Why Eastern Indonesia is Important to Australia

Richard Mathews, Australian Consul-General in Makassar, Indonesia
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Indonesia – a Few Facts

• Likely to become USD 1 trillion economy this year
  – currently 8\textsuperscript{th} largest economy predicted to be 4\textsuperscript{th} largest by 2030
• Growth rate target of 5.2\% in 2017; average rate of 5.3\% 2000-2017
• Population: 263 million; 295 million by 2030; world’s 4\textsuperscript{th} largest nation just on our doorstep
• 17,000 islands; 34 provinces; 300+ ethnic/language groups
• We are in the prime position to contribute to Indonesia’s development – and to benefit – Australia is most popular o/s study destination
  – IA-CEPA negotiations to conclude end of 2017, will benefit both economies and help overcome some obstacles
Eastern Indonesia

- Stretches across our northern approaches: 11 provinces and 30m people; huge land and sea area: 9,131 islands
- Rich mineral, fisheries, forestry & agricultural resources
- Includes 3 poorest provinces – NTT, Papua & West Papua – major focus of our aid program (AUD357m in 2017-18 to all Indonesia)
- South Sulawesi largest E Ind province (8.5m): growth 7 – 7.4% in 2016 (“rice bowl” of eastern Indonesia); Makassar 1.8m: gateway to eastern Indonesia
- Eastern Indonesia **strategically important**: eg WWII
- Fascinating history: teripang trade, Makassar-Yolngu links
Opening of Australian Consulate-General, Makassar by FM Bishop on 22 March 2016

Our consular jurisdiction covers 11 provinces: six provinces of Sulawesi; NTT; Maluku; North Maluku; Papua & West Papua
Mining in Eastern Indonesia

- **Gold, Copper, Nickel and Gas**
  - Freeport mine in Papua — largest gold mine in world; PT NHM in Halmahera; Nusantara Resources developing gold mine in South Sulawesi)
  - Masela block in SW Maluku

- **Nickel all over eastern Indonesia**
  - 15% of world nickel reserves in Indonesia: mines in South and Southeast Sulawesi, North Maluku, West Papua
  - China hungry for nickel (stainless steel): invested heavily in mining and smelters — eg Morowali Industrial Park, Central Sulawesi
Energy

- Eastern Indonesia is made up of thousands of islands, small towns and isolated village communities
  - demand for electricity on increase, but PLN still using expensive diesel and coal-fired power
  - growing use of gas – eg 135Mw in Sengkang (EWC – originally Australian company)
  - some hydro – eg in Central Sulawesi
  - now significant wind and solar opportunities:
    PLN’s feed-in tariffs promising because of high cost (incl transport) of fossil-fuels
  - 72Mw wind power project in Jeneponto (Equis – Australian company)
  - 75Mw wind power project in Sidrap (UPC Renewables)
  - potential for geothermal
Tourism

Huge untouched potential in eastern Indonesia – has all the assets: tropical paradises everywhere, interesting cities, fascinating cultures, great food: government support for “beyond Bali”

Problems: poor infrastructure and transport links, limited destination development and marketing, lack of trained personnel

Stunning destinations: Ambon, Bira, Flores, Labuhan Bajo, Manado, Morotai, Raja Ampat, Ternate & Tidore, Tomini Gulf, Toraja, Wakatobi
Education

• Demand for education is very high: self-funded tertiary education student numbers on increase; growing scholarship numbers (Papua, West Papua + Maluku/North Maluku target area for Australia Awards)

• Extensive Oz-Ind research collaboration in development studies, business, agriculture, fisheries, sociology, anthropology, archaeology, health, marine science

• Large alumni network across eastern Indonesia – keen, and love Australia!

• Great opportunities for Australian students to do u/g and p/g research, study, internships - NCP!
Summary: Why Eastern Indonesia is Important to Australia

• Strategically, geographically important to our security
  – military occupation 1945-46: Australian forces brought peace to the eastern archipelago

• Historically we have strong connections
  – *teripang* traders from Makassar 1700 – 1906
  – continuing trade and investment links esp mining, cattle

• Today: growing regional economy of 30m people, over 50% under 30, and opportunities in education, energy, mining, tourism, research collaboration
  – others are moving into eastern Indonesia – eg the Chinese
  – let’s not miss the boat:

WE ARE NEIGHBOURS!
How the Australian Consulate-General in Makassar Can Help You

• The Australian Consulate-General in Makassar has a well-established network across eastern Indonesia
• We can get you appointments with senior officials, senior business people, university rectors, government agency heads
• We can provide key advice on doing business in eastern Indonesia, including eg sourcing Australian alumni talent
• We have excellent media contacts and know how to manage public campaigns: we know eastern Indonesia!

“Doing business in eastern Indonesia may be hard and full of risk, but it will always be an adventure.” R Mathews, A Business Survival Guide to Eastern Indonesia, ANU 1999, p.21
Follow What we are Doing in Eastern Indonesia

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