

KEYNOTE ADDRESS

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IN THE OCCASION OF

PECC-SINCPEC-INCPEC CONFERENCE 2013

**ON “ASIA-PACIFIC ECONOMIC INTEGRATION AND
CONNECTIVITY: PATHWAYS FOR RESILIENT AND
INCLUSIVE GROWTH”**

SINGAPORE

22 FEBRUARY 2013

Dignitaries** [untuk diidentifikasi yang paling penting],
Distinguished delegates,
Ladies and Gentlemen,

Thank you to PECC, SINCPEC and INCPEC for the joint sponsorship of this Conference. You have gathered a group of prominent academics, government policy decision makers and leading business executives to share their visions in the preparations for APEC 2013 leading to the Leaders' Summit in October this year.

As the host for this APEC year, Indonesia is pleased to take part in this two days conference involving high caliber speakers and participants from throughout the region. The program of this conference, in my view, has been designed comprehensively by covering financial cooperation, trade policy, connectivity, regional and technical cooperation, stakeholder engagement and regional and global cooperation. We are confident that the PECC will play an important role and make significant contributions at various levels, as it always has since the founding of APEC.

In my address this morning, I would like to share our thoughts on our vision and direction as host for APEC 2013.

Distinguished Guests,

Ladies and Gentlemen,

We are all concerned with the weak outlook for the global economy although there are encouraging signs of recovery in major economies. The forecast for world output is an increase of 3.5% in 2013, which is a slight increase over the 3.2% estimated for 2012.

The economic crisis is not over yet and there is much that needs to be done to put the global economy on a sustainable growth path and create opportunities for the persistent high level of unemployment in several advanced economies.

The recent report by the G30—a group of leading global financiers and academics from the public and private sector—acknowledged that to achieve even moderate

levels of economic growth, the world badly needs to find better ways to increase long-term investment. This needs to increase from current levels of around US\$12 trillion a year to close to US\$19 trillion by 2020 to support global growth and bring down unemployment. This is a serious challenge in the years ahead.

The Asia-Pacific region has shown remarkable resilience in weathering the global slowdown in recent years. At the APEC Leaders' Summit in Vladivostok last year, President Susilo Bambang Yudhoyono remarked that “the world is looking to APEC as the engine of global growth” to steer the global economy towards a more sustainable and inclusive growth path.

These words are significant judging by the contribution the Asia-Pacific economies to support global economic growth. The APEC Region now accounts for more than 44% of world trade, 54% of global GDP and is home to 40% of the world's population.

Trade between APEC economies continues to grow strongly. Intra-APEC merchandise trade has grown from 1.7 trillion US dollars in 1989 to 9.9 trillion dollars in 2010. APEC economies are three times more likely to export to a fellow member than a non-member, and APEC economies enjoy a higher share of intra-regional trade than is the case in the EU.

The resilience the APEC region and its continued vibrancy are providing the cornerstone for global growth. Hence, we have chosen for our theme for APEC 2013, “Resilient Asia-Pacific, the Engine of Growth”.

Under this broad theme, we are working closely with APEC member economies to focus our efforts collaboratively on three key priorities. These are:

- Attaining the Bogor Goals
- Sustainable Growth with Equity, and
- Promoting Connectivity

I would like to expand on each of these.

Indonesia and APEC member economies are firmly committed to realize the 2020 Bogor Goals deadline. These goals were set when Indonesia last hosted APEC in 1994. Since then, considerable effort has been made by all member economies to support the multilateral trading system and facilitate regional economic integration. As a result, APEC economies have implemented concrete steps to break down barriers to free trade and investment and strengthen economic integration.

Average tariffs in the APEC Region have been reduced from around 17% in 1989 to less than 6% in 2010, and we continue to strive for further gains. The lowering of explicit barriers to trade has been a great achievement of APEC.

On the back of these gains, APEC's focus over the past decade has increasingly shifted to other, often unseen, hindrances to trade, investment and cooperation.

Indeed, this increasing emphasis on "behind-the-border" issues has become central to APEC's work. Non-tariff barriers have been gradually reduced through APEC initiatives on trade facilitation that have been intended to make doing business across borders easier, cheaper and faster. This includes the achievements made in the delivery of APEC's Trade Facilitation Action Plans that have seen two successive five percent reductions in trade transaction costs.

We have successfully crossed the 2010 milestone and our attention has now turned to achieving free trade and investment across the APEC Region by 2020.

In this regard, we must recognize the range of bilateral and regional free trade arrangements that have been concluded or at different stages of discussion. There is ongoing consultation between economies to develop arrangements, such as the ASEAN Regional Comprehensive Economic Partnership and the Trans-Pacific Partnership.

In addition, substantial progress has already been made in the ongoing economic integration among ASEAN economies to realize the ASEAN Economic Community by 2015.

These are noteworthy achievements given the protracted delays in moving the Doha Round of WTO negotiations forward. We hope that efforts through the Geneva Caucus, together with the successful conclusion of the APEC Trade Ministers' Meeting in Surabaya in April, will add positive momentum for the WTO Ministerial Conference in Bali in December.

The Bogor Declaration was indeed visionary, and looked forward more than a quarter of a century. As Indonesia again hosts APEC, it is timely to again look at how member economies will be able to project APEC Region's trajectory over the next quarter of a century.

We should again re-dedicate our efforts to look at how we can best address the challenges of an increasingly integrated and innovative Asia-Pacific. We must look at how we can realize a stronger and more cohesive community that is based on inclusive, sustainable and balanced development. This brings us to the second

priority.

Ladies and Gentlemen,

Our second priority, “Sustainable Growth with Equity,” is crucial for hundreds of millions of people in our region.

Our APEC economies are undergoing differing stages of economic development, and in this regard, Economic and Technical Cooperation is a crucial element of APEC’s work. This is particularly the case when we consider the rate of change that we are experiencing in many areas that affect our economies. The speed of change for emerging economies is growing faster and we are placing strong emphasis on building the structures to help our people cope with change when it happens.

As the world experiences change in areas that include technology and the effects of climate change, we must continue to embrace the need for development cooperation.

APEC Leaders have embraced these efforts to cope with these challenges and continue to guide officials in implementing an ECOTECH program that enhances capacity and skills to meet the needs of the global economy. Alongside this, more attention is now paid to foster the development of our small and medium enterprises to seize the vast opportunities that lie in our region.

We will continue to promote economic growth but must ensure the gains from growth must be equitable and inclusive by focusing on financial inclusion and women’s role in the economy; food security by aligning farmers into

the achievement of global food security; and on health by developing a model of a sustainable healthcare system.

In addition, we must also be mindful of our need for corporate social responsibility and that growth must not undermine our concerns for environmental considerations.

To sum up, our efforts on ECOTECH is to help the people of our region to reach their full potential anchored at the center of the APEC Indonesia 2013 priority of ensuring sustainable growth with equity.

Ladies and Gentlemen,

The third APEC Indonesia 2013 priority, “Promoting Connectivity,” is particularly important for enabling great trade and investment in our region.

During the First Senior Officials’ Meeting which took place in Jakarta earlier this month, APEC Senior Officials have endorsed Indonesia’s proposal to develop an APEC Framework on Connectivity. The framework covers physical, institutional and people-to-people connectivity. It will be developed as a long-term-multi year plan and will focus on strengthening ongoing initiatives, which include supply chain connectivity, trade facilitation, structural reform and good regulatory practices, the higher education initiative, science and technology, tourism, movement of business people and professionals, women and youth.

We are cognizant of the fact that this would be an enormous task for Indonesia and APEC as a whole, but we have to look to the future. This framework may serve as a blueprint to reinforce connectivity and further

untapping economic potentials throughout the Asia-Pacific rim.

Also part and parcel to our third priority is promoting investment in infrastructure. We recognize that development of physical infrastructure and government capacity is crucial to unleash the tremendous economic opportunities in APEC economies. This calls for our collective efforts to seek resources and coordinate our infrastructural planning, and to improve our national physical linkages as well as cross border connectivity in areas such as energy, transport and communication.

The supply chains and other connectivity links that bind us together must be efficient, and movements unencumbered by reducing and streamlining government regulations that stymied efficient, reliable and seamless infrastructure connectivity.

Whilst there are different levels of infrastructure quality with APEC economies, there remain a large number of economies with infrastructure deficiencies including Indonesia, and that is hurting our competitiveness and inhibiting our growth potential. This is compounded by constraints in raising investment, accessing finance, regulatory barriers and legal uncertainties in some economies. This is an area that APEC economies could share experiences and coordinate policies to increase infrastructure investment and reduce barriers and improve economy's competitiveness.

Indonesia and many APEC economies are focusing on our third APEC 2013 priority that is to promoting national and intra-regional "connectivity". APEC economies must look to strengthen collaborative mechanism amongst member economies to share technical advisory

exchanges and financing arrangements including public-private partnerships.

Indonesia has taken on a high priority in dealing with our infrastructure deficiency. At the core of our infrastructure development efforts is our Master Plan for the Acceleration and Expansion of Indonesia's Economic Development, or MP3EI.

The plan envisages the development of six economic corridors in our vast archipelago requiring an estimated 180 billion US dollars in investment to realize these plans. This will be financed through a mix of domestic and foreign investment, private-public participation and from our national budget.

In particular, Indonesia is seeking to mobilize surplus private savings to finance regional infrastructure development through PPP vehicles such as infrastructure finance, capital markets, bonds and joint ventures.

Collectively, our economies are advancing a number of measures to enhance financial cooperation. This includes consensus on an Asia-Pacific Finance Forum, as proposed in conjunction with the APEC Business Advisory Council, to facilitate public-private sector collaboration that will then serve to develop robust financial markets across the region. We now look forward to the outcomes of the APFF Symposium in Sydney in April.

In support of APEC Leaders vision of a connected Asia-Pacific in the 21st century, Indonesia is further proposing opportunities for strengthening interaction between the APEC Senior Officials and the APEC Finance Ministers Process.

Through this process we hope to develop an

“Infrastructure Investment Framework for Connectivity” that identifies infrastructure investment impediments. It is anticipated that this process will identify work streams that need to be undertaken to address these barriers to funding arrangements.

Associated with this process, we envisage the development of a set of “APEC Guidelines on Delivering Bankable Projects”. These guidelines are intended to cover the key stages of an infrastructure project cycle, from project preparation, funding, negotiation, risk management, public finance impact, and service delivery.

The ultimate result of these activities will be the enhancement of the physical, institutional, and people-to-people connectivity in our region.

Ladies and Gentlemen,

The APEC Indonesia 2013 theme and priorities have been developed through consultation across all levels of the Indonesia’s economy including public sector and the business community.

We recognize that hosting the APEC process is of course unique – different to hosting other forums. APEC is also not just about a summit. It is the end of a process that involves more than 150 meetings in several areas across our vast archipelago.

We will use our experience in hosting other events to ensure member economies get the most out of APEC Indonesia 2013. In 2011 Indonesia successfully hosted the 19th ASEAN Summit in Bali, and following the APEC Leaders’ Meeting in October, Indonesia will host the 9th WTO Ministerial Conference in Bali in December 2013. We see it as very important to use our presence in so many of these forums to strengthen regional integration

amongst the various regional groupings.

Looking back, when APEC was formed in 1989, there were comparatively few international forums for discussion and engagement.

Now there are multiple forums that have evolved over recent decades. Certainly this great tangle of interlinking forums and organizations can be confusing for the media, as much as it can be for the people of our own countries. But the reality is that the current international architecture, driven by multilateral engagement, provides the greatest stewardship that has ever been seen in our global political history.

Each of these forums is in a continual state of evolution in which they are able to focus on their strengths for the benefit of their members, and the contribution they make to the multilateral global engagement.

Indonesia is in a fortunate position as the only economy to be a member and participant in the significant forums of the G20, the East Asia Summit, the WTO and ASEAN.

We will use our presence as a link between these forums, to build greater synergies and engagement between all of these important regional forums.

Distinguished Guests
Ladies and Gentlemen,

I extend my best wishes to all of you as you discuss issues that are of great consequence for the success of APEC Indonesia 2013.

I again express my appreciation to PECC, SINPEC and

INCPEC for your work to bring this conference together.

Thank you.