

CHAPTER SIX

AUSTRALIA'S SERVICE EXPORTS TO INDONESIA

Indonesian economy, services and politics

6.1 Indonesia is an emerging service market of exceptional potential particularly as its economy diversifies and its middle class expands. DFAT provided the following most up-to-date estimates on the economy.¹

6.2 By the end of 1995 Indonesia had a population of 193.75 million with a growth rate of 1.6 per cent; it was the world's fourth most populous country; it had a GDP growth rate of 8.1 per cent (although this was expected to drop slightly to around 7.5 per cent in 1996); a GNP of US\$1,023 expected to grow to US\$2600 by year 2018; the best poverty reduction record in Asia - from 61 per cent to 10 per cent of the population from 1966-1990; and if current performance can be maintained it is set to become a Newly Industrialised Economy by 2008 and possibly the world's fifth largest economy by 2020. By the year 2012 Indonesia is projected to be Australia's fifth largest export market.

6.3 Indonesia's economic achievements are widely acknowledged. Sound macro-economic policies and the recent deregulatory initiatives have assisted the transformation of the economy. It is now more diversified, competitive and export oriented.

6.4 For the past decade Indonesia has been steadily opening its economy to increased local and foreign private sector investment. Recent reforms were intended by the Government to counter the erosion of Indonesia's attractiveness as an investment location relative to China and Vietnam. The deregulatory changes to the economy have been occurring since the mid-1980s with trade reform beginning in 1985.

6.5 A major package of trade reforms was announced in May 1995, and was followed by further reform measures in January and June 1996. These brought into effect an immediate across the board tariff cut of 5 per cent with some exceptions; a schedule to achieve average tariffs of 0-5 per cent by 2003; removal or lessening several non-tariff barriers; financial sector reform; and sale of portions of state owned companies. In practice, most sectors are now open to foreign participation.

6.6 The economy's heavy dependence on oil and gas exports has been reduced such that in 1995 they were 23 per cent of total exports compared with 80 per cent a decade ago.

6.7 Japan, Singapore and the United States together took 49.3 per cent of Indonesian merchandise exports and provided 40.2 per cent of its merchandise imports in 1995. This has made Indonesia very dependent on the economies of those three countries, particularly Japan and the United States, since large volumes of Indonesia's exports are merely trans-shipped through Singapore. As Indonesia attempts to diversify its global trading patterns the share of

1 Material in this section is drawn from: DFAT, *Country Economic Brief: Indonesia*, September 1996; and DFAT, Submission, pp. S227-S239, and S787-792.

those countries is decreasing, though increasing in absolute terms. Exports to the Republic of Korea and Taiwan are strong areas of growth. Major commodity exports are textiles/clothing and plywood with imports dominated by capital equipment and intermediate goods.

6.8 Indonesia's service sector contributed 41.9 per cent of GDP and grew at 7.5 per cent in 1994. Major activities are wholesale and retail trade (33 per cent), transport and communications (17 per cent), banking and finance (11 per cent), restaurants and hotels (8 per cent) and ownership of dwellings and real estate (7 per cent). The most promising area of expansion is tourism which the Government hopes will be its biggest foreign exchange earner by 2004.

6.9 Indonesia runs a large service deficit. Domestic suppliers are unable to satisfy demand which is expected to grow at around 6 per cent per annum for about the next five years. Rapid economic growth in the economy has created an expanding network of organisations which need legal advice, telecommunications facilities, and computer software consultancies. A growing middle class has also supported demand for a wide range of services in areas like health, education, insurance, banking and telecommunications. Estimates of the size of the middle class vary widely.

6.10 Major problems confronting the economy include its growing foreign debt, about US\$108 billion (at the end of March 1996); a relatively high rate of inflation - official estimates put it at 7.5 per cent in the year to July 1996, and down from 9.2 per cent recorded in 1994;² an emerging budget deficit problem; remaining inequities between the well off and the poor; unsettled industrial relations; shortage of skilled labour; and the challenge involved in maintaining a strong export performance.

6.11 The Republic of Indonesia consists of some 13,500 large and small islands, and it is the largest archipelagic state in the world. Its sea area is four times larger than the land area of 1.9 million square kilometres. About 60 per cent of its population are concentrated in just three islands, Java, Bali and Madura, with some 100 million living in Java.³ Only about 22 per cent of the population live in urban areas.⁴ There are over 300 ethnic groups, the main ones being Javanese (45 per cent), Sudanese (14 per cent), Madurese (7.5 per cent) and coastal Malays (7.5 per cent).⁵

6.12 Throughout the history of the modern Indonesian state a predominant concern has been to create a unified state, to give effect to the Indonesian national motto, 'Unity in Diversity'. *Bahasa Indonesia* is the official language of the country. It is increasingly spoken throughout the archipelago and is the only language of instruction in schools although some 583 languages and dialects are spoken.⁶

6.13 The Indonesian state philosophy is set out in the *Pancasila* (or 'five principles'), which are:

2 DFAT, *Country Brief: Indonesia*, op.cit. p. 6.

3 Research Institute for Asia and the Pacific, University of Sydney, 1995, *Indonesia Country Report*. Unpublished, p. 6.

4 *ibid.*

5 Central Intelligence Agency 1995, *The world factbook 1995*, Washington, p. 199.

6 Research Institute for Asia and the Pacific, University of Sydney, 1995, op.cit. p. 9.

- belief in the one and only God;
- just and civilised humanity;
- the unity of Indonesia;
- democracy guided by the inner wisdom in the unanimity arising out of the deliberations among representatives; and
- social justice for the whole of the people of Indonesia.

There are five officially recognised religions and Indonesian society is marked by a high degree of religious tolerance. Approximately 87 per cent of the population are Muslim (mainly Sunni); Christians comprise about 9 per cent; Hindus 2 per cent and Buddhists 1 per cent.

6.14 The Armed Forces of Indonesia (ABRI) have a key role in Indonesia and are a significant socio-political force. Guided by a philosophy of '*dwi fungsi*' (or dual functions), the Army is both the guardian of national security and also a significant force in Indonesian politics. Some 100 positions in the National Parliament are reserved for ABRI appointees, and serving ABRI officers hold senior influential positions. Retired ABRI officers are in Cabinet and fill senior positions such as provincial governors. Business in Indonesia has flourished, with overseas investment normally in partnership with Indonesian companies. The distinction between the private sector and the government sector is not always clearly defined and Presidential, government or ABRI involvement in major business enterprises is significant.

6.15 Indonesians of Chinese descent also form a small but key economic group with important regional and international links to overseas Chinese, and close ties with senior Indonesian political leaders.⁷

6.16 Politically, under the leadership of President Soeharto, Indonesia has enjoyed a period of remarkable political stability and economic growth. As President Soeharto nears the end of his sixth term in office, some uncertainty has become apparent. Government-supported efforts to change the leadership of the opposition PDI (Indonesian Democratic Party) saw violent clashes between supporters of the ousted leader, Megawati Soekarnoputri, her opponents in the PDI, and security forces in July 1996. The security situation has since stabilised, but the extent of the violence is a sign of the tensions that exist within Indonesian society.

6.17 President Soeharto has not indicated he will seek a seventh term in office when the current five year term ends in 1998. Since the death of his wife in April 1996 there has been much speculation as to his plans and who would succeed him if he does not seek a seventh term.

6.18 The rising middle class is becoming more open in its concerns about the slow pace of political reform, the ongoing problems of restrictions on the press in Indonesia and on freedom of assembly, and is more critical of the pervasive involvement of ABRI in the political process. These will all continue to impact on the political environment in Indonesia. The Committee notes, however, that it received no evidence during the inquiry that the political environment in Indonesia was having a negative impact on Australian service exports.

7 *ibid.*

6.19 Prime Minister Howard, in his first major bilateral visit, went to Indonesia and observed that:

This relationship is of the very greatest significance to Australia and brings substantial benefits to our region as a whole. That our relationship has become far richer and so diverse reflects the natural complementarity of our national interests...⁸

The importance of the bilateral relationship has been recognised on a bipartisan basis and Prime Minister Howard's comments follow the significant emphasis given by Prime Minister Keating and the former Labor Government to the relationship.

6.20 This is not to say, however, that the relationship has not had its difficulties. East Timor has been a continuing cause of tension between the two countries. Both the present and former Australian Governments have given *de jure* recognition to Indonesia's incorporation of East Timor. The awarding of the Nobel Prize to Bishop Belo, Catholic Bishop of East Timor, and Mr José Ramos Horta, has generated further interest in the future of East Timor and the ongoing problems there. Difficulties in Irian Jaya, associated with the Freeport Mine, and in other provinces of Indonesia have also given cause for concern among some groups in Australian society. Although there are widely differing views held by individuals and groups in Australia on issues such as East Timor, and human rights in general, during the course of this inquiry human rights was not raised by business groups as a problem affecting services.

Australia's service exports to Indonesia

6.21 There are over 300 Australian companies with a presence in Indonesia.⁹ Austrade estimates that about 66 per cent of the some 230 firms listed in Austrade's *1995 Directory of Australian Companies in Indonesia* were service companies. Austrade noted that in 1994 and early 1995 major new joint ventures and representatives offices in Indonesia focused on services, for example, the AMP Society, Lend Lease group and QBE Insurance. It also reported that many Australian service providers are small companies supplying highly specialised services.¹⁰

6.22 General details on Australia's service trade with Indonesia were presented in Chapter 2. Table 6.1 provides the most up-to-date export sector data.

8 Speech by Prime Minister, Hon John Howard, MP, at the Official Banquet given by President Soeharto, Jakarta, 16 September 1996.

9 DFAT, *Country Economic Brief: Indonesia*, p. 61.

10 Austrade, Submission, p. S326.

Table 6.1 Service Exports to Indonesia 1992-93 to 1994-95

Service	1992-93 A\$ million	1993-94 A\$ million	1994-95 A\$ million
Shipping	17	16	14
Other Transportation	77	85	85
Travel	250	327	465
Other Services			
<i>Official</i>	18	20	25
<i>Non-Official</i>			
Expenditure of foreign govts and foreign govt employees	11	10	10
Expenditure of resident entity employees	5	6	11
Financial services	0	0	0
Insurance services nec	1	3	4
<i>Miscellaneous services</i>			
Agency and advertising services provided to int. trans. operators	22	24	37
Communications	np	np	np
Computer and information services	1	3	3
Professional services	11	14	11
Rental and operational leasing	0	0	np
Technical services	26	26	25
Management fees between related companies	1	3	7
Agriculture, mining, manufacturing and construction services	17	2	8
Trade related services	1	1	1
Other business services	0	0	*
Other services	np	np	np
Personal, cultural and recreational services	*	*	4
Total miscellaneous services	98	92	124
Total Non-Official	114	111	149
TOTAL	476	559	738

Notes: np - As a result of the application of confidentiality rules it has not been possible to disclose all the data contributing to the table. Where data has been suppressed an 'np' appears in the table.

* In 1994-95 the 'Other business services' category was combined with the 'Other services' category and a new category of 'Personal, cultural and recreational services' was created.

Due to rounding, column totals may not exactly equal the total of the components.

Source: Australian Bureau of Statistics.

6.23 Australia's service exports to Indonesia have recorded strong growth of just over 18 per cent per year over the last five years. Australia's exports to Indonesia in 1995 were valued at A\$2.4 billion. Of this amount, service exports accounted for A\$738 million.¹¹ The actual value may be higher as the statistics do not include 'service providers which act via third countries such as Singapore and Hong Kong and the high level of services which are embedded in manufactured goods exports'.¹²

6.24 DFAT advised that 'One of the Government's key strategic priorities in our commercial relationship with Indonesia is to promote Indonesian awareness of, and improve access for, Australian services exports'.¹³

6.25 Australia and Indonesia have a well developed institutional framework for their relationship and trade. The main Commonwealth initiative is through the Australia-Indonesia Ministerial Forum established in 1992. The Forum has a number of Working Groups including one on Trade, Industry and Investment and a series of Memorandums of Understanding (MOUs) have been concluded over the past few years including several with a particular focus on the services area. Sectors covered include health, education and training, workforce development, housing and urban development, tourism, postal services, telecommunications, marine engineering, financial and legal services, science and technology, and transport.

6.26 The Subgroup on Trade and Investment has provided a vehicle to raise general impediments to Australian trade and investment in Indonesia, to press our interests on market access and tariff and non-tariff barriers and to explore the potential for trade in services.¹⁴ DFAT has recently pursued a number of good initiatives in the services sector and activities for 1995-96 included selection/placement of an Australia-Indonesian Legal Fellow; further consultations on telecommunications, transport, the environment, education and training; participation in workshops, seminars and exhibitions in Indonesia, for example in April 1995 the Administrative Law Seminar and in July 1995 the Indonesian Hospitals Exhibition.

6.27 At the Third Ministerial Forum, held in Jakarta in October 1996, it was decided to establish a Special Working Group on Sub-Regional Economic Co-operation between Australia and Indonesia, which will be called the Australia-Indonesia Development Area. A Working Group has been established to develop proposals for this initiative.¹⁵

6.28 DFAT believes 'The Forum has given impetus to joint activities and greater cooperation between the two countries in a wide range of service sectors...'.¹⁶

6.29 Other Australian Government initiatives include nominating Indonesia as a target market for the annual National Trade and Investment Outlook Conference, and as a destination for a wide range of bilateral visits.¹⁷

11 DFAT, Submission, p. S790

12 DFAT, *Country Economic Brief: Indonesia*, February 1996. p. 46.

13 DFAT, Submission, p. S228.

14 *ibid.* p. S229.

15 Joint Press Release, Third Ministerial Forum, Indonesia-Australia, Jakarta, 24-25 October 1996.

16 DFAT, Submission, p. S229.

17 *ibid.* pp. S228-S230.

6.30 DFAT also noted that 'The Government has also worked actively to improve the business environment by concluding a number of important bilateral economic agreements including a Double Taxation Agreement, and Investment Promotion and Protection Agreement, and a Copyright Agreement'.¹⁸

6.31 The Commonwealth Government, the Governments of the Northern Territory, Western Australia, Queensland, South Australia and Victoria all have representative offices in Indonesia, and in addition several have sister-state relationships. The Northern Territory has close links with the provinces of eastern Indonesia; Western Australia with eastern Java; Queensland with Central Java; and New South Wales with the Government of the special region of Jakarta.

6.32 The Northern Territory has a Department of Asian Relations, Trade and Industry and a Memorandum of Understanding has been signed between the Northern Territory Government and the Central Government of Indonesia.¹⁹ The MOU focuses on trade and influencing trade between the Northern Territory and the eastern provinces of Indonesia.²⁰ Events such as the Arafura Games have played a significant role in promoting sporting, cultural and commercial relations. The Northern Territory Government stated that official contacts establish a useful dialogue which may assist Australian exporters gain acceptance. It stressed that they should not just be 'empty words' and if they are to achieve trade benefits must be followed up, so vital relationships are developed.²¹

6.33 Australia's largest bilateral trade promotion, *Australia Today: Indonesia '94*, was held in Indonesia during June and July 1994. There is a strong Australia-Indonesia Business Council Ltd and Indonesia-Australia Business Council.

6.34 An official Australian presence not only in Jakarta, but in Surabaya and Bali, together with the important tourism relationship between Australia and Indonesia, also provide significant opportunities to improve knowledge about the potential of Australian services.

6.35 The Committee recommends that:

- 24. the Government strongly pursue negotiations in all trade forums with Indonesia to open up its markets to foreign commercial presence and service imports.**
- 25. the Department of Foreign Affairs and Trade, Austrade and the Department of Industry, Science and Tourism give a high priority to activities designed to project Australia as a high technology country.**

18 *ibid.* p. S230.

19 Integrated Technical Services, Transcript, 31 July 1995, pp. 661-668.

20 *ibid.* p. 661.

21 NT Government, Submission, pp. S571-S572.

Attractions of the market

6.36 Austrade listed four major attractions of the Indonesian market for Australia's service exporters.²² They are all demand related. Some of these issues have been discussed above. The attractions are:

- The Indonesian economy's steady growth, if from a low base;
- A huge service market as yet untapped in many sectors;
- The adoption of international business standards by Indonesian international business conglomerates which need a range of services not only in Indonesia, but also to support Indonesian interests offshore in unfamiliar territory; and
- A considerable level of foreign aid is provided by the Consultative Group for Indonesia (CGI) donors to fund public sector development in Indonesia. This provides a further source of work for the Australian services sector. Austrade has estimated that this aid was valued at US\$5.2 billion in 1994-95. Indonesia is the second highest recipient of Australia's aid. Details of Australia's aid program to Indonesia have been outlined in Chapter 4.

Difficulties in the market

6.37 Indonesia is widely recognised as a difficult market for service exporters. Six major challenges are identified by Austrade.²³

6.38 First, in the period of transition to a more open economy, some inconsistencies and unpredictabilities in regulations, their application and enforcement are occurring. These include market access in some sectors only being permitted through a representative office and/or joint venture where foreign equity does not exceed a certain limit, foreigners not being able to own land, and the need to meet local professional qualifications.²⁴ However, DFAT stressed that '...[a] high level of formal barriers to services imports does not necessarily prevent market penetration. Regulations can sometimes be patchy, contradictory or entirely lacking. [It also noted that] Indonesia is now revising and updating its regulatory framework for many services which may lead to formalised, but more restricted, access conditions'.²⁵

6.39 Both DFAT and Austrade noted that business expansion has been constrained by Indonesian regulations and procedures.²⁶

6.40 The second challenge relates to the fact that some sectors of the Indonesian market remain closed to foreign participation. These include retailing, wholesaling and advertising, although technical and management services agreements can provide opportunities.

22 Austrade, Submission, p. S327.

23 *ibid.* p. S328.

24 DFAT, Submission, p. S218.

25 *ibid.* p. S238.

26 DFAT, Submission, pp. S238-S239; and Austrade, Submission, p. S326.

6.41 The third factor is the need for highly concessional finance for contracts in the public sector.

6.42 Fourth, unlike more open markets, Indonesia has a number of bureaucratic obstacles such as the need for work permits and licences. These problems were particularly stressed by organisations such as Telstra, CMPS&F, and DEET.²⁷ DFAT also pointed to restrictions on entry and stay '...Only directors, managers and technical experts/advisers are allowed to enter and stay, for 2 years with a maximum 1 year extension. Intra-corporate transfer of managers and technical experts is allowed but an economic needs test applies'.²⁸

6.43 Fifth, there are some difficulties in getting paid. This is a particular problem for small and less experienced companies.²⁹

6.44 Finally, Austrade noted in-market establishment costs can also be high. This point was also stressed by Price Waterhouse which noted they are charged rents two years in advance in Indonesia and even though Price Waterhouse would prefer to buy a house there, they cannot because foreigners cannot own land in Indonesia.³⁰ This issue was also raised by Lend Lease and AMP.³¹

6.45 A number of other issues were raised during the inquiry. Several businesses observed that 'facilitation payments' were involved in doing business.³² While this may be described as 'corruption' in Australia's value system, it is a cultural matter in Indonesia. James describes it as '...part of a tradition of honouring important personal relationships, spreading the wealth and paying deference to one's hierarchical superiors...'.³³ Some Australian exporters see it as just part of the costs of doing business in Indonesia. The most common strategy for dealing with 'additional payments' for an exporter is to work through a joint venture partner. At this time it is a fact of life in doing business in Indonesia.

6.46 DFAT pointed out that while the language difference with Indonesia is a problem, the efforts that Australia has made to introduce the Indonesian language into Australian schools means that Australia is well ahead of other competitors like the USA and UK in that area.³⁴ *Bahasa Indonesia* is considered to be one of the easier Asian languages to learn.

6.47 The Attorney-General's Department believed lack of adequate enforcement of copyright remains a serious problem in Indonesia.³⁵

6.48 The Northern Territory Government said there are communications problems with major difficulties at times with phone and fax communication.³⁶ This is a major restriction on the provision of services in modes of delivery other than face-to-face. Integrated Systems Australia noted it has not considered the Indonesian market because

27 DFAT, Submission, p. S227; CMPS&F, Submission, p. S254; and DEET, Submission, p. S587.

28 DFAT, Submission, p. S219.

29 Austrade, Submission, p. S328.

30 Price Waterhouse, Transcript, 7 August 1995, p. 840.

31 Lend Lease, Transcript, 20 April 1995, p. 141; and AMP, Transcript, 20 April, 1995, p. 203.

32 See for example, Telstra, Transcript, 20 April 1995, p. 174; Theiss, Transcript, 7 August 1995, p. 779.

33 James, David L, 1995, *The Guide to Asia-Pacific Communications: Doing Business throughout Asia and the Pacific*, St Leonards, NSW, Allen & Unwin Pty Ltd, pp. 73-74.

34 DFAT, Transcript, 6 April 1995, p. 11.

35 Attorney-General's Department, Submission, p. S373.

36 NT Government, Submission, p. S573.

Indonesia does not have the infrastructure to take its sophisticated communications and computer engineering skills at this time.³⁷

6.49 The Northern Territory Government also noted the lack of an Australian Embassy office east of Bali.³⁸ Australia currently has an Embassy in Jakarta, a Consulate in Bali and an Austrade branch office in Surabaya.

6.50 UNSW noted that the basis of law as Australians understand it does not exist in Indonesia. Business in Indonesia is done on the basis of relationships rather than legal contract. Australian and western structures for doing business cannot be imposed on individual business transactions in Indonesia.³⁹

6.51 Standards Australia also stated that '...Indonesia has its own national standards for construction design but will, in certain cases, allow specific projects to be designed to Australian standards'.⁴⁰

6.52 There are also concerns regarding the bilateral tax agreement. These have been discussed in Chapter 3.

Australia's competitive advantages

6.53 Australian service exporters have a number of general competitive advantages which assist them to operate successfully in the Indonesian market. Ten factors were identified by Austrade,⁴¹ which were reinforced by views of business.

6.54 Both the Australian Government and business are committed to developing commercial partnerships with Indonesia. Australia is not as economically powerful as the United States or Japan, and with the strong emphasis placed on the relationship by all Australian Governments, Australia has shown a willingness to maintain dialogue and develop the relationship. This is clearly demonstrated by the institutional framework which has developed to facilitate these partnership relationships.

6.55 A good knowledge of the Indonesian market has been developed in the public sector among Federal, State and Territory Governments, and in the private sector through some long standing business relationships. There are companies with a history of operation in the Indonesian market of 20 years or more, for example IDP has been in Indonesia 25 years and Price Waterhouse has been there for 23 years.

6.56 Australian investment and technical assistance arrangements are pulling through Australia service suppliers. This is more evident in the mining sector but is also occurring in accountancy, management consultancy and manufacturing. Thomson Adsett Architects pointed to this pull through in architectural services.⁴²

37 Integrated Systems Australia, Transcript, 12 July 1995, pp. 452 and 455-456.

38 NT Government, Submission, p. S573.

39 Unisearch Ltd, Transcript, 14 September 1995, p. 860.

40 Standards Australia, Submission, p. S65.

41 Austrade, Submission, pp. S329-S331.

42 Adsett, Transcript, 7 August 1995, p. 747.

6.57 The Australian education sector is strongly committed to exports to Indonesia. The success of our educational exports also assist the export efforts of associated industries such as tourism and health services and, less directly, other professional and technical services.

6.58 Australia's long standing aid program with Indonesia has also created opportunities for Australian businesses, particularly in the telecommunications and rural development sectors (see Chapter 4).

6.59 In Indonesia Australians have a sound reputation for professionalism and competence, particularly in engineering services and increasingly in business services. This was strongly supported by Clough Ltd in relation to our engineering services and by Macquarie University in relation to Australia's high quality skills in applied finance.⁴³ Australia's skills are competitive with most other countries, and in many areas of interest to Indonesia, they are probably unique, for example remote area power supply systems. The Indonesians use the foreign service suppliers to improve their local skills levels.⁴⁴ However, the Northern Territory Government and some organisations such as Trans Western Health Care Services and the Northern Territory Exporters Council raised concerns about the lack of awareness in Asia of the technological strengths and sophistication in Australia - Australia is not seen as being at the leading edge of technology.⁴⁵

6.60 Australian contractors are also prepared to work in the more difficult and remote areas of Indonesia and they are good at it. This was again emphasised by Clough Ltd.

6.61 Concessional finance is a fact of life in the Indonesian market. Australia's soft loan program - DIFF - was a response to this (for a more detailed discussion on DIFF, see Chapter 4).

6.62 For Australian consultants pursuing work funded by multilateral agencies, the recent change from a scheduled (by country) billing rate system to a two-envelope tendering system is welcomed. Australian consultants were previously disadvantaged by billing rates 50 per cent to 80 per cent lower than European and Japanese firms providing the same service. However, Australian business groups would like to see other technical improvements.

6.63 Finally, the time zone and geographic proximity are also in Australia's favour. Time zone convenience when important decisions have to be made is critical. The ability to have someone on the ground within 5-6 hours is also very useful.

6.64 Several businesses stated that their service sectors are cost competitive in the Indonesian market.⁴⁶

6.65 Philip and Mitaros suggested that Darwin is another significant comparative advantage for Australia in that it is a focal point for dealing with Indonesia - it has developed

43 Macquarie University, Submission, p. S61.

44 DFAT, Transcript, 6 April 1995, pp. 32-33.

45 See for example, NTEC, Transcript, 31 July 1995, p. 589; Trans Western Health Care, Submission, p. S54.

46 See for example, DEET, Transcript, 13 June 1995, p. 375; American Express, Transcript, 14 September 1995, p. 885

personal relationships and accessibility that are unmatched elsewhere in Australia.⁴⁷ It also has strong sporting and cultural links. Strong ties also exist between parts of Indonesia and Western Australia, Cairns and New South Wales.

6.66 Austrade has identified seven factors which it believed contributes to success in the Indonesian market. These are:

- businesses have to be prepared for the long haul and develop a track record with successful projects to demonstrate capabilities;
- businesses need to utilise links with Australian and other international business associates already in the market;
- they should consult carefully with Austrade, DFAT, Australian banks, accountants, and legal advisers with a presence in the market;
- an understanding of the business and cultural nuances is essential;
- they need to ensure adequate finance is available (details are discussed in Chapter 4);
- they should register with AusAID, the World Bank, ADB and other IFIs as appropriate, and monitor project proposals. For many businesses, aid projects provide their first overseas work; and
- they must get to know the local players well, particularly potential agents and partners.⁴⁸

Specific sectors - impediments, competitiveness and prospects

6.67 Two major competitive difficulties Australian service exporters face in Indonesia are the larger aid programs of countries such as Japan, France and Germany, and the fact that there also are some Indonesian sectors where the major non-Australian equipment suppliers will set the specifications for the whole project. This is particularly relevant to the power sector where Australia has limited supply capability for larger projects.

6.68 Further details on impediments and the issue of competitiveness are more appropriately addressed on a sectoral basis.

47 Philip & Mitaros, Transcript, 1 August 1995, p. 715.

48 Austrade, Submission, p. S332.

International education

6.69 In 1995 Australia replaced the United States as the first country of choice for Indonesian students for overseas study.⁴⁹ In 1995 there were some 8,585 Indonesian students studying at Australian institutions (see Table 6.2). Some 7,599 of those were full-fee paying. This is in contrast to the past when many of the students were supported by Australia's aid program. Most of the students come to Australia for their courses because of restrictions on twinning arrangements and joint ventures in the education sector in Indonesia.

6.70 Table 6.2 also shows a breakdown of students by sector. As with Hong Kong the majority of students (74 per cent) were undertaking post-secondary courses. The major fields of study of the higher education group are set out at Table 6.3. An analysis of Indonesian students studying at overseas universities is at Table 6.4. Australia's major competitor is the USA but Australia has experienced strong growth in this sector from 1990-1995.

6.71 Prospects for the education and training sector in Indonesia are very positive. DEETYA noted that:

Indonesia is ... a market which has tremendous capacity for growth. It is a market, where, over the last 12 months to 18 months, Australia has, through government to government relations, established itself as both the number one student service provider and also the number one policy and systems provider to the Indonesian government. That in itself provides a platform, we think, for continuing growth...⁵⁰

6.72 A rough indication of the potential size of this market and Australia's current position are set out in Table 6.4.

6.73 The Committee received a number of submissions dealing with the growth in technical and vocational education provision to Indonesia. Although the Australia TAFE system is a comparative newcomer to the export of education, it has shown steady growth and a willingness to pursue opportunities overseas. Mr Norman Fisher, of Australian TAFE International noted that:

...we now have in excess of 6,000 students in Australian TAFE pursuing mainly vocational but also other courses, including English language ... We are involved in the export of education through bringing foreign students to Australia to undertake courses in Australian TAFE. That is worth at this stage the best part of about \$40 million in direct fees and probably half as much again in indirect gains to the Australian general income.

We are also involved in selling technical services, particularly technical educational services...⁵¹

49 DEET, Transcript, 13 June 1995, p. 373.

50 Rowlings, Transcript, 29 August 1996, p. 1039.

51 Fisher, Transcript, 29 August 1996, p. 992.

Table 6.2 Number of Indonesian Students Enrolled by Sector 1991-1995

Table 6.3 Fields of Study of Indonesian Students in Australian Higher Education Institutions 1995

Table 6.4 Indonesian Students Studying Internationally at University or Higher Education Level

6.74 Mr Fisher noted that about 20 per cent of the Australian TAFE's market for international students is drawn from Indonesia and that in Indonesia Australia has the largest share of technical or vocational education. A major problem identified by Mr Fisher was the recognition of Australian TAFE qualifications as 'TAFE is a sector that has no ready counterpart in Asia or in many other countries'.⁵² The Committee addressed the issue of the recognition of TAFE qualifications in its recommendation on Australia's qualifications framework in Chapter 4.

Difficulties in exporting educational services

6.75 Although major gains have been made by Australia, DEET identified five major difficulties still confronting education exporters to Indonesia.⁵³

6.76 DEET noted that Indonesia is 'a highly centralised, rule bound, administration...' which creates a number of problems.⁵⁴ Difficulties associated with work permits and visas (other than tourist visas) discourage trainers considering work in Indonesia as well as student and staff exchanges. These problems were also noted by Monash University.⁵⁵

6.77 Second, there are various regulations which restrict investment by foreign education and training institutions. For example:

...foreign campuses may be established only in a co-venture with an Indonesian partner although the regulations and licensing arrangements covering joint ventures are not clearly articulated....[O]pportunities to develop links with Indonesian institutions are limited as Indonesian policies in relation to twinning arrangements ... are restrictive - any awards conferred in Indonesia must be under the name of the Indonesian institution.⁵⁶

Despite this the UNSW reported it has a joint venture with Monash University and Yayasan Persaudaraan Bangbayang '66 to establish a private university, UniSadhuGuna, in Indonesia. It also runs a Master of Engineering Science in Transport Engineering as a 'split' program arranged between the UNSW School of Civil Engineering and the Institute of Technology Bandung.⁵⁷

6.78 A third difficulty confronting potential education exporters is that educational material and the delivery of courses must be undertaken in *Bahasa Indonesia*. Entry of books into Indonesia is restricted and there are potential difficulties with the protection of intellectual property, particularly if books are produced there as is required by Indonesian law.⁵⁸

6.79 Fourth, although significant progress has been made recently, Indonesia has been inclined to look to Europe (Germany) and the USA as models for their reform agendas in

52 *ibid.* pp. 993-94.

53 DEET, Submission, pp. S587-588.

54 *ibid.* p. S587.

55 Monash University, Submission, p. S114.

56 DEET, Submission, pp. S587-588.

57 UNSW, Submission, pp. S696-S697.

58 DEET, Submission, p. S588.

education, training and research. For many years Indonesia remained sceptical about Australian capabilities in education and training. Traditional benchmarks for international education were the US, UK and some European countries like the Netherlands and Germany.⁵⁹ Deakin University also referred to the problem of Australian universities and their capabilities not being known.⁶⁰ An additional advantage for European and North American competitors is that the Indonesian academic year is aligned with the Northern Hemisphere. As in the Hong Kong market, Australians are also facing competition from some other countries in the Asian region. The challenge facing Australia is to be promoted and recognised as being the best in areas such as distance or external education and for Australia to be recognised as a technically advanced base. A promising sign has been that DEET was asked by the Minister for Education and Culture in Indonesia to prepare a position paper on the extent to which Australian education and training services can be delivered by the distance education mode into the eastern islands of Indonesia.⁶¹

6.80 Finally, DEET noted that 'Government to government interaction on education, training and research matters is critical to access by Australian providers to these markets and requires significant commitment of representational resources'.⁶²

6.81 A number of other difficulties were noted in specific submissions. Deakin University noted allowances to Indonesian students studying in Australia under World Bank funded projects are less than allowances for other countries because Australia is perceived to be a cheaper place to live. This can be a real disadvantage for the students and if this is indeed the case, such a differential is inequitable.⁶³

6.82 The Committee recommends that:

- 26. the Treasury and the Department of Employment, Education, Training and Youth Affairs confirm whether there are significant inequities in allowances for students studying in Australia under World Bank funded projects and if so established, approach the World Bank with a view to redressing this situation.**

6.83 Unisearch said there is a problem with language for Indonesian students coming to Australia in that the Indonesian language does not lend itself to easy transition to English and this creates problems for the students.⁶⁴ This does not of course affect Australia's competitive position vis a vis other English-speaking countries. ELICOS advised that 'The vast majority of Indonesian students have historically required a period of training in English language proficiency as a pre-requisite to their formal studies. ELICOS must be recognised for the gateway industry which it is'.⁶⁵

59 DEET, Transcript, 13 June 1995, p. 373.

60 Deakin University, Transcript, 17 May 1995, p. 258.

61 DEET, Transcript, 13 June 1995, p. 405.

62 DEET, Submission, p. S588.

63 Deakin University, Transcript, 17 May 1995, pp. 258-259.

64 Unisearch, Transcript, 14 September 1995, p. 856.

65 ELICOS, Submission, p. S162.

6.84 ELICOS also reported that the clearance through customs in Indonesia is time consuming and expensive.⁶⁶

Competitive advantages

6.85 The general competitive advantages of the Australian international education sector referred to in Chapter 4 are equally applicable to Indonesia. These should be considered together with Australia's general competitive advantages in the Indonesian market.

6.86 In attempting to raise the profile of the education and training sector in Indonesia and assist education service exporters, a DEETYA Education and Training Counsellor has been appointed in the Australian Embassy, Jakarta. The Counsellor's role is to 'provide a direct point of contact on education, training and workforce development - the Counsellor is developing a 'map' of the structure and function of the Indonesian bureaucracy and a 'contact database' to assist educators and training providers to locate members of the bureaucracy'.⁶⁷ The Counsellor is also the AIEF representative.

6.87 Monash University supported the placement of the Counsellor in Jakarta, but noted that there is '...potential for confusion on the part of prospective students concerning the respective roles of the AIEF's, AECs and IDP's EAOs'.⁶⁸ The Committee in Chapter 5 recommends that all bodies involved in international education, work to promote a cohesive Australian identity overseas. Furthermore, the Committee is concerned that prospective students are not confused about the respective roles of the various Australian education bodies.

6.88 The Committee recommends that:

- 27. the Department of Employment, Education, Training and Youth Affairs, in consultation with industry bodies, examine the current provision of educational advice at overseas posts with a view to avoiding duplication of effort and simplifying the process for prospective students.**

6.89 The profile of the Australian education sector has also been raised through:

- regular education and training fairs undertaken by educational providers, their agents and Austrade;
- staff exchanges between the Australian and Indonesian education and training ministries; and
- education and training conferences to promote Australia's skills in education and training to the Indonesians, for example, the Vocational Education and Training Conference co-hosted with Indonesia in July 1995.⁶⁹

66 *ibid.* p. S164.

67 DEET, Submission, p. S586.

68 Monash, Submission, p. S113.

69 DEET, Submission, p. S586.

6.90 DEET said another strategy at government level has been to access the opinion leaders and people who will channel students towards Australia, that is, appropriate people in the Indonesian government and senior academics.⁷⁰

6.91 A number of individual universities have established significant contacts in Indonesia. For example, the Northern Territory University has entered into a MOU with four universities in Indonesia to provide for exchanges of staff, students, course materials, and research projects.⁷¹

6.92 Opportunities for export of education and training skills have also been identified in important industries in Indonesia such as marine engineering, tourism, mining, and building and construction. Feasibility studies are currently being undertaken on the viability of setting up skills centres for those sectors. If the centres are established there will be opportunities for Australian providers to develop these industry competency systems and provide training in competency.⁷²

6.93 DEET has found that the health education and training sector has not been as well marketed in Indonesia as it has in other countries, so this is being addressed and opportunities exist there.⁷³

Accountancy

6.94 Most international accounting firms in Australia have affiliations with Indonesian accounting firms, and in many cases are managed from Australia.

6.95 The Australian Society of Certified Practising Accountants (ASCPA) and DFAT nominated a number of barriers to the provision of accountancy services in Indonesia.⁷⁴

6.96 Foreign professionals cannot obtain a licence as a practising CPA from the Director-General of Monetary Affairs as Indonesian nationality and a degree in accountancy from an Indonesian state university are basic conditions. No provision is made for recognition of overseas qualifications and the ASCPA believes there is still a long way to go before this will happen.⁷⁵ However, local firms that have an agreement with foreign firms are allowed to hire a limited number of foreign accountants as technical experts. A limited number of work permits are issued through a manpower placement scheme managed by the Ministry of Manpower. The number of foreign accountants in a local firm should not exceed 5 per cent of the total number of CPAs and other professional staff at the firm.

6.97 Foreign firms cannot establish an office nor enter into formal partnership agreements with Indonesian nationals. Foreign firms may establish links with local firms but the services provided by the foreign firms are limited to technical assistance and consultancy and they must raise the expertise of CPAs by conducting seminars and training programs.

70 DEET, Transcript, 13 June 1995, p. 373.

71 NT Government, Submission, p. S571.

72 DEET, Submission, p. S587.

73 DEET, Transcript, 13 June 1995, p. 395.

74 ASCPA, Submission, pp. S92-S93; and DFAT, Submission, p. S236.

75 ASCPA, Submission, p. S92.

6.98 As with Hong Kong, the ASCPA is involved in accountancy education services in Indonesia although on a much more modest scale. The ASCPA reported that in May 1995 it had 90 members in Indonesia. This lower level of activity is primarily because traditionally Australia was not seen as a major supplier of accountancy education to the Indonesian market. The ASCPA also reported that the Indonesian government has prepared a five-year plan for the development of the accountancy profession in Indonesia. As it is a government initiative, the ASCPA in association with the Institute of Chartered Accountants in Australia has been involved in advising DFAT on how the associations might assist.⁷⁶ More recently the ASCPA advised that the Australian accountancy profession is in the final stages of negotiations with the Indonesian Institute of Accountants (IAI) to agree to an MOU which will establish a framework to provide assistance to the IAI '...to help it operate as a professional body and to establish and promulgate accounting standards'.⁷⁷

6.99 DFAT noted that the deregulation and internationalisation of the Indonesian economy is requiring ongoing revision and updating of business standards and practices. As a result there is a greater demand for business services including accounting and legal services. The Accountancy Market Access Committee, details of which were outlined in the previous chapter, lists Indonesia as one of its priority markets.⁷⁸

Insurance

6.100 In December 1988 deregulation of the Indonesian insurance sector opened up several insurance subsectors to foreign participation. Prior to that only the life insurance subsector was open.⁷⁹ Several Australian companies have joint ventures in Indonesia including AMP Ltd in life insurance, Lend Lease in life insurance and pension funds management, and National Mutual.

6.101 Operational restrictions identified by DFAT were:

- foreign investors are allowed to form joint venture companies with local entities with a maximum equity of 80 per cent;
- joint ventures must remain under Indonesian control for the first two years;
- the company must have a plan to increase Indonesian share ownership over time;
- the foreign investor must be a bona fide insurance company operating for at least five years in the same field of insurance as the Indonesian business activity; and
- a requirement for higher paid up capital requirements for foreign insurance suppliers although under the Uruguay Round Indonesia agreed to phase out the differential requirement.

The sector was deregulated further under the Insurance Act 1992 which broadened the business of insurance and insurance related activities and stipulated the insured is free to

76 ASCPA, Transcript, 17 May 1995, pp. 270-272.

77 ASCPA, Submission, p. S767.

78 *ibid.* p. S762.

79 DFAT, Submission, p. S234.

choose their insurer except in cases of social insurance programs. There are also restrictions on the employment of expatriate staff.⁸⁰

6.102 AMP argued for: simplification of the rules governing expatriate entry, arrangements for obtaining entry permits, and rules such as the spouses of expatriates not being allowed to work; improvement of the tax treaty between Australia and Indonesia since it is less favourable to business than that between the Netherlands and Indonesia; and although not a serious problem, a more open approach on foreign ownership of life companies. AMP said it did not wish to overemphasise these problems and noted that some arise because the financial service area in Asia is undeveloped by Australian standards. It also noted expatriate costs are high, for example, three years rent in advance is often required for accommodation and business premises.⁸¹

6.103 Lend Lease said its biggest hurdle was to identify people to deploy from its current operations in Australia to go to Indonesia, and the high associated expenses. There were human resource problems such as getting top level staff with the necessary language and cultural skills for the market and some hesitancy on their part to go to some countries and relocate families. There were also problems with recruiting people that can handle some of the technologies being taken to these markets.⁸²

6.104 Lend Lease stated that its comparative advantages are its small but significant technological superiority, and its track record in Australia which includes skills in understanding changing legislation and adapting accordingly. The later skills will be required in Indonesia as regulations controlling superannuation change.⁸³ AMP said its strengths are its size, its credit rating and expertise which is high in some areas by Indonesian standards.⁸⁴

6.105 Lend Lease said its major competitors in Indonesia are its traditional competitors in the Australia market that are going overseas such as AMP, and National Mutual, the indigenous life companies that have been there for many years and increasing numbers of North American companies that are coming in. In relation to pension funds, because the legislation is only about two to three years old, the market is still very immature.⁸⁵ AMP listed its major competitors in the life market as mainly Canadian and American companies, two or three Australian companies and some local companies which tend to be rather old-fashioned.⁸⁶

6.106 Factors which Lend Lease considered promoted its success in Indonesia are: its unusual approach to market entry, that is, an 18 month research period on the market and finding the right partner; driving market entry and selecting the partner on the basis of relationships; and having one partner and setting up six joint ventures under that umbrella. Lend Lease stated that its business was greatly facilitated by the government to government activities and relationships between Australia and Indonesia.⁸⁷

80 *ibid.*

81 AMP, Transcript, 20 April 1995, pp. 195-196, 201-203; and AMP, Submission, p. S145.

82 Lend Lease, Transcript, 20 April 1995, pp. 133 & 141.

83 *ibid.* pp. 135 & 137.

84 AMP, Transcript, 20 April 1995, pp. 200-201.

85 Lend Lease, Transcript, 20 April 1995, p. 132.

86 AMP, Transcript, 20 April 1995, p. 201.

87 Lend Lease, Transcript, 20 April 1995, pp. 132-145

6.107 Lend Lease noted the wide variation in estimates of the Indonesian middle class which makes estimates of market size and prospects for insurance services extremely difficult. However, in the case of pension funds it commented that '...the market is only about \$US4 billion...(but)...is growing at 18% per cent per year'. While the market size is only 1 per cent to 2 per cent of the middle class, it is equivalent to the total of Australia's middle class, or about 4-5 million people.⁸⁸ AMP said it sees enormous opportunities in superannuation.⁸⁹

Banking

6.108 Australian banks have had a local presence in Indonesia, at least through representative offices, since 1972. Since 1988 Australians have moved beyond representation to operational activities, most notably the 85 per cent Australian owned joint venture ANZ-Panin Bank. Other Australian banks with representational offices in Jakarta include Westpac, Commonwealth, Macquarie and National Australia banks.

6.109 Deregulation of the banking sector has facilitated Australia's presence. In 1988 Indonesia opened up the banking sector by allowing joint venture banks with up to 85 per cent foreign participation to be established.⁹⁰ Since June 1994 wholly owned foreign banks have been permitted to gain licenses.

6.110 ANZ advised that its involvement in Indonesia dates back to 1973 when ANZ Grindlay established a representative office. Through its joint venture subsidiary PT ANZ Panin Bank, ANZ is the only Australian bank to have a full commercial banking presence in Indonesia. ANZ employs 40 staff and offers a wide range of banking facilities. It also provides assistance and advice on doing business in Indonesia and introductions to local officials and corporations.⁹¹

6.111 ANZ believes it has competitive advantages because of it being the only Australian bank with a licence in Indonesia; its partner, Panin Bank, is a good commercial bank in its own right in Indonesia with very good connections within the market; it has a large connection with the whole expatriate community from Australia; its network of banks in some 42 countries is also an advantage for its customers; Indonesia is fairly open in terms of the range of products ANZ can offer unlike other countries where there are limitations such as not being able to deal in the local currency or offer certain types of products; and its licence allows it to open in another six cities.⁹²

6.112 ANZ mentioned one significant competitive disadvantage in Indonesia. It believed it would be more competitive in Indonesia if it could gain foreign tax credit relief in Singapore where it raises most of its funds for Indonesia.⁹³

Telecommunications

88 *ibid.* p. 145.

89 AMP, Transcript, 20 April 1995, p. 201.

90 DFAT, Submission, p. S233.

91 ANZ, Submission, p. S345.

92 ANZ, Transcript, 3 October 1995, p. 932.

93 ANZ, Submission, p. S345; and Transcript, 3 October 1995, p. 926.

6.113 Telstra advised that Indonesia is a primary growth market for telecommunications in Asia. While growing rapidly, Indonesia's teledensity remains one of the lowest in the Asia Pacific region at less than 2 telephones per 100 people.⁹⁴

6.114 Telstra said Indonesia has been moving to liberalise its telecommunications market but provision of telecommunications services remains largely in state hands, either through PT Telkom or PT Indosat, the two public operators responsible for domestic and international services respectively. It noted 'Modest deregulation has allowed greater private sector participation in the market and legislative changes have allowed private investors to own and operate telecommunications network facilities under joint ventures if the joint venture includes a state owned company'.⁹⁵ Similar comments were made by DFAT.⁹⁶

6.115 Telstra has already established a Trunk Mobile Radio network in Jakarta and in cooperation with local partners is providing communication services to corporate customers. In June 1995, a multinational joint venture that included Telstra won a tender to take over and develop the telecommunications system for Central Java on behalf of PT Telkom.⁹⁷

6.116 Problems experienced by Telstra in Indonesia relate to administrative difficulties, such as the time and cost of establishing a company in Indonesia in order to exploit the new opportunities. For example, work visas are expensive; there was conflicting advice from different areas of the Indonesian immigration service; and it is time consuming to get the licences to operate a business. Telstra is seeking assistance from the Australian Government in clarifying the requirements facing service exporters seeking to establish themselves in Indonesia and where possible negotiating streamlined procedures with the Indonesian government. It also advocated changes to the bilateral tax agreement.⁹⁸ These have been discussed in Chapters 3 and 4.

6.117 Telstra's comparative advantages in operating in the Indonesian market are the ones that it considers it brings to all offshore operations and these have been outlined in Chapter 4.

6.118 Opportunities in the telecommunications sector in Asia are described by Telstra as immense. It said the World Bank has estimated that between \$200 billion and \$300 billion will need to be spent between now and the end of the century if basic telecommunications service needs are to be met. It is a highly competitive market.⁹⁹

Legal services

6.119 Indonesian law is characterised as a member of the civil law family. Customary law (*Adat*) is also still applied in some areas of the country and Islamic law applies to certain aspects of family and inheritance.¹⁰⁰

94 Telstra, Submission, p. S185.

95 Telstra, Transcript, 20 April 1995, p. 163.

96 DFAT, Submission, p. S227.

97 Telstra, Submission, p. S185; and Transcript, 20 April 1995, p. 163; and Telstra, *Industry Development and Achievements 1994-95*, p. 8.

98 Telstra, Submission, pp. S183-185; and Transcript, 20 April 1995, p. 163.

99 Telstra, Transcript, 20 April 1995, p. 168.

100 International Legal Services Advisory Council (ILSAC), *Legal services country profile: Indonesia*. Attorney-General's Department, Canberra, June 1994, p. 9.

6.120 A representative from the law firm, Philip and Mitaros, pointed out that the Indonesian concept of how their lawyers fit into the system is different from Australia's. In Indonesia:

Lawyers need to bring it to a deal by either introducing parties, such as Australian business organisations or other international business organisations, or bring some other value...If the contract is the best in the world, they could not care less. The deal is the important thing...¹⁰¹

He stressed that trust is important and said 'They [Indonesians] do not have the same slavish adherence to the terms of the contract, but they do honour relationships. At the end of the day, they are as important as the former'.¹⁰²

6.121 There are major constraints on the export of legal services to Indonesia. Foreign law firms currently are not permitted to open their own offices in Indonesia and local law firms are not able to enter into formal affiliations with them. However, a number of Australian law firms are represented in Indonesia as consultants or have entered into exclusive correspondent relationships with Indonesian firms.¹⁰³

6.122 Local law firms practising in the international arena often have several foreign lawyers, approved by the Ministry of Justice to practice, seconded to them. Other firms have foreign legal advisers with a work permit from the Ministry attached to their staff or foreign lawyers who work as informal technical consultants. Although foreign legal advice must be provided by Indonesian lawyers, foreign legal advisers with work permits from the Ministry may assist in framing advice. Prospective employers of foreign lawyers are required to show that the position cannot be filled by an Indonesian and foreign lawyers must devote ten hours per month to community service, usually in the form of coaching Indonesian Attorneys. While foreign lawyers are prohibited from appearing in court there are no specific rules that prevent foreign lawyers appearing before an Indonesian arbitration body.

6.123 Given the state of development of the Indonesian economy, and in particular the legal sector, the Attorney-General's Department (AGs) advised that, in consultation with the legal profession, it has formed the view on the Indonesian legal sector that:

...pressure for liberalisation of that sector is unlikely to yield results at this stage and that legal services should not be pursued within the GATS framework with Indonesia at this time. In addition, Indonesia has not included legal services within its scheduled offer under the GATS, in company with some other countries of the region.¹⁰⁴

6.124 Rather, AGs suggested the route of cooperation is the better way to go. It stated:

101 Philip, Transcript, 1 August 1995, p. 707.

102 *ibid.* p. 708.

103 For a list see: ILSAC *op.cit.* pp. 14-15; D'Aloisio, Tony, Chief Executive Partner, Mallesons Stephen Jaques. 'Australian lawyers and the law firms overseas: Building on the competitive edge'. Paper presented to the Law Council of Australia 29th Legal Convention, Brisbane, 27 September 1995. Unpublished, pp. 21-27.

104 Attorney-General's Dept, Submission, p. S365.

Australia is actively developing and promoting greater cooperation in law and legal services with Indonesia, in the private, academic and public sectors...The development of this relationship can be expected to lead to greater openness of the legal services sector and, in the medium term, to moves towards liberalisation, especially in the provision of services by foreign lawyers...one matter in which Indonesian officials have expressed interest...¹⁰⁵

6.125 Indonesia has been the major focus for ILSAC during the triennium which ended in June 1996.

6.126 ILSAC said as a model for reforms Indonesia has looked at Australian legislation regarding securities regulation, company administration, money laundering and the confiscation of profits of crime, industrial property rights, negotiable instruments as well as drafting practices in international contracts and treaties.¹⁰⁶

6.127 Future prospects for the Australian legal sector are good. AGs stated 'Rapid growth in the Indonesian economy has...generated considerable demand for a wide range of business services, including legal services. Increased foreign investment is likely to lead to greater demand for lawyers able to service those foreign firms and to advise on new areas of activity such as intellectual property'.¹⁰⁷

6.128 Philip and Mitaros strongly supported the view of sophisticated accounting, insurance and legal services following future international investment into Indonesia. The firm said '..Indonesia is vastly under-lawyered. As its internationalisation steams ahead, there is an enormous opportunity for Australian lawyers to go in and add value to what the Indonesian lawyers do'. For example, there is only one English speaking lawyer on Bali which has seven million people and there are no English speaking lawyers in Surabaya.¹⁰⁸

6.129 The Committee recommends that:

- 28. Australia offer to assist Indonesia to adopt internationally recognised commercial law standards, and business standards and practices that will maintain the confidence of overseas investors.**

Engineering

6.130 Engineering (including environmental engineering) ranks first in terms of the number of companies on the ground in Indonesia. There are about 110 engineering companies listed in Austrade's 1995 *Directory of Australian Businesses in Indonesia*. Many of the engineering firms have long track records of working in Indonesia, for example Clough Ltd has been there for over 25 years.

6.131 Several restrictions on the provision of engineering services were identified by DFAT:

105 *ibid.*

106 ILSAC, *op.cit.* p. 11.

107 Attorney-General's Dept, Submission, p. S365.

108 Philip, Transcript, 1 August 1995, p. 711.

Foreign firms may establish a joint venture with prescribed maximum equity limits. Market access restrictions faced by engineering professionals are similar to those for accountants. Work permits for directors, management and technical experts are obtained through the Ministry of Manpower ...(with terms of employment)... set by the Ministry, usually from two to four years. Foreign joint-venture partners have complained that this does not allow enough time to train Indonesian employees under their supervision...[Foreign technical experts or consultants]... are required to raise the awareness of local engineers by conducting training programs.¹⁰⁹

6.132 DFAT advised that 'Work is underway on an Australia-Indonesian cooperation project in the engineering sector, designed to assist Indonesia in the establishment of a national accreditation board for engineers'.¹¹⁰

6.133 Problems identified by CMPS&F were: ongoing problems of manpower requirements and the need to secure visas and work permits for specialist staff; foreign companies having to pay a withholding tax on services that have a foreign component; lack of market information which it considers is as much a function of the business culture of Indonesia as any other factor. It said that the business culture of Indonesia does not encourage the dissemination of corporate data, in fact information is closely guarded and public announcements are more 'public relations exercises' rather than intended to provide accurate information. CMPS&F argued that the Australian Government should seek to have the manpower requirements relaxed; have the withholding tax issue discussed on a government to government level; and Austrade should build up a more accurate picture of Indonesia over the next three to five years.¹¹¹

6.134 Minproc Engineering raised problems with the double tax agreement; the need to have mobile phones operative between Australia and Indonesia in case of health/medical emergencies; and felt that more effort was needed to bring private industry parties together, elevating private business contacts to the same level as government to government.¹¹²

6.135 The Henry Walker Group, which is involved in a wide range of engineering areas including mining projects, stated from its perspective there were not many impediments to trade. The main problems it said were just getting to know the area and learning to live with their conditions and their rules.¹¹³ Maunsell Pty Ltd shared that view.¹¹⁴

6.136 Clough Ltd noted that '...we are finding working in Indonesia is continually getting easier rather than more difficult. Its systems are getting more sophisticated, and I think generally it is becoming a better place to work'.¹¹⁵

6.137 Clough Ltd also pointed out that Australian engineers are trained and accustomed to working in remote locations without support and bring high standards in technical, safety

109 DFAT, Submission, p. S236.

110 *ibid.*

111 CMPS&F Pty Ltd, Submission, pp. S253-S255.

112 Minproc, Submission, pp. S676-S679.

113 Henry Walker Group, Submission, pp. 623-624.

114 Maunsell Pty Ltd, Transcript, 3 October 1995, p. 953.

115 Clough Ltd, Transcript, 12 July 1995, p. 437.

and environmental matters to their operations in Indonesia.¹¹⁶ Those views are generally supported by the Henry Walker Group.¹¹⁷ CMPS&F stressed the high quality and innovative solutions which Australians bring to engineering projects, skills which are scarce in Indonesia.¹¹⁸

6.138 Maunsell Pty Ltd stressed that price competitiveness is but one part of the success equation - quality of service, getting it right, and delivery on time are often more important considerations.¹¹⁹

6.139 The Henry Walker Group noted that its major competitors are other Australian companies rather than overseas competitors. It said it had no problems in competing with any of the foreign groups at all, even the Koreans, and that it could probably beat the competitors on costs.¹²⁰ In responding to a question about Australian companies competing amongst themselves, it also noted the Australian companies are the preferred ones, particularly in Indonesia. 'If we all banded together, the mining companies would force other contractors to come in to keep us honest'.¹²¹

6.140 While smaller engineering groups do work in consortia such as the Northern Territory Construction Group, the Henry Walker Group stated that it preferred to do things on its own because it is easier but it would go into a joint venture if the contract were big enough and it could not handle it alone.¹²²

6.141 The Committee was concerned that Australian companies were not consulting more in exploring export opportunities. Despite possible constraints that may be imposed by Trade Practices legislation, the Committee believes that Austrade or the Department of Industry, Science and Tourism could bring together companies engaged in exporting to a particular market, to share ideas and experiences.

6.142 CMPS&F stated '...there are quite a number of major offshore engineering companies coming into Australia, buying up Australian companies and using Australia as a base to launch themselves into South-East Asia'.¹²³

6.143 The Northern Territory Department of Asian Relations, Trade and Industry raised concerns about increasing competition from Singapore with engineering design services.¹²⁴

6.144 In contrast to the more traditional view, Clough Ltd provided another perspective on Indonesian joint venture partners. It said while supporting local participation and local identity in a business in Indonesia:

...you are very vulnerable to your Indonesian partner...So we were quite relieved when we were able to float the company and have our Indonesian partner through the stock exchange rather than through an

116 *ibid.* pp. 443-449.

117 Henry Walker Group, Transcript, 31 July 1995, p. 628.

118 CMPS&F, Submission, p. S254.

119 Maunsell, Transcript, 3 October 1995, p. 955.

120 Henry Walker Group Ltd, Transcript, 31 July 1995, p. 629.

121 *ibid.* pp. 632-633.

122 *ibid.* p. 632.

123 CMPS&F, Transcript, 3 August 1995, p. 797.

124 NT Dept of Asian Relations, Trade and Industry, Transcript, 31 July 1995, p. 636.

individual...Within five or 10 years...we would like to see our Indonesian company completely Indonesianised.¹²⁵

6.145 Environmental Solutions International Ltd (ESI) which focuses on pollution control equipment and services, waste water treatment plants and the hazardous waste area in Indonesia said its main competitors are the German, Japanese, Canadian and more recently French companies. It said in the environmental area that the British and the French are using Australia as a jumping off point into Asia. As a result it would like to see more of an industry development component considered by local and state governments in their award of contracts in Australia.¹²⁶

6.146 ESI noted that Australia has made a major contribution to the development of environmental infrastructure in Indonesia at government level and in writing legislation and regulations via consultancies in the late 1980s following the demise of the Canadians. In some cases the standards are tougher than those in Australia. However, the problem is policing and enforcement of those standards which is not surprising given the development of the regulatory infrastructure in Indonesia, particularly East Java.¹²⁷

6.147 ESI stated that there is a huge global market for environmental management. Eastern Europe will be the biggest market particularly for the clean-up technologies, but ESI would be '...going to focus on Asia...(because) ...the growth rate is going to be higher; there will be more opportunities...'.¹²⁸

Architecture

6.148 Austrade's *1995 Directory of Australian Businesses in Indonesia* lists nine architectural and town planning businesses operating in Indonesia.

6.149 Thomson Adsett Architects is Queensland's largest firm of architects and has been working in Asia for about seven years. It described Australia's competitive advantages in architectural services as: the high professional and technical regard for Australian work overseas; world class professional qualifications; lots of on the ground experience in Australia - unlike Europe there is a lot of new building going on in Australia; Australian work ethos is still strong in the profession; honest reputation; and being cheaper than the Americans.¹²⁹

6.150 It said the standard of architecture provided in Indonesia to be competitive has to be world-class. Its major competitors in Jakarta are the Americans. Major competitors in Asia are the other top nine to ten firms of architects in the world, therefore, it is competing against world class standards.¹³⁰

6.151 There are similar restrictions on architects operating in Indonesia as is the case for the legal profession, that is, having to use a local architect on every project. Thomson Adsett considered that this makes good sense because the locals know the local conditions and it is

125 Clough Ltd, Transcript, 12 July 1995, pp. 440-441.

126 Glennon, Transcript, 12 July 1995, p. 466.

127 *ibid.* pp. 473-474.

128 *ibid.* p. 474.

129 Adsett, Transcript, 7 August 1995, pp. 742-748.

130 *ibid.* p. 746.

selling a specialist niche - the design and technology. This requirement has worked to its advantage because it is sought after for front-end design by a lot of local architects wanting it to work with them on projects.¹³¹

6.152 In contrast to Thomson Adsett, Linklater Dawson Architects, a small architectural firm in Darwin, said the major difficulties in working in Indonesia are: the cultural relationships; educating Asians into Australian products and services so they have confidence in them; and the time, difficulties and expenses of setting up a formal legal entity to do business in joint ventures and partnerships in Indonesia.¹³²

6.153 Rather than focusing on cultural training for staff, Thomson Adsett selects its staff very carefully to fit in with the ethos of the country of its clients. The way it operates is to stay close to its clients and look for repeat business. It said it looks for staff who will establish relationships and serve those clients. In contrast to the general view, it did not consider language skills important and suggested that they may restrict a client's ability to discuss matters between themselves confidentially in front of an architect at a presentation. It noted that it is important for Asian clients to be able to see examples of other buildings that the architect has designed.¹³³

6.154 Thomson Adsett also pointed out the importance of flow-on effects from architectural services. 'We are selling a service. There are not major profits...The impact that we have is in the area of specifying Australian products...'.¹³⁴ While there will always be a certain amount of leakage from its specifications in Indonesia - '...working out of Jakarta one thing is very clear: anything we specify is gospel and they accept it as such'.¹³⁵

6.155 Linklater Dawson Architects suggested Australian businesses are not competitive in consultancy services but there are niche markets and specialist expertise. For example, in design work Australians are very good at problem solving compared with the Asian approach which is good at producing the results once the problem is solved.¹³⁶

6.156 On future prospects for architectural services in Asia, Thomson Adsett said '...there does not seem to be any limit to the work or the opportunities. We are limited by the amount of investment that we put in...'.¹³⁷

Medical and health services

6.157 The export of medical and health services is a fledgling export industry which only began to coordinate its exploration of export opportunities in the early 1990s. Before this health exports were mainly aid-related. The sector is wide ranging including hospital design and construction, hospital management, health planning, education and training, sales,

131 *ibid.* p. 749.

132 Linklater Dawson, Transcript, 7 August 1995, pp. 670-672.

133 Adsett, Transcript, 7 August 1995, pp. 745-753.

134 *ibid.* p. 739.

135 *ibid.* p. 748.

136 Linklater Dawson, Transcript, 7 August 1995, pp. 671-672 & 686.

137 Adsett, Transcript, 31 July 1995, p. 743.

service of medical and diagnostic equipment, health insurance, care of patients, pharmaceuticals, aged care, etc.¹³⁸

6.158 There are restrictions on Australian doctors practising in Indonesia. DFAT advised that at present:

...foreign doctors are only permitted to operate as consultants in Indonesia. The growing asymmetry between the demand for medical services and government-supplied medical services, together with the limited availability of well-trained experienced health practitioners suggest a strong growth in future demand for foreign doctors acting as consultants....[R]egulations governing the activities of foreign medical and other health practitioners... may be liberalised in the future.¹³⁹

6.159 DFAT also noted that there appear to be no restrictions on the number of Indonesian nationals seeking specialised treatment overseas.¹⁴⁰ For example, International Healthcare Pty Ltd reported it brought some 400 patients to Australia in 1994-95 for surgical and medical treatment compared to just two patients when it started out in 1988. It also pointed out that it is quite an achievement since advertising has to depend on word of mouth.¹⁴¹ DIEA said the number of medical visas has increased from 3500 in 1993-94 to 4300 in 1994-95 and Indonesia is one of the major source countries for visas with over 1000 of those.¹⁴²

6.160 The Department of Human Resources and Health cited the competitive strengths of Australia's health sector as: its reputation for quality, availability and affordability; its technological advancement; the mix of private and public sector organisations giving strength and credibility to export activities; high quality professional education and training; world-class design, construction and management of health facilities; high quality patient care; and price competitiveness especially in many specialist medical procedures compared with Western Europe and North America.¹⁴³

6.161 The Northern Territory Department of Asian Relations, Trade and Industry raised concerns about the numerous referrals from the Indonesian eastern islands to Singapore for medical services - 5000 patients in 1994 at US\$5000 per patient per day - an area where Australia is missing out on significant opportunities.¹⁴⁴

6.162 International Healthcare Pty Ltd said that there is a dearth of medical expertise in countries such as Indonesia and Computer Power reported particular shortages in Asia in the areas of radiology and pathology. They expect the market to be large and stressed the need for a coordinated approach to health exports.¹⁴⁵

138 Dept of Human Services and Health, Submission, p. S150.

139 DFAT, Submission, p. S237.

140 *ibid.*

141 International Healthcare Pty Ltd, Transcript, 12 July 1995, pp. 480 & 489.

142 DIEA, Transcript, 18 September 1995, p. 919.

143 Dept of Human Services and Health, Submission, p. S150.

144 NT Dept of Asian Relations, Trade and Industry, Transcript, 31 July 1995, p. 636.

145 International Healthcare Pty Ltd, Transcript, 12 July 1995, p. 487; Computer Power, Transcript, 12 July 1995, p. 482.

6.163 A Western Australian Government survey found that the sector least successful at exporting is health services.¹⁴⁶ It noted that while the Western Australian health service sector was sophisticated, it was:

...fragmented. In terms of export orientation it is the least developed sector covered by this study. Its future export potential lies in the areas of attracting overseas patients to Western Australia for medical procedures, developing centres of excellence in internationally tradeable areas of treatment...or launching wide ranging health service development programmes through large scale, aid funded projects.¹⁴⁷

6.164 The major federal government activity to boost health exports has been the establishment of the Australian Health Industry Development Forum (AHIDF) to coordinate private and public sector activities. Specific initiatives in relation to Indonesia have been the establishment of the Indonesian Focus Group, with strong private sector participation, under the AHIDF; sponsorship of the Booz Allen & Hamilton report on trade opportunities in Indonesia for the health industry;¹⁴⁸ the 1992 MOU on Health Cooperation with Indonesia; and the Australian Health Services Exhibition Jakarta in September 1992.¹⁴⁹

6.165 According to the Booz Allen and Hamilton report, export opportunities with Indonesia look promising. The report concluded:

overall demand for healthcare services in Indonesia will increase, fuelled by recent government legislation encouraging insurance and foreign company participation, and rising consumer spending levels. Health education and training, medical and diagnostic equipment, pharmaceuticals and insurance have been identified as areas of high growth potential over the next 5 years.¹⁵⁰

6.166 The report also concluded that major trade opportunities for Australian companies exist in education and training, care of patients, hospital design and construction, health insurance, and medical and diagnostic equipment.¹⁵¹

6.167 DSHS suggested that although immediate prospects for the export of Australian aged care services are limited, given the size of the market it is expected to become increasingly competitive in the long term.¹⁵²

6.168 International Medical Assistance Programs suggested there are virtually unlimited possibilities for medical services in Indonesia.¹⁵³

146 WA Government, Submission, p. S396.

147 *ibid.* p. S402.

148 Booz, Allen & Hamilton (Australia) Ltd. February 1995. *Maximising Australia's health industry export potential to Indonesia: Final report*. Commissioned by DSHS, DIST, DEET, Market Australia and Austrade.

149 Dept of Human Services and Health, Submission, pp. S147-158.

150 *ibid.* p. S154.

151 *ibid.*

152 *ibid.* p. S149.

153 International Medical Assistance Programs Pty Ltd, Submission, p. S201.

6.169 Computer Power and International Healthcare Pty Ltd in Perth have been studying the feasibility of the use of telemedicine facilities into Asia.¹⁵⁴ The Northern Territory is also trying to develop on-line diagnostic services into eastern Indonesia.¹⁵⁵

6.170 The Committee recommends that:

- 29. Austrade and the Department of Health and Family Services consider ways in which medical services and health education services can focus on the needs of markets like Indonesia to improve the understanding of the high quality of medical services available in Australia.**

Some strategies for addressing impediments

6.171 Impediments encountered by Australian businesses exporting to Indonesia are wide ranging and pervasive.

6.172 Some matters are largely beyond Australia's control such as the high in-market establishment costs, and high costs of materials and delivery of courses to be undertaken in *Bahasa Indonesia*. However, the issue of ownership of property should be placed on the agenda in discussions with the Indonesian government.

6.173 Commercial presence issues such as the prohibition on foreign firms establishing an office in Indonesia, professionals practising in their own right and foreigners having to meet professional qualifications requirements in Indonesia, already are firmly on the multilateral, regional and bilateral agendas for most service sectors. Recognition of TAFE qualifications should also be included. The Committee supports AG's recommendation that legal services not be pursued within the GATS framework with Indonesia. However, it should be pursued vigorously within the cooperative framework suggested so that in the medium term the expected liberalisation will be actually achieved. Discussions on copyright laws will continue under TRIPS and through Australia and Indonesia's agreement for the reciprocal protection of copyright which came into force in August 1993.¹⁵⁶

6.174 Negotiations on the easing of restrictions in obtaining work permits, visas and clearance through customs also must progress through the trade negotiation mechanisms. DIEA said the issue of easing visa restrictions for Australia has been raised with governments in the region, but the response has been that Australia has the most stringent visa system in the region. It suggested Australia has to get its initiatives on the ground and practically accepted, and then use that as part of the approach to Indonesia and other players in the region. Another area of work is through APEC and the movement of business people in the region.¹⁵⁷ On a more practical level, ESI said the most useful solution is to identify a suitable partner in Indonesia and let them take care of it.¹⁵⁸

6.175 The Committee recommends that:

154 Computer Power Group/International Healthcare Ltd, Transcript, 12 July 1995, pp. 484-485.

155 NT Department of Asian Relations, Trade and Industry, Transcript, 31 July 1995, pp. 636-637.

156 Attorney-General's Dept, Submission, p. S373.

157 DIEA, Transcript, 18 September 1995, p. 918.

158 Glennon, Transcript, 12 July 1995, p. 469.

30. the Department of Immigration and Multicultural Affairs in association with the Department of Foreign Affairs and Trade, take up with Indonesia the issue of easing restrictions for Australian business people travelling and working abroad.

6.176 Given that the liberalisation of these restrictions may be a long and time consuming process and that Indonesia is in a state of transition with some inconsistencies and unpredictability with regulations, substantial effort needs to be made by DFAT and Austrade to stay on top of the regulatory changes and provide businesses with the most up-to-date information on them. Initiatives such as the barriers data base should assist.

6.177 The Committee recommends that:

31. the Department of Foreign Affairs and Trade and Austrade ensure that they have the most up-to-date information on Indonesian regulations, their application and enforcement as they affect service exporters, and actively disseminate that information available to service exporters.

6.178 In relation to individual overseas markets, the Committee recommended in Chapter 4 that Austrade publish a brochure for potential service exporters outlining the challenges and opportunities in the market place and the available Australian Government assistance.

6.179 There are many facets to the joint venture/partner situation and DFAT, Austrade, and DIST need to ensure that they get the full story across to businesses starting out in Indonesia.

6.180 Smaller and less experienced businesses often have difficulties in getting paid. Strategies for dealing with this suggested by ESI were the use of irrevocable letters of credit where you do not deliver until you get the money first and entering projects where there is concessional funding through AusAID, the World Bank, ADB or EFIC funding.¹⁵⁹ EFIC insurance also covers this and EFIC must ensure new exporters are aware of its services.

6.181 To address standards problems, Standards Australia recommended continued negotiations for uniform adoption of international standards and the implementation of mutual recognition agreements, negotiations with Indonesia for more acceptance of Australian standards, the development of mutual working relationships at a technical level, and encouraging Indonesia to see the value of third party certification to ISO 9000 quality assurance standard of companies providing services.¹⁶⁰

6.182 The Committee recommends that:

32. Australia encourage the Indonesian government to accept and adopt international standards (ISO).

6.183 Strategies for dealing with concessional finance, the double taxation agreement, foreign tax credit relief and Australian service exporters and their capabilities not being well known, were outlined in Chapters 3 and 4.

159 *ibid.* p. 470.

160 Standards Australia, Submission, p. S66.

Conclusion

6.184 Australia is a small player in the large and expanding Indonesian service market.

6.185 Entry into the Indonesian market is difficult and the raft of regulations and licences, costs, cultural and business nuances to be dealt with should not be underestimated. The impact of these regulatory restrictions is clearly seen in contrast with those in Hong Kong. No evidence was presented to the Committee to suggest that the current activities of the Indonesian government in revising and updating its regulatory framework are leading to more formalised but restricted market access conditions. In fact some businesses consider life has become easier as the systems have developed to a higher level of sophistication.

6.186 DFAT's and Austrade's view that Australian business expansion has generally been constrained by Indonesian regulations and procedures is certainly true.

6.187 Two competitive advantages that Australia has that do not appear to be sufficiently stressed by Austrade and DFAT are that Australians are generally viewed as non-threatening compared to service exporters from other countries, and that Australians generally work well in partnerships.

6.188 Despite the major challenges of the Indonesian market, many service exporters are operating very successfully and some have been doing so for a long time, especially in the engineering and education sectors. Engineering and mining companies led Australia's entry into the market.

6.189 Australian service exports are considered to be competitive on their capabilities and in many sectors on price. This is certainly true for engineering services for example.

6.190 Competition within the Indonesian service market is already fierce and will most likely increase further as new players such as Singapore and Malaysia enter the market in the short term, and Indonesian domestic capabilities improve and expand in the longer term. Austrade said one of its major concerns is intensified US interest and concentration on ASEAN, and on Indonesia in particular.¹⁶¹ Australian service exporters demonstrated no complacency about this situation.

6.191 The necessity and benefits of maintaining a competitive edge are clearly demonstrated by the achievements of the education sector. The export of professional education services provides an important underlying support for nearly all business sectors. The benefits of this are evident also in the Hong Kong market.

6.192 Opportunities exist for the expansion of service exports in all business sectors analysed. Important areas of opportunity include medical/health services, architecture and educational components of other service sectors such as legal and accountancy education.

6.193 There was little suggestion of the provision of service exports other than through commercial or physical presence. The exception is the education sector which is starting to look at distance education, and of course through the education and training of Indonesians *in situ* in Australian educational institutions. The importance of other modes of delivery will

161 Austrade, Transcript, 6 April 1995, p. 50.

change with further developments in technology and improvements in the telecommunications sector in Indonesia. Exporters need to prepare and plan for this now.

Ian Sinclair, MP
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