

**Speech by  
Vice President of the Republic of Indonesia  
at USINDO 16th Gala Dinner**

**Washington DC, 13 April 2010**

Ambassador David Merrill,  
Ambassador Ed Masters,  
Excellencies,  
Ladies and gentlemen,  
Dear friends,

Thank you, Lisa Jackson, for your generous introduction. I could not have written it better myself.

Listening to you, I am reminded that a speaker's worst fear is to hear an introduction that is better than his speech.

David Merrill tried to flatter me by telling me that all of you have come here tonight to hear me speak.

Well .... nice try, David.

I think the real reason why you are all here – certainly the reason why I am here – is to give our best wishes to USINDO for their 16th birthday, and to honor them for their dedication.

Since it was founded in 1994, USINDO has done outstanding work in promoting US-Indonesia relations. In high tide and low tide, USINDO has promoted greater partnership and mutual understanding between Indonesians and Americans, introduced Indonesia to America and vice versa, connected the youths from both sides, and they have done this with great passion and professionalism.

For all that you have done, we are forever grateful to you, USINDO.

I also want to acknowledge a special person here ... Ed Masters !

When Ed left his ambassadorial post in Indonesia a zillion years ago, he reportedly said "you haven't seen the last of me yet"... Apparently he wasn't kidding.

Ed and Alene Masters have devoted their energy ever since to build even more bridges between our nations, and we are all the better for it. Thank you, Ed, and Alene, for your life-time of friendship for Indonesia.

I must admit that I stand here tonight feeling a little anxious.

5 years ago, President Yudhoyono gave a rousing speech where, I was told, he received 15 applause and standing ovation.

2 years ago, again at USINDO forum, President Yudhoyono gave a historic speech where he offered a Strategic Partnership between Indonesia and America.

These are very tough acts to follow. USINDO asked what I could do to top that tonight. I told them, "I could try singing while juggling balls on a tricycle." ... Well, we settled for a short speech.

I have come here to Washington DC to attend the Nuclear Security Summit, which was hosted by President Barack Obama and ended this afternoon. It was a very impressive gathering of world leaders to ensure nuclear security for global citizens.

Somehow, I sense all the leaders are still shaken in disbelief about the tragic plane crash that claimed the lives of the President Lach Kaczinski of Poland and his delegation. We all mourn with the people of Poland and our thoughts are with them as they go through this painful national ordeal.

## **THE REMARKABLE INDONESIAN STORY**

On a happier note, I bring with me tonight the warm greetings of President Yudhoyono, and a message of friendship and goodwill from the people of Indonesia to all our friends in America.

We are all looking forward to welcoming President Obama to our country in June this year. You can rest assured he will be given a very warm, affectionate home-coming welcome.

When President Obama comes to Indonesia, he will see a country that is radically different than the one where he spent his childhood years.

Indonesians are still, of course, the same proud, gentle, kind, happy people. But Indonesia is now the world's third largest democracy, one of Asia's top reformers and an emerging economy with a growing middle-class.

Indeed, the Indonesian story is just as remarkable as the story of Barack Obama's meteoric rise to the top of the world.

It is a tale of an epic struggle for survival against all odds. It is a story of a nation that has gone through rigorous self-reinvention.

And it is a story that continues to unfold under the leadership of President Yudhoyono since he took office in 2004.

We are now 6 months into the second term of President Yudhoyono, which would end in 2014.

As some of you may well know, it has been quite eventful so far. Anyone who lives in Indonesia will tell you that there is never a dull moment in politics – although sometimes I sure wish there is.

It only goes to show you that democracy is very much alive in Indonesia, and it grows stronger everyday.

I want to tell you that despite the occasional distractions and political noise, President Yudhoyono and I remain very much focused in the pursuit of our goals to deliver progress to the people of Indonesia and transform the country.

President Yudhoyono is very conscious of his historic mission as the first President to be directly elected by the people, and also the first President ever to have been re-elected by a direct vote.

We now have a fresh and solid political mandate from the national elections last year, and we intend to use that mandate to aggressively push through “the second wave of reforms”. We have learned many useful lessons from the first term, and have a better judgment of what works and what doesn’t.

We are fully conscious of the fact that we are the torch bearers of reforms, and that our success as a major democracy and as Southeast Asia’s largest economy matters not only for our nation but for the region and the world.

Much has been said about Indonesia’s democratic success story, but the economic story is no less significant.

Indonesia is no longer the economic basket case that we were in the late 1990’s, when our economy contracted by - 13 % at the height of the Asian financial crisis.

Today, amongst the large emerging economies, and within the G20, Indonesia’s growth in 2009 was second only to China and India. In the wake of the global slump, our quarterly growth rates increased through the course of 2009, and by year-end had bounced back to the level above the past decade’s average.

The global financial crisis revealed the natural strengths of the Indonesian economy – the size of our domestic market, our resource endowments, the diversity of our exports and export destinations. But I believe it was good policy that at the end of the day helped our economy to become resilient.

For 2010, we project that growth will be in the 5,7 percent range, though the latest indications are that the pace of the recovery has been even stronger than we were anticipating and so growth could well come in higher. Inflation remains at historically low levels, helped by the strengthening of the Rupiah and favorable harvests, though increases in oil prices pose risks that we are closely monitoring.

Today, our public debt to GDP ratio is at its lowest since the 1998 crisis. Our foreign exchange reserves – at around USD\$ 70 billion - is at its highest ever. And we are

spending record high amount of funds for ambitious pro-poor programs throughout the country.

With the near-term economic outlook generally positive, our focus has shifted to the medium-term challenge of building momentum on reforms that will help to further increase growth and make it more inclusive.

Over the next five years we are targeting average growth in the 6 to 7 percent range and aim, by 2014, to have crossed the 7 percent threshold.

By 2014, we aim to bring the poverty rate down to the 8 to 10 percent range, and the open unemployment rate to between 5 and 6 percent.

With all this, our credit rating has been continually upgraded.

So if you are investing or planning to invest in Indonesia, I say you are making a very good bet. And I hope the signing of OPIC agreement just now will lead to more mutually beneficial business relations between our countries.

But there is more than meets the eye here.

Indonesia's experience is relevant to practitioners and students of democracy, who for many years have asked that nagging chicken and egg question : what should come first : democracy or development ? Which should be chosen of these two priorities ? Indonesia's experience shows that we do NOT necessarily have to chose between democracy and economic growth.

Indeed, we CAN have both democratic development and economic progress at once. We CAN have 3 competitive multi-party elections in 10 years while at the same time achieve the third highest economic growth in the G-20.

The challenges of democracy and development are not necessarily identical but they have one common thread: the fight against corruption. Since day one in office, President Yudhoyono has launched the most aggressive anti-corruption campaign in Indonesia's modern history. He has declared corruption "public enemy number one".

Our anti-corruption agenda has simple yet effective policy measures.

- Keep it indiscriminate : make sure no one is above the law.
- Keep it systemic, with emphasis on preventive methods, such as obliging high officials to sign an Integrity Pact and disclose their personal wealth.
- Keep enhancing anti-corruption units, score quick wins, and give them full political backing.
- Keep the top clean, and keep it top down and bottom up.
- Keep up the public pressure against corruptors.
- Keep raising the salary of government officials, especially those at the lower rank.
- And most importantly, keep it sustained: don't apply stop-go campaign and half measures.

As a result of this aggressive policy, hundreds and thousands of corruption cases have been unveiled. Almost everyday, the media are full of reports of new corruption cases being tried. A culture of shame for corruptors is also fast emerging.

But the fight against corruption remains an uphill battle. Like any major struggle, you win some, you lose some.

In recent months, we have actively pursued a fresh new target : what is called the “mafia of the courts” – shady people who facilitate under-the-table deals involving crooked lawyers, brokers, judges and officials.

Judging from recent cases, we have been surprised at the reach and sophistication of their operations. What we have seen so far may be just the tip of the iceberg, because there is every indication that this mafia is so entrenched in our legal system.

But I see the glass as half full. For many years we have been trying hard to advance legal reforms, with mixed results. It now seems that we have stumbled onto something at the heart of the problem.

That is why President Yudhoyono has formed a Special Task Force to fight, uncover and arrest this mafia of the courts, and ask them to go all out in this mission. He met with the Task Force recently and gave them his solid backing.

The success in breaking this mafia may well be the secret weapon that we have been looking for all this time to strike a major blow against corruption.

Another good story from Indonesia comes from the counter-terrorism front. Indonesia’s fight against terrorism ranks among the most successful in the world. We have captured hundreds of terrorists. High profile terrorists such as Malaysian terrorists Dr. Azahari and Nordin M. Top, or Dulmatin and their associates have been killed in police raids.

And as I speak now, our special counter-terrorist units continue to hunt terrorist cells operating in my country.

What is certain is that we cannot afford to be complacent. Recently, we found new terrorist cells and training facilities in the province of Aceh. That raid led to other arrests in Java, Medan and other places.

From these raids, it is clear that the terrorist cells remain active, they are adapting to the new terrain, they are making new connections to other sells in the region, they are drawing new recruits, and employing new terror tactics.

This only shows that we need to have better regional and international cooperation against terrorism, because we do not know when and in which part of the world the next terrorist attack will occur.

It is in this spirit of international solidarity that we welcome President Obama's outreach to the Islamic world.

Empirical evidence suggest that in recent times America's image worldwide, including in the muslim world, has significantly improved.

President Yudhoyono, in his speech at Harvard, has welcomed President Barack Obama's call for a "new partnership between America and the muslim world based on mutual benefit and mutual respect".

This momentum should be sustained. America can intensify its efforts to project soft power – your most potent instrument of change - to the muslim world. You can better engage the forces of moderate Islam, and promote inter-faith and inter-civilizational dialogue.

You should renew efforts for the creation of an independent, viable Palestinian statehood and realize a two-state solution with Israel and Palestine coexisting in peace and security.

And you can help the millions of marginalized and restless muslims worldwide to reach the basic targets of the Millenium Development Goals.

If we all do our part – the west, the east, the north and the south - perhaps in the 21st century we can finally attain that elusive world order where a confluence of civilizations will prevail.

## **US-INDONESIA STRATEGIC PARTNERSHIP**

This is partly why President Yudhoyono, in December 2008 here in Washington DC, invited America to engage in a "strategic partnership" with Indonesia.

The logic for this new Partnership was simple.

Both were the world's second and third largest democracies.

Both Indonesia and America were in the process of transformation.

Both were facing common challenges of financial crisis, climate change, terrorism, infectious diseases, trans-national crimes and others.

And both Jakarta and Washington DC needed to redefine their relations and find a new format that would be suitable to present day opportunities and challenges. President Barack Obama has responded positively to President Yudhoyono's offer, which has now been called "Comprehensive Partnership".

Government officials from both sides have been very active in fleshing out the elements and details of that Comprehensive Partnership, which is scheduled to be launched by President Yudhoyono and President Obama in Jakarta in June.

I do not wish to prejudge the declaration of the Partnership, the contents of which is still being negotiated.

But I can say that the Comprehensive Partnership should fulfill at least the following aspects.

It should be forward looking - not being burdened by baggages from the past.

It should have a comprehensive agenda, covering a wide range of sectors important to both sides, as opposed to being a single-issue relationship which characterized our relations in the past.

It must be consistent with Indonesia's independent and active foreign policy, which among others prohibits us from entering into a military alliance with another country.

And it must have a strategic character in terms of being a long-term relationship, and one that bears direct impact its on our national interests.

And of course, once it is officialized in June, we expect it to usher in new era of partnership – equal partnership – between Indonesia and America, that would contribute to the stability of the region and the world.

That Partnership, I am sure, will contribute to Indonesia's transformational experience that are now on-going.

... You know, I have been asked how I would describe the era that we live in now in Indonesia.

Well, let me say this ...If we press on with reforms, if we keep our pace forward, I think that the 10 years between 2004 and 2014 – the SBY Presidency - will be remembered as Indonesia's "Golden decade".

This is part prediction, part ambition, and part personal hope. There are three reasons why I say this could well be Indonesia's "Golden decade".

The first is that more things will have changed in that decade compared with any previous decades.

The second reason is that Indonesia has fundamentally repositioned itself in world affairs. A key member of ASEAN, a member of G-20, an emerging economy actively pursuing an "all directions foreign policy", with "a million friends and zero enemy".

And the third reason is that in that 10 years, we will have laid a strong democratic, economic and social foundations for a bright future where anything is possible for Indonesia. It is marked by a renewed sense of national confidence and self-esteem about who we are and our place in the world.

You know, Peter Drucker has said that "the best way to predict the future is to create it".

Years from now, the next generation of Indonesians will look back to this era – this “golden decade” - and they will see that this was indeed a destiny-changing time, a time when Indonesia experienced a phenomenal transformation and elevated to new heights of excellence.

And I feel very privileged to have been part of it.

I look forward to working with all of you to create the promise of our common future.

I thank you.