

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

**THE U.S.-INDONESIAN
COMPREHENSIVE PARTNERSHIP**

WELCOME AND MODERATOR:

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INTRODUCTION:

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PRESIDENT,
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SPEAKER:

HASSAN WIRAJUDA,
FOREIGN MINISTER,
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DOUGLAS PAAL: This is a terrific turnout for the first thing on a Monday morning. Thank you so much to you all for getting here through the traffic and early in schedules.

My name is Doug Paal. I'm the vice president for studies here at the Carnegie Endowment. And it's my personal and our institutional great pleasure to welcome this morning His Excellency Hassan Wirajuda, foreign minister of the great government of Indonesia.

With the world's largest Muslim population and a vibrant civil society, Indonesia demonstrates that democracy and multiethnic population, a wealth of resources, and a drive for development can not only coexist but also thrive.

The United States and Indonesia have pledged to develop a comprehensive partnership that advances common interests on a broad range of regional and global issues from environmental protection and climate change to trade and investment, from democracy promotion to health and education, from regional and global security issues to effective counterterrorism.

During her first trip abroad, Secretary Clinton said that building a comprehensive partnership with Indonesia is a critical step on behalf of the United States' commitment to smart power, to using the tools at its disposal to advance its goals, including the progression of democracy and development as well as addressing global threats such as climate change and nuclear proliferation.

Given the impressive range of issues Indonesia and the United States can and should work together on, we're honored to have Minister Wirajuda with us today to talk about the comprehensive partnership and what kinds of concrete cooperation we might expect in the future. Minister Wirajuda has served as Indonesia's foreign minister already now since 2001. And Carnegie is delighted to welcome him here today.

I'm about to introduce Ambassador David Merrill, who serves as president of the United States Indonesia Society, to introduce the foreign minister.

Ambassador Merrill was USAID's mission director in Indonesia for four years and has gotten to know the country well, where he managed a wide range of programs including financial sector development, democracy, civil society, population, environment, and education.

And after his introduction, I really look forward to the question and answer period because we've got in this audience people who are going to ask some really good questions. This is a very knowledgeable audience we're lucky to have attracted here today.

So David, please.

AMBASSADOR DAVID MERRILL: Thank you very much, Doug. USINDO and the Carnegie Endowment are delighted and honored to welcome Indonesian Foreign Minister Dr. Hassan Wirajuda today. I also thank Freeport for its generous support for this event.

Dr. Wirajuda was appointed foreign minister by Indonesian President Yudhoyono in 2004. And, as Doug mentioned, was also foreign minister in the government of President Megawati

Sukarnoputri previously. His appointment by two different presidents and two different administrations shows the high regard in which he is held as a professional and a statesman.

A lawyer by training, a diplomat by choice – (laughter) – he has deftly – a good choice – (laughter) – for all of us – he has deftly charted a more robust course for Indonesian foreign policy projecting a more outward role for Indonesia in regional and global affairs, a role reflecting Indonesia’s population size, economic growth and its flourishing democracy.

It’s remarkable when you think that Indonesia, which emerged only 10 years from three decades of authoritarian rule, has emerged as Southeast Asia’s leading example of a vibrant democracy. Under the minister’s leadership, it has even created a forum for countries in the region to share their best practices about democracy, tolerance and pluralism.

The Bali Democracy Forum, which first met last December, was the first time Asian countries met to talk in depth about democracy – previously and still a sensitive subject in the region and this was due to Dr. Wirajuda’s vision.

Our speaker is also an accomplished peace negotiator appropriate for our venue today. He was chief Indonesian negotiator with the Free Aceh Movement leading to the 2005 peace agreement, earlier facilitator of the peace process between the government of the Philippines and the Moro National Liberation Front, MNLF. Dr. Wirajuda has been extensively educated in many countries, but particularly in the United States.

He earned his doctor of juridical science in the international law from the University of Virginia School of Law, his master’s of law from Harvard Law, a master’s of arts in law and diplomacy from the Fletcher School of Law and Diplomacy – another excellent choice. (Laughter.) Not surprisingly, he is a strong proponent of strengthening educational and academic exchanges between Indonesia and the United States, as are we.

But we’re most especially pleased that the minister’s visit to Washington today is to advance the comprehensive bilateral partnership between Indonesia and the United States, the first such partnership in the 60-year history of U.S.-Indonesian relations.

Indonesian President Yudhoyono proposed the bilateral partnership at his USINDO speech last November. In response, Secretary of State Clinton committed the United States to working with Indonesia to pursue such a partnership with a concrete agenda. It has been on a fast track ever since. The minister and Secretary Clinton discussed the partnership during the secretary’s visit to Indonesia and made improvements – enhancements of it and they will be meeting again today, this afternoon, to advance the partnership.

To generate public input and recommendations for the partnership, USINDO’s convened a major conference here in Washington in April. A report on the findings and recommendations for the partnership was issued today and is available here. If you don’t have it, it’s just outside the door.

We look forward to hearing Minister Wirajuda’s views on U.S.-Indonesia relations, the comprehensive bilateral partnership, Indonesia’s foreign policy and international peace.

Ladies and gentlemen, the distinguished Indonesian Minister of Foreign Affairs Dr. Hassan Wirajuda.

(Applause.)

HASSAN WIRAJUDA: Mr. Doug Paal, vice president of the Carnegie Endowment for International Peace, Ambassador David Merrill of USINDO, distinguished guests, my friends; I thank all of you for the honor and privilege of being here with you today. It is a pleasure to be among friends of Indonesia and among personal friends old and new.

As I stand before you today, the echoes of a great speech, one of the greatest speeches I have ever heard from a leader is still ringing in my ears and the ears of all humankind, for President Barack Obama in Cairo a few days ago invited the peoples of the Muslim world to a partnership with the American people to address an array of critical issues: violent extremism, the Middle East situations, nuclear disarmament, democracy, religious freedoms, women's rights, and economic development and opportunity. In doing so, he called on all humankind to form one family with all its members at peace with one another, having faith in one another and working together to shape a better world.

I came here to tell you that Indonesia, the country with the world's largest Muslim population, has long prepared itself to answer President Obama's call for partnership. His message and call are actually ours.

Soon after this breakfast forum I will be meeting with Secretary of State Hillary Clinton to continue a dialogue that we began in Jakarta when she graciously visited us early last February at a time when the Obama administration was but a few weeks old. During that momentous visit, we started talks on a comprehensive partnership between the United States and Indonesia, a partnership that not coincidentally also covers precisely the issues that President Obama addressed in Cairo.

We in Indonesia have been actually exhilarated by this new paradigm in American foreign policy. At the core of this policy are issues that Indonesia has long stood for. And we are delighted by its inclusive approach, one that strives for outreach and is willing to listen instead of simply telling other nations what to do. We are certainly glad that finally the United States has embraced multilateralism.

We are encouraged by President Obama's commitment to democracy for we love being regarded as the world's third largest democracy after India and the United States. We like to call our elections feasts of democracy.

Last April, we held parliamentary elections that were very peaceful, free and democratic. Earlier this coming July, we will be holding presidential elections for only the second time in our history. The election has involved 170 million voters, 625,000 polling stations, 38 national political parties, six local parties and three sets of presidential and vice presidential candidates.

Since 2005, we have held some 500 direct local elections to elect governors, vice governors, district cabinet mayors, moving the World Bank to call Indonesia the election capital of the world. (Laughter.) But, of course, in terms of logistic to organize a national election in Indonesia is a nightmare.

But we would like now the world to look at our democracy not only in terms of its size but in terms of its quality. Indeed, as President Obama said, which I fully share, democracy is not only about having successful elections as elections alone do not make true democracy.

We would like our partners to see how we are fine-tuning our political institutions and the checks and balances that ensure that government rules with the consent of the governed, how we are reforming our military establishment and our justice system to ensure promotion and protection of human rights, and how we practice democratic process we call musyawarah and mufakat, consultations and dialogue toward consensus from the national to the grassroots level.

This habit of dialogue is deeply embedded in our culture because that is the only way we can keep our national unity in the face of the immense diversity of Indonesia's ethnic groupings, culture, languages, and religions.

Because of our commitment to dialogue and to the redress of legitimate grievances, we achieved peace in our province of Aceh in 2005 after almost three decades of a succession of rebellions.

Peace in Aceh enabled us, with the help of the international community, to rebuild and rehabilitate its entire coastal area that was devastated by the tsunami of December, 2005. It was a success story. From the initial plan of rehabilitation and reconstruction of Aceh of five years, last April we closed the office of the Aceh Reconstruction Agency simply because only in one year had done the initial plan simply because we have been very successful in the overall rehabilitation and reconstruction of Aceh.

In the same manner, we brought to a peaceful end the conflicts between Muslims and Christians in Maluku, eastern Indonesia, and we are now laying – (inaudible) – sentiments in Papua.

But like in the case of Aceh, we strongly believe that it's through dialogue and negotiation we'll be able to solve whatever problems we have in Indonesia.

Democracy has blessed us with peace and order. It has also restored our economic dynamism. Ten years ago, we were down and almost out. We bore the brunt of the Asian crisis of 1998 as we suffered the negative growth of 13.5 percent and widespread political turmoil.

The only way we could save ourselves from the total economic and political collapse was to launch an era of reformism during which we made our transition from an authoritarian rule to a more fully democratic system.

Today, our military is out of politics and out of business. It is focused on national defense. Our government structure is now highly decentralized with the local governments in control of the funds they need for development. We call it wide-ranging autonomy, but I think in practice we are pretty close to a federal system. That's not in the title, but more in substance.

We also wage a relentless battle against corruption that brought to justice more than 100 high-profile public and corporate officials. We reformed our banking and financial institutions and

adopted broadened fiscal and monetary policies. We were thus able to bring down our debt to GDP ratio from 85 percent in 2000 to 32 percent last year.

Meanwhile, we achieved food self-sufficiency. You know, to feed 230 million people it's not an easy job. This year, we have three million tons of rice – of rice surplus that we intend to export and add to the world food supply, so Indonesia wishes to be part of the solution of the current global food crisis. With food security, we assured social and political stability at a time of global economic crisis.

We are looking forward to a GDP growth of 4.5 percent this year. We are therefore one of the few – one of a few ASEAN countries including notably China and India that will show positive economic growth in the midst of the global economic crisis.

Everything that we have today, our democracy, our unity and political stability, our economic resilience in the face of a global economic and financial crisis is the fruit of reform. This is not to say that our democracy is perfect or that we have no severe economic problems. We must keep on consolidating our political and judicial reform. We must attend to the needs of 16.1 percent of our population who lives below the poverty line.

Since 2005, as we lifted an oil subsidy, we have been giving that subsidy to some 19.1 million impoverished Indonesians in the form of cash handouts, rice distributions, and free education for their children, and public health. We learned that a social safety net is a source of economic resilience leading to social and political stability.

But the keys to our economic progress are robust export, strong domestic consumption and foreign direct investment. Our growth is now consumer driven as there are huge Indonesian consumers, all 230 million of them. And our experience shows that domestic consumption plays an important role when exports decline due to the global economic crisis.

Recently, the Nielsen Company rated Indonesia as the country with the most confident consumers, with a positive 104 points. In the months ahead, most of their purchases will be technology products and that will give us confidence that our stimulus package of around \$6.3 billion will work.

The progress that we achieved in the past 10 years of reform has enabled us to reach out and play a proactive role on the regional and global stage. In Southeast Asia, we in Indonesia espouse the political development of Associations of Southeast Asian Nations, ASEAN, after spending so much of the past 40 year focused on economic cooperation to the neglect of its political development.

ASEAN already has a free trade area, and very recently, a blueprint forward in ASEAN economic community. By 2015, there will be a free flow of goods, capital, and labor within ASEAN as it becomes a single market and a single production base.

In the – (inaudible) – however has deemed it just important that ASEAN should also develop politically. We therefore work hard to ensure that the new ASEAN charter, which came into force last December, requires of all ASEAN members a firm commitment to democracy and to

the promotions and protection of human rights and fundamental freedoms. The ASEAN charter is a treaty and its stipulations are legally binding.

What makes ASEAN unique is its inclusiveness. Like Indonesia, which makes up some 40 percent of its aggregate populations of more than 500 million, ASEAN is a bridge builder.

At the height of the Asian crisis of 1998, ASEAN built a bridge of cooperation with some economically major not East Asian neighbors: China, Japan, and South Korea. We call it ASEAN plus three. This was the start of the ASEAN-plus-three process, which effectively addressed the Asian crisis with a system of currency swap called the Chiang Mai Initiative. Now it is called the Chiang Mai Initiative Multilateral.

And Indonesia benefits from this Chiang Mai Initiative as a few months ago we secured a bilateral swap agreements, namely with Japan, of some 12.5 billion and with China of \$14 billion, and in total we have a financial backup of our currency of some \$26 billion, meaning half of the total of Indonesia's foreign currency reserve. And this certainly sent a strong message to the market and for that matter has improved the currency – our currency, rupiah – to a position even better before than the crisis.

Since then, we have seen the possibility of East Asia developing into an East Asia community. This idea is being evolved today in the form of the East Asia Summit, EAS.

To us in Indonesia, East Asia is more than just a geographical area comprising of what traditionally are the southeast and not East Asia. It is groupings of nations that have formed habits of consultations and cooperation over the years. That is why the East Asia Summit includes Australia, New Zealand, and India. In our consulate's view, their inclusions make East Asia a much more balanced group where no single power can dominate.

There is no clear-cut architecture for East Asia at this stage, but ASEAN is promoting free trade areas with almost all of its dialogue partners, an effort that can lead to the setting up of an East Asia wide free trade area. Perhaps I can predict by 2012 we'll have in place an East Asia wide that will put together a single market of 3.5 billion people of dynamic economies of countries of its members.

Indonesia has been involved in bridge building in all directions between Asia and Africa as we initiated the Asia-African summit in 2005 in conjunction with the 50th anniversary of the Asian-African Conference of 1955 held in Bandung, Indonesia. And since then, we are promoting new Asia-African strategy partnerships.

Between ASEAN and the Pacific Islands we have established a forum of dialogues of countries in Southwest Pacific in addition to triangular dialogue involving Indonesia, Timor Leste and Australia.

But also Indonesia has been playing an active role in the process of dialogue between Asia and Europe. To my mind, the ultimate bridge building will be that one between the West and the Muslim world. And in this great endeavor, we in Indonesia, a country with the largest Muslim populations, intend to partner with the United States.

Although the overwhelming majority of Indonesians are Muslims, moderate Muslims, all the world's greatest religions, cultures, and civilizations have found a home in our country. President Obama, who grew up in Indonesia, bears witness to the fact that devout Christians worship freely there and are accepted as equal participants in community affairs. The Eastern, Islamic, and Western civilizations have been living together in harmony in Indonesia for many centuries.

There've been advocates of Indonesia adopting Islam as the state religion, but their advocacy has never gained populous force. The fact is that seven Muslim oriented political parties gain a respectable 24 percent of the poll, which is a decline as compared to 2004 elections. But only because they did not advance an Islamic agenda – or rather Islamist agenda, and instead run on a national platform including good governance.

To win votes, both nationalists and Islamic-oriented political parties have had to gravitate toward the ideological center. This has made Islam and Indonesia even more moderate. That's also taken the wind from the sails of the militants, especially the terrorists. We did suffer a series of terrorist attacks a few years ago, notably the bombing that killed more 200 innocent individuals, mostly tourists, in Bali in October, 2002. Since then, however, we have brought most of the perpetrators to justice, broke up the networks, and put them under – (inaudible) – without a single complaint of human rights violations.

But we have persuaded a good number of terrorists and their sympathizers to come over to the side of the law by convincing them that there are peaceful ways of addressing their grievances and meeting their needs in life. We were able to do this by going out our way to show them that in spite of their errors, we care for them as human beings.

The most effective way to fight terrorism, then, is to strike a happy balance between ensuring the security of society and respect for the democratic process, rule of law and human rights of individuals.

At the same time, we must empower the moderates in our society by promoting dialogue among the faiths, cultures, and civilizations in which the moderates have sufficiently strong voice to neutralize the militants' rhetoric of hate and despair.

We believe so strongly in this kind of inclusive dialogue that since 2004 we have been organizing and taking part in interfaith, intercultural, and intercivilizational dialogues at the regional, inter-regional, and global level in addition to bilateral dialogue mechanisms that we created with many countries, aside from making use of bilateral mechanisms for that purpose.

As a matter of fact, we believe that many of the security problems of the world have remained intractable for lack of dialogue. The Middle East peace process has broke down because the main parties who should be talking intensively with each other are not on speaking terms.

We therefore support every initiative of President Obama to restart dialogue in the Middle East between the Israelis and the Palestinians and Arab nations and between the Palestinian factions.

We add our voice to this call for a stop to the building of more illegal Israeli settlements. We hold that the two-state solution is a valid dream and we will continue to do our part to help the Palestinians build their capacity to govern themselves.

For your information, two years ago we hosted an Asian-African conference on capacity building for Palestine and since then we organized a series of programs, workshops, trainings for Palestinians in different areas.

We encourage every effort of President Obama at dialogue to salvage the disarmament agenda from oblivion. Since the demise of the Cold War, there's not been much progress in the reductions of nuclear weapons let alone their eradication. The credibility of the Non-Proliferation Treaty, NPT regime, has been eroded. The NPT Review Conferences in 2000 were fruitless.

Meanwhile, proliferation goes unchecked. Some countries are developing nuclear weapons and conducting nuclear tests. There is a line of proliferation starting from Israel into the very west of Asia reaching to the very east, North Korea. And there is a need to make the NPT regime truly universal, both in terms of participating countries and substantive coverage. Exclusive groups of owners of nuclear technology are still operating outside the purview of the NPT.

We supported the indefinite extension of the NPT in 1995 with an understanding that state parties will work to strengthen the review process with a view to ending nuclear tests, to keeping reductions of their nuclear stockpiles, and to support the implementation of nuclear weapons free zones. Naturally, we were dismayed when the nuclear weapon states were not forthcoming on the Comprehensive Test Ban Treaty – CTBT – and on the Southeast Asian Nuclear Weapon Free Zone Treaty, which has been in existence for by now around 18 years.

The threat of a nuclear holocaust has become more deadly simply because for a long time, it was forgotten until President Obama came on the scenes. We welcome, therefore, and support his policy to revive bilateral negotiations with Russia on the reductions on the number of nuclear warheads and also his forthcoming policy on disarmaments and nonproliferation. We share his vision of a world in which nuclear weapons have been eradicated. We trust that he will succeed in getting the CTBT ratified, and we promise that when that happens, Indonesia will immediate follow suit.

We uphold the right of every nation to peaceful uses of nuclear technology for development but we oppose, as a faithful member of the NPT, any diversions of such technology to military purposes. That's what I said when I visited Iran some years ago.

We stand ready to work closely with the United States in seeking and promoting dialogue with North Korea and Iran leading to the denuclearization of North Korea and to find solutions of the Iranian nuclear issue.

Apart from disarmaments and the other issues I have just cited, there is a wide array of challenges that the U.S. and Indonesia must address together if our partnership is to be truly comprehensive. We are both members of the G-20 and therefore, within that framework, we can continue in our own respective ways to the solutions of the global economic and financial crisis. On a purely bilateral basis, we can coordinate policies and initiatives to address the food security crisis and the energy security crisis, both of which are global.

And we can – (inaudible) – the Bali roadmap following a fruitful negotiations on new climate change regime in Copenhagen this coming December, one that is based on the principles of common but differentiated responsibility and respective capability.

In this regard, we are grateful for the support of the United States through Secretary of State Hillary Clinton extended to the successful efforts of Indonesia during the recent World Ocean Conference to mainstream the oceans and coastal issues into the global dialogue on climate change.

Indonesia has also embarked on an initiative to promote democracy not only in Southeast Asia but also in the larger Asian regions. Last December, in conjunction with the anniversary of the Universal Declaration of Human Rights, we launched the Bali Democracy Forum, an inclusive Asia-wide intergovernmental dialogue on democracy and political development. This is a high-level forum for exchange of experience and best practices and not to impose any model of democracy to others. I think this is already a strategic process because, for the first time, we were able to bring the issue of promotion of democracy on the agenda of intergovernmental forum in Asia.

As it follows that in our Asian regions we're about – we're pretty shy to talk about democracy and promotion of human rights. But I strongly believe that as we have been successful in our efforts in 2003 to help convince ASEAN, you can imagine 10 members of ASEAN. We are comprising of countries of democracy, (half ?) democracy, and on the other extreme even military junta. And so Indonesia we thought the best way to proceed, that's why in 2002 and 2003 we came up with an ideal promoting political development in ASEAN, meaning to make ASEAN democracy as well as respect human rights and for good governance. And now the agenda is very well placed in the new ASEAN charter.

Of course, when you recall the situation of Myanmar, I would say that by adopting new ASEAN charter, by the new ASEAN charter enters into force, we cannot expect that overnight all ASEAN countries would become democratic. But this is a process that we have begun and that's why in our view the situations in Asia, in a way also, reflects in what we do have in the smaller Southeast Asian regions. That's why the Bali Democracy Forum we thought that our fellow democracies would be in a position to help not only the Bali Democracy Forum sustainable, but also success. There will have to be a strong socio-economic component of our partnerships, Indonesia-U.S. partnerships. That is because for democracy to be credible in the long run, it must deliver on its promise of socio-economic development.

In the words of Secretary Hillary Clinton, promotion of democracy and prosperity must go hand in hand. In this regard, the eyes of some developing world are on Indonesia to see if democracy we embrace will redound to the welfare of our people. This is a question of credibility of our fights. For that matter, we – (inaudible) – into really makes democracy works Indonesia. Democracy works for the better of welfare of our people because others would – in the region – would easily dismiss. You talk about democracy? Look at Indonesia where people are hungry. People are poor.

It is in this context that we see the important partnerships between Indonesia and United States in the context of socio-economic developments.

Ladies and gentlemen, there is so much that the United States and Indonesia can do together, not only for each other, but for humankind and in the causes that we believe in. The

ultimate cause, of course, in the shaping of a better world that every human being, no matter what faith he professes, no matter the color of his skin can live a better life and secure a better future for his children. That cause is written in the American Constitution as the right to – and I quote – “life, liberty and the pursuit happiness,” unquote.

It is also written in the preamble of Indonesia’s 1945 constitution as the mandate to contribute to a world order based on independence, abiding peace and social justice.

The ultimate truth is that it is written in every human heart that we are all our brothers’ keepers. And I thank you very much.

(Applause.)

MR. PAAL: Thank you, Minister Wirajuda, for really an extraordinarily comprehensive and insightful presentation of Indonesia’s domestic and foreign policy agenda. Indonesia is a country of tremendous variety of smells and tastes and you’ve given us a broad taste of your domestic, regional, and global agenda. And I really appreciate that this morning. I’d also call everyone’s attention to the fact that he’s made a commitment on behalf of the Indonesian government on the Comprehensive Test Ban Treaty, which has been something quite substantially contributing to the confidence that we could have that if we’re able to ourselves move forward on this, there will be a global response that will bring this treaty into force. So thank you for that.

Now, I’m going to turn you, Mr. Minister, over to the tender mercies of our audience and friends here, who seem to, I think, represent a substantial body of Washington long-term Indonesian and Southeast Asian watching. So this is – should I – (inaudible) – would you like to do that? All right. We’re open for question till about 10:15. We start up right here.

Identify yourself please and ask your question.

Q: My name is Murray Hiebert. I work on Asia at the U.S. Chamber of Commerce, but I want to ask you a political question. You alluded to Burma and the ASEAN charter. Can you talk a little bit more about what ASEAN is doing in light of the current trial of Aung San Suu Kyi and the upcoming elections next year? And secondly, if Secretary Clinton asks you this afternoon what you would like the U.S. to do – where you’d like the U.S. come out in its policy review, what recommendations would you have for her? Thank you.

MR. WIRAJUDA: Like you and many countries in the developed world, we in ASEAN are actually frustrated in dealing with the Myanmar issue of lack of democracy and human rights. Actually within ASEAN meetings, both at the leaders’ and in particular at the foreign ministers’ level, we’ve been discussing the issue of Myanmar in a very open and frank manner. That’s I think the most polite words that I can use on Myanmar.

And in the context of the existing process that brought Aung San Suu Kyi to trial, we in ASEAN has issued a statement reminding Myanmar of the previous calls by our leaders to release Aung San Suu Kyi as soon as possible. And we repeated that call at the ASEAN-Europe meetings and ASEAN (EU ?) foreign ministers’ meeting when we met last week in Hanoi and Phnom Penh.

Indonesia tends to view the problem of Myanmar as not only the problem of a lack of democracy on human rights. We wish to see the problem of Myanmar in all its dimensions. And we wish to see that the international community address the problem of Myanmar in all of its dimensions. First, the real concern of Myanmar on the questions of its territorial integrity and national unity is not potential. It is real because Myanmar is facing throughout their independent years in facing various local rebellious from different ethnic groups. They tried to solve the problem through dialogue, but they haven't yet fully settled this problem and separate these problems. And what the maximum they have reached so far is a kind of ceasefire, but still the rebel groups are holding their weapons and ammunitions.

In other words, I think the international community has to be sensitive on this regard. After all, it is a question of principle that all countries have to support the territorial integrity and national unity of independent states. And because to us Myanmar has been quite open, so how can you expect us to move faster on democracy if on the other hand we are facing this problem of our territorial integrity and national unity.

Second, the dire economic and humanitarian situation in Myanmar, the sanctions imposed by Europeans and United States indeed made the local people even suffer more. So I don't want to say that you have to use carrots and sticks, but at least in the area in which you can help Myanmar address – help the people of Myanmar to alleviate the sufferings, I think this would encourage Myanmar to be more open.

I have mentioned earlier that one way to attack the problem of lack of democracy and Myanmar is to push for ASEAN to promote a political agenda, political development agenda, meaning to make ourselves democracy, to make ourselves respect human rights and for good governance.

I was myself struck when I visited Myanmar in January, 2002. Indonesia was under a military dominated government for 30 years, but never our military officers occupy civilian jobs they wear full military uniform. But I found in Myanmar myself that they are proud to tell us that they are military junta and they wear military uniform in their civilian office. That's why we took an initiative on promoting political agenda, political development in our ASEAN cooperations.

Indonesia is one of the view that the neighboring countries of Myanmar should engage Myanmar most closely. Indonesia initiated last year focus groups initially involving Indonesia, China, India, and Myanmar. We all agreed. In fact, at one point in September last year, we agreed to have the first foreign ministers meeting of the focus group, only to our regret that suddenly India withdrew from that groups. But still, especially in New York, we continue in sponsoring this more closely engagement of neighboring countries of Myanmar, adding Vietnam and Japan in that process.

The crucial point is that as Myanmar themselves have declared, made public that they're going to have in their term multi-party elections next year, it is important to ensure that they have a credible process. Credible means that all groups, including LND and Aung San Suu Kyi must join the process.

Of course, in the lights of the current situations, we're following very closely and as told the foreign minister of Myanmar at the recent ASEAN meeting, recent meaning last week, that we will

follow these events very closely and we wish that Myanmar follow their commitments under ASEAN charter and we will see if Myanmar disassociate themselves or in the end also we will make judgment on to what extent the participation memberships of Myanmar in ASEAN brings to the common good of us.

On the process of indicating the U.S. to review its foreign policy, is that what I gathered from you. It's not me to advise any foreign governments or friends how they would adopt a policy – major policy outlines, but certainly we, Indonesia, have been very appreciative from the very first day of the Obama administration, their commitment to push a dialogue, their commitment to engage others, including of those who are not always in the same positions of United States. We welcome the commitment of the new Obama administration to engage Asia more. I think this is something that in a way has been reflected by the visit of Secretary Hillary Clinton to our regions last February. But we wish to see the United States engage us more. After all, when people said that the 21st century is the century the Asia Pacific, we cannot see the U.S. that cannot be too closely involved with us. Keep in mind that we are in a dynamic process of developing a future East Asia community.

MR. PAAL: Wait for the microphone, please. People in the back can't hear you.

Q: I'm sorry. I'm Andre Sebastian (sp). I'm just the director for U.S.-Vietnam relations and business development in Vietnam for a company based in Malaysia called Arab Investment Asia Kuwait Malaysia. And – but we have interests in Indonesia as well as in Vietnam, even though I work Vietnam for them. So I was very interested in your comments about how Indonesia is providing the leadership towards the ASEAN charter and including, of course, all the members, including the most problematic being Myanmar. But having the complex – (inaudible) – or history between Indonesia and Vietnam from the days when it was real tension, when the PKI was still a threat internally in Indonesia, to the time after the liberation – I mean the unification of Vietnam and the two countries grew very close together, as you know. Your predecessor, Foreign Minister Mochtar, some time ago, during the Suharto time came into Hanoi and talked to the Vietnam Foreign Minister Nguyen Co Thach and General Murdani came in and the relations got quite good.

Now, moving way beyond that are, where Indonesia is a viable democracy and how is the cooperation with Vietnam now? How much are they supporting your initiative in moving towards a charter that includes political reform as much as the economic reform? And by the way, it's wonderful to have a foreign minister who understands our president's policy so thoroughly.

MR. WIRAJUDA: There's been a very close affinity between Indonesia and Vietnam. You rightly mentioned of the historical backgrounds of how Indonesia and Vietnam struggled for our own independence. We are very much encouraged. In fact we are proud by the rapid progress that Vietnam has been enjoying in terms of its economic developments, its transformations from one-party rule to still one-party rule, but of different (face ?).

Vietnam, this year, enjoys positive economic growth of some 3 percent. So I should have added what I said before that only a very few countries in Asia that enjoy positive economic growth in the midst of the current global financial crisis. And for that matter, Vietnam is an important partner of Indonesia.

Indonesia and Vietnam are two independent-minded countries in the region. I recall that when Indonesia was practically alone in championing a more inclusive East Asia Summit because some of us we've heard that East Asia Summit should only include 10 ASEAN countries plus China, Japan, and Korea. Singapore was more willing to the extent of inviting India in that process, but not ready to see Australia and New Zealand in the East Asian process.

At one point, former Prime Minister Likwan Yu (ph) told me that, I support your idea of more inclusive East Asia and you know why, he said, because of the continent based Southeast Asian countries that were more or less dramatically siding with China, with the exception of two independent minded countries – Indonesia and Vietnam. And that's why since then the process towards a more inclusive East Asia, as we championed, gradually gained ground and we were successful in the end to have the East Asia Summit process that is more inclusive, comprising of the current 16.

Through our appreciation on the question of promoting democracy and greater respect for human rights in ASEAN, in particular on the issue of Myanmar, to our positive surprise, Vietnam has been more open, at least more – (inaudible) – and also stressed the call for Myanmar to change. And at one point gives Myanmar an example how Vietnam reconciles its history in dealing with the United States, and for that matter expect Myanmar to change in a way to be more open to the international community.

I was with the foreign minister of Vietnam last week in – not only in Hanoi, but also then in Phnom Penh, during which I had bilateral meetings. Interestingly, when you talk – (inaudible) – on Myanmar, he admitted to me that it is time for change, including in Vietnam. And he admitted that Vietnam is having considerable problems in adjusting itself, but nonetheless it is important that at that highest level Vietnam express its commitment to pass to more gradual change toward democracy. This is something – for me, it's quite a personal impression. So it is.

Q: Thank you, Minister; it's good to see you in Washington. And really the democratic development in Indonesia is very impressive. I want to ask you a couple of questions in relation to that and also one in relation to Burma. I'll be very brief.

On the democratic development in Indonesia, you mentioned that the military is no longer in political power and so forth, which is true, but the reform in terms of the military has been the slowest in relation to other issues in Indonesia. I wonder if you can kindly address why reform in relation to the military has been relatively slow.

And likewise, if you can address the issue of Papua. You've mentioned Aceh. So I'm wondering what progress has been made in terms of resolving the Papua issue.

On Burma, I just want to ask you. You have ASEAN experience of constructive engagement now for over two decades. What lessons would you draw from that and how best can that policy be improved upon? Thank you.

MR. PAAL: Mr. Minister, you can answer any one of those three questions.

(Laughter.)

MR. WIRAJUDA: Well, Dr. Mutialla (ph) is my classmate at Fletcher School, so we have quite a good Fletcher mafia in this room, I believe. (Laughter.) So I have to say that I don't need to answer all questions that Dr. Mutialla posed to me. After all, he's an expert in this very area.

On the military reform in Indonesia, please keep in mind that the military was the most powerful group in Indonesia and for that matter it's to be understood that as a process they need more time. But we must appreciate the fact that as military was represented in our parliament until 2004 and in fact, according to agreed plan at the national level, military would withdraw from their representation in our parliaments I think by 2009, but in practice the military decided by their own to withdraw their memberships in parliament. And this is something that in a way quite on the contrary shows the rapid rather than the slowest form of reform.

But if it is said that reform is slow in the military, I think partly this is more psychological, but in terms of substance I know fully well that, for example, the peace talks on Aceh leading to the – we call it the peace agreement or an MOU on Aceh in August, 2005, was possible because the military was really professional. The support of General Adierito (ph) was crucial. And here I witness myself that the military has played itself there more or less proper role in the civilian governments.

I think another problem is that while we have asked the military to not only reduce their – not reduce, to cease in fact their socio-political role and to cease their business activities, regretfully that the state, the government is not in a position to compensate in terms of providing adequate budget for the military. We spend 20 percent, as mandated by our constitution for education. We spend of our national budget for education, but for the military, they continue to have only a very minuscule percentage of our national budget for military spending. Thanks perhaps to the regional cooperation, in particular in ASEAN that we have enjoyed for continuously 40 years relative peace and security and for that matter there is no urgency for a better military spending. But to me, I think it is time for Indonesia to give more attention to the budget of the military.

On Papua, if there is any problem in Papua, to me is the problem of too much power in the hands of the local authorities and too much money and lack of capacity. Too much power because since 2004 we introduced what we call special autonomy for Aceh and Papua, meaning more powers and authorities are delegated to local governments. And it is accompanied by a very generous revenue sharing. Seventy percent of revenues from oil and gas and other mining would go to local governments. So instantly this has made Papua a very rich region in terms of spending – income per capita and development spending per capita. It's the highest in Indonesia. They have elected through direct elections their governance of West Papua and Western part of Papua. And with this so much power, so much money in their hands I think what we need to – the central government to do more is to help improve the capacity. Education is the key, but education takes time.

Of course, we know that there are groups in Papua championing the separation of Papua from Indonesia, but I think as the people themselves recognize now that, especially the newly elected government which (reversed?) the budget spending of the local governments and about 70 percent of the local budget were for local administration, now it's for direct subsidy for the welfare of the people. That's for a – (inaudible) – program with the local governments. We have strong interest that the special autonomy regime that's in place in Papua to succeed because this is the answer to the dream of some to have their own independent Papua. But again, like in Aceh, we strongly fall – (inaudible) – negotiations, but we still suffer the impressions in some quarters, that

when they talk about Papua, talk about the military and the police, they have in their mind the attitude of the military of the police of the past. We are Indonesians and for that matter we should be judged by not the old yardstick, but to what we have today in Indonesia because like in any open and democratic society, if there is any violation of human rights, I must assure you that there is no such government policy to violate human rights.

Our military has changed a lot. I recall the two cabinet meetings that President Yudhoyono instructed the chief of national police and the commander of the armed forces to exercise utmost restraint in dealing with the demonstration to the extent and when demonstration occurred in Abergura, Papua, some years ago, for of our police and one junior military members who just simply passed by the area were bludgeoned to death. That's the fact, but no one cares that that happened. If there is only one case of tensions or in terms of response on demonstration, then it was blew up to the extent – like we were in the past in which we perhaps – they did kind of respond in the old days, but not now because as an open and democratic Indonesia, we have self-corrective mechanisms. Our parliament has been very active; media is very vibrant – in fact labeled as the most fierce in Asia and our civil society are very active. No way that any single violation of human rights could be put aside. That's the beauty of democracy and democratic process.

MR. PAAL: Mr. Minister, thank you very much – the minister has a very tight schedule to keep, so we've run out of time. I want to thank you for all you've had to say. On behalf of the Carnegie Endowment, the U.S.-Indonesia Society and the many friends of Indonesia who are here today, thank you for a very substantial and – (inaudible).

(Applause.)

(END)