

Indo-Indonesian ties exemplify South-South Cooperation Bound by Trade & Tradition



Hari Suwasono

India and Indonesia have been trading with each other for more than 2000 years. Culturally bound together by the epic Ramayana, both countries have in recent years stepped up cooperation. Indonesia is India's second largest export market in ASEAN (after Singapore) and Indian companies have invested up to \$ 2 billion in that country in joint ventures over the years. The two-way trade in 2004-05 stood at \$ 4 billion. According to **Hari Suwasono**, Indonesian Consul in Mumbai, the visit to India of Indonesian President **Susilo Bambang Yudhoyono** in November 2005 is expected to further boost and diversify the two-way trade in various sectors, including energy, IT and biotechnology.

Could you enlighten us on the history of trade relations between India and Indonesia.

The relations between India and Indonesia go back to centuries. These have been forged through trade, history, culture and religion. India's influence in Indonesia can be felt until today, especially in Bali, where a majority of the island's population remains devoutly Hindu. The Ramayana is a popular epic in Java & Bali, where until today, in the dry season the drama is re-enacted over and over again. India and Indonesia have been having trade and cultural links for the last 2000 years. The scope for bilateral co-operations between India and Indonesia in respect of trade, investments, transfer of technology as well as setting up of turnkey projects and participating in international tenders is very vast and immense. There has recently been an increased two-way movement of trade and investment to and from India. The trade relations between India and Indonesia has been rising over the years. Recently in November 2005, the Indonesian President H.E. Dr. Susilo Bambang Yudhoyono was on a four-day state visit to India, aiming to seek cooperation in defense and technology and emphasize closer diplomatic and economic ties. During the visit, Indonesian President signed a Joint Declaration with the Prime Minister of India. Under the Joint Declaration, includes both sides are to constitute a joint study group to examine the feasibility of a comprehensive

Economic Cooperation Agreement (CECA), increase cooperation in various sectors such as IT, Bio-Technology, Energy & Bio-Energy etc., take steps to facilitate tripling of bilateral trade to \$10 billion by 2010.

Which was the year when the first trade happened and what was the product?

The time-tested India-Indonesia relationship dates back to the First century AD., the start was made by Indian traders, who were the first to arrive there in the 1st century. India-Indonesia economic relations, especially the trade relations, have been stable over the years. Both countries have signed a number of agreements in order to enhance economic relations. In the modern era, trade relations were formalized under a Trade Agreement signed in June, 1978 committing both countries to take appropriate measures to facilitate, strengthen and diversify bilateral trade.

What are the potential areas of trade and commerce between India and Indonesia? Name a few successful Indonesian companies trading with India and Indian companies in Indonesia.

India is an attractive market for Indonesian goods and commodities such as: paper and paperboard, wood pulp, synthetic fibers, edible oil (palm oil), etc; organic and inorganic chemicals, cashew nut (raw), etc. On the other hand, Indonesia is also an attractive market for Indian goods



and commodities such as: feeding stuff for animals, vegetable oils, drugs and pharmaceuticals, organic and in-organic compounds, hydrocarbon, ingots, cotton and cotton yarn, ferro-alloys, automotive parts, etc. Further there is immense scope for both countries to increase their ties and cooperation in the fields of science and technology, agriculture, ecological conservation, information technology, biotechnology and other areas of common interest.



The areas where the two countries can increase cooperation are in the fields of health and pharmaceuticals, Information Technology, bio-technology, tourism, agriculture, energy, mining, technical cooperation, science and technology, defense and security.

The Indian manufacturing joint ventures are existing in Indonesia with direct Indian participation or financed by overseas Indians. Major investments are in the fields of synthetic fibers, textiles, garments, steel, hand tools and hotels. The major Indian companies in Indonesia are like Aditya Birla Group (Indo-Bharat Rayon), the S.P. Lohia Group (Indo-Rama synthetics), the Ispat Group (Ispat-Indo), Jaykay Files Indonesia, Gokak Indonesia, Essar Dhananjaya and Oberoi Hotels.

Indonesian Bank, Bank Internasional Indonesia (BII) is operating in Mumbai since year 1996, BII commenced its full-fledged commercial banking operations by way of setting up a branch in Mumbai. The factor catalysing the decision was the potential of Indian market and growth prospects of bilateral trade between India and Indonesia. For last few years, the branch has been promoting a niche market business for the companies having interests in trade between India and Indonesia as BII is equipped to provide unique tailor made services to such companies by virtue of its origin and large branch network in Indonesia. Presently, BII is the only Indonesian bank operating in India and it is committed to offer the best personalized services to its customers in line with its corporate mission "Commitment to excellence in every field of banking"

How has been your experience in India?

Experience in India has been fruitful with many economic developments taking place between our two friendly countries. Last year President of the Republic of Indonesia made a successful visit to India which gives more importance to the Indian economy. His visit to Bangalore to get a first hand knowledge on Indian IT companies emphasizes our eagerness to do more business with India in this field.

What are your views on the activities of the Trade Commissioners' Forum as it's member?

Trade Commissioners' Forum is very active in Mumbai especially in the field of liaison between the different government bodies and trade organizations. We have had good experience in constructive interaction with different business

organizations both in Mumbai and other neighbouring states to expand the business between the member countries and India. We were also very successful in sorting out some problems with government bodies such as Indian Customs and dock authorities. We have also conducted some of the very successful out-station factory visits in the past which gave us a clear insight into the working conditions of the Indian workers. TCF members had in fact succeeded in facilitating the setting-up of many joint ventures between Indian businessmen and member countries.

What are the bottlenecks that you face during your trade with India? What would be your proposal to remove those hurdles for smooth trade relations between India and Indonesia?

A. To take help of the coordinating body in bridging the information, timely updates at both ends. The bilateral bodies of India and Indonesia can be instrumental in bridging the information gap with proper and timely updates at both ends by each of them carefully monitoring developments and exchanging the same.

B. To organize exhibitions and seminar in both countries from time to time in India and Indonesia. Businessmen of both countries should be encouraged to participate in the specialized exhibitions held from time to time in India and Indonesia. Displaying their respective products and meeting prospective customers is one of the best ways of establishing a long lasting tie-up. This type of information should be monitored by the respective diplomatic and consular missions and by the bilateral bodies of both countries.

C. Indonesian & Indian Governments should take necessary steps or arrange the trade & investment. There should be delegations visiting each other's countries once in a year. The delegations should include the top big business groups of both countries and they should have one-to-one meetings with each other so that they can identify the sectors which will help to boost the bilateral relations between each other. ■