

INDONESIA

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Consumer protection board established

Law No. 8 of 1999 on Consumer Protection was promulgated on April 20, 1999 and came into effect one year thereafter in April 2000. Now some six years later, a Consumer Dispute Settlement Board (Badan Penyelesaian Sengketa Konsumen or BPSK) as contemplated in the law has been established for Jakarta.

The stated function of the BPSK is to provide an efficient, cost-effective and professional forum where consumers' com-

plaints against merchants can be resolved without resort to the formal judicial system. Members of the BPSK, as required by the Consumer Protection Law, were selected from three sectors: government, business and consumers' advocates. Three (3) representatives from each group were inaugurated in a ceremony presided over by the Governor of Jakarta. Curiously, no funding currently exists for the BPSK, although assurances have been made that an allocation will be made in the 2007 budget.

Procedurally, an aggrieved consumer commences an action by filing a complaint with the BPSK with a view toward initially attempting to resolve the dispute through mediation. If unsuccessful, the matter is delivered over to the board for a hearing.

Critics have noted that, since decisions of the BPSK may be appealed to the civil courts, a costly and time-consuming process more easily undertaken by businesses than individuals, the protections promised by the Consumer Protection Law and the BPSK may prove elusive.

Infrastructure projects unveiled

At the Second Indonesian Infrastructure Summit held in Jakarta in early November, more than 1000 participants from over 30 countries heard senior government representatives, including the president, vice-president and several cabinet ministers, emphasise the importance of infrastructure development in Indonesia and review the policies put in place to attract the sorely needed investment.

The government estimates it needs US\$65 billion invested by 2010 to meet its basic infrastructure needs. Especially in light of the reluctance of foreign investors to run the risks of major capital investment in Indonesia, the government is pinning its hopes on ten "model projects" valued at US\$4.5 billion which are touted as being technically, administratively and financially sound. The model projects include two toll roads, three water supply systems, two power plants one ferry terminal, one port facility and one telecommunications project. If some or all of these are successful, the thinking goes, investor confidence will be buoyed and a positive track record for Indonesia established.

Overall, the government is pitching 111 infrastructure projects (including the ten model projects) valued at over US\$19 billion.

President Susilo Bambang Yudhoyono has made infrastructure development a pillar of his government's policy platform. Presidential Decree No. 67 of 2005 outlined an improved legal

and regulatory framework for public-private partnerships, with emphasis on transparency, fairness, a level playing field and mutual benefit, while regulatory measures were also taken to facilitate land acquisition for public projects easier. More recently, Minister of Finance Decree No. 38 of 2006 has paved the way for central government guarantees in projects to be vetted by the newly formed Commission for Acceleration of Investment in Infrastructure. More than US\$625 million has been earmarked by the government for 2006-07 for guarantees to be made available to eligible projects.

While many private investors have yet to step forward, the Asian Development Bank has unveiled a lending program promising US\$4 billion in loans and grants for the four-year period of 2006-09. The aid will consist of US\$3.82 billion in loans and US\$47.6 million in grants to be used for infrastructure projects as well as other developmental goals.

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