

CHECK AGAINST DELIVERY

“The United States-Indonesia Comprehensive Partnership”

Speech by
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USINDO

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Mr. Doug Paal, Vice President of the Carnegie Endowment for International Peace,
Ambassador David Merrill,
Distinguished Guests,
My Friends,

I thank all of you for the honour 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 world leader, are still ringing in my ears. And in 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 situation, nuclear disarmament, democracy, religious freedom, 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 State Secretary 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 are heartened—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 re-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 peaceful, free and democratic. Early this coming July, we will be holding direct presidential elections, for only the second time in our history.

The election has involved 174 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, moving the World Bank to call Indonesia the election capital of the world.

But we would now like the world to look at our democracy not only in terms of its size but in terms of its quality. Indeed, 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 the democratic process we call *musyawarah untuk 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, cultures, 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 secessionist rebellion. 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 2004.

In the same manner, we brought to a peaceful end the conflicts between Muslims and Christians in Maluku, eastern Indonesia. And we are now allaying separatist sentiments in Papua.

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 a negative growth of 13.5 percent and widespread political turmoil. The only way we

could save ourselves from total economic and political collapse was to launch an era of *reformasi* during which we made our transition from an authoritarian regime to a more fully democratic system.

Today our military is out of politics and out of business—it is focused on national defence. Our government structure is now highly decentralized, with the local governments in control of the funds they need for development. We also waged a relentless battle against corruption that brought to justice more than a hundred high profile public and corporate officials. We reformed our banking and financial institutions and adopted prudent fiscal and monetary policies. We were thus able to bring down our debt to GDP ratio from 85 percent to 32 percent.

Meanwhile, we achieved food self-sufficiency. This year we have three million tons of rice surplus that we intend to export and add to the world's food supply. With food security, we are assured of social and political stability at a time of global economic crisis.

We are looking forward to a GDP growth of 4.0 to 4.5 percent this year. We are therefore one of a few Asian 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 reforms. We must attend to the needs of 16.1 percent of our population who live below the poverty line.

Since 2005, as we lifted an oil subsidy, we have been giving direct subsidy to some 19.1 million Indonesians who live below poverty line in the form of cash handouts, rice distribution, free education for their children and public health services. We learned that the 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. That gives us confidence that our stimulus package of around US\$ 6.3 billion will work.

The progress that we achieved in the past ten 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 espoused the political development of Association of Southeast Asian Nations (ASEAN), after spending so much of the past 40 years focused on economic cooperation to the neglect of its political development.

ASEAN already has a free trade area and very recently a blueprint toward an ASEAN Economic Community. By 2015, there will be free flow of goods, capital, and labor within ASEAN as it becomes a single market and a single production base.

Indonesia, however, has deemed it just as important that ASEAN should also develop politically. We therefore worked 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 promotion 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 population of more than half a billion, ASEAN is a bridge builder.

At the height of the Asian Crisis of 1998, ASEAN built a bridge of cooperation with its more economically mature Northeast Asian neighbours—China, Japan and South Korea. This was the start of the ASEAN Plus Three process, which effectively addressed the Asian Crisis with a system of currency swaps called the Chiang Mai Initiative.

Since then we have seen the possibility of East Asia developing into an East Asian 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 Northeast Asia. It is a grouping of nations that have formed a habit of consultation and cooperation over the years. That is why the East Asia Summit includes Australia, New Zealand and India. In our considered view, their inclusion makes East Asia a much more balanced grouping, where no single power can be dominant.

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. That will put together a single market of 3.5 billion people.

Indonesia has been involved in bridge-building in all directions: between Asia and Africa, between ASEAN and the Pacific Islands, 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 endeavour we in Indonesia, the country with the largest Muslim population, intend to partner with the United States.

While the overwhelming majority of Indonesians are Muslims—moderate Muslims—all the world's great 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 for many centuries.

There have been advocates of Indonesia adopting Islam as the state religion—but their advocacy has never gained popular support. The fact is that seven Muslim-oriented political parties gained a respectable 24 percent of the vote—but only because they did not advance an Islamist agenda and, instead, ran on a national platform, including good governance.

To win votes, both nationalist and Muslim oriented political parties have had to gravitate toward the ideological center. This has made Islam in Indonesia even more moderate. It has 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 than 200 innocent individuals, mostly tourists, in Bali in October 2002. Since then, however, we have brought most of the perpetrators to justice, broke up their networks and put them on the run—without a single complaint of human rights violation.

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 redressing their grievances and meeting their needs in life. We were able to do this by going out of 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. And 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 a 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, interregional and global level—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 bogged 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 the Arab nations, and between the Palestinian factions. We add our voice to his 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.

And we encourage every effort of President Obama at dialogue to salvage the disarmament agenda from oblivion. Since the demise of the Cold War, there has not been much progress in the reduction of nuclear weapons, let alone their eradication. The credibility of the Non-Proliferation Treaty (NPT) regime has been eroded. The NPT Review Conferences since 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 reaching up to 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 the view to ending nuclear tests, to keeping the reduction 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 Weapons-Free Zone (SEANWFZ) Treaty.

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 scene.

We welcome and support his policy to revive bilateral negotiations with Russia on the reduction of the number of nuclear warheads, and also his more forthcoming policy on disarmament and non-proliferation. 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 immediately follow suit.

We uphold the right of every nation to peaceful uses of nuclear technology for development, but we oppose any diversion of such technology to military purposes. 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 solution of the Iranian nuclear issue.

Apart from disarmament and the other issues I have just cited, there is a wide array of challenges that the United States 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 contribute in our own respective ways to the solution 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 advance the Bali Roadmap toward a fruitful negotiation on a new climate change regime in Copenhagen this coming December—one that is based on the principle of common but differentiated responsibility and respective capability.

In this regard, we are grateful for the support that 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 ocean 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 region. Last December, 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 compare any model of democracy to others.

There will have to be a strong socio-economic component of our partnership. That is because for democracy to be credible in the long run, it must deliver on its promise of socio-economic development. In this regard, the eyes of some developing world are on Indonesia, to see if the democracy we embraced will redound to the welfare of our people.

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 the causes that we believe in. The ultimate cause, of course, is the shaping of a better world so 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 “life, liberty and the pursuit of happiness.” 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 brother’s keeper.

I thank you.