

Press Release August 30th 2012

### Local Government Asked to Increase Investment Competitiveness

Jakarta - Local Government in Indonesia are asked to increase local competitiveness in gaining investment. In addition, synergy and coordination should be improved among local governments and various stakeholders in order to increase regional economic growth. This is important because regional economic growth is a pillar for national economic growth.

This was stated by the Minister of Home Affairs of the Republic of Indonesia Gamawan Fauzi in his written speech read by Saut Situmorang, Expert Advisor for development and community affairs, Ministry of Home Affairs, on the third day of Asia Pacific Ministers & Regional Governors Conference on Sustainable and Inclusive Infrastructure Development 2012 (APM & RGC 2012) and Indonesia International Infrastructure Conference and Exhibition 2012 (IIICE 2012), at Cendrawasih Room, Jakarta Convention Center, Thursday (30/8).

"In accordance with Law No. 32 year 2004, granting broad autonomy to regions is expected to accelerate the realization of the people's welfare," said Saut who read a written speech by Gamawan Fauzi. He continued, in this era of autonomy and globalization, local governments are required to undertake steps and policies quickly, accurately and bold to break through creative innovation oriented at public interest.

Gamawan continued, local infrastructure is an issue in attracting investors to invest, in addition to problems which institutional, socio-political, and public productivity. He cited Global Competitiveness Index data where Indonesia occupied rank 46 from 142 countries. "Indonesia's position is still far from neighboring countries such as Singapore who are in the 2nd place and Malaysia in the 21st," he added.

In relevance to local government policies in increasing investment, he added that local policies should be conducted in a comprehensive and in-depth way, and well implemented due to the many factors that have become an obstacle and challenge in this issue, such as licensing, road conditions, peace and public order, business environment condition, public infrastructure service, etc.

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Gamawan asked all local governments to continue promoting harmonious cooperation in order to increase integrated program implementation by involving all stakeholders supported by regulation and completeness in service standards. In particular, Gamawan reminded local governments, especially governors in Indonesia, the urgency of the participation of the Indonesian government in participating this forum. "I hope this can be used as a means to meet with potential investors to expand market access to the business community," he said.

**There Are Still ITC Infrastructure with Less Investor Interest**

Meanwhile, in the first discussion of the third day of conference, themed "Building National Policy in Supporting Accelerated Broadband Access Across Indonesia", Secretary General of the Ministry of Communication and Information Basuki Yusuf Iskandar explained that the condition of infrastructure information technology (ICT) still have few enthusiasts. "Looking at investment pattern in Indonesia, there are infrastructures with few enthusiasts," said Basuki.

One of them is internet exchange, both domestic and international. Therefore, he continued, the government decided to build internet exchange in various cities. "Hopefully by the end of 2014 all provinces will have internet exchange," he said. For this year, he plans to build international internet exchange in a number of cities such as Jakarta, Pontianak, Medan, and Batam.

Previously Basuki revealed that ICT is the "youngest" of the big family of infrastructure. "ICT is the youngest because it was the last to be born. Just for these last few years it was recognized as infrastructure and gained attention from the public," he revealed.

But as the youngest, continued Basuki, the influence of ICT is very different. "This is caused by ICT delivering something information-based which will form a mindset. Bringing a message that can change the mindset of a nation. It appears that the world integration process is accelerated with ICT," he added.

Meanwhile, on that day there is also a panel discussion titled "Presenting Infrastructure Investment Opportunities in the Economic Corridor to the Global Community." In the discussion session which discussed investment opportunities in the economic corridors 1 and 2, there are a number of local governments presenting investment opportunities in their region. Among them are Edy Kusdarwanto as Head of the Department of Trade and Industry of Riau Province, Johannes Toruan Hasiholan as Head of Planning (Bappeda) of South Sumatra, Riadil Akhir Lubis as Head of Planning of North Sumatra, Rudy Rajab as President Director of PT Bantern Global Development (Regional

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Owned Enterprise of Banten), Junaidi Hamsyah as Governor of Bengkulu, Aries Agung as representative of West Java Economic Bureau, and Fauzi Bowo as Governor of DKI Jakarta.

Each of this local government gave a presentation about infrastructure investment opportunities in their respective regions. Also the issue of coordination that has become an obstacle or challenge to be faced in developing local infrastructure was also discussed, as revealed by Edy Kusdarwanto. "Often, the barrier is coordination. The demand or expectation of the people of Riau is big, but the condition is like this," he revealed. Edy added, in order to develop local government as the basis of national economy, the Riau Government hopes there are policies focused on building road, electricity, water, and ICT infrastructures.

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