



**REPUBLIC OF INDONESIA  
HOUSE OF REGIONAL REPRESENTATIVES**

**Keynote Address**

**WEST JAVA, INVESTING IN THE FUTURE**

**Thursday, 18<sup>th</sup> August 2005**

**GINANDJAR KARTASASMITA**

**Chairman of the House of Regional Representatives**

First of all as the Chairman of, and the representative of West Java Province in, the Indonesia's House of Regional Representatives, or the Indonesian Senate, may I extend a warm welcome to all of you to the city of Bandung and especially to this *West Java Infrastructure Summit*. I would also like to congratulate the Government of West Java Province for organizing this event.

It gives me great pleasure to be with you here today. I also applaud the focus of today's forward-looking business meeting. Although I am not sure we can characterize today as already part of the post-crisis period, I find it entirely appropriate that a group of private-sector leaders such as yourselves are gathering together today to discuss the opportunities that will emerge as the crisis recedes. The optimism implicit in such a discussion is a welcome and important reminder that the problems of the day will not be with us forever, and that the most astute businessmen and women are already exploring opportunities to participate in the coming recovery.

I am sure that by your presence you have already given considerable thought to the specific investment opportunities that you think may arise in the coming months. That is appropriate given your role as representatives of the private sector. This meeting will

also form a momentum for the government in making the investment environment as efficient and as transparent as possible. If we do that, and I am confident that we already have made excellent progress in that direction, then I believe that the economy truly will offer many new opportunities for those who are willing to invest in the Indonesian recovery and further development.

My source of optimism regarding prospects in the Indonesian economy is not merely new development, but rather a reflection on the sound foundations of the economy that have survived the economic crisis. Decades of strong economic growth required extensive new infrastructure, and the roads, ports, irrigation systems, and power facilities all remain in place today. The years immediately after the crisis saw GDP dramatically declined, but the existing infrastructure remains solid and under-utilized. The human side of the production decision should appear similarly advantageous for investors, as wages are competitive and labour is abundant. Even with rising nominal wages, I think it is fair to say that investors will not be able to find a better trained labour force so eager for employment as they will find in Indonesia.

In fact, despite the devastating crisis, much of Indonesia's economy continues to function. The rural economy was battered by the 1997/1998 crisis, but its resilience is already apparent. Indeed, parts of the country that produce cash crops for export are actually better off today than they were before the crisis, and are demanding new consumer goods. The distribution system that once was considered broken and malfunctioning has shown its resilience, as well. Markets continue to offer a full range of goods throughout the country.

I do not mean to paint too optimistic a picture of the future. The Indonesian economy has been damaged by the prolonged economic and political crisis, and we still face difficult times ahead. Some of the difficulties originate outside of our border, such as the rise of oil prices, which in the past used to be a bonanza, but now has become a burden to our economy, as we have now become a net oil importing country. But today's business meeting is organized around the concept of future prospects for business and investment, and I do believe there are many reasons to be optimistic about the future. We still need to take care of today's problems with speed and integrity, but the system we are putting in

place should provide everyone in Indonesia with new opportunities for prosperity in the post-crisis period. Indonesia is now the third largest democracy in the world. We are working very hard to improve governance and to reduce the cost of doing business in Indonesia. We do our best to learn from our past mistakes and to build for a new future.

In my opinion, the launching of this *West Java Infrastructure Summit* is both well placed and timely because for investment, West Java Province is now among the world-class windows of opportunity. I believe that there are quite a number of favorable conditions.

Firstly, West Java is the largest province in the country. It has a population of close to 40 million people. How many countries in the world have population as large? Its proximity to the capital, has made West Java the most advanced in terms of human resources development as well economic infrastructure. The most advanced state and private universities and R&D facilities in the country are located in West Java, leading higher education and research activities in the country in engineering and technology, agriculture and medicine. With its large and relatively better educated population, the province provides not only abundant work force, but also highly competitive in terms of productivity. West Java is also blessed with abundant natural resources: agriculture, maritime, energy –oil and gas, hydro and geothermal power— and scenic mountains, valleys, and sandy beaches and traditional culture that are the ultimate source of tourism, in particular ecological-friendly tourism.

West Java has a long history of being the most favorable place in the nation for investors and their gateway to international markets. It has developed into an ideal base for capital formation, trade and the production of goods and services for both local and overseas enterprises, establishing close economic ties among business community nationally and internationally.

Over the past three decades, West Java's economic base has become highly diversified from what was originally an agriculture-based economy. In 2004, West Java's GRDP of US\$ 24.46 billion (IDR 214 Trillion) contributed around 14-15% to the national GDP, the highest share for any individual province. The growth of the provincial economy in real terms in 2004 was 3.67%, better than that for Indonesia as a whole.

Today, West Java has an increasingly modern economy with vibrant manufacturing and services sectors. Besides social and infrastructure development, manufacturing accounts for most of the capital investment that has been made in the nation. Almost three quarters of the non-oil manufacturing industries are centered in West Java. The province offers abundant business opportunities in the areas of agriculture, hi-tech industries, manufacturing, trade, and services.

Multinational corporations have set up offices and regional headquarters in West Java, making the province the most important operational base for multinationals in the nation.

However, I have no doubt that West Java will be suitable for enterprises no matter how large or how small, to set up operational bases in West Java for all varieties of business or trade. West Java could serve well as a launching pad into global markets.

With the opening of global markets and opportunities, I myself would expect that West Java will shift more toward financial services, logistics, business and services centers, rather than only a manufacturing and production center.

The integration of West Java into the world market is creating a strong and competitive economic environment that will support development throughout the country. I expect that the Government will respond to the challenge with the appropriate measures to facilitate and improve the smooth flow of goods and capital between regions, foster wider economic cooperation and socio-cultural exchanges that will advance public-private sector partnerships to a new higher level of development. Indeed, these economic partnerships should further be enhanced, so that outstanding opportunities for investment and business development emerge in the process.

Lastly, a word about opportunities for investment in infrastructure in West Java. Echoing the presentation of the Governor, West Java Province offers several major within and cross-boundary infrastructure projects. West Java Province has many infrastructure possibilities, including toll roads, an international airport, seaports, water supply, dams, power plants, and waste management. These projects have far-reaching strategic implications when it comes to expediting economic integration and collaborative public-private sector development.

Ladies and gentlemen, West Java is the home of the Sundanese people, well known as a hard working and hospitable people. I now welcome you to make West Java your home away from home.

I sincere hope this summit meeting will help entrepreneurs to better understand and appreciate West Java's investment potentials and opportunities. I do hope you find the meeting fruitful and informative.

I want to close by offering my appreciation to all of you for joining in this meeting, and the broad representation here speaks well for our future. From us, both the government and the elected representatives of the people, you can expect that we will do all that we can to help build a healthy economic environment that will foster opportunities for sound and viable investment.

Finally, I wish this *West Java Infrastructure Summit* meeting a complete success.

Thank you very much.