

# Geography of Belarus' Interests: Indonesia

Indonesia, the biggest country in Southeast Asia, is largely focused on cooperation with its closest neighbors and ASEAN partners. Nevertheless, Belarus-Indonesia trade that skyrocketed from \$1.8 million in 1995 to \$130 million in 2013 demonstrates that Minsk and Jakarta have managed to find common areas of interest.

What are the niches of the Indonesian economy where Belarusian companies have managed to consolidate their positions? What reputation do Belarusian scientists have in Southeast Asia? These questions were addressed by the Economy of Belarus Magazine to Ambassador Extraordinary and Plenipotentiary of Belarus to Indonesia Vladimir LOPATO-ZAGORSKY who also represents Belarus' interests in Malaysia, Australia, Singapore and the Philippines:





It might seem that there are no preconditions for any significant increase in Belarus-Indonesia trade because of the great distance between the two countries and Indonesia's well-established trade and economic ties with other Southeast Asian countries, and with China, Japan, South Korea and the United States. However, in reality the situation is absolutely different. The economies of Belarus and Indonesia are complementary. Vigorous trade in certain commodities benefits both Belarus and Indonesia.

The rapidly growing population prompts the Indonesian government to give a greater focus to agriculture and production of food-stuffs. As agricultural land is rather scarce in Indonesia, the country has no other option but to increase the crop yield on the available land. The government has announced plans to channel \$1.72 billion to subsidize the purchase of fertilizers for farmers in 2014.

Naturally, Jakarta completely understands our efforts to promote potash fertilizers on the Indonesian market. They also know that potash fertilizers are Belarus' major export commodity to Indonesia. Indonesia reduced the overall import of potash fertilizers by 33.8% in 2013, as the country purchased too much of this commodity in the previous years. Nevertheless, in 2013 the supplies of Belarusian potash fertilizers rose 1.2 times compared to 2012 (from \$70.3 million or 169,600 tonnes to \$86.7 million or 255,100 tonnes).

In the first quarter of 2014, the export of Belarusian potash fertilizers to Indonesia already rose more than 1.3 times compared to the same period in 2013.

In February 2014 Belarusian Potash Company won the tender to supply 250,000 tonnes of potash fertilizers for Indonesia's biggest producer of compound fertilizers PT Petrokimia Gresik. Due to this, the export of Belarusian potash fertilizers to Indonesia in H1 2014 alone will be nearly as big as in the entire 2013. The agreements reached during the visit of PT Petrokimia Gresik President Director Hidayat Nyakman to Minsk suggest that Belarus can count on the constructive cooperation with this company in the future.

I have mentioned just one buyer of Belarusian potash fertilizers. However, Belarusian Potash Company and the Embassy are in talks with other Indonesian companies, too.

### **Intensive development of agriculture and mining generate demand for machinery and equipment. Does Indonesia import Belarusian machines?**

The company PT Belarus Tractor Indonesia was registered by PT Kobexindo Tractors in March 2013 with a view to promoting MTZ tractors on the Indonesian market. In January 2014, the first batch of six Belarus-892.2 tractors was delivered to PT Belarus Tractor Indonesia. In line with the memorandum signed by MTZ and PT Belarus Tractor Indonesia, 250 tractors are to be shipped to Indonesia in 2014-2015.

The sale of BelAZ dump trucks in Indonesia is another promising cooperation avenue. Potential buyers include companies involved in mining and cement production, as well as big engineering companies running large-scale infrastructure projects (construction of roads, electric power plants, etc.).

With a view to securing a foothold on the ASEAN markets (including Indonesia), BelAZ registered the trading house Belazia in Singapore in December 2011.

I would like to note that Indonesia reduced the import of dump trucks by 25.7% in 2012 and by 88.4% in 2013. It was due to the production decline in the mining industry, in particular, crisis in coal production as a result of the falling prices for coal on the global market. Nevertheless BelAZ shipped nine 45-tonne dump trucks to Indonesia over these two years. BelAZ has plans to sign a contract to supply eight more dump trucks to this country in the near future.

The advanced mining industry coupled with major infrastructure projects in Indonesia open up big prospects for the Belshina tire producer in that country.

In 2007 Belshina opened the Beltyre Asia trading house in Singapore, which handles, among other things, the supplies of Belshina products to the Indonesian market.

In Q1 2014 alone, Belarus exported tires worth \$2.5 million to Indonesia, which amounted to 94% of the total supplies in 2013.

Given the declining demand for heavy-duty tires caused by the downturn in the mining industry of Indonesia, Belarus has been diversifying the supplies with trucks and passenger cars tires.

We believe that there are also good prospects for promotion of products made by MAZ, Amkodor, Scientific and Production Association "Center", Minsk Bearing Plant and other Belarusian enterprises.

### **You mentioned that the demand for food has been growing in Indonesia, where population has exceeded 250 million. What can Belarusian manufacturers offer here?**

Now work is under way to start supplying food products to Indonesia. For example, we are negotiating a contract with a large Indonesian company Indofood on the supply of milk powder. The export of this product in the current year can reach 8,000 tonnes.

In January 2014, the Ulama Council of Indonesia issued halal certificates for six Belarusian dairy plants, which is the requirement for the export of dairy products to that country.

Belarus, in turn, welcomes direct delivery of traditional Indonesian goods such as natural rubber, seafood, palm oil, coffee, spices, tobacco, and others.

### **Are Indonesian businessmen interested in investing in Belarus?**

Given the volatility of the global economy Indonesia's overseas investments are insignificant and limited mostly to the nearby countries, particularly Southeast Asia states. In addition, the Indonesian government is actively encouraging domestic companies to invest in the national economy. All this makes it difficult to attract large-scale Indonesian investment to Belarus.

Nevertheless, we constantly work with potential investors and at all meetings inform them about the advantages of investing in the



Republic of Belarus, stressing that we are a member state of the Customs Union and the Single Economic Space of Belarus, Kazakhstan and Russia.

Some Indonesian companies are interested in the Belarusian economy, especially agriculture and the pharmaceutical industry. These avenues are already being explored.

The Indonesian pharmaceutical giant PT Sanbe Farma said that for making the final decision on the investment in the Belarusian pharmaceutical industry the decisive factor will be the absence of the requirement to undergo additional registration for the products which will be made in Belarus in the other members of the Customs Union.

Whether we manage to attract Indonesian investment into this sector of the Belarusian economy will largely depend on the progress the Customs Union and the Single Economic Space will make in unifying the pharmaceutical market of Belarus, Russia and Kazakhstan.

#### **Are Belarus and Indonesia planning to develop cooperation in the field of healthcare?**

Healthcare is a promising area of Belarusian-Indonesian cooperation. At my meeting with the Indonesian Health Minister Dr Nafsiah Mboi in October last year we discussed the training of Indonesian healthcare personnel in Belarus, exchange of expertise, the supply of medical equipment.

Following the talks, the Belarusian Healthcare Minister extended an invitation to Dr Nafsiah Mboi to visit our country. We hope that the visit could be arranged this year or in early 2015, and the Indonesian side will be able to familiarize themselves with the achievements of the Belarusian healthcare system.

I will add that Belarusian producers of medical equipment Medindustria Service and the Unitechprom of the Belarusian State University have established contacts with partners in Indonesia. As a result, Belarusian medical furniture and equipment are already used in Indonesian hospitals.

**Indonesia has repeatedly stressed its willingness to develop**



**cooperation with Belarus in science and technology. When might the parties embark on joint projects?**

Belarus and Indonesia are actively developing contacts in science and technology. In 2011 sci-tech cooperation was not even on the bilateral agenda. However, well-coordinated efforts of the State Committee on Science and Technology of Belarus, the National Academy of Sciences and the Embassy have allowed us to reach a new level of cooperation in a very short period of time. Over the past two years we have concluded three fundamental agreements in the sci-tech sector, secured a regular exchange of visits among the heads of the key research establishments of the two countries. In December 2013 Belarus and Indonesia signed a joint program on sci-tech cooperation, which envisages the implementation of three projects in mechatronics, powder metallurgy and physics in 2014-2016. The two countries are also mulling over projects in biotechnologies.

I would like to note that not only Indonesia but also other countries where I am accredited acknowledge the high level of the Belarusian science and express readiness to coop-

erate with Belarusian scientists. Our major goal is to translate these plans into practice.

In 2014 the Australian National University and the National Academy of Sciences of Belarus are expected to sign the Agreement on Scientific Cooperation and Collaboration in the Field of Scientific Personnel Training. Together with the Singaporean companies we are studying the ways of commercializing Belarusian innovative solutions in the production of solar cells, porous filters and heat-resistant fibers.

**Belarus has been actively expanding its education exports today. Are there chances for Belarusian educational services to be in demand in Indonesia?**

Indonesia is a country where Belarus can fulfill its considerable education potential. Local students are interested in getting education abroad. Every year about 30,000 Indonesian students go overseas to get a foreign diploma. Indonesians traditionally go to study to nearby countries (Australia, Singapore, Malaysia, China, Japan), European countries (the Netherlands, Poland, Italy, Switzerland, the UK) and America (the United States and Canada).



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Belarus has not yet made it to the list of the countries that host Indonesian students. However, we have a good basis for building up cooperation in the academic sector.

During the meeting with the President of Belarus in Jakarta in March 2013 the Indonesian head of state stressed his interest in sending Indonesian students to Belarusian universities to study engineering and technical disciplines. Indonesia's demand for these specialists has recently increased due to the country's infrastructure development plans.

In order to develop the legal framework for cooperation in the education sector we are working on two draft agreements: an intergovernmental agreement on cooperation in education and an interministerial agreement on engineering training of Indonesian citizens in the institutions of higher education of the Republic of Belarus. The Education Ministry of Belarus is considering the possibility of paying scholarships to Indonesian students.

We can also boost education ties at the regional level. In 2013-2014 we discussed the matter with the governors of the Indonesian provinces of East Kalimantan, South Sumatra, East Java and with the governor of Jakarta and received a positive feedback.

Indonesia is mostly interested in such areas as mechanical engineering (mining equipment, machinery assembly and maintenance, etc.), information technologies, natural sciences (physics, chemistry), mathematics, and medicine.

With the plans to build its own railway afoot, East Kalimantan is considering the possibility of sending its students to the Belarusian State Transport University.

Summing up what was said we can infer that Indonesia is keen to develop cooperation in the education sector at the national and regional levels as well as at the level of big state-run companies. Of course, we are still at the beginning of this journey but we hope that in the near future Belarus will join the list of destination countries Indonesia sends its students to on a regular basis.

In my view, it is also important to develop direct contacts between universities. Today the University of Indonesia (the country's biggest educational establishment) is building up contacts with the Minsk State Linguistic University. Indonesia's largest agricultural university Bogor Agricultural Institute has been working to bolster ties with the Belarusian State Agricultural Academy. The universities are busy developing agreements on cooperation.

**Is Indonesia attractive for Belarusian tourists and is it difficult to get the Indonesian visa?**

According to the Tourism Ministry of Indonesia, only 800 Belarusian tourists visited Indonesia in 2013. And the reason for that is not only a long distance. The fact that Belarusian nationals have to get Indonesian visas at the Indonesian Embassy in Moscow is a challenge for advancing cooperation in tourism.

We are interested in a bigger number of mutual visits by holiday makers as well as business travelers. First of all, the Belarusian diplomatic mission aims to create conditions to facilitate the procedure of getting Indonesian visas by Belarusian citizens. In 2012 we filed an application regarding the inclusion of Belarus in the official list of countries with their citizens eligible to apply for the visa upon arrival in Indonesia. If the requisite decision is made, the Belarusian nationals will be able to receive visas upon arrival at the Indonesian airport. By the way, Indonesia applies the Visa-on-Arrival regime in relation to more than 60 countries, including Russia. Therefore, we hope that Belarus will soon be among these states. Belarus' application is currently being considered by the Indonesian agencies.





We are also trying to ease the entry to other countries of the region. For example, in 2012 Belarus filed an application concerning the visa free entry to the Republic of Philippines for Belarusian tourists and businessmen for the period of up to 21 days. We are also discussing draft agreements on mutual visa-free regime with Malaysia and Singapore.

By the way, Belarusians can visit Malaysia visa-free given the period of their stay does not exceed 30 days. Apart from that, the introduction of the so-called electronic visa has facilitated the entry to Australia. It is no longer necessary to go to the Australian Embassy in Moscow for the visa.

I hope that in the future our citizens will be able to travel to this region more freely to enjoy its exotic beauty in full.

**Mr Lopato-Zagorsky, can you briefly evaluate Belarus' cooperation with Malaysia, the Commonwealth of Australia, the Republic of Singapore and the Republic of Philippines?**

The decision to open the Belarusian Embassy in Indonesia was made with the understanding that this diplomatic mission shall become the so-called hub for the promotion of our interests in Southeast Asia.

Australia, Malaysia, Singapore and the Philippines are among the leading regional and global economies with the aggregate GDP of about \$2.4 trillion and the population of over 160 million.

In March 2013 the Belarusian President made a productive visit to Singapore. We are now working on the exchange of visits of the foreign service heads with Australia, the Philippines and Malaysia.

The inter-parliamentary ties have been increasingly vibrant. The visit of the Speaker of the Parliament of Singapore, friendship groups with the parliaments of Malaysia, Singapore, the Philippines and the ASEAN Inter-Parliamentary Assembly established at the National Assembly of the Republic of Belarus have advanced cooperation between legislative authorities. We can say that we have

created the necessary framework and gained support for the fulfillment of foreign economic priorities.

The Commonwealth of Australia is the largest economy of the region. It is a good investment source and a promising market for Belarus-made tires and earth-moving equipment. At the beginning of 2014 the Belarusian government decided to open a diplomatic mission in Australia.

Malaysia and the Philippines are big consumers of Belarusian potash fertilizers. Belarusian Potash Company with the assistance of the Embassy successfully cooperates with the partners particularly in Malaysia. In Q1 2014 Belarus exported over 200,000 tonnes of potassium to Malaysia whereas in the whole 2013 Belarus' export was only 185,000 tonnes. We help our exporters to organize the sales of Belarusian tractors, buses and tires to these two countries.

The market of Singapore is smaller due to the country size. Therefore, we are focused on the development of high-tech and



The mining industry is the core of the Indonesian economy. It generates more than 11% of the country's GDP. Indonesia is the largest exporter of coal in the world. In 2013 the production of coal in Indonesia made up 400 million tonnes. It can be compared to the extraction of all ores in the Russian Federation which is now the main export market for BelAZ

investment cooperation with this state. We also use Singapore as a gateway for Belarusian goods to the markets of other Southeast Asian countries.

We are currently mulling over the possibility of opening a joint assembly facility of BelAZ trucks in Singapore. Belarusian and Singaporean companies explore possibilities for cooperation in food production. We try to attract Singaporean companies to the implementation of infrastructure projects in Minsk.

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