

IN BRIEF: POLITICAL

Minister for Energy and Natural Resources Purnomo Yusgiantoro made the announcement that the pipeline was now in doubt during a hearing at the DPD in response to a question from an East Kalimantan representative. He made the point that the project was an extremely expensive undertaking and that the most cost effective way of transporting gas from Kalimantan to Java was by tanker. He also added that the people of Kalimantan had demonstrated against the pipeline due to concerns that it would have a negative impact on the local economy.

This raises the questions of why the project was offered in the first place and whether the decision to shelve it is connected to the political fortunes of Bakrie Bros controlling shareholder, Mr. Aburizal Bakrie.

One Bakrie Bros director recently told the local newspaper *Kompas* that the company was confused over the government's decision because a comprehensive study had been undertaken by interested bidders prior to Bakrie Bros winning the contract. The study reportedly concluded that a pipeline less than 2,000 km is more economical than the use of tankers.

Political commentator Yosef Ardi suggests that there are a number of interests with high up political links who stand to lose if the construction of the pipeline goes ahead. Gas producers, exporters and buyers based in Kalimantan are all against the pipeline because they can get higher prices transporting the gas to China rather than to Java. There are also a number of business people with interests in the construction of gas terminals and tankers who stand to lose out if the pipeline goes ahead. One extremely influential Indonesian businessman, who recently secured a license to build a train line to transport gas around Kalimantan, is said to be a particularly vocal opponent of the pipeline project.

Despite the reported continuing support of the Bakrie project by fellow Golkar cadre Vice President Jusuf Kalla, it seems that Bakrie's star has lost enough of its shine through the Lapindo debacle to seriously compromise his political and, by extension, economic clout.

Marsillam factor draws ire of Kalla and others

Vice President Jusuf Kalla's reaction to the establishment of President Yudhoyono's new policy oversight commission, referred to as UKP3R, or the Presidential Delivery Unit, is being played up in the media as another example of the ongoing rift between the two executive branch leaders. Media reports have stated that the vice president and other Cabinet members feel that the three-member team is unnecessary and that Kalla himself was never consulted over its establishment, which has caused him to speak out so viscerally against it.

Marsillam Simandjuntak, a bureaucrat who served as both a State Secretary and as Attorney General under former President Abdurrahman Wahid, is leading the three-member commission. His two deputies are Lt. Gen. (ret.) Agus Widjojo, former chief of the Indonesian Military's territorial affairs, and Edwin Gerungan, former chairman of the Indonesian Bank Restructuring Agency (IBRA).

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What is not being explained in media reports, however, is the history of disagreements between UKP3R head Marsillam Simandjuntak and Golkar, the party that Jusuf Kalla is now chairman of. When Marsillam served in the administration of former President Abdurrahman Wahid he was thought to have participated in Wahid's attempt to "disband" Golkar on an "electoral technicality," as one article in *The Straits Times* recently put it.

Therefore, sources say that Kalla would not have been so opposed to the new commission if another individual had been chosen to be its head. Furthermore, the *Straits Times* article said that Kalla was fully aware that the commission was being put together and that it was not done behind his back. According to the November 9 article, "Mr. Jusuf was at a special Cabinet meeting three months ago when Minister for the Economy Boediono gave a comprehensive briefing on why the team was needed and what the President wanted it to do. People present at the session say Mr. Jusuf was 'gung-ho' about the concept."

Golkar party members have also voiced concern over Marsillam's post and have tried mobilising other House legislators in seeking clarification from the president over the reasoning behind the commission. The party members have threatened not to approve the new commission's budget.

Palace sources told the *Report* that Marsillam, a student activist in 1960s, is considered to have "a different ideology" than political figures from Muslim-based parties, who are also against him being in such a powerful spot.

This recent furor marks the second time during SBY's tenure that Marsillam has drawn the ire of Muslim parties. Sources told the *Report* that the president originally wanted Marsillam to serve as either Attorney General or Minister of Justice and Human Rights but that he later dropped his name after high-ranking Muslim figures protested.

On Sept. 29, 2006, President Yudhoyono issued Decree No. 17/2006, establishing the Presidential Delivery Unit. The unit was tasked with monitoring the implementation of reforms from Yudhoyono's Cabinet as well as providing inputs to the president regarding the performances of Cabinet members. The president reportedly hopes the unit can boost the administration's performance in the lead up to the 2009 election without him having to reshuffle the Cabinet again.

Local political party decree still in drafting stage

The government is moving forward with its drafting of a decree that will allow the establishment of local political parties in Aceh, something that is in line with both the July 2006 Aceh Government Law and the August 15, 2005, peace accord between the Free Aceh Movement (GAM) and the government. Aceh will be the only province in the country where local and not national-based parties are allowed to exist.

The main driver of the decree is a demand from the Acehnese that local political parties will give them a vehicle to help bring their political aspirations into reality after years of repression and guerilla war.