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Economic issues to dominate Dr M's visit to Indonesia

Hardev Kaur in Jakarta

ECONOMIC issues, including ways to strengthen economic recovery and economic reconstruction, will take centre stage during Prime Minister Datuk Seri Dr Mahathir Mohamad's two-day visit to Indonesia starting today.

Indonesia, which was very severely affected by the Asian crisis and had to resort to help from the International Monetary Fund, is keen to learn from Malaysia which devised its own policies.

Observers point out that Indonesian President Abdurrahman Wahid admires "Dr Mahathir's financial independence and standing up to the IMF".

Malaysia is not subjected to the severe and punishing conditions that countries, including Indonesia, Thailand and South Korea, have been subjected to, making the situation even worse than it originally was. The role of the domestic private sector and the business community in economic recovery is also expected to be discussed during the visit. Dr Mahathir will be accompanied by a high-powered ministerial team and a 150-strong business delegation.

Dr Mahathir is the second Asean head of government to visit Indonesia since Abdurrahman was elected into office. However in terms of significance and size, the Malaysian business delegation is much larger than that led by Singapore's Prime Minister Goh Chok Tong in January. The ministers accompanying the Prime Minister are Finance Minister Tun Daim Zainuddin; Foreign Minister Datuk Seri Syed Hamid Albar; Minister of International Trade and Industry Datuk Seri Rafidah Aziz; and Minister of Primary Industries Datuk Seri Dr Lim Keng Yaik. The ministers will have parallel meetings with their counterparts in Jakarta. The business delegation is headed by MAS chairman Tan Sri Tajudin Ramli and includes several prominent Malaysian entrepreneurs.

Details of Malaysia's "recovery policy" and implementation are expected to be discussed with the Indonesian political and business leaders. Malaysia's ambassador to Jakarta Datuk Rastam Mohd Isa said a number of bilateral agreements and memorandums of understanding were being finalised and these were expected to be signed and would be witnessed by Dr Mahathir and Abdurrahman.

The central banks of the two countries - Bank Negara Malaysia and Bank Indonesia - are also expected to sign a Bilateral Payment Arrangement (BPA).

Malaysia has signed BPAs with several other countries which have helped to increase bilateral trade between the countries concerned.

The Group of 77 (G-77) developing countries had initiated a study to incorporate elements of Malaysia's BPA into its multilateral payment arrangement.

In an unprecedented move Abdurrahman will meet Dr Mahathir at the airport to welcome the visitor. Abdurrahman is keen to have Dr Mahathir visit Indonesia and had extended the invitation when he (Abdurrahman) was in Kuala Lumpur and then again in Bangkok.

The official invitation was delivered by Indonesia's Foreign Minister Alwi Shihab at Wisma Putra recently.

In another departure from the norm, a business forum on "Re-building Business Opportunities in Indonesia" organised by Kadin (Kamar Dagangan dan Industri) and the Asian Strategic and Leadership Institute (Asli) will be held at Istana Negara. Dr Mahathir will deliver a keynote address at

the forum.

Indonesia, according to Rastam, is keen to discuss areas of economic co-operation including foreign direct investments. Currently Malaysia is the 11th largest foreign investor in Indonesia and the second largest among Asean countries with a cumulative total of US\$7.6 billion (RM28.8 billion). These are mainly in plantations, especially oil palm, in Sumatra and Kalimantan.

Rastam said the Indonesian authorities had identified several state-owned companies for privatisation. These include those in the telecommunications, energy and plantation sectors.

In addition the Indonesian Bank Restructuring Agency (Ibra) has assets and a number of companies that it has taken over. In fact Ibra officials are expected to brief members of the Malaysian delegation of its work, progress and on "assets" it has acquired in an effort to "clean and strengthen" the economy.

Rastam said the political situation in Indonesia had improved.

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