

# Indonesian minister upbeat on economy

Fiscal stability, strong local demand, youthful workforce cited as reasons

By LIN ZHAOWEI

INDONESIAN Trade Minister Gita Wirjawan is optimistic about his country's economic prospects, despite the uncertainties facing global powerhouses the United States and Europe.

Speaking at a lecture at the Singapore Management University yesterday, he cited Indonesia's fiscal stability, strong domestic demand and youthful workforce as among the reasons for optimism.

He noted that Indonesia attracted a record US\$24.6 billion (S\$30.2 billion) in foreign investments last year. This was up 23 per cent from 2011. Singapore was the top foreign investor, with

US\$4.9 billion pumped in.

Another positive trend: Investments are increasingly flowing from the relatively developed Java to the less developed provinces. Last year, the proportion was 46 per cent of all investments, up from 33 per cent in 2010.

Mr Gita highlighted the potential of the domestic market, given the growth trajectory - gross domestic product per capita has almost quadrupled to around US\$4,000 since 2004, when President Susilo Bambang Yudhoyono took office.

He said Indonesia has been able to manage inflation "quite effectively", keeping it below 4 per cent last year, but added that the

government faced difficulty abolishing fuel subsidies, which cost it US\$32 billion last year.

He noted too that the government needs to tackle challenges such as the "hopelessly antiquated infrastructure" and the lack of skilled labour.

"Any time anybody wants to see a traffic jam, just come to Jakarta," he said, to laughter among the audience of 300, which included academics, diplomats and undergraduates.

More can be done to ensure the government is spending its money in the right ways, he acknowledged. For instance, corruption is still a problem. "We're allocating close to 50 per cent of the (government) budget to the regions, but if we did a pulse check yesterday, many of the provincial leaderships are still using their budget to buy clothes, to build houses... instead of building roads, power plants,



Indonesian Trade Minister Gita Wirjawan meeting Deputy Prime Minister and Minister for Finance Tharman Shanmugaratnam yesterday. They exchanged views on the prospects for the global economy, among other things. PHOTO: MINISTRY OF FINANCE

things that would actually help the future... of the people."

Earlier yesterday, Mr Gita called on Deputy Prime Minister and Minister for Finance Tharman Shanmugaratnam.

They exchanged views on the

prospects for the global economy, developments in Asia and opportunities to enhance bilateral relations, said the Singapore Ministry of Foreign Affairs.

Mr Gita also met Minister for Trade and Industry Lim Hng Ki-

ang. They discussed ways to strengthen bilateral economic co-operation and exchanged views on economic developments in Singapore, Indonesia and the region.

His two-day visit ends today.  
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