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The Impact of State Restructuring on Indonesia's Regional Economic Convergence

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The Impact of State Restructuring on Indonesia's Regional Economic Convergence

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*For Dad and Mom, this book is impossible
without your love, intellectual support and endless prayers.*

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PREFACE

The idea for this research began one morning in 2007 when I was reading an offer for a PhD scholarship in a local newspaper. I immediately informed my father, Dr Wendy Aritenang, the then General Secretary of the Indonesian Transportation Ministry. After an extensive discussion, later that night he encouraged me to study the impact of both decentralization and ASEAN FTA on Indonesian regions as a topic for my PhD research. Despite his civil engineering background, he has a wide and in-depth expertise on decentralization and free trade agreements as a result of more than thirty years of experience in the government. Consequently, the PhD thesis and this book benefit much from short and distance discussions with him in London, Jakarta, Batam, Bandung and Singapore. The thesis and this book are definitely an intellectual production of a father and a son.

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*Adiwan Fahlan Aritenang
Jakarta, January 2016*

ABBREVIATIONS

AFTA	ASEAN Free Trade Agreement
ASEAN	Association of Southeast Asian Nations
BAKOSURTANAL	Badan Koordinator Survei and Pemetaan Nasional (Coordinating Agency for National Survey and Mapping)
BAPPENAS	Badan Perencanaan Pembangunan Nasional (Agency for National Development Planning)
BATAN	Badan Tenaga Nuklir Nasional (Agency for National Nuclear Energy)
BCCF	Bandung Creative City Forum
BIDA/BIFZA	Batam Industrial Development Authority/Batam Indonesia Free Zone Authority
BII	Batam Intelligent Island
BP	Badan Pengusahaan Batam (Batam Free Trade Zone Agency)
BPPT	Badan Pengkajian and Penerapan Teknologi (Agency for the Assessment and Application of Technology)
BPS	Badan Pusat Statistik (Central Bureau of Statistics)
CBO	community based-organization
CEPT	Common Effective Preferential Tariff
DAK	Dana Alokasi Khusus (Special Allocation Fund)
DAU	Dana Alokasi Umum (General Allocation Fund)
DBH	Dana Bagi Hasil (Profit Sharing Fund)
DPR	Dewan Perwakilan Rakyat (Indonesian Parliament)
DPRD	Dewan Perwakilan Rakyat Daerah (Indonesian Regional Parliament)

DRD	Dewan Riset Daerah (Regional Research Council)
DRN	Dewan Riset Nasional (National Research Council)
FDI	foreign direct investment
FTZ	free trade zone
GDP	gross domestic product
GRDP	gross regional domestic product
IPTN	Industri Pesawat Terbang Nasional (Nusantara Aircraft Industry)
ITB	Institut Teknologi Bandung (Bandung Institute of Technology)
KADIN	Kamar Dagang dan Industri Indonesia (Indonesia Chamber of Commerce)
KAPET	Kawasan Pembangunan Ekonomi Terpadu
KPPOD	Komite Pemantauan Pelaksanaan Otonomi Daerah (Committee Monitoring the Implementation of Regional Autonomy)
LAPAN	Lembaga Penerbangan dan Antariksa Nasional (Institute of National Aeronautics and Space)
LIPI	Lembaga Ilmu Pengetahuan Indonesia (Indonesian Institute of Sciences)
MERCOSUR	Mercado Común del Sur (Southern Common Market)
MNCs	multi-national corporations
MoF	Ministry of Finance
MoHA	Ministry of Home Affairs
MoT	Ministry of Trade
MPKT	Musyawarah Perencanaan Kegiatan Tahunan (Annual Activities Planning Forum)
MPR	Majelis Permusyawaratan Rakyat (People's Consultative Assembly)
MTI	Masyarakat Transportasi Indonesia (Indonesian Transportation Society)
NAFTA	North American Free Trade Agreement
NEG	new economic geography
NIE	newly industrialized economies
NIS	new industrial spaces
NTB	non-tariff barriers
NGO	non-government organization

OSS	One Stop Service
PINDAD	Perusahaan Industri Angkatan Darat (Army Industry Company)
PNPM	Program Nasional Pemberdayaan Masyarakat Mandiri (National Community Development Programme)
RIA	regional integration agreements
RCTI	Rajawali Citra Televisi (Rajawali Citra Television)
SDO	Subsidi Daerah Otonom (Autonomous Region Subsidy)
TIM	territorial innovation model
TPI	Televisi Pendidikan Indonesia (Indonesia Education Television)
TVRI	Televisi Republik Indonesia (Republic of Indonesia Television)