

# **Japan-Indonesia Partnership Jakarta Seminar**

**Economic partnership and  
Public Private Partnership**

## **Date and Time**

**March 6, 2006 9:00-12:30(8:30 Registration)**

## **Venue**

**Shangri-La Hotel, Java, Sumatera & Sulawesi Rooms**

## **Co-organizer**

**National Council for Promotion of Economic Partnerships  
Asia PPP Promotion Conference  
Indonesia-Japan Economic Committee, KADIN**

## Program

Date: 6<sup>th</sup> March, 2006  
Venue: Java and Sumatera Rooms, Shangri La Hotel, Jakarta, Indonesia

### Time Schedule

|               |  |
|---------------|--|
| 8:30 - 9:00   | Registration<br>Welcome Drink (Pre-function Area)  |
| 9:00 - 9:15   | Welcome Speech by<br>Ms. Mari Pangestu (Minister of Trade, Republic of Indonesia)  |
| 9:15 - 9:30   | Coffee Break (Pre-function Area)   |
| 9:30 - 11:50  | Panel discussion among<br>(1) Economic Partnership Agreement Working Group<br>(2) Public Private Partnership Working Group |
| 11:50 - 12:00 | Coffee Break (Pre-function Area)   |
| 12:00 - 12:30 | Closing Session<br>Reports from co-chairpersons of EPA Working Group and PPP Working Group                                 |
| 12:30 - 13:30 | Lunch (Pre-function Area)  |
| 13:30 - 14:00 | Press Conference (Sulawesi Room)   |

## Welcome Message from Indonesia

After the economic crisis in 1997, Indonesia has experienced substantial difficulties in key economic sectors such as agriculture and manufacturing, and the Government of Indonesia tackled economic recovery by creating opportunities of growth and employment. The external economy is equally as important as its domestic counterpart.

The Government aims to assist the private sector in creating linkages and strategically enhancing international competitiveness, and promotes common economic interest among regional economies. Bilateral and multilateral free trade partnerships are essential, and Indonesia is committed to comprehensive bilateral free trade agreements with strategic trading partners. Japan is Indonesia's important strategic partner. I think new market opportunities would be created and cultural ties and understanding between the people at the grassroots level would be enhanced through greater trade and investment under EPA.



**Ms. Mari Pangestu**  
Minister of Trade

### PROFILE

Obtained her Ph. D in economics from University of California, Davis. Before becoming Minister of Trade, she was member of the Governing Board of the Centre for Strategic and International Studies. From 2002 - 2004 she was the Task Force co-coordinator on Poverty and Development for the UN Millennium Project. She was also Program Coordinator in the Trade Forum of the Pacific Economic Cooperation Council (PECC); an external lecturer in International Economics at the University of Indonesia and Adjunct Professor at the Australia Japan Research Centre, the Australian National University, Canberra.

### **Box: Difference of Free Trade Agreement (FTA) and Economic Partnership Agreement (EPA)**

Free Trade Agreement is the agreement which removes barriers to foreign trade and creates common market among two or more countries. It covers free movement of goods, services.

Otherwise, Economic Partnership Agreement is more comprehensive concept, covering (i) free movement of goods, services, (ii) free movement of money (investment), (iii) movement of persons, and (iv) others. JIEPA will include (1) economic cooperation (human resource development for industrial development and corporation for supporting industry development in Indonesia,), and (2) business environment development, (3) corporation for resource and energy development, custom procedure, and (4) corporation for Intellectual Property.



**Mr. Toshihisa Komaki**  
Senior Staff Writer, Asian  
News Department, Nihon  
Keizai Shimbun, Inc.

**Message**

In Japan, economic news on BRICs countries has been increasing; however, economic news on Indonesia is limited. I hope relation between Japan and Indonesia will deepen their relationship more though Economic Partnership Agreement.



**Mr. Andi Suruji**  
Economic Editor, KOMPAS

**Message:**

Japan-Indonesia economic partnership negotiation for the EPA has moving with high gear to create more real business opportunity and mutual benefit, and finally become engine of growth both two economy. It is important mass media to take high responsibility to support and promoting EPA.



**Mr. Katsuhiko Suetsugu**  
Secretary General,  
Asia-Pacific Energy Forum

**Message:**

Indonesian people have to diversify natural energy source in order to secure stable provision of energy. I think Japanese public and private can support Indonesia in providing construction of infrastructure which will be fit with diversified natural energy resource and technology on efficient energy use Economic partnership will encourage for the better circumstances with investment to this end.



**Mr. Puguh Sugiharto**  
Senior Associate, the  
Foundation of Indonesian  
Institute for Energy  
Economics (IIEE)  
Executive Director, PT.  
Pranata Energi Nusantara;

**Message:**

Partnership is a long term commitment. EPA will play a fundamental mechanism for enhancement of business opportunity. However, without strong commitment and leadership, none of the partnering components could be fully achieved in its implementation.

### Direction of Discussion of EPA Working Group

In case where Japan-Indonesia Economic Partnership Agreement (JIEPA) is realized, what economic environment is created? EPA working group will focus on the following points:

- Macro-economic impacts after JIEPA,
- Bilateral economic relations based on JIEPA,
- Industrial Development and Cooperation in line with JIEPA, and
- Trade and investment opportunity under JIEPA.

The discussions will be also focused on the people's relationship at the grass-roots level by establishing network for local-to-local collaboration between Japan and Indonesia. Regarding the two countries' relation, it will be recognized for nations to be shifted towards partnership under the JIEPA instead of donor-recipient relations.

## Public Private Partnership Working Group

### Background

Government of the Republic of Indonesia is promoting Private Provision of Infrastructure in order to attract Foreign Direct Investment and to accelerate economic development without huge government expenditure. 1<sup>st</sup> Infrastructure Summit was held in January 2005, and the Government is also tackling various regulatory reforms to accelerate Private Provision of Infrastructure.

In Japan, the Government is challenging the reforms in various fields including administrative reforms, under Mr. Koizumi's leadership, and adopted the Public Private Partnership (PPP) concept as a major economic stimulation policy. Efforts under the PPP are to open the door of the public sector to the private sector.

PPP is considered as an innovative vehicle for the private sector to open the way to new business fields in our future borderless investment climate. Based on such assumption, the committee for the study of PPP in Asian countries was organized in September 2004 by the Ministry of Economy, Trade and Industry, and representatives from various sectors participated in the discussion on what sector Japan would share the PPP concept with Asia and the region. The outcome of the discussion in the committee was compiled and published as a report. Following the discussion in the committee for the study of PPP promotion in Asian countries, Asia PPP Promotion Conference was organized as a private body to promote PPP in January 2006, and the following working groups were established under the conference.

- Independent Power Producer Working Group,
- Urban Transport Working Group,
- Water Supply and Sewerage Working Group, and
- Public Services & ICT Services Working Group.

Under the background mentioned above, Asia PPP Promotion Conference has planned to organize Japan-Indonesia Partnership Jakarta Seminar to discuss various issues relating PPP. In the PPP working group the following agenda will be focused:

- Introduction of the Asia PPP Promotion Conference, and
- Framework of PPP including new financial arrangements,
- Possible sectors for PPP and new collaboration between Japan and Indonesia.

## Chairpersons and Presenters for PPP Working Group

### Chairpersons



**Dr. Naoyuki Yoshino**

Professor, Faculty of Economics, Keio University; Expert Panel Member of Bank Indonesia; Board Member of Japan's Deposit Insurance Corporation; Director of Financial Research Center, Fiscal Service Agency; Chairperson of Foreign Exchange Council, Ministry of Finance; Chairperson, Foreign Exchange Council, Ministry of Finance

**Message**

It had long been believed that the public infrastructure should be funded by the public sector. However, public-private partnership had been developed in various ways during 1990s. If the public infrastructures can generate cash inflow such as toll road, power stations and so on, these infrastructures could be financed by private fund.

However, public sector should continue to take a certain role for infrastructure development under PPP because infrastructure construction will face many kinds of risks such as land acquisition, delay of construction and accidents. I hope Indonesia side and Japanese side will discuss the role of public sector and private sector and collaboration of the both countries for promotion of Public-Private Partnership in Indonesia



**Dr. Suyono Dikun**

Deputy of Infrastructure and Regional Development, Coordinating Ministry for Economic Affairs; Secretary of KKPPPI

**Message**

Indonesia has long recognized the importance of private participation on infrastructure provision. By providing the strong foundation for public private partnership, we intend to mobilize resource to build our infrastructure, so we could be able to jump-start the virtuous circle of economic process with high multiplier effects, both economically and socially.

Within inputs from active discussion and exchanging views with our partners and colleague, it will assist government to refine strategic issues in our effort to reform infrastructure provision, specifically in the area of regulation, institutional capacity building and the role of local/regional government in the infrastructure provision.

### Presenters



**Mr. Seiqou Mizunuma**

Executive Officer & Department Director, International Power Business Department, Electric Power Development Co., Ltd. (Representative, Asia PPP Promotion Conference)

Title: Introduction of Asia PPP Promotion Conference



**Dr. Bambang Susantono**

Senior Advisor to the Coordinating Ministry of Economic Affairs

Title: Framework for Public Private Partnership in Indonesia



**Dr. Naoyuki Yoshino**

Title: Private Financing in the Infrastructure Investment - Use of the Revenue Bond



**Dr. Yasuhide Yamauchi**  
Professor, the New Institution for Social Knowledge and Collaboration, Tama University;

Title: Wireless LAN and IP Telephony, and Public Service under PPP scheme - experience in the Northern Thailand



**Mr. I Made Sudarma**  
BAPPEDA Bali Province

Title: Proposal of water supply project with PPP scheme, and introduction of Solid Waste Management Project



**Mr. Mitsuhiro Maeda**  
Visiting Fellow, Institute of International Affairs, Chatham House

Title: Development of Public Private Concept in Asian Countries

### **Direction of Discussion for PPP Working Group**

Infrastructure development is an essential factor to attractive environment for trade, investment and business opportunities. When the public sector opens its door to the private sector, the private sector can expect to create the new business opportunities. The public sector also can attain the objectives to provide with the efficient and effective infrastructure. In case where the PPP concept is introduced in infrastructure sector, the following relations will be created:

- Public sector's partnership between Indonesia and Japan
- Private sectors partnership between Indonesia and Japan
- Partnership between private sector in Indonesia and public sector in Japan, and
- Partnership between public sector in Indonesia and private sector in Japan.

Based on the understanding mentioned above, possible sectors and players in both countries will be discussed and identified in the session.