

Press Release

Indonesia Learns from Brazil's Experience in Relocating Its Capital City

JAKARTA – The Minister of National Development Planning/Head of Bappenas Bambang Brodjonegoro expressed his desire for Indonesia to have a new capital city that is Indonesia-centric, triggers economic growth, and encourages equitable economic development.

Speaking at the 9th Merdeka Barat Forum (FMB9) discussion "Moving the National Capital: Learning from the Experiences of Friendly Countries" on Wednesday (10/7), he outlined that the new capital city (IKN) must be designed and thought of according to the Indonesian people's needs.

"After all, Jakarta was built by the colonial Dutch government, and continues to be the national capital today. We want something that we built on our own: a capital city that was built specifically and has a very comfortable urban area for its residents. For that, we must learn from countries that have succeeded in moving their capital cities, one of which is Brazil," the Minister remarked.

"The reason why we chose Kalimantan as the location, apart from the availability of large land, is that it is relatively disaster-free, and its territory is more Indonesia-centric. Central Indonesia is located on the Makassar Strait, but Sulawesi is still vulnerable to earthquakes and tsunamis. So, the logical choice is Kalimantan," he added.

Minister Bambang said that the idea of moving the capital city to another location is not a new one. In the last 100 years, more than 30 countries have successfully moved their capital cities to other locations. It is estimated that there is a new capital city being established every three to four years.

"Aside from Brazil, countries such as Malaysia have also done so, with their current administrative center located at Putrajaya. South Korea established a second de-facto capital at Sejong. Kazakhstan transferred from Almaty to Astana, while Australia built Canberra. Pakistan, Nigeria, and even Egypt have also moved their capital cities in history. However, Indonesia has one uniqueness as it is the largest archipelagic country in the world. We will be the first country to ever move their capital city between islands," the Minister explained.

"Our reasons for shifting our capital city are similar to that of Brazil, who wished to lessen the burden on their economic centre, Rio de Janeiro. The pulse of our economy has always been in Jakarta. As a result of this, the island of Java eventually became very densely populated with a more developed economy than the rest of the islands. If we allow this to continue without serious efforts, then inequality will get worse," he added.

In 1960, Brazil moved their capital city from Rio de Janeiro to Brasilia with the intention to revive national pride by building a modern, 21st-century city and uniting the Brazilian people by placing the city at the center of the nation, thereby opening central territories to potential economic development.

"As a result of the capital city being in Rio de Janeiro and the Santos region, the areas in and around the Amazon Forest were not as developed compared to their coastal areas. Brasilia served as a way to address that problem. Brasilia not only served as the seat of government, but also brought economic activity to the surrounding areas, and thus the rural Brazilian areas could catch up with their coastal brothers. This is why we want to move our capital city outside of Java. To address this economic disparity," Minister Bambang said.

Moving the capital city to Brasilia also served to distribute the Brazilian population away from dense regions. In the first 10 years after relocation, Brasilia's population growth reached 14.4% per year compared to Rio de Janeiro's 4.2%.

"Regarding the relocation of our capital from Rio to Brasilia, the initial idea was to spread the population so that it can become more balanced. As a measure of success of moving the capital city, currently Brasilia has the highest per capita income in Brazil. Brasilia has also contributed to the spread of agribusiness because of its role as a city in the middle of the country," explained the Brazilian Ambassador to Indonesia Rubem Barbosa.

Furthermore, the Indonesian Ambassador to Brazil for 2010 to 2015 Sudaryomo Hartosudarmo added that Rio de Janeiro suffered no economic losses due to the relocation of their capital city.

"Now that Brasilia has grown tremendously, the impact is the development of the satellite cities around it. There are about 20 small cities whose industry and tourism are growing. Those cities have become new industry, tourist and trade centers," Sudaryomo said.

During the "Moving the National Capital" Dialogue on Wednesday (26/6), Minister Bambang explained that the economic multiplier effect of moving the Brazilian capital, especially the output multiplier index, was recorded at 2.93. Meanwhile, the employment multiplier index, as a result of the capital city relocation, was recorded at 1.7 for private jobs created from every additional job in the public sector.

Regarding the environmental issues, Minister Bambang emphasized that the construction of a new capital city will encourage reforestation in Kalimantan. "The construction of the new capital city will not reduce the protected forest areas. At the time of building the capital city, we must do reforestation so that the concept of the city will be a green city. If there is a possibility of abuse by investors, we as regulators must be strict to ensure that it becomes an inclusive and open city. This is where we see that perhaps this city can be a source of economic growth for Kalimantan," he explained.

In addition to moving the nation's capital city to Kalimantan, Minister Bambang also explained several ways that the government is building new growth centers, increasing equitable development, and reducing inequality. The first is industrializing outside of Java in the form of mining and plantation products both in Sumatra, Kalimantan, and Sulawesi. The second is by developing various economic zones, including Special Economic Zones (SEZ), industrial estates (KI) and National Tourism Strategic Areas (KSPN). The third is by developing metropolitan areas outside of Java, including Medan, Palembang, Banjarmasin, Makassar, Manado and Denpasar.

Jakarta, 10 July 2019

Parulian Silalahi
Head of Public Relations
& Executive Administration

For More Information:
Kementerian PPN/Bappenas
Jl. Taman Suropati No. 2 Jakarta 10310
Telepon: (021) 31934283; Faks.: (021) 31901154
e-mail: humas@bappenas.go.id