



Sistema Económico
Latinoamericano y del Caribe

Latin American and Caribbean
Economic System

Sistema Econômico
Latino-Americano e do Caribe

Système Économique
Latinoaméricain et Caribéen



The relations between Asean and Latin America and the Caribbean from the Indonesian perspective

Arif Sumantri Harahap

Minister of the Embassy of Indonesia in Venezuela

Extra-Regional Relations

Regional Seminar on economic relations between Latin America and the Caribbean and Southeast Asian countries

Caracas, Venezuela

19 July 2012

SP/SRREALCPSA/DI N° 7-12

Copyright © SELA, July 2012. All rights reserved.
Printed in the Permanent Secretariat of SELA, Caracas, Venezuela.

The Press and Publications Department of the Permanent Secretariat of SELA must authorise reproduction of this document, whether totally or partially, through sela@sela.org. The Member States and their government institutions may reproduce this document without prior authorisation, provided that the source is mentioned and the Secretariat is aware of said reproduction.

Intervention of Mr. Arif Sumantri Harahap, Minister of the Embassy of Indonesia in Venezuela

The relations between Asean and Latin America and the Caribbean from the Indonesian perspective

Caracas 19 July 2012

We are delighted to be here, and participate in the regional seminar on economic relations between Latin American and the Caribbean and Southeast Asian countries.

Traditionally, economic relations between Asia and Latin America and the Caribbean have been low, due to mind barriers such as distance, language and culture. However, cooperation between LAC and Southeast Asia, particularly Indonesia has grown increasingly more important. For Indonesia this has been highlighted by our President's visit to Latin American last month to Brazil, Mexico and Ecuador. This effort and the trade missions to Mexico, Brazil, Argentina and Chile, highlight the increasing importance of the regions and opens up further opportunities to do business in Latin America. This increase is even more highlighted with the prediction (HSBC Global Research, The World in 2050, Quantifying the shift in the global economy) that the five largest countries in Latin America will be among the top 30 developed countries by 2050 (Brazil, Mexico, Argentina, Colombia and Venezuela).

The UN Economic Commission for Latin America and the Caribbean (ECLAC) has predicted that Latin American and Caribbean countries will grow by 4.1 percent this year, with a collective GDP 6.87 trillion US dollars. And ASEAN (Association of Southeast Asian Nations) is expected to reach between 5 and 7.2 percent with a collective GDP of about 3.36 trillion US dollar. From this we can see that the two are dynamic regions that have great potential for collaboration, but have yet to be tapped.

ASEAN has a population of 608 million people, while Latin America and the Caribbean 578 million. The two regions each have a total trade of around US\$ 2.5 trillion, but only 2.3 percent of that value represents trade between them, which in comparison is rather low.

As a result, earlier this month, Indonesia hosted the ASEAN-Latin Business Forum, where business people from ASEAN as well as Latin America and Caribbean countries gathered to strengthen strategic trade and investment, exchange knowledge and technology as well as develop key innovative strategies to further support economic development between the two regions. And one of the ways to do this is by developing connectivity and bridges between our two regions, by utilizing frameworks and forums that they already have, such as this one, to increase people to people contact.

As one of the founders of the Forum for East Asia-Latin America Cooperation (FEALAC), Indonesia perceives its cooperation under the FEALAC mechanism as crucially important in building stronger ties between East Asian and Latin American countries. Since FEALAC was established in 1999, Latin America has emerged as one of the increasingly significant economic partners of Indonesia. The trade volume between Indonesia and Latin America has steadily gained ground in the last few years. The total trade value in 2005 stood at US\$ 2.3 billion. It rose in 2006 to US\$ 2.8 billion and to US\$ 3.3 billion in 2007; by 2008, the trade value was significantly increased to US\$ 4.8 billion, although in 2009, the number was slightly reduced to US\$ 4.3 billion.

2

Just last year alone, Indonesia's trade with Latin America skyrocketed from US\$ 6.7 billion, or just around 2.9 percent of Indonesia's total in 2010 to US\$ 8.3 billion in 2011 – a staggering 24 percent increase.

It should also be noted that the figures shown are much less than the yet optimized economic potentials of the two regions. Thus, there are still plenty of rooms for improvement in the cooperation between East Asia and Latin America and Caribbean that can be generated.

NOTE: Top 5 Indonesia products being exported to Latin countries are rubber, footwear, electronics, vegetable oils and man-made staple fibers, while our top 5 imports from the Latin countries are residues/waste of food industries, sugar confection, cereals, slag/ash, and steel.

As the FEALAC Working Group on Politics, Culture and Education Co-Chair (2007-2009), Indonesia attaches great importance to the promotion of enhanced cooperation between the regions, particularly in the working group itself.

The events that Indonesia had promoted are the 1st Seminar on Counter Terrorism in Semarang, in December 2007, and FEALAC Conference on Ecotourism in Bali, 17-18 July 2008, back to back with the 5th Meeting of the Working Groups on Politics, Culture, Education and Sports. Indonesia has developed ecotourism destinations in Bali, West Nusa Tenggara Province and other regions which have national parks.

Finally, right now, Indonesia has been elected as the Regional Coordinator of East Asia FEALAC for 2010-2012, along with Argentina as the Regional Coordinator of Latin America FEALAC.

The FEALAC Web portal was also launched by the Indonesian Government in order to promote as well as to disseminate the cooperation created in FEALAC corridor to all societies of FEALAC member countries, particularly to Indonesian people. At the end, the Web portal hopefully could boost strengthening cooperation between East Asia and Latin America.