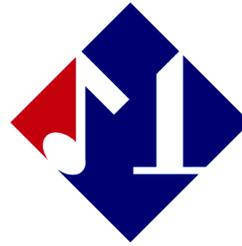


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Australia's representative to the International Music Council



Music Council of Australia

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August 20, 2012

By email: ia-cepa@dfat.gov.au

Dear Sir/Madam,

Re: Indonesia-Australia Comprehensive Economic Partnership Agreement

The Music Council of Australia appreciates the opportunity to make a submission to the Department of Foreign Affairs and Trade regarding the Comprehensive Economic Partnership Agreement between Indonesia and Australia currently under negotiation.

The Music Council is the national peak organisation for the music sector. Its membership of 50 is drawn from national organisations and distinguished individuals from across the entire music sector. It seeks to advance music and musical life in Australia by providing information, undertaking research, mounting advocacy and organising projects. It is the Australian affiliate to the International Music Council, based on the UNESCO campus in Paris.

The Music Council has a long standing interest in free trade agreements and takes the view that, consistent with international agreements to which Australia is a party, cultural expression is a basic human right because it is through cultural expression that humans make meaning of their existence. It is important for all societies to hear their own stories, see representations of their own lived experience, listen to the music that expresses their spirit. Axiomatically, where considered appropriate, governments should be free to support their cultural sector or parts thereof in the event of systemic market failure. Equally important is the role that culture plays at the local, national and international level, in nation building and in its bridge-making role in international affairs, in reflecting identity, expressing that identity to ourselves and abroad and in hearing and seeing the cultural expression of other societies.

These views are held in common with Indonesia. Neither Australia nor Indonesia made commitments in the GATS¹ that compromise their domestic policy capacity to support their cultural sectors. Both have acceded to the Convention on the Protection and Promotion of the Diversity of Cultural Expressions, Australia in 2009 and Indonesia in January this year.²

The Music Council has long argued that Australia's trade agenda is best pursued multilaterally or unilaterally, rather than bilaterally or plurilaterally. That being said, where the Australian Government determines it to be in the national interest to enter into bilateral trade agreements, such agreements should ensure that Australia's domestic capacity to support its cultural sector remains unfettered and that, similarly, Australia should not ask concessions in this regard of other states within the context of trade agreements.

The Music Council favours positive list trade agreements – such as the GATS – over negative list agreements – such as the Singapore-Australia Free Trade Agreement and the Australia-United States Free Trade Agreements. In the case of the former, the preferred position is that consistent with Australia's with respect to the GATS – to make no commitments with respect to Australia's cultural sector. With respect to the latter, the preferred position is a comprehensive cultural exception such as the Annex II exception achieved in the Singapore-Australia Free Trade Agreement and the Chile-Australia Free Trade Agreement.

The Music Council has made many submissions to the Department of Foreign Affairs and Trade over the past decade, many of which have provided detail on the history of Australian government support to the cultural sector, the reasons for that support, the support currently provided and the state of the sector today. Consequently, this submission does not revisit that information. However, should the team negotiating the agreement with Indonesia require information in that regard, the Music Council can easily oblige.

That being said, this submission confines itself to providing some detail on the cultural sector in Indonesia in the hope that it will inform the negotiations.

Over recent decades, there has been vibrant, although not widely known, cultural dialogue between Australia and Indonesia, particularly in respect of live performance exchanges and collaborations.

As the Department is aware, since *Reformasi* in 1998, Indonesia has undergone dramatic change. The transition to democracy was hindered in the first few years by the impact of the so-called 'Asian meltdown' but the economy is now growing and the services sector along with it.

The post-Suharto era coincided with the growth and spread of the internet and internet-based media. Uptake of technology is occurring at speed 'with Indonesia being Facebook's second largest market and Twitter's third largest worldwide'.³ Blackberry had three million users by the end of 2010.⁴ By

¹ Schedules of Commitments, Australia and Indonesia, from 1994, European Services Forum, viewed 17 July 2012 <http://www.esf.be/new/wto-negotiations/commitments/schedule/>.

² UNESCO, n.d. States Parties to *Convention on the Protection and Promotion of the Diversity of Cultural Expressions*, Paris, 20 October 2005, UNESCO, viewed 17 July 2012 <http://www.unesco.org/eri/la/convention.asp?KO=31038&language=E&order=alpha>.

³ Global Business Guide, 2011, *Indonesia: Services: Challenges and Opportunities in the Creative Industry*, Global Business Guide, viewed 19 February 2012 http://www.gbgingonesia.com/en/services/article/2011/challenges_and_opportunities_in_the_creative_industry.php.

⁴ Global Business Guide, 2011, *Indonesia: Services: Challenges and Opportunities in the Creative Industry*, Global Business Guide, viewed 19 February 2012 http://www.gbgingonesia.com/en/services/article/2011/challenges_and_opportunities_in_the_creative_industry.php.

2010, approximately 45 million Indonesians were regularly using the internet. Nonetheless, most Indonesians do not regularly use or have access to the internet and many have no access to computers. The Indonesian Government has pledged to make the internet available to half the population by 2014. While many barriers must be overcome if this target is to be reached, internet usage is likely to increase rapidly as Indonesians upgrade their mobile handsets to ones with browsing capability. Currently, there are approximately 145 million mobile phone subscriptions and nine million Indonesians access the internet via mobile phones.

The Indonesian recorded music industry

Indonesia has a long, rich and diverse musical history, reflecting its diversity of regions and ethnic groups. Influences from indigenous, western, Indian and Arabic pop music, together with the social, political and cultural contexts of contemporary Indonesia have produced distinctive styles of pop music. Global music genres, including rock, hip hop, punk and the pop ballad, have been adapted for the Indonesian market. A notable trend, since the fall of Suharto, has been the rise of Islamic pop culture, which traverses pop music, books, film and television, for Indonesia's Muslim population, highlighting messages, storylines and themes that engage with issues of religious belief and morality.⁵

In 2000, 53 per cent of record sales in Indonesia were domestic records, compared with 28 per cent in Australia.⁶

Today digital music downloads are growing rapidly. According to the Managing Director of music label E-Motion Entertainment, Florine Lismasnax, 'One of our bands reached 12 million downloads, other labels have seen 30 million downloads which is just the beginning of the potential and I do not think you would see that in any other country'.⁷ Although not popular elsewhere in the region, in Indonesia ring back tones account for 95% of the total digital music market, with users changing tones at least every three months.⁸

According to the Minister of Tourism and Creative Economy, Mari Elka Pangestu, the Indonesian music industry's contribution to foreign exchange is currently 'relatively small, at only 0.73 percent' but an analysis last year of domestic music listeners indicates Indonesian music reaches 80 per cent of the population. However, the Minister flagged what she sees as a threat to local music from so-called 'K-pop', a Korean pop style which has grown rapidly over the last six years, urging 'the domestic music industry to try to create I-Pop in the next five years'.⁹

Unfortunately, there is little information or research on the recorded music industry in Indonesia available in English.¹⁰

⁵ Widodo, A. 2008, 'Writing for God: Piety and consumption in popular Islam' in *Inside Indonesia*, 9 September 2008, viewed 3 August 2012 <http://www.insideindonesia.org/weekly-articles-93-j-ul-sep-2008/writing-for-god-14091700>.

⁶ Throsby, D. 2002, *The Music Industry in the New Millennium: Global and Local Perspectives*, Paper prepared for The Global Alliance for Cultural Diversity, Division of Arts and Cultural Enterprise, UNESCO, Paris, October 2002, p.5, viewed 18 August 2012

http://portal.unesco.org/culture/es/files/25428/11066604353The_Music_Industry_in_the_new_Millennium.pdf/The+Music+Industry+in+the+new+Millennium.pdf.

⁷ Global Business Guide, 2011, *Indonesia: Services: Challenges and Opportunities in the Creative Industry*, Global Business Guide, viewed 19 February 2012

http://www.gbgingonesia.com/en/services/article/2011/challenges_and_opportunities_in_the_creative_industry.php.

⁸ Ibid.

⁹ Antara News, 2012, *Pangestu asks music industry to create I-Pop*, 8 May 2012, viewed 17 August 2012

<http://www.antaraneews.com/en/news/81933/pangestu-asks-music-industry-to-create-i-pop>.

¹⁰ Barendregt, B. & van Zanten, W. 2002, 'Popular Music in Indonesia since 1998, in Particular Fusion, Indie and Islamic Music on Video Compact Discs and the Internet' in *Yearbook for Traditional Music*, Vol. 34 (2002), pp. 67-113,

However, as is widely known, piracy remains an issue in Indonesia. It remains on the United States Trade Representative's (USTR) Priority Watch List in 2012. The USTR notes:

Indonesian authorities made positive efforts in 2011 to strengthen IPR [intellectual property rights] protections, and some rights holders reported good cooperation with enforcement authorities. However, the United States remains concerned that Indonesia's IPR enforcement efforts have not been effective in addressing challenges such as rampant piracy and counterfeiting, including growing piracy over the Internet ...¹¹

This year, according to Toto Widjoyo, of Sony Music Indonesia, illegal downloads cost the industry about Rp 2 trillion every year from a single music download website. He is reported as saying 'If the situation doesn't change, Sony could close in Indonesia next year' adding that EMI had already left.'¹²

The Indonesian film and television industry

As is the case everywhere, the film and television industry is important to a nation's music industry. Music is an essential component in film and television programs. Even news and current affairs programs are identifiable to audiences by their opening music themes.

Like many countries, including Australia, Indonesia has, at times, had a promising film industry, often dominated by international competition. The fortunes of the Indonesian industry have been significantly influenced by its national history. The industry started relatively late, its first feature film produced in 1926.¹³ With cinema twenty-five years old, exposure to British and American silent films shaped audience expectations of Indonesian films. There was a fleeting golden era in the early 1940s, yet distinctively Indonesian films did not appear until the post-war years. The industry boomed in the 1970s and 1980s before collapsing in the 1990s, slowly recovering in the wake of the New Order. Since *Reformasi* and an easing of censorship and now with improving access to finance the industry is gaining confidence producing films in an authentic Indonesian idiom.

Cinema arrived in Batavia in December 1900.¹⁴ European audiences watched British, French and American films. Subsequent locally produced programs were Dutch government-sanctioned life-style documentaries produced by Europeans.¹⁵ During the 1920s, cinemas opened their doors to the Chinese and then the Indonesian population.

Where Britain was once the dominant player in global film distribution, America tenaciously and ruthlessly established its position as the dominant force throughout most of the world. The first battlegrounds were Britain and Europe, markets to which America sought access while resisting reciprocity of access to its own market. The 'Film Europe' movement fought back but, eventually, even quotas proved ineffective. The pattern has been repeated around the world but with some standout

International Council for Traditional Music, viewed 10 July 2012

<http://www.jstor.org.ezproxy.une.edu.au/stable/pdfplus/3649190.pdf?acceptTC=true>.

¹¹ Kirk, R. 2012, *2012 Special 301 Report*, Office of the United States Trade Representative, Executive Office of the President of the United States, p. 36, viewed 18 August 2012

http://www.ustr.gov/sites/default/files/2012%20Special%20301%20Report_0.pdf.

¹² Jakarta Globe, 2012, *Tifatul Wants Reports From Indonesian Artists Before Blocking Illegal Download Sites*, 15 May 2012, viewed 17 August 2012 <http://www.thejakartaglobe.com/home/tifatul-wants-reports-from-indonesian-artists-before-blocking-illegal-download-sites/518031>.

¹³ Ketch, I. 2010, 'Indonesian Film Industry' in *Indonesia Country*, 28 January 2010, viewed 19 February 2012 at <http://indonesiacountry.com/2010/01/indonesian-fil-industry/>.

¹⁴ Imanjaya, E. 2009, 'Reform Era (1998-present)' in 'Commercialism in Indonesian Cinema: A Neverending Battle?' in *Rumahfilm*, 17 March 2009, viewed 11 May 2012 http://old.rumahfilm.org/artikel/artikel_neverending_2.htm.

¹⁵ Johan, R. n.d. *Cinema of Indonesia (Early Cinema)*, MUBI, online, viewed 11 May 2012 <http://mubi.com/lists/cinema-of-indonesia-early-cinema>.

exceptions in non-English language markets. The Japanese followed the Hollywood model of building vertically-integrated companies controlling production, distribution and exhibition and America never secured the dominance it achieved elsewhere. In India, America dominated the market only during the silent era.¹⁶ Today, India's unique film culture underpins the world's most vibrant and financially sustainable industry.¹⁷ Korea built a successful indigenous industry from the 1990s using strict enforcement of quotas for local films. China has eased import bans but still restricts foreign feature films to 30 annually. Elsewhere in Asia, other regimes also control market access.

In the 1920s, facilities to produce prints existed in Britain, America and, to a lesser extent, Europe. Until 1916, Britain was the world's clearing house for prints. By then, the Dutch East Indies, the West Indies and South America were the principal markets for so-called 'junk' prints supplied from Britain, India already dealing direct with America.¹⁸ Fundamental to film distribution economics is access to cinemas. By the year of Indonesia's first feature, there were 250 cinemas in Java, mostly screening American films.¹⁹ By comparison, there are 600 cinemas throughout Indonesia today.²⁰

Indonesia's first feature, the 1926 *Loetoeng Kasaroeng (The Enchanted Monkey)*, was produced in Bandung by the NV Java Film Company,²¹ Dutch director Heuveldorp and the German producer Kruger.²² Supported by Bupati Wiranatakusumah V,²³ it cast Javanese actors.²⁴ From the 1930s, Indonesia's industry was understood as one creating product for profit, usually Hollywood remakes. European filmmakers were joined by the Chinese entrepreneurs, the Wong Brothers and Teng Chun. Some assert 'talkie' technology was adopted early, with Krugers's *Atma de Visher* and Teng Chun's *Boenga Roos dari Tjikembang* in 1931 and the Wong Brothers' 1932 *Njai Dasima*.²⁵ Others assert the first sound film was the 1937 hit *Terang Boela*.²⁶ Javanese theatre actors were engaged and, over time, Javanese technicians joined Europeans as crew members. In 1934, indigenous artists and Europeans established the joint venture Nederlandsch Indische Bioscoopbond, followed by the distribution venture, Bond van Film Importeurs, both initially with European board members. At first, this activity went unremarked upon by the Dutch but they became increasingly concerned that film could become a medium through which to express dissent and giving voice to the independence movement. It established the Film Commissie, effectively a censorship board,²⁷ but not replacing the censorship board established in 1925²⁸ to assess foreign films.

In 1937, a Wong Brothers' collaboration with Dutch director Albert Balink, *Terang Boelan (Full Moon)*, a remake of *The Jungle Princess* starring Dorothy Lamour,²⁹ 'gave birth to the first movie star:

¹⁶ Thompson, K. 1985, *Exporting Entertainment: America in the World Film Market 1907-1934*, British Film Institute, London.

¹⁷ Ibid.

¹⁸ Thompson, K. 1985, *Exporting Entertainment: America in the World Film Market 1907-1934*.

¹⁹ Ibid, p. 76.

²⁰ Schonhardt, S. 2011, 'Tax drama in Indonesia' in *Asia Times Online*, 19 July 2011, viewed 17 May 2012

http://www.atimes.com/atimes/southeast_asia/mg19ae01.html.

²¹ Imanjaya, E. 2009, 'Reform Era (1998-present)' in 'Commercialism in Indonesian Cinema: A Neverending Battle?' in *Rumahfilm*.

²² Ibid.

²³ Johan, R. n.d. *Cinema of Indonesia (Early Cinema)*, MUBI.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Imanjaya, E. 2009, 'Reform Era (1998-present)' in 'Commercialism in Indonesian Cinema: A Neverending Battle?' in *Rumahfilm*.

²⁷ Johan, R. n.d. *Cinema of Indonesia (Early Cinema)*, MUBI.

²⁸ Sen, K. & Hill, D.T. 2000, 'National cinema: Global images, contested meanings' in Sen, Krishna & Hill, David T. 2000, *Media, culture and politics in Indonesia*, Oxford University Press, Melbourne, p. 138.

²⁹ Imanjaya, E. 2009, 'Reform Era (1998-present)' in 'Commercialism in Indonesian Cinema: A Neverending Battle?' in *Rumahfilm*.

Miss Roekiah'.³⁰ Hugely popular with Indonesian audiences, Roekiah's 'films always became box office, whoever her co-star was.'³¹ In film after film, including remakes of American films such as *Zorro*, she was queen of the screen until 1942 when the Dutch were defeated by the Japanese.

What some call the first golden era of Indonesia cinema emerged against the backdrop of war, with 13 films produced in 1940 and 32 in 1941. Although a distinctive Indonesian cinema was yet to develop, artists began to recognize the potential of cinema as a force for change while journalists and academics called for the production of 'quality' films. The latter was an argument for cinema to be more than entertainment products produced for profit as Chinese-produced Indonesian films were derided. It mirrored a quandary that concerns film industries elsewhere, particularly those countries where American films have dominated the market – quality art-house culturally-specific films versus 'tent-pole' mass entertainment and genre films. Unlike today where the reverse is true, the dilemma then was more acute because quality art-house films cost more to produce than mass entertainment films, the former double the average budget of Rp. 150,000 for the latter.³² In 2007, a panel of senior film critics and journalists compiled a list of the 25 best Indonesian films of all time. Only one, *Ada Apa Dengan Cinta*, ranked among Indonesia's top ten box office hits.³³

In March 1942, the Dutch surrendered to the Japanese. Film companies were closed, studios taken over, equipment confiscated. However, the Japanese also saw film as a force for change, establishing Eiga Java Kosha in the September, becoming Nippon Eiga Sha in 1943, producing propaganda films.³⁴

Nevertheless, some Indonesian filmmakers who made their names following Independence learned their craft during the Japanese occupation, including artists such as Usmar Ismail. According to Djadug Djajakusumat:

Our interest in filmmaking was stimulated by two concurrent factors. One was the frequent visits of Andjar Asmara to our office and the second was the discovery of a bookcase full of materials dealing with the artistic and technical aspects of movie making which the Dutch had left behind.³⁵

Ismail says:

The new atmosphere during the Japanese Occupation stimulated growth and change in the content as well as the techniques of filmmaking. It was under this era [of] the Japanese that people became aware of the function of film as a means of social communication.³⁶

The Dutch were equally attuned to cinema's propaganda potential and, from exile in Melbourne in 1945, commissioned Joris Ivens to produce a documentary to be entitled *A new future for Indonesia*. An Indonesian independence advocate, he was a surprising choice for his new employer, the Government Information Service (GIS).³⁷ Refused entry to Indonesia, Ivens made *Indonesia Calling* documenting the 1946 Australian waterside workers' boycott with dockworkers refusing to load Dutch ships. Ironically, the same strike delayed shipment of film equipment to the GIS which was

³⁰ Ibid.

³¹ Ibid.

³² Johan, R. n.d. *Cinema of Indonesia (Early Cinema)*, MUBI.

³³ Ketch, I. 2010, 'Indonesian Film Industry' in *Indonesia Country*.

³⁴ Johan, R. n.d. *Cinema of Indonesia (Early Cinema)*, MUBI.

³⁵ Cited in Imanjaya, E. n.d. *Film is not a dream, Life is*, Multiply, viewed 13 May 2012

9http://ekkyij.multiply.com/photos/album/75/Usmar_Ismail_The_Father_of-Indonesian_Cinema.

³⁶ Ibid.

³⁷ Hendriks, G.H., Klein, F. & Otten, P. 1985, 'The final years of the Dutch East Indies as recorded by Multifilm Batavia' in *Historical Journal of Film, Radio and Television*, Vol. 5, No. 1, p. 78.

establishing the Government Film Company Multifilm Batavia.³⁸ Despite engaging J.C. Mol and Mannus Franken, it was tightly controlled by the Dutch.³⁹

In 1948, Asmara produced for South Pacific Film. Under his supervision, Ismail directed *Harta Karun* (*Hidden Treasure*) and *Tjitra* (*Image*). For Ismail, *Harta Karun* is the first attempt in Indonesian cinema to draw upon literature and *Tjitra* the first ‘to raise the question of national consciousness which [had been] common in literature for a long time’.⁴⁰ In 1950, Ismail established Perfini – Perusahaan Film Nasional Indonesia – producing *Darah dan Doa* (*The Long March*, literally, *Blood and Prayer*). The first time he enjoyed creative independence, freed from commercial pressures, he produced it with the Cannes Film Festival in mind.⁴¹ Ismail argues it was the beginning of an Indonesian cinema:

...because for the first time, a film was made by Indonesian film [sic], technically and creatively, and economically. And for the first time, Indonesian film raised the issues about events [on a] national scale.⁴²

Darah dan Doa was financed by cinema proprietor Tong Kim Mew and senior officials of the Siliwangi military division. It tells of the Siliwangi Division’s 1948 march from Jogjakarta to its West Javan base after the Dutch took Jogjakarta. Subsequent films also canvassed independence struggles. In so doing, Ismail introduced ‘a new motif into his film whose characters can be found in our daily life’.⁴³ At the 1962 Dewan Film Indonesia conference, the first shooting day of *Darah dan Doa* – 30 March 1950 – was declared National Film Day. In 1999, the Government honoured Ismail as the Father of Indonesian Film.⁴⁴

Following the war, the 1925 censorship board, renamed Badan Sensor Film after Independence, was charged with addressing the political and sexual excesses of Hollywood films⁴⁵ until they were banned in 1964,⁴⁶ and:

[i]n the purges that followed the accession of Major General Suharto, all left-wing elements were excised from cinema (and from the rest of Indonesian cultural life).⁴⁷

The import ban was overturned in 1967 and the Indonesian market was flooded. Within three years, imported films rose to 800 annually.⁴⁸ In the face of the purges, American competition and the state of the economy, the Indonesian industry collapsed.

Television broadcasting began in Indonesia in 1962. During the Suharto era, only government produced news and current affairs programs were allowed and television itself was government controlled.

In the 1970s and 1980s, during the New Order, the film industry grew again as the economy grew. Around 70 feature films were produced annually, although more were produced in some years – 124 in

³⁸Ibid.

³⁹ Johan, R. n.d. *Cinema of Indonesia (Early Cinema)*, MUBI.

⁴⁰ Cited in Imanjaya, E. n.d. *Film is not a dream, Life is*.

⁴¹ Imanjaya, E. n.d. *Film is not a dream, Life is*, Multiply, viewed 13 May 2012

9http://ekkyij.multiply.com/photos/album/75/Usmar_Ismail_The_Father_of-Indonesian_Cinema.

⁴² Cited in Imanjaya, E. n.d. *Film is not a dream, Life is*.

⁴³ Review published in Siasat, cited in Imanjaya, E. n.d. *Film is not a dream, Life is*.

⁴⁴ Imanjaya, E. n.d. *Film is not a dream, Life is*.

⁴⁵ Aartsen, J. 2011, *Film World Indonesia: The Rise After the Fall*, Universiteit Utrecht FTV MA, p.9; Sen, K. & Hill, D.T. 2000, ‘National cinema: Global images, contested meanings’ in Sen, Krishna & Hill, David T. 2000, *Media, culture and politics in Indonesia*, p. 138.

⁴⁶ Sen, K. cited in Aartsen, J. 2011, *Film World Indonesia: The Rise After the Fall*, p.9.

⁴⁷ Sen, K. & Hill, D.T. 2000, ‘National cinema: Global images, contested meanings’ in Sen, Krishna & Hill, David T. 2000, *Media, culture and politics in Indonesia*, p. 139.

⁴⁸ Aartsen, J. 2011, *Film World Indonesia: The Rise After the Fall*, p.9.

1977. This period was remarkable for films dealing with social issues, *Perawan Desa*,⁴⁹ being a notable example, and an Indonesian cinema language emerged.

With few exceptions, films made between the mid 1970s and the mid 1980s followed a narrative structure from order, through disorder to restoration of order.⁵⁰

Industry growth in these years was assisted by the brakes being put on imported films which, from 1974, fell to an annual average of 180. During this period, Indonesian films captured 35 to 40 per cent of audience share, compared with between 20 and 25 per cent for American films, 15 per cent for those from Hong Kong and twelve per cent for Indian films.⁵¹

Where, during the 1930s Indonesian films were typically American remakes, the films of the seventies and eighties were located more firmly in Indonesian culture. However, the lifestyles represented on screen were not representative of Indonesia itself. As Taufiq Ismail observed of the finalist films at the 1977 Film Festival, 85.1 per cent were set in cities and 92.6 per cent were about the middle class.⁵² While feature films are not documentary representations of the societies from which they arise, they can resonate with the culture within which they are produced. Accepting that discussion of cultural representation is usually useful only in a general sense, as Heider argues,⁵³ it is possible to grasp the 'Indonesian-ness' of Indonesian films by reference to American films. Where the former are identified by a quest for harmony – order versus disorder – the latter are identified by journeys where right triumphs – good versus evil. The protagonists and antagonists in the former are agents of order and disorder, in the latter 'good guys' and 'bad guys'. The American ethos of individual autonomy with emphasis on a person's inner state contrasts with the regard Indonesians have for social embeddedness, interaction and the family.⁵⁴ That being said, the films of these years privileged the middle class over the working class, men over women and acknowledged the status of the military, consistent with the manner in which the state wished to mould society.⁵⁵

From 115 films produced in 1990, output collapsed to 57, then to 37 in 1992 and 1993 and a mere three in 1999, the year that marked another turning point for the industry. Under *Reformasi*, which replaced the New Order, many constraints that had been imposed on the industry were removed.

Many factors caused the downturn including the rise of cineplexes with associated increased competition from American films and, importantly, the introduction of commercial television in the late 1980s. 'Before that there was only one television station, TVRI (Televisi Republik Indonesia), owned by the government, with programs that were not attractive.'⁵⁶ Some argue:

[t]ough censorship and state control [which] meant only a few Indonesian-made films reached the screens. The rest were heavily cut Hollywood blockbusters imported and distributed by one enterprise with links to the president. Film critics had little room for manoeuvre and as [filmmaker] Lulu Ratna explains, with government restrictions there was just no appetite for film: 'Nobody could say what really

⁴⁹ Sen, K. & Hill, D.T. 2000, 'National cinema: Global images, contested meanings' in Sen, Krishna & Hill, David T. 2000, *Media, culture and politics in Indonesia*, pp. 143-146.

⁵⁰ *Ibid*, p. 146.

⁵¹ Hanan, D. [Ed.], 2001, *Film in South-East Asia: View from the Region*, SEAPAVAA in association with the Vietnam Film Institute and the National Screen and Sound Archive of Australia, Hanoi, p.238.

⁵² Heider, K.G. 1991, 'Patterns of culture in Indonesian cinema' in Heider, K.G. 1991, *Indonesian cinema: national culture on screen*, University of Hawaii Press, Honolulu, p. 27.

⁵³ *Ibid*, pp. 27-38.

⁵⁴ Heider, K.G. 1991, 'Patterns of culture in Indonesian cinema' in Heider, K.G. 1991, *Indonesian cinema: national culture on screen*, pp. 27-38.

⁵⁵ Sen, K. 1994, *Indonesian cinema: framing the new order*, Zed, London; Sen, K. 1993, 'Repression and resistance: Interpretations of the feminine in New Order cinema' in Hooker, V. [Ed], 1993, *Culture and society in new order Indonesia*, Oxford University Press, Kuala Lumpur, Melbourne, pp. 116-133.

⁵⁶ Hanan, D. [Ed.], 2001, *Film in South-East Asia: View from the Region*, p.243.

happens because then they will get accused of trying to disturb the establishment. We had so many regulations, including censorship, that it was just making it even harder to make films.⁵⁷

The film industry may have been in crisis in the 1990s, but television thrived, creating an appetite for soap operas, Indonesian and foreign. Indonesian *sinetron* (Indonesia's genre of soap opera) captured the public imagination⁵⁸ and their production soaked up those who had formerly worked on feature films. Today, most television programs are locally produced. Although distinct western influences are evident, notably in reality television programs, talk shows and game shows, the majority of programs are identifiably Indonesia in content, themes and narratives.

Unlike Australia, Indonesia's film and television industries have some degree of protection from dominance by the American industry, given the barriers inherent in the language difference and further by the number of indigenous languages spoken in Indonesia in addition to the national language. Nonetheless, quotas are a sensitive issue for the American industry.

When Indonesia imposed a screen quota requiring its First Run theatres to show at least two Indonesian films each month for a minimum of two days, both the MPA [Motion Picture Association of America] and the International Intellectual Property Alliance raised the matter with the USTR [United States Trade Representative] as part of their recommendation in 1993 to list Indonesia under the 301 process.⁵⁹

In the absence of a free trade agreement and no breach of GATS commitments, this was as far as America was able to pursue the matter.

Notwithstanding resurgent energy and optimism after the demise of the New Order, starting with the release of *Kuldesak* and the I-Sinema manifesto in 1998 signed by 13 young filmmakers,⁶⁰ in 2000 with only four films were produced and the film industry was still 'comatose'.⁶¹ Some attribute this failure to recover more quickly to significant increases in production costs caused by the collapse of the rupiah during the Asian 'meltdown'. Sinaro argues this forced some producers to shoot on video rather than film, cutting costs by more than a quarter but compromising quality⁶² but industry economics had changed. Previously, a film could succeed with cinema admissions of between half and one million. By 2004, two to three million admissions were needed.⁶³

Data for the industry this century are somewhat inconsistent. One source asserts only six films were released in 2001-2002.⁶⁴ However, other data show five released in both 2000 and 2001, twelve in 2002, 13 in 2003, 21 in 2004, 31 in 2005, and 32 in 2006 with the share of box office steadily rising

⁵⁷ Yeadell, A. 2003, *Indonesia calling*, a Radio Netherlands feature, cited in Media, Entertainment & Arts Alliance, 2008, *Submission to Department of Foreign Affairs and Trade regarding Australia Indonesia Free Trade Agreement Feasibility Study*, Department of Foreign Affairs and Trade, viewed 11 March 2012 http://www.dfat.gov.au/fta/iacepa/feasibility-study-submissions/Media_Entertainment_Arts_Alliance.pdf.

⁵⁸ Widodo, A. 2002, 'Consuming Passions: Millions of Indonesians must watch soap operas' in *Inside Indonesia*, 1 October 2002, viewed 1 August 2012 <http://www.insideindonesia.org/edition-72-oct-dec-2002/consuming-passions-2907351>.

⁵⁹ Drahos, P. & Braithwaite, J. 2004, 'Hegemony Based on Knowledge: The Role of Intellectual Property' in Chen, J. & Walker, G. [Eds] 2004, *Balancing Act – Law, Policy and Politics in Globalisation and Global Trade*, The Federation Press, Leichhardt, Australia, pp.215-216.

⁶⁰ Imanjaya, E. 2009, 'Reform Era (1998-present)' in 'Commercialism in Indonesian Cinema: A Neverending Battle?' in *Rumahfilm*.

⁶¹ Sen, K. & Hill, D.T. 2000, 'National cinema: Global images, contested meanings' in Sen, Krishna & Hill, David T. 2000, *Media, culture and politics in Indonesia*, p. 137.

⁶² Sinaro, E. 2004, *Film and Television in Indonesia*, paper presented at the UNI-MEI Conference, Bangkok, October 2004.

⁶³ Ibid.

⁶⁴ Global Business Guide, 2011, *Indonesia: Services: Challenges and Opportunities in the Creative Industry*, Global Business Guide, viewed 19 February 2012 http://www.gbgingonesia.com/en/services/article/2011/challenges_and_opportunities_in_the_creative_industry.php.

from 7.46 per cent in 2000 to 40.98 per cent in 2006.⁶⁵ Sinaro claims production picked up in 2002 with 15 films shot.⁶⁶ Discrepancies could arise from counting all films or only those released theatrically, whether films shot on video were included and whether numbers were counted by year of production or release date. Some date the revival to 2005 with 87 films produced between 2005 and 2008.⁶⁷

Although not providing government subsidy to the industry,⁶⁸ the Ministry of Culture and Tourism ‘has high hopes for the future with a target of 200 films a year being released by 2014’.⁶⁹ Despite ongoing problems with quality, inadequate budgets and a negligible market outside Indonesia, it is estimated the industry made US\$100 million in 2010.⁷⁰ This new wave of Indonesian cinema has been driven by individual filmmakers responding to the easing of the censorship of the Suharto years and, despite the difficulties, some directors continue to produce award-winning quality films tackling difficult subject matter as *Opera Jawa* and *Daun di atas bantal* demonstrate.

Difficulties raising investment were not assisted by the Film Law of 2000 banning foreign investment in print and broadcast media. However:

the recent opening up of the sector to foreign investment will provide the room for greater collaboration in this promising industry ... Previously closed to foreign investors, foreign ownership is now permitted up to 49%.⁷¹

Other challenges, as indicated earlier, include piracy and inadequate enforcement of intellectual property rights,⁷² both of which adversely affect revenues. The situation is so severe the International Intellectual Property Alliance recommended the United States Trade Representative keep Indonesia on the Priority Watch List in 2012.⁷³ Even industry participants have breached the copyright of others in their own industry as the 2006 furore over *Ekskul* demonstrates.⁷⁴

While market liberalization has created more competition in the television industry, film distribution: is still dominated by a single operator, which captures over 80% of the market. Group 21, Indonesia’s largest cinema operator with 500 of the country’s 600 screens, controls the three biggest film importers. Moreover, box office sales for foreign and local film productions have grown rapidly, doubling in five years. However, at \$150m, Indonesia’s box-office revenues are still comparatively small by regional standards. A showdown was ongoing in 2011 between Global Mediacom and the state’s tax department, which has started enforcing a neglected clause for the taxation of royalties of imported films in addition to that on celluloid reels. The state is claiming Rp31bn (\$3.7m) in back taxes since 2009. Despite the modest sum, cinemas have halted film imports, with the showdown having no immediate end in sight.⁷⁵

⁶⁵ All Indonesian Theatre Organisation (GPBSI), 2007, *Indonesian Films and Audience*, cited in Servia, C.P. 2007, *Film and Television Show Production in Indonesia: Present Situation and Future Prospects*, paper delivered at the 7th Asia-Pacific UNI-MEI Film Production Conference, Jakarta, August 2007.

⁶⁶ Sinaro, E. 2004, *Film and Television in Indonesia*.

⁶⁷ Global Business Guide, 2011, *Indonesia: Services: Challenges and Opportunities in the Creative Industry*, Global Business Guide, viewed 19 February 2012
http://www.gbgingonesia.com/en/services/article/2011/challenges_and_opportunities_in_the_creative_industry.php.

⁶⁸ Ambyo, T. 2011, ‘Indonesia’s young film makers revive movie industry’ on *Asia Pacific Business*, 19 August 2011, ABC Radio Australia, transcript viewed 28 February 2012 <http://www.radioaustralia.net.au/asiapac/stories/201108/s3298014.htm>.

⁶⁹ Global Business Guide, 2011, *Indonesia: Services: Challenges and Opportunities in the Creative Industry*.

⁷⁰ Ibid.

⁷¹ Ibid.

⁷² Ibid.

⁷³ International Intellectual Property Alliance, 2012, *Indonesia: 2012 Special 301 Report on Copyright Protection and Enforcement*, IIPA, viewed 1 March 2012 www.iipa.com/rbc/2012/2012SPEC301INDONESIA.PDF.

⁷⁴ Imanjaya, E. 2009, ‘Reform Era (1998-present)’ in ‘Commercialism in Indonesian Cinema: A Neverending Battle?’ in *Rumahfilm*.

⁷⁵ PWC, 2011, *The Report: Indonesia 2012*, PWC, p. 280, viewed 10 May 2012
http://www.pwc.com/id/en/publications/assets/TheReport_Indonesia2012_OBG.pdf.

Notwithstanding '[o]utdated regulations, censorship, financial constraints on filmmakers, a shaky film infrastructure and a lack of support for film education',⁷⁶ there is reason for optimism:

The popularity of Indonesian films also stems from the need to see and identify our faces projected in the big screen. To hear our language, to laugh at the inside jokes, to relate to the images as being ours and to share similar world-views and mental landscapes. In short, it is to experience the common thread of identity of what it takes to be Indonesian. Be it the numerous horror and teenage flicks, or the occasional art-cinema Indonesian film, Indonesian audiences see the commonality in the images being presented on the big screen.⁷⁷

With authentic and increasingly original cinematic voices, a diverse range of films, a skills base that, despite some shortcomings, includes world-class actors, directors and technicians, increasingly receptive audiences and improving access to finance, today the industry appears poised to grow and thrive along with Indonesia's economy and its rising importance in international affairs.

Thank you again for the opportunity to make this submission. Should you require any further information or explanation, we would be pleased to assist.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Richard Letts', with a stylized flourish at the end.

Dr Richard Letts AM
Executive Director

⁷⁶ Achnas, N. 2007, 'Rebirth of Indonesian film industry, and the glaring lack of creativity' in *The Jakarta Post*, 6 September 2007, viewed 24 May 2012 <http://www.thejakartapost.com/news/2007/06/09/rebirth-indonesian-film-industry-and-glaring-lack-creativity.html>.

⁷⁷ Ibid.