

Strengthening Asian Partnerships - Economic Integration and Energy Management

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by

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(Guest of Honor)

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Assalamu'alaikum Wr. Wb., a very good morning, and salam sejahtera.

His Excellency Mr. Kojiro Shiojiri, Ambassador of Japan;
Mr. Masao Hisada, Vice President and Executive Officer of Hitachi, Ltd.;
Dr Fasli Jalal, Director General of Higher Education, the Ministry of National Education;
Distinguished students from seven countries; Indonesia, Japan, Malaysia, Singapore, Vietnam,
Thailand, and The Philippines;
Dear Ladies and Gentlemen;

It is indeed an honor for me to deliver a keynote address in this very important seminar of the 9th Hitachi Young Leaders Initiative, with a topic "Strengthening Asian Partnerships - Economic Integration and Energy Management." The topic is very relevant and timely to most Asian countries including of course Japan, Indonesia, all ASEAN countries and other Asian countries. Let me decompose the topic into three issues: "Asian partnerships," "economic integration," and "energy management" to make it easier for me to discuss the whole topic.

Asian partnerships, some thinkers and observers even provoke or dream with a heavier and more provoking thought of "Asian Integration," is a timely and relevant issue due to the increasing role of Asia in the global economy. Since the rise of Japan in the 1960s as a new economic world power, followed by the rise of North Korea, South Korea, Chinese Taipei, Hong Kong, and Singapore as tigers in the 1970s, and the rise of the tiger countries like Thailand, Malaysia, Indonesia, Philippines, Vietnam, Laos, and Cambodia, and also the rise of the two giants of Asia: China and India in the 1980s and 1990s, and added to that the windfall gains earned by many Middle Eastern Asian oil economies since the 1970s, Asia has been a sustainable and credible source of the world's economic growth. Long-term average economic growth of many Asian countries of above 4%, and some are even above 7%, has been way above the world's long-term economic average growth of 2-3%, and therefore, the share of the Asian economy in the creation of the world's GDP has also been ever increasing. Since around the turn of the millennium, Asian economies own more than half of the world's foreign currency reserves, indicating that in the globalizing world free market the trading winners are Asian economies.

Two factors account for the conductivity of Asian economies to rise. First, application of know-how in the modern Western economies has covered almost all aspects of human life, reaching near saturation level, leaving a very small room only for investments with a lucrative rate of return. Opportunity for lucrative investment in the modern Western economies evolved only when a breakthrough in know-how was invented and applied, like the case of the invention of information and communication technology in the 1970s and its application on a commercial scale in the 1980s. In the absence of breakthrough know-how, idle capital in the modern economies will naturally flow to the less developed economies conducive for investment.

Second, factors supporting conductivity of investment include size of the population, quality of social capital, age structure of the population, responsiveness of the people to growth stimulations, socio-political stability, economic stability, size and quality of natural endowment, and size, distribution, and quality of infrastructure. The overall value of these factors for many less developed Asian economies is very good, and therefore they become the destiny of world investment.

Partnerships among these dynamic Asian countries give them several advantages. First, the increasing economic roles of many Asian countries give them higher leverage in relations among countries in the world. Many Asian countries are getting prettier in the eyes of many other countries. In this context, the bargaining power of these countries could be strengthened if somehow these countries appeared as one force in their relations with the rest of the world. The already beautiful economies will get even prettier if they face other world economies as a, in order of cohesiveness, cluster, caucus, group, association, or union.

Second, exchanges and cooperations among the economies within the cluster, caucus, group, association, or union provide those opportunities to create synergy and to enlarge their GDPs, which will make them an even stronger, and therefore prettier cluster, caucus, group, association, or union.

Let me now take the issue of economic integration. ASEAN, founded in the 1960s by five south-east Asian countries, Indonesia, Malaysia, Philippines, Thailand, and Singapore, which later evolved into an association of ten south-east Asian countries, is probably the best model of partnership among the already existing partnership among Asian countries. The strength of ASEAN lies in its cohesiveness, for in terms of cohesiveness association is second only to union, and its flexibility which enables it to accommodate outside geo-economic or geo-political powers to join the association in the form of ASEAN PLUS X, without sacrificing the internal identity and the internal cohesiveness among its ten members.

The leaders of ASEAN agreed in 2007 to develop ASEAN into a solid association supported by three pillars of community. Those pillars are ASEAN as a solid geo-economic community, ASEAN as a solid geo-security community, and ASEAN as a solid geo-socio-cultural community. This means that ASEAN in the medium term is to be ready for integration not only in the economic sphere, but also in security and socio-cultural spheres, not only among its ten member countries but also with other non-member countries in the form of ASEAN PLUS X. So far, the ten member countries, Japan, People's Republic of China, South Korea, India, and even Australia and New Zealand are satisfactorily accommodated by this scheme of partnership. Other countries could also join the club benefiting from this scheme.

Now let me take up the issue of energy management. Energy management recently rose as a top priority issue due to the sky-rocketing of oil prices, which drags up prices of other energy sources such as gas and coal, and even prices of foods which are convertible to become sources of energy. Management of energy in the current global setting is therefore inseparable from management of foods, and both are management of human basic needs.

Technology of alternative renewable energy sources:

- The very high fossil fuel prices give very good momentum for research and development leading to invention and advancement of alternative renewable energy sources.
- Partnership in research and development on alternative renewable energy sources under the scheme of ASEAN or ASEAN PLUS X.

I think for Indonesia, in terms of energy management, there are also the issues of production of energy which is served by many producers, partnership under the scheme of ASEAN or ASEAN PLUS X, and distribution of energy which in many cases leads to a monopolistic market structure. Extrapolation of partnerships under the ASEAN or ASEAN PLUS umbrella to tackle the problems and challenges of sustainable development such as alternative renewable energy, climate change, disaster mitigation and management, avian influenza, drugs, and others.

My concern is research for finding renewable energy and through the Directorate General of Higher Education, I would like to challenge our top universities to research on that under the umbrella of education for sustainable development.

Thank you very much.

Wassalamualaikum Wr. Wb.

