

CLOSE NEIGHBOURS AND FRIENDS

PERSONAL OBSERVATIONS ON BILATERAL INDONESIA - AUSTRALIA BUSINESS



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Australia's new Prime Minister, Scott Morrison, embarked on a 2-day trip on 31 August – 1 September, a trip that had originally been planned by Malcolm Turnbull, the main purpose of which was to announce that the negotiations on the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) have finally ended positively. Both sides may then commence with preparations for official signing by the respective heads of government, the Australian Prime Minister and Indonesian President, in a format that befits international agreements. This will be the first bilateral economic agreement ever to be concluded by President Joko Widodo.

IA-CEPA symbolizes the tortuous and occasionally rocky relationship between the two neighbouring countries. It was officially launched by President Susilo Bambang Yudhoyono ("SBY") and Prime Minister Julia Gillard in 2010. It seems smooth sailing until negotiations hit a major roadblock in 2013 when leaks by CIA employee turned whistleblower Edward Snowden suggested that Australian intelligence agencies had been listening in on the mobile phones of the Indonesian president's wife and several senior officials, including Vice-President Budiono and a number of cabinet ministers. All forms of bilateral cooperation, including IA-CEPA negotiations ground to a halt, the latter to be resumed by Malcolm Turnbull and SBY's successor Joko Widodo, popularly known as "Jokowi" three years later in 2016.

IA-CEPA is quite well-known but actually it was preceded by bilateral talks toward economic cooperation that bore the unassuming title of "Trade and Investment Framework" – abbreviated to TIF – announced in 2005 by Indonesian Minister for Trade early in SBY's first cabinet, Mari Pangestu and her Australian counterpart, Mark Vaile. I happened to be one of the three members of the Expert Group to TIF on the Indonesian side appointed by Dr. Pangestu and eventually headed the group. Over a period of one year we met with our Australian counterparts and presented our joint recommendations to both ministers for trade, but nothing much eventuated until IA-CEPA was launched in 2010 after SBY was elected for a second term.

So, the announcement by Jokowi and Morrison on 31 August 2018 in Bogor that both governments have decided to proceed with official signing of IA-CEPA heralds a real milestone in the Indonesia-Australia relations and concludes a process that began 13 years ago.

As I mentioned earlier, the Indonesia-Australia relations have always been an uneasy one, marked by many minor and some major spats. Remarkably, during Jokowi's presidency to date, in four years, nothing serious has occurred that would disturb the relations. It has not always been like that. In 1999 it even appeared that both countries were getting close to a shooting war. There were demonstrations all over the country protesting Australian interference in the erstwhile Indonesian province of East Timor that is now the independent nation of Timor Leste.

In the resource-rich province of East Kalimantan the situation became so bad that Australians were compelled to evacuate lest they became targets of angry mobs, and in Jakarta the Australian Embassy had daily visitations of raucous demonstrations for months on end. At that time I headed the Country Office of Rio Tinto in Indonesia and witnessed first-hand how bad the situation was in East Kalimantan where two Rio Tinto mines were located. With one of my Indonesian managers I went on a fact-finding trip to the main trouble spots right after the evacuation started and interviewed security personnel, youth organizations, journalists and other stakeholders.

A decade later the situation has improved dramatically. Even before IA-CEPA was concluded Australia is the number one destination for Indonesians going overseas to acquire university education. The total number of Indonesians studying in Australia is currently around 20,000 – nothing compared to China that had around 170,000 of its citizens studying in Australia in 2017 or the second largest contingent made up by India at 64,000. However, the relatively small number represents 60% of Indonesians studying overseas, so Australia is clearly the favourite place for Indonesians to study. It is a bit contradictory that IA-CEPA may in the long run decrease the number of Indonesians going to Australia to study if Australian universities open up subsidiaries in Indonesia that appears to be on the agenda of many Australian universities.

Reflecting on my own personal history in relation to Australia I can't help but wonder at the journey I have traveled. When I enrolled at Padjadjaran University in the city of Bandung in 1967, I have never encountered an Australian in my life before although I was a regular listener to Radio Australia since my childhood, mainly to listen to American hits by my idols Elvis Presley and the Everly Brothers that the Indonesian government of the day strongly disapproved of.

To earn extra pocket money, I held a casual job as tour guide with a travel agency in 1968. Most tourists then were busloads of Dutch but I had the opportunity to accompany an Australian couple once for a half-day trip out of town for which they had a chauffeured hired car. This was my first personal engagement with Australians. They were no ordinary Australians at that, as the husband introduced himself as Sir Ellerton-Becker that was printed on the business card he gave me while his wife was to be addressed as Lady Becker.

In 1969 I became actively involved in student political activism that included occasional demonstrations against what young people regarded as wrong, like corruption, lack of quality education and abuse of power. Bandung in the late sixties was known as a hotbed of student radicalism in Indonesia. True to the rebellious spirit of the times I wore my hair long in my attempt at emulating the hairstyle of the Beatles and the Rolling Stones and I was a bit of an eyesore and a nuisance to the more traditional lecturers who often made their displeasure known.

It must have been in 1971 that a delegation of three or four Australian Parliament members came to the campus of Padjadjaran University to meet with student leaders. What I still vividly remember to the present day is that the only female in the group started talking about "Australia wanting to get closer to Asia and be part of Asia." This sounded preposterous and genuinely upset me. Australia at the time in the minds of many Indonesians was known to be pursuing a "White Australia" policy and was very much involved in the Vietnam War. I stood up and said something like: "Lady, get real! Australia becoming part of Asia? That will never happen!" My fellow student activists cheered me on.

The meeting was inconclusive and we shook collective heads at the unrealistic expectations of these Australians. Little did we know that the Whitlam government would pass the Racial Discrimination Act in 1975 that made race-based selection criteria for immigration unlawful. Those visiting Parliamentarians must have been involved in debates that led to that particular Act already when they met with us, but we had absolutely no idea of what was going on in Australia at the time.

In 1972 I took up a job with the West Java Chamber of Commerce and Industry (Kadin Jabar) in Bandung in conjunction with the German Friedrich Naumann Foundation that provided financial and technical assistance, and in the course of my work met with diplomats of the Australian Trade Commission. After a year with the chamber I moved to Jakarta and became even better acquainted with Australian business people as my employer was Chairman of the Indonesia-Australia Business Cooperation Committee, one of the precursors to the Indonesia-Australia Business Council. An Australian Trade Commissioner, Alex Olah, whom I got acquainted with during my Kadin days in Bandung married his Indonesian girl-friend Vera and I was one of the guests invited to the wedding reception at the Residence of the Australian Ambassador to Indonesia. That was the first time I set foot at this beautiful dwelling in the part of Jakarta that to this date harbours a large collection of well-preserved Dutch colonial houses.

Fast forward to the nineties, I resigned after seventeen years with the Siemens Group in Indonesia in 1991 to take up a new

assignment as Managing Director of Salim Deutschland GmbH in Düsseldorf. Following three exciting years in the reunited Germany I was relocated to Melbourne in 1994, a move that was planned at the commencement of my career with the Salim Group. I had barely finished two years in Melbourne when trouble developed at Salim Oleochemicals Inc. in Dublin, Ohio. I was hurriedly dispatched to the United States to take over as CEO and fix the problem.

It was in the United States that Rio Tinto caught up with me and brought me home to Indonesia in September 1997 to head the Country Office, and half a year later, in March 1998, I was elected board member of the Indonesia-Australia Business Council (IABC) for the first time. This year I celebrated twenty years of continuous board membership of IABC, including four 2-year terms as President.

Having been involved for two decades in bilateral business relations between Indonesia and Australia I am gratified that the two G-20 economies have concluded the negotiations toward IA-CEPA. PM Scott Morrison announced to the 300 participants at the Indonesia-Australia Business Forum on Saturday, 1 September that the negotiations had been successfully concluded, as a result of which 99% of Australian exports to Indonesia would not be subject to duties whereas exports from Indonesia to Australia would be 100% exempt from duty. Bilateral trade between the two countries has been "underdone" and is expected to increase after IA-CEPA, and so is investment. Agriculture would receive a tremendous boost. Indonesian Vice-President Jusuf Kalla spoke before Mr. Morrison and expressed similar sentiments. He expected the agreement to unlock the service sector as well and specifically mentioned Minerals, Health Sector, Higher Education, Technical Vocational Training and Tourism to benefit from the agreement.

The bonhomie between Indonesians and Australians was palpable in the room, culminating at the conclusion of the Prime Minister's speech when he exhorted the audience – In Indonesian – to "Ayo, kita maju bersama!" (Come on, let's move forward together!) to roaring applause. No doubt the many fluent Bahasa Indonesia speakers at the Embassy have briefed and coached the Prime Minister well. These days I am often wondering if the Parliamentarians I scolded at Padjadjaran University almost fifty years ago are still around to prove me wrong.

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