



Indonesia Economic Development and Prospects



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Keynote Address

“Surveying the Future – Contributions to Economic, Environmental and Social Development”

W. Marriott Hotel – Jakarta

REFORMS HAVE ACHIEVED SIGNIFICANT PROGRESS

● No progress
○ Full progress

Main Areas	Key Milestones	Remaining Challenges	Progress
Macroeconomic Stability	<ul style="list-style-type: none"> Macroeconomic stability Economic/financial reforms Improved Debt Management New laws, regulations and institution 	<ul style="list-style-type: none"> Maintain stability in the long run 	○
Bank and Debt Restructuring	<ul style="list-style-type: none"> Completion of IBRA, sold almost 400,000 accounts back to the market Completion of JTF, restructuring US\$20.5bn of private debt Solve Liquidity Credit issue with BI 	<ul style="list-style-type: none"> Remaining assets transferred to PPA 	○
Legal and judiciary reform	<ul style="list-style-type: none"> Amendment to 1945 Constitution Law for independent courts under MA Anti-corruption, money laundering 7 new courts 	<ul style="list-style-type: none"> Contradictory laws Judiciary systems tainted with issues of corruption 	○
Microeconomic Sector	<ul style="list-style-type: none"> Deregulations of key sectors: energy, telecom, banking, transportation National Team for Exports and Inv One-stop service for investment One of most democratic system in Asia Free press in SE Asia Freedom of expression 	<ul style="list-style-type: none"> Improved image and investment climate Global and regional conditions 	○
Political reform		<ul style="list-style-type: none"> Better balanced b/w central and regional powers Improved industrial relations 	○

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MUCH IMPROVED MACROECONOMIC PERFORMANCE

	2001	2002	2003	2004
Economic Growth (%)	3.4	3.7	4.5*	4.8**
Inflation (%)	12.55	10.03	5.06	6.50**
Budget Deficit (% GDP)	3.5	1.7	1.9	1.2**
SBI one-month rate (%)	17.62	12.99	8.31	7.42***
Non-oil and non-gas exports growth (%)	-11.0	3.4	5.2	7.0**
Foreign Exchange Reserves (billion USD)	28.02	32.04	36.25	34.9***
Rupiah/USD	10,452	9,375	8,465	8,500**

*) 2000 Base Year **) Government's Target ***) As of 13 August 2004

MUCH IMPROVED FINANCIAL RISK INDICATORS

	2001	2002	2003
Rupiah fluctuation to USD (y-o-y), (- : depreciation)	-21.8	9.3	7.9
Change in Jakarta Composite Index (y-o-y)	-17.9	12.4	58.1
Government's Debt Rating (S&P)	CCC	CCC+	B+
Foreign Exchange Reserves in months of imports and debt amortization	5.9	6.6	7.0
Public Debt (% GDP)	87.7	81.2	67.7

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Indonesia: Negara Kepulauan Terbesar di Dunia



- Memiliki wilayah laut terluas (5,8 juta km²) dan jumlah pulau terbanyak (17.508).
- Panjang Kepulauan Indonesia dari ujung ke ujung sama dengan jarak dari Dublin ke Moscow.
- Panjang pantai di Indonesia mencakup 81.000 km dan merupakan kedua terpanjang di dunia setelah Canada, namun merupakan pantai tropis terpanjang di dunia.
- Selain itu luas laut dalam (*inner sea*) Indonesia mencakup 2/3 luas Laut Tengah.

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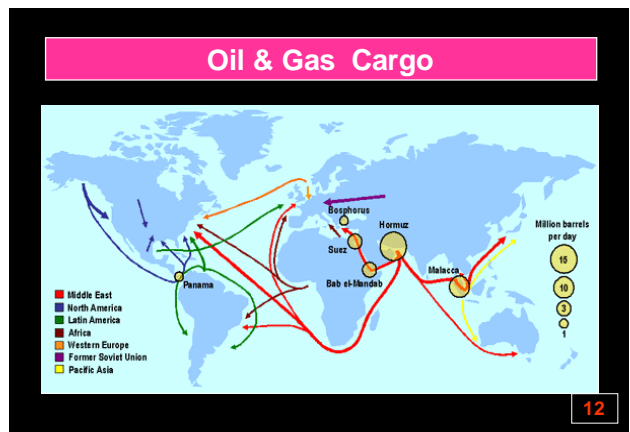
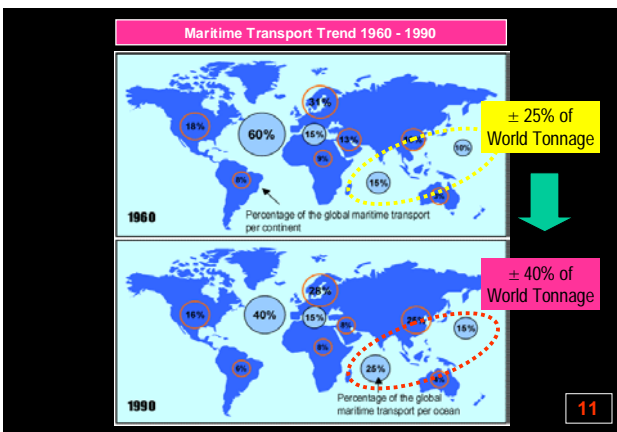
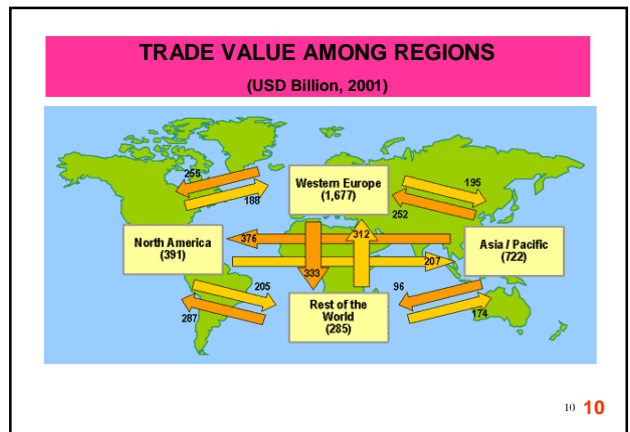
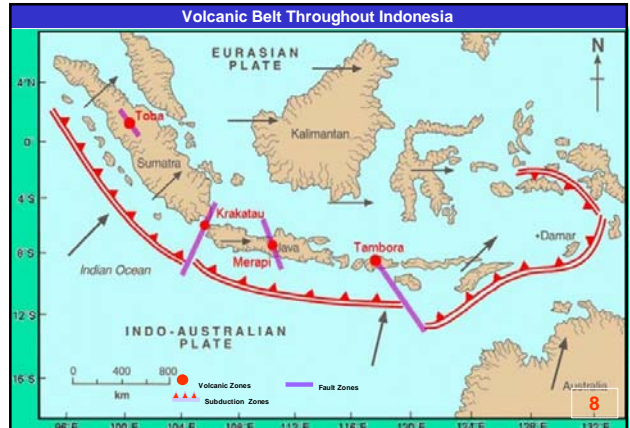
Potensi Sumber Daya Alam Indonesia

Kekayaan Alam Indonesia yang sebagian besar terletak di Kawasan Timur:



- ⇨ Panjang garis pantai > 81,000 km
- ⇨ 17,508 pulau
- ⇨ 5,8 juta km² luas laut (3x luas daratan)
- ⇨ 37% species dunia
- ⇨ Pusat keanekaragaman tropis dunia (> 70 genus dr karang, 18% terumbu karang dunia ada di Indonesia)
- ⇨ 30% hutan bakau dunia ada di Indonesia
- ⇨ Tempat padang lamun dan kima terbanyak
- ⇨ 90% hasil tangkapan ikan berasal dari perairan pesisir dalam 12 mil laut dari pantai.

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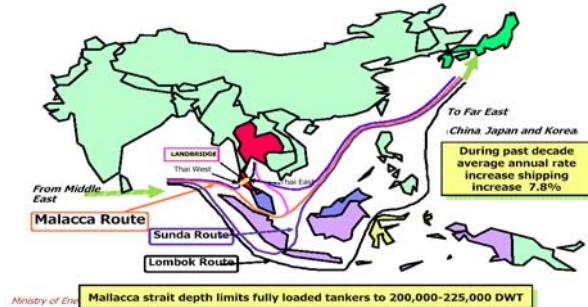


**MALACCA STRAIT:
MORE THAN 30% OF WORLD CARGO TRAFFIC**

BASED ON VESSEL TRAFFIC SYSTEM (PER DAY)	1999	2000	2001
VLCC/DEEP DRAUGHT VESSELS	2,027	3,163	3,303
CRUDE / PRODUCT TANKERS	11,474	13,343	14,276
LNG / LPG	2,473	2,962	3,086
SUBTOTAL OF TANKERS	15,974	19,468	20,665
ALL OTHER TRAFFIC	27,991	36,499	38,649
TOTAL REPORTING TRAFFIC	43,965	55,967	59,314
PERCENTAGE OF TANKERS	36%	35%	35%

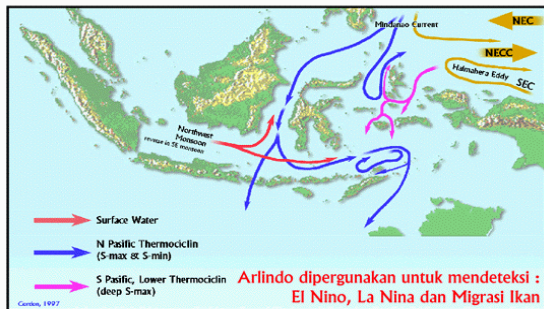
Source: MARINE DEPARTMENT PENINSULAR MALAYSIA

ROUTE TANKER DI PERAIRAN INDONESIA

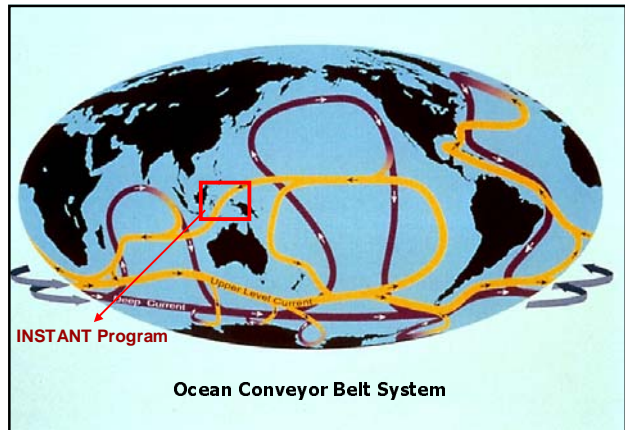


Ministry of En...

ARUS LAUT INDONESIA (ARLINDO)

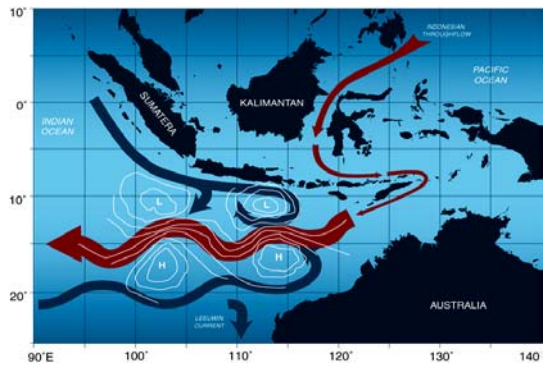


Merupakan bagian dari conveyor belt yang mengelilingi dunia.

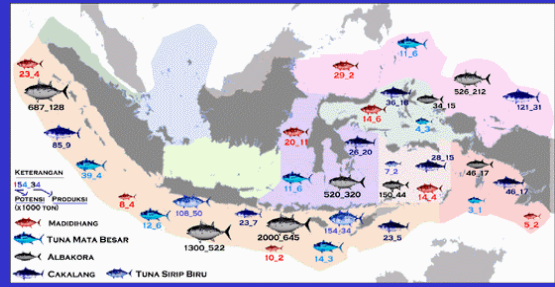


Ocean Conveyor Belt System

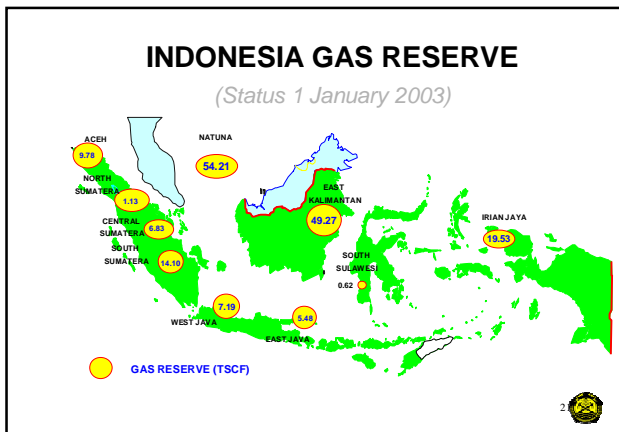
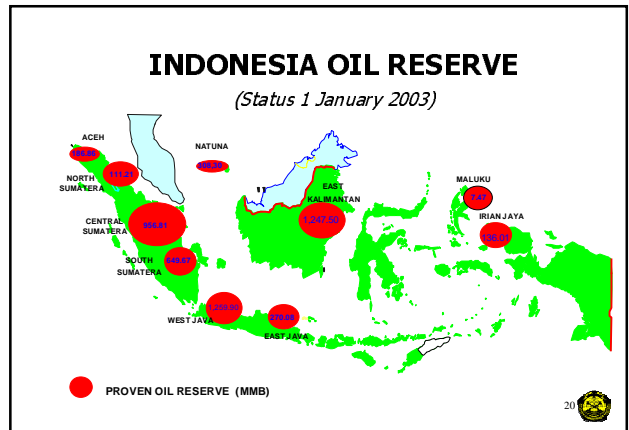
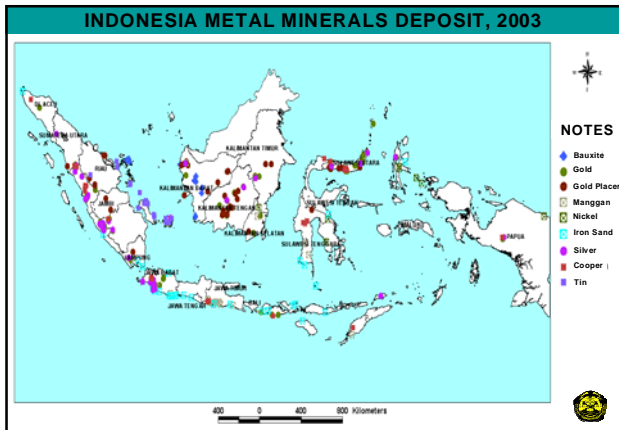
Indonesian Throughflow (ITF) Pathway from Pacific Ocean to Indian Ocean



POTENSI DAN PRODUKSI IKAN Tahun 2001

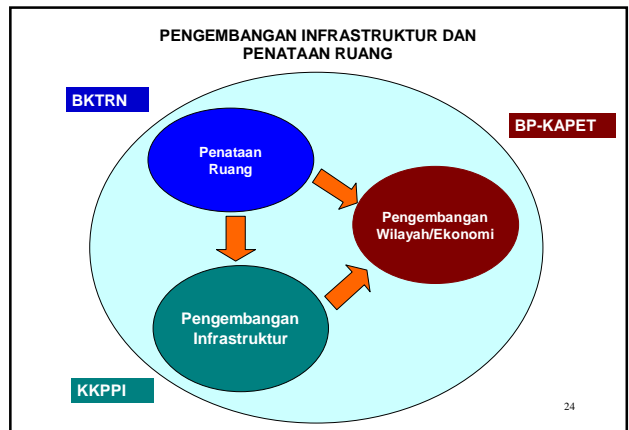


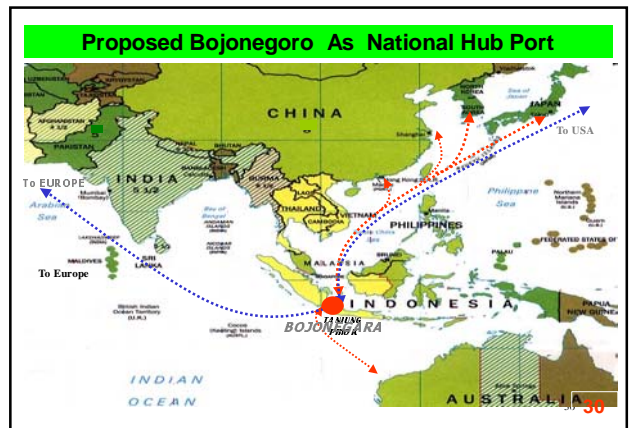
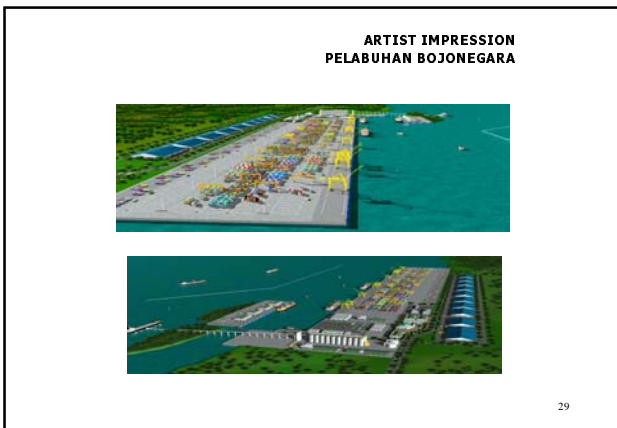
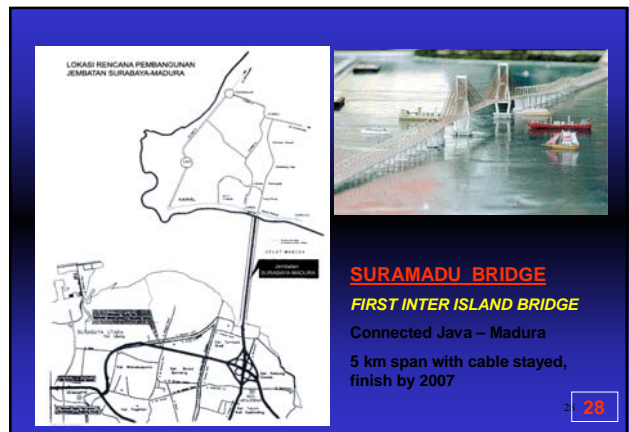
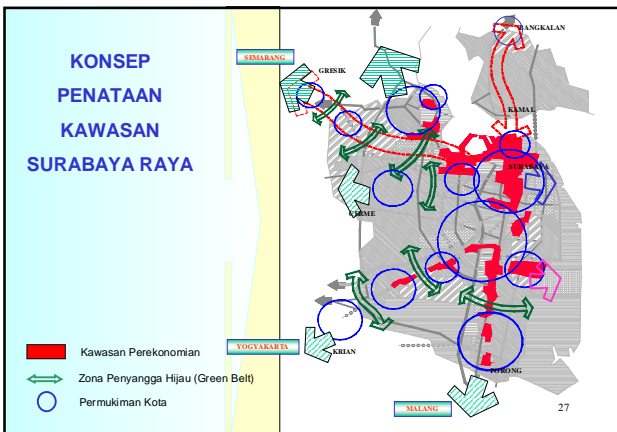
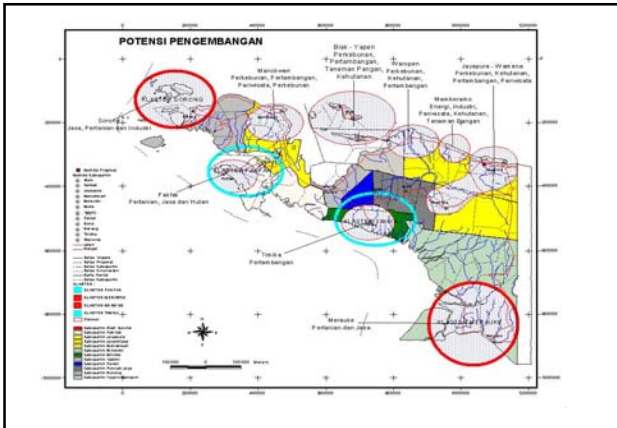
Sumber: Dep. Kelautan dan Perikanan



GEOHERMAL ENERGY POTENTIAL OF INDONESIA

LOCATION	RESOURCES (MWe)		RESERVE (MWe)			INSTALLED CAPACITY
	SPECULATIVE	HYPOTETIC	POSSIBLE	PROBABLE	PROVEN	
SUMATRA	5,705	2,433	5,419	15	499	2
JAVA - BALI	2,300	1,611	3,088	603	1,727	785
NUSA TENGGARA	150	438	631	-	14	-
SULAWESI	1,000	125	632	110	65	20
MALUKU / IRIAN	325	117	142	-	-	-
KALIMANTAN	50	-	-	-	-	-
Total 251 locations	9,530	4,714	9,912	728	2,305	Total 807 MWe
	14,244		12,945			
	Total : 27,189					

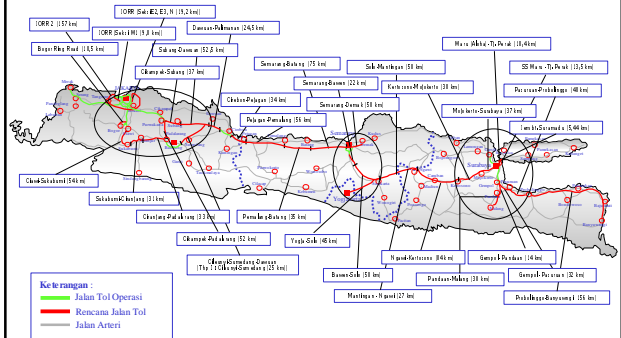




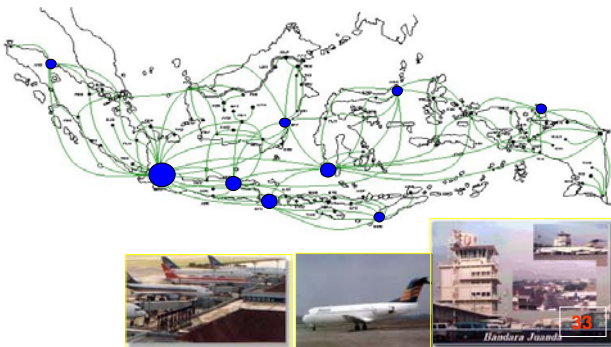
RENCANA JARINGAN ASIA HIGHWAY



PRIORITAS PEMBANGUNAN JALAN TOL DI PULAU JAWA



NATIONAL AIRPORT AND SERVICES



**New airport in West Sumatra
KETAPING AIRPORT**

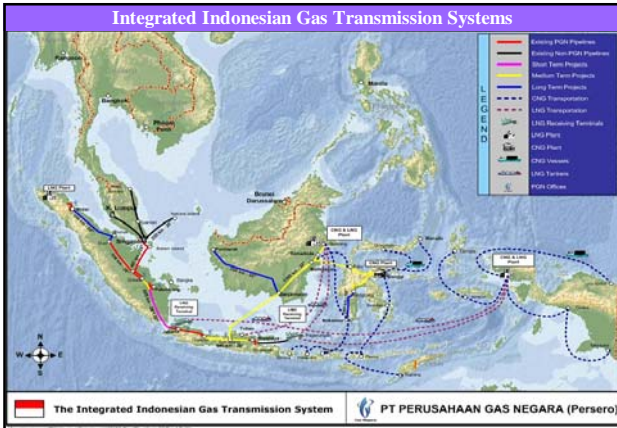


ASIAN RAILWAY THROUGH INDONESIA



**ELECTRICITY INVESTMENT REQUIREMENT
2003 – 2010 (Billion USD)**

Electricity Facilities	JAMALI (Java-Madura-Bali)	Outside JAMALI	Indonesia
Generation (17,500 MW)	8,94	5,20	14,14
Transmission (17,000 Km)	0,57	0,87	1,44
Sub Station (50,000 MVA)	1,23	0,84	2,07
Distribution (200,000 Km)	2,72	2,49	5,21
Rural Electrification (8,800 locations)	2,03	4,20	6,23
Total	15,29	13,60	29,09



A STRATEGY IN THE MAKING

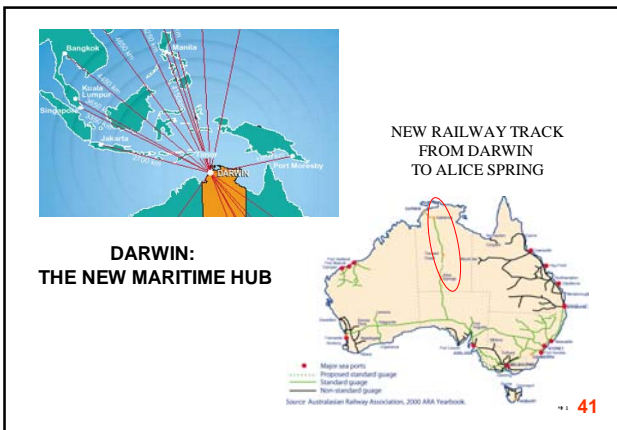
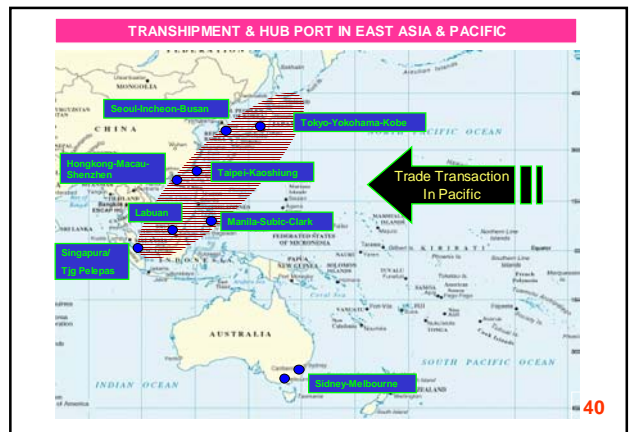
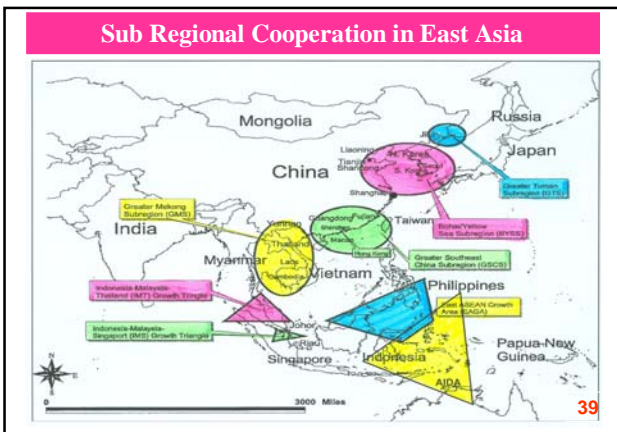
- **EXISTING GROWTH AREAS :**
Jawa, Bali, East-Coast Sumatera, East Kalimantan, South Sulawesi, etc.
- **CROSS BORDER AND COOPERATION AREAS :**
BIMP-EAGA, IMT-GT, IMS-GT, AIDA

THE PULL IS STILL EAST ASIA

➔

NEXT 20 YEARS: SYDNEY – DARWIN ?

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Thank You

Jakarta, 4 October 2004

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