

Potential revealed effectively in Asia

Diplomatic relations between Belarus and Indonesia will have been formally established 20 years ago, within the next three months. However, the most active contacts began just 4-5 years ago. Since 2009, delegations have been exchanged more regularly and, in 2011, the Belarusian Embassy to Jakarta opened. We share similar views on a number of important issues on the international agenda and co-operate in the United Nations and Non-Aligned Movement. We both support multipolar world order, and speak for each other's initiatives within the international arena, as well as supporting each other's candidates on elected bodies of the UN. We enjoy a favourable political background for effective economic co-operation, ever moving forward, although our pace of liaison is yet to meet its full potential.

Our mutual turnover was steadily rising until the past year. Sadly, just over \$132m was registered last year, compared to \$219.2m in 2011. However, the figure stood at just over \$60m five years ago, rising to \$144.4m in 2008 and to \$176.4m in 2010. Fluctuations reflect the large volume of Belarus' exports of potash fertilisers to Indonesia, as the world market is quite changeable. Clearly, it makes sense to diversify our trade.

The Belarusian Ambassador to Indonesia, Vladimir Lopato-Zagorsky, tells us, "In the traditional format, we've been doing well developing bilateral trade. However, we now need to find new forms of co-operation, moving towards joint ventures. We organised a very productive meeting between Belshina's General Director and the leadership of the largest Indonesian company, to discuss joint production of tyres for passenger cars (based in Belarus) and commercial vehicles (based in Indonesia). In the near future, technicians will exchange visits and we'll try to move forward as quickly as possible, to take advantage of the huge demand for tyres, with our reliable partners."

According to the ambassador, a number of joint ventures are in the pipeline and there are opportunities to increase the supply of machinery to Indonesia. He tells us, "The first deliveries of BelAZ products have already been made but the success of our machinery depends on the market. Initial customer feedback is positive and we've seen interest from new partners. I think that we'll see significant supply volumes."

There are also good prospects for investment co-opera-



At the official meeting of the President of Belarus Alexander Lukashenko in the capital of Indonesia



Modern Jakarta



At the Belarusian-Indonesian Business Forum

tion, as Mr. Lopato-Zagorsky emphasises. He notes that state officials and business circles from Indonesia have been discussing opportunities in this direction, especially regarding the agricultural sector of Belarus. He explains, "We've established close contacts with Indonesia's largest food manufacturing enterprise, which is eager to learn more about milk processing in Belarus and the import of such products onto its market. The Indonesian company is also considering production of pasta products in Belarus."

The Ambassador Extraordinary and Plenipotentiary of Indonesia to Russia and Belarus, Jauhari Oratmangun, is keen to see trade and investment promoted, asserting, "There are many areas where our two countries could co-operate successfully. Belshina, BelAZ and potash fertiliser producers are already reliable partners of Indonesia."

Indonesian President Susilo Bambang Yudhoyono met his Belarusian colleague, Alexander Lukashenko, at the Merdeka Palace (the Palace of Independence). Their meeting made clear their political

will to develop relations in all mutually beneficial areas. In the morning, the Belarusian delegation and their Indonesian colleagues applied the finishing touches to co-operative agreements. Of course, this was the first official state visit for our two countries since Belarus' independence. Foreign Affairs Minister Vladimir Makei notes that preparations have been on going for the past two years or more, in readiness for the meeting. Over the past few months, delegations have been exchanged at various levels, in preparation for the presidential level meeting, ensuring that specific business agreements were 'on the table'; a Belarusian-Indonesian business forum, held before official events at the Merdeka Palace, also helped find various solutions.

Deputy Prime Minister Vladimir Semashko announced various proposals, including BelAZ dump trucks for Indonesia's steadily growing coal and mineral extraction. The Zhodino plant is ready to supply machinery with 25 to 400 tonne capacity. Of course, our competitors already have a strong presence

on the market but our trucks have the significant advantage of consuming 18-20 percent less fuel, notes BelAZ Director General Piotr Parkhomchik. Naturally, this gives them an advantage.

Meanwhile, MAZ cars and buses, city electric transport, tractors and road machinery are attractive to the Indonesian market. Besides simple sales, assembly plants could also be established in Indonesia. Mr. Semashko notes that priority areas of co-operation include manufacturing and processing of food and enterprises making building materials. Belarus welcomes Indonesian investors and is ready to support joint projects with personnel training programmes. Our educational system is known for being at the highest level. Of course, other areas of mutual interest exist.

Mr. Semashko notes that 250,000 tonnes of potash fertilisers are to be supplied to Indonesia this year, with a framework contract concluded for three years. The price is still under discussion, but the volume of sales is estimated to be worth \$107m.

In addition, 50 MAZ

dump trucks, 20 BelAZ and 20 MTZ tractors are being supplied this year, with contracts signed. Another 500 MAZ dump trucks and 600 MTZ tractors in Belarus are being discussed.

The Minister for Agriculture and Food, Leonid Zayats, reveals that substantial volumes of dried milk and whey are also to be supplied to Indonesia, worth up to \$150m. Indonesia is interested in Belarusian butter, cheese and other dairy products, so further contracts are likely. Furthermore, a joint meat processing plant in Belarus is under discussion, with a delegation from Indonesia soon to visit Minsk. A number of promising joint projects are possible.

Already, work in South-East Asia has proven efficient, with the recent trip resulting in contracts worth at least \$400m. Talking to reporters after his meeting with Susilo Bambang Yudhoyono, President Lukashenko said that he considered it 'a great step forward'. As turnover stood at just \$132.2m last year, the increase is significant. Meanwhile, further trade is likely; the agreements signed so far are just

the first steps. Mr. Makei mentions hundreds of millions of Dollars' worth of contracts as a result of the business forum: twelve contracts, agreements, memoranda, reports and documents were signed during the visit as a whole. Meanwhile, our presidents stress their interest in mutually beneficial co-operation becoming more dynamic.

After a warm greeting from Susilo Bambang Yudhoyono, and discussion of future prospects for Belarusian-Indonesian co-operation, Alexander Lukashenko suggested, "I'm sure that if, today, we properly define the terms of growth and lay the basis for a long-term relationship, then the next year or two will see us triple our volume of bilateral trade — as a minimum." The President is sure that these agreements and contracts are the first step towards achieving this goal, as, "We have tremendous untapped potential for interaction."

Obviously, this potential needs to be evaluated not only in the context of bilateral relations, but more widely, since Indonesia is one of the most influential countries in the Association of South East Asian Nations (ASEAN). Belarus is a consistent leader in integration processes within the post-Soviet space, so our two countries could help each other gain access to the markets of the ASEAN and the Common Economic Space (in the nearest future the Eurasian Economic Union). The presidents of Belarus and Indonesia have agreed that this vector of interaction is very promising. Moreover, as Mr. Lukashenko noted, our countries are natural partners, having complementary rather than competitive economies.

The heads of state are delighted by the latest contracts and assert that our two countries' shared position on key international issues is naturally complemented by intensive trade and economic interaction. The Belarusian President concluded, "I'm convinced that, together, we can significantly drive forward our bilateral relations, establishing ties between our two states."

Indonesia supports this view of future co-operation between our two countries. Susilo Bambang Yudhoyono called Mr. Lukashenko's visit to his country an historic event, as it opens up new horizons for mutually beneficial co-operation. Mr. Lukashenko has invited his Indonesian colleague to visit Belarus in the near future: an invitation accepted with pleasure by Indonesia's head of state.