceived as a threat, regardless of whether they were previously friends," said Yuliani, a legal and policy staffer at the East Java office of the Indonesian Forum for the Environment (Walhi), who

provides advocacy for locals.

Five clashes have occurred between people from mud-hit villages within the past two-and-a-half months following the hot mud eruption. On the eve of Independence Day on Aug. 17 three people were injured in an inter-village brawl.

The mudflow victims also vented their anger by obstructing access to the Surabaya-Gempol turnpike, which resulted in the closure of a section of the road. They staged a demonstration, assailing security guards and Lapindo with accusations.

The walls of shelters in Siring village are covered with graffiti. "Beware, Lapindo's brokers at large," is scribbled in a corner and in clumsy painted letters, "F@@@ you Lapindo, the state's dog." "They are still too young to understand what's going on, but they are the ones who are suffering the most. Now my kids are familiar with the dirty words uttered by some residents," said Siti, a Besuki villager.

Siti brought her two-year-old along to the Surabaya-Gempol turnpike protest, while her two other children stayed behind at the refugee camp in Porong market.

Thousands of children live in the refugee camp, with three to five families sharing a four-by-six meter kiosk that has been converted into sleeping quarters. It is not unusual for 10 children to be sleeping together with their families.

Sleep is often interrupted and it is almost impossible to study. The day before Independence Day, six-year old Ika was stuck in a stuffy room with no television or radio. "I remember last year's celebrations in my village. It was so much fun. But everything is boring here," she said.

Windiarti Rahayu, 13, hopes to return to her high school in Porong soon, but the building is now submerged in hot mud up to its roof tiles. "I'm sick of the sound of angry words. My parents have sour faces, too. I want to live a normal life and study in a calm environment," she said. "I apologize to the public for this misfortune. We will strive hard to do no harm to any party in this case. In fact, we have no intention to cause any trouble to village people," said Imam

Agustino, the general manager of Lapindo Brantas Inc, to the Post.

Ahmad Firdausi Ali, the chairman of the human resources development and analysis body of Nahdlatul Ulama (NU) in Sidoarjo, said that Lapindo's apology fell short of satisfactory because it ignored the basic rights of mudflow victims, including shelter, education and employment.

He said the company must compensate the people, and return things to the way they were. And most of all, Lapindo must act right now, for the children's sake.

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### **Mudflow victims demand compensation**

Jakarta Post - August 23, 2006

Indra Harsaputra and ID Nugroho, Sidoarjo — Thousands of people displaced by the mudflow disaster in East Java held protests in two affected areas Tuesday to demand compensation commensurate with their losses.

Several protesters showed their frustration by covering themselves in the mud that has gushed from an exploration well accident in Sidoarjo regency since May 29.

"We're not eels which can live in mud," said a villager of Kedung Bendo, Hadi Purnomo, one of around 3,000 people rallying near the local administration building. "We're humans with a right to live. Our children need to go to school and live in peace."

The turnpike connecting the provincial capital of Surabaya to Gempol town was closed for several minutes when protesters from the Besuki area blocked traffic. Alternating lanes are being closed for the ongoing work of raising two kilometers of the worst-hit section to prevent mud flowing onto the turnpike.

The company which operates the well, Lapindo Brantas Inc., has begun to distribute compensation

to affected families, consisting of Rp 5 million (US\$551.5) for rent for two years, Rp 500,000 for moving costs and Rp 300,000 per head per month. Many residents have rejected the offer as inadequate for their needs.

On Tuesday, East Java Police chief Insp. Gen. Herman Surjadi Sumawiredja said the deployment of police personnel in affected areas was a "persuasive" action to prevent outbreaks of violence among residents. "We're all suffering here," he said.

Protests have taken place almost on a daily basis. On Tuesday demonstrators reiterated accusations that the local authorities were being bribed by Lapindo, partly owned by the family of Aburizal Bakrie, who is the coordinating minister for the people's welfare.

"The mud will stop when corruption stops in the bureaucracy," one of the posters said. "I am not a puppet of Lapindo," Sidoarjo deputy regent Saiful Illah assured residents at the legislative council hall. "In the name of Allah I have not committed corruption.

"I could be hit by a car if I'm lying. Everything I'm doing is for the victims." He added the regency would give full support to residents if they wished to sue Lapindo.

"We're now prioritizing prevention measures before the rainy season comes (forecast for November) by building disposal systems and strengthening the ponds."

Lapindo is paying for all contingency measures, such as the preparation of a new dam to accommodate the daily increase of the mudflow, estimated to reach at least 4 million cubic meters by the end of the month.

Victims are divided about the appropriate measures. Thousands have demanded an immediate end to the inundation of populated areas by diverting the untreated mud into the sea. However, the fishing community has raised concerns about the future of thousands of shrimp farms in Sidoarjo.

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## **Arrest Lapindo bosses, seize their assets, NGOs say**

Jakarta Post - August 19, 2006

Hera Diani, Jakarta — Activists demanded Friday that authorities revoke the license of PT Lapindo Brantas Inc., arrest its shareholders, and confiscate their assets, in connection with the gas well that has unleashed a barrage of hot toxic mud on Sidoarjo, East Java.

In a joint press conference, an alliance of environmental, human rights, consumer rights, mining and legal aid activists urged police to arrest and investigate the commissioners and directors of Lapindo and its owners.

The 1997 law on environmental management, they said, clearly states that a company can be held responsible for environmental destruction.

"This case should be treated as a corporate crime instead of an individual crime. Therefore, all the commissioners and directors, not just of Lapindo but of all its shareholders, including BP Migas, should be arrested. All of the assets should be confiscated and used for compensation," said Chalid Muhammad of the Indonesian Forum for the Environment (Walhi).

The charges against the corporations, he said, would serve as a good signal to businesses to be more responsible instead of focusing on profit alone.

More than two months after the mud began flowing in Sidoarjo, sludge continues to stream into the neighborhoods, inundating more than 200 hectares of land and effectively closing the Sidoarjo-Surabaya expressway.

Chalid said the company had not pledged to settle the case, but there were strong indications that it would pass along its responsibility to the state.

"It's been over two months but there is no sign of



experts and equipment mobilization able to stop the mudflow. Now, the company has even warned that the mud will spread to a wider area, and thus the flow has to be diverted into the river,"he said."It's impossible to redirect the flow to the river because the sludge is too thick. It seems that the company wants to shift the issue from ecological destruction to trivial matters like where to redirect the mud stream," Chalid said.

Rafendi Djamin of the Indonesian NGO Coalition for International Human Rights Advocacy said Lapindo has not only violated environmental rights, but human rights related to the economy, society and culture, as well as civil and political rights.

"The government has just ratified an international convention on economic, social and cultural rights. The state has committed a crime by showing no political will to make arrests and to charge the company," he said.

The company, he alleged, has warned the mudflow victims not to file civil and criminal suits, saying they would not receive compensation if they did.

Chalid said the alliance would sue the company and its shareholders, and is now calculating the losses associated with the mudflow, which have been estimated at roughly Rp 300 trillion.

"The company has simplified the calculation of compensation. It has told people that the company has suffered huge losses and is on the brink of bankruptcy," he said.

## HUMAN RIGHTS/LAW

### **Government dragging its feet on freedom to information**

Jakarta Post - August 24, 2006

Warief Djajanto Basorie, Jakarta — The prime indicator of whether Indonesia is making strides toward greater freedom of information is the process at the House of Representatives surrounding the Freedom of Information Bill. Deliberation of the bill finally began on March 7, 2006, over five years after it was submitted in November 2001.

The freedom of information lobby has faced foot-dragging and barriers orchestrated by elements both inside and outside the government, who look at the bill with disdain. The nay-sayers apparently view the bill as a hindrance to executive affairs and dismiss the big picture of what an eventual freedom of information act can do to advance democracy. Further, the government has conferred the bill step-child status by paying more attention to a rival bill that could undermine freedom of information.

In the deliberations, the minister of communications and information and the minister of justice and human rights represent the government. The government has made plain what its interests and priorities are, a position that dismays freedom of information advocates. In the opening March 7 hearing, Information Minister Sofyan Djalil proposed that the deliberation of the State Secrets Bill should come first to prevent classified information from being leaked.

"Information on certain issues such as security and foreign policy are generally classified," he said. In response, activists have called for the state secrets and freedom of information bills to be combined for efficiency, but the government has rejected the idea, saying a separate state secrets act can put a damper on leaks.

What concerns freedom of information advocates about the bill on state secrets? A state secrets act operates on the paradigm of maximum exemption and minimum disclosure, whereas a freedom of information act seeks maximum disclosure and minimum exemption, explains Agus Sudibyo, coordinator of the Freedom of Information Coalition, a lobby actively advocating the Freedom of Information Bill.

Sofyan further expressed his misgivings about the bill on freedom of information by hinting that if the law was not written properly, it could lead to "the misuse of information for a goal that is against the law".

The chair of House Commission I for defense and information, Theo Sambuaga of the nominally pro-government Golkar, the largest party in the House, countered that freedom of information is guaranteed in the Constitution. The future law is

meant to assure the principle of transparency in public policy making and as a means for imposing a system of checks and balances on the system, he argued.

The lack of executive enthusiasm to push for the bill is apparently and partly because of the fear among officials and politicians that it would allow greater latitude for the media and non-governmental organizations to expose public misdeeds. Public office holders, be they Cabinet members, legislators or judges, are resentful when they get bad press.

Although freedom of information is guaranteed in Article 28F of the 1945 Constitution and in the 1999 Press Law, there are moves to check the press. A government review of the Criminal Code led by former justice minister Muladi drafted new and stronger provisions on defamation, an act that would cap if not criminalizes criticism.

Press Council member Leo Batubara cites 49 articles in the draft Criminal Code that could land journalists in prison. For example, Article 271 of the draft Code states that an exaggerated or incomplete news report that results in a disturbance is a criminal offense that carries a maximum jail sentence of one year.

The draft of the amended Criminal Code has been completed. Muladi has submitted it to Justice and Human Rights Minister Hamid Awaluddin. If the President approves and signs it, the Criminal Code Bill will be submitted to the House.

If reining in the press was not enough, the government wants to restrain access to public information. This intent is reflected in its position in the House hearings on the Freedom of Information Bill. The government's list of demands includes a change in the name of the bill. At present it is the RUU Kebebasan Memperoleh Informasi Publik, or the Freedom to Obtain Public Information Bill. The government also wants state and local government-owned enterprises exempted from obligatory disclosures of financial information.

It rejects the establishment of an information commission whose job is to settle information access disputes. It wants to restrict the rights

of foreign nationals to access information. It also demands a five-year grace period before the law takes full effect from when the bill is passed. This means that if the bill is passed in 2006, it won't come into force until 2011, two years after the end of the current term of President Susilo Bambang Yudhoyono.

Although the government appears to be protective of its executive privilege as the custodian of public information, it should be given credit for being accessible in other ways. The present government has gradually changed from the monolithic closed bureaucracy of Soeharto's New Order from 1966-1998.

For sure the Internet has become a useful information tool. More and more public offices have set up their own websites. Yudhoyono has launched a presidential website, [www.presidensby.info](http://www.presidensby.info). It allows visitors to look at his current schedule, speeches, ideas, media coverage, and offers downloadable official documents issued under his name. The latter are government regulations, presidential regulations, presidential decisions and presidential instructions.

One piece of relevant information it does not give, however, is the organizational setup of the presidential office. Vice President Jusuf Kalla has his own website, [www.setwapres.go.id](http://www.setwapres.go.id), that shows the structure of his office. According to the website, the VP has five deputies: political, economic, welfare, government and development surveillance, and administrative affairs.

Beyond the capital, local governments down to the city and regency level have websites offering public service information and local investment opportunities.

Looking ahead, the litmus test to the people's right to know is how accommodating the government is in enacting a freedom of information law that puts public interest first. In seeking that accommodation, the pro-information front, particularly the Freedom of Information Coalition, a grouping of more than 30 national and local NGOs, must scale up its lobbying. Seminars, meetings with lawmakers and government leaders, public discussions and opinion articles in the

mainstream media require constant working and reworking if the mind-set is to change.

[This article is based on a paper presented at the Access to Information in Southeast Asia workshop, held by the Southeast Asia Press Alliance and Friedrich Ebert Stiftung in Bangkok on Aug. 22-24. The author teaches journalism at Dr. Soetomo Press Institute in Jakarta and wrote the Indonesia country chapter, Free but still in the Dark, for the 2001 study The Right to Know: Access to Information in Southeast Asia.]

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## **Court wrong to reject plea: lawyers for death row Indonesians**

Agence France Presse - August 23, 2006

Palu — Lawyers for three Indonesian Christians on death row say the Supreme Court had exceeded its authority by refusing to process their second demand for presidential clemency.

Lawyer Roy Rening said that the local district court in Palu, Central Sulawesi, had informed the team of lawyers that the Supreme Court declined to forward a second demand for a presidential pardon.

"The Supreme Court has certainly exceeded its authority and we will prepare legal moves against this," Rening told AFP.

He did not give further details on the plan but said that the Supreme Court's duty was only to make recommendations to the president on a demand for clemency, not hinder it.

"The court should only forward the demand and accompany it with their recommendation. Only the president has the authority to decide on whether to grant or refuse clemency," Rening said.

The three — Fabianus Tibo, Dominggus da Silva and Marianus Riwu — were convicted in 2001 of inciting violence against Muslims in religiously-divided Central Sulawesi, but their case has been widely criticised for being unfair.

The president has already refused them clemency

and they had been due to face the firing squad on August 12 until they were given a last minute reprieve. Officials have said their executions may now take place at any time.

Meanwhile about 30 protesters from several Islamic groups staged a small protest Wednesday urging officials in Palu to execute the trio immediately.

They also urged authorities to arrest Reverend Reynaldi Damanik, head of the Protestant church synod in Central Sulawesi, for allegedly making statements that could fuel further unrest in the region.

Christians across the country have held protests to demand that the death sentences on the three are not be carried out, saying that their trial had been unfair.

Clashes between Muslims and Christians in 2000 and 2001 in Central Sulawesi province left more than 1,000 dead. A government-brokered peace accord at the end of 2001 largely ended widespread unrest, but intermittent violence has persisted.

Indonesia is the world's largest Muslim-populated nation but Christians and Muslims live in roughly equal numbers in parts of Sulawesi.

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## **House members vow to pursue bill outlawing discrimination**

Jakarta Post - August 22, 2006

M. Taufiqurrahman, Jakarta — A bill aimed at outlawing racial and ethnic discrimination has gained a new lease on life, with members of the House of Representatives special committee resisting attempts to kill it off.

Deputy committee chairman Mufid Busyairi of the National Awakening Party (PKB) said efforts to derail the bill have been met with strong resistance from committee members.

Last month, the same group of lawmakers decided to halt discussions on the bill, bowing to a suggestion from the House legal division that

numerous existing laws already regulated the issue. "A number of committee members have steadfastly opposed efforts to drop the bill," Mufid told The Jakarta Post on Monday.

Mufid said the lawmakers' opposition would make a difference only if a House plenary session agreed with their recommendation to pursue the bill's deliberation. "It is the House plenary session that has the final say on whether or not the bill will continue being deliberated," he said.

The committee is also awaiting a reply from a letter it wrote to the Justice and Human Rights Ministry asking the government to appoint representatives to discuss the bill.

In the most recent committee meeting, a number of lawmakers, including those from the Prosperous Justice Party (PKS) faction and the Democrat Party, spoke out emotionally against a proposal to drop the bill.

One lawmaker went further by alleging a conspiracy to kill off the discussion of the bill. A number of institutions including the National Commission on Human Rights (Komnas HAM) and the Indonesian Ulema Council (MUI) have dismissed the significance of adopting a new law to outlaw ethnic and racial discrimination.

Komnas HAM was concerned that the bill, if passed into law, would diminish its role in hearing complaints concerning discrimination cases. The MUI has alleged that the bill would favor Indonesia's minority groups.

A study by the House legal division found the bill's provisions overlapped with articles in the existing law on human rights as well as numerous stipulations of United Nations covenants already ratified by Indonesia.

Advocates of the bill, on the other hand, have stressed the importance of a separate law against discrimination. "We need a unified law to tackle all types of discrimination. The existing regulations are still not enough," Swandy Sihotang of the Indonesian Movement Against Discrimination (Gandi) said.

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## **Regions 'fail' to fund women's empowerment**

Jakarta Post - August 19, 2006

Adisti Sukma Sawitri, Jakarta — Activists say women are still not treated as equals in many regions, since governments allocate comparatively small amounts of money to empower them and improve their quality of life.

A recent study conducted by the Women's Journal Foundation found lack of transparency and an insufficient commitment to public welfare led local administrations to skew spending toward bureaucrats and other prominent community members.

The Surakarta administration in Central Java, for example, allocated Rp 3 billion (US\$329,670) for the city's soccer team. By contrast, it earmarked only Rp 154 million for women and children from its health budget. The Bantul administration in Yogyakarta allocated Rp 1.1 billion to finance a tennis tournament.

"When it comes to women and children they (local administrations) always have an excuse for not taking care of them," foundation executive director Adriana Venny told a seminar Tuesday on gender perspectives in budget allocations.

She said the situation is especially unfair since some regions, particularly Bantul, receive most of their local revenue from health contributions from families.

The budgets appear to violate the central government's policy requiring regions to allocate at least five percent of their spending to empower and protect women and children.

However, since the implementation of regional autonomy in 2001, the central government is not allowed to intervene in drawing up budgets at the regional level, except for certain policies related to macroeconomics, religion, defense and foreign affairs.

Another study conducted jointly by the Women's



Research Institute and the Center for Regional Studies and Information (Pattiro) found regions allocated 2.5 percent of their budgets or less for women and children. The survey was carried out in Kendal and Surakarta, both in Central Java; Kupang, East Nusa Tenggara; Banyuwangi, East Java; Makassar, South Sulawesi; Mataram, West Nusa Tenggara; and several other cities.

National Development Planning Agency deputy head for finance Lukita Dinarsyah Tuwo said the problem was bureaucrats' lack of openness about budgets, as well as the failure of local people to scrutinize government spending.

"Local administrations generally do not feel the need to report budget allocations to the public, while the people don't know that it is their right to know where their tax money goes," he said.

Women's activist Nunik Sriyuningsih, from Semarang, Central Java, said even female councilors at the provincial level are often apathetic about the issue. This contributed to the women and children being overlooked in budget allocations, she added.

Despite all of these problems, Pattiro researcher Maya Rosanty said the central government has shown good will in promoting better budget mechanisms. The Home Affairs Ministry has been moving ahead with the government's plan to change regional budget structuring, applying a performance-based budget allocation mechanism.

Under the new mechanism, several key indicators would control budget disbursement by bureaucrats, and misallocation could lead to an audit. "We can use this opportunity to push local administrations to pay more attention to the public welfare, but this will only be possible if we (the public) show them that we do care about budget allocations," Maya said.

## LABOUR ISSUES

### **Illegal migrant workers tell tales of hope and disappointment**

Jakarta Post - August 22, 2006

Fadli, Tanjung Pinang — Illegal immigrant worker Ahmad Affandi recently landed back at Tanjung Pinang's Sri Bintan Pura Port with nothing more than the shirt on his back.

Since that morning when the 35-year-old left from the repatriation terminal in Johor Bahru, Malaysia, he had only eaten a single piece of bread and drank one bottle of cheap water.

Ahmad and his wife, Aminah Tunjahro, 27, first set foot on Malaysian soil in February, placing their only 11-year-old child in the care of Ahmad's parents back home in Madura, East Java.

They only had one thing in mind, to seek a better life. Neither of them were discouraged by the prospect of being caught and deported by Malaysian authorities, which have been cracking down on illegal aliens for the past few years.

After only six months of working, Ahmad was caught by officials and jailed for several months before being sent back home along with his wife and 637 other Indonesians.

Ahmad said he spent Rp 3.2 million (US\$347) to arrange for a passport, exit tax and transportation using the services of an illegal employment agent. He entered the country by boat on a tourist visa with about 60 other people.

"I took the 'project boat', a term used for boats carrying illegal migrant workers with a guarantee they enter Malaysia without going through complicated immigration procedures," Ahmad said. "But upon arriving in Malaysia, they are on their own."

In early July, he was caught by the Malaysian police while working as a construction laborer at the Damansara Perdana housing complex in Kuala Lumpur.

The project boats take a different route than those plied by the regular ferries from Batam, Tanjung Pinang and Tanjung Balai Karimun. The normal boats stop in Johor state's Pasir Gudang and Stulang Laut ports, while the illegal boats stop in Plunggur.

At this entry point the "passengers" are guaranteed relaxed immigration procedures. Most

importantly, they don't have to present customs officials evidence they possess at least RM 1,000 (Rp 2.47 million), the normal criteria to weed out illegals from legitimate tourists.

Fifteen-year-old Jayadi from Lombok had been working as a coconut peeler in a plantation in Johor. "I had to work there to supplement the family income back home. We are poor and have nothing. I went there with borrowed money," said Jayadi, who only finished elementary school on the island.

With only two shirts and a pair of pants, the teenager left for Malaysia early this year through Batam. He too was recruited by an illegal employment agent and his elder brother arranged for his departure.

Jayadi worked as a husker earning RM30 for every 1,000 coconuts he peeled. However, after being employed for just under six months, he too was caught by a unit tasked to round up illegal immigrants in Malaysia and deported with Ahmad.

The two also did time in Kajang prison near Kuala Lumpur for working without a permit. However, this punishment did not discourage them from returning to Malaysia.

"I still want to return to Malaysia because of the better salary there compared to that in Indonesia. I want to buy a farm for my parents," Jayadi said.

The Malaysian government now regularly repatriates illegal immigrants through Tanjung Pinang port. Hundreds of tired-looking people squatting in lines like prisoners of war and carrying plastic bags stuffed with their few belongings are a common sight.

Based on data from the Tanjung Pinang Manpower Office, the number of deported illegals streaming into the port has steadily increased since October 2004, when the city became a repatriation point for migrant workers.

In 2005, 12,000 illegal immigrants, mostly men, were repatriated through Tanjung Pinang, while 12,000 more were waiting in quarantine between January and July this year.

Tanjung Pinang Illegal Immigrants task force secretary Agus Guntur told The Jakarta Post that the number of people deported was getting larger as Malaysian investigations became more sophisticated.

Every illegal immigrant repatriated to Tanjung Pinang spends one night in a quarantine hall which can accommodate around 600 people, before they are organized according to their places of origin.

"We don't have any budget to handle the returning illegal immigrants, so preparations are meager. Our workers deal with the returning batch voluntarily, without any budget allocations," Agus said.

Despite the illegal migration problem, which has been frequently acknowledged by Indonesian and Malaysian governments, Riau Islands manpower office head Azman Taufik claimed the office had found few indications of illegal migrants departing from the province's ports.

"Please report them to me if there is proof. Just report the situation and describe it to us, so we'll take stern action," Azman told the Post. He said he was unsure of the exact number of employment agencies operating in the Riau Islands. There are estimated to be around 1.9 million Indonesian migrants working legally in Malaysia.

In Johor state, of the 280,000-strong foreign workforce, 210,000 are Indonesians.

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## **The real state of the nation is 40 million jobless!**

Jakarta Post - August 18, 2006

Endy M. Bayuni, Jakarta — The real state of the nation, supposedly the content of Tuesday's speech by President Susilo Bambang Yudhoyono, could have been summarized in just 10 words: Over 40 million people in Indonesia are out of work.

In his two-hour speech before the House of Representatives, which was broadcast live

nationally, the President gave us a rundown of the challenges facing the country, and how he and his government intends to overcome them.

Delivered on the eve of Indonesia's 61<sup>st</sup> Independence Day, the speech was nothing more than a list of things to do. It lacked focus on the biggest problem of all, and thereby vision and direction about where this nation is heading.

No. It's not terrorism or even natural disasters and their handling that should consume our attention the most. It's not the threat to our nation's pluralism, either, although this could easily come a distant second.

When all things are considered, unemployment must count as the biggest and foremost problem that this nation, with government leadership, needs to tackle seriously in the coming years.

The President in his speech put the jobless rate at 10.4 percent, down from 11.2 percent a year ago. But he was referring to what officials conveniently define as "open unemployment": People of working age who are actively seeking work.

The use of this definition, a practice dating back to the Soeharto years, is clearly designed to mislead the public and thus spare the government from having to address the issue completely.

The penchant for using percentages rather than absolute numbers is also designed to make Indonesia's unemployment record look decent as it puts us on par with many developing and developed countries. But let's not forget that even 10.4 percent of the workforce in Indonesia amounts to a staggering figure of more than 10 million people.

Rubbing salt into the wound, the government statisticians who compile the unemployment figures define a person as having a gainful employment if he or she works for more than two hours a week.

Indonesia's unemployment figure is certainly far higher than the government would have us believe. One figure that has been suggested as representing the true level of unemployment (including underemployment) in Indonesia is 40 million. This is the figure that many government agencies and international organizations refer to.

Even then, we are still probably understating the problem. One only needs to look around. Unless you are a close or distant relative of the Soeharto clan, you will likely have a brother or sister, a nephew or niece, or someone close who is unemployed. And most likely, they have been without work for some time with little prospect of finding a job anytime soon. But one should not dwell too much on numbers and definitions. Suffice to say that there are a hell of a lot of people without jobs, enough to put the problem at the top of the list in any speech addressing the state of the nation for years to come.

Most of the other problems Indonesia faces can be traced to unemployment: mass poverty, lack of access to healthcare and education, soaring crime rates, and even some incidences of communal unrest. Some of these problems would be significantly alleviated or even disappear if we could create more jobs, put money in people's pockets and restore their dignity.

Because of our failure to tackle the roots of the problem, the government ends up paying huge subsidies on healthcare, schooling, rice rations, fuel and other basic needs.

More and more, we seem to be giving people the fish rather than the fishing rod. Just think of the contribution to the economy (or as economists say, to our gross domestic product) if all of these 40 million people were gainfully employed. Instead, these jobless men and women have become a taxing burden on the working population.

This was only President Yudhoyono's second state-of-the-nation address since taking the helm in 2004. Once again, he failed to capitalize on the high level of goodwill and patriotic sentiment prevailing among people celebrating Independence Day this week.

He could have learned from many great orators of the past, including our own Sukarno, on how to use such grand occasions as an Independence Day to inspire and mobilize people to rally behind them and their visions, and to support their policies.

The problem of unemployment is for the nation together to tackle. It is not the responsibility of the government alone, but the President is

expected to provide the necessary leadership and direction. This he did not do this week, in spite of the opportunity presented.

[The writer is chief editor of The Jakarta Post.]

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## **Unemployment explosion imminent, analyst warns**

Jakarta Post - August 19, 2006

Ridwan Max Sijabat, Jakarta — President Susilo Bambang Yudhoyono's claim that his administration has made substantial inroads against unemployment is misleading and fails to recognize the urgent need for job creation, an analyst said Friday.

Former manpower minister Bomer Pasaribu argued there was actually the imminent danger of an unemployment explosion unless concerted efforts were made to develop the real sector.

"I don't know why the President claimed to have successfully reduced the unemployment rate when the number of poor families has been on the rise," the lecturer in labor economy at the Bogor Institute of Agriculture told The Jakarta Post here Friday.

"The President has acknowledged the number of poor families has increased to 19.2 million so far this August from 17.8 million in January."

In Wednesday's state-of-the-nation address before the House of Representatives, the President claimed the government succeeded in bringing down the open unemployment rate from 11.2 percent in December 2005 to 10.4 percent.

The director of the Center for Labor Development Studies said that with the double digit unemployment rate, the country would be saddled by soaring jobless and poverty numbers. He feared the situation would worsen in the next three years unless economic policy was revised in favor of the poor.

"The poverty explosion is indicated by the increase in the number of poor people from 17.8 million in January to 19.2 million in August, or

almost 38 percent of the total 52.3 million families, meaning the unemployment rate is also increasing because poverty and unemployment are two sides of the same coin. And this is a serious problem."

Bomer argued unemployment would continue to increase because the Yudhoyono administration had failed to make major breakthroughs to attract more foreign investment in the real sector and accelerate economic growth.

To cope with unemployment and poverty, he added, the government should promote a pro-poor economic and investment policy, as well as revitalize the agriculture and marine sectors and small and medium-size enterprises to generate more jobs and income for poor citizens.

"Almost all irrigation facilities in rice-producing areas in Java and Sumatra, which were constructed during the colonial and the New Order eras, need major renovation, while the marine sector which has great potential to create job opportunities has yet to be developed."

Bomer was pessimistic the government would be able to create 2.8 million new jobs in 2007 with the Rp 43 trillion allocated to help small and medium enterprises.

The secretary-general of the Indonesian Employers Association (Apindo), Djimanto, also believed it would be difficult for the country to achieve its 6.3 percent growth target and job creation goals with the uncertain investment climate and ineffective leadership.

"The unemployment rate will increase because few of the 2.3 million new labor force could be absorbed by the job market." The targets could only be reached if national leaders were firm in taking concrete actions to repair the investment climate and encouraged all employees to work harder, Djimanto said.

## **WAR ON CORRUPTION**

**For some NGOs, another disaster means new flashy cars**



Jakarta Post - August 24, 2006

Adisti Sukma Sawitri, Depok — NGO activists are treating reconstruction projects as “battlefields” to compete for donor funding and misuse it for their own benefit, leaving locals to fend for themselves, a top UN officer says.

"It is common for me to see them benefit from disaster recovery projects: Another project, another new flashy car for each of them," the head of the UN Office for the Coordination of Humanitarian Affairs (OCHA), Puji Pujiono, said Wednesday in his keynote speech at a disaster management workshop for activists in Depok, West Java.

Although he said he believed only some activists were corrupt, he urged all NGOs in Indonesia to improve their professionalism or lose the trust of donors.

Puji refused to name specific NGOs or reveal the number of local and foreign activists who had embezzled disaster funds, saying he could not be sure whether they were currently involved in disaster areas in Aceh, Nias, Yogyakarta, and Central Java.

"There are so many of them. Each time a disaster happens, many people come immediately, claiming they want to help local people. We (the UN) can't do anything about this because only the government has the authority to control these NGOs," he said.

The public has grown increasingly suspicious of graft among both local and international non-profits. These misgivings are stimulated by the disorganized delivery of services in disaster areas. Some areas have made great progress toward recovery, while others are getting little or no support.

Complaints of poorly managed NGO projects first came from the head of the Aceh and Nias Rehabilitation and Reconstruction Agency (BRR), Kuntoro Mangkusubroto, who was disappointed when some international NGOs failed to achieve their targets for housing construction in the region last March. The most recent case involved two domestic NGOs, which were reported to the police for graft.

The coordinator of Indonesia's NGO Coalition for International Human Rights Advocacy, Rafendi Djamin, said international NGOs were more prone to embezzlement because they were "untouchable" under the country's Criminal Code.

"BRR is the only agency that has some authority over them because it issues work permits for them," he said. He said he hoped that with the recent ratification of the UN Convention Against Corruption, the government would show more concern about such issues.

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### **Education ministry needs to improve transparency: ICW**

Jakarta Post - August 22, 2006

Adisti Sukma Sawitri, Jakarta — Corruption watchdogs say there is no point in increasing the national education budget to the constitutionally required 20 percent of total spending until corruption in the sector is dealt with.

"We are pretty disappointed to know that the education budget is still below 20 percent of the whole budget, but we also can't be sure that a larger budget would lead to better quality education," Indonesian Corruption Watch (ICW) researcher Ade Irawan said.

The government unveiled the 2007 draft state budget last week when President Susilo Bambang Yudhoyono delivered his state of the nation address at the House of Representatives.

In the draft, the government proposes only Rp 51 trillion (US\$5.6 billion) or 10.2 percent of the total budget for education.

Last year, the government had committed to raising the spending to 14.7 percent in 2007, as part of staged increase rising to 17.5 percent in 2008 and 20.1 percent in 2009.

However, this fiscal year, the government allocated only 9.1 percent of the state budget for education, below the promised 11 percent. Several

ICW studies, meanwhile, have shown that corruption is rife in education ministry projects.

"Based on our monitoring, about 20 percent of the current Rp 43 trillion budget, is controlled by the ministry's headquarters in Jakarta. Budget allocations are not made publicly," Ade said.

ICW studies in 11 regions, including Garut in West Java, Sumba in West Nusa Tenggara, and Makassar in South Sulawesi, show that only 20 percent of operational budgets transferred from the ministry are used for teaching activities.

The rest of the funds are given to sub-district offices because principals in each region need good reports from regional officials to keep their jobs.

State University of Jakarta (UNJ) education expert Lodi Paat said that cleaning up the management of the existing money was more important than increasing the budget.

"If they get bigger budgets but fail to manage them properly, it will not lead to any improvement in the quality of education," he said.

Ade said the ministry should be more transparent when allocating budgets. "The public must be given the chance to participate in, or at least to know about the budgeting process, to keep it accountable," he said.

## ENVIRONMENT

### **Malaysia urges Indonesia to tackle haze problem**

Agence France Presse - August 21, 2006

Kuala Lumpur — Malaysia has urged Indonesia to tackle the forest fires it blames for the choking haze that has engulfed the region.

Deputy Prime Minister Najib Razak said cooperation was ongoing with Indonesia over forest fires on Indonesia's Sumatra island and Kalimantan on Borneo island, but placed responsibility squarely on Jakarta's shoulders.

"As far as we are concerned, there is not much

that we can do about the Indonesian fires," Najib was quoted as saying in the New Straits Times. "Our ability to resolve the problem will largely depend on the determination of the Indonesian government to address the matter. This will be our major challenge."

Air quality in parts of Malaysia's eastern Sarawak state on Borneo last week deteriorated to unhealthy levels, prompting authorities to distribute face masks amid a sharp rise in conjunctivitis and respiratory infections.

The state got a bit of a reprieve over the weekend after rain cleared the air, returning air quality to moderate levels. Western parts of peninsular Malaysia have also seen intermittent haze in recent weeks.

Burning in Indonesia — and in some parts of Malaysia — to clear land for crops causes an annual haze that afflicts Malaysia, Singapore and Thailand as well as Indonesia itself.

In July, Malaysia and Indonesia said they would join forces to stamp out open burning in oil palm plantations.

Indonesia has outlawed land clearing by fire and has vowed to punish offenders, but weak enforcement means the ban is largely ignored.

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## **Fires continue raging in Kalimantan forests**

Jakarta Post - August 18, 2006

Tb. Arie Rukmantara, Palangkaraya — While millions of people celebrated the country's 61<sup>st</sup> Independence Day on Thursday, firefighters were busy battling flames in Central Kalimantan. Firefighter Aliansyah said it was worth missing the holiday so that he and around 200 others in the province could try to contain the blazes, which reached the capital, Palangkaraya.

"The celebration will go on with or without me," the 42-year-old said. "But if I fail to put out the flames, the whole province will have to put up

with haze for months until the rainy season comes." Firefighters have been battling the blazes, which have ravaged some 25 hectares of peatland on the outskirts of Palangkaraya, since Monday.

The firefighters were pessimistic they would be able to contain the flames, saying they had insufficient personnel for the task. "It will take one hour just to extinguish fires destroying 100 square meters of forest. When will all the blazes stop if only 12 men are fighting the flames?" he said.

The Forestry Ministry's satellite images have detected more than 3,500 "hot spots" in Sumatra and Borneo, including in the Malaysian areas of Borneo, Sabah and Serawak.

Riau and Jambi provinces have the most hot spots in Sumatra, with each recording more than 300. West and Central Kalimantan are the hardest-hit in Borneo, with almost 2,000 and over 500 hot spots, respectively.

The Forestry Ministry's Central Kalimantan Natural Resources Conservation Office (BKSDA) reported Wednesday that hot spots were increasing in nearly all of the 13 municipalities in Central Kalimantan. It said visibility had been reduced to between 50 and 100 meters in the morning.

The lack of human resources is not the only problem. Due to a prolonged drought, firefighters are having problems finding enough water to extinguish the blazes.

"Many waterways here are dry, or contain only a small amount of water. That's why it takes so long for us to put out the fires," Nandang, another fire fighter, said.

Andreas Dodi Permana, a data analyst with BKSDA, said more than 90 percent of the fires were on privately owned land, while the rest were on concessionaire plantations.

Dodi said the regional administration hesitated to take legal action against perpetrators due to the absence of regulations and the difficulty of proving responsibility.

Kalimantan farmers prefer to set fires to clear land for planting, rather than hire people to cut bushes and trees.

"Rather than pay Rp 50,000 (about 60 US cents) for one worker per day to clear their land, they prefer to buy a gallon of gasoline, because burning wood is much quicker," he said.

## **HEALTH & EDUCATION**

### **Ignorance hampers Indonesia's bird flu fight**

Reuters - August 24, 2006

Ahmad Pathoni, Jakarta — Caswali has sold live chickens in a crowded traditional market in the Indonesian capital for over 10 years, but he has never been given any information on how to prevent bird flu.

"I've only heard of bird flu from the news on television. But I'm not afraid as my chickens are healthy. I and hundreds of chicken traders I know have never been infected by bird flu," said the 47-year-old as he slaughtered a live chicken. "Everybody's life or death has been pre-ordained by Allah."

Bird flu may be endemic in poultry in most parts of Indonesia, but experts say public ignorance, official ineptitude and lack of funds are to blame for the mounting human deaths from the virus in the sprawling archipelago.

Indonesia has so far recorded 46 bird flu deaths, the highest in the world, but stamping out the virus is a tough job in the country of 220 million where keeping chickens, ducks and geese is a way of life and allowing the animals to roam freely natural.

Indonesia has launched a campaign to spread awareness about bird flu and has opted for selective culling, but Lo Wing-lok, an infectious disease expert in Hong Kong, said Indonesia's sprawling geography and public ignorance meant controlling the disease was an uphill battle.

"It is very difficult to get people to cooperate, some don't believe that bird flu is really

serious, some delay treatment because they don't want to get stigmatized, some are even thinking of suing the government."

The problem was highlighted when an Indonesian teenager refused to be hospitalized this month despite testing positive for bird flu and in another case three ministers visiting a bird-flu stricken district were jostled by villagers who tried to rip off their protective masks.

Some farmers accuse the government of spreading rumors about bird flu to obtain foreign money and have protested by eating raw chicken meat.

### Culling

Unlike in countries like Vietnam, culling poultry is not easy in Indonesia either because of fierce opposition from farmers and the logistical difficulties with millions of backyard fowl. Farmers oppose culling because of the low compensation they get for their birds. A full-grown chicken costs 35,000 rupiah in Jakarta, but the government only offers between 10,000-12,500 for each culled fowl.

Although bird flu remains essentially an animal disease, experts fear it could mutate into a form that can pass easily among humans, killing millions.

New fears that the virus had mutated into a form that can easily pass between humans arose this month after a series of confirmed or suspected cases in West Java's remote Cikelet village, where bird flu is rife in poultry.

The World Health Organization (WHO) said there is no evidence that human-to-human transmission has occurred in the area, but experts say what is most worrying is how human cases are often shrouded in mystery with officials unable to say whether the virus is in the environment or how widely it has spread — which means H5N1 outbreaks in poultry essentially go uncontrolled.

Marthen Malelo, a virologist at the Bogor Institute of Agriculture, said the government's initial response to the bird flu outbreak was sluggish. "Because the government's action was tardy, bird flu is now out of control. It's now

widespread and we don't have enough vaccines to carry out a massive vaccination drive," said Malelo, who first discovered bird flu in poultry in Indonesia.

The government has defended its efforts, saying it had killed almost 29 million chickens, vaccinated 268 million others and spent about \$50 million despite financial constraints.

Indonesia has not received "a single cent" from \$1.9 billion pledged by international donors at a conference in Beijing in January, Welfare Minister Aburizal Bakrie said this month.

Experts say the government, which has allocated \$57.4 million this year to stamp out the bird flu virus, should set aside more funds to compensate farmers whose poultry is culled.

Most donor funds are focused on preventing bird flu in humans and no resources are allocated for procurement of vaccines and compensation for farmers whose poultry is culled, said Louise F. Scura, World Development Sector Coordinator at the World Bank.

"As long as the bird flu virus is circulating in poultry, we will continue to have sporadic human cases. And to detect outbreaks in poultry, we need to have resources to vaccinate and cull," Scura said. "Vaccinating 10 percent of your poultry isn't going to help. And we can't expect farmers to voluntarily have their chickens culled without compensation," Scura told reporters.

[Additional reporting by Tan Ee Lyn in Hong Kong.]

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## **14 provinces classified as 'leprosy endemic'**

Tempo Interactive - August 18, 2006

Indra Manenda Rossi, Jakarta — The Department of Health has reported that until 2006 14 provinces have been classified as 'leprosy endemic' based on the high rate of death caused by the chronic disease. However, funds for handling the disease are said to be insufficient.



"In fact, the death rate in the areas is extremely large," Kristina Widaningrum, the Section Head of Standardizing and Partnership of the Directorate of Leprosy and Frambosia Eradication at the Department of Health, said during a session of conveying information about Infectious Disease Eradication Wednesday (16/8) in Jakarta.

According to Kristina, the 14 provinces are Nanggroe Aceh Darussalam, West Java, Central Java, East java, South Kalimantan, East Nusa Tenggara, South Sulawesi, Central Sulawesi, Gorontalo, South-East Sulawesi, North Sulawesi, North Maluku, Maluku and Papua. All of these regions are rife with the disease by virtue of several factors: nutrition, geographical position, people's awareness and the number of medical personnel.

In fact, according to Kristina, fund allocation for handling leprosy will amount to Rp3 billion this year. Actually, Kristina said, based on the existing endemic areas, they will need Rp10 billion each year. The funds will only be utilized for operational costs. The lack of funds will be covered by relief aid of contributing countries totaling Rp7.9 billion. "Foreign aid will be utilized for purchasing medicines and medical equipment in the regions," Kristina remarked.

Leprosy is an infectious disease attacking the edge of the nerves of organs. Based on the World Health Organization's data, Indonesia's cases of leprosy is positioned in the top three among Asian countries under India and Nepal.

## **ECONOMY & INVESTMENT**

### **Autonomy going too far: SBY**

Jakarta Post - August 24, 2006

M. Taufiqurrahman, Jakarta — The central government believes excesses in the implementation of regional autonomy are scaring away foreign investment.

President Susilo Bambang Yudhoyono said Wednesday that local governments had imposed a slew of local taxes burdensome to investors since the onset of decentralization.

"All this has given rise to a high-cost economy that will sap the competitiveness of the region in both the national and global context," Yudhoyono said before the annual plenary session of the Regional Representatives Council (DPD).

Also present in the plenary session were governors and regents from throughout the country.

Yudhoyono said the central government was now reviewing the bulk of bylaws on taxation which contradicted the 2000 Law on tax and local levies and would revoke them if necessary. He also called on local governments to desist from imposing such bylaws.

Yudhoyono also focused on the unchecked division of provinces and regencies as another negative effect of regional autonomy.

An evaluation by the central government, he added, showed that new administrations failed to improve their services to the public, and Jakarta often had to intervene to cover outstanding expenses. "This will only add more burden to the state budget," he said.

The central government is currently drawing up a regulation that would freeze regional divisions.

This is not the first time the President has expressed his misgivings about the implementation of autonomy. Last May, he debated with the nation's governors about the amount of power that should be ceded to local administrations.

The governors, who were members of the Association of Indonesian Provincial Administrations, said they were disappointed by the central's government's reluctance to give more authority to them. Responding to the criticism, Yudhoyono said that more power meant more responsibility for local administrations.

Critics contend the central government's reluctance to devolve its powers extends to the distribution of increasing funding to local administrations. In the budget proposal for 2007, the central government earmarked Rp 250 trillion for local administrations, up 14 percent from Rp 220 trillion this year.

DPD Speaker Ginandjar Kartasasmita countered that it was the bulk of regulations produced by the central government that hampered local administrations from exercising their powers.

Ginandjar said currently there were 25 regulations covering numerous sectors that contradicted the regional autonomy law. "We expect the central government to give an example of how to draw up regulations that are consistent with the regional autonomy principles," he said.

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## **A conservative budget**

Jakarta Post - August 18, 2006

Politicians may consider President Susilo Bambang Yudhoyono's state budget proposal for 2007 a boring document, devoid of bold fiscal measures and without any frills at all.

But it is precisely the conservative assumptions used in the planned budget that will reassure the market that there are unlikely to be any painful amendments midway through the next fiscal year.

As a communication system for providing signals about spending behavior, prices, priorities, intentions and commitments, the 2007 budget plan reflects adequate public expenditure management.

It will focus spending on sectors directly related to human resource development, the improvement of public service delivery, physical infrastructure as well as good governance through an increase in the salaries of civil servants and members of the armed forces. The budget also will continue fiscal consolidation by cutting the fiscal deficit to 0.9 percent of gross domestic product.

The assumptions on key sectors such as an average rupiah exchange rate of Rp 9,300, an oil price of US\$65 a barrel, inflation at 6.5 percent and a benchmark short-term interest rate of 8.5 percent are realistic enough to allow for good fiscal management.

These assumptions are strikingly different from

the 2006 budget proposal which had to be revised extensively before it was finally approved by the House of Representatives in late October, 2005.

The 24 percent increase envisaged in income tax receipts is not too optimistic if it is set against the economic growth target of 6.3 percent but on the condition that the taxpayer base should be broadened significantly.

On the other hand, the 8 percent decline projected in non-tax revenues should be welcomed as this means that state companies will no longer be squeezed to allocate a greater portion of their profits for dividend pay out. This policy will thus allow them to reinvest a good portion of their earnings for future growth.

The proposed increase of only 8 percent in total spending to Rp 746.5 trillion (US\$80 billion) is conservative enough to signal that the total amount of money the government will spend will be closely aligned to what is affordable over the 2007 fiscal year.

The central government will account for more than 66 percent of the planned total spending and regional administrations for the remainder. But the real significance of the central government's spending will not be as high as the nominal sum indicates because more than half of that amount will be spent on debt servicing and fuel and electricity subsidies.

Even though total government debt ratio against gross domestic product has fallen sharply to 41 percent this year, the rigors of debt will still be a big burden on next year's budget.

Domestic and foreign debt servicing (including amortization) will account for almost 19 percent of total spending. No wonder, the official capital account will still suffer a net resource outflow next year. But this burdensome payment will further reduce the government debt ratio to a mere 37 percent later next year, making the debt burden much more sustainable and reducing the country's sovereign risks.

The government wisely decided to avoid the risk of further turbulence of inflationary pressure and instead opted to increase fuel and electricity

subsidies to Rp 109.7 trillion or almost 15 percent of the planned total spending.

Even though the budget allocates Rp 138 trillion for the procurement of services and goods, including capital goods, the overall impact of the 2007 state budget will still be contractive on the economy because of the stepped up tax-collection effort and bigger spending on subsidies and debt servicing.

Hence, private investment and exports should expand significantly to become the locomotive of economic growth. New investment will most likely run at a much higher pace because the high degree of predictability provided by the more realistic budget plan will allow for efficient and effective implementation of policies and programs.

A budget system, however capable, is not self-contained, it does not operate in a vacuum, as it will be adversely affected by multiple, converging uncertainties, entrenched patterns of expenditure, inflation and structural imbalances between expectations and resources.

The proposed 2007 budget seems to be designed to cope with these realities.

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## **FDI inflows remain disappointing**

Jakarta Post - August 19, 2006

Urip Hudiono, Jakarta — Foreign investment still appears to be in the doldrums, with the second half of the year starting off to a 24 percent decline in direct foreign investment compared with the same period last year.

Realized overseas investment by the end of July only amounted to a disappointing \$3.71 billion involving a total of 563 projects, the Investment Coordinating Board (BKPM) reported earlier this week, as compared to 567 projects worth \$4.9 billion a year earlier.

This represents a reversal of the 12 percent growth in actual FDI achieved during 2005's first

seven months compared with the same period of 2004.

The alarm bells had already been sounded in the first half of the year, when realized overseas investment rose by barely 5 percent to \$3.5 billion.

The good news from the BKPM's latest investment figures is that realized FDI projects between January and the end of July created a total of 154,335 jobs as compared to 94,336 in the same period last year.

Actual domestic investment between January and July, meanwhile, grew by 18 percent to stand at Rp 11.46 trillion (US\$1.2 billion) involving 104 projects, compared with Rp 9.69 trillion involving 137 projects during the same period last year.

Foreign investors have mainly been putting their money into the metal, machinery and electronics sector (61 projects valued at \$816.4 million), the paper and printing sector (11 projects valued at \$439.3 million) and the textile sector (16 projects valued at \$375.3 million).

Meanwhile, local investors promoted 16 projects worth Rp 3.14 trillion in the metal, machinery and electronics sector, 12 worth Rp 2.05 trillion in the food processing sector, and 16 worth Rp 1.6 trillion in the services sector.

In total, actual overseas and domestic investment up until the end of July stood at Rp 45.22 trillion, a 16 percent decline from the same period last year. Overall realized investment provided jobs for a total of 198,029 workers, significantly higher than last year's 160,421.

The government is hoping for Rp 132 trillion in realized investment this year, although it sees total investment growing by only 7.7 percent this year — another decline from the 9.9 percent growth recorded in 2005 and 14.1 percent in 2004 — although hopes are high for an 11.8 percent rebound in 2007.

The BKPM's data excludes investment in the oil, gas and mining industries, the banking and finance sector, and the capital markets, which are handled by other government agencies.

Corruption, red-tape and woefully deficient infrastructure have been undermining Indonesia's efforts to lure back overseas investment, which peaked at \$39.66 billion in 1995, before collapsing to \$13.64 billion following the 1997-1998 Asian financial crisis.

Investment looks set to remain slow for the rest of 2006, with investors thinking twice before expanding their businesses in Indonesia's potentially huge market given that purchasing power is still low as a result of high inflation and interest rates.

The government recently announced a package of policies to tackle the problems in the investment sector, but had only managed to complete 23 of the 85 outlined policies as of the end of May.

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## **2007 privatization target is Rp3 Trillion**

Tempo Interactive - August 18, 2006

Marlina MS, Jakarta — The government is targeting state revenue of privatization activities to reach Rp3 trillion by next year.

State-Owned Enterprises Minister Sugiharto is optimistic that the target can be reached taking into account the 139 state-owned enterprises (SOEs) that are now ready to be privatized. "So, there will be no excuses that the target cannot be reached," he said Wednesday (16/8) in Jakarta.

President Susilo Bambang Yudhoyono said in his speech, delivered before a plenary session of the People's Consultative Assembly/the House of Representatives, yesterday (17/8) that one of the alternatives of budget financing, the basis of which is domestic income, plans to reach Rp51.3 trillion and has privatization as its source.

According to President Susilo Bambang Yudhoyono, the financing source of privatization has been planned at its lowest level because the government has realized that the privatization program should not be solely aimed at meeting the financing of a budget deficit. "However, the most important issue

is an attempt to improve and to increase the SOEs' performance, as Law Number 19/2003 concerning SOEs points out," he said.