1 October 2013

TRANSCRIPT OF THE PRIME MINISTER
THE HON. TONY ABBOTT MP
ADDRESS TO INDONESIA-AUSTRALIA BUSINESS BREAKFAST,
FOUR SEASONS HOTEL, JAKARTA

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BUILDING AN INDONESIA-AUSTRALIA RELATIONSHIP FOR THE 21ST CENTURY

I’m here in Jakarta within two weeks of being sworn in as prime minister because of the importance I place on the relationship between two great neighbours and two major economies.

Australia currently has more significant economic relationships – but we have no more important overall relationship because of Indonesia’s size, proximity and potential.

Indonesia is a member of the G20 and a leader of ASEAN as well Australia’s most important neighbour.

It's the world’s most populous Muslim nation.

It’s the world’s third largest democracy.

And along with India, it’s the emerging democratic superpower of Asia.

At present, Indonesia’s annual GDP per person is less than $4000 – or a tenth of Australia’s – but it’s growing at about 6 per cent a year.

It may be many years before individual Indonesians’ standard of living equals that of Australians but it probably won’t be very long before Indonesia’s total GDP dwarfs ours.

From Australia’s perspective there should be an urgency to building this relationship while there’s still so much that Australia has to give and that Indonesia is keen to receive.

There’s been trade of one sort or another between Australia and Indonesia at least since the 17th century and it’s now 80 years since the first trade commissioner was appointed to what was then Batavia.
Despite these connections and despite the annual pilgrimage that hundreds of thousands of Australian tourists make to Bali and elsewhere in the archipelago; and that tens of thousands of Indonesian students make to our universities and colleges, a fully mature economic relationship is yet to be achieved.

Annual two-way trade between Australia and Indonesia is still only about $15 billion.

In fact, our two way trade with New Zealand, with just four million people, exceeds our current two way trade with Indonesia with its 250 million people.

Obviously, there’s plenty of room to improve.

That improvement should start today with me and my ministers and with the business leaders in this room.

Australia and Indonesia have so much we can do together.

The global centre of economic gravity is shifting to Asia and on present trends, Indonesia will be the number four economy in the world by mid-century.

Fifty per cent of Indonesians are aged under 30, ready to play their part in this economic miracle.

Even now, they make up a technologically literate workforce, enjoying a standard of living their parents or grandparents could not have imagined.

There are more billionaires in Indonesia today than in Japan and, here in Jakarta, the minimum wage has risen by 44 per cent in the past year.

There are still 100 million Indonesians living on less than $1000 a year.

Within two decades though, there will be 135 million middle class Indonesians whose demand for goods and services – including financial services, health services, educational services, infrastructure and food – will be backed by purchasing power.

Protein is becoming a more important part of the Indonesian diet, particularly among prosperous urban communities and, within two years, beef consumption in Indonesia is expected to exceed domestic production by about 21,000 tonnes a year.

This is a chance here for each of us to play to our strengths: Indonesia, an acknowledged world leader in fattening and finishing, with some of the world’s finest intensive feedlots; and Australia, with our vast grazing lands and our long pastoral history, skilled at breeding beef cattle at a globally competitive price.

We can work together – but it will take some effort, especially after the shock of the former Australian government cancelling the live cattle export trade in panic at a TV programme.

Nothing like this can ever be allowed to happen again.

Last year, I visited abattoirs in Indonesia which were quite comparable to those in Australia and reject any notion that Indonesian standards are lower than Australia’s.

The new Australian government is determined to put this episode behind us and to build on the joint Red Meat and Cattle Forum established in July to foster partnership between the meat industries here and in Australia.

Australian business has rarely been keener to explore investment opportunities and build partnerships that transfer skills and build local industries – here and at home.

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I also welcome Indonesia’s desire to invest in Australia – including in agriculture.

As I said on election night, Australia is under new management and is once more open for business.

We are open to investments that will help to build the prosperity of both nations.

Food security is just one area of opportunity – another is the rapidly expanding demand for services.

Educational services are a good example. Indonesia is already home to 100,000 former students from Australian universities.

Of those Indonesian students who choose to study abroad, roughly one in four make Australia their destination.

While tens of thousands of Indonesian students are studying in Australian universities and colleges, only a few hundred Australians are returning the compliment by studying in Indonesia.

Starting next year, the new Australian government will establish a new Colombo Plan that doesn’t just bring the best and the brightest students from the wider Asia-Pacific region to Australia but takes Australia’s best and brightest to the region.

The Colombo Plan, operating from the 1950s to the 1980s, saw tens of thousands of the future leaders of our region educated at Australian universities.

A contemporary, two way street version of the Colombo Plan, would acknowledge how much the region can teach us as well as how much we can offer our region.

Operating at different levels and for different periods of time, and often with a business internship component, this new Colombo Plan could provide us with a new and more contemporary version of Rhodes scholars and Fulbright fellows, this time with a strong Asia-Pacific orientation.

As well, within a decade, working with the Australian states and territories, the new government aims to have 40 per cent of high school students studying a foreign language – as was the case in the 1960s – only this time the emphasis will be on Asian languages as well as European ones.

This New Colombo Plan aims to ensure that we are a more Asia literate country, more able to play our part in the Asian Century.

Specific policies like these will have an impact, over time.

Still, deepening and broadening the Australia-Indonesia relationship means millions of human interactions, tens of thousands of business deals and hundreds of institutional arrangements in which Australians and Indonesians get to know each other, learn from each other and help each other.

National leaders can do so much – but only so much.

That’s why Foreign Minister, Julie Bishop, Trade Minister, Andrew Robb and I are accompanied by a strong business delegation of leaders from Australia’s financial services, health, agriculture, resources, infrastructure, telecommunications, office management and manufacturing sectors.

I thank each of you for taking the time and trouble to make this trip and to build these links. Government initiatives mean little if they are not backed by dozens, hundreds, and ultimately tens of thousands of individual contacts between Australians and the people in other countries that we deal with.
As befits a country that’s under new management and once more open for business, it’s my intention to take a trade delegation with me on all significant overseas trips to showcase Australia and to let our partners know more about how we can work together to mutual advantage.

We’re establishing a register in the Department of Foreign Affairs and Trade for businesses that want to be part of trade delegations accompanying ministerial visits.

I also thank the organisations working tirelessly to promote Australia-Indonesia business links such as the business partnership group, Kadin, and the Indonesian-Australian Business Council.

Such organisations are indispensable because they know their way around the local scene.

At another level, governments come together bilaterally to forge formal arrangements like the Indonesia-Australia Comprehensive Economic Partnership Agreement.

One of my first acts as prime minister was to ask the Minister for Trade and Investment, Andrew Robb, to accelerate the work with his Indonesian counterparts towards this new deal.

The new government’s approach is very straightforward: we will take a respectful, consultative, no-surprises approach to relations with Indonesia.

Our aim is to rebuild confidence so that both sides respect each other and trust other to keep commitments.

Trust is essential to the future success of the businesses represented here today.

There’s the hard grind of establishing regulatory certainty.

There’s the patient negotiation that helps to eliminate barriers to trade and investment and facilitate market access.

Then there’s the further engagement that takes place in the regional and global forums – such as ASEAN, the East Asia Summit, APEC, and the G20.

Forums like these are critical to the long-term prosperity of every country – and Australia hosting the G20 in a year’s time; and Indonesia, hosting APEC in a week’s time, will both be pushing for regional and global strategies to promote economic growth.

The new Australian Government intends to showcase fiscal restraint, deregulation, tax cuts and investment in economic infrastructure.

Another example is the Regional Comprehensive Economic Partnership, currently being negotiated under the auspices of ASEAN.

Australia and Indonesia have much to gain from a regional free trade area encompassing ASEAN member states and the nations with which they have existing free trade agreements.

The 16 nations that this would cover account for roughly half of the world’s population, about a third of world GDP and a quarter of global exports.

This further agreement would not just cover trade in goods and services, but such matters as competition, dispute resolution, intellectual property and technical cooperation.
It’s negotiations like these – hard, open, with no surprises – that deliver the transparent and stable regulatory regimes that give companies the confidence to make the long-term investment decisions that boost economic growth and ultimately deliver a safer and freer world.

Early next year, right across Indonesia, Australia will present a major cultural festival to strengthen our engagement here, beyond the cabinet room and beyond the boardroom.

The aim is to showcase Australian creativity and innovation and to foster creative collaborations between Indonesians and Australians.

A business programme operating in parallel with this cultural festival will help promote trade and investment.

Then there’s the new Australia Indonesia studies centre at Monash University to be jointly funded by government and the private sector to build business, cultural, educational, research and community links and to promote greater understanding of Indonesia and its growing importance to Australia.

A more culturally aware Australia and an economically stronger Indonesia would mean more Australian students in Indonesia and more Indonesian tourists in Australia.

More and more Australians now see Indonesia as a place to do business and to embark on joint ventures, as well as to have a holiday, as the business leaders’ presence here testifies. Our challenge is to ensure that more and more Indonesians see Australia as a good place to invest and do business: in short, as a trusted partner.

I am proud to be here in Jakarta with such a group of business leaders acting as ambassadors for our country.

I’m confident you can engender the trust in Australia that’s essential for our future.

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