

**Opening Speech by Meg Munn MP,  
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**‘Indonesia in the World’ at Wilton Park Conference on  
Indonesia: political and economic prospects  
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I’m pleased to be here at Wilton Park, the first time since joining the Foreign Office last summer.

It’s an important time to discuss Indonesia and its political and economic prospects with both parliamentary and presidential elections due next year. I’m pleased that the Foreign Office was able to co-sponsor this timely event.

As you may be aware, the British Foreign Secretary recently set out four central strategic priorities for our foreign policy:

- to counter terrorism, weapons proliferation and their causes,
- prevent and resolve conflict,
- promote a low carbon, high growth, global economy, and
- develop effective international institutions, above all the UN and EU.

These priorities need to be considered not just from the perspective of what Britain can do, but in conjunction with what we can do in partnership with others. With that in mind, it's clear that Indonesia will play a central role in all four of these priorities.

Indonesia has undergone a remarkable transformation in the last decade. It has made enormous progress, particularly on democracy and human rights, to become one of the most open and liberal societies in Asia. It has an active parliament that holds the government to account with a fully independent media.

But Indonesia's presence on the international stage was not always felt. Particularly bearing in mind it is one of the world's most populous countries, with the largest Muslim community on the globe.

But in the last few years Indonesia has begun to emerge as an international player. What we are starting to see is a more confident Indonesia. A country wanting to play a part in, as President Yudhoyono has said, "a peaceful, just and equitable world".

## **Recent progress**

I'd like to look at what Indonesia can offer other parts of the world in terms of the journey it has made from autocracy to democracy.

Indonesia in a short space of time is fast becoming an example of a successful democracy. A democracy that, as the Foreign Secretary said recently, demonstrates how our shared values can be applied to diverse social, cultural and economic contexts.

After the turmoil of the 1998 crisis the world wondered just what would happen to the country. Many saw the process of independence for Timor Leste as the start of a process which would lead to the unravelling of Indonesia - a country of 17,000 islands and a myriad of ethnicities, religions and languages. War continued in Aceh, conflict festered in Papua, and violence flared up in other parts of the archipelago - Maluku, Ambon, and parts of Sulawesi.

But the thoughtful and conciliatory approach of politicians in Jakarta, and particularly of the current Government, helped to defuse those tensions. We note the decision of the governments of Indonesia and Timor Leste to pursue past human rights abuses in East Timor through their

bilateral Commission for Truth and Friendship. We have encouraged both governments to make this Commission a process that enjoys the confidence of the victims and the international community.

In Aceh, the Government rightly saw the devastation of the 2004 tsunami as an opportunity to turn the politics of the conflict on its head. The result has been a very successful peace process, supported by the European Union and some ASEAN member states.

There are still disputes between Banda Aceh and Jakarta - but these are being resolved with discussion rather than violence.

Papua was awarded Special Autonomy in 2001. Although Papuans still await full implementation of the measure, progress on the issue has again removed many of the flash-points.

More widely across the country, devolving government to provincial government has helped to undercut many secessionist demands. Let's not underestimate how bold this move was – aside from India, Indonesia is the only contemporary Asian state to have taken such a step.

Bringing stability and prosperity to Indonesia has been one of the real successes of the current government. Of course, challenges and tensions remain - but the circumstances are much better than they were even five years ago. Indonesia's experience in Timor Leste, Aceh and Papua is not simply an internal affair. It can act as a model to others.

Indonesia's recent history shows that authoritarian politicians always have a choice - military leadership can move peacefully to democracy. Indonesia has developed a track record in managing peace talks. The world needs these skills

It's a lesson for Burma, as I will mention later.

### **Remaining Challenges**

Indonesia still faces many challenges. Papua needs further development, and support for improving livelihoods - a programme which I know is being driven by Papua Governor Barnabus Suebo, whom I met in London in October.

Indonesia's economy, the biggest in South East Asia, has been transformed in the past ten years. Up until 1998 the economy had performed well. But this was built on sand - the currency was overvalued, the banking system riddled with debt, and industry geared to the financial greed of a few key figures.

This edifice collapsed with the Asian financial crisis in 1998. Since then, successive governments have had to rebuild an economy which delivers sustainable growth. The transformation in such a short time has been incredible, and the macro figures tell a very good story.

But as ever, statistics can be more interesting in what they conceal rather than what they reveal. Growth at more than 6% looks good. But Indonesia could be doing even better, and its growth is outstripped by China and India, which have taken economic reforms farther and faster.

Indonesia could reach higher levels of job creating growth - but to do this the government needs to tackle excessive regulation, creaking infrastructure, and corruption. British business people tell us all three are all discouraging

factors when they are making investment decisions in the region.

There are other challenges ahead too. President Yudhoyono's main election pledge was to tackle poverty and unemployment. His policies have had some impact. But although the statistics show that unemployment is falling, a lot of new jobs are in the informal sector, and part-time. Falling poverty figures also mask another challenge - the recent huge increases in the cost of basic foods, which hit the poorest the hardest.

### **Shared Values**

There is a chequered history between Indonesia and the UK. Despite this we have been keen to grasp the opportunity provided by Indonesia's transition to create a healthy bilateral relationship.

One area where the UK and Indonesia can co-operate is interfaith dialogue.

Indonesian Islam, tolerant and democratic, is a force for good when countering the message coming from some radicals. It is an important moderate voice in the Islamic world.

The innovative UK-Indonesia Islamic Advisory Group has promoted dialogue and understanding between our two nations. We want further discussion on this theme. To examine what causes radicalism and find solutions to these problems – whether poverty of income, or poverty of education.

We can both stand up for our values and for the mainstream majority who reject violence and hate. We should celebrate this majority view, and help make people realise that this is the norm, not the extreme few.

Indonesia has 210 million Muslims, more than any other state. It has one of the most free media in the whole of Asia. The development of Indonesia can show that economic liberalism, democracy and Islamic tradition can go hand in hand.

### **Climate Change**

The politics of climate change are both local and global. Indonesia has been upfront about the problems facing it – rapid economic development leading to deforestation and, to a lesser extent, the degradation of ocean resources.

Deforestation accounts for 20% of the world's carbon emissions and Indonesia, with a significant rain forest sink, is crucial to our climate security. 43 million hectares of Indonesian forests have become degraded. Some of the measures needed to reverse this are relatively straightforward - literally better fire-fighting services. But others are more complex.

Illegal logging connects to economic development and helping people living off the forest find new sources of income. As a consumer country, we too need to look at ways to manage our demand for timber, and co-operating with Indonesia to ensure that illegal timber does not end up in the UK. We have started on this through a system of timber certification under the EU's Forest Law Enforcement and Governance programme.

Indonesia is a significant country in the search for climate security which affects us all. Already Indonesia is being hit by climate change as unusual weather patterns disrupt agriculture and cause flooding of urban areas. It doesn't take much to imagine the devastation of rising sea waters on its 17,000 islands.

Indonesia is playing a major and significant role in international negotiations – particularly in taking on a leadership role for the world’s developing nations. Also in taking the lead in gathering together the F11 group of forested nations to work “bersama” within the context of new climate change negotiations post-Bali.

The Government has recognised that it has to expand electricity generation to satisfy the needs of domestic consumers, and to allow for job-creating industrial growth. The decision on how that expansion is to happen will be critical – will it go for the cheap -in the short term- but high carbon option, or explore possibilities for low carbon alternatives?

Environment Minister Rahmat Witoelar chaired a successful round of talks in Bali last December. This was no easy feat. The Indonesian hosts at Bali reminded the world’s nations what was needed – co-operation, commitment and flexibility.

We need to show these now in the negotiations to agree post Kyoto targets. The road from Bali to an agreement at the Copenhagen Summit next year will be a difficult one. I know that Indonesia will be a major player in pressing for

meaningful and ambitious steps, and they can count on the UK to support them.

### **Multilateralism**

I hope that Indonesia's leadership role on climate security will extend to more traditional security challenges, especially in Asia.

During its Security Council Presidency in November 2007, Indonesia developed the theme of using regional organisations, in conjunction with the UN, to help solve regional security issues. For Indonesia, the biggest challenge will be the future direction of the Association of South East Asian Nations.

The signing of the Charter in November 2007 was a welcome step forward. Indonesia played a leading role in the development of the Charter, pushed for one of its more progressive elements – the establishment of a human rights body. We hope this can be set up soon.

Burma will be the first test for a new ASEAN, one of its own members. Indonesia, once again, is playing a constructive role here, and we would encourage her to do more. Looking further into the future, we expect Indonesia

to play a leading role in developing ASEAN into a regional trading and security body.

On the wider world stage, Indonesia historically has been a big player, starting with the Bandung conference of 1955. After 1998 Indonesia was reeling from internal turmoil, and played a much lower key role on the world stage. However now Indonesia seems more willing to take on an increasing international role.

The thousand troops which it sent to the UNIFIL contingent in Lebanon in 2006 were a sign of that. Indonesia's two years of service on the UN Security Council is another.

Indonesia is refining what its role is in the international community.

What image will Indonesia create for itself on the international stage?

- a voice for Islam, with a culture of religious tolerance?
- an island nation seeking climate security?
- a country of enormous natural resources and diverse culture, rushing to join China and India as an Asian economic powerhouse?

Indonesia can play all of these roles. Its own complexity and diversity makes it well placed to understand that the world can look increasingly fragmented. But that in reality we are more and more interconnected, that our solutions must be brokered, often painstakingly, in concert with each other.