

INDIA INDONESIA BILATERAL RELATIONS

INDONESIA - HISTORY



Historians believe that Indonesia was linked with the Asian mainland during the Pleistocene period (four million BC). This period was also related to the first appearance of the Hominids; what is today called 'Java Man' inhabited Indonesia as early as two million to

500,000 years ago. 'Java Man' is a short name for Pithecanthropus Erectus, a human-like species whose fossilized remains were discovered by the scientist Eugene Dubois on the island of Java.

Much later, Indonesia developed many well-organized kingdoms. Ruled by indigenous Rajas who embraced the Hindu and Buddhist religions, these kingdoms grew very civilized. Today, this time in history is called the period of Buddhist-Hindu Kingdoms. It lasted from ancient history to the 15th century.

The first Buddhists arrived in Indonesia from around 100 to 200 AD from India. One of the most famous Buddhist kingdoms in Indonesian history is Sailendra (750-850 AD). During this period, the famous Buddhist temple at Borobudur was built. The dynasty's replacement, the Hindu kingdom of Mataram began the era of Hindu kingdoms. The mightiest Hindu kingdom in Indonesia's ancient history was the Majapahit Empire. Under the reign of King Hayam Wuruk (1331-1364 AD), the empire enjoyed tributary relationships with territories as far away as Vietnam, Cambodia, and the Philippines.

Gujarati and Persian merchants who embraced Islam started to visit Indonesia in the 13th century. Along with trade, they introduced Islam to the Indonesian Hindus, particularly in the coastal areas of Java. Islam then spread further east to the Bone and Goa Sultanates in Sulawesi, Ternate and Tidore in the northern part of Maluku, and the east part of Lombok. Besides those areas, Islam also expanded to into Banjarmasin, Palembang, Minangkabau, Pasai, and Perlak.



European influence in Indonesia began when the Portuguese, in search for spices, landed in 1512. Both the Portuguese and the Spanish spread Christianity in Indonesia. Meanwhile, the Dutch established an organized merchant trade called Dutch East India Company (VOC) in 1602 to tap the rich spices territories. After the seizure of Ambon in Maluku (1605) and Banda Island (1623), the Dutch enjoyed a trade monopoly in the “Spice Islands.”

In 1814 the British came to Indonesia. During the Napoleonic wars in Europe, when Holland was occupied by France, Indonesia fell under the rule of the British East India Company. After the fall of Napoleon, the British and Dutch signed a convention in which it was agreed that Dutch colonial possession dating from 1803 onwards should be returned to the Dutch administration in Batavia (present-day Jakarta). Thus, the Indonesian archipelago once again became a Dutch possession in 1815.

Throughout the period of colonization, Indonesians had been fighting for their independence. This struggle, begun in the 1600s, climaxed with a proclamation of independence in 1945, and continued for a few years more.

When World War II broke out, the Japanese occupied the Dutch East Indies after the surrender of the Dutch colonial army in March 1942. Three years later, on August 14, 1945, the Japanese surrendered to the Allied Forces. To Indonesia’s leaders, the power vacuum in Jakarta looked like an open window of opportunity to proclaim their independence. On 17 August 1945, Indonesian national leaders Soekarno and Dr. Mohamad Hatta proclaimed Indonesia’s independence on behalf of the Indonesian people. The proclamation took place at Jalan Pengangsaan Timur No.56, Jakarta, and was heard by thousands of Indonesians nationwide through a secret radio broadcast from a captured Japanese radio station, Jakarta Hosokyo. An English translation of the proclamation was broadcast overseas soon afterwards.¹

GEOGRAPHICAL PRESENCE

Indonesia is the largest archipelago in the world. It consists of five major islands and about 30 smaller groups. There are total number of 17,508 islands of which about 6000 are inhabited. Straddling equator, the archipelago is on a crossroads between two oceans, the Pacific and the Indian Ocean, and bridges two continents, Asia and Australia. Indonesia has many high mountains, the highest of which are over 4000 metres. Many of them are active volcanoes. There are tropical rainforests and jungles, as well as swampy mangrove areas. Indonesia’s most fertile land is on the island of Java.

Indonesia is a vast equatorial archipelago of 17,000 islands extending 5,150 kilometers (3,200 miles) east to west, between the Indian and Pacific Oceans in Southeast Asia. The largest islands are Sumatra, Java, Kalimantan (Indonesian Borneo), Sulawesi, and the Indonesian part



of New Guinea (known as Papua or Irian Jaya). Islands are mountainous with dense rain forests, and some have active volcanoes. Most of the smaller islands belong to larger groups, like the Moluccas (Spice Islands).

The territory of the Republic of Indonesia stretches from 6°08' N latitude to 11°15' S latitude, and from 94°45' E to 141°05' E longitude. Total Area of Indonesia is 1,919,440 sq km (Land Area: 1,826,440 sq km; Water Area: 93,000 sq km). The five main islands are: Sumatra (473,606 sq. km); the most fertile and densely populated islands, Java/Madura (132,107 sq. km); Kalimantan, which comprises two-thirds of the island of Borneo (539,460 sq km); Sulawesi (189,216 sq km); and Irian Jaya (421,981 sq km), which is part of the world's second largest island, New Guinea. Indonesia's other islands are smaller in size.

The country is predominantly mountainous with some 400 volcanoes, of which 100 are active.²

BRIEF BIO - INDONESIA

Indonesia, with **Jakarta** as its capital has a population size of **258,316,051 (July 2016 est.)**. The **Indonesian rupiah** is the official currency and **Indonesian** is the official language. On the economic front, main export partners include **Japan 12%, US 10.8%, China 10%, Singapore 8.4%, India 7.8%, South Korea 5.1%, Malaysia 5.1% (2015)** whereas main import partners are **China 20.6%, Singapore 12.6%, Japan 9.3%, Malaysia 6%, South Korea 5.9%, Thailand 5.7%, US 5.3% (2015)**. A statistical look from the economic stand point follows³.

GDP INDICATORS	GDP: \$3.033 trillion (PPP) External Debt: \$316.4 billion
TRADE	Exports: \$144.4 billion Imports: \$129.1 billion
MISCELLANOUS	Unemployment Rate: 5.6% Inflation Rate: 3%

*2016 (est)



INTRODUCTION – INDIA & INDONESIA RELATIONS

India and Indonesia have shared two millennia of close cultural and commercial contacts. The Hindu, Buddhist and later Muslim faith travelled to Indonesia from the shores of India. The Indonesian folk art and dramas are based on stories from the great epics of Ramayana and Mahabharata. The shared culture, colonial history and post-independence goals of political sovereignty, economic self-sufficiency and independent foreign policy have unifying effect on the bilateral relations.⁴

INDIAN COMMUNITY IN INDONESIA

There are around 100,000 Indonesians of Indian origin in Indonesia mostly concentrated in Greater Jakarta, Medan, Surabaya and Bandung. They are mainly engaged in trade dealing in textiles and sports goods. There are around 7527 Indian nationals living in Indonesia including engineers, consultants, chartered accountants, bankers and other professionals. The Indian community is very well regarded in Indonesia, is generally prosperous and includes individuals holding senior positions in local and multinational companies. The Embassy in August 2012, established an Indian Cultural Forum (ICF) which is umbrella organization of thirty-one Indian social organizations. Embassy also organizes Pravasi Bharatiya Diwas to engage with the Indian Diaspora in Indonesia.⁵

INTRODUCTION – INDIA & INDONESIA TRADE RELATIONS

Indonesia has emerged as the largest trading partner of India in the ASEAN region. Bilateral trade has seen mixed signals in the previous years. The downfall was registered due to prevailing global economic situation, fall in commodity prices and less overall imports by Indonesia. India is the second largest buyer of coal and crude palm oil from Indonesia and imports minerals, rubber, pulp and paper and hydrocarbons reserves. India exports refined petroleum products, maize, commercial vehicles, telecommunication equipment, oil seeds, animal feed, cotton, steel products and plastics to Indonesia.⁶

INVESTMENT RELATIONS

During the visit of President Joko Widodo to India on 11-13 December 2016, a twenty five member high-powered business delegation accompanied the President. Boosting of economic engagement with special focus on pharmaceuticals and IT was the main business agenda of the visit. On the side lines of the visit, the meeting of India-Indonesia CEOs' Forum was held in New Delhi on 12th December 2016. The CEOs Forum comprised of twenty two members from each side. The meeting was co-chaired by Dr. Naushad Forbes, President of CII and Mr. Rosan Roeslani, Chairman of KADIN.



The forum discussed and arrived at constructive suggestions to further enhance bilateral trade and investment cooperation. It was agreed by both sides to set up sectoral core groups to suggest specific recommendations to institute strategies for expanding the cooperation in identified sectors and to take up any impediments to trade and investment with both governments. Additionally, a select group of twenty Indian CEOs met President Joko Widodo on 13 December 2016 during which the President invited the Indian companies to invest in Indonesia and assured them that the Indonesian government will address issues if any on priority basis.⁷

TRADE OVERVIEW (USD BILLIONS)⁸

Details	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
EXPORT	5.33	4.85	4.04	2.82	3.50
%Growth		-9.02	-16.64	-30.27	24.19
IMPORT	14.88	14.75	15.00	13.13	13.44
%Growth		-0.88	1.74	-12.48	2.33
TOTAL TRADE	20.21	19.60	19.04	15.95	16.94
%Growth		-3.03	-2.81	-16.26	6.19

A consistent decrease in bilateral trade over the years has resulted in reduction in overall exports and imports till 2015-2016. However, due to improving situations in the global economy and increase in Indonesia’s overall imports, 2016-2017 has seen a positive trend in the total bilateral trade with exports growing by twenty four percent and imports by two percent.

FREE TRADE AGREEMENTS

India and the ASEAN (Association of South East Asian Nations) comprising Brunei Darussalam, Cambodia, **Indonesia**, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam signed the Trade in Goods Agreement under the broader framework of Comprehensive Economic Cooperation Agreement (CECA) between India and the ASEAN on 13 August, 2009.⁹

INDIA INDONESIA CULTURAL RELATIONS

There is an active cultural exchange between the two countries. The Indian Mission in Jakarta operates Jawaharlal Nehru Indian Cultural Centre (JNICC) which conducts regular classes of Indian classical music, Indian classical dances (Kathak and Bharatnatyam), Yoga, and also teaches Hindi and Tamil languages. The Indian Embassy also produces YouTube videos and brings out publications on the various topical issues related to education in India, commerce,



culture, yoga, and bilateral relations etc. in Bahasa Indonesia. The Embassy on regular basis also organises various functions and activities to promote Indian cultural and spread the message.¹⁰

KEY INITIATIVES BY CII

CII's institutional partner in Indonesia is the Indonesian Chamber of Commerce and Industry (KADIN) which has been a key partner in a number of initiatives. Some key interactions during the recent years are highlighted below: -

- CII facilitated industry interaction at the Energy Business Meeting on 5 May 2017 at New Delhi. This meeting was an extension of the parallel Joint Working Groups on Coal, Oil and Gas and Renewables which took place in Indonesia Jakarta on 20 and 21 April 2017 to further explore opportunities between India and Indonesia to collaborate in the energy sector.
- CII in association with the Embassy of India in Jakarta, Indonesia, organized an Energy Dialogue with Mr Piyush Goyal, Hon'ble Minister for Power and Coal during his visit to Jakarta on 20 April 2017.
- 17-20 April 2017- An Indonesian delegation visited the Global Exhibition on Services (GES 2017) inaugurated by the President of India.
- 17-18 January 2017- CII organised a delegation to Jakarta for the 5th Indonesia India Joint Defence Cooperation Committee Meeting.
- 12 December 2016- India Indonesia CEOs Forum held at New Delhi coinciding with the visit of Mr Joko Widodo, Hon'ble President of Indonesia to India. The final report was presented to Shri Narendra Modi, Prime Minister of India.
- 18-19 July 2016- CEOs delegation to Jakarta led by Dr Naushad Forbes, President, CII.
- 13-14 February 2016- Mr Ignasius Jonan, Minister of Transportation, Indonesia visited the Make in India Week (Mumbai) with a 24 member official delegation.
- 11 June 2015- CII organized an interactive session with 9 member Parliamentary Delegation from Indonesia. Key attendees were Mr Fadli Zon, Deputy Speaker of the Parliament and Vice Chairman of the House of Representative.
- 27-28 April 2015- Business delegation to Jakarta with included Inaugural session on Tropical Landscapes Summit 2015 organized by Investment Coordinating Board of Indonesia (BKPM), inaugurated by Vice President of Indonesia.
- 27-29 January 2014- Mr Rizal Affandi Lukman, Deputy Minister for International Economic and Financial Cooperation, Coordinating Ministry for Economic Affairs, Indonesia attended the CII Partnership Summit 2014 in Bangalore.



REFERENCES

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- ² IBID
- ³ CIA World Fact Book
- ⁴ MEA Foreign Relations Portal
- ⁵ Embassy of India, Jakarta, Indonesia - Website
- ⁶ MEA Foreign Relations Portal
- ⁷ IBID
- ⁸ EXIM Data – Ministry of Commerce, India - Website
- ⁹ Department of Commerce, Ministry of Commerce, India
- ¹⁰ Embassy of India, Jakarta, Indonesia - Website