

Habibie's business empire

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Reports have begun to emerge detailing some of the business interests of the recently installed Indonesian President Jusuf Habibie. As an intimate protege of Suharto and a senior government minister for two decades, Habibie and his family have accumulated a fortune estimated at \$US60 million through interests in chemicals, construction, real estate, transport and communications.

The Habibie empire is dwarfed by that of the Suharto family -- Suharto, his six children and other relatives have assets estimated to be worth \$40 billion or more (at least before the collapse of the rupiah). But like every figure in the Jakarta regime, including the leading generals, Habibie controls or has extensive shares in a range of companies that are linked with government projects, state-owned and military-run enterprises and affiliated banks.

On the surface, Indonesian law prohibits direct business dealings by government leaders, but this does not apply to family members. Habibie's business interests are spearheaded by the Timsco Group, a conglomerate headed by his youngest brother, Suyatim Abdurachman Habibie, known as Timmy. The new president's two sons, Ilham Akbar, 35, and Thareq Kemal, 31, his younger sister Sri Rahayu Tatima and other relatives are also involved in the family businesses. A nephew, Didit Ratam, is tied up with the Suharto family in oil and gas exploration.

Timsco was set up in 1977, just before Suharto transferred Habibie from his post as head of Pertamina, the state-owned oil company, to become Minister of Research and Technology, a post he held for 20 years. Today Timsco runs more than 80 companies and is ranked as Indonesia's 64th largest conglomerate.

According to one report, much of the Habibie wealth has come from supplying the government companies he headed as a minister, including the \$5 billion state-owned aircraft firm, Industri Pesawat Terbang

Nusantara (IPTN), as well as high technology, shipbuilding, steel and small arms enterprises. In order to free these areas for unrestricted global investment, the International Monetary Fund has demanded that the government halt funding to IPTN as a condition of its financial bailout and restructuring package.

As head of the Batam Development Authority, Habibie fostered extensive interests for Timsco in Batam, an island free trade zone near Singapore. These interests include a planned \$1 billion container terminal. When Habibie became vice president in March, he named his brother, J. E. Habibie -- a former ambassador to London -- to replace him as the Batam authority's chief.

Habibie, 61, has been like a son to Suharto, 76, since the 1950s. Consequently, their family businesses are closely intertwined. Joint ventures include chemical plants on Java and Sumatra, links with the US telecommunications giant AT & T and a piggery-poultry farm that supplies almost 10 percent of Singapore's pork.

As is the case with Suharto, Habibie's companies have many links with some of the major Chinese-Indonesian conglomerates, including the Salim group of Liem Sioe Liong. With more than 300 companies, 135,000 employees and annual revenue of around \$10 billion, the Salim group is one of the most powerful and diverse business entities in Asia. Its interests span food and beverages, cooking oil, cement and other building materials, motor vehicles, commodity trading, property, chemicals, pharmaceuticals, textiles, banking and financial services, distribution, media and telecommunications.

Almost as soon as he took office, Habibie came under attack from domestic rivals and international big business for his profitable connections to the various nationally protected industries he championed on behalf of Suharto. Reflecting these criticisms, the

Jakarta Post said in an editorial last Saturday: "Habibie ... is not only short of political legitimacy, but is perceived as an anti-market personality who favours nepotism and crony capitalism."

One of the acute problems facing the Jakarta regime, as well as the United States and other imperialist powers seeking to install a more stable capitalist regime, is that not just Habibie but the entire military high command, political elite and much of the bourgeois opposition have similar business interests, all acquired at the expense of the poverty stricken Indonesian masses.

Future articles on the World Socialist Web Site will examine the political economy of Indonesian capitalism.



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