

*Official Report of Two Days Seminar
"Strengthening Democracy in Free Trade Era"
TEMPO Institute - Taipei Economic and Trade Office (TETO)
Sultan Hotel, Jakarta, 13 - 14 December 2010*

A New Horizon, Indonesia - Taiwan



Prof. Samuel Ku, Sonny Chen (Taiwan Head of Delegation), Makassar Mayor Ilham Arief Sirajudin, Edy Putra Irawady (Deputy Minister of Economic - RI), Irwan Omar (regional analyst), Wahyu Muryadi (Chief Editor of TEMPO News Magazine)



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Enhancing collaboration through trade and education-cultural immersion is needed. People to people connections is a strategic bridge.

The world has changed, sometimes quite dramatic. "Few decades ago, when I was young, it was very rare to see foreigners in my country," said Professor Samuel C.Y. Ku from the National University of Sun Yat Sen, Taipei. "Now we can easily meet foreigners in every part of Taiwan, including 150 thousands of Indonesians who work there."

Samuel Ku, Professor of China and Asia Pacific Studies, described how Taiwan had changed during his session in two days seminar focusing on "Strengthening Democracy in Free Trade Era," in Sultan Hotel, Jakarta, 13-14 December 2010. The seminar hosted by TEMPO Institute (TI) and the Taipei Economic and Trade Office (TETO) was an open bilateral dialogue among academics, media, business people and policy-advisors.

The dialogue enabled professionals intimate with the challenges of trade under the threats of geopolitical tensions, protectionism, and obstacles that appears in many forms. The two days forums also provide precious opportunities to elaborate and exchange views and experiences on how to improve people-to-people and business-to-business interaction between the two democratic nations.

Samuel Ku provided a clear illustration of the gains that China and Taiwan gained from the Economic Cooperation Framework Agreement (ECFA). He noted that the agreement signed on 29 June 2010 enabled both China and Taiwan to provide transparency in investment facilitation in tourism, agriculture, telecommunications, cross-straits transportation and distribution logistics. "This agreement opens many possibilities not only for Taiwan and China but also for many countries, including Indonesia," Prof. Ku said.



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The improving cross-straits relations, moreover the enhanced trade relations between ASEAN and China under the ACFTA had also encouraged South Korea to conclude a FTA agreement with Taiwan which would be enacted in mid 2011. The increased mobility of goods and services, tourists and capital among China, ASEAN, Taiwan and South Korea would both enlarge the collective consumer base in the region east of the Straits of Malacca. This could also facilitate greater technological and ideological transfer among communities supporting the development of democracy in our midst.

Chen-Dong Tso, Associate Professor of Political Science at the National Taiwan University, provided in his presentation a categoric and balanced portrayal of the challenging journey towards the signing of ECFA in Chongqing.

At the beginning of 2009, when ECFA negotiations were at an early stage, there was fear that Taiwanese industries would be overwhelmed by their Chinese competitors. Taiwanese President Ma Ying-jeou managed to rally for support through a series of televised debates, nationwide roadshows and intensive lobbying. Ma's tenacity to maintain a proactive and engaging stance with China during the period of the negotiations was also instrumental in reducing cross-straits tensions in Northeast Asia.

Dong Tso asserted that the challenge for the KMT would be to ensure that the implementation of ECFA would allow Taiwanese corporations greater penetration of China's extensive consumer market and encourage sustainable tourism that will facilitate constructive bilateral cultural exchanges.

The integration of the economies of China and Taiwan however would also lead to greater challenges in maintaining maritime and cross-border security as well as ensuring that domestic industries have adequate time and financial resources to empower small and medium enterprises (SMEs) to become competitive against zero-tariff imports. "The successful implementation of ECFA in the coming year would set a precedent for ASEAN to pursue dialogue for a trade agreement with Taiwan," Dong Tso said.

Early discussions would enable both parties to review the broad circumstances among the member states in the region and consider transitional



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safeguards against local SMEs, smuggling, human trafficking and money laundering. The success of ECFA, ACFTA and the possible ASEAN-Taiwan trade deal would enhance the trilateral trade and technological alignment of China, Taiwan and ASEAN.

Irwan Omar, PhD., a Singapore-based political analyst on Indonesia Affairs and regional security and had presented on the correlation between trade and security-political matters during the event. Irwan discussed the challenges of economic chokepoints in the trade routes connecting global economies and the need to form a larger forum consisting of ASEAN, South Asia, and Northeast Asia, including Taiwan, to define alternative solutions.

He stressed the importance of economic and diplomatic engagement of India and Pakistan as potentially larger economies in 2030 to balance the present economic and military capacity of China in the region east of the Straits of Malacca. In the subsequent dialogues between the speaker, and participants from TI and TETO, a common view emerged that perhaps the ASEAN Economic Community could be forged into the Asian Economic Community to include new democracies and emerging economies in our midst.

Enhancing Agricultural Cooperation

Participants at the seminar took to the road with Lin Yen Jen leading the Taiwan Technical Mission (TTM) to their project site at the outskirts of the Bogor Agricultural Institute. There, the TTM team comprising of Chiu Wen Chi, Yang Yeong Lang and Wu Chiung Feng showed the Taiwanese and Indonesian delegations how their transfer of agricultural techniques had created seedlings that were more resistant to adverse weather and insect infestation. The TTM rural empowerment agricultural program that had been in Indonesia since 1976 in East Java now had a foothold in Bogor and Bali and was making headway into the eastern parts of the Indonesian archipelago.

The impressive part of the TTM rural empowerment agricultural program was their beginning-to-end approach that helped farmers improve their crops and eventually market their organic produce at numerous upscale supermarkets in



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Jakarta, Yogyakarta, and Bandung. The ongoing programs had enabled several clusters of farmers around the TTM project site to set up their own integrated farms with the profit from the sales. The farm operations included onsite seed breeding, compost production and packaging.

As part of the seminar program to discuss the complexities of free trade, Dennis Wang, Director of the Tainan District Agricultural Research and Extension Station, delved into the changing trends of food production and consumption in Taiwan as a direct result of globalization. His presentation and discussion showed that intensive guidance was needed to encourage farmers to minimize the use of chemical fertilizers to ensure the safety of the harvest.

He stressed the need for strong government involvement to ensure that farmers did not forsake health concerns to meet the growing need for food exports and expanding domestic consumption. Dennis had also expressed concerns that fast-growing economies like Taiwan and Indonesia had to consider the long term implications of energy prices on food production and distribution.

A Challenging Journey

An intriguing presentation provided by Damayanti Buchori, PhD., from the Department of Plant Protection at the Bogor Agricultural University. Economic openness create political reform and democracy. Increase trade would promote civil and political freedom. "Unfortunately, that was in theory. In reality, it is different case. If not carefully handling, free trade could cause imbalances between the users of technology and the producers," she said.

Damayanti weighed the discussion with her concerns that new regulations from World Trade Organization (WTO) would burden food exporting nations that lacked the financial capacity to carry out the extensive documentation and certification processes. Therefore, Indonesia needs to improve awareness of free trade consequences in every form. "Otherwise Indonesia will just left behind," she said.

The same concerns also presented in previous session by Profesor Bob Sugeng Hadiwinata from University of Parahyangan, Bandung, West Java. "Democracy can only be achieved if society understand what choices they have and the implications of that choices," Professor Sugeng said.

In this developing complicated free trade era, scientific skills, among many others, could not be avoided. "We noted that with extensive free trade developing, many countries were using regulatory frameworks as a form of protectionism under the guise of protecting consumers," Damayanti said.

Damayanti called for simplifying and streamlining the assessment procedures for pest risks and the participation of developed nations in funding the step-by-step documentation to enable small-scale exporters to enter the regional and global market. The ability of small scale farmers to export their organic crops with lesser hurdles would enable the greater influx of Indonesian herbs, vegetables and fruits into the palette of other cultures.

In a circulated presentation, Lilly Hsin-I Hsiao, Assistant Professor at the National Taiwan Ocean University, explored how the Department of Health in Taiwan had enhanced collaboration with Food and Drug Administration and local Health Bureau to ensure that domestic and imported food sources did not threaten public health.

She detailed how Taiwan had enacted food traceability labeling since 2007 and had recently moved to use Radio Frequency Identification (RFID) sensors to ensure higher levels of accountability for hygienic food production and handling from farmers to consumers. Lilly concluded that increased trade in food required more proactive steps to ensure public health. That was a message that had relevance in Taiwan, and ASEAN, as the region faced a growing population and greater need to ensure the reliability of food supplies.

The Same Path

Joyce Juo-yu Lin, Professor at the Graduate Institute of Asian Studies, Tamkang University, also presented her views during the second day of the



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seminar on the similarities between the democracies in Taiwan and Indonesia. She believed that the more sophisticated democracies in India, Indonesia, Taiwan were aligned with the values of the US, EU and the UN and hence could be the foundation of a new security and collaborative architecture in the Asia-Pacific region.

Besides stressing the importance of increased interaction between Taiwanese and Indonesian academics and students, Joyce tabled the need for a Taiwan-Indonesia Summit that allows the two heads of states to table long term collaboration. Such working dialogues between Taiwan and Indonesia could also stimulate ASEAN to move towards a FTA that could stretch across the Asia Pacific. Such a move would balance the economic dominance of China in the region.

Edy Putra Irawady, the Deputy Coordinating Minister for the Economy of Indonesia, outlined that as Indonesia sought new markets for its exports and new sources of technologies to enhance its human resources and administrative efficiency, the government would have to consider what knowledge and experiences Taiwan had to offer. “While there were existing economic collaboration between the US, EU, China, ASEAN and Indonesia, there was still room for Taiwan to partake in the strategic projects in the Eastern parts of Indonesia,” Edy said.

The Discussion

The issues discussed by the Taiwanese and Indonesian delegations were framed by the security and political context of the region encompassing the nations of Southeast and Northeast Asia. As mentioned by Irwan Omar, the region’s vulnerability to fluctuations in energy supplies, disruption to trade moving through the Straits of Malacca, brewing tensions between North and South Korea and the potential for the larger economies in the region to project their military capabilities to defend their trade interests.



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The discussion explored the growing competitive nature of China and India in securing trade routes and energy supplies, and the need to augment the capabilities of existing US military in the Asia-Pacific region to respond to a more sophisticated security threat to trade routes.

The future of exports from China, Taiwan, Japan, South Korean and ASEAN to India, the US, EU, Africa and the Middle East depended on the ability of Southeast and Northeast Asia coming together to devise a viable route that could complement the narrow Straits of Malacca. The sustainability of energy supplies to the growing economies around us also pivots on securing the passage of crude oil and LNG through a 2.5 km passageway between Indonesia, Malaysia and Singapore.

During the dialogue with colleagues from Indonesia and Taiwan, there was growing interest to move ASEAN towards reviewing the ASEAN Economic Community (AEC) that would be formed in 2015. There was growing inclination to propose an Asian Economic Community that could integrate South Asia (India and Pakistan), Southeast Asia (ASEAN) and Northeast Asia (China, Taiwan, South Korea and Japan) into a collaborative region. Any future Asian Economic Community would provide a larger pool of intellectual and financial resources to support the formation of a regional currency unit and eventually a single regional currency.

The sobering discussion about complicated journey of democracy, security, trade, new economic frameworks and ongoing negotiations for new trade deals ended with pertinent questions for the Indonesian policy makers to address.

It was time for the participants to share their views and background on the current realities of Indonesia and what steps the nation of 240 million people had to take to enhance its position in the globalization grid. At the informal exchanges, participants agreed that Indonesia's democratization since 1998 had been categorical and had led to very tangible results. The democratically elected President, national (DPR) and regency legislatures (DPRD), provincial and regency Mayors and Regents and the freedom of the press were all significant achievements that had maintained the vital political stability necessary for consistently positive economic growth.



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There was common consensus that Indonesia would benefit extensively from pursuing closer people-to-people exchanges with Taiwan that could lead to high levels of tourism, investments in agricultural and technological sectors and financing for strategic infrastructure.

The next step, we hope, would be for TETO and TI to facilitate working sessions between the leading academic institutions in Taiwan and Indonesia to structure a viable work plan over the next few years that would categorically enhance technological transfer and cultural immersion between the two young democracies in the region. The first step would be to increase the awareness of the ongoing and warming ties between the two democratic nations through the national media agencies.

The geo-strategic location of Taiwan and Indonesia amidst vital waterways for trade and accessibility to extensive consumer base adds to the inventory of cultural similarities. The parallel of cultural and moral values embodied in Indonesia's Pancasila and Taiwan's San-min Chu-i would make multilevel integration and collaboration easier.

From a neutral standpoint, Indonesia would benefit extensively from the technological transfer and people-to-people empowerment over the next decade. Between 2010 and 2035, as Indonesia diversifies its energy resources and puts in place programs for food security, and revamps local industries to be more competitive, the people-to-people empowerment programs with Taiwan and other Asian neighbors would help develop quality professional human resources apt to integrate into the global economy.

The dialogue was enriched with the active participation of all Taiwan and Indonesia delegation, Fikri Jufri (founder of TEMPO Group), Riza Noer Arfani (WTO Free Trade Research Center, UGM), Ilham Arief Sirajuddin (Mayor of Makassar) and Arif Budimanta (Member of the House of Representatives - DPR RI), Muhammad Rudi Wahyono (Director of CIDES), Hermien Y. Kleden (TEMPO English Edition), Basuri Tjahaja Purnama (Mayor of Bangka Belitung District).

The seminar discussions were moderated by Mardiyah Chamim (Director, Tempo Institute), Wahyu Muryadi (Executive Editor, Tempo News Magazine), Purwani Diyah Prabandari (Tempo News Magazine), and Wahyu Dhiatmika (Tempo, Alliance of Independent Journalist).

Beginning of A New Horizon



“This seminar is definitely not the end,” said Andrew Hsia,

Representative of TETO, at his short speech during farewell dinner of the seminar. The new horizon and positive aura that appeared during the whole event should be followed by real work. “This is just beginning of mutual relationship between Indonesia and Taiwan.”



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TEMPO INSTITUTE was founded based on merging strong journalistic fundamentals, as part of TEMPO Group, with national and regional causes that have an impact on our fellow Indonesians. Every event we carry out builds on our strong foundations of responsible journalism and social consciousness.

This report provided by Mardiyah Chamim, Director of TEMPO Institute, (mardiyah@tempo.co.id, 62-811945912). Presentation material of the seminar could be sent upon request.
