



# A I B C n e w s

News from the Australia - Indonesia Business Council

March 2006/48 ABN 32 059 751 6638

## From the President

The AIBC board of directors have faced a number of administrative issues in the past month which have convinced me more than ever that we need to move towards appointing an Executive Officer to both focus on improved administration, and to actively market the AIBC for the benefit of members. The present mix of volunteer directors and a remunerated national secretariat is only going part way towards providing the benefits that members expect, and are entitled to. Many other similar organisations have faced this challenge and we will be investigating ways to provide significant changes within a very short time frame. At the same time I sincerely thank the board and secretariat for the great effort they continue to contribute. Watch this space.

### Australia Indonesia Conference 2006 – "A Taste for Business"

A tremendous amount of hard work has been done in the past month, and more is to follow. Further details are provided elsewhere in this issue of AIBC News, and I am pleased that the March issue of IABC news displays similar coverage. My personal task now for the conference is to attract key speakers, and although many are already targeted, I would welcome further suggestions.

### AIBC Trade Delegation to Indonesia

With regret we have had to again postpone this planned initiative, originally planned for late March, due largely to withdrawal of support by a key Australian agency. Plans are already in place to proceed in a different way, and we are currently aiming at this mission taking place in the second half of June. This will facilitate the possibility of association with the bilateral ministerial conference in Bali at the end of June, as well as some significant trade events in West Indonesia. We believe we can offer a very attractive package at prices well below the original estimates, with the aid of established AIBC business friends in Indonesia.

## AIBC Branch and National Activities

I was privileged to attend a NSW branch meeting, followed by a members' dinner, at the end of last month. NSW followed that with a function addressed by David Ritchie (see report in this issue). I have had face to face discussions with other branch chairmen and committee members in the past month, and I am committed to visiting all state branches within the next few months. I invite personal contact for all members on any issues of interest to the AIBC. There are a significant number of state activities already well advanced in planning for this year - please regularly check the AIBC website for updates.

DFAT have invited the AIBC to host a major luncheon in Sydney on 18 May, at which Trade Ministers Mari Pangestu and Mark Vaile will be guests of honour. We have committed to making this function a major success, and details will be sent to members shortly.

## Changing Times

In the news recently have been tales of the trials and tribulations of the mining industry in Indonesia. The problems of PT. Freeport have highlighted the ongoing major changes to the mining industry which have occurred in the shift from Soeharto's days to the present administration. Investment in mining will continue to be difficult until ways around the impasses which now exist, can be addressed. Violence has erupted in a number of places in past weeks associated with these issues, which stretch from Freeport in Papua, through PT. Newmont in Sumbawa and into Jakarta. I am sure some of these issues will be topics at our approaching conference.

With kind regards

*Blaine Gordon*

**National President**

## Functions

WA

Meet the WA Trade Directors-Indonesia & Malaysia

7 Apr 06

"Charity Dinner-Flores-East Indonesia"

Australia Indonesia Conference 2006

"A Taste for Business"

15 - 17 Nov 2006

ADELAIDE SA

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## **AIBC Member Profile**

### **David Stuckey from Victorian Branch**

**ED. Can you give us a brief summary of your business activity with Indonesia?**

We have opened a factory which has computer numeric controlled (CNC) machine facilities, sales office, administration, computer aided design (CAD) facilities and warehousing.

The company is called PT Selectrix Indonesia and it will have 2 major roles. One is to manufacture consumable items, such as industrial hinges / locks / latches and Brass earth and neutral links. The other is to service the domestic Indonesian market with something which I believe is a first for Indonesia. We are going to provide industrial locks, hinges, latches, and rubber sealing (a product range that comprises of 10,000 different inventory items) via a sales team who are highly trained in this specialized field. So they will have the ability to not just sell the product but also offer design advice for our clients. This innovative method of marketing has been successful in other markets we service and going by the response so far in Indonesia, it will also be successful there as well.

We will be able to offer to clients world class designs for all the accessories to go with any metal box which also has a door. Clients can be from industries such as; electrical switchboard industry, truck industry, industrial air conditioners, automotive, railways, industrial computer racks, etc. The list is seemingly endless.

**ED. How did your business become involved in doing business in Indonesia?**

After completing a successful move into New Zealand, we were looking again to use the same formula again. We were also looking for a base to manufacture high volume products whilst at the same time keeping true to our strategic alliances.

So with all this in mind and the usual positives that Indonesia presents, that being, close locale to Australia and time zone considerations, we decided Jakarta would be worth looking at.

We then had access to contacts in Jakarta and that reinforced our views.

**ED. How do you see your business's outlook in Indonesia for the next 2-3 years? Positive? Stable?**

We are very excited about Indonesia's future prospects. Thus far we have found an immense amount of business possibilities and we have been extremely well accepted by our clients. In fact, there have been times where our clients have been incredibly supportive when we were initially finding difficulties during the start up phase.

As far as stability is concerned, we see that SBY is trying to do the right things, as long as he remains with those ideals and progress is made, we will be happy.

**ED. What is one of the biggest challenge areas for your business in Indonesia now?**

One of the biggest challenge areas will be to further develop the domestic market. As described previously, we intend to provide unprecedented levels of service and technical advice in an industry that has not experienced that before. The training and selection of staff to achieve this will be our biggest challenge.

**ED. Tell us about your business's biggest success in the Indonesian market?**

We have only been in operation for some 8 months, and most of that time we have concentrated on our manufacturing and export operations. But I can say that we have had wonderful success through limited sales resources with the electrical switchboard industry.

The staff we have been able to recruit so far are very skilled tradesman. The quality of their work and their initiative has been an added bonus. This aspect of the business has exceeded our expectations.



**ED. What is your background / history in AIBC?**

I became involved with the AIBC when we first started looking at the Indonesian market some 2 years ago. This was the obvious place to obtain networking opportunities and advice as far as we were concerned.

Somehow I ended up on the committee of the Victorian Chapter, headed by Mr Phillip Morey. I have to say that the whole experience has been great and the committee works tirelessly and with such enthusiasm for Indonesia. It is difficult not to be caught up in that.

**ED. How important is AIBC to your business's success in Indonesia?**

The AIBC has been great for our companies success (I have to say that, I am on the committee!) by providing access to wonderful contacts of people who have had immense and extensive experience in Indonesia. All of these people have been giving of their time and advice on a whole range of issues.

I would also suggest that if Indonesia is on anyone's agenda that they get involved in the AIBC (I am involved in recruiting members as well!).

**ED. Please tell us something amusing that has happened to you as a foreigner in Indonesia?**

I like to describe doing business in Indonesia to people as being similar to the television show, The Amazing Race. One minute you are in a taxi and after traveling for an hour you finally figure out that you are going the wrong way and that the road has now turned into a track inaccessible by anything but a 4x4. Then you are sitting in the office of a high ranking government official, only to suddenly have him get up from his desk, revealing that he only has boxer shorts and socks on from the waist down and has decided during the middle of what you thought was an important meeting to practice his golf putting!

But the story that sums Indonesia up for me is one about one of my New Zealand colleagues (who shall remain nameless to protect the innocent). This NZ colleague, lets call him Jim, decided to give his fellow ex pat New Zealanders in Jakarta a treat and bring some 10kg of prime NZ Steak and sausages on the plane (as hand luggage I might add) for them to consume. Unfortunately he was stopped by Indonesian Customs and questioned about the meat he was carrying. Jim, not wanting to give up his offerings after getting so far, quickly responded that he was actually a famous NZ Chef (as if one exists) and that the meat was for a special dinner he was to prepare for the new president and his newly formed cabinet as a form of celebration. The customs official not wanting to upset the president and his personal Chef decided that this was plausible and escorted Jim and his prime beef through the customs area and into Jakarta. Of course, this story is told on a without prejudice basis.

As a final conclusion, so far business in Indonesia has been at times frustrating but in the end rewarding and enjoyable.

Selectrix Industries Pty Ltd  
2 Merchant Avenue,  
Thomastown VIC 3074

### From NSW Branch

AIBC NSW in collaboration with THE INDONESIAN CONSULATE SYDNEY held a luncheon briefing with guest speaker David Ritchie AO Deputy Secretary, Department of Foreign Affairs at the Grace Hotel on the 8<sup>th</sup> of March 2006. The event, sponsored by Oceanic Multitrading, Macquarie Bank, Crown International and Deacons, was well attended by 45 members and guests.



The NSW Chairman Nisin Sunito and David Ritchie AO Deputy Secretary, Department of Foreign Affairs



David Ritchie AO with AIBC NSW members

Nisin Sunito with another group at the function



### South Australia & Northern Territory

#### **Australia Indonesia Business Conference 2006 - Adelaide 15th - 17th November 2006**

Plans are progressing well for the Australia Indonesia Business Conference to be held in Adelaide at the Hilton Hotel from 15th - 17th November 2006. Following the appointment of Augment as the Professional Conference Organiser, the Organising Committee has moved quickly to prepare a Sponsorship Prospectus which will be issued later this month. This will be followed quickly by the Website and national marketing of the conference. The theme of the conference is "A Taste for Business". South Australia is well known worldwide for its food and wine excellence which will be features of the conference events. Indonesia is keenly seeking investment in the food and agricultural sector, so the theme reflects a common interest in agribusiness. However, the theme and associated events will be used to facilitate the investigation and discussion of business opportunities in all industries of mutual interest including for example;

- Infrastructure, including Tsunami Reconstruction
- Mining, Oil and Gas
- Agribusiness
- Aquaculture
- Manufacturing, including Food and Beverage
- Education and Training
- Tourism, including Health Tourism

Sessions on the above will be presented in an informative and enjoyable way, against a backdrop of general bilateral business, export and investment issues affecting Australia and Indonesia. The accompanying social program will supplement and complement these themes. Keynote speakers are being secured to cover these areas. Invited VIP guests.

#### **Northern Territory Function**

The South Australian and Northern Territory Branch is planning its next function for 6th April in Darwin to coincide with a visit to the Northern Territory by Ambassador Teuku Mohammad Hamzah Thayeb. Enquiries should be directed to Phill Hudson, SA/NT Chair, on 08-82127122 or [sachair@aibc.com.au](mailto:sachair@aibc.com.au)

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AIBC - IABC  
OFFICES

AIBC - National  
President:  
Mr Blaine Gordon

National  
Secretary:  
Ms Sri May

[secretariat@aibc.com.au](mailto:secretariat@aibc.com.au)

PO Box Q1050  
Sydney NSW  
1230

Tel: 1300 135 270  
Fx: 02 9874 0943

For AIBC State  
Branch details  
please visit the  
website:  
[www.aibc.com.au](http://www.aibc.com.au)

IABC - National  
President:  
Mr Noke Kiroyan

Exec. Director:  
Mr Vic Halim

Secretary:  
Mrs Ati Brookes

[secretariat@iabc.or.id](mailto:secretariat@iabc.or.id)

Please visit the  
website for full  
Branch details:

[www.iabc.or.id](http://www.iabc.or.id)

*From WA Branch*

**Tim Harcourt**  
Chief Economist, Austrade  
Guest Feature Writer, The Australian  
Financial Review

**"The Elephant and the Dragon:  
Can India's Rise Match that of  
China's?"**

**...and what of the threats and  
opportunities for Australia and our  
region as these giants emerge?**

Is India the new China? Or even the new India? There's certainly been a lot of new media interest in India and its potential as the world's next economic superpower alongside the Middle Kingdom.

Why the comparison with China? Well, it's partly because of the enormous population of each mega-nation. China has 1.3 billion people, whilst India has 1.05 billion. Lots of people means lots of potential, but it also can mean lots of poverty too. After all, India accounts for one-fifth of the world's population and around one in three of the world's poor people live in India.

But the comparison is also made because of the relative economic success of China compared to India over the past twenty years. Their relative economic progress over the past twenty years is food for thought. In 1980, China and India were about 'level pegging' when it came to GDP and per capita income. By 2000, however, China was about twice India's size in terms of GDP and GDP per capita and eight times its size in terms of exports.

Why is this so?

India has a lot of catching up to do. And over the next few years, it has the potential to be a real 'hare and tortoise' race. Will it succeed?

And what does this mean for Australia and our immediate neighbours such as Indonesia and Malaysia?

Will India's rise mean it will soon join China in increasing market share of world output and in turn, Australian exports?

These questions and more were answered by Australia's foremost economist on trade, Tim Harcourt in Perth on 22nd February 2006; the function was fully booked.

# Don't Miss the Great Daily Double!

**Two Fantastic  
Functions on the One  
Evening...**  
**Friday 7th April 2006**

*Start with drinks and  
networking with WA's two  
regional trade & investment  
directors from Indonesia and  
Malaysia from 5.15pm through  
to 7.30pm at The Matilda Bay  
Function Centre on the Swan  
River. Then join Indonesia's  
Consul to WA and the  
Indonesian and WA business  
community at the  
Flores Island Charity Dinner at  
the Perth Sheraton Hotel.*

*A truly great way to network,  
do your 'bit' for charity and be  
up-to-date with all the new  
developments in Indonesia!*

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Tel: (61.8.) 9321.8096  
Fax: (61.8.) 9321.6716