

## INDONESIA



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## REDEFINING A PARTNERSHIP

By Ambassador Dino Patti Djalal

**H**ow times have changed. In the mid-1950s, in the middle of the Cold War, an Indonesian government crumbled in the wake of a vote of no confidence in parliament after it pursued a security agreement with the United States.

In 2010, nearly a decade after 9/11, Indonesian President Susilo Bambang Yudhoyono and U.S. President Barack Obama signed the historic Comprehensive Partnership. And during a visit that year, President Obama's televised speech at Universitas Indonesia was arguably the most anticipated address by a visiting foreign leader in our history.

What happened?

Indonesia had changed. America had changed. The world had changed.

With decolonization and the Cold War behind us, it was time to face a new set of challenges. What were these? Globalization. Millennium Development Goals. Climate change. Diseases. Terrorism. Financial reform. The more we studied these challenges, the more we became convinced of the need for closer engagement.

On climate change, for example, the United States is the world's largest greenhouse gas emitter, while Indonesia has the global antidote in her large tracts of tropical rainforests.

During the financial crisis, both countries saw a changing international economic landscape, and worked together to make the G-20 the premier forum for global economic cooperation.

In the war against terrorism, they collaborated closely on law enforcement and counterterrorism cooperation, and were determined to prevent a deepening rift between the West and the Islamic world. Both countries also have a stake in the spread of pluralism, multicultural-



Dr. Dino Patti Djalal, Indonesia's ambassador to the United States

alism and moderation around the world.

In a world that has seen dramatic expansion of democracies, the United States and Indonesia have found a new political connection as the world's second- and third-largest democracies.

Both Jakarta and Washington have significantly broadened the scope of potential cooperation, and redefined the dynamics of their relations into a 21st century partnership.

The partnership is certainly strategic in character but not an alliance. Indonesia is constitutionally prohibited from entering into a military alliance with any country.

First, it is "comprehensive" because it is no longer focused on "single-issue interest," as it was in the past, when the principal focus was on East Timor or human rights. The six bilateral working groups established by Secretary of State Hillary Clinton and Foreign Minister Marty Natalegawa reflect this new comprehensive approach: defense and security, trade and investment, democracy, energy, envi-

ronment and education.

Second, it is "forward-looking," because it leaves behind historical baggage and focuses on the common challenges of today and tomorrow.

Third, it is "flexible" because it allows plenty of room for both sides to agree to disagree (And we do this a lot!). Each side can choose which area of cooperation they prefer, and that is why I call it an "a la carte" partnership.

Fourth, it must be driven by "people-to-people" links, so that this relationship goes deep into the grassroots and does not become a thin relationship like it was in the past.

Fifth, it is based on "equality," which means that it is a partnership among equals. We reciprocate when we can, and engage with mutual respect, with no imposition by one to another. Indeed, the joint declaration of comprehensive partnership explicitly stated the United States' respect for "Indonesia's independent and active foreign policy" – a critical point of Indonesia's diplomacy.

For Indonesia, our new comprehensive partnership with the U.S. is part of a globalist outlook that seeks "a million friends and zero enemies."

In the last six years, Indonesia struck transformative partnership agreements with several countries, including Australia, Brazil, China, India, Japan, Pakistan, Russia, South Africa and South Korea. It is part of our efforts to reform the world order and address global issues through a "can-do" spirit of co-

operation.

Amid shifting power relations, President Yudhoyono stressed the need for countries to reach a "new dynamic equilibrium."

That was why Indonesia was a strong advocate for the United States to join the East Asia Summit, and appreciated the Obama administration's intensified engagement with Asia and with ASEAN.

To strengthen maritime security, Indonesia wants to see the U.S. Senate renew efforts to ratify the U.N. Convention on the Law of the Sea.

We also want to see rich "soft power" engagement by the United States in the region, one that is saturated with trade, investment, education, tourism, youth exchanges, technology, innovation, the arts and so on.

And, Universitas Indonesia believes it can play a complementary role in the partnership.

For university rector, Prof. Dr. Der Soz Gumilar Rusliwa Somantri: "If UI wants to play a very significant role, we have to pave the way for the country to heed to the future by building a new civilization based on a sustainable future and development. Make democracy in practice really functional in bringing the country progress and a sustainable future."

In the coming Asia Pacific century, this is, indeed, the best way to realize President Obama's call to "win the future" and achieve what President Yudhoyono calls our "win-win future."

*Dr. Dino Patti Djalal is Indonesia's ambassador to the United States and former spokesperson to President Yudhoyono.*

## Building quality for top performance

Mutu Certification International, managed by PT Mutuagung Lestari, is Indonesia's leading certification body, with over 850 clients. It provides certification services for management systems, sustainable natural resource management, and product and testing laboratories.



Since its inception in 1990, the company has widened its portfolio in terms of industries and domicile network. From an initial specialization in wood-based products, it expanded to forestry products, agribusiness, as well as fisheries and marine products.

It expanded to international certifications, including the Japan Agricultural Standard (JAS) accredited by the Ministry of Agriculture, Forestry and Fisheries, which authorized only eight other institutions worldwide.

It also issues the California Air Resources Board (CARB) certification of formaldehyde emissions from wood-based products, the Raad voor Accreditatie's accreditation for fisheries testing laboratory services, Roundtable on Sustainable Palm Oil (RSPO) certification for sustainable palm oil management.

Recently, Mutu Certification International opened branch offices in China, Japan, Vietnam, Malaysia, and Thailand.

"When we were accredited by the Japanese government for Asia Pacific, our process of going global started. This led to the California state government appointing us to be one of the third party certifiers of CARB," said president director Arifin Lambaga, who wants to see Mutu Certification International become a "one-stop service" for certification and testing laboratories.

"I dream of a company that supports global industries in exporting agribusiness and natural-based products, especially when ASEAN becomes an open market by 2015. Since we have been in this business for over 21 years, we know it well, particularly in agriculture and forestry products. If an investor wants to invest in these fields, we can help them set up, find partners, and form supply chains. We invite them to come," he said.

[www.mutucertification.com](http://www.mutucertification.com)

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# Telkom: Indonesia's complete TIME company

*A leading ICT company in the country, Telkom Indonesia serves millions of customers nationwide and provides a strong portfolio of information and communication services, including fixed-wirelines and fixed-wireless telephone, mobile cellular, data and Internet, and network and interconnection services, directly or through its subsidiaries. As competition becomes tighter, Telkom Indonesia is reshaping itself into a telecommunication, information, media and edutainment (TIME) company.*



Telkom Indonesia president director Rinaldi Firmansyah

Until 1961, telecommunications was a state-run enterprise. As was the case in other developing countries, expansion and modernization of telecommunications infrastructure played an important role in the country's general economic development. Also, Indonesia's large population and rapid economic growth created a demand for expanded services.

Recent reforms have attempted to create a regulatory framework to promote competition and accelerate the development of telecommunications facilities and infrastructure. Further measures that came into effect in September 2000 were aimed at boosting competition by removing monopolistic controls, increasing the transparency of the regulatory framework, creating opportunities for strategic alliances with foreign partners, and facilitating the entry of new participants to the industry.

Fixed-line penetration is low in Indonesia when measured against international standards. As of February 2011, Indonesia had an estimated fixed-line penetration (including fixed-wireless subscribers) of 16.8 percent and an estimated cellular penetration of more than 80 percent.

"There are a number of significant trends in the telecommunications industry in Indonesia and these include continued growth," said president director Rinaldi Firmansyah, who added that the telecommunications industry in Indonesia will continue to grow parallel to the growth of the economy.

According to Firmansyah, Telkom expects wireless services to become increasingly popular as a result of wider coverage areas, better wireless network quality, lower handset costs, and the proliferation of prepaid services. It also anticipates more competition in the industry as a result of the government's regulatory reforms.

"The future of our industry is TIME," emphasized Rinaldi.

Several years ago, Firmansyah realized that Telkom would face more challenges to meet the expectations and aspirations of its shareholders, customers, and indeed, the nation if it remained solely a telecommunications operator.

As new and unprecedented modes and volumes of communication emerged, driven by cellular, satellite, digital, and broadband tech-

*"Our shares are traded on the IDX, the NYSE, the LSE, and are publicly offered without listing in Japan"*

nologies, Telkom stakes its future in its capability to provide seamless access to a huge diversity of information, media, and edutainment across a wide range of platforms.

So, Telkom embarked on a far-reaching transformation that is still ongoing. While maintaining its legacy business of fixed-line and cellular voice services, it has strategically built a portfolio of new wave businesses, including broadband, IT and enterprise services, and content, with a view to sustaining competitive growth.

Firmansyah claimed that by the end of 2010, Telkom's customer base had grown 21.2 percent, to 105.1 million customers. Telkom at the moment serves 8.4 million fixed-wireline telephone subscribers, 15.1 million fixed-wireless telephone subscribers, and 81.6 million mobile telephone subscribers.

As of December 2010, Telkom had about 94.01 million cellular customers, which represented a 15.1 percent growth from the previous year on the back of continuous product and service innovation, strong brand positioning, and an improved network. Its estimated market share as of that year stood at about 45.6 percent of the full-mobility market.

On the other hand, as of December 2010, there were 1.65 million subscribers for fixed-broadband services (Speedy), which represented growth of 44 percent from 1.15 million subscribers recorded in the same period last year. Speedy remains the market leader in the business with a total market share exceeding 80 percent.

At the end of 2010, Telkom's mobile broadband user base grew by 128 percent from 1.67 million to 3.80 million in the same period. It has maintained its leadership position in the mobile broadband sector, with approximately a 60 percent market share.

"To support our mobile broadband service, some of our backbone infrastructures were utilized by Telkomsel (a Telkom subsidiary company) as a part of Telkom's strategy to synergize operational resources," Firmansyah said.

As of February 2011, the total number of fixed-wirelines in service remained essentially flat at approximately 8.3 million, which represented a decline of 1 percent from 8.37 million in the same period last year.

"Our 8.3 million subscribers represented a market share of some 99 percent. We remain the dominant player in the fixed-wireline market," Firmansyah said.

Until today, the majority of Telkom's common stock was owned by the Indonesian government, with the public taking a minority stake.

"Our shares are traded on the IDX, the NYSE, the LSE, and are publicly offered without listing in Japan," said Firmansyah, who is confident that Telkom will maintain its growth by regional expansion. It has established Telkom Indonesia International (TII) as its vehicle to expand overseas.

A fully owned subsidiary of Telkom, TII provides information communication and international networking services under three business portfolios: international telecommunication services, project management and consultancy, and investment and strategic partnerships.

As Telkom Group's international arm, TII has regional representation and investments in Malaysia, Singapore and Hong Kong. Through TII, Telkom works towards its vision of becoming a leading telecommunication, information, media and edutainment (TIME) player in the region.