

**SPEECH BY
THE INDONESIAN AMBASSADOR
H.E. AUGUST PARENGKUAN
AT THE XVII INTERNATIONAL CONFERENCE
NORTH – SOUTH EUROPE TRAFFIC
CATANIA, ITALY, 26 – 27 APRIL 2013**

Distinguished Guests, Ladies and Gentlemen,
The President of Sicilia Region, Hon. Rosario Crocetta
The President of B.I.C, Mr. Michel Hennemand
Professor and Researcher of the University of Catania, Mr. Marco Romano
President of Ponte Di Archimede, Dr. Lorenzo Maticena
Vice President of Ponte Di Archimede, Dr. Ludovico Fulci,

At the outset, I would like to congratulate the committee for organizing this seminar in beautiful city of Catania, one of the main economic, touristic, and educational centers as well as a vital hub of industry on the island. On this occasion, I would also like to thank the Committee for inviting me to participate in this very important event. It is indeed a great honour for me to deliver my remarks before all of you.

Notwithstanding my lack of expertise on transportation issue, it is to my benefit that my presence and participation on this seminar will widen my horizon in understanding issues of intermodal transports, especially in Italy and Europe in general.

This occasion is a very important forum to share best practises on the development of infrastructures among our regions. therefore, please, allow me to share with all of you the updates on the infrastructure development in Indonesia and in the ASEAN region.

Ladies and Gentlemen,

The Indonesian government has given priority for the development of infrastructures by stipulating the concept of Indonesia's connectivity through integrated sea, land and air logistics system in six economic corridors. This concept has been strengthened by the Master Plan for Acceleration and Expansion of Indonesian Economic Development which is popularly known as MP3EI.

Through this MP3EI concept, we have identified eight programs in each economic corridors with 22 main economic activities. The eight main programs which we have identified are forestry & estate, food crops; marine industry, livestock, mining and energy, manufacturing, tourism and area development. The 22 main economic activities which we have identified in the eight programs are transportation equipment, ICT, shipping, textiles, food and beverages, steel, defence equipment, palm oil, rubber, cocoa, animal husbandry, timber, oil and gas, coal, nickel, copper, bauxite, fisheries, tourism, food crops, metropolitan Jakarta area and Sunda Strait area.

Commento [S1]:

Through MP3EI, Indonesia is putting connectivity as the backbone of our future economic growth. Under the scheme of MP3EI, the government has allocated budget to build the infrastructures required, such as the new ports or enlarging the existing ones, increasing efficiency in ports management, as well as laying new train tracks in some potential areas.

To support the successful implementation of MP3EI, we focus on the implementation of three pillars, namely : 1) developing our economic potential in six economic corridors, 2) strengthening the national and international connectivity, and 3) strengthening national human resources capability, science & technology. We are confident that despite the challenges, we have the capacity to realize them.

Ladies and Gentlemen

In order to realize Indonesia's connectivity program, the government is now focusing on developing of Eastern part of Indonesia, particularly in Corridor V and Corridor VI, which cover the provinces of Papua, West Papua, Maluku, North Maluku, East Nusa Tenggara (NTT), and part of West Nusa Tenggara (NTB). This policy is currently being pursued to open up full access to the economic potential of eastern part of Indonesia aiming at creating equality in the development of the country.

Indonesian connectivity is scheduled to be completed in 2025. We are hopeful to achieve this target. During the next 12 years, all regions in the archipelago, consisting of more than 17,500 islands, will be interconnected, through inter-province highways, toll roads, bridges, railway lines, ferry crossings, shipping and aviation routes. Our optimism to reach the target is based on our strong domestic demand which has helped cushion our economy from the worst of the global downturn. Although the current global economy is still in slowdown, we could project our economic growth in 2013 to more than 6%.

With a total investment of around Rp 475 trillion (\$50 billion) in transportation projects between now and 2025, the logistics cost in Indonesia will decrease gradually as integration between the three main modes of transportation increases. Meanwhile, for the next five years, the government requires up to USD 250 billion of infrastructure investment. With the government's limited financial resources, Indonesian government does not only involve central and local governments but also state-owned companies and private sectors whether it is in the form of sharing cost or undertaking specific projects such as the building of a special port for the distribution of crude palm oil (CPO) or coal. At the same time, the government facilitates the process by providing licenses or clearance.

Ladies and Gentlemen,

The participation of European investment in Indonesia will accelerate the realization of Indonesia's connectivity so that we could also implement the concept of ASEAN Connectivity. This is a good opportunity for our two regions to develop cooperation since ASEAN consisting of Indonesia, Malaysia, Singapore, Thailand, Brunei Darussalam, Vietnam, Cambodia, Myanmar and Lao PDR has population of more than 600 million and it is also considered to be one of the most diverse region in the world. It is also one of the world's fastest growing region.

It is at my observation that physical connectivity in Europe is growing very well. It has connected the counties in Europe, big and small cities even countryside. It can be a model of regional connectivity. We, in the ASEAN region, is also going to the same direction. Each ASEAN member country also develops its connectivity to support the implementation of the ASEAN Economic Community in 2015. We need to synergize how we could develop a mutually beneficial cooperation. We have the resources and Europe has the technology. This is one of our potential capitals to develop cooperation.

Therefore, we invite the Italian business community to take part in the projects such as Trans Sumatera high grade highways, Trans Java toll roads, Trans Kalimantan highway, Trans Sulawesi Highway International Hub Bitung, Trans Papua and Maluku or other projects under the framework of MP3EI.

In 2012, the total of European investment in the economic corridors of Indonesia reached USD 2.57 billions with 520 projects. The biggest investment is from the Netherlands, followed by the UK, France, Germany and Italy. Other countries investing huge investments in the area of the MP3EI are Singapore, Japan, South Korea, India, Mauritius and many more.

Ladies and Gentlemen,

Recognizing the need of project priority and strong political commitment for developing infrastructure in the Association of Southeast Asian Nations (ASEAN) sub-region, ASEAN leaders endorsed the Master Plan on ASEAN Connectivity (MPAC) in 2010.

The MPAC was developed to help realize an ASEAN Economic Community by 2015. It promotes connectivity through enhanced trade, investments, tourism, and people to people (including labor migration) movements. The MPAC represents an in depth plan of action based on (i) a list of priority projects for ASEAN connectivity, (ii) requirements for institutional and policy coordination, and (iii) recommendations for financing the key projects.

Let me conclude my remarks by emphasizing that the development of infrastructure is an essential issue to enhance trade, investments, tourism, and people to people contacts. Therefore, the Indonesian government has placed the infrastructure development as a central issue in the development of Indonesia as an effort to support the implementation of the ASEAN Economic Community in 2015.

Any investors wishing to seek detailed information on these projects are most welcome to contact the Indonesian Embassy in Rome and we would happily assist any companies wishing to invest in Indonesia.

I thank you.