

Indonesia: A Story of Recovery

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Distinguished guests,
Rotarians,
Friends,

On behalf of Ambassador Sudjadnan Parnohadiningrat, I would like to welcome you to the Embassy of the Republic of Indonesia. Thank you all for coming.

Frequently, guests to the Embassy remark on the old building's beauty or its architecture. Personally, I have always been impressed by its history. As you have heard from my colleague, it has moved from social center to vacant building to a busy Embassy. In a way, this building, the Walsh mansion, is in itself a story of recovery

In that, I see a connection with Indonesia. The two share a common story. Even more than my Embassy, my country tells a tale of recovery.

Indonesia is a country of 230 million people—the fourth largest country, third largest democracy, and most populous majority-Muslim nation in the world. As many Muslims live in Indonesia, in fact, as in the entire Middle East. From Sumatra in the west to Papua in the East, my country stretches across some 3,000 miles—about the distance from Los Angeles to New York.

This size is matched only by the country's diversity. Across the archipelago, some 500 ethnic groups speak over 700 different languages. Though the majority of Indonesians follow a moderate form of Islam, tens of millions believe in Christianity, and many others in Buddhism or Hinduism. Without peer, Indonesia is the largest and most diverse nation in Southeast Asia.

And, in some ways, it is also the newest. Just as the Walsh mansion was reborn as an Embassy, my country has been reborn as a democracy.

In 1997, the Asian Financial Crisis devastated Indonesia, shrinking the economy by fourteen percent and forcing untold thousands out of their jobs. Everyone felt the pinch of hardship.

As the crisis grew, foreign observers predicted the worst. Horrible scenarios played across critics' imaginations. They foresaw a military crackdown. Or further financial decay. Or an Islamic revolution. Or, worst of all, a complete disintegration into a failed state.

But none of these things happened. Instead, Indonesia has seen not one, but four peaceful transitions in leadership. Its economy has not decayed, but grown steadily. The military has abandoned its political role. Islamic scholars have cheered the coming of democracy. And, in 2004, over 110 million people voted in our country's first ever direct presidential election—a voter turnout of over 70 percent.

As Economic Counselor here at the Embassy, I see this story most clearly as an economic one. From the depths of retrenchment experienced during the Crisis, Indonesia has recovered to become one of the top business frontiers in Asia today. The country's economy has grown at an increasing rate for the past six years, and analysts predict that growth will top 5.8 percent in 2007.

More than this, the specific indicators are also strong. The Bank of Indonesia lowered its interest rate by 3 percent over 2006, and looks ready to bring it down to 8 percent by 2008. After a period of instability during the Asian Financial Crisis, inflation has stabilized at 6.6 percent. Our reserves have grown by billions, our credit rating has improved, and the Jakarta Stock Exchange is today among the most exciting in Asia. As a recent Oxford Business Group report noted, "the economy is doing remarkably well."

American trade has helped fuel this growth. Your morning cup of Java may indeed have come from Java, an island in Indonesia. You may own clothes made in Indonesia, where Gap, Nike, Espirit, H&M, Old Navy and others have operations. And your last piece of chocolate likely came from Indonesian cocoa—Mars, Inc. is a major investor. All told, bilateral trade between our countries amounted to over \$15 billion last year—an increase of over \$1.5 billion from the year before. Clearly, former U.S. Trade Representative Robert Zoellick was right when he said that, "expanding trade with Indonesia means new opportunities for American workers, consumers, farmers, and entrepreneurs." It also means a better life for Indonesians.

But not everyone, of course, is attracted to economics. Someone once told me that, in English, economics is referred to as the "dismal science." Perhaps an example would be better.

On October 12, 2002 and again on October 1, 2005, explosions shattered the still peace of Bali, a popular tourist destination in Indonesia. Both were acts of terrorism. And together they claimed over 220 lives and more than 330 injured.

For Bali, the attacks represented a crisis. Tourism dropped by half, and then nearly two-thirds. Families depending on the money spent by tourists began to worry. Would the bombs scare them away? Would the island ever be the same?

Bali, of course, did what Indonesia has done—it recovered. The Bali Tourism Board assumed responsibility for re-building the island’s image. And, from a low of just under 63,000 visitors in November 2005, Bali hosted over 145,000 travelers this June. Recently, Travel and Leisure Magazine named Bali the world’s best island for the 5th year in a row. Today, Bali has regained its international reputation

Just as the tourism board worked to rescue the island’s image, the Government has pursued the terrorist networks responsible for the attacks. And, in cooperation with American and Australian authorities, the Government of Indonesia has found success. Many of the criminals have been caught, including Abu Dujana, a key terrorist leader. The Government has been so successful, in fact, that the Wall Street Journal recently praised the counterterrorist unit Detachment 88, calling its members “heroes.” Truly, there is reason for optimism as we look toward Indonesia’s future.

Ladies and gentlemen,

Indonesia has been fortunate in its recovery. And we have had strong partners along the way. Among these, the Rotary Club has been particularly helpful.

Across the world, the Rotary Club engages in often difficult work, determined to make the world a better place. Some of its initiatives, like scholarships and educational exchanges, are straightforward. Others, like your amazing drive against Polio, are more complex. But all of them have benefited the people of Indonesia. Indeed, there are almost one hundred Rotary Club chapters in the country today. Their continued work—and yours—will help ensure Indonesia’s continued success. And, for that, we can both be proud.

So, welcome again to the Embassy of the Republic of Indonesia. As you enjoy the old building, please take the time to pull aside an Embassy official and introduce yourself. My colleagues and I will be happy to answer any questions you may have.

Thank you.