

Ambition in opening up Indonesia

14 novembre 2015

Savvy Australian businesses are navigating our northern neighbour, writes Jewel Topsfield

When Australian Walter Gilmore first became the CEO of Siloam Hospitals Group in Indonesia in 2004 he would feel pretty upbeat after executive meetings. "I would think 'This is fantastic, everyone has agreed' but I would go to the next meeting and nothing had happened," Gilmore says.

Gradually, it dawned on him that consensus had not been reached after all.

"People don't want to say no to your face," Gilmore says. "I would be having a meeting where in the Australian context a person would say 'No' in a very forthright, clear manner but in Indonesia in my experience that doesn't happen. In a lot of discussions I would think I had some level of agreement or progress only to find out further down the track they hadn't really agreed."

The business etiquette guide, Kiss, Bow or Shake hands, says that because Indonesians believe it is impolite to openly disagree they will rarely say no. "The listener is expected to be perceptive enough to discern a polite "Yes, but I really mean no" from an actual 'yes'," the book says. "This is rarely a problem when speaking in Bahasa Indonesia because the language has at least 12 ways to say 'No' and many ways to say 'Yes, but I mean no'. This subtlety is lost when translated into many foreign languages, including English."

This cultural difference can be a hard lesson for Australians to learn, Gilmore says. But this experience - and a multitude of others during his three years with Siloam - proved invaluable to his latest venture in Indonesia.

Gilmore is now the CEO of private training company Careers Australia, which runs commercial cookery classes in Indonesia in partnership with Indonesian fast food chain Es Teler 77.

He is enthusiastic about doing business with Indonesia, saying that living in Jakarta opened his eyes to the opportunities that exist. "It's a country on our doorstep with strong economic growth over the last decade, a country that has developed a strong democratic process. It has a very young population. Indonesians are a people that really are quite ambitious and entrepreneurial, which makes them hungry for education. It ticks a lot of boxes."

In 1935, Australian economist Sir John Grenfell Crawford was sanguine when he described the trade relationship between Australia and what was then known as Dutch East Indies. "We have a picture of two countries whose trade relations are largely complementary, each providing goods the other needs and cannot conveniently provide itself."

But 80 years after this buoyant assessment, the adjective most commonly used to describe Australia's economic ties with Indonesia is "underdone". During a recent trip to Jakarta, Trade Minister Andrew Robb lamented that there were more Australian firms in Dubai than the whole of Indonesia. "It doesn't make any sense to me," he said. "We have been looking over one another for 15 or 20 years for no good reason."

Despite all Indonesia's advantages - its geographic proximity, its population of 250 million and its burgeoning middle class - it is still only Australia's 12th largest trading partner. Australia's share of Indonesia's total imports in 2014 was just 3.2 per cent.

"Until now, we have both been large commodity-exporting economies working somewhat in parallel, often with the same customers. We both look north," Department of Foreign Affairs and Trade secretary Peter Varghese said in a speech in July. "Beyond tourism, we have not had a connection in the kind of services trade which is now becoming possible with the growth of the Indonesian consuming class. As the Indonesian expert, Jamie Mackie has written: 'No attempts to improve relations between our two countries will achieve much unless trade, investment and business contacts between us develop much more vigorously'."

It is with this in mind that Robb will lead the largest ever delegation of Australian ministers and business leaders to Indonesia next week to forge links in sectors such as agriculture, education, infrastructure, tourism and resources.

The delegation will include Health Minister Sussan Ley, Immigration Minister Peter Dutton, Minister for Tourism and International Education Richard Colbeck and 345 Australian business leaders. "This visit will provide business leaders from both sides to meet and explore new opportunities," says Australia's ambassador to Indonesia, Paul Grigson.

The fact the trip was originally planned for March, but was put on ice amid escalating tension between the two countries in the lead up to the execution of Bali nine heroin smugglers Andrew Chan and Myuran Sukumaran, illustrates that the volatile bilateral relationship inevitably impacts on business.

The countries have repeatedly fallen out over the past few years. The fragile relationship has been rocked by the executions, claims Australian officials paid people smugglers to turn asylum seekers back to Australia, revelations that Canberra spied on top Indonesians, including tapping the phone of former president Susilo Bambang Yudhoyono's wife, and the Australian government's temporary ban on the export of live cattle in 2011.

"To say it has been frustrating is putting it mildly," says Australia **Indonesia Business** Council president Debnath Guharoy. "It's been aggravating, it's been irritating, it's been disappointing and I could go on. The setbacks have been too frequent, too many."

Guharoy is characteristically blunt when asked why the Australia-Indonesia economic relationship is so underdone. "Of all the reasons, the biggest single hurdle is a cultural one," he says. "We are predominantly Anglo-Saxons, looking at Asia above us, which has a completely different set of cultures. When you get to Indonesia there is another word to throw in - Islam. That makes most Australians take a few steps back. There is a fear of the unknown and because of (this) there is very little appetite for investment. That in a nutshell is the real truth. If you want evidence of this, look no further than New Zealand. In a country of four million we have invested \$46 billion, in Indonesia, a country of 250 million, we have invested a cumulative total of less than \$11 billion. This is a reality we have to change for the sake of our own country. We have to recognise the fact that right across the water is a giant market place waiting for us to engage."

Guharoy says it is no secret the replacement of former prime minister Tony Abbott with Malcolm Turnbull, who visited Jakarta on Thursday, has been welcomed in Indonesia. "And Andrew Robb coming here with the biggest delegation ever has been received very warmly by both sides. Stakeholders are very hopeful we are about to turn the page."

Fashion is one sector where many see opportunities. The Australia-Indonesia Centre built new relationships enabling Melbourne label Pageant and Australian wool company Woolmark to showcase collections on the opening day of Jakarta Fashion Week last month.

Australia's ambassador to Indonesia, Grigson, who attended the show in what he quipped was his "national dress" - a Quiksilver T-shirt - said Australian "Cool Wool" was a great product for Indonesia. In 2012 Woolmark re-launched Cool Wool, a collection of fine, lightweight fabrics suited to warmer climates. "This had us looking at other high growth markets that weren't typically in our sights," says Woolmark's Rob Langtry. He believes Indonesia is a natural fit given the national passion for textiles and strong fashion design industry. "It's win win ... Indonesia is looking to broaden its exports into the northern winter hemisphere and they can't do that without wool." Woolmark is also exploring establishing a wool processing plant in Indonesia.

As of June 2015, there were 240 Australian companies operating in Indonesia. ANZ employs 1800 full-time staff and more than 3000 contractors in Indonesia.

BHP Billiton recently announced it was ramping up its focus on Indonesian coal and would open a second mine in Borneo within two years. Follow Jewel Topsfield on Facebook