

# Sambutan Presiden RI pada Pembukaan 42nd ADB Annual Meeting, 4-5-09

Senin, 04 Mei 2009

OPENING ADDRESS BY

H.E. DR SUSILO BAMBANG YUDHOYONO

PRESIDENT OF THE REPUBLIC OF INDONESIA

AT THE

42ND ADB ANNUAL MEETING OF THE BOARD OF GOVERNORS

BALI, 4 MAY 2009

Bismillaahirrahmaanirrahiim,

Assalaamu'alaikum warahmatullaahi wabarakaatuh,

Om Swasti Astu,

Peace be upon us,

Your Excellency Mr. Josaia Bainimarama, Prime Minister of Fiji,

Your Excellency Mr. Nika Gilauri, Prime Minister of Georgia,

Your Excellency Mr. Feleti Sevele, Prime Minister of Tonga,

Honorable Mr. Kerai Mariur, Vice President of Palau,

President Haruhiko Kuroda of the Asian Development Bank,

The Honorable Speakers of the Indonesian Parliament,

Excellencies, Ministers, and Ambassadors, Governor of Bali,

Host Governor Dr. Sri Mulyani,

Distinguished Governors,

Excellencies,

Ladies and gentlemen,

First of all, on behalf of the Government and people of Indonesia, I am pleased to extend a very warm welcome to all our distinguished friends here today at the ADB's 42nd Annual Meeting of the Board of Governors. It is an honor for Indonesia to host this important meeting, and a great pleasure to have you in our country.

It just so happens that this meeting is being held in the midst of an exciting elections season in Indonesia. I hope from your brief visit here in Bali, you can see and feel the enthusiasm of my countrymen. This enthusiasm is the source of our vibrant energy to promote our nation building, democratic development and economic growth.

33 years have passed since Indonesia last hosted the annual meetings. The world economic landscape has changed dramatically over that time. As the last year has shown, the global economy today has layers of complexity. It goes without saying that the world economy is facing the worst downturn since the great depression of the 1930's.

No country has been immune from its effects. The US, Europe and Japan and many others are currently in negative territory. Many more countries are destined to join them. Real economy everywhere has been hard hit. Millions around the world have been forced out of jobs. Exports have sharply declined. Stock markets have plummeted. Our efforts to reach Millennium Development Goals by 2015 are at risk. Poverty is worsening in many countries. Businesses are struggling. The extremely urgent climate change agenda could be affected. And we are seeing capital flows from developing to developed economies of amounts never witnessed before.

If all this goes unchecked, down the road we could see social and political unrest in many countries. We have no clear indication as to whether the worst is already behind us or whether there is more bad news around the corner. Many people say that we are at the beginning of the end of the crisis. We like to hear that statement, I believe. But we can all safely assume that 2009 will be a difficult year for all economies.

Against the backdrop of a global economic crisis whose depth and severity has surprised us all, this year's Meeting of the Board of Governors is one of the most important in the ADB's history. This year's Board of Governors' meeting has become very critical to ensure the ADB has the ability and flexibility to meet the current and future needs of its members.

What must come out of this meeting, is this clear resolve that the ADB is ready and capable to take on this serious challenges. We must demonstrate that the global financial crisis has made the ADB more, not less, relevant.

It is important at this turning point of our global economy to acknowledge that we are indeed facing a new world. The economy of the future will be unlike the economy that is failing us. The economy of the future will be a full of new challenges. We will need to adapt. We will need to innovate. We will need to be enterprising and to be bold. And I have every confidence that, if we work together, we will succeed. Why do I say that? Because I always believe that there is opportunity in crisis. We in Indonesia know this only too well.

A decade ago, Indonesia was nearly paralyzed by a combination of financial, economic, social and political crises. Our economy contracted by some 13%. Millions were suddenly thrown into unemployment and poverty. The future looked bleak. But from that crisis we found positive energy to launch sweeping reforms that led to a better Indonesia today.

Several years ago, we also faced a series of serious ethnic and communal conflicts. Some analysts even spoke of the possibility of Indonesia becoming Balkanized, breaking into a fractured state. But with good will, persistence, and plenty of soft power, we resolved these conflicts one by one, and we have reversed the trend of Balkanization. Today, Indonesia, more than ever, is united, coherent and peaceful.

Five years ago, we faced the deadly tsunami in Aceh, the worst natural disaster in modern history. Over 200,000 people perished in just several hours. It was Indonesia's darkest hour. But we wasted no time to rally the whole nation, and the whole world, to work together in solidarity. We oversaw the largest international peacetime Military Operation other than war in the world history. Billions of aid poured in. Tens of thousands of Indonesian and international volunteers worked side by side driven by a common humanity. As a result, Aceh has been rebuilt. And after three decades of internal conflict, the guns are now silent in Aceh.

Shortly after, Indonesia, like many others, was struck by a different kind of tsunami, in the form of a skyrocketing fuel prices. As global oil prices kept climbing, we simply had to find a way to safeguard our budget. So many administration made the rational, but painful decision to drastically cut the subsidies and raise fuel prices. It was a very difficult decision, but one has to make tough decisions in a crisis.

And that tough decision has led to opportunity. As we face a different kind of financial crisis today, we at least have the resources in our budget that we would not have if we had continued the subsidies. Not every crisis will lead to opportunity, of course. The world is full of examples of crises that lead to demise. Good crisis leaders are different from others. They have the uncanny ability to extract elements of opportunity from a world of pain. This is precisely what we must do with the present global financial crisis.

As with previous financial turmoil, the current crisis is forcing us to take stock, to reform, and to act quickly. It is important that we use this opportunity to learn important lessons and develop sound policy options for the future, and to enact these policies in a timely fashion.

One of the most significant positive outcomes from this crisis has been the way the international community has rallied together, to deal with the immediate consequences. Thankfully, we are not seeing a retreat to protectionism and isolationism. As we know, they were the main reasons why the Great Depression lasted as long as it did. Going forward, we must ensure that we keep our economies open.

It is also encouraging that governments are proactively taking measures to stimulate their economies and are injecting liquidity into their financial systems. This has relieved the great pressure to all economies to adjust to the weak global demand.

Many countries are also seeking to address the issue of toxic assets in bank balance sheets. It is vital that all affected countries urgently find an approach to deal with toxic assets and follow this with capital injections returning to banks to a healthy balance sheet based on the principles of efficient and effective good governance. This would help to put banks in a position where they can start lending again, and in a responsible and properly regulated fashion.

These are all important steps in the right direction over the short term. But there is still the question of what the world should do to address the root causes of the crisis over the medium to longer term. On this point, I am pleased that there have already been some tentative but necessary steps towards resolving some of the fundamental issues.

In the G20 process, for instance, Indonesia co-chaired with France a working group that focused on the effectiveness of the Multilateral Development Banks, including the ADB. We also worked closely with Australia and South Africa who co-chaired a working group on IMF, to ensure its reform to correct its failures of the past.

Our working group looked at MDB mandates and governance arrangements, the adequacy of resources, and their ability to support counter-cyclical policies. As part of that process, I put the case of the London Leaders' meeting that G20 members who are also represented on the ADB Board of Governors should provide strong support for a General Capital Increase (GCI) of 200% for the ADB, the first such increase since 1994.

I am delighted that the ADB governors have subsequently agreed to such an increase. The new hands are particularly timely in light of the capital outflows from developing to developed economies, and the associated liquidity shortages.

The increase will allow the ADB to play a central role in assisting members to advance counter-cyclical efforts and to support investments in areas that match the bank's driving mandate to reduce poverty. All these efforts will improve the quality of life in the Asia-Pacific region.

In short, it will appropriately position the ADB to assist its members at this crucially important point in its history. It will be our shared responsibility to ensure these additional funds are used wisely, and that they provide the necessary foundation to benefit future generations.

Excellencies, distinguished ladies and gentlemen,

Asia has been the agent of global growth for many years. And it will remain there for many more years to come. Recent forecasts suggest that, despite the global slowdown, Asia will remain in positive territory and will be the world's fastest-growing region in the years 2009-2010. According to ADB, it is estimated that Asia-Pacific growth will be 3.4% in 2009 and around 6% in 2010. These are promising numbers in the current global climate.

And why not? We are tigers and dragons, resilient and bold. For many years, if not decades, the Asia Pacific region has been a symbol of hope and inspiration to many around the world. During times of lean exports, we are emboldened by our domestic markets. Our government believe in pro-active government, building where necessary, regulating when prudent. Our on-going structural reforms have become key pillars of our economic growth.

Here in Indonesia our prospect also look good. We are expected to record GDP growth in 2009 of 4% to 4.5%, and I would like to touch briefly on some of the reasons why. Having learnt from the 1997/98 financial crisis, Indonesia understood early the need to be proactive and transparent, and to pursue actions that promote growth and that send a clear signal to the markets that the government confidently has the situation in hand. Our programs are multi-fold.

We are offering tax incentives. We are boosting anti-poverty programs that absorb the unemployed. We also have an expansionary budget, with a stimulus package equal to 1.4% of GDP. Our budget deficit will increase as a result, but at this point in time, economic stimulus is vital to our economy.

To ensure foreign exchange stability and confidence in the rupiah, our currency, my government has maintained healthy levels of foreign exchange reserves and we have negotiated a number of precautionary mechanisms. These include bilateral swap facilities such as the Chiang Mai Initiative, and also the recently announced multi-billion dollar bilateral currency swaps with China in local currency and with Japan.

In addition, we make sure there is trade financing to protect our trade flows. And specifically we provided a social safety net to cushion the impact of the crisis on the poorest of our poor.

To avoid financing gaps or funding pressure points, we have worked with key bilateral and multilateral partners, such as Australia, Japan, the World Bank and, of course, the Asian Development Bank, to put in place a multi-billion dollar Deferred Drawdown Options loan facility.

The Indonesian government is committed to maintaining prudent economic policy settings and to encouraging global cooperative action. We will continue to focus on measures aimed at stimulating economic activity and we encourage all members to do likewise. Such activities will have positive flow-on benefits across borders. We want to encourage this prudence, foresight, and cooperation around the world. If all of us were on the same page and behaved accordingly, our economies would only benefit. Again, we are all in this together.

I would also like to underline that it is absolutely vital for all of us to focus equally on our nation's social and political stability. That is why I have spared no effort to ensure that we deliver growth with equity in our economic policy. That is the best way to underpin our democratic transition with a strong foundation.

Indonesia in 2009 is fundamentally different nation to the one that existed when the ADB was founded in 1966.Â Indeed, it has not been easy for Indonesia to transition into a stable and peaceful democracy. It has been backbreaking hard work, requiring commitment, vigilance, and a lot of optimism. While our democracy is still a work in progress, we have achieved much. When my Government, insya Allah, ends its present term in October this year, we will be the first Government to have completed a full-term since reformasi began in 1998.

That is significant because it means we have able to marry democracy with stability, not an easy thing among countries undergoing transition. And we expect this trend of democratic stability to continue, because that is what our people and our partners expect.

Excellencies, ladies and gentlemen,

For the last 42 years, the ADB has made life better for our communities in the Asia Pacific region. My administration strongly commends the ADB's achievement in this noble endeavor. We admire the devotion and professionalism that the ADB has shown over the years.

Over the time, the ADB has been in existence, our region has become increasingly important to the global economy. The size of our economies as a percentage of the world economy has continued to grow, and we are much more systemically important than at any point in the past. We also have the drive and determination to take the rest of the world with us on a positive growth trajectory at the critically important point in history.Â

The ADB can justifiably claim to have played a positive part in this success story. What we need the ADB to do now is to repeat this effort by playing a strategic and far-sighted role to help our members confront the current crisis and to be ready to face future crises. The ADB indeed faces a great challenge in the coming months and years.

Will the ADB be able to help member countries return to positive growth? Can it help stop the bleeding of our economies? Can it promote national, regional and global solutions? I look at all your faces, and I am confident that the ADB is up to the challenge.

Speaking of the challenges, what a challenge it is for us to stay in this ballroom instead of escaping to the beautiful beaches outside. After all, ladies and gentlemen, we are in Bali, one of the world's most beloved tourist destinations, famous for its hospitality, colorful traditions, and gorgeous landscape.

Well, the Governor of Bali will be very happy to listen to my statement. Let me tell you that you are in great company here. Bali is popular for major international events, and many important decisions and agreements have been made here in these inspiring surroundings. The United Nations Conference on Climate Change, the largest United Nations conference ever convened, was also held here in Bali in December 2007 and after much drama at the last minute produced the historic Bali Roadmap. I trust that you too will make the history books with this meeting.

With those words, I wish you a successful Board of Governors annual meeting.

Finally, by saying bismillahirrahmanirrahim, I formally declare the 42nd Annual Meeting of the ADB Board of Governors open.

I Thank you.

Wassalaamu'alaikum warahmatullaahi wabarakaatuh

Biro Naskah dan Penerjemahan

Sekretariat Negara RI