



Fulfilling Indonesia's potential

INTERVIEW WITH H.E. JOKO WIDODO

PRESIDENT OF THE REPUBLIC OF INDONESIA

Indonesia's economic growth over the past two decades has been driven primarily by a rapidly growing population and global demand for its natural resources. Having escaped the worst effects of the global financial crisis of 2008, the country now faces a potentially prolonged slump in demand for its primary exports. What lessons can be drawn from Indonesia's experience in this regard, and how do they inform your plans for the country's continued economic development?

Whilst it is true that Indonesia was not as badly hit as many other countries by the global financial crisis of 2008, we underwent a severe economic crisis of our own a decade earlier, in 1998. I firmly believe that the most important lesson we have learned from both these experiences is that the fundamental key to Indonesia's future is to become more economically competitive, particularly as we see global economic growth continuing to weaken in 2016.

Historically, Indonesia has relied too heavily on the export of commodities, particularly the country's land-based natural resources. As an archipelagic nation, Indonesia's competitive edge lies in our largely untapped maritime resource. I believe, therefore, that we need to balance the country's future development by placing a far greater emphasis on the maritime sector, which is why my government has been investing more in the construction of maritime infrastructure.

You recently unveiled plans for a 'big bang' loosening of restrictions on foreign investment in almost fifty sectors, as a means of encouraging more competition in an economy long dominated by powerful vested interests. What further initiatives are you putting in place to improve the country's investment climate?

Improving the investment climate in Indonesia remains the top priority of the government, as we believe it offers the best means of supporting our growing economy. The loosening of foreign investment restrictions in nearly fifty sectors will bring greater competition that will benefit everyone, particularly the Indonesian public. Competition brings efficiency and innovation, which will enable us to fulfill our full potential and create a sustainable economic future for our nation and people.

The policy framework is in place. Our focus now is on how to implement the so-called 'big bang' investment policy comprehensively and effectively.

As well as being the world's third-largest democracy, Indonesia is also the largest predominantly Muslim nation. Can, and should, Indonesia be considered as a role model for moderate Islam?

As anyone familiar with our country will tell you, Indonesians are renowned for their moderation. This moderation in the practice of religion – be it Islam, Christianity, Hinduism or Buddhism – stems from our cultural background, as our national philosophy, *Pancasila* or "Five Principles", embraces both an open democracy and religious values in our daily lives.

As the largest Muslim nation in the world, we believe that our moderate way of following the Muslim faith can offer valuable lessons for others.

***Transparency International* still rates Indonesia quite poorly. As the first elected President not to come from the elite which has dominated the country since the Suharto era, and with a clear mandate to tackle corruption, what new initiatives are you putting in place to answer critics who say that corruption is still holding back the economy?**

The tackling and rooting-out of corruption are some of the most important priorities of my government. Corruption is a cancer in society, which holds back the economy and erodes public trust in the government and the institutions of state.

My first step, therefore, on assuming office, was to create and build an open and transparent government by recruiting government officials untainted by past misdeeds. All political appointees are now open to scrutiny by the public and should be seen to have a clean background. I have also empowered the Indonesian Corruption Eradication Committee (KPK) to do a background check on all political appointees, to ensure they are fit and proper persons to work in government.

Reforming the bureaucracy and making it more transparent is also one of my main priorities in eradicating corruption. The public can now observe closely how public services are being carried out and can also report any wrongdoing to us directly.

We have also seen many high-profile politicians who are now being tried for their alleged participation in corrupt activities. This is particularly important as it shows that no one is above the law and that those who engage in corrupt practices will be punished severely, irrespective of their status in society.

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New wave: President Joko Widodo is the first elected president of Indonesia not to come from the country's traditional political elite

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You were elected in 2014 with a popular approval rating of 72 per cent. To what extent has this enabled you to push through your ambitious and detailed reform agenda?

I was elected as President on the platform that social justice and equity should become the underlying objectives of the government, as stipulated in our constitution.

Meeting the basic needs of the public in terms of education and healthcare should be the first priority of the government. I have therefore introduced the *Kartu Indonesia Pintar* (Smart Indonesia Card) programme, so that every one of our citizens can have access to basic education. I have also launched the *Kartu Indonesia Sehat* (Healthy Indonesia Card) as a way for them to have access to medical treatment.

These cards are not just symbolic of the government delivering services to the people, they are empowering the public and demonstrating that education and healthcare should be accessible to all.

Improving the health and education of the public, as a whole, will also contribute towards the creation of a better society for all.

Indonesia is home to the world's third-largest tropical rainforest – as well as some of the highest carbon emissions from deforestation. What steps is your government taking to safeguard this vital resource?

Our tropical forest is one of our main assets as a country, and sustainable forestry is a significant plank of our national development strategy.

At the national level, we have committed to the permanent conservation of 35 per cent of our tropical rainforest, and continue to uphold the moratorium on new permits with regard to the exploitation of our primary forest and peatlands.

Sustainable forestry also requires the participation



New direction: the government of President Joko Widodo is loosening restrictions on foreign investment in almost fifty sectors of Indonesia's economy

of local government in its implementation. It is the regional governments that have direct access to these forests and have primary responsibility for the prudent management and oversight of the people living in the surrounding areas.

We are also focusing on how to better manage and restore the country's peatland areas. We have enlisted the help and participation of civil society organisations and numerous experts to help restore our damaged peatlands.

Private investors cite bureaucracy, a nervousness in government at the involvement of the private sector, and a lack of financing, for preventing Indonesia building the roads, sea ports, bridges, airports and power stations it needs in order to sustain economic growth. How do you intend to attract the levels of international investment required in order to realise your development programme?

The building of infrastructure is an urgent priority that we believe is key to our future economic development. The distribution of resources to all parts of Indonesia, developing our maritime resource and reviving our maritime culture, depends on the improvement of our infrastructure, and we need foreign investment in order to achieve this important objective.

In order to improve the business and investment climate, our main efforts have been directed towards the eradication of red tape and the simplification of procedures. Nowadays, more and more government offices and agencies involved in the business sector are adopting a 'one-stop shop' approach. We have reduced the number of steps and procedures involved in the issuing of permits, thus shortening the time it takes to set up companies and issue permits.

The positive response we have received from the public enables us to continue to push for further improvements in this area, and we believe this will also benefit foreign companies investing in Indonesia.

What are the key elements of your long-term vision for Indonesia and what are the essential ingredients for realising the country's full potential?

I envision Indonesia as a modern and just society, one that embraces its traditional background and vibrant culture, with a sustainable and strong economy, and contributing actively as a responsible member of the international community.

I believe that our middle class, along with a growing and increasingly dominant young population, is our main asset, and one that will enable us to realise Indonesia's full potential.

I also believe that the steps we are taking to embrace our maritime culture will provide an increasingly important source of ingredients to create a better future for Indonesia.