

Speech by
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**"INDONESIA AND AMERICA:
A 21ST CENTURY PARTNERSHIP"**
at
A USINDO LUNCHEON

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Bismillah Hirrahmanirrahim
Assalamualaikum Wr Wb

Excellencies,
Dear friends of Indonesia,

Thank you, Secretary John Negroponte, for your kind introduction.

Thank you, Ambassador Ed Masters and Allene, for your untiring, unyielding service for Indonesia-US relations. You are a true friend of Indonesia.

And thank you Ambassador David Merrill, for organizing this event. The first time I met David was at the premiere of an Indonesian movie, "Ayat-ayat Cinta", in Jakarta early this year. I remember he was the only American in the receiving lineup. I thought he was the manager of the theatre, or somebody who wanted my autograph. Then Dino introduced him to me as the new President of USINDO, and of course I was very pleased to meet him. I think David was crying during the movie just like everybody else.

But first things first, I must convey, on behalf of the Government and people of Indonesia, our heartfelt congratulations to you for a very successful and inspiring election this year.

I am told that some Americans were experiencing elections fatigue, due to daily bombardment of election coverage in the media. But across the world, and certainly in Indonesia, people were captivated with the American Presidential elections this year. Indonesians feel connected because one of the contenders has an Indonesian experience : he spoke our language, knew our culture, ate our food, played with Indonesian friends from various ethnic background, and through all this he experienced the inner soul of Indonesia. In his book The Audacity of Hope. Barack wrote, and I quote, "... *In many ways Indonesia serves as a useful metaphor for the world beyond our borders - a world in which*

globalization and sectarianism, poverty and plenty, modernity and antiquity constantly collide," end of quote. In that one sentence, Barack Obama got Indonesia right on the mark !

When Barack Obama was announced as the President-elect, the students from his old school, Besuki elementary, jumped euphorically. The teachers, the school staff wept. Obama's childhood friends have sent me an album containing photos of him and his school friends, which they asked me to pass on to him.

You know, I have always believed in, and advocated, people-to-people contact. There is no better story, no better example, of the virtue of people-to-people connections than the powerful impact of Barack Obama's elections to today's Indonesians.

I very much look forward to work with his administration to strengthen our bilateral relations.

In saying that, let me state how much I have enjoyed working with the Bush administration. In the last 8 years, President George Bush has given a strong push to advance US-Indonesia relations. The US arms embargo was lifted. The US extended educational assistance some USD\$ 157 million for 5 years. Our trade volumes jumped significantly to USD\$ 18,5 billion last year, and US foreign direct investment was some USD\$ 10,6 billion in 2006 - imagine how many businessmen, workers and working families are affected by that. The US took very active part in the emergency relief as well as the reconstruction for the tsunami. The US supported the Aceh peace process, and also our policy to improve special autonomy in Papua. The US-Indonesia Strategic Dialogue flourished, as is the case with police cooperation. The travel warning on Indonesia was lifted. The US has also been a strong supporter of the Coral Reef Triangle Initiative, which I initiated at the APEC meeting in Sidney last year.

In all that process, President George Bush has become one of the most pro-Indonesia American Presidents in the history of our bilateral relations. President Bush and I do not always agree, but on one particular thing we are always in agreement: that stable and strong relations between us is in the national interest of both sides ! We have always tried to advanced our relations, seek new opportunities and resolve outstanding issues with a constructive spirit. President Bush has generally respected Indonesia's views even when they are different from that of the US, without throwing their weight around. The US has also been a sincere partner and supporter of Indonesia's democratic development and national unity.

The fact is, the relationship between Indonesia is too important to be driven by sentiments. We are NOT in the business of entertaining emotions and stereotypes. We are in the business of promoting national interests. And those national interests dictate us to work closely with one another.

The US and Indonesia are the world's second and third largest democracies.

The US is the world's only superpower and the world's largest economy; Indonesia is the largest country and the largest economy in Southeast Asia.

The US is actively trying to reach out to the muslim world; Indonesia has the world's largest muslim population.

The US is the world's largest greenhouse gas emitter; Indonesia has one of the largest tracks of tropical rain forests, the only hope to reverse global warming.

The US is home to many of the world's best Universities and centers of excellence; Indonesia aims to become a knowledge economy and puts education as a top priority; in fact, this year we have for the first time agreed to allocate 20 % of the budget for education.

During the elections, I note that the Presidential candidates spoke a great deal about what they conceived to be 21st century challenges. I think Indonesia and America also must begin to think hard about our 21st century partnership. We are entering an era where our relations will be more and more driven by the need to address global issues, as much as by the imperative to develop bilateral relations.

In recent years, there has been some talk of a strategic partnership. Of course, Indonesia, in recent years, has entered into strategic partnerships with many countries. With China, Australia, India, Pakistan, Japan, South Korea, South Africa, Russia, among others. In a way, this also reflects Indonesia's changing strategic environment—what I call "all direction foreign policy" where we have "a thousand friends and zero enemy".

In this context, a US-Indonesia strategic partnership is also possible. Of course, we need to be clear about the basis and terms of such strategic partnership. It will not be alliance, because we are constitutionally prohibited from entering into any alliances. But it will be a partnership brought about by a realignment of interests. A US-Indonesia strategic partnership would have to be based on: equal partnership and common interests. It has to bring about mutual and real benefit for our peoples. It has to be for the long-term, and has strong people-to-people content. It has to be part of a win-win strategic stability in the region. It has to be a force peace, stability and cooperation for the international system. And it has to respect Indonesia's independent and active foreign policy, where there is always room for both sides to agree to disagree.

In 2005, I addressed a USINDO audience, where I spoke about my optimism about Indonesia's future. I have been asked many times whether I still feel that same optimism today. Well, I can answer that with a resolute : yes !!

Indonesia has now been blessed with political stability, and come 2009, the present administration, Insya Allah, will be the first Government to complete a full 5 year term since 1997. I will spare you all the statistics, but I think we have had a remarkable 4 years so far.

In a world where some democracies are stumbling, Indonesia has emerged as one of the strongest democracies in Southeast Asia.

In a world rocked by the present global financial crisis, Indonesia's economy, like most of Asia's economies, is relatively better off than most countries.

In a world still threatened by the specter of terrorism, Indonesia has become one of the most successful countries in terms of counter-terrorism performance.

In a world where peace remains elusive in many conflict areas, Indonesia has been able to peacefully resolve the conflict in Aceh.

In a world which craves for good governance, Indonesia is making impressive gains in the fight against corruption.

And in a world still haunted by a clash of civilizations, Indonesia remains a shining example where democracy, Islam and modernity thrive together.

Next year, Indonesians again will go to the poll for Parliamentary and Presidential elections. It will be our national third elections in the reformasi era. It will be an exciting political season for us. But whatever the results, I am very confident that the 2009 elections will make Indonesia's democracy stronger, and, whoever wins it, will keep our country in the path of reform, moderation and progress. As Indonesia's President, I can say with absolute confidence that in Indonesia, democracy has reached a point of no return!

Ladies and gentlemen,

USINDO has asked me to make some comments on the upcoming US administration.

The election of Barack Obama, among other things, is pertinent because the world community now faces a critical strategic cross-road. And at this juncture, the one thing we do not have is the luxury of time.

I cannot remember any other time in history where the world community is demanded by the necessity of circumstances to work together for a global solution.

For today, humanity faces not a double, not a triple, but a quadruple crisis. We are facing a continuing problem with energy security. We are facing the threat of food shortage. We are facing the climate crunch.

And we are facing the credit crunch.

All these issues affect us all the same one way or another. They are all ticking time bombs that require urgent action.

None of these global challenges can be addressed by the world community without having America on-board. And conversely, none of these issues can be resolved by the United States alone.

I do hope that the upcoming political cycle of the United States can catch-up with the enormous pressures of time that await the resolution of these global issues.

On climate change, we only have 14 short months - yes, only 14 months ! -before the world meets in Copenhagen to wrap-up a new global consensus for a post-2012 climate change framework. This is our only chance to make use of the very small window of opportunity to halt and stabilize global warming within 2 degree Celsius in the 21st century. It is absolutely necessary for the US to be part of this new global climate change regime. The UN Climate Conference in Bali last year was a very hard nut to crack, but Copenhagen will be much harder. The US, as the world's largest emitter, is not just part of the problem, it must also be part of the solution.

On food security, we need to raise world food production. We need to have a "second green revolution" around the world to follow the successful green revolution of the 1970's - this time around of course without damaging the environment. This will need massive investments in agriculture, in irrigation, in fertilizers, in high-yield seeds, in the expanded cultivation of arable land, in agro-technology. Remember, a new food crisis will mean political, economic and social doom in many developing countries, which will impact on international security.

On energy security, we need to ensure balance between supply and demand, end our addiction to oil, and develop alternative sources, particularly renewable energy. The US can take the lead in this, by making its industries, transport and homes less dependent on oil, and also by sharing its green technology innovation with developing countries.

On global financial crisis, we need to quickly reform restore confidence, protect the real sector, and reform the international financial architecture. The holding of a G-20 Summit in Washington DC, for which I am here, is a good start - I strongly urged President Bush in our telephone conversation to convene the G-20 Summit rather than the more exclusive G-13 Summit. But we will have to make sure that this process produces immediate results sooner rather than later.

When I speak at the G-20 Summit tomorrow, I will press on the need for coordinated and concerted action both at the national, regional and global level to redress the liquidity squeeze, restore confidence, and protect the real economy. And as we brace ourselves for hard times ahead, I will

stress the need to protect the poor in developing countries, by ensuring that pro-poor development budget are not harmed. That is why I will propose the establishment of a Global Expenditure Support Fund to help developing countries maintain their economic growth and sustain development. With this Support Fund, emerging countries, especially those in Asia, can be better positioned to act as an engine of growth for the world economy. This Fund will be made available mainly for eligible "middle income countries", and will have a life cycle of a minimum of 3 years. If agreed, we can expect the Finance Ministers to work out the details in the next 100 days.

I also hope the present G-20 Summit, which President Bush will chair, will be the starting point of a process that will lead to the reform the international financial architecture, so that it reflects 21st century realities.

Ladies and gentlemen,

All these daunting global issues have their own merit, but they are also very much inter-related. The present financial crisis CAN have the effect of detracting resources from the climate change process-we cannot let that happen. Climate change CAN seriously affect our long-term food production-we cannot let that happen. Our energy policy, if pursued wrongly, CAN lead to both food and climate security-we cannot let that happen.

Keep in mind that we do not know what else can go wrong. When we were facing the climate crisis, we did not know that the oil crisis was waiting. When we were dealing with the oil crisis, we did not know that food shortage was around the corner. When we were hit by food shortage, we did not know that the financial crisis was coming next, God knows what other demon are waiting in ambush.

Aside from these issues, of course, the next US administration will have to contend with hard strategic, geopolitical issues. From the recent Presidential campaign, I understand that Iraq and Afghanistan are two issues that will be of immediate priority to the US administration.

But I also would like to make an appeal that the present and next US administration push - and push hard -- for the speedy realization of an independent Palestine state. I commend President George Bush for his important policy shift, advocating a two-state solution where Palestine and Israel can live side by side in peace and security. That is also the position of Indonesia. The Annapolis process has envisioned such Palestinian state to be established in 2008. But a few weeks into the end of 2008, there is still no sign that it will happen. I therefore sincerely hope that the next US administration would pick up where President Bush left off, and make it a priority issue. The realization of the much awaited two-state solution would considerably reduce strategic and political tension in the Middle-East. It would also significantly enhance America's image in the muslim world. And it will be good for the 21st century world order.

President-elect Barack Obama is well equipped to deal with all this. He has a strong electorate mandate. The life, personal experience and heritage of President-elect Barack Obama is such that he commands an appeal that on the international stage can cut across cultures, race and religion. President-elect Obama can therefore capitalize on the high degree of expectation and goodwill that he is receiving from the international community. I am confident that the next US administration will be able to meet these global challenges with imagination, with resolve, and with great effect.

I have carefully studied President-elect Obama's stated foreign policy priorities: on Iraq; on fighting terrorism; on energy security; on alliances and partners. I have also noted his positions on several international issues - on UN reform, on MDG, on climate progress, on Global Education Fund, on aid to developing countries -- and I have found his approach to be refreshing.

In 2005, at this USINDO forum, I called on America to forcefully project her soft power as the key to world peace. I still firmly believe in that. The challenges that we face today makes that call even more relevant today. The 20th century was the century of hard power - we had two World Wars, plus all the other major and minor wars. The 21st century will be the century of soft power. It will be shaped not by wars, but by globalization, diplomacy, cultures, exchanges, connections, outreach, technology, integration. President-elect Barack Obama, in a speech before the Chicago Council on Global Affairs, insists that "the American moment has not passed", and called for today's generation to "seize that moment". I am utterly convinced that such "American moment" will depend on how much soft power America is able to effectively spread throughout all corners of the world. This would be the best transformation that American can make as a 21st century superpower.

I am a firm believer in the dictum that for every crisis, there is opportunity. For every crisis, there is opportunity. This is the lesson that we in Indonesia learned from the tsunami tragedy. This is what we learned in the successful Aceh peace process, and also in Papua. This is what we found in the climate crisis, in the food crisis, in the energy crisis.

For our part, I make my pledge today that Indonesia will work closely with the present and the next US administration to meet the pressing needs of these global challenges and also to advance our bilateral relations.

And in doing so, I am confident that Indonesia and America will make the right choice in determining which way we turn in this cross-road of history.

I thank you.