

Facing the challenges ahead

INTERVIEW WITH VICE PRESIDENT MUHAMMAD JUSUF KALLA

VICE PRESIDENT, THE REPUBLIC OF INDONESIA



MUHAMMAD JUSUF KALLA

attended the University of Hasanuddin in Makassar and graduated from INSEAD while developing his family business, NV Hadji Kalla. Kalla returned to politics in 1987 as a regional representative for South Sulawesi and later served as Minister of Industry and Trade and Minister of People's Welfare. Although a prominent member of the Golkar Party (currently chairperson), Kalla accepted the offer of the Democratic Party's (PD) Yudhoyono, to contest and win the 2004 Presidential elections, as his Vice President.

Indonesia has, in recent years, moved towards greater regional democratisation. What has been the effect of this policy on Indonesia's political and economic stability and national integration?

Indonesia is a large country in geographic terms – some twelve thousand miles between East and West – and inevitably there are regional variations in political and economic development. We firmly believe that increasing prosperity via economic growth must go hand in hand with decentralisation. The consequence of greater regional democratisation is therefore greater national stability and integration, which is beneficial for all concerned.

This state of affairs regarding regional autonomy is now largely resolved following negotiations with a number of regions resulting in the provision of greater welfare budgets for the people and therefore a degree of greater autonomy in the management of these areas.

What has been the effect on inward investment?

Foreign investors, as in other countries, now negotiate for land and other requirements with the locality – these regional authorities have the mechanisms to work with those who wish to make investments. Clearly in the case of major investments, particularly in the sphere of mineral extraction, then often central government licences are also often required.

We believe therefore that the current situation is helpful for inward investors and we obviously wish to ensure that the processes are as helpful as possible for those wishing to invest in Indonesia.

What macro plans and policies are now in place to improve infrastructural development throughout the community?

We have a number of major infrastructure projects in development covering important sectors such as transportation and telecommunications. Our aim is to ensure the systems are properly integrated with highways, trains, harbours and airports working in unison as an efficient collective network.

This is a particular challenge with increasing growth rates in population, trade lead to greater transport volumes. We are anxious that our networks are sufficient to handle these volumes and are sufficient for the needs of foreign investors who are dependent on Indonesia's infrastructure.

What role is Indonesia playing in terms of regional economic development and co-operation for example in pan regional organisations such as ASEAN?

We consider ASEAN an important regional grouping and attempt to play a major role in this organisation. Indonesia is the biggest economy in the region with the largest population and our role, as with other countries, depends on a stable domestic situation. Clearly the current global economic crisis is challenging for all countries in the region and when this crisis has eased it will be easier for countries to play a greater role in regional organisations such as ASEAN. Despite the global crisis we attach great importance to pan regional bodies and support these to the best of our ability. We also have many regional treaties and bilateral agreements to help stimulate trade and investment with our partners.

In the wider context of global security particularly with regard to fundamentalism and terrorism, Indonesia has been described as a model of social integration and tolerance. Do you think that this reputation creates ambitious expectations?

I think that, in general terms, Indonesia enjoys a reputation of moderation but, as in all countries, we face the issue of radicalism. We are working hard to maintain moderate and harmonious domestic relations and ensure that pockets of radicalism are contained and reduced. This is a real challenge and we have to be realistic about the problems of fundamentalism and terrorism.

What is your vision for Indonesia's future development politically, economically and socially? How do you see Indonesia's prospects over the coming ten years?

We are very optimistic about the political, economic and social prospects of Indonesia in the next decade. We believe that our progress in these areas is good and will be sufficient to carry the country through future problems. Though we are dependent on external global factors, such as energy and food prices, we enjoy a wealth of natural resources which we hope will help us get through the current global economic crisis. I also believe that with domestic unity Indonesia is well placed to weather the storm. I therefore view the future in a positive way but the world is facing a significant global crisis and we must face this challenge with sensible and methodical policies. Indonesia is ready to play its part to the full. 