

EU-Indonesia Relations: Stability and Prosperity in South East Asia

Brussels, 8th November 2004

The *European Institute for Asian Studies* and the *European Policy Centre* held a round-table briefing on EU-Indonesian Relations on 8 November 2004. A high-level Indonesian delegation composed of Ambassador Wiryono, Dr Jabali, Mrs. Poesposoetjipto, Mr. Winarta and Ms. Ismartono participated in the briefing and answered questions from an audience of officials from the EU Commission, the European Parliament, diplomatic missions and embassies as well as scholars and members of the press.

The briefing and ensuing discussions addressed EU-Indonesian Relations and was an opportunity to take stock of Indonesia's economic, political and social scene in the aftermath of the country's first democratic presidential elections.

Indonesia's free and fair general elections were highly commended. In October 2004, the Indonesian people chose Mr. Susilo Bambang Yudhoyono, also known as SBY, to replace former President Mrs. Megawati Sukarnoputri. The high voter turnout and peaceful electoral process illustrated the Indonesian people's engagement to the democratic process. Home to the world's largest Muslim population, the election results also highlighted the fact that Islam and democracy are not mutually exclusive, on the contrary, they can go hand-in-hand. President SBY has formed a diversified cabinet intent on keeping reforms on the right track.

However, Indonesia remains a young democracy "in-the-making". In the past six years the process of democratic reform has been pursued on all sides but many obstacles remain. Although Indonesia has developed from an authoritarian system to a democracy and gone from military to civilian rule, numerous challenges are yet to be overcome and the Indonesian democracy remains "unpredictable".

Establishing the rule of law in Indonesia will take time. As was highlighted by the recent controversial acquittal of Mr. Abilio Soares, ex governor of East Timor, who had been found guilty of crimes against humanity, Indonesia's judicial system remains fragile and filled with numerous "pit falls". Stronger political will, an end to ramping corruption, the need of more knowledgeable judges and reform of the police are crucial towards establishing the rule of law and ending human rights abuses in Indonesia.

On the economic front, Indonesia has recovered from the 1997 Asian financial crisis, witnessing rising economic growth in the past four years. Predictions for the year 2005 are of 5.5% to 6% growth. However, amongst these positive signs lies the fact that the foundation of the Indonesian economy remains weak. Although Indonesia's debt decreased from 146% to 66% of GDP between 1998 and 2003 it remains an important burden. Indonesia must strive to regain the stability and trust of its international partners. Funds must be channelled more effectively to better stimulate the economy. In addition, legal security is needed to create the right environment for investment. The problem pertaining to the lack of funding of the government and the military was also raised; as it stands the military is responsible for financing 70% of its budget thus having to rely on the private sector.

Also, 100% freedom of press in Indonesia is yet to be realised. Lack of professionalism by Indonesian media in general, lack of awareness for ethics and the misinterpretation and misuse of the Indonesian "press law" were underlined as contributing factors to the constraints felt by the Indonesian media today.

Notwithstanding these challenges there can be no doubt that the transition in Indonesia towards democratic governance has made irreversible and commendable progress. Indonesia is the fourth largest democratic country in the world and a key international partner in ensuring regional security and stability. Ambassador Wiryono asked the international community and the EU in particular to keep Indonesia' s democratic progress in mind and show patience with this young democracy.

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